ELBERT COUNTY, GEORGIA
FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2014

WALKER, PIERCE & TUCK, CPA'S, PC

ELBERT COUNTY, GEORGIA
FISCAL YEAR ENDED JUNE 30, 2014
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Walker Pierce & Tuck
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Elbert County, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Elbert County, Georgia, as of and for the year ended June 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 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 from 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, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Elbert County, Georgia, as of June 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.

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 40-42 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 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 Elbert County, Georgia's basic financial statements. The introductory section, combining fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of expenditures of special purpose local option sales tax, as required by O.C.G.A. 48-8-121 as listed in the table of contents, is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The combining fund financial statements and the schedule of expenditures of special purpose local option sales tax are the responsibility of management and were derived from and relates 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. In our opinion, the combining fund financial statements and the schedule of expenditures of special purpose local option sales tax 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 28, 2015, on our consideration of Elbert County, Georgia'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 Elbert County, Georgia's internal control over financial reporting and compliance.

Walker, Pierce & Tuck, CPA's, PC

Walker, Pierce & Tuck, CPA's, PC

Gainesville, Georgia
June 25, 2015

Management's Discussion and Analysis

Management's discussion and analysis provides a narrative overview and an analysis of the Government's financial activities. The analysis provides summary financial information for Elbert County and should be read in conjunction with the Government's financial statements.

FINANCIAL HIGHLIGHTS

- The County's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the fiscal year by $20,501,989 (net position).
- The government's total net position increased by $349,247 due to better financial controls and implementation of procedures approved by the governing authority to obtain the increase in net position.
- The General Fund had $1,618,480 in Total Fund Balance and a balance of $501,566 in Unassigned Fund Balance at the close of the fiscal year.
- The General Fund experienced a net increase of $320,630 in fund balance during the fiscal year. That amount represents 3.6% of total General Fund revenues during the fiscal year.
- A significant transfer from the General Fund to the E-911 (Dispatch) Fund in the amount of $352,788 was made during the fiscal year. During the fiscal year, the cost of the E-911 current operations was $679,065. This cost was almost twice the amount of the revenues ($354,351). The administrative staff has noted that E-911 communication revenues have leveled off in part due to a change in the nature of communications technology.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Government's basic financial statements comprise three components:

1. Government-wide financial statements.
2. Fund financial statements.
3. Notes to the financial statements.

The Government-wide financial statements present an overall picture of the Government's financial position and results of operations. The Fund financial statements present financial information for the Government's major funds. This report also contains other supplementary information in addition to the basic financial statements themselves.

The Government-wide financial statements are the Statement of Net Position and the Statement of Activities. Emphasis is placed on the net position of governmental activities and business-type activities and the change in net position. Governmental activities are primarily supported by property taxes, sales taxes, other taxes, fines, charges for services and federal and state grants. The business-type activities include the Solid Waste operations and the Transit operations.

The statement of net position presents the County's assets and liabilities, with the difference between the two reported as net position. Over time the change in net position is an indicator of the improvement (an increase) or deterioration (a decrease) in the County's financial condition.

The statement of activities presents the revenues and expenses of the County. The difference between these is the change in net position for the year.

Both of the government-wide financial statements identify the various functions of Elbert 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 user fees.

The governmental activities of Elbert County include:

- General government
- Judicial
- Public health and welfare
- Public safety
- Public works
- Culture and recreation
- Housing and development

The government-wide financial statements include not only the County itself, but also the Elbert County Health department. The Elbert County Health department is a legally separate entity that is a component unit of the County due to the significance of its operational and financial relationship with the County. Financial information for this component unit is reported separately from the financial information presented for the primary government.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Elbert County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. These statements provide financial information for the major funds of Elbert County. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures) and current available resources. The proprietary funds financial statements provide information on all assets and liabilities of the funds, changes in the economic resources (revenues and expenses), and total economic resources.

Fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances of all governmental funds. A statement of revenues, expenditures, and changes in fund balances-budget and actual, is provided for the Government's General Fund. For the proprietary funds (Solid Waste and Transportation), a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows are presented.

Fund financial statements provide more detailed information about the Government's activities. Individual funds are established to track revenues that are restricted to certain uses, comply with legal requirements, or account for the use of state and federal grants.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to the County's own programs.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements and the fund financial statements, provide different pictures of the Government. The government-wide financial statements provide an overall picture of the Government's financial standing, split between Governmental Activities and Business-type Activities. These statements are comparable to private-sector companies and give a good understanding of the Government's overall financial health and how the Government paid for the various activities or functions, provided by the Government.

Net Position as of June 30, 2014 and June 30, 2013

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Capital Assets	$ 17,504,902	$ 18,166,728	$ 600,352	$ 554,151	$ 18,105,254	$ 18,720,879
Other Assets	5,250,863	4,462,594	458,995	209,000	5,709,858	4,671,594
Total Assets	22,755,765	22,629,322	1,059,347	763,151	23,815,112	23,392,473
Long-term liabilities outstanding	626,012	806,124	1,015,596	1,052,296	1,641,608	1,858,420
Other liabilities	1,583,016	1,312,462	88,499	69,149	1,671,515	1,381,611
Total Liabilities	2,209,028	2,118,586	1,104,095	1,121,445	3,313,123	3,240,031
Net Position:						
Invested in capital assets, net of related debt	16,784,003	17,545,186	600,352	554,151	17,384,355	18,099,337
Restricted	2,416,232	2,051,375	-	-	2,416,232	2,051,375
Unrestricted	1,346,502	914,175	(645,100)	(912,145)	701,402	2,030
Total Net Position:	$ 20,546,737	$ 20,510,736	$ (44,748)	$ (357,994)	$ 20,501,989	$ 20,152,742

The business-type activities deficit primarily results from the accrual of long-term expenses, including a required 30-year landfill post-closure care costs totaling $1,060,166. In the current year the county's business-type entities reported expenditures exceeding revenues by $45,313.

Changes in Net Position

The County's total revenues before transfers for the fiscal year ended June 30, 2014 totaled $14,243,046 with $13,315,837 in governmental activities, and $927,209 in business-type activities. Expenses were $13,893,799 in total, with $13,032,311 for governmental activities and $861,488 for business-type activities. The overall change in net position was $349,247.

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues						
Charges for services	$ 2,197,018	$ 2,357,224	$ 764,302	$ 734,240	$ 2,961,320	$ 3,091,464
Operating grants and contributions	628,652	1,285,080	162,856	72,255	791,508	1,357,335
Capital grants and contributions	337,111	1,686,683	-	-	337,111	1,686,683
General Revenues:						
Property taxes	6,066,839	6,117,748	-	-	6,066,839	6,117,748
Insurance premium tax	-	-	-	-	-	-
Sales tax	3,196,717	3,333,043	-	-	3,196,717	3,333,043
Other taxes	852,362	828,885	-	-	852,362	828,885
Unrestricted investment earnings	1,001	4,033	51	52	1,052	4,085
Gain on sale of capital assets	-	-				
Miscellaneous	36,137	370,397	-	-	36,137	370,397
Total Revenues	13,315,837	15,983,093	927,209	806,547	14,243,046	16,789,640
Expenses:						
General Government	3,192,324	3,727,618	-	-	3,192,324	3,727,618
Public Safety	6,484,389	6,688,487	-	-	6,484,389	6,688,487
Public Works	1,539,505	1,650,969	-	-	1,539,505	1,650,969
Health and welfare	850,000	656,657	-	-	850,000	656,657
Culture and recreation	451,473	373,325	-	-	451,473	373,325
Housing and development	475,777	678,770	-	-	475,777	678,770
Interest expense	38,843	33,298	-	-	38,843	33,298
Solid Waste	-	-	712,616	695,530	712,616	695,530
Civic Center/Recreation	-	-	-	-	-	-
Public Transportation	-	-	148,872	156,330	148,872	156,330
Total Expenses	13,032,311	13,809,124	861,488	851,860	13,893,799	14,660,984
Increase in net position before transfers	283,526	2,170,624	65,721	(45,313)	349,247	2,125,311
Transfers	(247,525)	-	247,525	-	-	-
Change in net Position	36,001	2,170,624	313,246	(45,313)	349,247	2,125,311
Net Position, July 1	20,510,736	18,340,112	(357,994)	(312,681)	20,152,742	18,027,431
Prior Year Adjustments	-	-	-	-	-	-
Net Position, June 30	$ 20,546,737	$ 20,510,736	$ (44,748)	$ (357,994)	$ 20,501,989	$ 20,152,742

FUND FINANCIAL INFORMATION

Major Governmental Funds

General Fund

The General Fund is used to account for all governmental financial resources not restricted by local, state, or federal laws. As of June 30, 2014, the General Fund had assets and deferred outflows of $2,654,292 and liabilities and deferred inflows of $1,035,812. The liabilities included short-term debt of $606,805.

The budget for the General Fund increased by $60,300 from fiscal year 2013 to fiscal year 2014 and increased $143,110 from fiscal year 2012 to fiscal year 2013. The County continues to experience a slight overall decline in property values which affects the property tax revenues. The County is also experiencing a decline in retail sales and this affects the General Fund Budget and the Capital Project Budget.

Other Major Governmental Funds

As of July 1, 2011, the taxes under the 2011 Special Local Option Sales Tax began. The county projected the annual SPLOST collections to average $2,200,000 per year. During the fiscal year ended June 30, 2014 the SPLOST revenues were $1,910,985 or $289,015 less than projected. This difference can be attributed to a decline in the local economy.

Major Proprietary Funds

Solid Waste Fund
This fund is used to account for the operations of the sanitary transfer station. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $195,112 at June 30, 2014. This excess is due primarily to the projected post-closure care expenses. It is expected that this liability will be reduced by operating revenues through the years.

Budgetary Approval

Each year the board of commissioners approves annual budgets for the governmental funds and for the enterprise funds. At the conclusion of each month, a budgetary financial report is presented to the board for review. For the General Fund, the budgetary presentation is by department and is presented in both object detail and in summary format. The board usually concludes its review by examining whether the total of the General Fund expenditures is within the approved annual budget. In order to be in compliance with the applicable laws and regulations, it is necessary that the Board take official action instead of implied consent to make modifications to the budgetary categories for those items that are overspent.

In a related matter, the Board approved for certain capital projects to be started and completed with the intent that they would be paid for from the 2011 Special Local Option Sales Tax (SPLOST) Funds. These projects were completed prior to the 2011 SPLOST funds being collected and were financed by the General Fund. These activities resulted in an advance of funds from the General Fund to the SPLOST Capital Projects Fund and with the result that the SPLOST capital projects fund operated in a deficit during fiscal year 2012. The Board of Commissioners approved a reimbursement schedule for the SPLOST funds to pay back monthly to the General Fund until the advanced balance was paid off.

Capital Assets Activity

The County's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 20, 2014 was $17,504,902 and $600,352 respectively. The change in net capital assets was a 3.65% decrease in governmental activities and a 8.34% inecrease in business-type activities. Further detail on capital assets is provided in the notes to the financial statements.

Long-Term Debt

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Compensated Absences	$ 82,937	$ 87,550	$ 5,914	$ 7,798	$ 88,851	$ 95,348
USDA Loan	361,655	409,939	-	-	361,655	409,939
Capital Leases	359,244	484,124	-	-	359,244	484,124
Solid Waste Post Closure Liability	-	-	1,060,166	1,094,236	1,060,166	1,094,236
	$ 803,836	$ 981,613	$ 1,066,080	$ 1,102,034	$ 1,869,916	$ 2,083,647

Additional information regarding the County's long-term debt can be found in Notes to the Financial Statements, Note 9.

ECONOMIC FACTORS AND FUTURE BUDGETS

Elbert County experienced a reduction in population from the 2000 census to the 2010 census. The local board of education has seen a reduction in student counts (FTE) and with that loss coupled with a reduction in funding, approved the closure of elementary schools and the consolidation of students in the remaining facilities. A number of local businesses have been forced to close and there is number of vacant commercial buildings with Elbert County. The Board of Commissioners are currently exploring ways the County government can address helping improve the economic climate in Elbert County.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Elbert County's finances for those interested. Questions should be addressed to the Finance Director at the following address:

Elbert County Board of Commissioners
Mr. Phil Pitts, Finance Director
PO Box 6109
Elberton, Georgia 30635

Elbert County, Georgia

Statement of Net Position

June 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Elbert County Health Dept.
Assets				
Cash and cash equivalents	$ 3,037,803	$ 109,734	$ 3,147,537	$ 359,540
Accounts receivable (net)	1,449,400	63,338	1,512,738	674
Intergovernmental receivables	525,009	376,220	901,229	23,872
Internal balances	90,297	(90,297)	-	-
Prepaid expenses	75,139	-	75,139	-
Pension, net excess	73,215	-	73,215	-
Capital assets not being depreciated	1,303,424	193,190	1,496,614	-
Capital assets, net of accumulated depreciation	16,201,478	407,162	16,608,640	32,054
Total assets	22,755,765	1,059,347	23,815,112	416,140
Deferred outflows of resources	-	-	-	-
Liabilities				
Accounts payable and accrued expenses	892,890	38,015	930,905	4,235
Unearned revenue	415,148	-	415,148	-
Accrued expenditures	97,154	-	97,154	-
Noncurrent liabilities:				
Due within one year	177,824	50,484	228,308	8,039
Due in more than one year	626,012	1,015,596	1,641,608	10,623
Total liabilities	2,209,028	1,104,095	3,313,123	22,897
Deferred inflows of resources	-	-	-	-
Net position				
Net investment in capital assets	16,784,003	600,352	17,384,355	32,054
Restricted for:				
Public safety	890,903	-	890,903	-
Public Works	519,665	-	519,665	-
Health and welfare	599,880	-	599,880	-
Housing and Development	61,310	-	61,310	-
Capital projects	344,474	-	344,474	-
Unrestricted (Deficit)	1,346,502	(645,100)	701,402	361,189
Total net position	$ 20,546,737	$ (44,748)	$ 20,501,989	$ 393,243

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

Elbert County, Georgia
Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants & Contributions	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit
Primary Government:								
Governmental Activities								
General Government	$ 3,192,324	$ 83,773	$ 89,925	$ -	$ (3,018,626)	$ -	$ (3,018,626)	$ -
Public Safety	6,484,389	2,040,175	600	64,184	(4,379,430)	-	(4,379,430)	
Public Works	1,539,505	-	7,556	-	(1,531,949)	-	(1,531,949)	
Health and Welfare	850,000	38,140	530,571	-	(281,289)	-	(281,289)	
Culture and Recreation	451,473	34,930	-	166,519	(250,024)	-	(250,024)	
Housing and Development	475,777	-	-	106,408	(369,369)	-	(369,369)	
Interest Expense	38,843	-	-	-	(38,843)	-	(38,843)	
Total Governmental Activities	13,032,311	2,197,018	628,652	337,111	(9,869,530)	-	(9,869,530)	-
Business-Type Activities:								
Solid Waste Fund	712,616	717,910	-	-	-	5,294	5,294	
Public Transportation	148,872	46,392	162,856	-	-	60,376	60,376	
Total Business-Type Activities	861,488	764,302	162,856	-	-	65,670	65,670	-
Total Primary Government	$ 13,893,799	$ 2,961,320	$ 791,508	$ 337,111	(9,869,530)	65,670	(9,803,860)	
Component Units:								
Health Department	$ 476,871	$ 98,803	$ 418,257	$ -				40,189
Total Component Units	$ 476,871	$ 98,803	$ 418,257	$ -				40,189
General Revenues:								
Taxes:								
Property Taxes					6,066,839	-	6,066,839	-
Sales Taxes					3,196,717	-	3,196,717	-
Other Taxes					852,362	-	852,362	-
Unrestricted Investment Earnings					1,001	51	1,052	233
Miscellaneous					36,137	-	36,137	-
Transfers					(247,525)	247,525	-	-
Total General Revenues and Transfers					9,905,531	247,576	10,153,107	233
Changes in Net Position					36,001	313,246	349,247	40,422
Net position - Beginning					20,510,736	(357,994)	20,152,742	352,821
Net position - Ending					$ 20,546,737	$ (44,748)	$ 20,501,989	$ 393,243

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

Elbert County, Georgia
Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	Senior Center	Capital Projects Fund	Multi-Grant Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and Cash Equivalents	$ 492,887	$ 526,733	$ 272,408	$ 845,117	$ 900,658	$ 3,037,803
Receivables (net)	1,150,895	-	-	143,883	154,622	1,449,400
Due From Other Governments	127,943	89,946	165,740	14,161	127,219	525,009
Due From Other Funds	500,669	7,041	3,371	2,352	-	513,433
Advances to Other funds	306,759	-	-	-	-	306,759
Prepaid Expenditures	75,139	-	-	-	-	75,139
Total Assets	2,654,292	623,720	441,519	1,005,513	1,182,499	5,907,543
Deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows	$ 2,654,292	$ 623,720	$ 441,519	$ 1,005,513	$ 1,182,499	$ 5,907,543
Liabilities						
Accounts Payable	$ 488,166	$ 17,740	$ 96,957	$ 57,634	$ 101,498	$ 761,995
Unearned Revenue	-	-	-	415,148	-	415,148
Due to Other Governments	-	-	130,895	-	-	130,895
Due to Other Funds	24,099	8,010	297,913	37,786	151,302	519,110
Accrued Expenditures	94,540	-	-	-	3,414	97,954
Advances from Other Funds	-	-	-	120,000	90,785	210,785
Total Liabilities	606,805	25,750	525,765	630,568	346,999	2,135,887
Deferred inflows of resources	429,007	-	-	-	-	429,007
Total liabilities and deferred inflows	1,035,812	25,750	525,765	630,568	346,999	2,564,894
Fund balances						
Nonspendable:						
Prepaid expenditures	75,139	-	-	-	-	75,139
Long term interfund receivables	1,041,775	-	-	-	-	1,041,775
Restricted For:						
Public Safety/Law Enforcement	-	-	-	8,804	561,720	570,524
Health and Welfare	-	597,970	-	1,910	-	599,880
Public Works	-	-	-	364,231	-	364,231
Loan Program	-	-	-	-	34,722	34,722
Tourism	-	-	-	-	26,388	26,388
Committed For:						
Fire Insurance Fund	-	-	-	-	229,594	229,594
Unassigned	501,566	-	(84,246)	-	(16,924)	400,396
Total Fund Balances	1,618,480	597,970	(84,246)	374,945	835,500	3,342,649
Total liabilities, deferred inflows and Fund Balances	$ 2,654,292	$ 623,720	$ 441,519	$ 1,005,513	$ 1,182,499	$ 5,907,543

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

Elbert County, Georgia
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2014

Total fund balances - governmental funds	$ 3,342,649
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Governmental capital assets	27,965,937
Less: Accumulated depreciation	(10,461,035)
Compensated absences not reported in governmental funds	(82,137)
Long term debt not presented in governmental funds	(720,899)
Some of the County's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows of resources on the fund financial statements.	429,007
County has made contributions to the employee pension plan in excess of the required minimum contributions. These contributions have been recorded as a prepaid asset.	73,215
Net position of governmental activities	$ 20,546,737

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

Elbert County, Georgia

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	General Fund	Senior Center	Capital Projects Fund	Multi-Grant Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes	$6,167,562	$ -	$ -	$ -	$ -	$ 6,167,562
Sales Taxes	1,253,935	-	1,910,985	-	-	3,164,920
Other Taxes	1,055,790	-	-	-	31,797	1,087,587
Fines and Forfeitures	409,773	-	-	-	162,670	572,443
Intergovernmental	99,128	422,800	-	200,241	204,947	927,116
Charges for Services	1,223,847	38,140	-	-	355,198	1,617,185
Interest	543	18	-	28	412	1,001
Contributions and Donations	3,395	107,771	-	-	600	111,766
Miscellaneous	30,747	-	-	3,455	1,935	36,137
Total Revenues	10,244,720	568,729	1,910,985	203,724	757,559	13,685,717
EXPENDITURES						
Current Operating:						
General Government	2,323,092	-	39,165	-	-	2,362,257
Judicial	920,515	-	-	59,603	109,788	1,089,906
Public Safety	4,237,439	-	46,585	8,839	678,140	4,971,003
Public Works	804,368	-	451,770	57,854	-	1,313,992
Health and Welfare	238,527	424,436	-	-	-	662,963
Housing and Development	369,612	-	-	3,600	40,692	413,904
Culture and Recreation	369,759	-	6,101	-	49,513	425,373
Intergovernmental	-	-	842,830	-	-	842,830
Debt Service						
Principal	-	-	101,556	-	35,858	137,414
Interest	6,775	-	16,583	-	12,849	36,207
Capital Outlay	-	-	80,301	72,329	133,949	286,579
Total Expenditures	9,270,087	424,436	1,584,891	202,225	1,060,789	12,542,428
Excess (Deficiency) of Revenues over/(under) Expenditures	974,633	144,293	326,094	1,499	(303,230)	1,143,289
OTHER FINANCING SOURCES AND (USES)						
Transfers In	55,163	-	-	-	427,788	482,951
Transfers Out	(667,166)	(8,147)	-	(55,163)	-	(730,476)
Total Other Financing Sources and Uses	(612,003)	(8,147)	-	(55,163)	427,788	(247,525)
Net Change in Fund Balance	362,630	136,146	326,094	(53,664)	124,558	895,764
Fund Balances - Beginning	1,255,850	461,824	(410,340)	428,609	710,942	2,446,885
Fund Balances - Ending	$1,618,480	$ 597,970	$ (84,246)	$ 374,945	$ 835,500	$ 3,342,649

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

Elbert 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 June 30, 2014

Net change in fund balances-total governmental funds	$	895,764
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation ($937,973) exceeded capital outlay ($276,147) in the current period.		(661,826)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position		173,164
Because some revenues will not be collected for several months after the County's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds, but are considered as revenues in the government-wide financial statements. This amount represents the change in deferred revenue from the prior year.		(369,880)
Long term liability for compensated absences. This represents the change in the vested benefit of employees for vacation pay earned but not taken from the prior year.		(822)
County has made contributions to the employee's pension plan in excess of the required minimum contributions. These contributions have been recorded as a prepaid asset. This is the change from the prior year.		(399)
Net change in position of governmental activities	$	36,001

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

Elbert County, Georgia
Statement of Net Position
Proprietary Funds
June 30, 2014

	Solid Waste Fund	Nonmajor Transportation Fund	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 36,947	$ 72,787	$ 109,734
Accounts receivables (net)	63,338	-	63,338
Intergovernmental receivables	364,849	11,371	376,220
Due from governmental funds	-	14,437	14,437
Total current assets	465,134	98,595	563,729
Noncurrent assets:			
Capital assets not being depreciated	193,190	-	193,190
Capital assets net of accumulated depreciation	329,767	77,395	407,162
Total noncurrent assets	522,957	77,395	600,352
Total assets	988,091	175,990	1,164,081
Liabilities			
Current liabilities:			
Accounts payable	27,063	10,952	38,015
Advances from other funds	95,974	-	95,974
Due to other funds	-	8,760	8,760
Total current liabilities	123,037	19,712	142,749
Noncurrent liabilities:			
Due within one year	50,484	-	50,484
Due in more than one year	1,009,682	5,914	1,015,596
Total noncurrent liabilities	1,060,166	5,914	1,066,080
Total liabilities	1,183,203	25,626	1,208,829
Net position			
Net investment in capital assets	522,957	77,395	600,352
Unrestricted	(718,069)	72,969	(645,100)
Total net position	$ (195,112)	$ 150,364	$ (44,748)

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

Elbert County, Georgia
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Solid Waste Fund	Nonmajor Transportation Fund	Total
OPERATING REVENUES			
Charges for services	$ 698,618	$ 46,392	$ 745,010
Total operating revenues	698,618	46,392	745,010
OPERATING EXPENSES			
Personal services	225,824	106,161	331,985
Operating expenses	455,598	38,638	494,236
Depreciation and amortization	31,194	4,073	35,267
Total operating expenses	712,616	148,872	861,488
Operating income (loss)	(13,998)	(102,480)	(116,478)
NON-OPERATING REVENUES (EXPENSES)			
Intergovernmental	19,292	162,856	182,148
Interest income	51	-	51
Total non-operating revenues (expenses)	19,343	162,856	182,199
Income (loss) before transfers	5,345	60,376	65,721
Transfer in	239,378	8,147	247,525
Change in net position	244,723	68,523	313,246
Total net position - beginning	(439,835)	81,841	(357,994)
Total net position - ending	$ (195,112)	$ 150,364	$ (44,748)

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

Elbert County, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	Solid Waste Fund	Nonmajor Transportation Fund	Totals
Cash flows from operating activities:			
Receipts from customers	$ 685,132	$ 48,755	$ 733,887
Payments to suppliers	(455,598)	(38,638)	(494,236)
Payments to employees	(225,824)	(106,161)	(331,985)
Net cash provided (used) by operating activities	3,710	(96,044)	(92,334)
Cash flows from capital and related financing activities:			
Purchase of capital assets	-	(81,468)	(81,468)
Net cash provided (used) by capital and related financing activities	-	81,468	81,468
Cash flows from noncapital financing activities:			
Transfers from Other Funds	-	8,147	8,147
Intergovernmental	19,292	162,856	182,148
Net cash provided (used) by noncapital financing activities	19,292	171,003	190,295
Cash flows from investing activities:			
Interest on investments	51	-	51
Net cash provided by investing activities	51	-	51
Net increase (decrease) in cash and cash equivalents	23,053	(6,509)	16,544
Cash and cash equivalents - beginning of year	13,894	79,296	93,190
Cash and cash equivalents - end of year	$ 36,947	$ 72,787	$ 109,734
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ (13,998)	$ (102,480)	$ (116,478)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	31,194	4,073	35,267
Changes in assets and liabilities:			
Receivables	(24,455)	(15,618)	(40,073)
Liabilities	2,219	8,127	10,346
Accounts payable	8,750	9,854	18,604
Net cash provided (used) by operating activities	$ 3,710	$ (96,044)	$ (92,334)

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

Elbert County, Georgia
Statement of Fiduciary Assets and Liabilities
June 30, 2014

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 143,801
Taxes Receivable	1,134,753
Total Assets	$ 1,278,554
LIABILITIES	
Due to others	$ 143,801
Due to other Governmental Units	1,134,753
Total Liabilities	$ 1,278,554

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

Note 1: Reporting Entity

Elbert County, Georgia was incorporated in 1803 in the State of Georgia. The County operates under a six-member commission and County Administrator form of Government. Other officials elected by citizens of the county that manage various segments of the County's operations are the Clerk of Court, District Attorney, Chief Magistrate, Probate Judge, Sheriff, and Tax Commissioner. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the entire county.

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the County are not misleading. The primary government of the County consists of all funds, departments, boards, and agencies that are not legally separate from the County. Component units are legally separate organizations for which the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations for which the County approves the budget, the issuance of debt, or the levying of taxes.

Discretely Presented Component Units

The component unit column on the combined financial statements includes the financial data of the County's discretely presented component unit. It is reported in a separate column to emphasize it is legally separate from the County. Discretely presented component units include the following:

Elbert County Health Department – The Health Department was constituted and is operated in accordance with the Georgia Health Code, Chapter 88-2, Georgia Laws 1964. The District Health Director is the Executive Officer of the Elbert County Health Department and is responsible for the overall coordination of local health activities. The center operates under the supervision of the local Board of Health, which is appointed by the Elbert County Board of Commissioners and the City of Elberton. Elbert County provides the facilities for the Health Department and provides matching funds for its operation. The Health Department issues separately audited financial statements. Copies of the audit may be obtained from the Health Department at the following address:

Elbert County Public Health Department, 618 Jones Street, SW, Elberton, Ga. 30635

Blended Component Units

Blended component units include component units where the component unit's governing body is substantively the same as the governing body of the primary government or where the component unit provides services or benefits entirely or almost entirely to the primary government even though it may not provide services or benefits directly to the primary government. These component units are blended into the financial statements of the County as if they are balances and transactions of the primary government. Financial statements for each blended component unit may be obtained from and by contacting the County Administrator. Blended component units include the following:

Elbert County Senior Center – The Senior Center provides a variety of services to senior citizens in the community. The County signs an operating agreement each year with the Northeast Georgia Regional Development Commission to provide services to senior citizens. The Northeast Georgia Regional Development Commission provides technical assistance, monitoring and financial resources for the operation of the Center. The activities of the Senior Center are reported as a Special Revenue Fund.

Elbert County Public Transportation – This entity was formed to provide public transportation services to the citizens of Elbert County. Funding includes Federal, State and Local funds and charges for services. The Elbert County Public Transportation Unit is reported as a proprietary fund in these financial statements.

Related Organization

Elbert County Richard B. Russell Development Authority – The Authority is a related organization to the County. The Board of Commissioners appoints the board but is not financially or operationally accountable to the Authority. The Authority does not meet the criteria for inclusion as a component unit.

Other Entities

Other entities, which are excluded from the reporting entity because the County is unable to impose its will on the entities governing board or does not receive specific financial benefits or incur specific financial burdens from the entities, include the following:

- The Board of Education of Elbert County
- The Development Authority of Elbert County, Elberton and Bowman
- The Elbert County Hospital Authority
- The Department of Family and Children Services
- The City of Elberton Housing Authority
- The Elbert County Library Board

Joint Ventures - The County participates in the following joint venture:

Elbert County, in conjunction with cities and counties in the twelve county Northeast Georgia regions are members of the Northeast Georgia Regional Commission. Membership in the Commission is automatic for each municipality and county in the state. The Official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the Commissions. Each county and municipality in the state is required by law to pay minimum annual dues. The Commission's board membership includes the chief elected official of each county and the chief elected official of each municipality. The county board members and municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as the non-public Board member from a County. The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines Commissions as "public agencies and instrumentalities of their member". Georgia laws also provide that the member governments are liable for any debts or obligations of a Commission beyond its resources, (O.C.G.A. 50-8-39.1). Complete financial statements of the Northeast Georgia Regional Commission can also be obtained directly from their office at:

Northeast Georgia Regional Commission
305 Research Drive
Athens, Ga. 30605-2795

Note 2: Summary of Significant Accounting Policies

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

A. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the County at year end. The statement of activities presents a comparison between direct expenses and program revenues for each

program or function of the County's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the County.

Fund Financial Statements

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the County's major governmental funds:

- General Fund – This 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 General Fund balance is available to the county for any purposes provided it is expended or transferred according to the general laws of Georgia.
- Senior Center Fund – The Senior Center fund is used to account for fees from senior adults to pay for activities and home delivered meals as well as on site meals. The Senior Center also receives various donations for individuals and organizations in the community.
- Capital Projects Fund – This fund is used to account for revenue and expenditures resulting from several Special Purpose Local Option Sales Tax referendums. The primary revenue sources are one percent (1%) sales taxes and the primary expenditures are capital outlay projects, primarily for road and bridge repairs, County facility improvements, County equipment purchases, City of Elberton projects, and City of Bowman projects.
- Multi-Grant Fund-This fund is used to account for revenue and expenditures resulting from several grant projects that span several years. The grants are from state, federal and private sources and are for capital projects and operational functions.

The non-major governmental funds are combined and reported in a single column in the fund financial statements.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The County's proprietary funds may be used to account for any activity for which a fee is charged to external users for goods or services.

Receivables from and payables to external parties are reported separately and not offset in the proprietary fund financial statements and business-type activities of the government-wide financial statements, unless a right of offset exists.

The County reports the following major proprietary fund:

- Solid Waste – This entity was established for the collection and disposal of solid waste. This entity is responsible for the closure care of the old landfill.

Fiduciary Funds

The County has five agency fiduciary funds, Probate Court, Magistrate Court, Sheriff, Clerk of Court, and the Tax Commissioner. These agency funds are unlike all other types of funds in that they report only assets and liabilities and do not have a measurement focus. The accrual basis of accounting is utilized in these funds to recognize receivables and payables.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of the County are included on the statement of net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of government-wide financial statements are prepared. Governmental fund financial statements, therefore, includes a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide, proprietary and fiduciary fund financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses verses expenditures.

Revenues – Exchange and Non-exchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recognized in the year in which the resources are measurable and become available. Available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within sixty-days after year end. Property taxes, sales taxes, franchise taxes, licenses and interest are considered to be susceptible to accrual.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, includes property taxes, sales taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from sales taxes is recognized in the period in which the sales are made. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements

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

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently the County has two resources that quality as deferred inflows in the governmental funds, due to availability. They are property taxes and grants.

Expenses / Expenditures

On the accrual basis, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

E. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated.

The procedures for establishing the General Fund budget are as follows:

> Each department furnishes its budget request to the County Administrator. The County finance officer compiles these requests into a comprehensive general fund budget. The Commissioners review the budget requests in a budget workshop that is open to the public. The budget is adopted by the Board of Commissioners in a public meeting held by the Board prior to July 1st. All budgetary appropriations, except for open projects, lapse at year end. The level of budgetary control is at the department level.

F. Cash and Investments

Cash and cash equivalents are cash on hand as well as demand deposits, investments and certificates of deposit included in pooled cash and non-pooled investments with original maturities of three months or less.
Cash and cash equivalents on the statement of cash flows for proprietary funds represent available cash on hand and demand deposits.
Investments include pooled investments and certificates of deposit (with original maturities of three months or greater). The County maintained no cash funds in investment accounts at June 30, 2014.

Georgia law authorizes the County to invest in the following type of obligations:

- Obligations of the State of Georgia, or of any other state
- Obligations of the United States Government or any corporation of the US government
- Obligations fully insured or guaranteed by the U.S. government or by a governmental agency of the U.S.
- Prime bankers' acceptances

- The State of Georgia local government investment pool
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

G. Fund Equity

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

Fund Balance - Generally fund balance represents the difference between the current assets and current liabilities. In the Fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

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

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

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

Assigned - Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the County Commission has authorized the County's finance officer to assign fund balances.

Unassigned - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balances only in the general fund. Negative unassigned fund balances may be reported in all funds.

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:

Committed
Assigned
Unassigned

Net position - Net position represent the residual of all other elements presented in the statement of financial position. Net position is reported as Net investment in Capital Assets, balances restricted by enabling legislation and Unrestricted balances.

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of the fund balance is reserved as this amount is not available for general appropriation.

I. Inventory

Expendable supplies are recorded as expenditures at the time the items are purchased. The County does not record inventories of supplies at year end in governmental funds due to the lack of materiality. The proprietary fund inventory is stated at the lower of cost or market on a first-in, first-out basis.

J. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

K. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County's capitalization threshold is $5,000. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are reported as expenses. The County has recorded the value of infrastructure assets (roads, bridges and water lines, etc.) for additions made since July 1, 2003.

All capital assets are depreciated except for land, right-of-ways and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Buildings	25-50 years
Improvements	10-50 years
Machinery and Equipment	7-20 years
Vehicles	7 years
Infrastructure	25-50 years
Utility System	25-50 years

L. Interfund Receivables/Payables

Activity between funds that are representative of lending / borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to / from other funds" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the non-current portion of interfund loans.) Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net position. The only interfund balances which remain on the government-wide statement of net position are those between governmental and business-type activities. These amounts are reflected as Internal Balances.

M. Compensated Absences

Effective January 1, 2006, the County adopted a new policy for compensated absences. Under the new policy, an employee is awarded annual leave based on the number of years of continuous employment from 12 days up to 24 days leave. All unused leave remaining at the end of the calendar year is forfeited. Leave accrued under the old policy will be honored by the County and can be used by the employee in addition to all current leave awarded to that employee. Employees may purchase annual

leave that they have accumulated under the old system once per year not to exceed $800. Upon termination, any remaining hours of accrued leave are to be paid out to the employee.

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignation and retirements, or through the annual leave pay-out provision. On the government-wide financial statements, the balance of compensated absences is recorded as a noncurrent liability and disclosed as a long term debt.

N. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities are recognized as fund liabilities when incurred. Loans and capital leases are recognized as a liability on the fund financial statements when due.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services in the Solid Waste Proprietary Fund and charges for public transportation in the Public Transportation Proprietary Fund. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of each fund. Revenues and expenses not meeting these definitions are reported as non-operating.

P. Interfund Transactions

These balances resulted 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.

This government reports interfund transfers between several of its funds. Some of the transfers are considered immaterial and are aggregated into a single column or row titled *All Others*. The sum of all transfers presented in the table agrees with the sum of interfund transfers presented in the governmental and proprietary fund financial statements. These transfers have been eliminated from the government- wide financial statements.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) provide unrestricted revenue collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Q. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

R. Property Tax Calendar

Property taxes were levied on August 29, 2013, billed on October 8, 2013, and were due on December 13, 2013. Unpaid property taxes were considered delinquent on December 14, 2013. Property taxes attach as an enforceable lien ninety days later on March 14, 2014, which is considered as the lien date.

S. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently the County does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently the County does not have any items that qualify for reporting in this category.

The City's governmental funds report unavailable revenues as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The amounts are reported as follows:

General Fund:

Property Taxes	$ 424,007
Drug Court	5,000
Total	$ 429,007

Note 3: Cash and cash equivalents

Primary Government

The County's cash 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 its 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 institution's trust department or agent but not in the County's name.

At June 30, 2014, the carrying amount of the County's deposits was $3,147,537, and the related bank balance totaled $3,173,970. Of these bank balances, $587,955 was fully covered by FDIC insurance. The remainder, $2,586,015, was collateralized.

Cash	$3,147,537
Agency Funds	$ 537,113

The County's custodial credit risk policy is to require all banks to collateralize the County's deposits at 110% of account balances and to have a perfected security agreement supporting the collateral agreement with the bank. The County does not have a foreign credit risk.

Component Unit – Elbert County Health Department

The Health Department has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents. The carrying amount of the Health Department's deposits as of June 30, 2014, was $359,540 and the bank balances were $382,391.

Note 4: Receivables

Primary Government

Receivables at June 30, 2014, at the fund level, consisted of taxes, accounts (billings for user charges), intergovernmental receivables arising from sales tax collections and interfund receivables.

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

Receivables are reported net of an allowance for doubtful accounts. Those allowances are:

General Fund - Property taxes	$ 13,622
EMS - Service charges	$ 237,748

Component Unit – The Elbert County Health Department has an amount due from the Georgia Department of Public Health of $23,872 which represents the May and June 2014 amount in aid reimbursement requests.

Note 5: Pension Plan

Plan Description

The County contributes to the Association of County Commissioners of Georgia (ACCG) Defined Benefit Plan, an agent multi-employer public employee retirement system that acts as a common investment and administrative agent for participating counties in Georgia, administered by GEB Corporation. The plan periodically issues an overall report to the required agencies. A stand-alone report for Elbert County is available through the Commissioner's office.

The specific benefit provisions of the County's Plan are established by an adoption agreement executed by the County Board of Commissioners. The Plan provides for benefits upon retirement, death, disablement, and termination of employment. The Plan is affiliated with the Association of County Commissioners of Georgia Defined Benefit Plan (The ACCG Plan), an agent multi-employer pension plan administered by GEB Corp. The ACCG, in its role as the Plan Sponsor has the sole authority to amend the provisions of The ACCG Plan, as provided in section 19.03 of The ACCG Plan document. The County retains the authority to amend the adoption agreement, which defines the specific operational provisions of The Plan, as provided in Section19.02 of the ACCG Plan document. An outline of the plan provisions is as follows:

Funding Policy: The County is required to contribute an actuarially determined amount annually to the plan's trust. The contribution amount is determined using actuarial methods and assumptions approved by the ACCG Plan Trustees and intended to satisfy the minimum contribution requirements set forth in controlling State of Georgia statutes.

A copy of the Pension Plan financial report can be obtained from:

Association of County Commissioners of Georgia
100 Circle 75 Parkway, Suite 300
Atlanta, Georgia 30339

For employees hired after December 31, 1995, participation is mandatory and begins on the date of employment. Active eligible employees as of December 31, 1995, had a choice of receiving benefit accruals under the pre-amended plan provisions (non-contributory) as stated on December 31, 1995, or receiving benefit accruals under the amended plan (contributory) effective on January 1, 1996.

Benefits vest after five years of service. Normal retirement is age 65 and 5 years of participation in the Plan but not beyond age 70, or age 55 with 25 years of service if the participant is on the amended Plan. Upon eligibility to retire, participants are entitled to an annual benefit in the amount of 2% of average compensation plus $36 multiplied by years of service from January 1, 1993 through October 31, 2000 or 2.5% of average annual compensation plus $36 multiplied by years of service payable from November 1, 2000 through current plan year end. Annual compensation is the average of the participant's compensation over five consecutive plan years during the ten years preceding the participant's date of retirement or other termination. The Plan also provides benefits in the event of death or disability. These benefits were established by an adoption agreement executed by the County Board of Commissioners. County employees under the pre-amended plan are not required to contribute to the Plan. The County contributes the entire cost of the Plan, using the actuarial basis described in the annual valuation report.

Annual Pension Costs: The County's annual pension cost and new pension obligation for the pension plan for the current year are as follows:

Derivation of Annual Pension Costs:	January 1, 2014	January 1, 2013
Annual Required Contribution	$ 640,583	$ 784,586
Interest on Net Pension Obligation	(5,491)	(5,705)
Amortization of Net Pension Obligations	5,965	6,104
Annual Pension Cost	$ 641,057	$ 784,985

Basis of Valuation:	
Current Valuation Date	1/1/2014
Annual Return of Investment Plan Assets	7.50%
Projected Annual Salary Increases	2.5%-5% based on age
Expected Annual Inflation	3.00%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Projected Unit Credit
Amortization Method	Level Percent of Pay

Derivation of Net Pension Obligation	January 1, 2014
Net Pension Obligation as of the Beginning of Prior Year	$ (73,614)
Actual Pension Cost of Prior Year	784,985
Actual Contributions to Plan for Prior Year	784,586
Decrease in Net Pension Obligation	399
Net Pension Obligation as of End of Year	$ (73,215)

Contributions: Participants who have chosen to join the Contributory plan during the 2010 election period contribute 7% of pay. Participants with a hired date prior to January 1, 1996 and who declined the pickup contribution during the 1995 election period contribute 5% of pay. The County contributes the remaining cost of the Plan, using the actuarial basis described in the annual valuation report. The County's payroll for employees covered by the Plan as of January 1, 2014 (the most recent actuarial valuation date) was $4,469,474.

Trend information for the Plan:

Fiscal Year Beginning	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
January 1, 2014	$ 641,057	N/A	N/A	$ (73,215)
January 1, 2013	784,985	784,586	N/A	(73,614)
January 1, 2012	780,055	790,728	101%	(62,941)
January 1, 2011	701,298	706,687	101%	(57,552)
January 1, 2010	862,763	880,159	102%	(40,156)
January 1, 2009	836,929	863,794	103%	(13,291)
January 1, 2008	813,676	827,937	102%	970

Analysis of the dollar amounts of actuarial value of assets available for benefits, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of funding status on a going concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater the percentage, the stronger the Plan. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The weighted-average remaining amortization period as of December 31, 2013 was ten years.

Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the Plan's progress in accumulating sufficient assets to pay benefits when due.

Additional Information:

	December 31, 2013
1. Actuarial Present Value of Accumulated Plan Benefits	
Vested:	
Retirees (and others in pay status)	$ 5,723,925
Deferred Vested (former employees)	1,474,273
Vested Active Participants	4,459,653
Total	11,658,851
Non-vested	876,355
Total	12,535,206
2. Effect of Future Salary Increases	2,467,464
3. Total Actuarial Accrued Liability	15,002,670
4. Net Assets Available for Benefits (including receivables)	13,354,950
5. Net Assets in Excess of Actuarial Present Value of Accumulated Plan Benefits	$ 819,744
6. Principal Actuarial Assumptions:	
Investment Return	7.50%
Rate of Future Salary Increases (not applicable to Accumulated Plan Benefit Calculation)	2.5% - 5.0% (based on age)

An analysis of the funding progress is presented immediately following the notes to the financial statements. This analysis presents multiyear trend information concerning the actuarial value of plan assets over time relative to the actuarial accrued liability for benefits.

For the plan year ending December 31, 2013, the actuarial value of assets was $12,561,605. The actuarial accrued liability was $15,002,670 and the remaining unfunded accrued liability was $2,441,065. The funded ratio therefore is 84.8%. The unfunded accrued actuarial liability was 50.3% on covered payroll of $4,469,474.

The County also sponsors a Deferred Compensation Plan, a Section 457 defined contribution plan for the benefit of its employees. At June 30, 2014, there were ten employees participating in the plan. Contributions to the plan are funded on a monthly basis. The County does not match employee contributions. All employees are eligible to participate in the plan. Employees can begin to participate in the plan the following month after employment begins. The plan holds its assets in a separate trust invested in annuity contracts in the name of each participant and consequently is not reported on the County's financial statements. As administrator of the plan, the County may amend the plan at its discretion. For the year ending June 30, 2014, the employees contributed $16,380 to the plan.

Other Retirement Plans

Certain employees of the County are covered under retirement plans that are separate from the ACCG Pension Plan. These retirement plans are not under the direct control of the County. A portion of certain fees, licenses, fines and bond forfeitures are remitted to the respective pension plans.

These other retirement Plans include:

Clerk of Superior Court Retirement Fund
Sheriff's Retirement Fund
Probate Judges Retirement Fund of Georgia
Peace Officer's Annuity and Benefit Fund

Component Unit Retirement Plan

The employees of the Elbert County Board of Health participate in the Georgia State Employees' Retirement are covered by the Retirement System (ERS), a statewide multiple-employer public employee retirement system covering employees of local boards of health and various agencies and departments of the State of Georgia. ERS is funded through employer and employee contributions and the Health Department has no legal obligation for paying benefits.

Note 6: Capital Assets

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

Governmental activities:		Business-Type activities:	
General Government	$ 125,664		
Public Safety	474,999	Solid Waste	$ 35,267
Housing & Development	61,873		
Public Works	198,712		
Health & Welfare	50,625		
Culture & Recreation	26,100		
Total Depreciation	$ 937,973	Total Depreciation	$ 35,267

Capital asset activity for the year ended December 31, 2014 was as follows:
Change in assets:

Governmental Activities:	Beginning Balances 7/1/2013	Increases	Decreases	Reclassifications	Ending Balances 6/30/2014
Primary Government:					
Non-depreciable assets:					
Construction in progress	$2,144,565	$ 26,116	$ -	$ (2,156,520)	$ 14,161
Land	1,259,158	30,105	-	-	1,289,263
Total non-depreciable capital assets	$3,403,723	56,221	-	(2,156,520)	$1,303,424
Depreciable Assets:					
Buildings	12,106,043		-	960,476	13,066,519
Land Improvements	184,565	-	-	-	184,565
Equipment	10,531,289	219,926	26,000	-	10,725,215
Infrastructure	1,490,170	-	-	1,196,044	2,686,214
Total depreciable capital assets	24,312,067	219,926	26,000	2,156,520	26,662,513
Accumulated Depreciation:					
Buildings	2,078,056	279,334	-	-	2,357,390
Land Improvements	27,684	4,615	-	-	32,299
Equipment	7,268,532	601,866	26,000	-	7,844,398
Infrastructure	174,790	52,158	-	-	226,948
Total accumulated depreciation	9,549,062	937,973	26,000	-	10,461,035
Total depreciable capital assets, net	14,763,005	(718,047)	-	2,156,520	16,201,478
Governmental activities capital assets, net	$18,166,728	$ (661,826)	$ -	$ -	$17,504,902

Changes in assets:

Business-type Activities:	Beginning Balances 7/1/2013	Increases	Decreases	Reclassifications	Ending Balances 6/30/2014
Proprietary Funds:					
Non-depreciable assets:					
Land	$ 193,190	$ -	$ -	$ -	$ 193,190
Total non-depreciable assets	193,190	-	-		193,190
Depreciable assets:					
Buildings	383,761	-	-	-	383,761
Equipment	413,076	81,468	-	-	494,544
Total depreciable capital assets	796,837	81,468	-	-	878,305
Accumulated depreciation					
Buildings	124,115	9,594	-	-	133,709
Equipment	311,761	25,673	-	-	337,434
Total accumulated depreciation	435,876	35,267	-	-	471,143
Total depreciable capital assets, net	360,961	46,201	-	-	407,162
Business-type activities capital assets, net	$ 554,151	$ 46,201	$ -	$ -	$ 600,352

Component Unit - Health Department

Governmental	Beginning Balances 7/1/2013	Increases	Decreases	Ending Balances 6/30/2014
Capital assets being depreciated				
Equipment	$ 119,833	$ -	$ -	$ 119,833
Total Capital Assets	119,833	-	-	119,833
Accumulated Depreciation				
Equipment	80,190	7,589	-	87,779
Total accumulated depreciation	80,190	7,589	-	87,779
Net capital assets	$ 39,643	$ (7,589)	$ -	$ 32,054

Depreciation expense was charged to functions/programs of the Health Department as follows:
Governmental activities - Health $7,589

Note 7: Short Term Debt

The County issues tax anticipation notes in advance of property tax collections, depositing the proceeds into its General Fund. The notes are necessary because the County does not currently possess sufficient resources to carry it from one year to the next. For the year ending June 30, 2013, the County had a short term debt balance of $51,209, which was paid off in 2014.

On May 14, 2012, the County financed the purchase of a 2012 CAT D6KXL Crawler Dozer with Bankcorp South Equipment Finance through a twelve month capital lease. The lease is payable in one installment of $53,769 due at lease end. The original lease was for $52,416 at an interest rate of 2.54% with a maturity in June 2013. The lease is secured by the equipment and payment will be made out of the Capital Projects Fund.

	Beginning Balances July 1, 2013	Issued	Redeemed	Ending Balance June 30, 2014
2013 Tax anticipation note:	$ 51,209	$ 3,027,600	$ 3,078,809	$ -
Bankcorp South Capital Lease:	52,416	-	52,416	-
	$ 103,625	$ 3,027,600	$ 3,131,225	$ -

Note 8: Long Term Debt

The retirement cost of debt, pension liabilities, and compensated absences is typically charged to the general fund

Governmental Activities-Capital Leases:

On July 19, 2011, the County financed the purchase of a motor grader with John Deere Credit through a 48 month capital lease. The lease is payable in monthly installments of $3,254. The original lease was for $148,670 at an interest rate of 2.55% with a maturity in July 2015 with a purchase option of $1 at lease end. The lease is secured by the equipment and payments are made out of the Capital Projects Fund. Interest expense paid in 2014 was $1,503.

On June 12, 2013, the County financed the purchase of a John Deere 310SK Backhoe through a 36 month capital lease. The lease is payable in monthly installments of $1,574. The original lease was for $54,040 at an interest rate of 3.3% with a maturity in May 2016. The lease is secured by the equipment and payments are made out of the Capital Projects Fund. Interest expense paid in 2014 was $1,469.

On June 6, 2013, the County financed the purchase of an Interact E-911 System through a 60 month capital lease. The lease is payable in monthly installments of $6,497. The original lease was for $355,591 at an interest rate of 3.675% with a maturity in June 2018. The lease is secured by the equipment and payments will be made out of the Capital Projects Fund. Interest expense paid in 2014 was $12,849.

Expense resulting from amortization of assets recorded under capital leases is included with depreciation expense.

The assets acquired through capital leases are as follows:

Asset:	Governmental Activities
Machinery and Equipment	$ 659,717
Less: Accumulated Depreciation	(140,415)
Total	$ 519,302

Payout schedule:

Year Ending	Total Payments	Principal	Interest
2015	137,604	126,898	10,706
2016	95,278	88,276	7,002
2017	77,960	73,903	4,057
2018	71,463	70,167	1,296
Totals	$ 382,305	$ 359,244	$ 23,061

Governmental Activities-Intergovernmental loans:

On December 16, 2010, the County financed the purchase of fire trucks through a USDA loan. The original loan amount was $523,037 with an interest rate of 3.75% and matures January 16, 2021. The loan is amortized with 120 monthly payments of $5,236 each. The loan is secured by the fire trucks. Interest expense paid in 2014 was $14,548.

Assets purchased:

Machinery and Equipment	$ 650,100
Less: Accumulated Depreciation	(464,355)
Net	$ 185,745

Year Ending	Total Payments	Principal	Interest
2015	62,832	50,126	12,706
2016	62,832	52,038	10,794
2017	62,832	54,023	8,809
2018	62,832	56,084	6,748
2019	62,832	58,224	4,608
2020-2021	93,873	91,160	2,713
	$ 408,033	$ 361,655	$ 46,378

Changes in other long term debt:

	July 1, 2013	Additions	Reductions	June 30, 2014	Due within 12 Months
Governmental activities					
Compensated absences	$ 87,550	$ -	$ 4,613	$ 82,937	$ 800
USDA Loan	409,939	-	48,284	361,655	50,126
Capital leases	484,124	-	124,880	359,244	126,898
Total Governmental Activities	$ 981,613	$ -	$ 177,777	$ 803,836	$ 177,824

	July 1, 2013	Additions	Reductions	June 30, 2014	Due within 12 Months
Business-Type Activities					
Compensated absences	$ 7,798	$ -	$ 1,884	$ 5,914	$ -
Closure Liability	1,094,236	-	34,070	1,060,166	50,484
Total Business-Type Activities	$ 1,102,034	$ -	$ 35,954	$ 1,066,080	$ 50,484

Component Unit	July 1, 2013	Additions	Reductions	June 30, 2014	Due within 12 Months
Compensated absences	$ 28,350	$ 10,759	$ 20,447	$ 18,662	$ 8,039
Total Component Unit Liabilities	$ 28,350	$ 10,759	$ 20,447	$ 18,662	$ 8,039

Note 9: Interfund balances and transfers

Due to/Due from other funds

	Due From:							
Due to:	General Fund	Capital Projects	Grant Fund	Rock Gym Fund	Senior Center Fund	Revolving Loan Fund	Transportation Fund	Total
General Fund	$ -	$ 295,561	$ 37,786	$ 151,102	$ 8,010	$ 200	$ 8,010	$ 500,669
Capital projects	3,371	-	-	-	-	-	-	3,371
Transportation	14,437	-	-	-	-	-	-	14,437
Senior Center	6,291	-	-	-	-	-	750	7,041
Grant Fund	-	2,352	-	-	-	-	-	2,352
Totals	$24,099	$ 297,913	$ 37,786	$ 151,102	$ 8,010	$ 200	$ 8,760	$ 527,870

Advances to/Advances from other funds:

Advances to/Advances from other funds

	Advances to:			
Advances from:	Grant Fund	E-911 Fund	Sold Waste Fund	Total
General Fund	$ 120,000	$ 90,785	$ 95,974	$ 306,759
Totals	$ 120,000	$ 90,785	$ 95,974	$ 306,759

Interfund balances at June 30, 2014, consisted of the following amounts and represent charges for services or reimbursable expenses and expenditures out of capital outlay (SPLOST) funds for operating expenses in the general fund occurring in prior years. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting records, and (3) payments between funds are made. The County expects to repay some of the interfund balances within one year. The General Fund receivables from the E-911, Airport Grant Fund and Solid Waste Funds are considered as being long term interfund receivables.

Interfund Transfers

		Transfer from				
		General Fund	Grant Fund	Transportation Fund	Airport Fund	Total
Transfer to	E-911 Fund	$ 352,788	$ -	$ -	$ -	$ 352,788
	Solid Waste Fund	239,378	-	-	-	239,378
	Senior Center Fund	-	-	8,147	-	8,147
	General Fund	-	1,400	-	53,763	55,163
	Fire Ins. Fund	75,000	-	-		75,000
	Total	$ 667,166	$ 1,400	$ 8,147	$ 53,763	$ 730,476

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and provide unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is complete.

Note 10: Landfill Closure and Postclosure Cost

Closure and Postclosure care is required by both federal and state regulations. The estimate for post closure liability is for the cost of monitoring for thirty years after landfill closure. In 2000, the County closed its solid waste landfill and is now in the postclosure phase. The postclosure estimate will be amortized over a 30 year period following closure. These costs and estimates are recognized in the government-wide financial statements. The actual postclosure cost will be met by resources out of the general fund. The unamortized balance of postclosure cost at June 30, 2014 was $1,060,166. The estimated costs are based on what it would cost to perform all closure and postclosure in 2014. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. Should any problems occur during this period, the costs and time period required for maintenance and monitoring functions may increase.

Note 11: Hotel/Motel Tax Compliance – Primary Government

Elbert County, Georgia collects five percent (5%) hotel/motel tax. State statutes require the County to contract with a not for profit organization and fund that organization with a minimum of 40% of collections which must be expended on the promotion of tourism and trade. The County has a working relationship with Elbert County Chamber of Commerce and funds that organization with hotel/motel tax collections.

For the fiscal year ending June 30, 2014:

Tax collections	$ 31,797
Amount provided to	
Chamber of Commerce	3,344
Promotion expenditures	10,400
Georgia DNR	26,948
Total tax and investment earnings disbursement	$ 40,692

Note 12: Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which, except as described in the following paragraph, the County carries commercial insurance with Travelers Corporation in amounts deemed prudent by County management. The County participates in the Association of the County

Commissioners of Georgia Group Self-Insurance Worker's Compensation Fund public entity risk pools, currently operating as a common risk management and insurance programs 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 pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any claim of loss. The County is also to allow the pools' agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

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

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

Note 13: Commitments and Contingencies

Litigation and Assessments

The County is involved 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.

Grant Contingencies

The County has received Federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, County management believes such disallowances, if any, will not be significant.

Note 14: Compliance

At June 30, 2014, the County was not in compliance with the following statutes:

OCGA 36-81-3 Relating to expenditures in excess of budgeted amounts.
OCGA 16-13-49 Relating to the reporting of drug seizure amounts to the County Board of Commissioners.

The County spent SPLOST proceeds for expenditures that were not authorized by the SPLOST resolution.

At June 30, 2014, the County was in compliance with O.C.G.A 36-81-7:

E-911 Funds: All E-911 funds collected by Elbert County were expended in accordance with state statutes.

Note 15: Prepaid Expense

Insurance	$45,116
Professional services	12,395
Payroll Taxes	17,628
Net pension obligation	73,215
	$148,354

Note 16: Budgets

The following are Governmental Funds for which expenditures exceeded appropriations:

	Budgeted Expenditures and Other Financing Uses	Actual Expenditures and Other Financing Uses	Actual in Excess of Appropriations
General Fund			
Public Works	$ 772,150	$ 804,368	$ 32,218
Health and Welfare	224,551	238,527	13,976
Housing and Development	365,650	369,612	3,962
Culture and Recreation	346,345	369,759	23,414
Transfers	429,500	667,166	237,666
Senior Center			
Health and Welfare	310,350	424,436	114,086
Transfers Out	-	8,147	8,147
Multi-Grant Fund			
Public Safety	-	8,839	8,839
Public Works	6,404	57,854	51,450
Housing and Development	-	3,600	3,600
Transfers Out	-	55,163	55,163
Fire Insurance Fund	20,000	35,107	15,107
Rock Gym Fund	100,000	157,841	57,841
Drug Education Fund	11,700	14,533	2,833
Hotel Motel Fund	31,200	40,692	9,492

The County's legal level of control is at the department level.

Note 17: Deficit Fund Balance

The non-major Rock Gym Fund has a deficit fund balance of $16,924 due to an inter fund loan from the General Fund as of 06/30/14.

Note 18: Subsequent Event

Subsequent events have been evaluated through June 25, 2015.

Elbert County, Georgia
Defined Benefit Retirement Plan
Required Supplementary Information
Schedule of Funding Progress
June 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)		Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL Funding Excess) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As a Percentage of Covered Payroll (b-a)/c
December 31, 2013	$ 12,561,605		$ 14,808,862	$ 2,247,257	84.8%	$ 4,469,474	50.3%
December 31, 2012	$ 11,105,646	*	$ 14,442,522	$ 3,336,876	76.9%	$ 4,764,739	70.0%
December 31, 2011	$ 10,257,105	*	$ 13,018,491	$ 2,761,386	78.8%	$ 4,606,470	59.9%
December 31, 2010	$ 9,494,739	*	$ 12,131,820	$ 2,637,081	78.3%	$ 4,429,059	59.5%
December 31, 2009	$ 8,592,025	*	$ 11,227,257	$ 2,635,232	76.5%	$ 4,310,175	61.1%

* Reflects Change to asset smoothing adopted by the ACCG Pension Plan and Trust Board of Trustees.

Elbert County, Georgia
Defined Benefit Retirement Plan
Required Supplementary Information
Schedule of Employer Contributions
June 30, 2014

Year Ended 12/31	Annual Required Contribution	Percentage Contributed
2009	$ 741,239	116.5%
2010	$ 862,545	102.0%
2011	$ 700,986	100.8%
2012	$ 779,714	101.4%
2013	$ 784,985	100.2%

Elbert County, Georgia
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Budget to GAAP Differences	Actual Amounts	Variance with Final Budget
REVENUES	Original	Final	Budgetary Basis	Over / (Under)	GAAP Basis	Over / (Under)
Property Taxes	$ 5,804,500	$ 5,804,500	$ 6,167,562	$ -	$ 6,167,562	$ 363,062
Sales Taxes	1,335,000	1,335,000	1,253,935	-	1,253,935	(81,065)
Other Taxes	904,000	904,000	1,055,790	-	1,055,790	151,790
Fines and Forfeitures	275,500	275,500	409,773	-	409,773	134,273
Intergovernmental	157,821	157,821	99,128	-	99,128	(58,693)
Charges for Services	1,572,360	1,572,360	1,223,847	-	1,223,847	(348,513)
Interest	800	800	543	-	543	(257)
Contributions and donations	3,200	3,200	3,395	-	3,395	195
Miscellaneous	23,500	23,500	30,747	-	30,747	7,247
Transfers In	-	-	55,163	-	55,163	55,163
Total Revenues	$ 10,076,681	$ 10,076,681	$ 10,299,883	$ -	$ 10,299,883	$ 223,202
EXPENDITURES						
Current Operating:						
General Government	$ 2,581,880	$ 2,610,670	$ 2,323,092	$ -	$ 2,323,092	$ (287,578)
Judicial	972,450	968,990	920,515	-	920,515	(48,475)
Public Safety	4,356,315	4,338,825	4,237,439	-	4,237,439	(101,386)
Public Works	775,250	772,150	804,368	-	804,368	32,218
Health and Welfare	224,991	224,551	238,527	-	238,527	13,976
Housing and Development	368,820	365,650	369,612	-	369,612	3,962
Culture and Recreation	347,475	346,345	369,759	-	369,759	23,414
Debt Service Interest	20,000	20,000	6,775	-	6,775	(13,225)
Transfers Out	429,500	429,500	667,166	-	667,166	237,666
Total Expenditures	$ 10,076,681	$ 10,076,681	$ 9,937,253	$ -	$ 9,937,253	$ (139,428)
Net Change in Fund Balance					362,630	
Fund Balance - Beginning					1,255,850	
Fund Balance - Ending					$ 1,618,480	

Elbert County, Georgia
Budgetary Comparison Schedule
Senior Center Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Budget to GAAP Differences	Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis	Over / (Under)	GAAP Basis	Over / (Under)
REVENUES						
Charges for Services	15,100	15,100	38,140	-	38,140	23,040
Intergovernmental	395,700	395,700	422,800	-	422,800	27,100
Interest	-	-	18	-	18	18
Contributions and Donations	-	-	107,771	-	107,771	107,771
Total Revenues	$ 410,800	$ 410,800	$ 568,729	$ -	$ 568,729	$ 157,929
EXPENDITURES						
Current Operating:						
Health and Welfare	310,350	310,350	424,436	-	424,436	114,086
Fund Balance	100,450	100,450	-	-	-	(100,450)
Transfers Out	-	-	8,147	-	8,147	8,147
Total Expenditures	$ 410,800	$ 410,800	$ 432,583	$ -	$ 432,583	$ 21,783
Net Change in Fund Balance					136,146	
Fund Balance - Beginning					461,824	
Fund Balance - Ending					$ 597,970	

Elbert County, Georgia
Budgetary Comparison Schedule
Multi-Grant Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Budget to GAAP Differences	Actual Amounts	Variance with Final Budget
REVENUES	Original	Final	Budgetary Basis	Over / (Under)	GAAP Basis	Over / (Under)
Intergovernmental	$ 153,724	$ 153,724	$ 200,241	$ -	$ 200,241	$ 46,517
Interest	-	-	28	-	28	28
Contributions and donations	6,404	6,404	-	-	-	(6,404)
Miscellaneous	-	-	3,455	-	3,455	3,455
Fund Balance	35,000	35,000	-	-	-	(35,000)
Total Revenues	$ 195,128	$ 195,128	$ 203,724	$ -	$ 203,724	$ 8,596
EXPENDITURES						
Current Operating:						
Judicial	$ 63,724	$ 63,724	$ 59,603	$ -	$ 59,603	$ (4,121)
Public Safety	-	-	8,839	-	8,839	8,839
Public Works	6,404	6,404	57,854	-	57,854	51,450
Housing and Development	-	-	3,600	-	3,600	3,600
Capital Outlay	125,000	125,000	72,329	-	72,329	(52,671)
Transfers Out	-	-	55,163	-	55,163	55,163
Total Expenditures	$ 195,128	$ 195,128	$ 257,388	$ -	$ 257,388	$ 62,260
Net Change in Fund Balance					(53,664)	
Fund Balance - Beginning					428,609	
Fund Balance - Ending					$ 374,945	

Elbert County, Georgia

Notes to Required Supplementary Information
On Budgetary Accounting and Control
Year Ended June 30, 2014

BUDGETARY ACCOUNTING AND CONTROL

Budget Law

The County prepares its annual operating budget under the provisions of the official Code of Georgia. In accordance with those provisions, the following process is used to adopt the annual budget:

(a). Prior to June 1, the County Finance Officer submits to the County Commissioners a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
(b). Public hearings are conducted at regular Commission meetings to obtain taxpayer comments. Public hearings are normally scheduled no later than 15 days prior to the beginning of the budget year.
(c). Subsequent to the public hearings, the budget is legally enacted through the passage of a resolution by the County Commissioners.

All governmental funds with revenues and/or expenditures as defined by State law are required to have annual budgets. The legal level of control at which expenditures may not legally exceed appropriations is at the department level within a fund.

Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal yearend. The appropriated budget is prepared by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of commissioners. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Excess Expenditures over appropriations:

	Budgeted Expenditures and Other Financing Uses	Actual Expenditures and Other Financing Uses	Actual in Excess of Appropriations
General Fund			
Public Works	$ 772,150	$ 804,368	$ 32,218
Health and Welfare	224,551	238,527	13,976
Housing and Development	365,650	369,612	3,962
Culture and Recreation	346,345	369,759	23,414
Senior Center			
Health and Welfare	310,350	424,436	114,086
Transfers Out	-	8,147	8,147
Multi-Grant Fund			
Public Safety	-	8,839	8,839
Public Works	6,404	57,854	51,450
Housing and Development	-	3,600	3,600
Transfers Out	-	55,163	55,163
Fire Insurance Fund	20,000	35,107	15,107
Rock Gym Fund	100,000	157,841	57,841
Drug Education Fund	11,700	14,533	2,833
Hotel Motel Fund	31,200	40,692	9,492

Elbert County, Georgia
Notes to Required Supplementary Information
On Budgetary Accounting and Control
Year Ended June 30, 2014

BUDGET REQUIREMENTS

Amendments to the original budget appropriations were properly approved by the County Commissioners. For the year ended June 30, 2014, the following supplemental increases and decreases in appropriations were approved:

Fund Type	Original Budget	Supplemental Appropriations	Supplemental Decreases	Revised Appropriations
General Fund	$ 10,076,681	$ 45,000	$ (45,000)	$ 10,076,681
	$ 10,076,681	$ 45,000	$ (45,000)	$ 10,076,681

Elbert County, Georgia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

Assets	Law Library	E-911 Fund	10% Fines Jail Fund	Special Drug Fund	Hotel/Motel Tax Fund	Revolving Loan Fund	Fire Insurance Fund	Victims Assistance Fund	Rock Gym Fund	Nonmajor Governmental Funds
Cash and cash equivalents	$ 4,569	$ 130,248	$ 19,796	$ 17,700	$ 24,744	$ 34,922	$ 229,700	$ 436,593	$ 2,386	$ 900,658
Accounts receivable, net	488	40,559	-	1,045	4,500	-	-	10,030	98,000	154,622
Due from other governments	-	-	2,881	530	-	-	-	-	123,808	127,219
Total assets	5,057	170,807	22,677	19,275	29,244	34,922	229,700	446,623	224,194	1,182,499
Deferred outflows of resources	-	-	-	-	-	-	-	-	-	-
Total assets and										
Liabilities										
Accounts payable	$ -	$ 386	$ -	$ 1,279	$ 2,856	$ -	$ 106	$ 6,855	$ 90,016	$ 101,498
Accrued Expenditures	-	3,414	-	-	-	-	-	-	-	3,414
Advances from other funds	-	90,785	-	-	-	-	-	-	-	90,785
Due to other funds	-	-	-	-	-	200	-	-	151,102	151,302
Total Liabilities	-	94,585	-	1,279	2,856	200	106	6,855	241,118	346,999
Deferred inflows of resources	-	-	-	-	-	-	-	-	-	-
Total liabilities and deferred inflows	-	94,585	-	1,279	2,856	200	106	6,855	241,118	346,999
Fund balance										
Restricted for:										
Law enforcement	5,057	76,222	22,677	17,996	-	-	-	439,768	-	561,720
Loan program	-	-	-	-	-	34,722	-	-	-	34,722
Tourism	-	-	-	-	26,388	-	-	-	-	26,388
Committed for:										
Fire Insurance Fund	-	-	-	-	-	-	229,594	-	-	229,594
Unassigned	-	-	-	-	-	-	-	-	(16,924)	(16,924)
Total Fund balances	5,057	76,222	22,677	17,996	26,388	34,722	229,594	439,768	(16,924)	835,500
Total liabilities, deferred inflows and fund balance	$ 5,057	$ 170,807	$ 22,677	$ 19,275	$ 29,244	$ 34,922	$ 229,700	$ 446,623	$ 224,194	$ 1,182,499

Elbert County, Georgia

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Law Library	E-911 Fund	10% Fines Jail Fund	Special Drug Fund	Hotel/Motel Tax Fund	Revolving Loan Fund	Fire Insurance Fund	Victims Assist Fund	Rock Gym Fund	Total Nonmajor Governmental Funds
Revenues										
Taxes	$ -	$ -	$ -	$ -	$ 31,797	$ -	$ -	$ -	$ -	31,797
Fines and forfeitures	5,885	-	31,504	18,835	-	-	-	106,446	-	162,670
Charges for services	-	354,198	-	-	-	-	1,000	-	-	355,198
Intergovernmental	-	-	-	2,390	-	-	-	57,020	145,537	204,947
Contributions and donations	-	-	-	-	-	-	600	-	-	600
Miscellaneous	-	-	-	-	-	-	1,935	-	-	1,935
Interest	-	153	15	14	29	-	201	-	-	412
Total Revenues	5,885	354,351	31,519	21,239	31,826	-	3,736	163,466	145,537	757,559
Expenditures										
Current										
Public safety	-	630,358	23,040	14,533	-	-	10,209	-	-	678,140
Judicial	1,261	-	-	-	-	-	-	108,527	-	109,788
Housing and development	-	-	-	-	40,692	-	-	-	-	40,692
Culture and Recreation	-	-	-	-	-	-	-	-	49,513	49,513
Principal	-	35,858	-	-	-	-	-	-	-	35,858
Interest	-	12,849	-	-	-	-	-	-	-	12,849
Capital Outlay	-	-	-	-	-	-	25,621	-	108,328	133,949
Total Expenditures	1,261	679,065	23,040	14,533	40,692	-	35,830	108,527	157,841	1,060,789
Excess revenues/(expenditures)	4,624	(324,714)	8,479	6,706	(8,866)	-	(32,094)	54,939	(12,304)	(303,230)
Other financing sources/(uses)										
Transfer in	-	352,788	-	-	-	-	75,000	-	-	427,788
Total Other Financing Sources (Uses)	-	352,788	-	-	-	-	75,000	-	-	427,788
Net Changes in Fund Balances	4,624	28,074	8,479	6,706	(8,866)	-	42,906	54,939	(12,304)	124,558
Fund balance-beginning	433	48,148	14,198	11,290	35,254	34,722	186,688	384,829	(4,620)	710,942
Fund balance-ending	$ 5,057	$ 76,222	$ 22,677	$ 17,996	$ 26,388	$ 34,722	$ 229,594	$ 439,768	$ (16,924)	$ 835,500

Elbert County, Georgia
Combining Statement of Fiduciary Assets and Liabilities
All Agency Funds
June 30, 2014

	Tax Commissioner	Probate Court	Magistrate Court	Clerk of Court	Sheriff	Totals
ASSETS						
Cash and cash equivalents	$ 57,219	$ 1,759	$ 6,179	$ 73,735	$ 4,909	$ 143,801
Taxes Receivable	1,134,753	-	-	-	-	1,134,753
Total Assets	$ 1,191,972	$ 1,759	$ 6,179	$ 73,735	$ 4,909	$ 1,278,554
LIABILITIES						
Due to others	$ 57,219	$ 1,759	$ 6,179	$ 73,735	$ 4,909	$ 143,801
Due to other Governmental Units	1,134,753	-	-	-	-	1,134,753
Total Liabilities	$ 1,191,972	$ 1,759	$ 6,179	$ 73,735	$ 4,909	$ 1,278,554

Walker Pierce & Tuck
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

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*

To the Board of Commissioners
of Elbert County, Georgia
Elberton, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Elbert County, Georgia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Elbert County, Georgia's basic financial statements and have issued our report thereon dated June 25, 2015. Our report also makes reference to other auditors who audited the financial statements of the Elbert County Health Department, as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Elbert 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 Elbert County, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of Elbert 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 responses, we identified certain deficiencies in internal control that we consider to be material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described, 2014-1 thru 2014-3 described in the accompanying schedule of findings and responses, to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Elbert 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 instances of noncompliance or other

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matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2014-4 thru 2014-7.

Elbert County, Georgia's Response to Findings

Elbert County, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Elbert 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 them.

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.

Walker, Pierce & Tuck, CPA's, P.C.

Walker, Pierce & Tuck, CPA's, P.C.
Gainesville, Georgia
June 25, 2015

Elbert County, Georgia
Schedule of Findings and Responses
For the Year Ended June 30, 2014

Internal Control

2014-1 (Previous year finding)

Condition: The County finance department staff performs duties that are conflicting from an internal control perspective. Overlapping of duties exists in the areas of cash receipts, cash disbursements and payroll.

Criteria: An individual employee's duties should not include all aspects of a transaction.

Cause: The County's finance department has limited staff to perform all accounting functions.

Effect: Inadequate segregation of duties presents a risk of unauthorized or incorrect transactions occurring and not being detected within a timely period.

Recommendation: Compensating controls should be established to reduce the inherent risks created by the lack of segregation of duties. These controls may include items such as continual supervision of employees, rotation of duties and periodic internal review by others not directly involved in the daily operations.

Response: The County agrees with this finding but is unable to make changes due to staffing levels.

2014-2 (Previous year finding)

Condition: The Clerk of Court's office did not complete bank reconciliations on a timely basis each month.

Criteria: Internal control procedures should be in place to require the timely completion of bank reconciliations each month.

Cause: There are no procedures in place to require the timely completion of bank reconciliations.

Effect: Because of the failure to require timely bank reconciliations, the Clerk of Court's office does not possess the ability to detect errors and omissions in a timely manner.

Recommendation: Procedures should be developed to require the timely completion of bank reconciliations on a monthly basis.

Response: The County agrees with this finding. Management will discuss this finding with the Clerk.

Elbert County, Georgia
Schedule of Findings and Responses
For the Year Ended June 30, 2014

2014-3 (Previous year finding)

Condition: The Tax Commissioner's office does not employ internal control procedures to verify receipts, deposits and changes in the tax accounts due the County.

Criteria: Internal control procedures should be in place that provide reasonable assurance that all changes in the tax balances due to the County are reconciled on a monthly basis

Cause: There are no procedures in place to require the reconciliations.

Effect: Due to the lack of reconciliation procedures, the Tax Commissioner's office does not possess the ability to detect errors and omissions in a timely manner.

Recommendation: Procedures should be developed and training provided to the Tax Commissioner's staff on how to reconcile receipts, bank deposits, and authorized changes in outstanding tax accounts to changes in tax receivable on a monthly basis.

Response: The County agrees with this finding. Management will discuss this finding with the Commissioner.

Compliance

2014-4

Condition: The County had expenditures in excess of appropriations in the General Fund.

Criteria: Georgia code OCGA 36-81-3 requires limiting expenditures to the legally approved budget amounts.

Cause: The County did not amend its budget to authorize expenditures in excess of the original budget.

Effect: At June 30, 2014, the County was not in compliance with OCGA 36-81-3.

Recommendation: We recommend the County comply with all relevant statues concerning the operation of a local government in order to reduce the risk of litigation and other unforeseen actions.

Response: The County agrees with this finding and will amend its budget.

2014-5

Condition: The County used SPLOST proceeds for expenditures not authorized by the SPLOST resolution and created an interfund loan to denote the need to repay these funds.

Criteria: SPLOST funds are restricted for the purchase of items approved by the Elbert County voters.

Cause: The County used SPLOST proceeds for expenditures not included in the SPLOST referendum approved by the Elbert County voters.

Effect: The County incurred SPLOST expenditures not allowed by the SPLOST referendum.

Recommendation: We recommend the County comply with all relevant statues concerning the operation of a local government in order to reduce the risk of litigation and other unforeseen actions.

Response: The County agrees with this finding and will amend its budget.

Elbert County, Georgia
Schedule of Findings and Responses
For the Year Ended June 30, 2014

2014-6

Condition: The County created a negative fund balance in the Rock Gym Fund due to an interfund loan from the General Fund.

Criteria: The County should budget funds and stay within spending limits.

Cause: The County created an interfund loan from the General Fund in order to pay expenses related to the Rock Gym.

Effect: The County incurred expenditures in excess of budget for the Rock Gym.

Recommendation: We recommend the County comply with their budget in order to stay within their spending limits.

Response: The County agrees with this finding and will correct this issue.

2014-7

At June 30, 2014, the County was not in compliance with the following statute:

OCGA 16-13-49 Relating to the reporting of drug seizure amounts to the County Board of Commissioners.

We recommend the County comply with all relevant statutes concerning the operation of a local government in order to reduce the risk of litigation and other unforeseen actions.

Elbert County, Georgia

Schedule of Special Purpose Local Option Sales Tax Estimated Cost and Expenditure Summary

For the year ended June 30, 2014

	Estimated Cost		Expenditures			
	Original	Current	Prior Years	Current Year	Total	Completion
2011 Projects						
Capital Projects						
Road, Street & Bridges	$ 4,800,000	$ 4,800,000	$ 2,062,512	$ 509,713	$ 2,572,225	54%
Total	4,800,000	4,800,000	2,062,512	509,713	2,572,225	
Vehicles and Equipment						
Computer Equipment & Software	130,000	130,000	12,925	14,559	27,484	21%
Parks & Recreation	110,000	110,000	27,931	6,101	34,032	31%
Fire Department	250,000	250,000	212,801	64,960	277,761	111%
Emergency Services	997,000	997,000	485,805	14,977	500,782	50%
E911 Department	165,000	165,000	9,900	39,636	49,536	30%
Sheriff's Department	396,000	396,000	76,466	70,145	146,611	37%
Senior Center	40,000	40,000	40,000	-	40,000	100%
Building & Maintenance	32,000	32,000	9,684	-	9,684	30%
Cooperative Extension/4-H Dept	61,000	61,000	10,652	-	10,652	17%
Board of Assessors	145,000	145,000	54,119	11,132	65,251	45%
Total Vehicles and Equipment	2,326,000	2,326,000	940,283	221,510	1,161,793	
Repayment of Debt						
Fire Station Construction Loan	800,000	800,000	162,319	-	162,319	20%
Total Repayment of General Obligation Debt	800,000	800,000	162,319	-	162,319	
County Facilities & Infrastructure						
Construct/Improve Complex & Courthouse	60,000	60,000	20,841	10,838	31,679	53%
Total Facilities & Infrastructure	60,000	60,000	20,841	10,838	31,679	
Total County Projects	7,986,000	7,986,000	3,185,955	742,061	3,928,016	
Elberton Projects	3,828,000	3,828,000	1,169,966	602,021	1,771,987	46%
Elberton Projects County Hospital Authority	726,000	726,000	131,386	137,012	268,398	37%
Bowman Projects	660,000	660,000	201,716	103,797	305,513	46%
Total	$ 13,200,000	$ 13,200,000	$ 4,689,023	$ 1,584,891	$ 6,273,914	