# *HABERSHAM COUNTY, GEORGIA*

## *Annual Financial Report*

## *For the fiscal year ended June 30, 2013*

This page intentionally left blank.

# *HABERSHAM COUNTY, GEORGIA*
## *FINANCIAL REPORT*
## *For the fiscal year ended June 30, 2013*

# *TABLE OF CONTENTS*


| | | Page(s) |
|---|---|---|
| ***INTRODUCTORY SECTION:*** | | |
| | Table of Contents | i-vi |
| ***FINANCIAL SECTION:*** | | |
| | Independent Auditor's Report | 1-3 |
| | Management's Discussion and Analysis | 4-14 |
| **BASIC FINANCIAL STATEMENTS** | | |
| **Exhibit** | | |
| | **Government-wide Statements** | |
| A-1 | Statement of Net Position | 15-16 |
| A-2 | Statement of Activities | 17 |
| | **Fund Financial Statements** | |
| A-3 | Balance Sheet – Governmental Funds | 18-19 |
| A-4 | Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position | 20 |
| A-5 | Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | 21-22 |
| A-6 | Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 23 |
| A-7 | Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) to Actual – General Fund | 24-25 |
| A-8 | Statement of Net Position – Proprietary Funds | 26 |
| A-9 | Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds | 27 |
| A-10 | Statement of Cash Flows – Proprietary Funds | 28 |
| A-11 | Statement of Fiduciary Assets and Liabilities – Fiduciary Funds | 29 |

***Table of Contents, continued***

## BASIC FINANCIAL STATEMENTS (continued)

### Fund Financial Statements (continued)


| Exhibit | | Page(s) |
|---|---|---|
| A-12 | Combining Statement of Net Position – Component Units | **30** |
| A-13 | Combining Statement of Activities – Component Units | **31** |
| A-14 | **Notes to the Financial Statements** | **32-72** |

| Item # | | Page # |
|---|---|---|
| 1. | Description of Government Unit | **32** |
| 2. | Summary of Significant Accounting Policies | **32-48** |
| 3. | Deposit and Investment Risk | **48-50** |
| 4. | Accounts Receivable | **51** |
| 5. | Intergovernmental Receivables | **52** |
| 6. | Property Taxes | **53** |
| 7. | Interfund Receivables and Payables | **53** |
| 8. | Interfund Transfers | **54** |
| 9. | Capital Assets | **55-57** |
| 10. | Capital and Operating Lease Agreements | **58** |
| 11. | Long-Term Debt | **59-61** |
| 12. | Landfill Post-Closure Care Costs | **62** |
| 13. | Pension Plan | **63-66** |
| 14. | Deferred Compensation Plan | **66-67** |
| 15. | Hotel/Motel Lodging Tax | **67** |
| 16. | Joint Ventures | **67** |
| 17. | Special Items | **68** |
| 18. | Changes in Beginning Balances | **68** |
| 19. | Deficit Equity Balances | **68** |
| 20. | Risk Financing Activities | **69** |
| 21. | Nonexchange Financial Guarantee | **70** |
| 22. | Commitments and Contingencies | **70-71** |
| 23. | Material Noncompliance | **71-72** |

***Table of Contents, continued***

## SUPPLEMENTARY INFORMATION

### COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES


| Exhibit | | Page (s) |
|---|---|---|
| B-1 | Combining Balance Sheet – Nonmajor Governmental Funds | **73-74** |
| B-2 | Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds | **75-76** |
| | ***GENERAL FUND*** | |
| C-1 | Comparative Balance Sheets | **77** |
| C-2 | Comparative Statements of Revenues, Expenditures and Changes in Fund Balances | **78** |
| C-3 | Schedule of Revenues – Budget (GAAP Basis) and Actual | **79** |
| C-4 | Schedule of Expenditures – Budget (GAAP Basis) and Actual | **80-86** |
| | ***SPECIAL REVENUE FUNDS*** | |
| D-1 | Jail Special Revenue Fund Comparative Balance Sheets | **87** |
| D-2 | Jail Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual | **88** |
| D-3 | Emergency 911 Special Revenue Fund Comparative Balance Sheets | **89** |
| D-4 | Emergency 911 Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual | **90** |
| D-5 | Hotel/Motel Tax Special Revenue Fund Comparative Balance Sheets | **91** |
| D-6 | Hotel/Motel Tax Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual | **92** |
| D-7 | Law Library Special Revenue Fund Comparative Balance Sheets | **93** |
| D-8 | Law Library Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual | **94** |
| D-9 | Drug Abuse Treatment Special Revenue Fund Comparative Balance Sheets | **95** |
| D-10 | Drug Abuse Treatment Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual | **96** |

***Table of Contents, continued***

## SUPPLEMENTARY INFORMATION (continued)

### COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (continued)


| Exhibit | | Page (s) |
|---|---|---|
| | ***SPECIAL REVENUE FUNDS (continued)*** | |
| D-11 | Inmate Welfare Special Revenue Fund Comparative Balance Sheets | **97** |
| D-12 | Inmate Welfare Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual | **98** |
| | ***DEBT SERVICE FUNDS*** | |
| E-1 | SPLOST Debt Service Fund Comparative Balance Sheets | **99** |
| E-2 | SPLOST Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual | **100** |
| | ***CAPITAL PROJECTS FUNDS*** | |
| F-1 | Special Purpose Local Option Sales Tax #4 Capital Projects Fund Comparative Balance Sheets | **101** |
| F-2 | Special Purpose Local Option Sales Tax #4 Capital Projects Fund Comparative Statement of Revenues, Expenditures and Changes in Fund Balances | **102** |
| F-3 | Special Purpose Local Option Sales Tax #5 Capital Projects Fund Comparative Balance Sheets | **103** |
| F-4 | Special Purpose Local Option Sales Tax #5 Capital Projects Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances | **104** |
| F-5 | Capital Improvements Capital Projects Fund Comparative Balance Sheets | **105** |
| F-6 | Capital Improvements Capital Projects Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances | **106** |
| F-7 | Judicial Center Construction Capital Projects Fund Balance Sheet | **107** |
| F-8 | Judicial Center Construction Capital Projects Fund Statement of Revenues, Expenditures, and Changes in Fund Balance | **108** |

***Table of Contents, continued***

## SUPPLEMENTARY INFORMATION (continued)

### COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (continued)


| Exhibit | | Page (s) |
|---|---|---|
| | ***ENTERPRISE FUNDS*** | |
| G-1 | Water and Sewer Enterprise Fund Comparative Statements of Net Position | **109** |
| G-2 | Water and Sewer Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Position | **110** |
| G-3 | Water and Sewer Enterprise Fund Comparative Statements of Cash Flows | **111** |
| G-4 | Landfill Enterprise Fund Comparative Statements of Net Position | **112** |
| G-5 | Landfill Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Position | **113** |
| G-6 | Landfill Enterprise Fund Comparative Statements of Cash Flows | **114-115** |
| G-7 | Transit Enterprise Fund Comparative Statements of Net Position | **116** |
| G-8 | Transit Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Position | **117** |
| G-9 | Transit Enterprise Fund Comparative Statements of Cash Flows | **118** |
| | ***INTERNAL SERVICE FUNDS*** | |
| H-1 | IT and Communications Trust Statement of Net Position | **119** |
| H-2 | IT and Communications Trust Statement of Revenues, Expenses and Changes in Net Position | **120** |
| H-3 | IT and Communications Trust Statement of Cash Flows | **121** |
| | ***AGENCY FUNDS*** | |
| I-1 | Combining Balance Sheet | **122-123** |
| I-2 | Statement of Changes in Assets and Liabilities | **124** |

***Table of Contents, continued***

## SUPPLEMENTARY INFORMATION (continued)

### COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (continued)


| Exhibit | | Page (s) |
|---|---|---|
| | ***COMPONENT UNITS*** | |
| J-1 | Mountain Judicial Circuit NCIS Team Comparative Balance Sheets | **125** |
| J-2 | Mountain Judicial Circuit NCIS Team Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual | **126** |
| J-3 | Habersham County Development Authority Comparative Balance Sheets | **127** |
| J-4 | Habersham County Development Authority Comparative Schedules of Revenues, Expenditures and Changes in Fund Balance | **128** |
| J-5 | Habersham County Airport Authority Comparative Balance Sheets | **129** |
| J-6 | Habersham County Airport Authority Comparative Schedules of Revenues, Expenditures and Changes in Fund Balance | **130** |
| | **OTHER REPORTING SECTION** | |
| | ***OTHER SUPPLEMENTARY INFORMATION*** | |
| K-1 | Officials of Habersham County | **131** |
| K-2 | Organizational Structure | **132** |
| | ***SINGLE AUDIT SECTION*** | |
| | 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* | **133-134** |
| | Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 | **135-136** |
| L-1 | Schedule of Expenditures of Federal Awards | **137** |
| L-2 | Notes to the Schedule of Expenditures of Federal Awards | **138** |
| L-3 | Schedule of Findings and Questioned Costs | **139-147** |
| | ***STATE REPORTING SECTION*** | |
| M-1 | Schedule of Projects Financed with Special Purpose Local Option Sales Tax | **148-149** |

RUSHTON & COMPANY

## Independent Auditor's Report

Honorable Chairman and Members
of the Board of Commissioners
Habersham County, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Habersham County, Georgia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Habersham County Health Department, a component unit of Habersham County, Georgia, which represent 8.0 percent, 9.6 percent, and 59.8 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Habersham County Health Department, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

## Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Habersham County, Georgia, as of June 30, 2013, and the respective changes in the financial position and, where applicable, cash flows, and the budgetary comparison of the General Fund for the year then ended in conformity 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 on pages 4 through 14 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 Habersham County, Georgia's basic financial statements. The combining and individual fund financial statements and schedules and the state reporting section with the special purpose local option sales tax report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards, and the state reporting section with the special purpose local option sales tax report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards, and the state reporting section with the special purpose local option sales tax report are fairly stated in all material respects in relation to the financial statements as a whole. The other supplementary information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

We also have previously audited, in accordance with auditing standards generally accepted in the United States, Habersham County, Georgia's basic financial statements for the year ended June 30, 2012, which are not presented with the accompanying financial statements. In our report dated November 12, 2012, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Habersham County's basic financial statements as a whole. The combining and individual fund financial statements and schedules related to the 2012 financial statements are presented for the purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements and schedules related to the 2012 financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the 2012 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 2012 combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

**Other Reporting Required by *Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2013, on our consideration of Habersham County, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 results of that testing, and not to provide an opinion on the 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 Habersham County' internal control over financial reporting.

*Rushton & Company, LLC*

Certified Public Accountants

Gainesville, Georgia
November 21, 2013

This page intentionally left blank.

# Habersham County
## Board of Commissioners
Finance Department
555 Monroe Street, Unit 20
Clarkesville, GA 30523
(706) 754-6270

**Michael Barden**
*Finance Officer*

**Phillip Sutton**
*County Manager*


## MANAGEMENT'S DISCUSSION AND ANALYSIS

Habersham County management is proud to present this narrative discussion and analysis of Habersham County's financial performance, making available an overview of the activities for the fiscal year ended June 30, 2013. This report is drafted annually to provide readers of financial statements with information that will help them make timely and meaningful financial decisions or draw conclusions about Habersham County. As required by the Governmental Accounting Standards Board (GASB) Statement No. 34, this discussion and analysis affords comparisons with the previous fiscal year.

### Financial Highlights

- Habersham County's assets exceeded its liabilities at June 30, 2013 by $60,437,546 (*net position*). Of this amount, $5,948,051 is reported as unrestricted net position. This is an increase of $6,237,338 over the previous fiscal year for unrestricted. Total net position decreased by $8,373,420 from the previous fiscal year.

- As of June 30, 2013, Habersham County's governmental funds reported combined ending fund balances of $15,632,879. Approximately 22% of this total amount or $3,410,009 is reported as unassigned and available for spending at the Board's discretion. Approximately 55%, or $8,651,559, is restricted for capital outlay. Information about Habersham County's Policy on Fund Balance can be found in Note 2P in the *Notes to the Financial Statements* beginning on page 45.

More detailed information regarding these activities and funds begins on page 15.

### Overview of the Financial Statements

This discussion and analysis narrative is intended to serve as an introduction to Habersham County's basic financial statements. Habersham County's basic financial statements are composed of three elements: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains required supplementary information in addition to our basic financial statements.

**Government-wide Financial Statements (Reporting the County as a whole).** The focus of the government-wide financial statements is on the overall financial position and activities of Habersham County and is designed to provide a broad overview of the County's financial activities in a manner similar to a private business enterprise.

The County's government-wide financial statements include the Statement of Net Position and the Statement of Activities. These two statements report information about Habersham County using the accrual basis of accounting, which is similar to the accounting used by non-public businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The purpose of the ***Statement of Net Position*** (pages 15-16) is to report all of the assets held and liabilities owed by the County. The County reports all of its assets when it acquires ownership over the assets and reports all of its liabilities when they are incurred. The difference between the total assets and total liabilities is labeled *net position*. While the purpose of County Government is not to accumulate net position, as this amount increases it can indicate the strength of the County's financial position as a whole. When this amount decreases it can indicate a weakening of the County's financial position.

The ***Statement of Activities*** (page 17) presents the revenues and expenses of the County. Under the accrual basis of accounting, revenues are recognized when earned and expenses when incurred in this statement. Thus, revenues are reported even when they may not be collected for several weeks after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period. The difference is described as *change in net position*. The Statement of Activities primary focus is on the *net cost* of various activities provided by the County and identifies the extent to which each function of the County draws from general revenues or is self-financing through user fees, special revenues, grants, or other sources.

In the Statement of Net Position and the Statement of Activities, we divide Habersham County into three types of activities:

- ***Governmental activities*** – Most of the County's basic services are reported under this category which includes: judicial, public safety, public works, and general administration. Taxes such as: real property, sales, insurance premium and intangible finance most of these services.

- ***Business-type or Enterprise activities*** – The County charges fees to customers to assist in recovering the cost for providing certain services. The County's water services, solid waste tipping fees and transit system fees are reported in this category.

- ***Discretely Presented Component Units*** – A component unit is a legally separate organization for which the elected officials of the County can be financially accountable. The Mountain Judicial Circuit NCIS Team, the Habersham County Development Authority, the Habersham County Airport Authority, and the Habersham County Health Department, although legally separate, function for all practical purposes as departments of Habersham County and have been included as an integral part of the government.

The County's government-wide financial statements are presented on pages 15-17.

**Fund Financial Statements (Reporting the County's Major Funds).**
The focus of fund financial statements is directed at specific activities of the County and its most significant funds, not the County as a whole. A fund is an entity with a self-balancing set of accounts that the County uses to track specific resources and expenditures, either for management purposes or because of legal mandates. In addition to the major funds, individual fund data for the County's non-major funds can be found beginning on page 73. The County's funds are divided into three broad categories: governmental; proprietary; and fiduciary. They use different prescribed accounting methodologies.

- ***Governmental Funds*** – These funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on the short-term view of the County's general government operations and the basic services it provides. Governmental funds are reported using an accounting method called modified accrual, which measures cash and all other financial assets that can readily be converted to cash.

  Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements and because of the different accounting methods used to prepare them, there are often significant differences between the totals presented in these financial statements. It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By so doing, readers may better understand the long-term impact of the government's near-term financing decisions. An analysis of the balance sheet and the statement of revenues, expenditures, and changes in fund balances that reconciles the two statements are provided following each statement.

  Habersham County maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, SPLOST Debt Service Fund, SPLOST #4 Capital Projects Fund, SPLOST #5 Capital Projects Fund, and Judicial Center Construction Capital Projects Fund, which are considered major governmental funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 73-76 of this report.

  Habersham County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been included for the General Fund to show the final result of actual revenues and expenditures as compared to the initial projections.

  The County's basic governmental fund financial statements are presented on pages 18-25 of this report.

- ***Proprietary Funds*** – When the County charges customers for the services it provides, whether to outside customers or internally to departments of the County, these services are generally reported in proprietary funds. The County maintains two different types of proprietary funds: Enterprise Funds and Internal Service Funds. These proprietary funds are prepared using the same accrual basis of accounting as the government-wide financial statements.

  Enterprise fund statements report the same functions presented in the business-type activities columns of the government-wide financial statements. Habersham County uses enterprise funds to account for its Water and Sewer, Solid Waste, and Transit functions.

  Internal service funds are an accounting device used to account for services provided and billed on an internal basis. The County utilizes an internal service fund for information technology and communications. Because of the nature of the County's internal service fund, it is reported as governmental activities on the government-wide statements.

  The County's proprietary fund financial statements are presented on pages 26-28.

  ***Fiduciary Funds –*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs and services. The accounting used for fiduciary funds is similar to that used for proprietary funds. Fiduciary funds are presented in the fund financial statements but are not reported in the government-wide financial statements. The fiduciary fund financial statements are presented on page 29.

**Notes to the financial statements.**
The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32-72 of this report.

**Other Supplementary Information.**
Other supplementary information includes combining financial statements for non-major governmental, proprietary, and fiduciary funds. These funds are added together by fund type and presented in single columns in the basic financial statements but are not reported individually, as with major funds, on the government-wide financial statements.

This report includes two schedules (pages 20 and 23) which reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting). The following summarizes the impact of transitioning from modified accrual to accrual accounting:

- Capital assets used in governmental activities on the government-wide statements are not reported on fund financial statements.

- Certain tax revenues that are earned, but not available, are reported as revenue on the government-wide statements but as deferred inflows of resources on the fund statements.
- Unless due and payable, long-term liabilities, such as lease obligations, compensated absences, bonds and notes payable, and others only appear as liabilities in the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements but is reported as expenditures on the governmental fund financial statements.
- Certain other outflows represent either increases or decreases in liabilities on the government-wide statements but are reported as expenditures on the governmental fund financial statements.

## Overview of the County's Financial Position and Operations

The County's overall financial position and operations for this fiscal year is summarized as follows based on the information included in the government-wide financial statements (see pages 15-17):

**Habersham County**
**Net Position**
**Fiscal Years 2013 and 2012**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Current assets | $ 20,310,581 | $ 31,775,376 | $ 1,413,422 | $ 1,605,771 | $ 21,724,003 | $ 33,381,147 |
| Capital assets | 49,427,346 | 36,634,400 | 4,531,613 | 13,591,396 | 53,958,959 | 50,225,796 |
| Other noncurrent assets | 107,497 | 158,747 | 0 | 0 | 107,497 | 158,747 |
| **Total assets** | 69,845,424 | 68,568,523 | 5,945,035 | 15,197,167 | 75,790,459 | 83,765,690 |
| Current liabilities | 8,428,301 | 5,387,668 | 139,549 | 162,008 | 8,567,850 | 5,549,676 |
| Noncurrent liabilities | 3,745,070 | 6,392,139 | 3,039,993 | 3,012,909 | 6,785,063 | 9,405,048 |
| **Total liabilities** | 12,173,371 | 11,779,807 | 3,179,542 | 3,174,917 | 15,352,913 | 14,954,724 |
| **Net position:** | | | | | | |
| Net investment in capital assets | 39,094,977 | 33,648,018 | 4,308,743 | 13,299,692 | 43,403,720 | 46,947,710 |
| Restricted | 11,085,775 | 22,152,543 | 0 | 0 | 11,085,775 | 22,152,543 |
| Unrestricted | 7,491,301 | 988,155 | (1,543,250) | (1,277,442) | 5,948,051 | (289,287) |
| **Total net position** | $ 57,672,053 | $ 56,788,716 | $ 2,765,493 | $ 12,022,250 | $ 60,437,546 | $ 68,810,966 |

Net position may serve over time as a useful indicator of a government's financial position. Assets for Habersham County exceeded liabilities by $60,437,546 at the close of fiscal year 2013. Approximately 72% of Habersham County's net position is reflected in its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related debt outstanding that was needed to construct or acquire them. This is up 4% from 68% at June 30, 2012. The County uses capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net assets comprise 18%. This amount represents resources that are subject to external restrictions or enabling legislation on how they may be used.

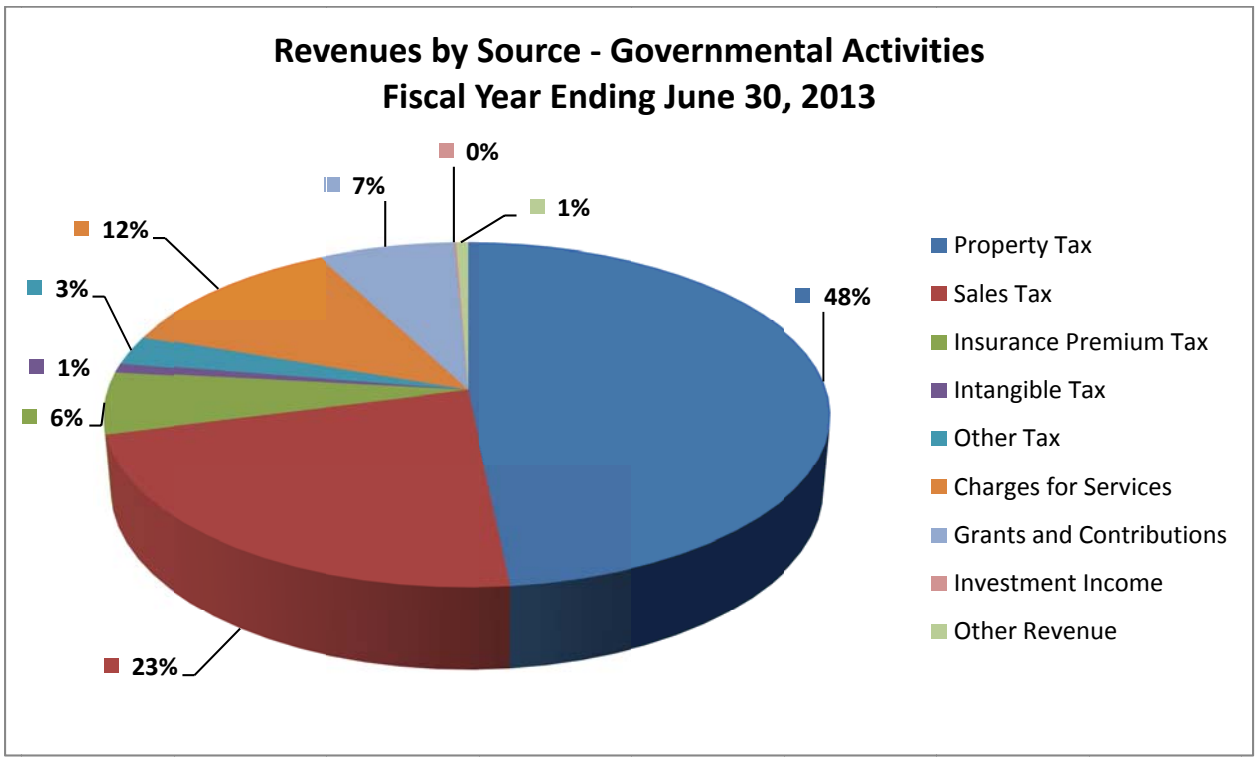
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how Habersham County's net position changed during the fiscal year.

**Habersham County**
**Changes in Net Position**
**Fiscal Years 2013 and 2012**

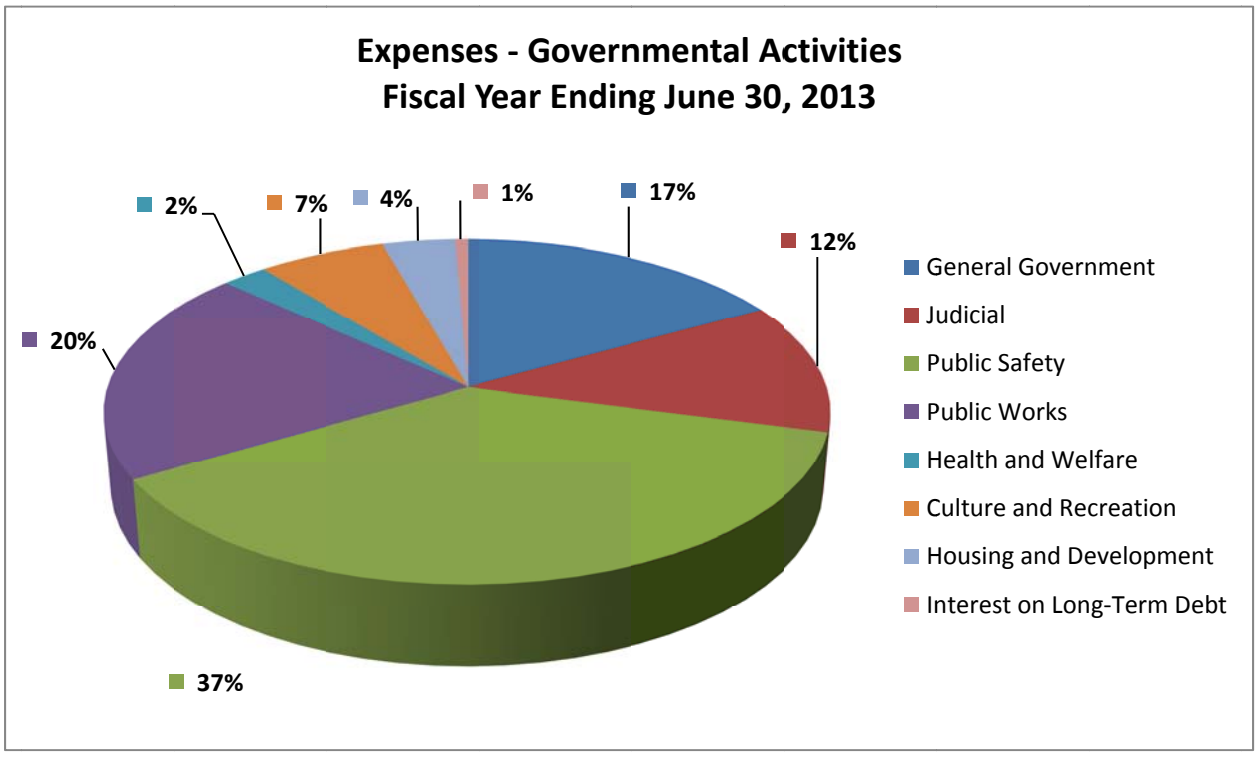
| | Governmental Activities | | Business-Type Activities | | Totals | |
|---|---|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| **Revenues** | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | $ 2,855,528 | $ 2,875,200 | $ 1,068,077 | $ 1,266,677 | $ 3,923,605 | $ 4,141,877 |
| Operating grants and contributions | 975,514 | 890,834 | 27,143 | 29,945 | 1,002,657 | 920,779 |
| Capital grants and contributions | 659,584 | 583,022 | 0 | 0 | 659,584 | 583,022 |
| General revenues: | | | | | | |
| Property tax | 11,467,009 | 11,275,838 | 0 | 0 | 11,467,009 | 11,275,838 |
| Sales tax | 5,367,362 | 5,740,598 | 0 | 0 | 5,367,362 | 5,740,598 |
| Intangible tax | 204,297 | 158,821 | 0 | 0 | 204,297 | 158,821 |
| Insurance premium tax | 1,374,035 | 1,286,169 | 0 | 0 | 1,374,035 | 1,286,169 |
| Other taxes | 651,874 | 654,032 | 0 | 0 | 651,874 | 654,032 |
| Interest & investment earnings | 24,445 | 60,425 | 2,118 | 21,487 | 26,563 | 81,912 |
| Other revenue | 142,585 | 157,496 | 51 | (64,328) | 142,636 | 93,168 |
| **Total revenues** | 23,722,233 | 23,682,435 | 1,097,389 | 1,253,781 | 24,819,622 | 24,936,216 |
| **Expenses** | | | | | | |
| General government | 3,854,932 | 4,697,981 | 0 | 0 | 3,854,932 | 4,697,981 |
| Judicial | 2,802,084 | 2,619,544 | 0 | 0 | 2,802,084 | 2,619,544 |
| Public Safety | 8,541,344 | 8,416,966 | 0 | 0 | 8,541,344 | 8,416,966 |
| Public Works | 4,638,822 | 4,390,115 | 0 | 0 | 4,638,822 | 4,390,115 |
| Health and Welfare | 526,232 | 464,876 | 0 | 0 | 526,232 | 464,876 |
| Culture and Recreation | 1,497,756 | 1,441,876 | 0 | 0 | 1,497,756 | 1,441,876 |
| Housing and Development | 837,178 | 718,410 | 0 | 0 | 837,178 | 718,410 |
| Interest on long-term debt | 148,036 | 184,104 | 0 | 0 | 148,036 | 184,104 |
| Water and Sewer | 0 | 0 | 527,170 | 599,311 | 527,170 | 599,311 |
| Landfill | 0 | 0 | 1,261,303 | 1,370,245 | 1,261,303 | 1,370,245 |
| Transit | 0 | 0 | 72,218 | 71,787 | 72,218 | 71,787 |
| **Total expenses** | 22,846,384 | 22,933,872 | 1,860,691 | 2,041,343 | 24,707,075 | 24,975,215 |
| **Increase (decrease) in net position before special items and transfers** | 875,849 | 748,563 | (763,302) | (787,562) | 112,547 | (38,999) |
| Special items | 0 | 0 | (8,413,285) | 0 | (8,413,285) | 0 |
| Transfers | 80,170 | 1,007,039 | (80,170) | (1,007,039) | 0 | 0 |
| **Increase (decrease) in net position** | 956,019 | 1,755,602 | (9,256,757) | (1,794,601) | (8,300,738) | (38,999) |
| **Net position - beginning (original)** | 56,788,716 | 55,033,114 | 12,022,250 | 13,816,851 | 68,810,966 | 68,849,965 |
| **Prior period adjustments** | (72,682) | 0 | 0 | 0 | (72,682) | 0 |
| **Net position - beginning (restated)** | 56,716,034 | 55,033,114 | 12,022,250 | 13,816,851 | 68,738,284 | 68,849,965 |
| **Net position - ending** | $ 57,672,053 | $ 56,788,716 | $ 2,765,493 | $ 12,022,250 | $ 60,437,546 | $ 68,810,966 |

**Governmental Activities –**

The following chart illustrates revenues of the governmental activities for the fiscal year:




The following chart illustrates the expenses of the governmental activities for the fiscal year:



**Business-Type Activities –**

Business-type activities decreased Habersham County's net position by $9,256,757, or 77%. This decrease is due in large part to a transfer of the Habersham County Water System to the City of Demorest, Georgia in the amount of $8,413,285. The transfer is reported as a special item and is explained in further detail in Note 17 to the financial statements on page 68.

**Financial Analysis of the County's Funds**

Habersham County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The main focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of unrestricted resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

1) As the County completed this fiscal year, its governmental funds reported a combined ending fund balance of $15,632,879. Of this amount, $3,410,009 (22%) constitutes unassigned fund balance, which is available for appropriation for the general purposes of the funds in accordance with the Habersham County Policy on Fund Balance.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was $3,497,961, while total fund balance reached $4,380,976. As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 80% of total fund balance in the General Fund. Unassigned fund balance represents 21% of total General Fund expenditures, while total fund balance represents approximately 26% of that same amount. The County ended the fiscal year realizing a decrease in the overall fund balance in the General Fund by $987,625, or approximately 18%. The County decreased unassigned fund balance in the General Fund by $1,176,020, or 25%. This decrease was due in large part to unbudgeted transfers to other funds to restore their fund balance to a positive position from accumulated deficits. The Habersham County Policy on fund balance calls for a minimum of 17% unassigned fund balance to be retained. Habersham County has maintained a percentage in excess of 17% for the last twelve fiscal years.

**General Fund Budget Highlights**

The original budget for the General Fund was amended several times reflecting grant awards, reimbursements, insurance claims, as well as unanticipated revenues and expenditures. The Board of Commissioners also approved interdepartmental transfers and transfers from the contingency/reserve for emergencies line item. Overall, General Fund revenues exceeded the final amended budget projections by $161,984, or 1%. General Fund expenditures exceeded the final amended budget projections by $155,674, or 1%.

No additional portion of the fund balance in the General Fund is budgeted for use in fiscal year 2014 aside from the original appropriation. Current General Fund revenues are meeting estimates for fiscal year 2014 and the General Fund fund balance is expected to remain constant.

**Proprietary Funds.** Habersham County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the County's three proprietary funds totaled as follows:

- Water and Sewer $ 60,166
- Landfill $ (1,599,194)
- Transit $ (4,222)

The Water and Sewer Fund has unrestricted net position of $60,166. The County transferred ownership of the Habersham County Water System to the City of Demorest, thereby reducing the Water and Sewer Fund's net investment in capital assets by $8,413,285. The Landfill Fund decreased unrestricted net position by approximately $275,641. The decrease is due to a decrease in tip fee revenue caused by a loss of customers and the increase in the post-closure care liability. Post-closure care liability as of June 30, 2013 is $2,817,123 versus $2,748,825 as of the end of fiscal year 2012. This is an increase of $68,298, or 2%.

## Capital Assets and Debt Administration

**Capital Assets.** Habersham County has invested $53,958,959 in capital assets (net of accumulated depreciation) compared to $50,225,796 in the previous fiscal year. This represents an increase of 7%. Approximately 92% of this investment is related to governmental activities and includes infrastructure, land, buildings, and machinery and equipment. Capital assets held by the County at fiscal year-end are summarized as follows:

**Habersham County**
**Capital Assets (net of accumulated depreciation)**
**Fiscal Years 2013 and 2012**

| | Governmental Activities | | Business-Type Activities | | Totals | |
|---|---|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Land | $ 5,337,697 | $ 5,337,697 | $ 665,702 | $ 665,702 | $ 6,003,399 | $ 6,003,399 |
| Construction in progress | 16,395,632 | 3,522,719 | 0 | 105,853 | 16,395,632 | 3,628,572 |
| Buildings | 21,054,533 | 20,875,396 | 33,365 | 33,365 | 21,087,898 | 20,908,761 |
| Land improvements | 3,357,865 | 3,119,713 | 7,816,939 | 7,629,604 | 11,174,804 | 10,749,317 |
| Machinery and equipment | 2,653,866 | 1,935,474 | 1,815,665 | 1,763,115 | 4,469,531 | 3,698,589 |
| Furniture and fixtures | 2,538,120 | 2,416,774 | 0 | 0 | 2,538,120 | 2,416,774 |
| Vehicles | 8,197,412 | 7,591,668 | 143,542 | 143,542 | 8,340,954 | 7,735,210 |
| Infrastructure | 62,428,255 | 61,388,230 | 0 | 10,558,667 | 62,428,255 | 71,946,897 |
| **Total** | 121,963,380 | 106,187,671 | 10,475,213 | 20,899,848 | 132,438,593 | 127,087,519 |
| Accumulated Depreciation | (72,536,034) | (69,553,271) | (5,943,600) | (7,308,452) | (78,479,634) | (76,861,723) |
| **Net Capital Assets** | $ 49,427,346 | $ 36,634,400 | $ 4,531,613 | $ 13,591,396 | $ 53,958,959 | $ 50,225,796 |

Major capital asset expenditures during the current fiscal year for governmental activities included the following:

- Ongoing construction a new judicial facility
- Purchase of vehicles and heavy equipment for various departments
- Window and siding renovation for the Habersham County Division of Family and Children Services building
- Continuing emergency communications upgrades to the County E-911 radio communication system
- Continuing road construction, road improvements, culvert repairs and bridge repairs
- Continuing improvements to the Airport

The only significant capital asset expenditures during the current fiscal year for business-type activities was the replacement of a leachate tank for the Landfill.

Additional information on Habersham County's capital assets can be found in Note 9 on pages 55-57 of this report.

**Debt/Capital Leases**. On June 30, 2013, Habersham County had a total debt balance outstanding for governmental activities in the amount of $7,513,615, as compared to $9,854,539 the previous fiscal year. Habersham County's outstanding debt for governmental activities has decreased by $2,340,924 during the course of the fiscal year. In November 2010, the County issued $10 million general obligation bonds for the construction of a new judicial facility. Debt service on this five year bond is being repaid from SPLOST 5 proceeds.

Additional information on the County's long-term debt can be found in Note 11 on pages 59-61 of this report.

**Economic Condition and Outlook**

Habersham County has struggled to maintain healthy fund reserves and will work to continue to provide services to the citizenry. Moving forward the County will continue to face challenges as a result of slow economic growth. Housing starts and retail sales related to residential and commercial construction continue to be a major concern of the County Commission. These and many key factors were considered in preparation of the budget for fiscal year 2014 that position Habersham County to meet those challenges:

- Continued increased reliance on residential taxes as an overall part of the tax base
- Flattening recovery in countywide retail sales
- Increased reliance on Special Purpose Local Option Sales Tax for facility and infrastructure improvements
- State Legislatures imposing limits to home rule through property tax and property assessment reform
- Continued volatility in the housing market and cost of fuel & energy
- Habersham County's unemployment rate remaining near record levels as is the case in most of Georgia
- Need for additional personnel, and funds for personnel development and training
- Rising cost of healthcare and other insurance benefits

**Contacting the County**

This financial report is designed to provide County citizens, taxpayers, customers, and creditors with a general overview of Habersham County's finances and to demonstrate the County's high level of accountability for the revenue it receives and the services it provides. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

**Finance**
Habersham County
ATTN: Finance Officer
555 Monroe Street, Unit 20
Clarkesville, Georgia 30523
Email: mbarden@habershamga.com

**Administration**
Habersham County
ATTN: County Manager
555 Monroe Street, Unit 20
Clarkesville, Georgia 30523
Email: psutton@habershamga.com

**Website**
http://www.habershamga.com/finance.cfm

This page intentionally left blank.

***BASIC FINANCIAL STATEMENTS***

## *HABERSHAM COUNTY, GEORGIA*
## *STATEMENT OF NET POSITION*
## *June 30, 2013*

| | Primary Government | | | Component Units |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | |
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | $ 14,885,236 | $ 640,361 | $ 15,525,597 | $ 728,238 |
| Certificates of deposit | 2,781,671 | 588,784 | 3,370,455 | 0 |
| Investments | 578,571 | 0 | 578,571 | 0 |
| Restricted assets | | | | |
| Cash and cash equivalents | 289,319 | 27,851 | 317,170 | 300,001 |
| Receivables (net) | | | | |
| Accounts | 151,372 | 213,148 | 364,520 | 95,897 |
| Intergovernmental | 202,618 | 5,131 | 207,749 | 79,554 |
| Taxes | 740,088 | 0 | 740,088 | 0 |
| Interest | 4,780 | 1,897 | 6,677 | 0 |
| Prepaids | 613,176 | 0 | 613,176 | 0 |
| Internal balances | 63,750 | (63,750) | 0 | 0 |
| Total current assets | 20,310,581 | 1,413,422 | 21,724,003 | 1,203,690 |
| **Noncurrent assets** | | | | |
| Capital assets | | | | |
| Non-depreciable | 21,733,329 | 665,702 | 22,399,031 | 2,451,034 |
| Depreciable (net) | 27,694,017 | 3,865,911 | 31,559,928 | 1,569,178 |
| Other assets | | | | |
| Pension asset | 107,497 | 0 | 107,497 | 0 |
| Total noncurrent assets | 49,534,843 | 4,531,613 | 54,066,456 | 4,020,212 |
| **Total assets** | 69,845,424 | 5,945,035 | 75,790,459 | 5,223,902 |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Payables | | | | |
| Accounts | 2,902,457 | 50,263 | 2,952,720 | 6,240 |
| Intergovernmental | 281,755 | 8,049 | 289,804 | 13,319 |
| Retainages | 778,322 | 0 | 778,322 | 0 |
| Interest | 887 | 0 | 887 | 3,429 |
| Excess taxes | 189,080 | 0 | 189,080 | 0 |
| Accrued salaries and expenses | 296,204 | 17,163 | 313,367 | 0 |
| Compensated absences | 577,269 | 36,223 | 613,492 | 34,000 |
| Unearned revenue | 200,000 | 0 | 200,000 | 44,951 |
| Liabilities payable from restricted assets | | | | |
| Accounts payable | 11,051 | 0 | 11,051 | 0 |
| Customer deposits | 0 | 27,851 | 27,851 | 0 |
| Due to other agencies | 0 | 0 | 0 | 81,134 |
| Capital lease payable | 781,276 | 0 | 781,276 | 0 |
| Notes payable | 0 | 0 | 0 | 63,125 |
| Bonds payable | 2,410,000 | 0 | 2,410,000 | 0 |
| Total current liabilities | 8,428,301 | 139,549 | 8,567,850 | 246,198 |

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

## *HABERSHAM COUNTY, GEORGIA*
## *STATEMENT OF NET POSITION*
## *June 30, 2013*

| | Primary Government | | | |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Component Units |
| **Noncurrent liabilities** | | | | |
| Compensated absences | $ 0 | $ 0 | $ 0 | $ 13,555 |
| Capital lease payable | 1,240,070 | 222,870 | 1,462,940 | 0 |
| Notes payable | 0 | 0 | 0 | 1,140,180 |
| Bonds payable | 2,505,000 | 0 | 2,505,000 | 0 |
| Post-closure care costs | 0 | 2,817,123 | 2,817,123 | 0 |
| Total noncurrent liabilities | 3,745,070 | 3,039,993 | 6,785,063 | 1,153,735 |
| **Total liabilities** | 12,173,371 | 3,179,542 | 15,352,913 | 1,399,933 |
| **NET POSITION** | | | | |
| Net investment in capital assets | 39,094,977 | 4,308,743 | 43,403,720 | 2,816,907 |
| Restricted for: | | | | |
| Judicial | 445,255 | 0 | 445,255 | 0 |
| Public safety | 12,138 | 0 | 12,138 | 149,878 |
| Capital outlay | 8,651,559 | 0 | 8,651,559 | 300,001 |
| Debt service | 1,976,823 | 0 | 1,976,823 | 0 |
| Unrestricted | 7,491,301 | (1,543,250) | 5,948,051 | 557,183 |
| **Total net position** | $ 57,672,053 | $ 2,765,493 | $ 60,437,546 | $ 3,823,969 |

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

This page intentionally left blank.

## *HABERSHAM COUNTY, GEORGIA*
## *STATEMENT OF ACTIVITIES*
## *For the fiscal year ended June 30, 2013*

| FUNCTIONS/PROGRAMS | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue |
|---|---|---|---|---|---|
| **Primary government** | | | | | |
| Governmental activities | | | | | |
| General Government | $ 3,854,932 | $ 490,353 | $ 0 | $ 0 | $ (3,364,579) |
| Judicial | 2,802,084 | 595,062 | 666,588 | 29,423 | (1,511,011) |
| Public Safety | 8,541,344 | 1,440,839 | 250,829 | 117,285 | (6,732,391) |
| Public Works | 4,638,822 | 0 | 3,057 | 498,166 | (4,137,599) |
| Health and Welfare | 526,232 | 0 | 2,500 | 14,710 | (509,022) |
| Culture and Recreation | 1,497,756 | 266,359 | 6,838 | 0 | (1,224,559) |
| Housing and Development | 837,178 | 62,915 | 45,702 | 0 | (728,561) |
| Interest on long-term debt | 148,036 | 0 | 0 | 0 | (148,036) |
| Total governmental activities | 22,846,384 | 2,855,528 | 975,514 | 659,584 | (18,355,758) |
| Business-type activities | | | | | |
| Water and Sewer | 527,170 | 247,306 | 0 | 0 | (279,864) |
| Landfill | 1,261,303 | 813,854 | 0 | 0 | (447,449) |
| Transit | 72,218 | 6,917 | 27,143 | 0 | (38,158) |
| Total business-type activities | 1,860,691 | 1,068,077 | 27,143 | 0 | (765,471) |
| Total primary government | 24,707,075 | 3,923,605 | 1,002,657 | 659,584 | (19,121,229) |
| **Component Units** | | | | | |
| Northeast Georgia Drug Task Force | | | | | |
| Public Safety | 226,777 | 75,574 | 146,483 | 0 | (4,720) |
| Habersham County Development Authority | | | | | |
| Housing and Development | 114,544 | 0 | 0 | 0 | (114,544) |
| Habersham County Airport Authority | | | | | |
| Public Works | 10,287 | 0 | 0 | 0 | (10,287) |
| Habersham County Health Department | | | | | |
| Health and Welfare | 823,861 | 317,758 | 403,544 | 0 | (102,559) |
| Total component units | 1,175,469 | 393,332 | 550,027 | 0 | (232,110) |

| | Primary Government: Governmental Activities | Primary Government: Business-Type Activities | Primary Government: Total | Component Units |
|---|---|---|---|---|
| **Change in net position** | | | | |
| Net (expense) revenue | $ (18,355,758) | $ (765,471) | $ (19,121,229) | $ (232,110) |
| General revenues | | | | |
| Taxes | | | | |
| Property | 11,467,009 | 0 | 11,467,009 | 0 |
| Sales | 5,367,362 | 0 | 5,367,362 | 0 |
| Intangible | 204,297 | 0 | 204,297 | 0 |
| Insurance premium | 1,374,035 | 0 | 1,374,035 | 0 |
| Other | 651,874 | 0 | 651,874 | 0 |
| Interest and investment earnings | 24,445 | 2,118 | 26,563 | 25 |
| Rental income | 44,140 | 0 | 44,140 | 23,421 |
| Payments from Habersham County | 0 | 0 | 0 | 570,189 |
| Gain on sale of assets | 9,100 | 0 | 9,100 | 1,575 |
| Miscellaneous | 89,345 | 51 | 89,396 | 7,833 |
| Special items | 0 | (8,413,285) | (8,413,285) | 0 |
| Transfers | 80,170 | (80,170) | 0 | 0 |
| Total general revenues, special items, and transfers | 19,311,777 | (8,491,286) | 10,820,491 | 603,043 |
| Change in net position | 956,019 | (9,256,757) | (8,300,738) | 370,933 |
| Net position - beginning (original) | 56,788,716 | 12,022,250 | 68,810,966 | 3,453,036 |
| Prior period adjustments | (72,682) | 0 | (72,682) | 0 |
| Net position - beginning (restated) | 56,716,034 | 12,022,250 | 68,738,284 | 3,453,036 |
| Net position - ending | $ 57,672,053 | $ 2,765,493 | $ 60,437,546 | $ 3,823,969 |

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

***HABERSHAM COUNTY, GEORGIA***
***BALANCE SHEET***
***GOVERNMENTAL FUNDS***
***June 30, 2013***

| | General | SPLOST Debt Service Fund |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 4,107,279 | $ 1,976,823 |
| Certificates of deposit | 0 | 0 |
| Investments | 578,571 | 0 |
| Restricted assets | | |
| Cash and cash equivalents | 21,649 | 0 |
| Receivables (net) | | |
| Accounts | 10,551 | 0 |
| Intergovernmental | 191,489 | 0 |
| Taxes | 273,998 | 0 |
| Interest | 0 | 0 |
| Prepaids | 375,540 | 0 |
| Due from other funds | 353,348 | 0 |
| **Total assets** | $ 5,912,425 | $ 1,976,823 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Payables | | |
| Accounts | $ 743,270 | $ 0 |
| Intergovernmental | 107,910 | 0 |
| Retainages | 0 | 0 |
| Excess taxes | 189,080 | 0 |
| Accrued salaries and expenses | 272,356 | 0 |
| Unearned revenue | 200,000 | 0 |
| Due to other funds | 131,094 | 0 |
| Liabilities payable from restricted assets | | |
| Accounts payable | 0 | 0 |
| Total liabilities | 1,643,710 | 0 |
| **Deferred Inflows of Resources** | | |
| Unavailable revenue - property taxes | 18,833 | 0 |
| **Fund balances** | | |
| Nonspendable: | | |
| Prepaids | 375,540 | 0 |
| Restricted for: | | |
| Judicial | 15,307 | 0 |
| Public safety | 6,342 | 0 |
| Capital outlay | 0 | 0 |
| Debt service | 0 | 1,976,823 |
| Assigned to: | | |
| Public safety | 0 | 0 |
| Subsequent year's budget | 485,826 | 0 |
| Unassigned | 3,366,867 | 0 |
| Total fund balances | 4,249,882 | 1,976,823 |
| **Total liabilities, deferred inflows, and fund balances** | $ 5,912,425 | $ 1,976,823 |

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

| SPLOST #4 | SPLOST #5 | Judicial Center Construction | Nonmajor Governmental Funds | Totals |
|---|---|---|---|---|
| $ 2,516,808 | $ 5,956,280 | $ 0 | $ 328,046 | $ 14,885,236 |
| 0 | 2,472,893 | 0 | 308,778 | 2,781,671 |
| 0 | 0 | 0 | 0 | 578,571 |
| 0 | 0 | 0 | 267,670 | 289,319 |
| 0 | 0 | 0 | 140,821 | 151,372 |
| 0 | 0 | 0 | 11,129 | 202,618 |
| 0 | 466,090 | 0 | 0 | 740,088 |
| 0 | 4,780 | 0 | 0 | 4,780 |
| 0 | 237,636 | 0 | 0 | 613,176 |
| 131,094 | 0 | 0 | 0 | 484,442 |
| $ 2,647,902 | $ 9,137,679 | $ 0 | $ 1,056,444 | $ 20,731,273 |

| | | | | |
|---|---|---|---|---|
| $ 6,764 | $ 2,062,980 | $ 0 | $ 89,443 | $ 2,902,457 |
| 21,570 | 152,275 | 0 | 0 | 281,755 |
| 0 | 778,322 | 0 | 0 | 778,322 |
| 0 | 0 | 0 | 0 | 189,080 |
| 0 | 0 | 0 | 23,848 | 296,204 |
| 0 | 0 | 0 | 0 | 200,000 |
| 0 | 0 | 0 | 289,598 | 420,692 |
| 0 | 0 | 0 | 11,051 | 11,051 |
| 28,334 | 2,993,577 | 0 | 413,940 | 5,079,561 |
| 0 | 0 | 0 | 0 | 18,833 |
| 0 | 237,636 | 0 | 0 | 613,176 |
| 0 | 0 | 0 | 429,948 | 445,255 |
| 0 | 0 | 0 | 5,796 | 12,138 |
| 2,619,568 | 5,906,466 | 0 | 256,619 | 8,782,653 |
| 0 | 0 | 0 | 0 | 1,976,823 |
| 0 | 0 | 0 | 38,093 | 38,093 |
| 0 | 0 | 0 | 0 | 485,826 |
| 0 | 0 | 0 | (87,952) | 3,278,915 |
| 2,619,568 | 6,144,102 | 0 | 642,504 | 15,632,879 |
| $ 2,647,902 | $ 9,137,679 | $ 0 | $ 1,056,444 | $ 20,731,273 |

This page intentionally left blank.

***HABERSHAM COUNTY, GEORGIA***
***RECONCILIATION OF THE BALANCE SHEET OF***
***GOVERNMENTAL FUNDS TO THE***
***STATEMENT OF NET POSITION***
***June 30, 2013***

| | | |
|---|---|---|
| **Total fund balance - total governmental funds** | $ | 15,632,879 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets of $121,963,380, net of accumulated depreciation of ($72,536,034) are not financial resources and, therefore, are not reported in the funds. | | 49,427,346 |
| Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds. These are property taxes. | | 18,833 |
| Net pension asset is not reported in the governmental funds. This amount represents annual plan contributions in excess of pension costs. | | 107,497 |
| Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are bonds payable of ($4,915,000), capital leases payable of ($2,021,346), interest payable of ($887) and compensated absences of ($577,269). | | (7,514,502) |
| Net position of governmental activities | $ | 57,672,053 |

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

***HABERSHAM COUNTY, GEORGIA***
***STATEMENT OF REVENUES,***
***EXPENDITURES, AND CHANGES IN FUND BALANCES***
***GOVERNMENTAL FUNDS***
***For the fiscal year ended June 30, 2013***

| | General | SPLOST Debt Service Fund |
|---|---|---|
| **REVENUES** | | |
| Taxes | $ 13,752,392 | $ 2,421,281 |
| Licenses and permits | 62,878 | 0 |
| Fines, fees and forfeitures | 1,001,656 | 0 |
| Charges for services | 912,233 | 0 |
| Intergovernmental | 1,090,943 | 0 |
| Interest | 18,772 | 0 |
| Contributions | 17,621 | 0 |
| Other | 122,678 | 0 |
| **Total revenues** | 16,979,173 | 2,421,281 |
| **EXPENDITURES** | | |
| Current | | |
| General Government | 3,599,922 | 0 |
| Judicial | 2,783,979 | 0 |
| Public Safety | 6,610,453 | 0 |
| Public Works | 1,695,450 | 0 |
| Health and Welfare | 457,260 | 0 |
| Culture and Recreation | 1,058,099 | 0 |
| Housing and Development | 543,628 | 0 |
| Capital outlay | 0 | 0 |
| Intergovernmental | 0 | 0 |
| Debt Service | | |
| Principal | 0 | 2,315,000 |
| Interest | 0 | 106,281 |
| **Total expenditures** | 16,748,791 | 2,421,281 |
| Excess (deficiency) of revenues over (under) expenditures | 230,382 | 0 |
| Other financing sources (uses) | | |
| Transfers in | 221,512 | 0 |
| Transfers out | (1,579,713) | 0 |
| Issuance of capital leases | 0 | 0 |
| Proceeds from sale of assets | 9,100 | 0 |
| Total other financing sources (uses) | (1,349,101) | 0 |
| Net change in fund balance | (1,118,719) | 0 |
| Fund balances, July 1 | 5,368,601 | 1,976,823 |
| **Fund balances, June 30** | $ 4,249,882 | $ 1,976,823 |

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

| SPLOST #4 | SPLOST #5 | Judicial Center Construction | Nonmajor Governmental Funds | Totals |
|---|---|---|---|---|
| $ 0 | $ 2,946,081 | $ 0 | $ 41,173 | $ 19,160,927 |
| 0 | 0 | 0 | 0 | 62,878 |
| 0 | 0 | 0 | 83,626 | 1,085,282 |
| 0 | 0 | 0 | 794,081 | 1,706,314 |
| 38,359 | 452,125 | 0 | 0 | 1,581,427 |
| 7,682 | 29,422 | 527 | 5,146 | 61,549 |
| 0 | 0 | 0 | 0 | 17,621 |
| 0 | 0 | 0 | 10,807 | 133,485 |
| 46,041 | 3,427,628 | 527 | 934,833 | 23,809,483 |
| 0 | 0 | 0 | 0 | 3,599,922 |
| 0 | 0 | 0 | 4,759 | 2,788,738 |
| 0 | 0 | 0 | 1,927,808 | 8,538,261 |
| 0 | 0 | 0 | 0 | 1,695,450 |
| 0 | 0 | 0 | 0 | 457,260 |
| 0 | 0 | 0 | 0 | 1,058,099 |
| 0 | 0 | 0 | 16,469 | 560,097 |
| 678,859 | 5,247,695 | 8,726,332 | 1,582,559 | 16,235,445 |
| 321,570 | 921,715 | 0 | 24,036 | 1,267,321 |
| 0 | 0 | 0 | 0 | 2,315,000 |
| 0 | 0 | 0 | 0 | 106,281 |
| 1,000,429 | 6,169,410 | 8,726,332 | 3,555,631 | 38,621,874 |
| (954,388) | (2,741,782) | (8,725,805) | (2,620,798) | (14,812,391) |
| 131,094 | 0 | 0 | 1,430,719 | 1,783,325 |
| (9,115) | 0 | 0 | (114,327) | (1,703,155) |
| 0 | 0 | 0 | 620,000 | 620,000 |
| 0 | 0 | 0 | 0 | 9,100 |
| 121,979 | 0 | 0 | 1,936,392 | 709,270 |
| (832,409) | (2,741,782) | (8,725,805) | (684,406) | (14,103,121) |
| 3,451,977 | 8,885,884 | 8,725,805 | 1,326,910 | 29,736,000 |
| $ 2,619,568 | $ 6,144,102 | $ 0 | $ 642,504 | $ 15,632,879 |

## *HABERSHAM COUNTY, GEORGIA*
## *RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES*
## *For the fiscal year ended June 30, 2013*

| | | |
|---|---|---|
| **Net change in fund balances - total governmental funds** | $ | (14,103,121) |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of $15,838,557 exceeded depreciation of ($3,045,611) in the current period. | | 12,792,946 |
| In the statement of activities, the gain or loss on the sale of assets is reported, whereas in the governmental funds the proceeds from the sale increase financial resources. The change in net position differs from the change in fund balance by the cost of the assets sold of ($62,848), net of related accumulated depreciation of $62,848. | | 0 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds These include recognition of unavailable property taxes. | | (96,350) |
| The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which debt repayments of $3,005,344 exceeded proceeds of ($620,000). | | 2,385,344 |
| Annual employer contributions to retirement plans in excess of pension costs are not reported in the governmental funds, but result in assets in the governmental activities. | | 21,432 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the net increase in compensated absences ($44,420) and the net decrease in interest payable $188. | | (44,232) |
| Change in net position of governmental activities | $ | 956,019 |

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

***HABERSHAM COUNTY, GEORGIA***
***GENERAL FUND***
***STATEMENT OF REVENUES, EXPENDITURES***
***AND CHANGES IN FUND BALANCES***
***BUDGET (GAAP) AND ACTUAL***
***For the fiscal year ended June 30, 2013***

| | Budget | | | Variance with |
|---|---|---|---|---|
| | Original | Final | Actual | Final Budget |
| **REVENUES** | | | | |
| Taxes | $ 13,752,585 | $ 13,752,585 | $ 13,752,392 | $ (193) |
| Licenses and permits | 77,750 | 77,750 | 62,878 | (14,872) |
| Fines, fees and forfeitures | 1,013,190 | 1,013,190 | 1,001,656 | (11,534) |
| Charges for services | 978,052 | 978,052 | 912,233 | (65,819) |
| Intergovernmental | 705,900 | 855,000 | 1,090,943 | 235,943 |
| Interest | 54,598 | 54,598 | 18,772 | (35,826) |
| Contributions | 3,833 | 3,833 | 17,621 | 13,788 |
| Other | 82,181 | 82,181 | 122,678 | 40,497 |
| **Total revenues** | 16,668,089 | 16,817,189 | 16,979,173 | 161,984 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| General Government | | | | |
| County-Wide | 716,400 | 916,400 | 758,189 | 158,211 |
| Commissioners | 516,066 | 516,066 | 491,115 | 24,951 |
| County Manager | 103,949 | 103,949 | 107,377 | (3,428) |
| County Finance | 215,652 | 215,652 | 208,806 | 6,846 |
| County Human Resources | 76,131 | 76,131 | 78,599 | (2,468) |
| Tax Commissioner | 337,520 | 337,520 | 330,693 | 6,827 |
| Tax Assessor | 504,968 | 504,968 | 494,821 | 10,147 |
| Board of Equalization | 8,900 | 8,900 | 2,264 | 6,636 |
| County Clerk | 56,643 | 56,643 | 52,787 | 3,856 |
| Engineer | 109,599 | 109,599 | 137,186 | (27,587) |
| Registar | 131,220 | 131,220 | 139,883 | (8,663) |
| Buildings and Grounds | 478,583 | 478,583 | 457,605 | 20,978 |
| County Annex | 131,225 | 131,225 | 136,596 | (5,371) |
| Information Technology | 187,182 | 187,182 | 204,001 | (16,819) |
| Judicial | | | | |
| Accountability Court | 85,714 | 85,714 | 168,490 | (82,776) |
| Probate Court | 153,429 | 153,429 | 174,190 | (20,761) |
| Magistrate Court | 384,298 | 384,298 | 411,542 | (27,244) |
| Clerk of Superior Court | 555,768 | 555,768 | 562,486 | (6,718) |
| Superior Court | 214,184 | 220,924 | 211,220 | 9,704 |
| District Attorney | 121,714 | 121,714 | 187,866 | (66,152) |
| Public Defender | 397,582 | 397,582 | 409,354 | (11,772) |
| State Court Judge | 253,385 | 253,385 | 257,267 | (3,882) |
| Juvenile Court | 219,762 | 219,762 | 249,136 | (29,374) |
| Juvenile Supervision | 8,000 | 8,000 | 2,395 | 5,605 |
| State Court Solicitor | 153,620 | 153,620 | 150,033 | 3,587 |
| Public Safety | | | | |
| Sheriff | 2,406,355 | 2,406,355 | 2,550,650 | (144,295) |
| Jail | 1,942,817 | 1,942,817 | 2,002,016 | (59,199) |
| Heat Unit | 0 | 149,100 | 141,110 | 7,990 |
| Animal Control | 193,939 | 193,939 | 243,209 | (49,270) |
| Coroner | 26,610 | 26,610 | 24,320 | 2,290 |
| Fire | 1,111,007 | 1,111,007 | 1,133,604 | (22,597) |
| Emergency Management Agency | 65,569 | 65,569 | 113,897 | (48,328) |
| Ambulance | 523,097 | 523,097 | 381,623 | 141,474 |
| Northeast Georgia Drug Task Force | 20,024 | 20,024 | 20,024 | 0 |
| Public Works | | | | |
| Road Department | 1,774,530 | 1,774,530 | 1,695,450 | 79,080 |

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

***HABERSHAM COUNTY, GEORGIA***
***GENERAL FUND***
***STATEMENT OF REVENUES, EXPENDITURES***
***AND CHANGES IN FUND BALANCES***
***BUDGET (GAAP) AND ACTUAL***
***For the fiscal year ended June 30, 2013***

| | Budget | | | Variance with |
|---|---|---|---|---|
| | Original | Final | Actual | Final Budget |
| Health and Welfare | | | | |
| Georgia Mountains Community | | | | |
| Mental Health | $ 25,259 | $ 25,259 | $ 25,259 | $ 0 |
| Senior Center | 162,700 | 162,700 | 216,087 | (53,387) |
| Habersham County | | | | |
| Health Department | 202,845 | 202,845 | 202,845 | 0 |
| Child Welfare | 0 | 0 | 13,069 | (13,069) |
| Culture and Recreation | | | | |
| Fairgrounds | 15,788 | 15,788 | 4,556 | 11,232 |
| Libraries | 273,332 | 273,332 | 275,207 | (1,875) |
| Recreation | 784,742 | 784,742 | 778,336 | 6,406 |
| Housing and Development | | | | |
| Airport | 27,120 | 27,120 | 3,284 | 23,836 |
| Extension Service | 90,583 | 90,583 | 93,095 | (2,512) |
| Forestry | 8,400 | 8,400 | 8,400 | 0 |
| Economic Development | 146,047 | 146,047 | 119,213 | 26,834 |
| GIS | 63,721 | 63,721 | 65,188 | (1,467) |
| Building | 90,880 | 90,880 | 96,978 | (6,098) |
| Planning | 85,998 | 85,998 | 80,271 | 5,727 |
| Planning Commission | 5,200 | 5,200 | 5,384 | (184) |
| Code Enforcement | 69,220 | 69,220 | 71,815 | (2,595) |
| **Total expenditures** | 16,237,277 | 16,593,117 | 16,748,791 | (155,674) |
| Excess (deficiency) of revenues over (under) expenditures | 430,812 | 224,072 | 230,382 | 6,310 |
| Other financing sources (uses) | | | | |
| Transfers in | 214,945 | 214,945 | 221,512 | 6,567 |
| Transfers out | (817,277) | (817,277) | (1,448,619) | (631,342) |
| Sale of capital assets | 17,912 | 17,912 | 9,100 | (8,812) |
| Contingency | (274,858) | (74,858) | 0 | 74,858 |
| Total other financing sources (uses) | (859,278) | (659,278) | (1,218,007) | (558,729) |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (428,466) | (435,206) | (987,625) | (552,419) |
| Fund balances, July 1 | 428,466 | 435,206 | 5,368,601 | 4,933,395 |
| **Fund balances, June 30** | $ 0 | $ 0 | $ 4,380,976 | $ 4,380,976 |

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

***HABERSHAM COUNTY, GEORGIA***
***STATEMENT OF NET POSITION***
***PROPRIETARY FUNDS***
***June 30, 2013***

| | Business-Type Activities | | | | Governmental Activities |
|---|---|---|---|---|---|
| | Water and Sewer | Landfill | Transit | Totals | Internal Service |
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | $ 49,565 | $ 590,796 | $ 0 | $ 640,361 | $ 0 |
| Certificates of deposit | 0 | 588,784 | 0 | 588,784 | 0 |
| Restricted assets | | | | | |
| Cash and cash equivalents | 27,851 | 0 | 0 | 27,851 | 0 |
| Receivables (net) | | | | | |
| Accounts | 42,594 | 169,737 | 817 | 213,148 | 0 |
| Intergovernmental | 0 | 0 | 5,131 | 5,131 | 0 |
| Interest | 0 | 1,897 | 0 | 1,897 | 0 |
| Total current assets | 120,010 | 1,351,214 | 5,948 | 1,477,172 | 0 |
| **Noncurrent assets** | | | | | |
| Capital assets | | | | | |
| Non-depreciable | 0 | 665,702 | 0 | 665,702 | 0 |
| Depreciable (net) | 0 | 3,844,364 | 21,547 | 3,865,911 | 0 |
| Total noncurrent assets | 0 | 4,510,066 | 21,547 | 4,531,613 | 0 |
| **Total assets** | 120,010 | 5,861,280 | 27,495 | 6,008,785 | 0 |
| **LIABILITIES** | | | | | |
| **Current liabilities** | | | | | |
| Payables | | | | | |
| Accounts | 13,146 | 36,359 | 758 | 50,263 | 0 |
| Intergovernmental | 8,009 | 40 | 0 | 8,049 | 0 |
| Accrued salaries | 1,292 | 14,901 | 970 | 17,163 | 0 |
| Compensated absences | 6,021 | 26,113 | 4,089 | 36,223 | 0 |
| Due to other funds | 3,525 | 55,872 | 4,353 | 63,750 | 0 |
| Liabilities payable from restricted assets | | | | | |
| Customer deposits | 27,851 | 0 | 0 | 27,851 | 0 |
| Total current liabilities | 59,844 | 133,285 | 10,170 | 203,299 | 0 |
| **Noncurrent liabilities** | | | | | |
| Capital leases payable | 0 | 222,870 | 0 | 222,870 | 0 |
| Postclosure care | 0 | 2,817,123 | 0 | 2,817,123 | 0 |
| Total noncurrent liabilities | 0 | 3,039,993 | 0 | 3,039,993 | 0 |
| **Total liabilities** | 59,844 | 3,173,278 | 10,170 | 3,243,292 | 0 |
| **NET POSITION** | | | | | |
| Net investment in capital assets | 0 | 4,287,196 | 21,547 | 4,308,743 | 0 |
| Unrestricted | 60,166 | (1,599,194) | (4,222) | (1,543,250) | 0 |
| **Total net position** | $ 60,166 | $ 2,688,002 | $ 17,325 | $ 2,765,493 | $ 0 |

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

## *HABERSHAM COUNTY, GEORGIA*
## *STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION*
## *PROPRIETARY FUNDS*
## *For the fiscal year ended June 30, 2013*

| | Business-Type Activities | | | | Governmental Activities |
|---|---|---|---|---|---|
| | Water and Sewer | Landfill | Transit | Totals | Internal Service |
| **OPERATING REVENUES** | | | | | |
| Charges for sales and services | $ 247,306 | $ 813,854 | $ 6,917 | $ 1,068,077 | $ 0 |
| Miscellaneous revenues | 0 | 51 | 0 | 51 | 0 |
| **Total operating revenues** | 247,306 | 813,905 | 6,917 | 1,068,128 | 0 |
| **OPERATING EXPENSES** | | | | | |
| Costs of sales and services | 160,623 | 391,472 | 20,192 | 572,287 | 0 |
| Personal services | 44,918 | 370,466 | 42,986 | 458,370 | 0 |
| Depreciation | 260,944 | 490,548 | 9,040 | 760,532 | 0 |
| **Total operating expenses** | 466,485 | 1,252,486 | 72,218 | 1,791,189 | 0 |
| Operating income (loss) | (219,179) | (438,581) | (65,301) | (723,061) | 0 |
| Non-operating revenues (expenses) | | | | | |
| Interest revenue | 7 | 2,111 | 0 | 2,118 | 0 |
| Interest expense | 0 | (8,817) | 0 | (8,817) | 0 |
| Intergovernmental revenue | 0 | 0 | 27,143 | 27,143 | 0 |
| Gain (loss) on sale of assets | (60,685) | 0 | 0 | (60,685) | 0 |
| Total non-operating revenues (expenses) | (60,678) | (6,706) | 27,143 | (40,241) | 0 |
| Net income (loss) before special items and transfers | (279,857) | (445,287) | (38,158) | (763,302) | 0 |
| Special items | | | | | |
| Transfer of water system to City of Demorest | (8,413,285) | 0 | 0 | (8,413,285) | 0 |
| Net income (loss) before transfers | (8,693,142) | (445,287) | (38,158) | (9,176,587) | 0 |
| Transfers | | | | | |
| Transfers in | 9,115 | 0 | 17,900 | 27,015 | 0 |
| Transfers out | (22,635) | (84,550) | 0 | (107,185) | 0 |
| Total transfers | (13,520) | (84,550) | 17,900 | (80,170) | 0 |
| Change in net position | (8,706,662) | (529,837) | (20,258) | (9,256,757) | 0 |
| Net position, July 1 | 8,766,828 | 3,217,839 | 37,583 | 12,022,250 | 0 |
| **Net position, June 30** | $ 60,166 | $ 2,688,002 | $ 17,325 | $ 2,765,493 | $ 0 |

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

***HABERSHAM COUNTY, GEORGIA***
***STATEMENT OF CASH FLOWS***
***PROPRIETARY FUNDS***
***For the fiscal year ended June 30, 2013***

| | Business-Type Activities | | | | Governmental Activities |
|---|---|---|---|---|---|
| | Water and Sewer | Landfill | Transit | Totals | Internal Service |
| **Cash flows from operating activities:** | | | | | |
| Receipts from customers | $ 223,674 | $ 867,280 | $ 6,273 | $ 1,097,227 | $ 0 |
| Payments to suppliers | (154,479) | (331,859) | (19,463) | (505,801) | (49,850) |
| Payments to employees | (44,500) | (364,971) | (43,051) | (452,522) | 0 |
| Other receipts | 0 | 51 | 0 | 51 | 550 |
| Net cash provided (used) by operating activities | 24,695 | 170,501 | (56,241) | 138,955 | (49,300) |
| **Cash flows from non-capital financing activities:** | | | | | |
| Receipts from other governments | 0 | 0 | 51,958 | 51,958 | 0 |
| Receipts from other funds | 0 | 0 | 33,449 | 33,449 | 0 |
| Payments to other funds | (28,035) | (137,270) | (29,166) | (194,471) | 0 |
| Net cash provided (used) by non-capital financing activities | (28,035) | (137,270) | 56,241 | (109,064) | 0 |
| **Cash flows from capital and related financing activities:** | | | | | |
| Receipts from other funds | 9,115 | 0 | 0 | 9,115 | 0 |
| Acquisition of capital assets | (3,399) | (181,118) | 0 | (184,517) | 0 |
| Payment of capital related accounts payable | (13,600) | (14,020) | 0 | (27,620) | 0 |
| Proceeds from sale of capital assets | 9,798 | 0 | 0 | 9,798 | 0 |
| Principal payments - capital leases | 0 | (41,214) | 0 | (41,214) | 0 |
| Interest paid | 0 | (8,817) | 0 | (8,817) | 0 |
| Net cash provided (used) by capital and related financing activities | 1,914 | (245,169) | 0 | (243,255) | 0 |
| **Cash flows from investing activities:** | | | | | |
| Interest received | 7 | 2,303 | 0 | 2,310 | 0 |
| Net increase (decrease) in cash and cash equivalent | (1,419) | (209,635) | 0 | (211,054) | (49,300) |
| Cash and cash equivalents, July 1 | 78,835 | 800,431 | 0 | 879,266 | 49,300 |
| **Cash and cash equivalents, June 30** | $ 77,416 | $ 590,796 | $ 0 | $ 668,212 | $ 0 |
| **Reconciliation of operating income (loss) to net cash provided (used) by operating activities:** | | | | | |
| Operating income (loss) | $ (219,179) | $ (438,581) | $ (65,301) | $ (723,061) | $ 0 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Depreciation expense | 260,944 | 490,548 | 9,040 | 760,532 | 0 |
| Closure/postclosure costs | 0 | 68,298 | 0 | 68,298 | 0 |
| (Increase) decrease in accounts receivable | (24,757) | 53,426 | (644) | 28,025 | 550 |
| Increase (decrease) in accounts payable | 5,061 | (5,907) | 729 | (117) | (49,850) |
| Increase (decrease) in intergovernmental payable | 1,083 | (2,778) | 0 | (1,695) | 0 |
| Increase (decrease) in deposits payable | 1,125 | 0 | 0 | 1,125 | 0 |
| Increase (decrease) in accrued payroll liabilities | 418 | 5,495 | (65) | 5,848 | 0 |
| Total adjustments | 243,874 | 609,082 | 9,060 | 862,016 | (49,300) |
| Net cash provided (used) by operating activities | $ 24,695 | $ 170,501 | $ (56,241) | $ 138,955 | $ (49,300) |

**Noncash capital and related financing activities:**
Distributions of capital assets to other governments totaled $8,413,285 for the fiscal year ended June 30, 2013.

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

***HABERSHAM COUNTY, GEORGIA***
***STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES***
***FIDUCIARY FUNDS***
***June 30, 2013***

| | Agency Funds |
|---|---|
| **ASSETS** | |
| Cash | $ 1,068,510 |
| **LIABILITIES** | |
| Due to other agencies | $ 1,068,510 |

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

***HABERSHAM COUNTY, GEORGIA***
***COMBINING STATEMENT OF NET POSITION***
***COMPONENT UNITS***
***June 30, 2013***

| | Mountain Judicial Circuit NCIS Team | Habersham County Development Authority | Habersham County Airport Authority | Habersham County Health Department | Totals |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | $ 203,245 | $ 203,975 | $ 490 | $ 320,528 | $ 728,238 |
| Restricted assets | | | | | |
| Cash and cash equivalents | 0 | 300,001 | 0 | 0 | 300,001 |
| Receivables (net) | | | | | |
| Accounts | 1,614 | 0 | 0 | 94,283 | 95,897 |
| Intergovernmental | 71,104 | 0 | 8,450 | 0 | 79,554 |
| Total current assets | 275,963 | 503,976 | 8,940 | 414,811 | 1,203,690 |
| **Noncurrent assets** | | | | | |
| Capital assets | | | | | |
| Non-depreciable | 0 | 2,451,034 | 0 | 0 | 2,451,034 |
| Depreciable (net) | 65,485 | 1,499,742 | 0 | 3,951 | 1,569,178 |
| Total noncurrent assets | 65,485 | 3,950,776 | 0 | 3,951 | 4,020,212 |
| **Total assets** | 341,448 | 4,454,752 | 8,940 | 418,762 | 5,223,902 |
| **LIABILITIES** | | | | | |
| **Current liabilities** | | | | | |
| Payables | | | | | |
| Accounts | 0 | 0 | 747 | 5,493 | 6,240 |
| Intergovernmental | 0 | 8,450 | 4,869 | 0 | 13,319 |
| Interest | 0 | 3,429 | 0 | 0 | 3,429 |
| Compensated absences | 0 | 0 | 0 | 34,000 | 34,000 |
| Unearned revenue | 44,951 | 0 | 0 | 0 | 44,951 |
| Due to other agencies | 81,134 | 0 | 0 | 0 | 81,134 |
| Notes payable | 0 | 63,125 | 0 | 0 | 63,125 |
| Total current liabilities | 126,085 | 75,004 | 5,616 | 39,493 | 246,198 |
| **Noncurrent liabilities** | | | | | |
| Compensated absences | 0 | 0 | 0 | 13,555 | 13,555 |
| Notes payable | 0 | 1,140,180 | 0 | 0 | 1,140,180 |
| Total noncurrent liabilities | 0 | 1,140,180 | 0 | 13,555 | 1,153,735 |
| **Total liabilities** | 126,085 | 1,215,184 | 5,616 | 53,048 | 1,399,933 |
| **NET POSITION** | | | | | |
| Net investment in capital assets | 65,485 | 2,747,471 | 0 | 3,951 | 2,816,907 |
| Restricted for public safety | 149,878 | 0 | 0 | 0 | 149,878 |
| Restricted for capital outlay | 0 | 300,001 | 0 | 0 | 300,001 |
| Unrestricted | 0 | 192,096 | 3,324 | 361,763 | 557,183 |
| **Total net position** | $ 215,363 | $ 3,239,568 | $ 3,324 | $ 365,714 | $ 3,823,969 |

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

***HABERSHAM COUNTY, GEORGIA***
***COMBINING STATEMENT OF ACTIVITIES***
***COMPONENT UNITS***
***For the fiscal year ended June 30, 2013***

| | Mountain Judicial Circuit NCIS Team | Habersham County Development Authority | Habersham County Airport Authority | Habersham County Health Department | Totals |
|---|---|---|---|---|---|
| **Expenses** | | | | | |
| Public Safety | $ 226,777 | $ 0 | $ 0 | $ 0 | $ 226,777 |
| Public Works | 0 | 0 | 10,287 | 0 | 10,287 |
| Health and Welfare | 0 | 0 | 0 | 823,861 | 823,861 |
| Housing and Development | 0 | 114,544 | 0 | 0 | 114,544 |
| **Total expenses** | 226,777 | 114,544 | 10,287 | 823,861 | 1,175,469 |
| **Program revenues** | | | | | |
| Charges for services | 75,574 | 0 | 0 | 317,758 | 393,332 |
| Operating grants and contributions | 146,483 | 0 | 0 | 403,544 | 550,027 |
| Total program revenues | 222,057 | 0 | 0 | 721,302 | 943,359 |
| Net (expense) revenue | (4,720) | (114,544) | (10,287) | (102,559) | (232,110) |
| **General revenues** | | | | | |
| Interest | 0 | 25 | 0 | 0 | 25 |
| Rental income | 0 | 15,321 | 8,100 | 0 | 23,421 |
| Payments from Habersham County | 20,024 | 344,036 | 3,284 | 202,845 | 570,189 |
| Gain on sale of assets | 1,575 | 0 | 0 | 0 | 1,575 |
| Miscellaneous | 0 | 7,833 | 0 | 0 | 7,833 |
| Total general revenues | 21,599 | 367,215 | 11,384 | 202,845 | 603,043 |
| Change in net position | 16,879 | 252,671 | 1,097 | 100,286 | 370,933 |
| Net position, July 1 | 198,484 | 2,986,897 | 2,227 | 265,428 | 3,453,036 |
| **Net position, June 30** | $ 215,363 | $ 3,239,568 | $ 3,324 | $ 365,714 | $ 3,823,969 |

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

# 1. Description of Government Unit

Habersham County, Georgia (the County) is located in the foothills of the Georgia mountains about seventy-five miles northeast of Atlanta.

The County provides a full range of services, including public safety, health and welfare services, recreational programs, public works, water distribution services and solid waste disposal services.

The County Government is governed by a five member Board of Commissioners (the Board). Each Commissioner represents one of five districts and must reside in the district they represent. Board members are elected at-large for a four year term.

The Board selects a County Manager to run the "day-to-day" operations of the County. The County Manager serves at the will of the Board as a contractual employee. The County Manager is the Chief Administrative Officer and the Budget Officer for the County.

The Assistant County Manager/Finance Director serves as the Chief Financial Officer (CFO) for the County. The County CFO is responsible for all County financial activity including accounting, reporting and treasury management. The CFO is a career service County employee and works directly for the County Manager.

.

# 2. Summary of Significant Accounting Policies

## *A. Description of Government-wide Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

# 2. Summary of Significant Accounting Policies (continued)

## *B. Reporting Entity*

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of Habersham County (the primary government) and material component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationship with the County.

In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, the financial statements of component units have been included either as blended or discretely presented component units.

***Discretely Presented Component Units*** – Discretely presented component units are reported in a separate column in the combined financial statements to emphasize they are legally separate from the government.

Mountain Judicial Circuit NCIS Team – The Mountain Judicial Circuit NCIS Team was created to promote a coordinated drug enforcement effort throughout the area and to encourage maximum cooperation among all enforcement and prosecuting agencies therein. The NCIS Team is a coordinated effort involving Habersham and Stephens Counties. Habersham County is the fiscal agent for the federal grant funds from the Criminal Justice Coordinating Council. Separate financial statements are not issued for the NCIS Team.

Habersham County Development Authority – The Authority exists to promote business development in Habersham County. The Habersham County Board of Commissioners appoints the majority of the governing board and the Development Authority receives the majority of its funding through payments from the County. Separate financial statements are not issued for the Authority.

## 2. Summary of Significant Accounting Policies (continued)

### *B. Reporting Entity, continued*

Habersham County Airport Authority – The Authority exists for the establishment, maintenance, and operation of a unified and coordinated airport system in Habersham County. The Airport Authority's Governing Board is appointed by the Habersham County Board of Commissioners. The County contracts with a private individual for the management of the airport facilities. The County owns and maintains all of the airport facilities. Separate financial statements are not issued for the Authority.

Habersham County Health Department – The Habersham County Health Department was established as a legally separate entity and operates pursuant to the Georgia Health Code 88-2, Georgia Laws 1964. The District Health Director is the Executive Officer of the Habersham County Health Department and is responsible for the overall coordination of the local health activities. The Habersham County Health Department is funded by the State and County under the Grant-in-Aid provisions, and operated under the supervision of the local Board of Health. The Habersham County Health Department has a June 30 year-end. A copy of the Habersham County Health Department financial statements can be obtained from District 2, Public Health, 1280 Athens Street, Gainesville, GA 30507.

### *C. Basis of Presentation – Government-wide Financial Statements*

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the government has three discretely presented component units. While they are not considered to be major component units, they are nevertheless aggregated and shown in a separate column in the government-wide financial statements.

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

## 2. Summary of Significant Accounting Policies (continued)

### *D. Basis of Presentation – Fund Financial Statements*

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

***General Fund*** - The general operating fund of the County is used to account for all financial resources except those required to be accounted for in another fund.

***SPLOST Debt Service Fund*** – This fund is used to account for the accumulation of resources and payment of general government long-term debt principal and interest financed by special purpose local option sales taxes

***Special Purpose Local Option Sales Tax #4 Capital Projects Fund*** – This fund is used to account for financial resources to be used for the acquisition or construction of capital facilities financed by special purpose local option sales taxes.

***Special Purpose Local Option Sales Tax #5 Capital Projects Fund*** – This fund is used to account for financial resources to be used for the acquisition or construction of capital facilities financed by special purpose local option sales taxes.

***Judicial Center Construction Capital Projects Fund*** – This fund is used to account for financial resources to be used for the acquisition or construction of a judicial center.

## 2. Summary of Significant Accounting Policies (continued)

### *D. Basis of Presentation – Fund Financial Statements, continued*

The County reports the following major proprietary funds:

***Water and Sewer Enterprise Fund*** – This fund is used to account for the activities connected with the development, operation, and maintenance of water and sewer services in Habersham County.

***Landfill Enterprise Fund*** – This fund is used to account for activities connected with the disposal of residential and commercial solid waste at the County's landfill. The landfill provides services to all citizens of Habersham County.

***Transit Enterprise Fund*** – This fund is used to account for activities of the County's on-call bus service, available to any County resident.

Additionally, the County reports the following fund types:

### *Governmental Fund Types*

***Special Revenue Funds*** - This fund type is used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

***Capital Projects Funds*** – This fund type is used to account for financial resources to be use for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds).

***Debt Service Funds*** – This fund type is used to account for the accumulation of resources and payment of general government long-term debt principal and interest from governmental resources.

## 2. Summary of Significant Accounting Policies (continued)

### *D. Basis of Presentation – Fund Financial Statements, continued*

#### *Proprietary Fund Types*

***Internal Service Funds*** – accounts for operations that provide services to other departments or agencies of the government on a cost reimbursement basis. The County uses internal services to account for information technology and communications.

#### *Fiduciary Fund Types*

***Agency Funds*** – Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that are held either for the County or for others.

#### *Component Units*

The Mountain Judicial Circuit NCIS Team, the Habersham County Development Authority, the Habersham County Airport Authority, and the Habersham County Health Department are accounted for using a current financial resources measurement focus and use the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available).

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

# 2. Summary of Significant Accounting Policies (continued)

## *D. Basis of Presentation – Fund Financial Statements, continued*

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

## *E. Measurement Focus and Basis of Accounting*

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

## 2. Summary of Significant Accounting Policies (continued)

### *E. Measurement Focus and Basis of Accounting, continued*

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

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

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

## 2. Summary of Significant Accounting Policies (continued)

### *E. Measurement Focus and Basis of Accounting, continued*

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

### *F. Revenues and Expenditures/Expenses*

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

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

### *G. Budgets and Budgetary Accounting*

The Board of Commissioners adopts an annual budget for all governmental fund types, prior to July 1, except for the Capital Projects Funds. The Capital Projects Funds are budgeted by the Board of Commissioners when capital projects are approved. The operating budget includes proposed expenditures and the means of financing them. The budget is legally enacted at a public meeting.

# 2. Summary of Significant Accounting Policies (continued)

## *G. Budgets and Budgetary Accounting, continued*

Each year in April, a Budget Committee consisting of the Board of Commissioners, the County Manager, and the Financial Director prepare the proposed budget. Budget requests from the various County departments are presented to this committee for consideration. Public hearings are held to discuss the proposed budget and to obtain input from the citizens of Habersham County. These hearings are publicized in the local newspaper for at least one week before the hearings, and the budget document is made available for public inspection during this time. The final proposed budget is presented at a Board of Commissioners meeting for final passage prior to July 1.

The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is the department level. Any changes in total departmental expenditures/expenses, personnel benefits, or capital purchases must be approved by the Board of Commissioners.

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) at the legal level of budgetary control which is the department, sub-department, or project level. Expenditures may not exceed the appropriations within a fund. Budgets, as reported in the financial statements, are as originally passed by ordinance and subsequently amended. During the year, several supplementary appropriations are made as needed. The results are increases and decreases to the appropriations within the funds. All annual appropriations lapse at year end. The County does not use the encumbrance system of accounting.

## *H. Cash and Investments*

Cash and equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents, and investments with an original maturity at three months or less. Investments are reported at fair market value with accrued interest shown under a separate caption on the balance sheet. Reinvested interest on certain debt service and capital projects investments is included in the investment accounts.

## 2. Summary of Significant Accounting Policies (continued)

### *I. Intergovernmental Receivables*

Receivables from state, federal, and local governments are recorded as revenue for the period of the allocation or as earned based on expenditures made for which reimbursement is due.

### *J. Prepaids*

Payments made to vendors for services that will benefit periods beyond June 30, 2013 are recorded as prepaids.

### *K. Capital Assets*

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

GASB Statement No. 34 required the County to report and depreciate new infrastructure assets effective with the beginning of the fiscal year ended June 30, 2003. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. Neither their historical costs nor related depreciation had historically been reported in the financial statements. The County has previously implemented the requirements for retroactive reporting of major general infrastructure assets acquired in 1981 forward.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

# 2. Summary of Significant Accounting Policies (continued)

## *K. Capital Assets (continued)*

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets ranging as follows:

| | Useful Life in Years | Capitalization Threshold |
|---|---|---|
| Land | N/A | $ 1 |
| Buildings and improvements | 7-40 | $ 5,000 |
| Land Improvements | 15 | $ 5,000 |
| Machinery and Equipment | 7-10 | $ 5,000 |
| Furniture and Fixtures | 7 | $ 5,000 |
| Vehicles | 5-10 | $ 5,000 |
| Computer Equipment and Software | 3-5 | $ 5,000 |
| Distribution System | 50 | $ 5,000 |
| Infrastructure | 15-50 | $ 50,000 - $150,000 |

The costs of normal maintenance and repairs that do not add value or materially extend the life of the asset are charged to operations as incurred. Costs of major additions and improvements are capitalized.

## *L. Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for 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.

## 2. Summary of Significant Accounting Policies (continued)

### *L. Deferred Outflows/Inflows of Resources (continued)*

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. The County has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

### *M. Net Position Flow Assumption*

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

### *N. Fund Balance Flow Assumption*

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

# 2. Summary of Significant Accounting Policies (continued)

## *O. Restricted Assets and Restricted Net Position*

Restricted assets represent certain resources restricted by funding source or required to be set aside for the repayment of debt. They are maintained in a separate bank account and their use is limited.

Restricted net position is equal to the excess of the restricted assets funded from operations over the liabilities to be paid with restricted assets which are due in one year or less. Restricted assets exclude bond proceeds for calculation of restricted net position.

## *P. Fund Balances – Governmental Funds*

Habersham County implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

**Nonspendable** – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at June 30, 2013 by the County are nonspendable in form. The County has not reported any amounts that are legally or contractually required to be maintained intact.

**Restricted** – includes amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or through enabling legislation.

**Committed** – includes amounts that can only be used for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Commissioners (the County's highest level of authority) has authority to set aside funds for a specific purpose. Any funds set aside as Committed Fund Balance requires the passage of a resolution. The passage of the resolution must take place prior to the end of the applicable fiscal year. If the actual amount of the commitment is not available by the end of the fiscal year, the resolution must state the process or formula to calculate the actual amount as soon as information is available. Commitments may be changed or lifted only by the Board taking the same formal action that imposed the constraint originally.

## 2. Summary of Significant Accounting Policies (continued)

### *P. Fund Balances – Governmental Funds (continued)*

**Assigned** – includes amounts that are intended to be used by the County for a specific purpose. Intent can only be expressed by the Board of Commissioners or their designee. An assignment of fund balance requires the majority vote of the Board. However, the Board has authorized the County Finance Director to automatically assign fund balance in the following situations:

- If upon passage of a budget resolution, any fund balance is used to balance a future budget, the amount used will be automatically recorded as Assigned Fund Balance.
- If any unspent funds for an ongoing capital project remain at fiscal year end, these funds will be automatically recorded as Assigned Fund Balance until the project is complete.
- If any residual fund balance exists in a special revenue fund, they will be automatically recorded as Assigned Fund Balance.

**Unassigned** – includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that should report this category of fund balance.

The County will make every effort to use unassigned funds for the following purposes (listed in order of priority):

- To maintain the County's Rainy Day Fund at the prescribed level.
- To address unexpected revenue short-falls or expenditures encountered in the current fiscal year.
- To fund non-recurring capital expenditures. Unassigned fund balance will not be used to fund recurring expenditures or to compensate for structural budget deficits.

## 2. Summary of Significant Accounting Policies (continued)

### *P. Fund Balances – Governmental Funds (continued)*

The unassigned fund balance of the General Fund at the end of each fiscal year shall not be less than 17% of the following fiscal year's projected budgeted expenditures. Any proposed appropriation that would result in the balance of the fund falling below the minimum fund balance ratio must be accompanied by a restoration plan that brings the fund back to the minimum within three years.

When multiple categories of fund balance are available for expenditure, the County will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

### *Q. Compensation for Future Absences*

It is the County's policy to permit employees to accumulate earned but unused vacation benefits which will be paid to the employees upon separation from County service. Accumulated unpaid vacation pay amounts are accrued when incurred by the County in the government-wide, proprietary, and fiduciary fund financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. In governmental fund types, a liability is recorded only if the benefit has matured and is expected to be liquidated with expendable available financial resources.

### *R. Long-Term Obligations*

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges and amortized over the term of the related debt.

# 2. Summary of Significant Accounting Policies (continued)

## *R. Long-Term Obligations (continued)*

In the fund financial statements, governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financial sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

## *S. Capital Contributions*

Federal, state and local government assistance in the form of grants that are permanent in nature and restricted for the construction or acquisition of specific property and equipment is recorded as an asset and as non-operating revenue.

## *T. Comparative Data and Reclassifications*

Comparative total data of the prior period has been presented in the accompanying individual fund financial statements in order to provide an understanding of changes in the County's financial position and operations. Certain 2012 amounts have been reclassified to conform to the 2013 presentation.

# 3. Deposit and Investment Risk

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned. The County follows the State of Georgia requirement that all deposits be federally insured or fully collateralized.

## 3. Deposit and Investment Risk (continued)

**Interest Rate Risk**

To achieve adequate liquidity within the County's portfolio, the County attempts to match investment maturities with anticipated cash flow requirements. Unless matched to a specific cash flow, the maximum maturity of any investment in the portfolio may not exceed two years from the date of acquisition by the County. In order to preserve liquidity and lessen market risk, not more than 25% of the total portfolio may mature more than two years beyond the date of calculation. No more than 25% of the total portfolio may mature more than one year beyond date of calculation, not inclusive of the two year rule. The maturity of non-negotiable time deposits may not exceed one year.

**Concentration of Credit Risk**

The County investment policy states that no more than 33% of the total investment portfolio shall be placed with a single issuer. This limitation does not apply to the Local Government Investment Pool or direct obligations of the United States Government.

**Foreign currency risk**

The County has no investments denominated in a foreign currency.

**Credit Risk**

State of Georgia law limits investments to include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of any corporation of the United States government, obligations of the State of Georgia or other states, obligations of other political subdivisions of the State of Georgia, and pooled investment programs of the State of Georgia. The County investment policy does not further limit its investment choices.

The County participates in the State of Georgia Local Government Investment Pool (Georgia Fund 1). Assets in this pool are invested in the Georgia Fund 1, created by OCGA 36-83-8, which is a stable net asset investment pool that follows Standard and Poor's criteria for AAAf rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company.

## 3. Deposit and Investment Risk (continued)

**Credit Risk (continued)**

The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share. Georgia Fund 1 is managed by the Georgia Office of the State Treasurer. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board.

The Georgia Fund 1 is rated AAAf by Standard & Poor's. The weighted average maturity at June 30, 2013 was 43 days. At June 30, 2013, the County's balance in Georgia Fund 1 was $4,109,768.

At June 30, 2013, the County's investments in securities had the following maturities and credit ratings:

| Investment Type | Fair Value | Maturity (in months) | Credit Rating (1) |
|---|---|---|---|
| **Government Mutual Funds** | | | |
| Nuveen Georgia Muni Bd Fd | $ 578,571 | Open End | Various |

**(1)** - Standard and Poor's

## 4. Accounts Receivable

Net accounts receivable at June 30, 2013 consist of the following:

| | | |
|---|---|---|
| **Primary Government:** | | |
| **Major Funds** | | |
| General Fund | | $ 10,551 |
| Enterprise Funds | | |
| Water and Sewer | $ 42,594 | |
| Landfill | 169,911 | |
| Less: Allowance for Uncollectibles | (174) | |
| Transit | 817 | 213,148 |
| **Nonmajor Funds** | | |
| Emergency 911 Special Revenue Fund | | 140,821 |
| Total primary government | | $ 364,520 |
| **Component Units:** | | |
| Mountain Judicial Circuit NCIS Team | | $ 1,614 |
| Habersham County Health Department | | 94,283 |
| Total component units | | $ 95,897 |

## 5. Intergovernmental Receivables

Intergovernmental receivables at June 30, 2013 consist of the following:

| | | |
|---|---|---|
| **Major Funds** | | |
| General Fund | | |
| City of Alto, Georgia | $ 2,464 | |
| City of Baldwin, Georgia | 6,180 | |
| City of Clarkesville, Georgia | 13,555 | |
| City of Cornelia, Georgia | 723 | |
| City of Mount Airy, Georgia | 3,039 | |
| Rabun County, Georgia | 7,670 | |
| Stephens County, Georgia | 14,596 | |
| Habersham County Board of Health | 1,204 | |
| Habersham County Medical Center | 2,295 | |
| Habersham County Senior Center | 2,098 | |
| Habersham County Airport Authority | 4,769 | |
| Criminal Justice Coordinating Council | 89,907 | |
| United States Department of Agriculture | 400 | |
| Georgia Emergency Management Agency | 29,114 | |
| Georgia Governor's Office of Highway Safety | 12,968 | |
| Georgia Association of Chiefs of Police | 375 | |
| Georgia Department of Corrections | 132 | $ 191,489 |
| Transit Enterprise Fund | | |
| Georgia Department of Transportation | | 5,131 |
| **Nonmajor Funds** | | |
| Drug Abuse Treatment Special Revenue Fund | | |
| City of Baldwin, Georgia | 304 | |
| City of Clarkesville, Georgia | 131 | |
| City of Cornelia, Georgia | 99 | |
| City of Demorest, Georgia | 32 | 566 |
| Emergency 911 Special Revenue Fund | | |
| City of Alto, Georgia | 327 | |
| City of Baldwin, Georgia | 2,244 | |
| City of Clarkesville, Georgia | 2,851 | |
| City of Cornelia, Georgia | 3,599 | |
| City of Demorest, Georgia | 888 | |
| City of Mount Airy, Georgia | 327 | |
| City of Tallulah Falls, Georgia | 327 | 10,563 |
| Total primary government | | $ 207,749 |
| **Component Units** | | |
| Mountain Judicial Circuit NCIS Team | | |
| Criminal Justice Coordinating Council | $ 65,141 | |
| Habersham County, Georgia | 5,963 | $ 71,104 |
| Habersham County Airport Authority | | |
| Habersham County Development Authority | | 8,450 |
| Total component units | | $ 79,554 |

## 6. Property Taxes

Property tax rates are set by the Board of Commissioners each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1st each year. Property taxes for digest year 2012, based upon the assessments of January 1, 2012, were levied on August 1, 2012, billed on September 17, 2012, and due on December 20, 2012. Tax liens may be issued 90 days after the due date.

## 7. Interfund Receivables and Payables

A summary of interfund receivables and payables as of June 30, 2013 is as follows:

| | Payable Fund | | | | | |
|---|---|---|---|---|---|---|
| | Major Funds | | | | Nonmajor Funds | |
| Receivable Fund: | General | Water and Sewer | Landfill | Transit | Governmental | Total |
| **Major Funds** | | | | | | |
| General | $ 0 | $ 3,525 | $ 55,872 | $ 4,353 | $ 289,598 | $ 353,348 |
| SPLOST 4 | 131,094 | 0 | 0 | 0 | 0 | 131,094 |
| **Total** | $ 131,094 | $ 3,525 | $ 55,872 | $ 4,353 | $ 289,598 | $ 484,442 |

The balances reported as Due to/Due from represent loans between the borrower funds and the lender funds. These balances resulted from the time lag between the dates that transactions are recorded in the accounting system and payments between the funds are made. See Note 23 for discussion regarding the interfund balance between the General Fund and the SPLOST #4 Capital Projects Fund.

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

## 8. Interfund Transfers

A summary of interfund transfers as of June 30, 2013 is as follows:

| | Transfers out: | | | | | |
|---|---|---|---|---|---|---|
| | Major Funds | | | | Nonmajor Funds | |
| | General | SPLOST 4 | Water and Sewer | Landfill | Governmental | Total |
| **Transfers in:** | | | | | | |
| **Major Funds** | | | | | | |
| General | $ 0 | $ 0 | $ 22,635 | $ 84,550 | $ 114,327 | $ 221,512 |
| SPLOST 4 | 131,094 | 0 | 0 | 0 | 0 | 131,094 |
| Water and Sewer | 0 | 9,115 | 0 | 0 | 0 | 9,115 |
| Transit | 17,900 | 0 | 0 | 0 | 0 | 17,900 |
| **Nonmajor Funds** | | | | | | |
| Governmental | 1,430,719 | 0 | 0 | 0 | 0 | 1,430,719 |
| **Total** | $ 1,579,713 | $ 9,115 | $ 22,635 | $ 84,550 | $ 114,327 | $ 1,810,340 |

Interfund transfers are used to 1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and 2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

## 9. Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2013 was as follows:

| | Balance 6/30/12 | Increases | Decreases | Balance 6/30/13 |
|---|---|---|---|---|
| **Governmental activities** | | | | |
| Non-depreciable assets | | | | |
| Land | $ 5,337,697 | $ 0 | $ 0 | $ 5,337,697 |
| Construction in progress | 3,522,719 | 12,883,783 | (10,870) | 16,395,632 |
| Total non-depreciable assets | 8,860,416 | 12,883,783 | (10,870) | 21,733,329 |
| Depreciable assets | | | | |
| Buildings | 20,875,396 | 179,137 | 0 | 21,054,533 |
| Land improvements | 3,119,713 | 238,152 | 0 | 3,357,865 |
| Machinery and equipment | 1,935,474 | 730,744 | (12,352) | 2,653,866 |
| Furniture and fixtures | 2,416,774 | 121,346 | 0 | 2,538,120 |
| Vehicles | 7,591,668 | 656,240 | (50,496) | 8,197,412 |
| Infrastructure | 61,388,230 | 1,040,025 | 0 | 62,428,255 |
| Total depreciable assets | 97,327,255 | 2,965,644 | (62,848) | 100,230,051 |
| Less accumulated depreciation | | | | |
| Buildings | (8,306,675) | (608,576) | 0 | (8,915,251) |
| Land improvements | (1,240,696) | (196,740) | 0 | (1,437,436) |
| Machinery and equipment | (1,482,106) | (174,374) | 12,352 | (1,644,128) |
| Furniture and fixtures | (1,532,516) | (251,135) | 0 | (1,783,651) |
| Vehicles | (6,239,615) | (484,936) | 50,496 | (6,674,055) |
| Infrastructure | (50,751,663) | (1,329,850) | 0 | (52,081,513) |
| Total accumulated depreciation | (69,553,271) | (3,045,611) | 62,848 | (72,536,034) |
| Total depreciable assets, net | 27,773,984 | (79,967) | 0 | 27,694,017 |
| Governmental activities capital assets, net | $ 36,634,400 | $ 12,803,816 | $ (10,870) | $ 49,427,346 |
| **Business-type activities** | | | | |
| Non-depreciable assets | | | | |
| Land | $ 665,702 | $ 0 | $ 0 | $ 665,702 |
| Construction in progress | 105,853 | 184,517 | (290,370) | 0 |
| Total non-depreciable assets | 771,555 | 184,517 | (290,370) | 665,702 |
| Depreciable assets | | | | |
| Buildings | 33,365 | 0 | 0 | 33,365 |
| Distribution system | 10,558,667 | 50,485 | (10,609,152) | 0 |
| Land improvements | 7,629,604 | 187,335 | 0 | 7,816,939 |
| Machinery and equipment | 1,763,115 | 52,550 | 0 | 1,815,665 |
| Vehicles | 143,542 | 0 | 0 | 143,542 |
| Total depreciable assets | 20,128,293 | 290,370 | (10,609,152) | 9,809,511 |
| Less accumulated depreciation | | | | |
| Buildings | (8,348) | (1,002) | 0 | (9,350) |
| Distribution system | (1,867,688) | (257,696) | 2,125,384 | 0 |
| Land improvements | (4,280,390) | (305,363) | 0 | (4,585,753) |
| Machinery and equipment | (1,045,173) | (182,555) | 0 | (1,227,728) |
| Vehicles | (106,853) | (13,916) | 0 | (120,769) |
| Total accumulated depreciation | (7,308,452) | (760,532) | 2,125,384 | (5,943,600) |
| Total depreciable assets, net | 12,819,841 | (470,162) | (8,483,768) | 3,865,911 |
| Business-type activities capital assets, net | $ 13,591,396 | $ (285,645) | $ (8,774,138) | $ 4,531,613 |

## 9. Capital Assets (continued)

Capital asset activity for the discretely presented component units for the year ended June 30, 2013 was as follows:

| | Balance 6/30/12 | Increases | Decreases | Balance 6/30/13 |
|---|---|---|---|---|
| **Mountain Judicial Circuit NCIS Team** | | | | |
| Depreciable assets | | | | |
| Vehicles | $ 83,140 | $ 68,325 | $ (68,456) | $ 83,009 |
| Equipment | 7,345 | 0 | 0 | 7,345 |
| Total depreciable assets | 90,485 | 68,325 | (68,456) | 90,354 |
| Less accumulated depreciation | | | | |
| Vehicles | (75,137) | (14,119) | 68,456 | (20,800) |
| Equipment | (2,600) | (1,469) | 0 | (4,069) |
| Total accumulated depreciation | (77,737) | (15,588) | 68,456 | (24,869) |
| Mountain Judicial Circuit NCIS Team capital assets, net | $ 12,748 | $ 52,737 | $ 0 | $ 65,485 |
| **Habersham County Development Authority** | | | | |
| Non-depreciable assets | | | | |
| Land | $ 2,451,034 | $ 0 | 0 | $ 2,451,034 |
| Total non-depreciable assets | 2,451,034 | 0 | 0 | 2,451,034 |
| Depreciable assets | | | | |
| Buildings | 1,301,068 | 0 | 0 | 1,301,068 |
| Land improvements | 467,092 | 0 | 0 | 467,092 |
| Machinery and equipment | 0 | 20,000 | 0 | 20,000 |
| Vehicles | 0 | 24,036 | 0 | 24,036 |
| Total depreciable assets | 1,768,160 | 44,036 | 0 | 1,812,196 |
| Less accumulated depreciation | | | | |
| Buildings | (166,261) | (32,527) | 0 | (198,788) |
| Land improvements | (97,425) | (15,570) | 0 | (112,995) |
| Machinery and equipment | 0 | (395) | 0 | (395) |
| Vehicles | 0 | (276) | 0 | (276) |
| Total accumulated depreciation | (263,686) | (48,768) | 0 | (312,454) |
| Total depreciable assets, net | 1,504,474 | (4,732) | 0 | 1,499,742 |
| Habersham County Development Authority capital assets, net | $ 3,955,508 | $ (4,732) | $ 0 | $ 3,950,776 |
| **Habersham County Health Department** | | | | |
| Depreciable assets | | | | |
| Equipment | $ 27,842 | $ 0 | $ (5,264) | $ 22,578 |
| Total depreciable assets | 27,842 | 0 | (5,264) | 22,578 |
| Less accumulated depreciation | | | | |
| Equipment | (16,896) | (1,731) | 0 | (18,627) |
| Total accumulated depreciation | (16,896) | (1,731) | 0 | (18,627) |
| Habersham County Health Department capital assets, net | $ 10,946 | $ (1,731) | $ (5,264) | $ 3,951 |

## 9. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

| | |
|---|---|
| **Primary Government** | |
| **Governmental activities** | |
| General Government | $ 259,966 |
| Judicial | 9,200 |
| Public Safety | 683,980 |
| Public Works | 1,411,714 |
| Health and Welfare | 65,816 |
| Culture and Recreation | 353,294 |
| Housing and Development | 261,641 |
| Total depreciation expense for governmental activities | $ 3,045,611 |
| **Business-type activities** | |
| Water and Sewer | $ 260,944 |
| Landfill | 490,548 |
| Transit | 9,040 |
| Total depreciation expense for business-type activities | $ 760,532 |
| **Discretely presented component units** | |
| Mountain Judicial Circuit NCIS Team | $ 15,588 |
| Habersham County Development Authority | 48,768 |
| Habersham County Health Department | 1,731 |
| | $ 66,087 |

## 10. Capital and Operating Lease Agreements

The County has entered into agreements for the lease of certain equipment. The terms of the agreements meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. The balances of these leases at June 30, 2013 are $2,021,346 and $222,870 for governmental and business-type activities, respectively. Total assets leased under capital leases are $3,669,000 and $310,346 for governmental and business-type activities, respectively, consisting of:

| | Governmental Activities | Business-type Activities |
|---|---|---|
| Machinery and equipment | $ 1,191,600 | $ 310,346 |
| Infrastructure | 665,400 | 0 |
| Vehicles | 1,812,000 | 0 |
| Total assets under capital leases | $ 3,669,000 | $ 310,346 |

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of June 30, 2013:

| Year Ending June 30, | Governmental activities | Business-type activities |
|---|---|---|
| 2014 | $ 811,153 | $ 0 |
| 2015 | 710,976 | 50,030 |
| 2016 | 425,162 | 186,030 |
| 2017 | 124,886 | 0 |
| Total minimum lease payments | 2,072,177 | 236,060 |
| Less amounts representing interest | (50,831) | (13,190) |
| Present value of minimum lease payments | $ 2,021,346 | $ 222,870 |

The County's lease agreements, other than such agreements described above, are relatively minor commitments and are in compliance with state law.

# 11. Long-Term Debt

## *Notes Payable*

**Habersham County Development Authority Component Unit**

The Authority entered into a lending agreement with Community Bank and Trust for the construction of a building in the industrial park in the original amount of $1,201,644. At June 30, 2013, the balance of this note is $949,204. The note requires monthly payments of $7,167 with all unpaid principal and interest due on May 11, 2013; interest at 2.44%. The note was amended on August 20, 2013 to change the monthly payment to $7,490 and extend the maturity to August 20, 2018.

The Authority entered into a lending agreement with Community Bank and Trust for the purchase of land in the original amount of $656,823. At June 30, 2013, the balance of this note is $254,101. The note requires monthly payments of $1,955 with all unpaid principal and interest due on April 19, 2013; interest at 2.88%. The note was amended on August 20, 2013 to change the monthly payment to $2,005 and extend the maturity to August 20, 2018.

Annual debt service requirements for notes payable are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2014 | $ 63,125 | $ 39,946 | $ 103,071 |
| 2015 | 78,039 | 35,900 | 113,939 |
| 2016 | 80,613 | 33,326 | 113,939 |
| 2017 | 83,272 | 30,667 | 113,939 |
| 2018 | 86,019 | 27,920 | 113,939 |
| 2019 | 812,237 | 4,380 | 816,617 |
| | $ 1,203,305 | $ 172,139 | $ 1,375,444 |

## 11. Long-Term Debt (continued)

### *General Obligation Bonds*

General obligation bonds have been issued for governmental activities and are comprised of the following individual issue at June 30, 2013:

- $10,000,000 General Obligation Bonds, Series 2010 - bonds due in annual principal payments on July 1 with semi-annual interest payments (1.47%) due on January 1 and July 1. The bonds are used for the construction of the Habersham County Judicial Center.

Annual debt service requirements to maturity for revenue bonds are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2014 | $ 2,410,000 | $ 72,251 | $ 2,482,251 |
| 2015 | 2,505,000 | 36,823 | 2,541,823 |
| Totals | $ 4,915,000 | $ 109,074 | $ 5,024,074 |

### *Changes in Long - Term Debt*

The County has entered into capital lease agreements for the purchase of police, fire, and extension service vehicles, and public works and landfill equipment. The capital lease obligations have been recorded in long-term debt.

## 11. Long-Term Debt (continued)

### *Changes in Long-Term Debt (continued)*

The following is a summary of changes in long-term debt of the County for the fiscal year ending June 30, 2013:

| | Balance 6/30/2012 | Additions | Deductions | Balance 6/30/2013 | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental activities** | | | | | |
| Capital lease obligations | $ 2,091,690 | $ 620,000 | $ 690,344 | $ 2,021,346 | $ 781,276 |
| Bonds payable | 7,230,000 | 0 | 2,315,000 | 4,915,000 | 2,410,000 |
| Compensated absences | 532,849 | 577,269 | 532,849 | 577,269 | 577,269 |
| Total governmental activities | $ 9,854,539 | $ 1,197,269 | $ 3,538,193 | $ 7,513,615 | $ 3,768,545 |
| **Business-type activities** | | | | | |
| Capital lease obligations | $ 264,084 | $ 0 | $ 41,214 | $ 222,870 | $ 0 |
| Landfill post-closure care costs | 2,748,825 | 68,298 | 0 | 2,817,123 | 0 |
| Compensated absences | 33,650 | 36,223 | 33,650 | 36,223 | 36,223 |
| | $ 3,046,559 | $ 104,521 | $ 74,864 | $ 3,076,216 | $ 36,223 |
| **Habersham County Development Authority Component Unit** | | | | | |
| Notes payable | $ 1,273,964 | $ 0 | $ 70,659 | $ 1,203,305 | $ 63,125 |
| **Habersham County Health Department** | | | | | |
| Compensated absences | $ 42,291 | $ 40,052 | $ 34,788 | $ 47,555 | $ 34,000 |

In prior years, long-term liabilities, such as compensated absences, of the governmental activities were liquidated in the General and Emergency 911 Special Revenue Funds. The landfill post-closure care costs are paid for by the Landfill Fund. The total interest incurred and charged to expense for the fiscal year ended June 30, 2013 was $148,036 for governmental activities, $8,817 for business-type activities, and $30,677 for the Habersham County Development Authority Component Unit.

## 12. Landfill Post-Closure Care Costs

In 1994, the County opened a solid waste landfill. State and federal laws and regulations require that the County place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and post-closure care costs has a balance of $2,817,123 as of June 30, 2013, which is based on 41.3% usage (filled) of the landfill. It is estimated that an additional $4,008,798 will be recognized as closure and post-closure care expense between the date of the balance sheet and the date the landfill is expected to be filled to capacity (2071).

The estimated total current cost of the landfill closure and post-closure care ($68,298) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2013. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

# 13. Pension Plan

## *Plan Description and Contribution Information*

### *Description*

Habersham County contributes to the Association of County Commissioners of Georgia ("ACCG") Defined Benefit Plan ("Plan"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating counties in Georgia. The County elected to participate in the Plan as of the result of Board of Commissioner vote and a contract between the County and the ACCG. The county has been participating in the Plan since they moved the plan from Principal Financial Group on July 1, 2006.

The Plan's assets may be used only for the payment of benefits to the members of the Plan, in accordance with the terms of the Plan. See Note 2 – Summary of Significant Accounting Policies for reporting of investments. The ACCG issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to Pension Service Company, 1100 Circle 75 Parkway, Suite 320, Atlanta, GA 30339.

All full-time County employees are eligible to participate in the Plan after completing one year of service and having reached their 21$^{st}$ birthday. Benefits vest evenly over five years of service. Participants become eligible to retire with unreduced benefits at age 65 with 5 years of plan participation. The amount of monthly retirement benefits to be provided for each participant at their normal retirement date is equal to one percent of the participant's average annual compensation multiplied by the participant's total number of years of service. County Commissioners receive a benefit equal to $30 per month multiplied by years of service. The Plan also provides benefits in the event of death or disability. These benefit provisions and powers to amend the plan were established by a resolution executed by the County Board of Commissioners.

## 13. Pension Plan (continued)

### *Plan Description and Contribution Information, continued*

Current membership and current year payrolls are as follows:

| | |
|---|---|
| Retirees and beneficiaries currently receiving benefits | 27 |
| Terminated vested participants entitled to but not yet receiving benefits | 148 |
| Active participants | 214 |
| Disabled participants currently receiving benefits | 2 |
| Total number of participants | 391 |

### *Funding Policy*

County employees are not required to contribute to the Plan. The County contributes the entire cost of the Plan, based on an actuarially determined rate. The current rate is 5.8% of annual covered payroll. The Board of Commissioners provides for the benefits and funding policy through County ordinance and maintains the authority to change the policy.

### *Annual Pension Cost and Net Pension Obligation*

The net pension obligation was computed as part of an actuarial valuation performed as of January 1, 2012. Significant actuarial assumptions used in the valuation include:

| | |
|---|---|
| Rate of return on investments of present and future assets compounded annually | 7.75% |
| Projected salary increases due to: | |
| Inflation | 3.0% |
| Merit | 1.0% - 3.5% |
| Post-retirement benefit increases | none |
| Life expectancy before and after retirement (Group Annuity Mortality table) | 1983 |

## 13. Pension Plan (continued)

### *Annual Pension Cost and Net Pension Obligation, continued*

The Plan's funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, accumulate funds so that sufficient assets will be available to pay benefits when due. The contribution rate for normal cost is determined using the projected unit credit actuarial funding method. The actuarial value of Habersham County's assets was determined using market value. The unfunded actuarially accrued liability is being amortized as a level dollar of projected payroll on a closed basis over a thirty-year period. The remaining amortization period at January 1, 2012 varies for the bases.

The County's annual pension cost and net pension obligations for the current year were as follows:

| | |
|---|---|
| Annual required contribution (ARC) | $ 395,288 |
| Interest on net pension obligation | (6,670) |
| Adjustment to ARC | 7,137 |
| Annual pension cost | 395,755 |
| Contributions made | 417,187 |
| Increase (decrease) in net pension obligation | (21,432) |
| Net pension obligation - beginning of year | (86,065) |
| Net pension obligation - end of year | $ (107,497) |

### *Historical Trend Information*

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Trend information for the pension plan is presented below.

**Schedule of Employer Contributions**

| Plan Year Ended | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|---|---|---|---|
| 12/31/2007 | $ 249,581 | 105% | $ (23,122) |
| 12/31/2008 | 306,717 | 92% | 2,818 |
| 12/31/2009 | 344,267 | 110% | (32,574) |
| 12/31/2010 | 313,965 | 108% | (58,950) |
| 12/31/2011 | 387,956 | 107% | (86,065) |
| 12/31/2012 | 395,755 | 105% | (107,497) |

## 13. Pension Plan (continued)

### *Historical Trend Information (continued)*

**Schedule of Funding Progress**

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---|---|---|---|---|---|---|
| 1/1/2007 | $ 3,145,265 | $ 3,519,184 | $ 373,919 | 89.4% | $ 5,388,060 | 6.9% |
| 1/1/2008 | 3,214,496 | 4,164,160 | 949,664 | 77.2% | 5,749,435 | 16.5% |
| 1/1/2009 | 3,679,149 | 4,799,409 | 1,120,260 | 76.7% | 6,179,412 | 18.1% |
| 1/1/2010 | 4,050,012 | 5,059,493 | 1,009,481 | 80.0% | 5,245,355 | 19.2% |
| 1/1/2011 | 4,452,155 | 5,626,567 | 1,174,412 | 79.1% | 6,639,375 | 17.7% |
| 1/1/2012 | 4,930,759 | 6,008,101 | 1,077,342 | 82.1% | 6,823,151 | 15.8% |

## 14. Deferred Compensation Plans

The County has established a Defined Contribution Plan for the County Manager. The Plan was created under Internal Revenue Code Sections 457 and 401(a), and is administered by the Government Employees Benefits Corporation (GEBCorp) of Georgia, an independent third party. Under the terms of the Plan, the County Manager may defer a portion of her salary through voluntary contributions to the Plan. The County Manager may defer a maximum of 25% of her salary, up to the maximum allowed by federal law.

The County will contribute 200% of the County Manager's contributions per year with a maximum annual matching contribution of 10% of her salary. County contributions are paid into the Plans at the end of each payroll period. During the fiscal year ended June 30, 2013, the County contributed $7,812 to the Plans. The County Manager made voluntary contributions of $3,906.

The County provides retirement benefits for its other employees through a deferred compensation, defined contribution plan. The Plan was created under Internal Revenue Code Sections 457 and 401(a), and is administered by the Government Employees Benefits Corporation (GEBCorp) of Georgia, an independent third party. Under the terms of the Plan, employees may defer a portion of their salary through voluntary contributions to the Plan. Employees may defer a maximum of 25% of their salary, up to the maximum allowed by federal law.

## 14. Deferred Compensation Plans (continued)

The County will contribute 50% of the employee's contributions per year with a maximum annual matching contribution of 1% of the employee's salary. County contributions are paid into the Plan at the end of each payroll period. During the fiscal year ended June 30, 2013, the County contributed $29,314 to the Plan. Plan members made voluntary contributions of $85,480.

Funds are vested 100% at the time of contribution. Amounts held in the Plans are not available to the employees until termination, retirement, death, or unforeseeable emergency. The County has no fiduciary relationship with the Plans, and Plan assets are not available to the County or its general creditors. The Plan assets are held in trust by the administrators for the exclusive benefit of the participants of the Plans. The County may change the contribution requirements by resolution.

## 15. Hotel/Motel Lodging Tax

The County has levied a 5% lodging tax in accordance with OCGA 48-13-51. A summary of the transactions for the fiscal year ending June 30, 2013 follows:

| | | | |
|---|---|---|---|
| Lodging tax receipts | $ | 41,173 | |
| Disbursements for tourism and trade | $ | 16,469 | 40% |

## 16. Joint Ventures

Under Georgia law, the County, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Commission (GMRC) and is required to pay annual dues thereto. During the year ended June 30, 2013, the County paid $33,825 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official in each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. A copy of the GMRC financial statements can be obtained from GMRC, 1310 West Ridge Road, Gainesville, Georgia 30501.

## 17. Special Items

On June 30, 2013, Habersham County transferred ownership of the Habersham County Water System to the City of Demorest, Georgia. The transfer includes all manholes, pipes, mains, lines, attachments, equipment, installations, and all components and integral parts of said water system in the streets and otherwise together with such easements as may be necessary for the maintenance, operation, replacement and repair of same, including, but not limited to, all of its rights, title and interest in various easements and land parcels which are recorded in the Office of the Clerk of Habersham County. The County retained all existing and on hand fittings and spare parts for the System, but the City has an option and right of first refusal to purchase any and all of said parts and fittings at the same price offered by any third party. The County agreed to transfer to Demorest all money being held as existing customer deposits for all customers of the System. The transfer of customer deposits had not been made as of June 30, 2013. The transfer of the Water System assets at net book value of $8,413,285 is recorded as a special item.

## 18. Changes in Beginning Balances

### *Governmental Activities*

A prior period adjustment has been made to expense the beginning balance of debt issue costs and related accumulated amortization. This adjustment was required with the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This adjustment decreased beginning net position of the governmental activities by $72,682.

## 19. Deficit Equity Balances

At June 30, 2013, the Jail Special Revenue Fund has a deficit fund balance of $87,952. This is due to the payment of services in anticipation of future fines, fees, and forfeitures. The County plans to liquidate this deficit fund balance through future revenue recognition.

## 20. Risk Financing Activities

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

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

As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pool's agent 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 worker's compensation law of Georgia. The funds are to pay all cost taxed against the members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation, or defense.

Settled claims in the past three years have not exceeded the coverages. Management estimates liabilities for unpaid claims based on the probability of losses exceeding the occurrence limits and the reasonableness of estimating those losses. At June 30, 2013, the County has no losses that are probable or estimable and accordingly has not recognized any liability.

## 21. Nonexchange Financial Guarantee

The County entered into a contract with the Hospital Authority of Habersham County dated December 1, 1978 and last amended on June 1, 2007. The June 1, 2007 amendment stated if the Authority is unable to pay the principal and interest on its Series 2005 and Series 2007 Certificates, the County will pay to the Authority the amount of such insufficiency. The contract also provides that additional payments will be made to the Authority by the County as may be necessary from time to time to assure the continued operation, maintenance, and repair of the Hospital during the term of the contract. The certificates mature annually through December 1, 2027, with semiannual interest payments. As of June 30, 2013, the total outstanding principal balance of the certificates is $35,210,311. The contract will remain in effect until such time as all certificates have been paid, but in no event will the term of the contract exceed 40 years. During November 2013, the County paid $300,000 to fund the operations of the Hospital. The County is currently evaluating the potential future obligation under the contract.

## 22. Commitments and Contingencies

### *Contingencies*

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

The County is a defendant in several lawsuits. Management intends to contest these open cases vigorously. The County's legal counsel has stated that the outcome of these lawsuits is not presently determinable.

## 22. Commitments and Contingencies (continued)

### *Commitments*

The County has active construction projects as of June 30, 2013. At fiscal year end, the County's commitments with contractors are as follows:

| Project | Amount Spent to Date | Remaining Commitment |
|---|---|---|
| Improvements to the airport | $ 759,108 | $ 457,439 |
| Construction of judicial center | 13,905,537 | 2,490,685 |
| Resurfacing seven county roads | 495,403 | 464,532 |
| Total | $ 15,160,048 | $ 3,412,656 |

## 23. Material Noncompliance

### *Excess of Expenditures over Appropriations in Individual Governmental Funds for which Budgets are Adopted*

During the fiscal year, the County incurred material expenditures in the General Fund which were in excess of the amounts appropriated:

| Department | Budget | Actual | Variance |
|---|---|---|---|
| County Manager | $ 103,949 | $ 107,377 | $ (3,428) |
| County Human Resources | 76,131 | 78,599 | (2,468) |
| Engineer | 109,599 | 137,186 | (27,587) |
| Registrar | 131,220 | 139,883 | (8,663) |
| County Annex | 131,225 | 136,596 | (5,371) |
| Information Technology | 187,182 | 204,001 | (16,819) |
| Accountability Court | 85,714 | 168,490 | (82,776) |
| Probate Court | 153,429 | 174,190 | (20,761) |
| Magistrate Court | 384,298 | 411,542 | (27,244) |
| District Attorney | 121,714 | 187,866 | (66,152) |
| Public Defender | 397,582 | 409,354 | (11,772) |
| Juvenile Court | 219,762 | 249,136 | (29,374) |
| Sheriff | 2,406,355 | 2,550,650 | (144,295) |
| Jail | 1,942,817 | 2,002,016 | (59,199) |
| Animal Control | 193,939 | 243,209 | (49,270) |
| Emergency Management Agency | 65,569 | 113,897 | (48,328) |
| Senior Center | 162,700 | 216,087 | (53,387) |
| Child Welfare | 0 | 13,069 | (13,069) |
| Building | 90,880 | 96,978 | (6,098) |
| Planning Commission | 5,200 | 5,384 | (184) |
| Code Enforcement | 69,220 | 71,815 | (2,595) |

## 23. Material Noncompliance (continued)

### *Excess of Expenditures over Appropriations in Individual Governmental Funds for which Budgets are Adopted (continued)*

Also during the fiscal year, the County incurred material expenditures in excess of the amounts appropriated in the following funds:

| Fund | Budget | Actual | Variance |
|---|---|---|---|
| Special Revenue Funds | | | |
| Jail | $ 0 | $ 44,905 | $ (44,905) |
| Emergency 911 | 1,252,220 | 1,794,148 | (541,928) |
| Hotel/Motel Tax | 11,200 | 16,469 | (5,269) |
| SPLOST Debt Service Fund | 2,347,635 | 2,421,281 | (73,646) |

Habersham County Management concurs with this finding. The County Manager continuously reviews the comparative financial statements to budget and recommends any necessary budget revisions to the Board of Commissioners. This action was taken immediately upon receipt of the comment from our auditors.

### *Noncompliance with SPLOST Referendum*

The County used SPLOST proceeds for a project in the total amount of $131,094 that was not specified in the SPLOST #4 referendum as an approved purpose. State law requires SPLOST proceeds to be used exclusively for the purposes specified in the resolution or ordinance calling for imposition of the tax. After determining that the expenditures were not in compliance with state law, a transfer from the General Fund was recorded to fund the noncompliant expenditures. The amount of the transfer is shown as an interfund balance at fiscal year end.

Habersham County Management concurs with this finding. Finance personnel will review all proposed SPLOST projects for compliance with the appropriate referendum and state law prior to presentation to the Board of Commissioners for approval. This action was taken immediately upon receipt of the comment from our auditors.

This page intentionally left blank.

# *COMBINING STATEMENTS*

## *Nonmajor Governmental Funds*

***HABERSHAM COUNTY, GEORGIA***
***COMBINING BALANCE SHEET***
***NONMAJOR GOVERNMENTAL FUNDS***
***June 30, 2013***

| | Special Revenue | | |
|---|---|---|---|
| | Jail | Emergency 911 | Hotel/Motel Tax |
| **ASSETS** | | | |
| Cash and cash equivalents | $ 2,735 | $ 198,911 | $ 0 |
| Certificates of deposit | 0 | 0 | 0 |
| Restricted assets | | | |
| Cash and cash equivalents | 0 | 70,186 | 0 |
| Receivables | | | |
| Accounts (net) | 0 | 140,821 | 0 |
| Intergovernmental | 0 | 10,563 | 0 |
| **Total assets** | $ 2,735 | $ 420,481 | $ 0 |
| **LIABILITIES AND FUND BALANCES** | | | |
| **Liabilities** | | | |
| Accounts payable | $ 0 | $ 89,443 | $ 0 |
| Accrued salaries and expenses | 0 | 23,848 | 0 |
| Due to other funds | 90,687 | 198,911 | 0 |
| Liabilities payable from restricted assets | | | |
| Accounts payable | 0 | 0 | 0 |
| Total liabilities | 90,687 | 312,202 | 0 |
| **Fund balances** | | | |
| Restricted for: | | | |
| Judicial | 0 | 0 | 0 |
| Public safety | 0 | 0 | 0 |
| Capital outlay | 0 | 70,186 | 0 |
| Assigned to: | | | |
| Public safety | 0 | 38,093 | 0 |
| Unassigned | (87,952) | 0 | 0 |
| Total fund balances | (87,952) | 108,279 | 0 |
| **Total liabilities and fund balances** | $ 2,735 | $ 420,481 | $ 0 |

| Special Revenue | | | Capital Projects | Total Nonmajor Governmental Funds |
|---|---|---|---|---|
| Law Library | Drug Abuse Treatment | Inmate Welfare | Capital Improvements | |
| $ 83,538 | $ 37,066 | $ 5,796 | $ 0 | $ 328,046 |
| 308,778 | 0 | 0 | 0 | 308,778 |
| 0 | 0 | 0 | 197,484 | 267,670 |
| 0 | 0 | 0 | 0 | 140,821 |
| 0 | 566 | 0 | 0 | 11,129 |
| $ 392,316 | $ 37,632 | $ 5,796 | $ 197,484 | $ 1,056,444 |
| | | | | |
| $ 0 | $ 0 | $ 0 | $ 0 | $ 89,443 |
| 0 | 0 | 0 | 0 | 23,848 |
| 0 | 0 | 0 | 0 | 289,598 |
| 0 | 0 | 0 | 11,051 | 11,051 |
| 0 | 0 | 0 | 11,051 | 413,940 |
| | | | | |
| 392,316 | 37,632 | 0 | 0 | 429,948 |
| 0 | 0 | 5,796 | 0 | 5,796 |
| 0 | 0 | 0 | 186,433 | 256,619 |
| 0 | 0 | 0 | 0 | 38,093 |
| 0 | 0 | 0 | 0 | (87,952) |
| 392,316 | 37,632 | 5,796 | 186,433 | 642,504 |
| $ 392,316 | $ 37,632 | $ 5,796 | $ 197,484 | $ 1,056,444 |

***HABERSHAM COUNTY, GEORGIA***
***COMBINING STATEMENT OF REVENUES, EXPENDITURES***
***AND CHANGES IN FUND BALANCES***
***NONMAJOR GOVERNMENTAL FUNDS***
***For the fiscal year ended June 30, 2013***

| | Special Revenue | | |
|---|---|---|---|
| | **Jail** | **Emergency 911** | **Hotel/Motel Tax** |
| **REVENUES** | | | |
| Taxes | $ 0 | $ 0 | $ 41,173 |
| Fines, fees, and forfeitures | 39,776 | 0 | 0 |
| Charges for services | 0 | 710,020 | 0 |
| Interest | 0 | 102 | 0 |
| Other | 0 | 10,807 | 0 |
| **Total revenues** | 39,776 | 720,929 | 41,173 |
| **EXPENDITURES** | | | |
| Current | | | |
| Judicial | 0 | 0 | 0 |
| Public safety | 44,905 | 1,794,148 | 0 |
| Housing and development | 0 | 0 | 16,469 |
| Capital outlay | 0 | 0 | 0 |
| Intergovernmental | 0 | 0 | 0 |
| **Total expenditures** | 44,905 | 1,794,148 | 16,469 |
| Excess (deficiency) of revenues over (under) expenditures | (5,129) | (1,073,219) | 24,704 |
| Other financing sources (uses) | | | |
| Transfers in | 0 | 722,529 | 0 |
| Transfers out | 0 | 0 | (24,704) |
| Issuance of capital leases | 0 | 0 | 0 |
| Total other financing sources (uses) | 0 | 722,529 | (24,704) |
| Net change in fund balance | (5,129) | (350,690) | 0 |
| Fund balances, July 1 | (82,823) | 458,969 | 0 |
| **Fund balances, June 30** | $ (87,952) | $ 108,279 | $ 0 |

| Special Revenue | | | Capital Projects | Total Nonmajor Governmental Funds |
|---|---|---|---|---|
| Law Library | Drug Abuse Treatment | Inmate Welfare | Capital Improvements | |
| $ 0 | $ 0 | $ 0 | $ 0 | $ 41,173 |
| 22,652 | 21,198 | 0 | 0 | 83,626 |
| 0 | 0 | 84,061 | 0 | 794,081 |
| 4,917 | 0 | 0 | 127 | 5,146 |
| 0 | 0 | 0 | 0 | 10,807 |
| 27,569 | 21,198 | 84,061 | 127 | 934,833 |
| 4,759 | 0 | 0 | 0 | 4,759 |
| 0 | 0 | 88,755 | 0 | 1,927,808 |
| 0 | 0 | 0 | 0 | 16,469 |
| 0 | 0 | 0 | 1,582,559 | 1,582,559 |
| 0 | 0 | 0 | 24,036 | 24,036 |
| 4,759 | 0 | 88,755 | 1,606,595 | 3,555,631 |
| 22,810 | 21,198 | (4,694) | (1,606,468) | (2,620,798) |
| 0 | 0 | 0 | 708,190 | 1,430,719 |
| 0 | (89,623) | 0 | 0 | (114,327) |
| 0 | 0 | 0 | 620,000 | 620,000 |
| 0 | (89,623) | 0 | 1,328,190 | 1,936,392 |
| 22,810 | (68,425) | (4,694) | (278,278) | (684,406) |
| 369,506 | 106,057 | 10,490 | 464,711 | 1,326,910 |
| $ 392,316 | $ 37,632 | $ 5,796 | $ 186,433 | $ 642,504 |

This page intentionally left blank.

***GENERAL FUND***

The general operating fund of the County is used to account for all financial resources except those required to be accounted for in another fund.

***HABERSHAM COUNTY, GEORGIA***
***GENERAL FUND***
***COMPARATIVE BALANCE SHEETS***
***June 30, 2013 and 2012***

| **ASSETS** | **2013** | **2012** |
|---|---|---|
| Cash and cash equivalents | $ 4,107,279 | $ 3,165,406 |
| Certificates of deposit | 0 | 1,200,000 |
| Investments | 578,571 | 573,264 |
| Receivables (net) | | |
| Accounts | 10,551 | 92,659 |
| Intergovernmental | 191,489 | 165,422 |
| Taxes | 273,998 | 202,506 |
| Prepaids | 375,540 | 230,291 |
| Due from other funds | 353,348 | 551,761 |
| Restricted Assets | | |
| Cash and cash equivalents | 21,649 | 35,863 |
| **Total assets** | $ 5,912,425 | $ 6,217,172 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Payables | | |
| Accounts | $ 743,270 | $ 170,538 |
| Intergovernmental | 107,910 | 106,158 |
| Excess taxes | 189,080 | 189,080 |
| Accrued salaries and expenses | 272,356 | 267,024 |
| Unearned revenue | 200,000 | 0 |
| Due to other funds | 131,094 | 0 |
| Due to other agencies | 0 | 588 |
| Total liabilities | 1,643,710 | 733,388 |
| **Deferred Inflows of Resources** | | |
| Unavailable revenue - property taxes | 18,833 | 115,183 |
| **Fund balances** | | |
| Nonspendable: | | |
| Prepaids | 375,540 | 230,291 |
| Restricted for judicial | 15,307 | 13,996 |
| Restricted for public safety | 6,342 | 21,867 |
| Assigned to subsequent year's budget | 485,826 | 428,466 |
| Unassigned | 3,366,867 | 4,673,981 |
| Total fund balances | 4,249,882 | 5,368,601 |
| **Total liabilities, deferred inflows, and fund balances** | $ 5,912,425 | $ 6,217,172 |

***HABERSHAM COUNTY, GEORGIA***
***GENERAL FUND***
***COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES***
***AND CHANGES IN FUND BALANCES***
***For the fiscal years ended June 30, 2013 and 2012***

| | 2013 | 2012 |
|---|---|---|
| **REVENUES** | | |
| Taxes | $ 13,752,392 | $ 13,349,821 |
| Licenses and permits | 62,878 | 61,714 |
| Fines, fees and forfeitures | 1,001,656 | 973,821 |
| Charges for services | 912,233 | 966,454 |
| Intergovernmental | 1,090,943 | 928,705 |
| Interest | 18,772 | 45,904 |
| Contributions | 17,621 | 15,039 |
| Other | 122,678 | 147,574 |
| **Total revenues** | 16,979,173 | 16,489,032 |
| **EXPENDITURES** | | |
| Current | | |
| General Government | 3,599,922 | 3,489,199 |
| Judicial | 2,783,979 | 2,556,222 |
| Public Safety | 6,610,453 | 6,409,847 |
| Public Works | 1,695,450 | 1,668,599 |
| Health and Welfare | 457,260 | 405,717 |
| Culture and Recreation | 1,058,099 | 1,098,100 |
| Housing and Development | 543,628 | 495,822 |
| **Total expenditures** | 16,748,791 | 16,123,506 |
| Excess (deficiency) of revenues over (under) expenditures | 230,382 | 365,526 |
| Other financing sources (uses) | | |
| Transfers in (out) | | |
| Hotel/Motel Tax Fund | 24,704 | 17,865 |
| Landfill Fund | 84,550 | 83,300 |
| E911 Fund | (722,529) | (527,620) |
| Drug Abuse Treatment Fund | 89,623 | 129,973 |
| SPLOST 4 Fund | (131,094) | 0 |
| Capital Improvements Fund | (708,190) | (375,000) |
| Water and Sewer Fund | 22,635 | 22,300 |
| Transit Fund | (17,900) | (18,339) |
| Proceeds from the sale of assets | 9,100 | 15,200 |
| Total other financing sources (uses) | (1,349,101) | (652,321) |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (1,118,719) | (286,795) |
| Fund balances, July 1 | 5,368,601 | 5,655,396 |
| **Fund balances, June 30** | $ 4,249,882 | $ 5,368,601 |

***HABERSHAM COUNTY, GEORGIA***
***GENERAL FUND***
***SCHEDULE OF REVENUES***
***BUDGET (GAAP BASIS) AND ACTUAL***
***For the fiscal year ended June 30, 2013***
***(With comparative actual amounts for the fiscal year ended June 30, 2012)***

| | 2013 | | | 2012 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| **Taxes** | | | | |
| General property taxes | | | | |
| Current and prior year levies | $ 10,740,445 | $ 10,311,043 | $ (429,402) | $ 10,199,045 |
| Motor vehicle tax | 735,000 | 1,035,568 | 300,568 | 845,631 |
| Mobile home tax | 117,600 | 105,496 | (12,104) | 112,600 |
| Timber tax | 9,800 | 505 | (9,295) | 884 |
| Cost, penalties, and interest | 156,800 | 110,747 | (46,053) | 122,414 |
| Total general property taxes | 11,759,645 | 11,563,359 | (196,286) | 11,280,574 |
| Intangibles tax | 137,940 | 204,297 | 66,357 | 158,821 |
| Real estate transfer tax | 29,758 | 33,613 | 3,855 | 26,111 |
| Franchise tax | 61,727 | 81,442 | 19,715 | 86,712 |
| Insurance premium tax | 1,246,928 | 1,374,035 | 127,107 | 1,286,169 |
| Alcohol excise tax | 400,411 | 374,343 | (26,068) | 385,677 |
| Occupational tax | 116,176 | 113,041 | (3,135) | 113,198 |
| Other | 0 | 8,262 | 8,262 | 12,559 |
| Total taxes | 13,752,585 | 13,752,392 | (193) | 13,349,821 |
| **Licenses and permits** | | | | |
| Building permits | 67,250 | 60,369 | (6,881) | 54,025 |
| Other permits | 10,500 | 2,509 | (7,991) | 7,689 |
| Total licenses and permits | 77,750 | 62,878 | (14,872) | 61,714 |
| **Fines, fees and forfeitures** | 1,013,190 | 1,001,656 | (11,534) | 973,821 |
| **Charges for Services** | | | | |
| Sheriff services | 70,058 | 60,833 | (9,225) | 66,444 |
| Prisoner board | 41,000 | 31,726 | (9,274) | 46,529 |
| Recreation fees | 243,250 | 266,079 | 22,829 | 272,833 |
| Collection commissions | 548,800 | 477,064 | (71,736) | 511,031 |
| Other charges for services | 74,944 | 76,531 | 1,587 | 69,617 |
| Total charges for services | 978,052 | 912,233 | (65,819) | 966,454 |
| **Intergovernmental** | 855,000 | 1,090,943 | 235,943 | 928,705 |
| **Interest** | 54,598 | 18,772 | (35,826) | 45,904 |
| **Contributions** | 3,833 | 17,621 | 13,788 | 15,039 |
| **Other** | | | | |
| Rental Income | 46,617 | 44,140 | (2,477) | 29,156 |
| Miscellaneous | 35,564 | 78,538 | 42,974 | 118,418 |
| Total other | 82,181 | 122,678 | 40,497 | 147,574 |
| **Total revenues** | $ 16,817,189 | $ 16,979,173 | $ 161,984 | $ 16,489,032 |

***HABERSHAM COUNTY, GEORGIA***
***GENERAL FUND***
***SCHEDULE OF EXPENDITURES***
***BUDGET (GAAP BASIS) AND ACTUAL***
***For the fiscal year ended June 30, 2013***
***(With comparative actual amounts for the fiscal year ended June 30, 2012)***

| | 2013 | | | 2012 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **EXPENDITURES** | | | | |
| **Current** | | | | |
| **General Government** | | | | |
| County-Wide | | | | |
| Personal services | $ 196,984 | $ 71,647 | $ 125,337 | $ 77,140 |
| Contract services | 718,916 | 682,488 | 36,428 | 573,963 |
| Materials and supplies | 500 | 4,054 | (3,554) | 313 |
| Total County-Wide | 916,400 | 758,189 | 158,211 | 651,416 |
| Commissioners | | | | |
| Personal services | 106,959 | 102,932 | 4,027 | 87,367 |
| Contract services | 66,607 | 76,084 | (9,477) | 74,890 |
| Materials and supplies | 10,000 | 11,621 | (1,621) | 11,511 |
| Payments to other agencies | 332,500 | 300,478 | 32,022 | 306,816 |
| Total Commissioners | 516,066 | 491,115 | 24,951 | 480,584 |
| County Manager | | | | |
| Personal services | 95,268 | 99,262 | (3,994) | 106,194 |
| Contract services | 6,681 | 6,417 | 264 | 9,119 |
| Materials and supplies | 2,000 | 1,698 | 302 | 1,867 |
| Total County Manager | 103,949 | 107,377 | (3,428) | 117,180 |
| County Finance | | | | |
| Personal services | 206,789 | 201,069 | 5,720 | 214,807 |
| Contract services | 5,540 | 4,621 | 919 | 4,103 |
| Materials and supplies | 3,323 | 3,116 | 207 | 6,582 |
| Total County Finance | 215,652 | 208,806 | 6,846 | 225,492 |
| County Human Resources | | | | |
| Personal services | 73,445 | 76,338 | (2,893) | 70,859 |
| Contract services | 2,286 | 2,013 | 273 | 1,693 |
| Materials and supplies | 400 | 248 | 152 | 220 |
| Total County Human Resources | 76,131 | 78,599 | (2,468) | 72,772 |
| Tax Commissioner | | | | |
| Personal services | 272,419 | 273,313 | (894) | 273,922 |
| Contract services | 61,601 | 52,160 | 9,441 | 53,354 |
| Materials and supplies | 3,500 | 5,220 | (1,720) | 4,050 |
| Total Tax Commissioner | 337,520 | 330,693 | 6,827 | 331,326 |
| Tax Assessor | | | | |
| Personal services | 419,845 | 392,694 | 27,151 | 413,822 |
| Contract services | 76,973 | 96,491 | (19,518) | 92,935 |
| Materials and supplies | 8,150 | 5,636 | 2,514 | 6,843 |
| Total Tax Assessor | 504,968 | 494,821 | 10,147 | 513,600 |
| Board of Equalization | | | | |
| Contract services | 8,600 | 2,229 | 6,371 | 624 |
| Materials and supplies | 300 | 35 | 265 | 0 |
| Total Board of Equalization | 8,900 | 2,264 | 6,636 | 624 |

***HABERSHAM COUNTY, GEORGIA***
***GENERAL FUND***
***SCHEDULE OF EXPENDITURES***
***BUDGET (GAAP BASIS) AND ACTUAL***
***For the fiscal year ended June 30, 2013***
***(With comparative actual amounts for the fiscal year ended June 30, 2012)***

| | 2013 | | | 2012 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **General Government (continued)** | | | | |
| County Clerk | | | | |
| Personal services | $ 53,157 | $ 49,994 | $ 3,163 | $ 53,084 |
| Contract services | 2,986 | 2,427 | 559 | 3,712 |
| Materials and supplies | 500 | 366 | 134 | 237 |
| Total County Clerk | 56,643 | 52,787 | 3,856 | 57,033 |
| Engineer | | | | |
| Personal services | 107,168 | 135,753 | (28,585) | 84,250 |
| Contract services | 2,041 | 1,331 | 710 | 1,047 |
| Materials and supplies | 390 | 102 | 288 | 31 |
| Total Engineer | 109,599 | 137,186 | (27,587) | 85,328 |
| Registrar | | | | |
| Personal services | 78,300 | 81,565 | (3,265) | 66,482 |
| Contract services | 38,420 | 34,838 | 3,582 | 51,957 |
| Materials and supplies | 14,500 | 23,480 | (8,980) | 12,223 |
| Total Registrar | 131,220 | 139,883 | (8,663) | 130,662 |
| Buildings and Grounds | | | | |
| Personal services | 251,667 | 235,153 | 16,514 | 243,190 |
| Contract services | 121,159 | 122,357 | (1,198) | 132,980 |
| Materials and supplies | 105,757 | 100,095 | 5,662 | 113,971 |
| Capital outlay | 0 | 0 | 0 | 5,679 |
| Total Buildings and Grounds | 478,583 | 457,605 | 20,978 | 495,820 |
| County Annex | | | | |
| Contract services | 99,225 | 95,279 | 3,946 | 95,072 |
| Materials and supplies | 32,000 | 41,317 | (9,317) | 35,459 |
| Total County Annex | 131,225 | 136,596 | (5,371) | 130,531 |
| Information Technology | | | | |
| Personal services | 117,596 | 116,055 | 1,541 | 111,742 |
| Contract services | 49,186 | 64,266 | (15,080) | 65,485 |
| Materials and supplies | 20,400 | 23,680 | (3,280) | 19,520 |
| Total Information Technology | 187,182 | 204,001 | (16,819) | 196,747 |
| Cannery | | | | |
| Materials and supplies | 0 | 0 | 0 | 84 |
| Total General Government | 3,774,038 | 3,599,922 | 174,116 | 3,489,199 |
| **Judicial** | | | | |
| Accountability Court | | | | |
| Personal services | 36,804 | 40,528 | (3,724) | 36,177 |
| Contract services | 42,510 | 99,276 | (56,766) | 31,029 |
| Materials and supplies | 6,400 | 15,972 | (9,572) | 7,468 |
| Payments to other agencies | 0 | 12,714 | (12,714) | 0 |
| Total Accountability Court | 85,714 | 168,490 | (82,776) | 74,674 |

***HABERSHAM COUNTY, GEORGIA***
***GENERAL FUND***
***SCHEDULE OF EXPENDITURES***
***BUDGET (GAAP BASIS) AND ACTUAL***
***For the fiscal year ended June 30, 2013***
***(With comparative actual amounts for the fiscal year ended June 30, 2012)***

| | 2013 | | | 2012 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **Judicial (continued)** | | | | |
| Probate Court | | | | |
| Personal services | $ 142,662 | $ 131,142 | $ 11,520 | $ 140,528 |
| Contract services | 6,932 | 27,662 | (20,730) | 10,825 |
| Materials and supplies | 3,835 | 15,386 | (11,551) | 10,583 |
| Total Probate Court | 153,429 | 174,190 | (20,761) | 161,936 |
| Magistrate Court | | | | |
| Personal services | 351,740 | 361,462 | (9,722) | 354,735 |
| Contract services | 18,419 | 32,568 | (14,149) | 40,363 |
| Materials and supplies | 14,139 | 17,512 | (3,373) | 16,774 |
| Total Magistrate Court | 384,298 | 411,542 | (27,244) | 411,872 |
| Clerk of Superior Court | | | | |
| Personal services | 467,342 | 450,246 | 17,096 | 457,844 |
| Contract services | 59,326 | 84,268 | (24,942) | 73,203 |
| Materials and supplies | 29,100 | 27,972 | 1,128 | 26,662 |
| Total Clerk of Superior Court | 555,768 | 562,486 | (6,718) | 557,709 |
| Superior Court | | | | |
| Personal services | 144,952 | 141,403 | 3,549 | 138,274 |
| Contract services | 72,972 | 67,099 | 5,873 | 61,564 |
| Materials and supplies | 3,000 | 2,718 | 282 | 3,944 |
| Total Superior Court | 220,924 | 211,220 | 9,704 | 203,782 |
| District Attorney | | | | |
| Personal services | 30,732 | 38,699 | (7,967) | 46,661 |
| Contract services | 83,782 | 71,226 | 12,556 | 21,071 |
| Materials and supplies | 7,200 | 11,148 | (3,948) | 8,981 |
| Payments to other agencies | 0 | 66,793 | (66,793) | 66,894 |
| Total District Attorney | 121,714 | 187,866 | (66,152) | 143,607 |
| Public Defender | | | | |
| Personal services | 48,554 | 48,314 | 240 | 51,559 |
| Contract services | 337,808 | 348,295 | (10,487) | 327,965 |
| Materials and supplies | 11,220 | 12,745 | (1,525) | 12,075 |
| Total Public Defender | 397,582 | 409,354 | (11,772) | 391,599 |
| State Court Judge | | | | |
| Personal services | 157,215 | 162,127 | (4,912) | 149,417 |
| Contract services | 86,420 | 84,790 | 1,630 | 65,865 |
| Materials and supplies | 9,750 | 10,350 | (600) | 10,200 |
| Total State Court Judge | 253,385 | 257,267 | (3,882) | 225,482 |
| Juvenile Court | | | | |
| Personnel services | 170,539 | 171,125 | (586) | 170,229 |
| Contract services | 47,223 | 76,475 | (29,252) | 64,253 |
| Materials and supplies | 2,000 | 1,536 | 464 | 1,961 |
| Total Juvenile Court | 219,762 | 249,136 | (29,374) | 236,443 |

***HABERSHAM COUNTY, GEORGIA***
***GENERAL FUND***
***SCHEDULE OF EXPENDITURES***
***BUDGET (GAAP BASIS) AND ACTUAL***
***For the fiscal year ended June 30, 2013***
***(With comparative actual amounts for the fiscal year ended June 30, 2012)***

| | 2013 | | | 2012 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **Judicial (continued)** | | | | |
| Juvenile Supervision | | | | |
| Contract services | $ 8,000 | $ 2,395 | $ 5,605 | $ 8,436 |
| State Court Solicitor | | | | |
| Personal services | 145,070 | 140,533 | 4,537 | 131,181 |
| Materials and supplies | 8,550 | 9,500 | (950) | 9,500 |
| Total State Court Solicitor | 153,620 | 150,033 | 3,587 | 140,681 |
| Total Judicial | 2,554,196 | 2,783,979 | (229,783) | 2,556,221 |
| **Public Safety** | | | | |
| Sheriff | | | | |
| Personal services | 1,885,628 | 1,942,661 | (57,033) | 1,893,705 |
| Contract services | 157,227 | 216,386 | (59,159) | 170,679 |
| Materials and supplies | 363,500 | 334,073 | 29,427 | 331,492 |
| Capital Outlay | 0 | 57,530 | (57,530) | 0 |
| Total Sheriff | 2,406,355 | 2,550,650 | (144,295) | 2,395,876 |
| Jail | | | | |
| Personal services | 1,412,122 | 1,407,391 | 4,731 | 1,384,571 |
| Contract services | 423,695 | 460,440 | (36,745) | 428,467 |
| Materials and supplies | 107,000 | 134,185 | (27,185) | 122,661 |
| Total Jail | 1,942,817 | 2,002,016 | (59,199) | 1,935,699 |
| Heat Unit | | | | |
| Personal services | 40,000 | 50,460 | (10,460) | 0 |
| Contract services | 3,300 | 1,010 | 2,290 | 0 |
| Materials and supplies | 35,400 | 14,988 | 20,412 | 0 |
| Capital Outlay | 70,400 | 74,652 | (4,252) | 0 |
| Total Heat Unit | 149,100 | 141,110 | 7,990 | 0 |
| Animal Control | | | | |
| Personal services | 132,119 | 149,134 | (17,015) | 130,775 |
| Contract services | 27,220 | 54,633 | (27,413) | 43,726 |
| Materials and supplies | 34,600 | 39,442 | (4,842) | 34,687 |
| Total Animal Control | 193,939 | 243,209 | (49,270) | 209,188 |
| Coroner | | | | |
| Personal services | 12,110 | 10,824 | 1,286 | 12,975 |
| Contract services | 12,250 | 12,300 | (50) | 8,711 |
| Materials and supplies | 2,250 | 1,196 | 1,054 | 1,261 |
| Total Coroner | 26,610 | 24,320 | 2,290 | 22,947 |
| Fire | | | | |
| Personal services | 921,399 | 915,361 | 6,038 | 916,180 |
| Contract services | 66,558 | 88,361 | (21,803) | 74,127 |
| Materials and supplies | 123,050 | 129,882 | (6,832) | 134,098 |
| Total Fire | 1,111,007 | 1,133,604 | (22,597) | 1,124,405 |

***HABERSHAM COUNTY, GEORGIA***
***GENERAL FUND***
***SCHEDULE OF EXPENDITURES***
***BUDGET (GAAP BASIS) AND ACTUAL***
***For the fiscal year ended June 30, 2013***
***(With comparative actual amounts for the fiscal year ended June 30, 2012)***

| | 2013 | | | 2012 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **Public Safety (continued)** | | | | |
| Animal Shelter | | | | |
| Personal services | $ 0 | $ 0 | $ 0 | $ 9,949 |
| Contract services | 0 | 0 | 0 | 13,492 |
| Materials and supplies | 0 | 0 | 0 | 4,667 |
| Total Animal Shelter | 0 | 0 | 0 | 28,108 |
| Emergency Management Agency | | | | |
| Personal services | 34,756 | 37,577 | (2,821) | 35,166 |
| Contract services | 13,473 | 57,840 | (44,367) | 26,319 |
| Materials and supplies | 17,340 | 18,480 | (1,140) | 11,654 |
| Total Emergency Management Agency | 65,569 | 113,897 | (48,328) | 73,139 |
| Ambulance | | | | |
| Contract services | 54,711 | 43,161 | 11,550 | 61,034 |
| Materials and supplies | 131,909 | 143,368 | (11,459) | 114,111 |
| Payments to other agencies | 336,477 | 195,094 | 141,383 | 401,066 |
| Total Ambulance | 523,097 | 381,623 | 141,474 | 576,211 |
| Northeast Georgia Drug Task Force | | | | |
| Payments to other agencies | 20,024 | 20,024 | 0 | 44,274 |
| Total Public Safety | 6,438,518 | 6,610,453 | (171,935) | 6,409,847 |
| **Public Works** | | | | |
| Road Department | | | | |
| Personal services | 1,332,793 | 1,245,865 | 86,928 | 1,285,201 |
| Contract services | 130,437 | 118,074 | 12,363 | 131,110 |
| Materials and supplies | 311,300 | 331,511 | (20,211) | 252,288 |
| Total Public Works | 1,774,530 | 1,695,450 | 79,080 | 1,668,599 |
| **Health and Welfare** | | | | |
| Georgia Mountains Community Mental Health | | | | |
| Payments to other agencies | 25,259 | 25,259 | 0 | 25,259 |
| Senior Center | | | | |
| Contract services | 1,250 | 2,594 | (1,344) | 2,997 |
| Materials and supplies | 18,000 | 31,527 | (13,527) | 17,615 |
| Capital Outlay | 0 | 38,494 | (38,494) | 0 |
| Payments to other agencies | 143,450 | 143,472 | (22) | 143,472 |
| Total Senior Center | 162,700 | 216,087 | (53,387) | 164,084 |
| Habersham County Health Department | | | | |
| Payments to other agencies | 202,845 | 202,845 | 0 | 179,340 |

***HABERSHAM COUNTY, GEORGIA***
***GENERAL FUND***
***SCHEDULE OF EXPENDITURES***
***BUDGET (GAAP BASIS) AND ACTUAL***
***For the fiscal year ended June 30, 2013***
***(With comparative actual amounts for the fiscal year ended June 30, 2012)***

| | 2013 | | | 2012 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **Health and Welfare (continued)** | | | | |
| Child Welfare | | | | |
| Contract services | $ 0 | $ 3,500 | $ (3,500) | $ 0 |
| Payments to other agencies | 0 | 9,569 | (9,569) | 37,034 |
| Total Child Welfare | 0 | 13,069 | (13,069) | 37,034 |
| Total Health and Welfare | 390,804 | 457,260 | (66,456) | 405,717 |
| **Culture and Recreation** | | | | |
| Fairgrounds | | | | |
| Personal services | 3,788 | 97 | 3,691 | 654 |
| Contract services | 5,000 | 1,897 | 3,103 | 4,904 |
| Materials and supplies | 7,000 | 2,562 | 4,438 | 3,642 |
| Total Fairgrounds | 15,788 | 4,556 | 11,232 | 9,200 |
| Libraries | | | | |
| Payments to other agencies | 273,332 | 275,207 | (1,875) | 273,332 |
| Recreation | | | | |
| Personal services | 435,346 | 379,571 | 55,775 | 367,235 |
| Contract services | 65,996 | 99,361 | (33,365) | 126,366 |
| Materials and supplies | 275,500 | 297,125 | (21,625) | 317,224 |
| Payments to other agencies | 7,900 | 2,279 | 5,621 | 4,743 |
| Total Recreation | 784,742 | 778,336 | 6,406 | 815,568 |
| Total Culture and Recreation | 1,073,862 | 1,058,099 | 15,763 | 1,098,100 |
| **Housing and Development** | | | | |
| Airport | | | | |
| Payments to other agencies | 27,120 | 3,284 | 23,836 | 14,050 |
| Extension Service | | | | |
| Personal services | 15,577 | 16,749 | (1,172) | 8,655 |
| Contract services | 65,006 | 60,491 | 4,515 | 67,566 |
| Materials and supplies | 7,500 | 13,313 | (5,813) | 13,638 |
| Payments to other agencies | 2,500 | 2,542 | (42) | 2,500 |
| Total Extension Service | 90,583 | 93,095 | (2,512) | 92,359 |
| Forestry | | | | |
| Payments to other agencies | 8,400 | 8,400 | 0 | 8,400 |
| Economic Development | | | | |
| Personal services | 98,000 | 85,700 | 12,300 | 43,662 |
| Contract services | 43,347 | 30,926 | 12,421 | 14,574 |
| Materials and supplies | 4,700 | 2,587 | 2,113 | 4,492 |
| Total Economic Development | 146,047 | 119,213 | 26,834 | 62,728 |

***HABERSHAM COUNTY, GEORGIA***
***GENERAL FUND***
***SCHEDULE OF EXPENDITURES***
***BUDGET (GAAP BASIS) AND ACTUAL***
***For the fiscal year ended June 30, 2013***
***(With comparative actual amounts for the fiscal year ended June 30, 2012)***

| | 2013 | | | 2012 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **Housing and Development (continued)** | | | | |
| GIS | | | | |
| Personal services | $ 47,761 | $ 51,531 | $ (3,770) | $ 0 |
| Contract services | 10,700 | 8,900 | 1,800 | 9,202 |
| Materials and supplies | 5,260 | 4,757 | 503 | 1,310 |
| Total GIS | 63,721 | 65,188 | (1,467) | 10,512 |
| Building | | | | |
| Personal services | 82,380 | 81,178 | 1,202 | 85,029 |
| Contract services | 4,800 | 11,934 | (7,134) | 5,186 |
| Materials and supplies | 3,700 | 3,866 | (166) | 5,067 |
| Total Building | 90,880 | 96,978 | (6,098) | 95,282 |
| Planning | | | | |
| Personal services | 75,198 | 73,700 | 1,498 | 127,729 |
| Contract services | 8,560 | 5,290 | 3,270 | 5,523 |
| Materials and supplies | 2,240 | 1,281 | 959 | 3,271 |
| Total Planning | 85,998 | 80,271 | 5,727 | 136,523 |
| Planning Commission | | | | |
| Contract services | 4,800 | 5,284 | (484) | 5,576 |
| Materials and supplies | 400 | 100 | 300 | 80 |
| Total Planning | 5,200 | 5,384 | (184) | 5,656 |
| Code Enforcement | | | | |
| Personal services | 57,727 | 58,959 | (1,232) | 58,155 |
| Contract services | 7,012 | 8,424 | (1,412) | 7,344 |
| Materials and supplies | 4,481 | 4,432 | 49 | 4,813 |
| Total Code Enforcement | 69,220 | 71,815 | (2,595) | 70,312 |
| Total Housing and Development | 587,169 | 543,628 | 43,541 | 495,822 |
| | $ 16,593,117 | $ 16,748,791 | $ (155,674) | $ 16,123,505 |

This page intentionally left blank.

## *SPECIAL REVENUE FUNDS*

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

Jail Fund – This fund is used to account for fines and fees received restricted for the maintenance of the County Jail.

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

Hotel/Motel Tax Fund – This fund is used to account for Hotel/Motel tax collections which are used to support tourism in Habersham County.

Law Library Fund – This fund is used to account for the funds court office fines and fees legally restricted for operation of the Habersham County Law Library.

Drug Abuse Treatment Fund – This fund is used to account for fines and fees received restricted for drug treatment and education programs in the County.

Inmate Welfare Fund – This fund is used to account for monies legally restricted for the benefit of detainees in the County jail.

***HABERSHAM COUNTY, GEORGIA***
***JAIL SPECIAL REVENUE FUND***
***COMPARATIVE BALANCE SHEETS***
***June 30, 2013 and 2012***

| **ASSETS** | **2013** | **2012** |
|---|---|---|
| Cash and cash equivalents | $ 2,735 | $ 3,402 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Due to other funds | $ 90,687 | $ 86,225 |
| **Fund balances** | | |
| Unassigned | (87,952) | (82,823) |
| **Total liabilities and fund balances** | $ 2,735 | $ 3,402 |

***HABERSHAM COUNTY, GEORGIA***
***JAIL SPECIAL REVENUE FUND***
***SCHEDULE OF REVENUES, EXPENDITURES***
***AND CHANGES IN FUND BALANCES***
***BUDGET (GAAP BASIS) AND ACTUAL***
***For the fiscal year ended June 30, 2013***
***(With comparative actual amounts for the fiscal year ended June 30, 2012)***

| | 2013 | | | 2012 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Fines, fees, and forfeitures | $ 46,500 | $ 39,776 | $ (6,724) | $ 44,021 |
| **Total revenues** | 46,500 | 39,776 | (6,724) | 44,021 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Public Safety | | | | |
| Contract services | 0 | 44,905 | (44,905) | 48,823 |
| Capital outlay | 0 | 0 | 0 | 123,823 |
| **Total expenditures** | 0 | 44,905 | (44,905) | 172,646 |
| Excess (deficiency) of revenues over (under) expenditures | 46,500 | (5,129) | (51,629) | (128,625) |
| Other financing sources (uses) | | | | |
| Contingency | (46,500) | 0 | 46,500 | 0 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 0 | (5,129) | (5,129) | (128,625) |
| Fund balances, July 1 | 0 | (82,823) | (82,823) | 45,802 |
| **Fund balances, June 30** | $ 0 | $ (87,952) | $ (87,952) | $ (82,823) |

***HABERSHAM COUNTY, GEORGIA***
***EMERGENCY 911 SPECIAL REVENUE FUND***
***COMPARATIVE BALANCE SHEETS***
***June 30, 2013 and 2012***

| **ASSETS** | **2013** | **2012** |
|---|---|---|
| Cash and cash equivalents | $ 198,911 | $ 168,176 |
| Restricted cash and cash equivalents | 70,186 | 359,254 |
| Accounts receivable (net) | 140,821 | 138,197 |
| Intergovernmental receivable | 10,563 | 0 |
| **Total assets** | $ 420,481 | $ 665,627 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Accounts payable | $ 89,443 | $ 15,263 |
| Intergovernmental payable | 0 | 107 |
| Accrued salaries and expenses | 23,848 | 24,168 |
| Due to other funds | 198,911 | 167,120 |
| **Total liabilities** | 312,202 | 206,658 |
| **Fund balances** | | |
| Restricted for capital outlay | 70,186 | 359,254 |
| Assigned to subsequent year's budget | 0 | 99,715 |
| Assigned to public safety | 38,093 | 0 |
| **Total fund balances** | 108,279 | 458,969 |
| **Total liabilities and fund balances** | $ 420,481 | $ 665,627 |

***HABERSHAM COUNTY, GEORGIA***
***EMERGENCY 911 SPECIAL REVENUE FUND***
***SCHEDULE OF REVENUES, EXPENDITURES***
***AND CHANGES IN FUND BALANCES***
***BUDGET (GAAP BASIS) AND ACTUAL***
***For the fiscal year ended June 30, 2013***
***(With comparative actual amounts for the fiscal year ended June 30, 2012)***

| | 2013 | | | 2012 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Charges for services | $ 700,000 | $ 710,020 | $ 10,020 | $ 698,602 |
| Interest | 0 | 102 | 102 | 861 |
| Other | 0 | 10,807 | 10,807 | 740 |
| **Total revenues** | 700,000 | 720,929 | 20,929 | 700,203 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Public Safety | | | | |
| Personal Services | 841,313 | 803,487 | 37,826 | 796,733 |
| Contract services | 194,537 | 277,937 | (83,400) | 217,608 |
| Materials and supplies | 21,370 | 30,616 | (9,246) | 24,589 |
| Capital outlay | 0 | 486,566 | (486,566) | 701,889 |
| Debt service | 195,000 | 195,542 | (542) | 195,542 |
| **Total expenditures** | 1,252,220 | 1,794,148 | (541,928) | 1,936,361 |
| Excess (deficiency) of revenues over (under) expenditures | (552,220) | (1,073,219) | (520,999) | (1,236,158) |
| Other financing sources (uses) | | | | |
| Transfers in (out) | | | | |
| General Fund | 356,369 | 722,529 | 366,160 | 527,620 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (195,851) | (350,690) | (154,839) | (708,538) |
| Fund balances, July 1 | 195,851 | 458,969 | 263,118 | 1,167,507 |
| **Fund balances, June 30** | $ 0 | $ 108,279 | $ 108,279 | $ 458,969 |

***HABERSHAM COUNTY, GEORGIA***
***HOTEL/MOTEL TAX SPECIAL REVENUE FUND***
***COMPARATIVE BALANCE SHEETS***
***June 30, 2013 and 2012***

| | 2013 | 2012 |
|---|---|---|
| **ASSETS** | $ 0 | $ 0 |
| **LIABILITIES AND FUND BALANCES** | $ 0 | $ 0 |

***HABERSHAM COUNTY, GEORGIA***
***HOTEL/MOTEL TAX SPECIAL REVENUE FUND***
***SCHEDULE OF REVENUES, EXPENDITURES***
***AND CHANGES IN FUND BALANCES***
***BUDGET (GAAP BASIS) AND ACTUAL***
***For the fiscal year ended June 30, 2013***
***(With comparative actual amounts for the fiscal year ended June 30, 2012)***

| | 2013 | | | 2012 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Taxes | $ 28,000 | $ 41,173 | $ 13,173 | $ 29,775 |
| **Total revenues** | 28,000 | 41,173 | 13,173 | 29,775 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Housing and Development | | | | |
| Contract services | 0 | 0 | 0 | 1,962 |
| Payments to other agencies | 11,200 | 16,469 | (5,269) | 9,948 |
| **Total expenditures** | 11,200 | 16,469 | (5,269) | 11,910 |
| Excess (deficiency) of revenues over (under) expenditures | 16,800 | 24,704 | 7,904 | 17,865 |
| Other financing sources (uses) | | | | |
| Transfers in (out) | | | | |
| General Fund | (16,800) | (24,704) | (7,904) | (17,865) |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 0 | 0 | 0 | 0 |
| Fund balances, July 1 | 0 | 0 | 0 | 0 |
| **Fund balances, June 30** | $ 0 | $ 0 | $ 0 | $ 0 |

***HABERSHAM COUNTY, GEORGIA***
***LAW LIBRARY SPECIAL REVENUE FUND***
***COMPARATIVE BALANCE SHEETS***
***June 30, 2013 and 2012***

| **ASSETS** | **2013** | **2012** |
|---|---|---|
| Cash and cash equivalents | $ 83,538 | $ 65,343 |
| Certificates of deposit | 308,778 | 304,163 |
| **Total assets** | $ 392,316 | $ 369,506 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Fund balances** | | |
| Restricted for judicial | $ 392,316 | $ 369,506 |

***HABERSHAM COUNTY, GEORGIA***
***LAW LIBRARY SPECIAL REVENUE FUND***
***SCHEDULE OF REVENUES, EXPENDITURES***
***AND CHANGES IN FUND BALANCES***
***BUDGET (GAAP BASIS) AND ACTUAL***
***For the fiscal year ended June 30, 2013***
***(With comparative actual amounts for the fiscal year ended June 30, 2012)***

| | 2013 | | | 2012 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Fines, fees, and forfeitures | $ 38,000 | $ 22,652 | $ (15,348) | $ 21,798 |
| Interest | 0 | 4,917 | 4,917 | 4,594 |
| **Total revenues** | 38,000 | 27,569 | (10,431) | 26,392 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Judicial | | | | |
| Personal services | 0 | 2,400 | (2,400) | 2,600 |
| Materials and supplies | 6,000 | 2,359 | 3,641 | 16,245 |
| **Total expenditures** | 6,000 | 4,759 | 1,241 | 18,845 |
| Excess (deficiency) of revenues over (under) expenditures | 32,000 | 22,810 | (9,190) | 7,547 |
| Other financing sources (uses) | | | | |
| Contingency | (32,000) | 0 | 32,000 | 0 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 0 | 22,810 | 22,810 | 7,547 |
| Fund balances, July 1 | 0 | 369,506 | 369,506 | 361,959 |
| **Fund balances, June 30** | $ 0 | $ 392,316 | $ 392,316 | $ 369,506 |

***HABERSHAM COUNTY, GEORGIA***
***DRUG ABUSE TREATMENT SPECIAL REVENUE FUND***
***COMPARATIVE BALANCE SHEETS***
***June 30, 2013 and 2012***

| **ASSETS** | **2013** | **2012** |
|---|---|---|
| Cash and cash equivalents | $ 37,066 | $ 105,753 |
| Intergovernmental receivable | 566 | 304 |
| **Total assets** | $ 37,632 | $ 106,057 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| **Fund balances** | | |
| Restricted for judicial | $ 37,632 | $ 106,057 |

***HABERSHAM COUNTY, GEORGIA***
***DRUG ABUSE TREATMENT SPECIAL REVENUE FUND***
***SCHEDULE OF REVENUES, EXPENDITURES***
***AND CHANGES IN FUND BALANCES***
***BUDGET (GAAP BASIS) AND ACTUAL***
***For the fiscal year ended June 30, 2013***
***(With comparative actual amounts for the fiscal year ended June 30, 2012)***

| | 2013 | | | 2012 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Fines, fees, and forfeitures | $ 33,000 | $ 21,198 | $ (11,802) | $ 31,438 |
| **Total revenues** | 33,000 | 21,198 | (11,802) | 31,438 |
| **EXPENDITURES** | | | | |
| **Total expenditures** | 0 | 0 | 0 | 0 |
| Excess (deficiency) of revenues over (under) expenditures | 33,000 | 21,198 | (11,802) | 31,438 |
| Other financing sources (uses) | | | | |
| Transfers in (out) | | | | |
| General Fund | (33,000) | (89,623) | (56,623) | (129,973) |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and and other financing uses | 0 | (68,425) | (68,425) | (98,535) |
| Fund balances, July 1 | 0 | 106,057 | 106,057 | 204,592 |
| **Fund balances, June 30** | $ 0 | $ 37,632 | $ 37,632 | $ 106,057 |

***HABERSHAM COUNTY, GEORGIA***
***INMATE WELFARE SPECIAL REVENUE FUND***
***COMPARATIVE BALANCE SHEETS***
***June 30, 2013 and 2012***

| **ASSETS** | **2013** | **2012** |
|---|---|---|
| Cash and cash equivalents | $ 5,796 | $ 10,490 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Fund balances** | | |
| Restricted for public safety | $ 5,796 | $ 10,490 |

***HABERSHAM COUNTY, GEORGIA***
***INMATE WELFARE SPECIAL REVENUE FUND***
***SCHEDULE OF REVENUES, EXPENDITURES***
***AND CHANGES IN FUND BALANCES***
***BUDGET (GAAP BASIS) AND ACTUAL***
***For the fiscal year ended June 30, 2013***
***(With comparative actual amounts for the fiscal year ended June 30, 2012)***

| | 2013 | | | 2012 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Charges for services | $ 145,000 | $ 84,061 | $ (60,939) | $ 70,849 |
| **Total revenues** | 145,000 | 84,061 | (60,939) | 70,849 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Public safety | | | | |
| Materials and supplies | 145,000 | 76,090 | 68,910 | 71,472 |
| Capital outlay | 0 | 12,665 | (12,665) | 0 |
| **Total expenditures** | 145,000 | 88,755 | 56,245 | 71,472 |
| Excess (deficiency) of revenues over (under) expenditures | 0 | (4,694) | (4,694) | (623) |
| Fund balances, July 1 | 0 | 10,490 | 10,490 | 11,113 |
| **Fund balances, June 30** | $ 0 | $ 5,796 | $ 5,796 | $ 10,490 |

This page intentionally left blank.

## *DEBT SERVICE FUNDS*

Debt service funds are used to account for the accumulation of resources and payment of general government long-term debt principal and interest from governmental resources.

SPLOST Debt Service Fund – This fund is used to account for the accumulation of resources and payment of general government long-term debt principal and interest financed by special purpose local option sales taxes.

***HABERSHAM COUNTY, GEORGIA***
***SPLOST DEBT SERVICE FUND***
***COMPARATIVE BALANCE SHEETS***
***June 30, 2013 and 2012***

| **ASSETS** | **2013** | **2012** |
|---|---|---|
| Cash and cash equivalents | $ 1,976,823 | $ 1,976,823 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| **Fund balances** | | |
| Restricted for debt service | $ 1,976,823 | $ 1,976,823 |
| **Total liabilities and fund balances** | $ 1,976,823 | $ 1,976,823 |

***HABERSHAM COUNTY, GEORGIA***
***SPLOST DEBT SERVICE FUND***
***SCHEDULE OF REVENUES, EXPENDITURES***
***AND CHANGES IN FUND BALANCES***
***BUDGET (GAAP BASIS) AND ACTUAL***
***For the fiscal year ended June 30, 2013***
***(With comparative actual amounts for the fiscal year ended June 30, 2012)***

| | 2013 | | | 2012 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Taxes | $ 2,347,635 | $ 2,421,281 | $ 73,646 | $ 2,363,989 |
| **Total revenues** | 2,347,635 | 2,421,281 | 73,646 | 2,363,989 |
| **EXPENDITURES** | | | | |
| Debt Service | | | | |
| Principal | 2,225,000 | 2,315,000 | (90,000) | 2,225,000 |
| Interest | 122,635 | 106,281 | 16,354 | 138,989 |
| **Total expenditures** | 2,347,635 | 2,421,281 | (73,646) | 2,363,989 |
| Excess (deficiency) of revenues over (under) expenditures | 0 | 0 | 0 | 0 |
| Fund balances, July 1 | 0 | 1,976,823 | 1,976,823 | 1,976,823 |
| **Fund balances, June 30** | $ 0 | $ 1,976,823 | $ 1,976,823 | $ 1,976,823 |

This page intentionally left blank.

## *CAPITAL PROJECTS FUNDS*

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds).

Special Purpose Local Option Sales Tax #4 Fund – This fund is used to account for long-term projects financed by the 2003 passage of a special purpose local option sales tax.

Special Purpose Local Option Sales Tax #5 Fund – This fund is used to account for long-term projects financed by the 2008 passage of a special purpose local option sales tax.

Capital Improvements Fund – This fund is used to account for general purpose long-term capital projects financed from various revenue sources.

Judicial Center Construction Fund – This fund is used to account for financial resources to be used for the acquisition or construction of a judicial center.

***HABERSHAM COUNTY, GEORGIA***
***SPECIAL PURPOSE LOCAL OPTION SALES TAX #4***
***CAPITAL PROJECTS FUND***
***COMPARATIVE BALANCE SHEETS***
***June 30, 2013 and 2012***

| **ASSETS** | **2013** | **2012** |
|---|---|---|
| Cash and cash equivalents | $ 2,516,808 | $ 3,527,901 |
| Due from other funds | 131,094 | 0 |
| **Total assets** | $ 2,647,902 | $ 3,527,901 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Accounts payable | $ 6,764 | $ 60,375 |
| Intergovernmental payable | 21,570 | 0 |
| Due to other funds | 0 | 15,549 |
| **Total liabilities** | 28,334 | 75,924 |
| **Fund balances** | | |
| Restricted for capital outlay | 2,619,568 | 3,451,977 |
| **Total liabilities and fund balances** | $ 2,647,902 | $ 3,527,901 |

***HABERSHAM COUNTY, GEORGIA***
***SPECIAL PURPOSE LOCAL OPTION SALES TAX #4***
***CAPITAL PROJECTS FUND***
***COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE***
***For the fiscal years ended June 30, 2013 and 2012***

| **REVENUES** | **2013** | **2012** |
|---|---|---|
| Intergovernmental | $ 38,359 | $ 27,981 |
| Interest | 7,682 | 7,361 |
| **Total revenues** | 46,041 | 35,342 |
| **EXPENDITURES** | | |
| Capital outlay | | |
| Public Safety | | |
| Sheriff | 20,528 | 31,261 |
| Jail | 39,326 | 0 |
| Fire | 0 | 18,800 |
| Emergency 911 | 238,976 | 35,091 |
| Public Works | | |
| Roads and Bridges | 71,261 | 457,228 |
| Health and Welfare | | |
| Welfare | 131,094 | 0 |
| Housing and Development | | |
| Airport | 177,674 | 108,743 |
| Intergovernmental | 321,570 | 186,209 |
| **Total expenditures** | 1,000,429 | 837,332 |
| Excess (deficiency) of revenues over (under) expenditures | (954,388) | (801,990) |
| Other financing sources (uses) | | |
| Transfers in (out) | | |
| General Fund | 131,094 | 0 |
| Water and Sewer Fund | (9,115) | 919,778 |
| Total other financing sources (uses) | 121,979 | 919,778 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (832,409) | 117,788 |
| Fund balances, July 1 | 3,451,977 | 3,334,189 |
| **Fund balances, June 30** | $ 2,619,568 | $ 3,451,977 |

***HABERSHAM COUNTY, GEORGIA***
***SPECIAL PURPOSE LOCAL OPTION SALES TAX #5***
***CAPITAL PROJECTS FUND***
***COMPARATIVE BALANCE SHEETS***
***June 30, 2013 and 2012***

| **ASSETS** | **2013** | **2012** |
|---|---|---|
| Cash and cash equivalents | $ 5,956,280 | $ 3,425,513 |
| Certificates of deposit | 2,472,893 | 4,147,807 |
| Investments | 0 | 1,004,330 |
| Receivables | | |
| Taxes | 466,090 | 589,238 |
| Interest | 4,780 | 10,365 |
| Prepaids | 237,636 | 0 |
| **Total assets** | $ 9,137,679 | $ 9,177,253 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Payables | | |
| Accounts | $ 2,062,980 | $ 117,628 |
| Intergovernmental | 152,275 | 173,741 |
| Retainages | 778,322 | 0 |
| **Total liabilities** | 2,993,577 | 291,369 |
| **Fund balances** | | |
| Nonspendable: | | |
| Prepaids | 237,636 | 0 |
| Restricted for capital outlay | 5,906,466 | 8,885,884 |
| **Total fund balances** | 6,144,102 | 8,885,884 |
| **Total liabilities and fund balances** | $ 9,137,679 | $ 9,177,253 |

***HABERSHAM COUNTY, GEORGIA***
***SPECIAL PURPOSE LOCAL OPTION SALES TAX #5***
***CAPITAL PROJECTS FUND***
***COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES***
***AND CHANGES IN FUND BALANCE***
***For the fiscal years ended June 30, 2013 and 2012***

| **REVENUES** | **2013** | **2012** |
|---|---|---|
| Taxes | $ 2,946,081 | $ 3,376,609 |
| Intergovernmental | 452,125 | 0 |
| Interest | 29,422 | 42,265 |
| **Total revenues** | 3,427,628 | 3,418,874 |
| **EXPENDITURES** | | |
| Capital outlay | | |
| General Government | | |
| Information Technology | 0 | 2,412 |
| Judicial | 3,047,309 | 512,223 |
| Public Works | | |
| Roads and Bridges | 2,173,209 | 1,837,351 |
| Culture and Recreation | | |
| Recreation | 16,592 | 260,366 |
| Housing and Development | | |
| Economic Development | 10,585 | 2,911 |
| Intergovernmental | 921,715 | 964,420 |
| **Total expenditures** | 6,169,410 | 3,579,683 |
| Excess (deficiency) of revenues over (under) expenditures | (2,741,782) | (160,809) |
| Fund balances, July 1 | 8,885,884 | 9,046,693 |
| **Fund balances, June 30** | $ 6,144,102 | $ 8,885,884 |

***HABERSHAM COUNTY, GEORGIA***
***CAPITAL IMPROVEMENTS***
***CAPITAL PROJECTS FUND***
***COMPARATIVE BALANCE SHEETS***
***June 30, 2013 and 2012***

| **ASSETS** | **2013** | **2012** |
|---|---|---|
| Restricted cash and cash equivalents | $ 197,484 | $ 409,899 |
| Prepaids | 0 | 202,192 |
| **Total assets** | $ 197,484 | $ 612,091 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Due to other funds | $ 0 | $ 147,380 |
| Liabilities payable from restricted assets | | |
| Accounts payable | 11,051 | 0 |
| **Total liabilities** | 11,051 | 147,380 |
| **Fund balances** | | |
| Nonspendable: | | |
| Prepaids | 0 | 202,192 |
| Restricted for capital outlay | 186,433 | 207,707 |
| Assigned to capital outlay | 0 | 54,812 |
| **Total fund balances** | 186,433 | 464,711 |
| **Total liabilities and fund balances** | $ 197,484 | $ 612,091 |

***HABERSHAM COUNTY, GEORGIA***
***CAPITAL IMPROVEMENTS***
***CAPITAL PROJECTS FUND***
***COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES***
***AND CHANGES IN FUND BALANCE***
***For the fiscal years ended June 30, 2013 and 2012***

| **REVENUES** | **2013** | **2012** |
|---|---|---|
| Intergovernmental | $ 0 | $ 34,907 |
| Interest | 127 | 106 |
| **Total revenues** | 127 | 35,013 |
| **EXPENDITURES** | | |
| Capital outlay | | |
| General Government | | |
| County-Wide | 42,343 | 117 |
| County Buildings & Grounds | 7,300 | 47,675 |
| Information Technology | 0 | 156,998 |
| Judicial | | |
| Magistrate | 25,323 | 0 |
| Public Safety | | |
| Sheriff | 191,489 | 191,388 |
| Jail | 115,777 | 576,566 |
| Fire | 593,591 | 179,843 |
| Ambulance | 378,857 | 92,410 |
| Health and Welfare | | |
| Mental Health | 27,050 | 12,775 |
| Child Welfare | 0 | 2,520 |
| Health Services | 40,150 | 0 |
| Culture and Recreation | | |
| Recreation | 103,492 | 26,852 |
| Library | 7,965 | 0 |
| Housing and Development | | |
| Planning | 49,222 | 0 |
| Intergovernmental | 24,036 | 0 |
| **Total expenditures** | 1,606,595 | 1,287,144 |
| Excess (deficiency) of revenues over (under) expenditures | (1,606,468) | (1,252,131) |
| Other financing sources (uses) | | |
| Transfers in (out) | | |
| General Fund | 708,190 | 375,000 |
| Issuance of capital leases | 620,000 | 829,000 |
| Total other financing sources (uses) | 1,328,190 | 1,204,000 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (278,278) | (48,131) |
| Fund balances, July 1 | 464,711 | 512,842 |
| **Fund balances, June 30** | $ 186,433 | $ 464,711 |

***HABERSHAM COUNTY, GEORGIA***
***JUDICIAL CENTER CONSTRUCTION***
***CAPITAL PROJECTS FUND***
***COMPARATIVE BALANCE SHEETS***
***June 30, 2013 and 2012***

| **ASSETS** | **2013** | **2012** |
|---|---|---|
| Cash and cash equivalents | $ 0 | $ 9,475,478 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Accounts payable | $ 0 | $ 624,069 |
| Retainages payable | 0 | 125,604 |
| **Total liabilities** | 0 | 749,673 |
| **Fund balances** | | |
| Restricted for capital outlay | 0 | 8,725,805 |
| **Total liabilities and fund balances** | $ 0 | $ 9,475,478 |

***HABERSHAM COUNTY, GEORGIA***
***JUDICIAL CENTER CONSTRUCTION***
***CAPITAL PROJECTS FUND***
***COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES***
***AND CHANGES IN FUND BALANCE***
***For the fiscal years ended June 30, 2013 and 2012***

| **REVENUES** | **2013** | **2012** |
|---|---|---|
| Interest | $ 527 | $ 8,960 |
| **Total revenues** | 527 | 8,960 |
| **EXPENDITURES** | | |
| Capital outlay | | |
| Judicial | 8,726,332 | 1,303,512 |
| **Total expenditures** | 8,726,332 | 1,303,512 |
| Excess (deficiency) of revenues over (under) expenditures | (8,725,805) | (1,294,552) |
| Other financing sources (uses) | | |
| Issuance of bonds | 0 | 0 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (8,725,805) | (1,294,552) |
| Fund balances, July 1 | 8,725,805 | 10,020,357 |
| **Fund balances, June 30** | $ 0 | $ 8,725,805 |

This page intentionally left blank.

## *ENTERPRISE FUNDS*

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are self-supporting in nature where the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

Water and Sewer Fund - Used to account for activities connected with the development, operation and maintenance of water and sewer services in Habersham County.

Landfill Fund – This fund is used to account for activities connected with the disposal of residential and commercial solid waste at the County's solid waste transfer station.

Transit Fund – This fund is used to account for activities of the County's on-call bus service, available to any County resident.

***HABERSHAM COUNTY, GEORGIA***
***WATER AND SEWER ENTERPRISE FUND***
***COMPARATIVE STATEMENTS OF NET POSITION***
***June 30, 2013 and 2012***

| | 2013 | 2012 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ 49,565 | $ 52,109 |
| Accounts receivable | 42,594 | 17,837 |
| Restricted assets | | |
| Cash and cash equivalents | 27,851 | 26,726 |
| Total current assets | 120,010 | 96,672 |
| **Capital assets** | | |
| Construction in progress | 0 | 47,085 |
| Distribution system | 0 | 10,558,667 |
| Vehicles | 32,665 | 32,665 |
| Accumulated depreciation | (32,665) | (1,897,104) |
| Total capital assets (net of accumulated depreciation) | 0 | 8,741,313 |
| **Total assets** | 120,010 | 8,837,985 |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Payables | | |
| Accounts | 13,146 | 21,685 |
| Intergovernmental | 8,009 | 6,926 |
| Accrued salaries | 1,292 | 1,264 |
| Compensated absences | 6,021 | 5,631 |
| Due to other funds | 3,525 | 8,925 |
| Liabilities payable from restricted assets | | |
| Customer deposits | 27,851 | 26,726 |
| **Total liabilities** | 59,844 | 71,157 |
| **NET POSITION** | | |
| Net investment in capital assets | 0 | 8,727,713 |
| Unrestricted | 60,166 | 39,115 |
| **Total net position** | $ 60,166 | $ 8,766,828 |

***HABERSHAM COUNTY, GEORGIA***
***WATER AND SEWER ENTERPRISE FUND***
***COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION***
***For the fiscal years ended June 30, 2013 and 2012***

| **OPERATING REVENUES** | **2013** | **2012** |
|---|---|---|
| Charges for sales and services | $ 247,306 | $ 238,304 |
| **Total operating revenues** | 247,306 | 238,304 |
| **OPERATING EXPENSES** | | |
| Costs of sales and services | 160,623 | 284,157 |
| Personal services | 44,918 | 50,201 |
| Depreciation | 260,944 | 264,953 |
| **Total operating expenses** | 466,485 | 599,311 |
| Operating income (loss) | (219,179) | (361,007) |
| Non-operating revenues (expenses) | | |
| Interest revenue | 7 | 392 |
| Gain (loss) on sale of assets | (60,685) | (19,088) |
| Total non-operating revenues (expenses) | (60,678) | (18,696) |
| Net income (loss) before special items and transfers | (279,857) | (379,703) |
| Special items | | |
| Transfer of water system to City of Demorest | (8,413,285) | 0 |
| Net income (loss) before transfers | (8,693,142) | (379,703) |
| Transfers in (out) | | |
| General Fund | (22,635) | (22,300) |
| SPLOST 4 Fund | 9,115 | (919,778) |
| Total transfers in (out) | (13,520) | (942,078) |
| Change in net position | (8,706,662) | (1,321,781) |
| Net position, July 1 | 8,766,828 | 10,088,609 |
| **Net position, June 30** | $ 60,166 | $ 8,766,828 |

***HABERSHAM COUNTY, GEORGIA***
***WATER AND SEWER ENTERPRISE FUND***
***COMPARATIVE STATEMENTS OF CASH FLOWS***
***For the fiscal years ended June 30, 2013 and 2012***

| | 2013 | 2012 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Receipts from customers | $ 223,674 | $ 247,955 |
| Payments to suppliers | (154,479) | (290,654) |
| Payments to employees | (44,500) | (46,568) |
| Net cash provided (used) by operating activities | 24,695 | (89,267) |
| **Cash flows from non-capital financing activities:** | | |
| Payments to other funds | (28,035) | (24,321) |
| **Cash flows from capital and related financing activities:** | | |
| Receipts from other funds | 9,115 | 0 |
| Payments to other funds | 0 | (919,778) |
| Acquisition of capital assets | (3,399) | 0 |
| Payment of capital related accounts payable | (13,600) | (7,000) |
| Proceeds from sale of capital assets | 9,798 | 1,906 |
| Net cash provided (used) by capital and related financing activities | 1,914 | (924,872) |
| **Cash flows from investing activities:** | | |
| Interest received | 7 | 392 |
| Net increase (decrease) in cash and cash equivalents | (1,419) | (1,038,068) |
| Cash and cash equivalents, July 1 | 78,835 | 1,116,903 |
| **Cash and cash equivalents, June 30** | $ 77,416 | $ 78,835 |
| **Reconciliation of operating income (loss) to net cash provided (used) by operating activities:** | | |
| Operating income (loss) | $ (219,179) | $ (361,007) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation expense | 260,944 | 264,953 |
| (Increase) decrease in accounts receivable | (24,757) | 7,901 |
| Increase (decrease) in accounts payable | 5,061 | (1,401) |
| Increase (decrease) in intergovernmental payable | 1,083 | (5,096) |
| Increase (decrease) in deposits payable | 1,125 | 1,750 |
| Increase (decrease) in accrued payroll liabilities | 418 | 3,633 |
| Total adjustments | 243,874 | 271,740 |
| Net cash provided (used) by operating activities | $ 24,695 | $ (89,267) |

**Noncash capital and related financing activities:**

Acquisition of capital assets through accounts payable totaled $0 and $13,600 for the fiscal years ended June 30, 2013 and June 30, 2012, respectively.

Distributions of capital assets to other governments totaled $8,413,285 and $0 for the fiscal years ended June 30, 2013 and June 30, 2012, respectively.

***HABERSHAM COUNTY, GEORGIA***
***LANDFILL ENTERPRISE FUND***
***COMPARATIVE STATEMENTS OF NET POSITION***
***June 30, 2013 and 2012***

| | 2013 | 2012 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ 590,796 | $ 800,431 |
| Certificates of deposit | 588,784 | 588,946 |
| Accounts receivable (net) | 169,737 | 223,163 |
| Interest receivable | 1,897 | 1,927 |
| Total current assets | 1,351,214 | 1,614,467 |
| **Capital assets** | | |
| Construction in progress | 0 | 58,768 |
| Land | 665,702 | 665,702 |
| Land improvements | 7,816,939 | 7,577,053 |
| Buildings | 33,365 | 33,365 |
| Machinery and equipment | 1,815,665 | 1,815,665 |
| Vehicles | 65,677 | 65,677 |
| Accumulated depreciation | (5,887,282) | (5,396,734) |
| Total capital assets (net of accumulated depreciation) | 4,510,066 | 4,819,496 |
| **Total assets** | 5,861,280 | 6,433,963 |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Payables | | |
| Accounts | 36,359 | 54,056 |
| Intergovernmental | 40 | 2,818 |
| Retainages | 0 | 2,230 |
| Accrued salaries | 14,901 | 11,654 |
| Compensated absences | 26,113 | 23,865 |
| Due to other funds | 55,872 | 108,592 |
| Total current liabilities | 133,285 | 203,215 |
| **Long-term liabilities** | | |
| Capital leases payable | 222,870 | 264,084 |
| Post-closure care | 2,817,123 | 2,748,825 |
| Total long-term liabilities | 3,039,993 | 3,012,909 |
| **Total liabilities** | 3,173,278 | 3,216,124 |
| **NET POSITION** | | |
| Net investment in capital assets | 4,287,196 | 4,541,392 |
| Unrestricted | (1,599,194) | (1,323,553) |
| **Total net position** | $ 2,688,002 | $ 3,217,839 |

***HABERSHAM COUNTY, GEORGIA***
***LANDFILL ENTERPRISE FUND***
***COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION***
***For the fiscal years ended June 30, 2013 and 2012***

| **OPERATING REVENUES** | **2013** | **2012** |
|---|---|---|
| Charges for sales and services | $ 813,854 | $ 1,020,647 |
| Miscellaneous revenues | 51 | 1,762 |
| **Total operating revenues** | 813,905 | 1,022,409 |
| **OPERATING EXPENSES** | | |
| Costs of sales and services | 391,472 | 510,295 |
| Personal services | 370,466 | 328,367 |
| Depreciation | 490,548 | 525,680 |
| **Total operating expenses** | 1,252,486 | 1,364,342 |
| Operating income (loss) | (438,581) | (341,933) |
| Non-operating revenues (expenses) | | |
| Interest revenue | 2,111 | 21,095 |
| Interest expense | (8,817) | (5,903) |
| Gain (loss) on sale of assets | 0 | (47,002) |
| Total non-operating revenues (expenses) | (6,706) | (31,810) |
| Net income (loss) before transfers | (445,287) | (373,743) |
| Transfer in (out) | | |
| General Fund | (84,550) | (83,300) |
| Change in net position | (529,837) | (457,043) |
| Net position, July 1 | 3,217,839 | 3,674,882 |
| **Net position, June 30** | $ 2,688,002 | $ 3,217,839 |

***HABERSHAM COUNTY, GEORGIA***
***LANDFILL ENTERPRISE FUND***
***COMPARATIVE STATEMENTS OF CASH FLOWS***
***For the fiscal years ended June 30, 2013 and 2012***

| | 2013 | 2012 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Receipts from customers | $ 867,280 | $ 1,127,999 |
| Payments to suppliers | (331,859) | (315,310) |
| Payments to employees | (364,971) | (330,907) |
| Other receipts | 51 | 1,762 |
| Net cash provided (used) by operating activities | 170,501 | 483,544 |
| **Cash flows from non-capital financing activities:** | | |
| Receipts from other funds | 0 | 64,092 |
| Payments to other funds | (137,270) | (83,300) |
| Net cash provided (used) by non-capital financing activities | (137,270) | (19,208) |
| **Cash flows from capital and related financing activities:** | | |
| Acquisition of capital assets | (181,118) | (355,094) |
| Payment of capital related accounts payable | (14,020) | (45,050) |
| Proceeds from sale of capital assets | 0 | 106,931 |
| Proceeds from issuance of capital leases | 0 | 310,346 |
| Principal payments - capital leases | (41,214) | (197,589) |
| Interest paid | (8,817) | (9,597) |
| Net cash provided (used) by capital and related financing activities | (245,169) | (190,053) |
| **Cash flows from investing activities:** | | |
| Interest received | 2,303 | 21,271 |
| Proceeds from maturity of certificates of deposit | 0 | 248,000 |
| Purchases of certificates of deposit | 0 | (8,946) |
| Net cash provided (used) by investing activities | 2,303 | 260,325 |
| Net increase (decrease) in cash and cash equivalents | (209,635) | 534,608 |
| Cash and cash equivalents, July 1 | 800,431 | 265,823 |
| **Cash and cash equivalents, June 30** | $ 590,796 | $ 800,431 |

***HABERSHAM COUNTY, GEORGIA***
***LANDFILL ENTERPRISE FUND***
***COMPARATIVE STATEMENTS OF CASH FLOWS***
***For the fiscal years ended June 30, 2013 and 2012***

| | 2013 | 2012 |
|---|---|---|
| **Reconciliation of operating income (loss) to net cash provided (used) by operating activities:** | | |
| Operating income (loss) | $ (438,581) | $ (341,933) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation expense | 490,548 | 525,680 |
| Closure/postclosure costs | 68,298 | 177,995 |
| (Increase) decrease in accounts receivable | 53,426 | 107,352 |
| Increase (decrease) in accounts payable | (5,907) | 14,172 |
| Increase (decrease) in intergovernmental payable | (2,778) | 2,818 |
| Increase (decrease) in accrued payroll liabilities | 5,495 | (2,540) |
| Total adjustments | 609,082 | 825,477 |
| Net cash provided (used) by operating activities | $ 170,501 | $ 483,544 |

**Noncash capital and related financing activities:**

Acquisition of capital assets through accounts payable totaled $0 and $11,790 for the fiscal years ended June 30, 2013 and June 30, 2012, respectively.

Acquisition of capital assets through retainages payable totaled $0 and $2,230 for the fiscal years ended June 30, 2013 and June 30, 2012, respectively.

# *HABERSHAM COUNTY, GEORGIA*
# *TRANSIT ENTERPRISE FUND*
# *COMPARATIVE STATEMENTS OF NET POSITION*
# *June 30, 2013 and 2012*

| | 2013 | 2012 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Accounts receivable | $ 817 | $ 173 |
| Intergovernmental receivable | 5,131 | 29,946 |
| Due from other funds | 0 | 15,549 |
| Total current assets | 5,948 | 45,668 |
| **Capital assets** | | |
| Vehicles | 45,200 | 45,200 |
| Accumulated depreciation | (23,653) | (14,613) |
| Total capital assets (net of accumulated depreciation) | 21,547 | 30,587 |
| **Total assets** | 27,495 | 76,255 |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Accounts payable | 758 | 29 |
| Accrued salaries | 970 | 970 |
| Compensated absences | 4,089 | 4,154 |
| Due to other funds | 4,353 | 33,519 |
| **Total liabilities** | 10,170 | 38,672 |
| **NET POSITION** | | |
| Investment in capital assets | 21,547 | 30,587 |
| Unrestricted | (4,222) | 6,996 |
| **Total net position** | $ 17,325 | $ 37,583 |

***HABERSHAM COUNTY, GEORGIA***
***TRANSIT ENTERPRISE FUND***
***COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION***
***For the fiscal years ended June 30, 2013 and 2012***

| **OPERATING REVENUES** | **2013** | **2012** |
|---|---|---|
| Charges for sales and services | $ 6,917 | $ 7,726 |
| **Total operating revenues** | 6,917 | 7,726 |
| **OPERATING EXPENSES** | | |
| Costs of sales and services | 20,192 | 18,925 |
| Personal services | 42,986 | 43,797 |
| Depreciation | 9,040 | 9,065 |
| **Total operating expenses** | 72,218 | 71,787 |
| Operating income (loss) | (65,301) | (64,061) |
| Non-operating revenues (expenses) | | |
| Intergovernmental revenue | 27,143 | 29,945 |
| Net income (loss) before tranfers | (38,158) | (34,116) |
| Transfers in (out) | | |
| General Fund | 17,900 | 18,339 |
| Change in net position | (20,258) | (15,777) |
| Net position, July 1 | 37,583 | 53,360 |
| **Net position, June 30** | $ 17,325 | $ 37,583 |

***HABERSHAM COUNTY, GEORGIA***
***TRANSIT ENTERPRISE FUND***
***COMPARATIVE STATEMENTS OF CASH FLOWS***
***For the fiscal years ended June 30, 2013 and 2012***

| | 2013 | 2012 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Receipts from customers | $ 6,273 | $ 7,553 |
| Payments to suppliers | (19,463) | (18,896) |
| Payments to employees | (43,051) | (41,837) |
| Net cash provided (used) by operating activities | (56,241) | (53,180) |
| **Cash flows from non-capital financing activities:** | | |
| Receipts from other governments | 51,958 | 13,018 |
| Receipts from other funds | 33,449 | 40,162 |
| Payments to other funds | (29,166) | 0 |
| Net cash provided (used) by non-capital financing activities | 56,241 | 53,180 |
| Net increase (decrease) in cash and cash equivalents | 0 | 0 |
| Cash and cash equivalents, July 1 | 0 | 0 |
| **Cash and cash equivalents, June 30** | $ 0 | $ 0 |
| **Reconciliation of operating income (loss) to net cash provided (used) by operating activities:** | | |
| Operating income (loss) | $ (65,301) | $ (64,061) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation expense | 9,040 | 9,065 |
| (Increase) decrease in accounts receivable | (644) | (173) |
| Increase (decrease) in accounts payable | 729 | 29 |
| Increase (decrease) in accrued payroll liabilities | (65) | 1,960 |
| Total adjustments | 9,060 | 10,881 |
| Net cash provided (used) by operating activities | $ (56,241) | $ (53,180) |

This page intentionally left blank.

## *INTERNAL SERVICE FUNDS*

Internal service funds are used to account for the financing of goods and services provided to the departments of the government on a cost reimbursement basis.

IT and Communications Trust Internal Service Fund – This fund is used to account for the cost of providing data and communications services county wide.

***HABERSHAM COUNTY, GEORGIA***
***IT AND COMMUNICATIONS TRUST INTERNAL SERVICE FUND***
***COMPARATIVE STATEMENTS OF NET POSITION***
***June 30, 2013 and 2012***

| | 2013 | 2012 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ 0 | $ 49,300 |
| Accounts receivable | 0 | 550 |
| **Total assets** | 0 | 49,850 |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Accounts payable | 0 | 49,850 |
| **Total liabilities** | 0 | 49,850 |
| **NET POSITION** | | |
| Unrestricted | 0 | 0 |
| **Total net position** | $ 0 | $ 0 |

***HABERSHAM COUNTY, GEORGIA***
***IT AND COMMUNICATIONS TRUST INTERNAL SERVICE FUND***
***COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION***
***For the fiscal years ended June 30, 2013 and 2012***

| **OPERATING REVENUES** | **2013** | **2012** |
|---|---|---|
| Miscellaneous revenues | $ 0 | $ 49,850 |
| **Total operating revenues** | 0 | 49,850 |
| **OPERATING EXPENSES** | | |
| Costs of sales and services | 0 | 49,850 |
| **Total operating expenses** | 0 | 49,850 |
| Change in net position | 0 | 0 |
| Net position, July 1 | 0 | 0 |
| **Net position, June 30** | $ 0 | $ 0 |

***HABERSHAM COUNTY, GEORGIA***
***IT AND COMMUNICATIONS TRUST INTERNAL SERVICE FUND***
***COMPARATIVE STATEMENTS OF CASH FLOWS***
***For the fiscal year ended June 30, 2013 and 2012***

| | 2013 | 2012 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Payments to suppliers | $ (49,850) | $ 0 |
| Other receipts | 550 | 49,300 |
| Net increase (decrease) in cash and cash equivalents | (49,300) | 49,300 |
| Cash and cash equivalents, July 1 | 49,300 | 0 |
| **Cash and cash equivalents, June 30** | $ 0 | $ 49,300 |
| **Reconciliation of operating income (loss) to net cash provided (used) by operating activities:** | | |
| Operating income (loss) | $ 0 | $ 0 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| (Increase) decrease in accounts receivable | 550 | (550) |
| Increase (decrease) in accounts payable | (49,850) | 49,850 |
| Total adjustments | (49,300) | 49,300 |
| Net cash provided (used) by operating activities | $ (49,300) | $ 49,300 |

***AGENCY FUNDS***

These funds are used to account for assets held by the County as an agent to be expended in accordance with the conditions of its agency capacity.

Tax Commissioner - This fund accounts for assets and related liabilities for the collection of taxes and tag and title fees.

Magistrate Court, Probate Court, Juvenile Court and Clerk of Court - These funds account for assets and related liabilities for the collection of court related fees.

Sheriff Department - This fund accounts for deposits held for incarcerated inmates.

***HABERSHAM COUNTY, GEORGIA***
***AGENCY FUNDS***
***COMBINING BALANCE SHEET***
***June 30, 2013***

| | Tax Commissioner | Magistrate Court |
|---|---|---|
| **ASSETS** | | |
| Cash | $ 516,833 | $ 15,201 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Due to other agencies | $ 516,833 | $ 15,201 |

| Probate Court | Juvenile Court | Clerk of Court | Sheriff Department | Totals |
|---|---|---|---|---|
| $ 994 | $ 213 | $ 443,229 | $ 92,040 | $ 1,068,510 |
| $ 994 | $ 213 | $ 443,229 | $ 92,040 | $ 1,068,510 |

This page intentionally left blank.

## *HABERSHAM COUNTY, GEORGIA*
## *AGENCY FUNDS*
## *STATEMENT OF CHANGES IN ASSETS AND LIABILITIES*
## *For the fiscal year ended June 30, 2013*

| | Balance July 1 | Additions | Deletions | Balance June 30 |
|---|---|---|---|---|
| **TAX COMMISSIONER** | | | | |
| ASSETS | | | | |
| Cash | $ 314,058 | $ 30,688,383 | $ 30,485,608 | $ 516,833 |
| LIABILITIES | | | | |
| Due to other agencies | $ 314,058 | $ 30,688,383 | $ 30,485,608 | $ 516,833 |
| **MAGISTRATE COURT** | | | | |
| ASSETS | | | | |
| Cash | $ 16,149 | $ 404,905 | $ 405,853 | $ 15,201 |
| LIABILITIES | | | | |
| Due to other agencies | $ 16,149 | $ 404,905 | $ 405,853 | $ 15,201 |
| **PROBATE COURT** | | | | |
| ASSETS | | | | |
| Cash | $ 8,656 | $ 220,253 | $ 227,915 | $ 994 |
| LIABILITIES | | | | |
| Due to other agencies | $ 8,656 | $ 220,253 | $ 227,915 | $ 994 |
| **JUVENILE COURT** | | | | |
| ASSETS | | | | |
| Cash | $ 213 | $ 1,433 | $ 1,433 | $ 213 |
| LIABILITIES | | | | |
| Due to other agencies | $ 213 | $ 1,433 | $ 1,433 | $ 213 |
| **CLERK OF COURT** | | | | |
| ASSETS | | | | |
| Cash | $ 357,144 | $ 1,878,822 | $ 1,792,737 | $ 443,229 |
| LIABILITIES | | | | |
| Due to other agencies | $ 357,144 | $ 1,878,822 | $ 1,792,737 | $ 443,229 |
| **SHERIFF DEPARTMENT** | | | | |
| ASSETS | | | | |
| Cash | $ 91,578 | $ 245,028 | $ 244,566 | $ 92,040 |
| LIABILITIES | | | | |
| Due to other agencies | $ 91,578 | $ 245,028 | $ 244,566 | $ 92,040 |
| **TOTALS** | | | | |
| ASSETS | | | | |
| Cash | $ 787,798 | $ 33,438,824 | $ 33,158,112 | $ 1,068,510 |
| LIABILITIES | | | | |
| Due to other agencies | $ 787,798 | $ 33,438,824 | $ 33,158,112 | $ 1,068,510 |

This page intentionally left blank.

***COMPONENT UNITS***

Mountain Judicial Circuit NCIS Team – This component unit is used to account for the activities of the Mountain Judicial Circuit NCIS Team, which exists to promote a coordinated drug enforcement effort throughout the area and to encourage maximum cooperation among all enforcement and prosecuting agencies therein. The NCIS Team is a coordinated effort involving Habersham, Stephens and Rabun Counties.

Habersham County Development Authority – This component unit is used to account for the activities of the Habersham County Development Authority, which exists to promote business development in the County.

Habersham County Airport Authority – This component unit is used to account for the activities of the Habersham County Airport Authority, which exists for the establishment, maintenance, and operation of a unified and coordinated airport system in Habersham County.

***HABERSHAM COUNTY, GEORGIA***
***MOUNTAIN JUDICIAL CIRCUIT NCIS TEAM (A COMPONENT UNIT)***
***COMPARATIVE BALANCE SHEETS***
***June 30, 2013 and 2012***

| **ASSETS** | **2013** | **2012** |
|---|---|---|
| Cash and cash equivalents | $ 203,245 | $ 222,784 |
| Receivables | | |
| Accounts | 1,614 | 90 |
| Intergovernmental | 71,104 | 102,600 |
| **Total assets** | $ 275,963 | $ 325,474 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Accounts payable | $ 0 | $ 8,288 |
| Unearned revenue | 44,951 | 0 |
| Due to other agencies | 81,134 | 131,450 |
| **Total liabilities** | 126,085 | 139,738 |
| **Fund balances** | | |
| Restricted for public safety | 149,878 | 185,736 |
| **Total liabilities and fund balances** | $ 275,963 | $ 325,474 |

***HABERSHAM COUNTY, GEORGIA***
***MOUNTAIN JUDICIAL CIRCUIT NCIS TEAM (A COMPONENT UNIT)***
***SCHEDULE OF REVENUES, EXPENDITURES***
***AND CHANGES IN FUND BALANCE***
***BUDGET (GAAP BASIS) AND ACTUAL***
***For the fiscal year ended June 30, 2013***
***(With comparative actual amounts for the fiscal year ended June 30, 2012)***

| | 2013 | | | 2012 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Intergovernmental | $ 194,989 | $ 166,507 | $ (28,482) | $ 337,314 |
| Forfeitures | 115,340 | 75,574 | (39,766) | 188,013 |
| **Total revenues** | 310,329 | 242,081 | (68,248) | 525,327 |
| **EXPENDITURES** | | | | |
| **Current** | | | | |
| **Public Safety** | | | | |
| Personal services | 194,989 | 146,999 | 47,990 | 244,753 |
| Contract services | 17,800 | 5,351 | 12,449 | 16,930 |
| Supplies and materials | 46,300 | 33,285 | 13,015 | 87,892 |
| Capital outlay | 7,350 | 68,325 | (60,975) | 0 |
| Payments to other agencies | 43,890 | 25,554 | 18,336 | 64,894 |
| **Total expenditures** | 310,329 | 279,514 | 30,815 | 414,469 |
| Excess (deficiency) of revenues over (under) expenditures | 0 | (37,433) | (37,433) | 110,858 |
| Other financing sources (uses) | | | | |
| Proceeds from the sale of assets | 0 | 1,575 | 1,575 | 0 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 0 | (35,858) | (35,858) | 110,858 |
| Fund balances, July 1 | 0 | 185,736 | 185,736 | 74,878 |
| **Fund balances, June 30** | $ 0 | $ 149,878 | $ 149,878 | $ 185,736 |

# *HABERSHAM COUNTY, GEORGIA*
# *DEVELOPMENT AUTHORITY (A COMPONENT UNIT)*
# *COMPARATIVE BALANCE SHEETS*
# *June 30, 2013 and 2012*

| **ASSETS** | **2013** | **2012** |
|---|---|---|
| Cash and cash equivalents | $ 203,975 | $ 315,335 |
| Restricted cash and cash equivalents | 300,001 | 0 |
| **Total assets** | $ 503,976 | $ 315,335 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Current liabilities** | | |
| Intergovernmental payable | $ 8,450 | $ 8,450 |
| **Fund balances** | | |
| Restricted for capital outlay | 300,001 | 0 |
| Assigned to housing and development | 98,170 | 184,965 |
| Assigned to subsequent year's budget | 97,355 | 121,920 |
| **Total fund balances** | 495,526 | 306,885 |
| **Total liabilities and fund balances** | $ 503,976 | $ 315,335 |

***HABERSHAM COUNTY, GEORGIA***
***DEVELOPMENT AUTHORITY (A COMPONENT UNIT)***
***COMPARATIVE SCHEDULES OF REVENUES, EXPENDITURES***
***AND CHANGES IN FUND BALANCE***
***For the fiscal years ended June 30, 2013 and 2012***

| **REVENUES** | **2013** | **2012** |
|---|---|---|
| Intergovernmental | $ 344,036 | $ 0 |
| Interest | 25 | 270 |
| Rents | 15,321 | 0 |
| Micellaneous | 7,833 | 0 |
| **Total revenues** | 367,215 | 270 |
| **EXPENDITURES** | | |
| **Current** | | |
| **Housing and Development** | | |
| Contract services | 32,059 | 18,751 |
| Materials and supplies | 3,041 | 2,176 |
| Capital outlay | 44,036 | 0 |
| Debt service | 99,438 | 117,138 |
| **Total expenditures** | 178,574 | 138,065 |
| Excess (deficiency) of revenues over (under) expenditures | 188,641 | (137,795) |
| Fund balances, July 1 | 306,885 | 444,680 |
| **Fund balances, June 30** | $ 495,526 | $ 306,885 |

# *HABERSHAM COUNTY, GEORGIA*
# *AIRPORT AUTHORITY (A COMPONENT UNIT)*
# *COMPARATIVE BALANCE SHEETS*
# *June 30, 2013 and 2012*

| **ASSETS** | **2013** | **2012** |
|---|---|---|
| Cash and cash equivalents | $ 490 | $ 0 |
| Intergovernmental receivable | 8,450 | 8,450 |
| | $ 8,940 | $ 8,450 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Current liabilities** | | |
| Accounts payable | $ 747 | $ 784 |
| Intergovernmental payable | 4,869 | 5,439 |
| **Total liabilities** | 5,616 | 6,223 |
| **Fund balances** | | |
| Assigned to subsequent year's budget | 3,324 | 2,227 |
| **Total liabilities and fund balances** | $ 8,940 | $ 8,450 |

***HABERSHAM COUNTY, GEORGIA***
***AIRPORT AUTHORITY (A COMPONENT UNIT)***
***COMPARATIVE SCHEDULES OF REVENUES, EXPENDITURES***
***AND CHANGES IN FUND BALANCE***
***For the fiscal years ended June 30, 2013 and 2012***

| **REVENUES** | **2013** | **2012** |
|---|---|---|
| Rents | $ 8,100 | $ 16,550 |
| Intergovernmental | 3,284 | 14,050 |
| **Total revenues** | 11,384 | 30,600 |
| **EXPENDITURES** | | |
| **Current** | | |
| **Housing and Development** | | |
| Contract services | 5,736 | 23,079 |
| Materials and supplies | 4,551 | 5,294 |
| **Total expenditures** | 10,287 | 28,373 |
| Excess (deficiency) of revenues over (under) expenditures | 1,097 | 2,227 |
| Fund balances, July 1 | 2,227 | 0 |
| **Fund balances, June 30** | $ 3,324 | $ 2,227 |

This page intentionally left blank.

## *OTHER SUPPLEMENTARY INFORMATION (UNAUDITED)*

This section contains various supplemental information provided by Habersham County.

# Officials of Habersham County

## Board of County Commissioners

**District 1** – Sonny James, Vice Chairman
**District 2** – Andrea Harper
**District 3** – Chad Henderson, Chairman
**District 4** – Natalie Crawford
**District 5** – Ed Nichols

## Administration

**County Manager** – Phillip Sutton
**Finance Officer** – Michael Barden

## Elected Officials

**Sheriff -** Joey Terrell
**Chief Magistrate -** James N. Butterworth
**Tax Commissioner -** June Black
**Clerk of the Court -** David Wall
**Coroner -** Kasey C. McEntire
**State Court Solicitor -** William R. Oliver
**State Court Judge -** M. Steve Campbell
**Probate Judge -** Pamela F. Wooley

# **HABERSHAM** COUNTY Organizational Chart

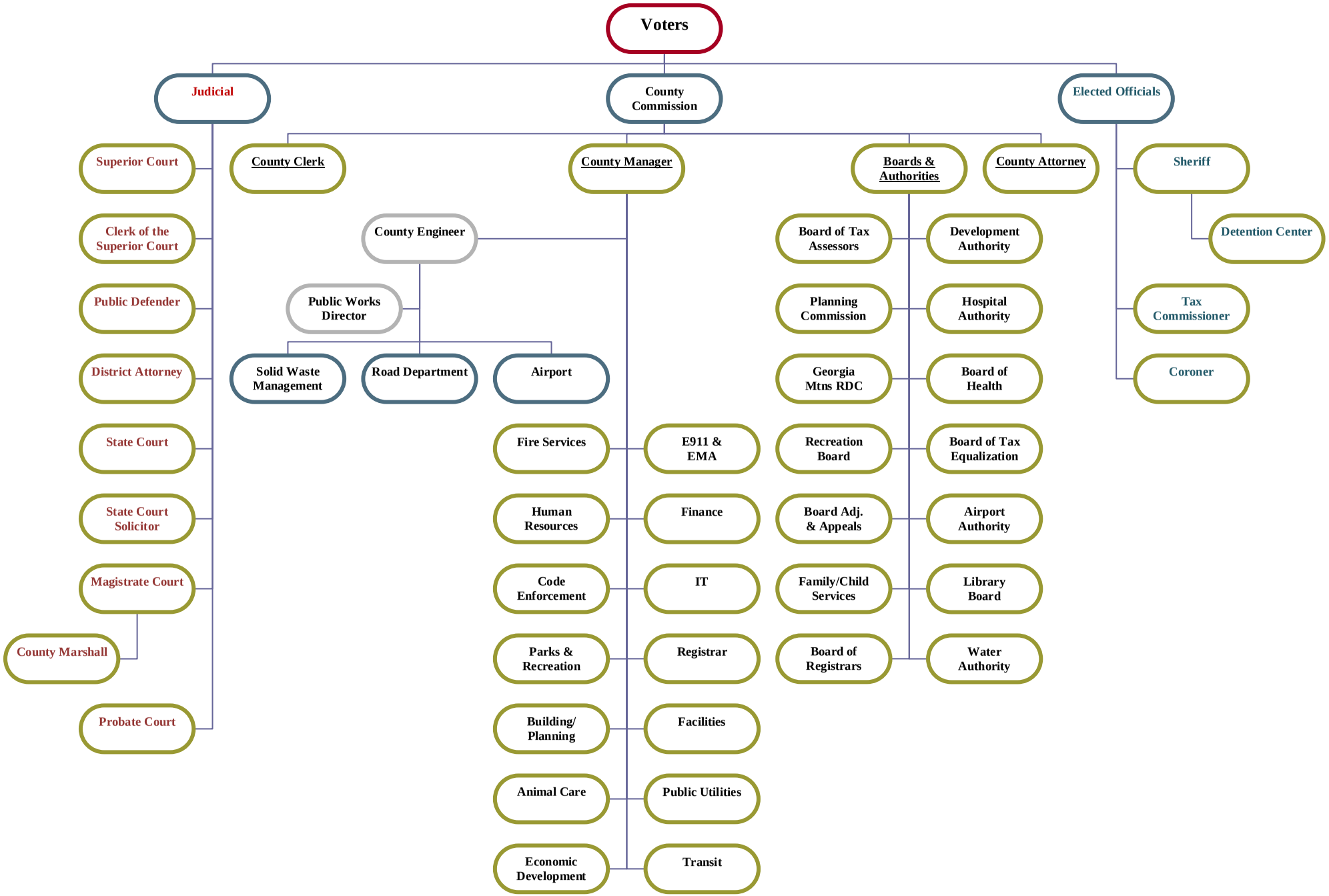



Exhibit K-2

This page intentionally left blank.

***SINGLE AUDIT SECTION***

This section contains reports required by OMB A-133 and grantor agencies.

This page intentionally left blank.

RUSHTON & COMPANY

**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***

Honorable Chairman and Members
of the Board of Commissioners
Habersham County, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Habersham County, Georgia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Habersham County, Georgia's basic financial statements and have issued our report thereon dated November 21, 2013.

**Internal Control over Financial Reporting**

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

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 over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as comments 13-1 through 13-7 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as comments 13-8 through 13-10 to be significant deficiencies.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Habersham County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as comments 13-11 through 13-12.

**Habersham County, Georgia's Response to Findings**

Habersham County, Georgia's response to the findings identified in our audit is in the accompanying schedule of findings and questioned costs. Habersham 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**

This report is intended 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 Habersham County, Georgia's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rushton & Company, LLC*

Certified Public Accountants

Gainesville, Georgia
November 21, 2013

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

Honorable Chairman and Members
of the Board of Commissioners
Habersham County, Georgia

### Report on Compliance for Each Major Federal Program

We have audited Habersham County, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Habersham County, Georgia's major federal programs for the year ended June 30, 2013. Habersham County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

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

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Habersham County, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Habersham County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### Opinion on Each Major Federal Program

In our opinion, Habersham County, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2013.

**Report on Internal Control over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Purpose of this Report**

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

*Rushton & Company, LLC*

Certified Public Accountants

Gainesville, Georgia
November 21, 2013

# *HABERSHAM COUNTY, GEORGIA*
# *SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*
# *For the Fiscal Year Ended June 30, 2013*

| Federal Grant/Pass-Through Grantor/Program Title | Federal CFDA Number | Pass-Through Number | Expenditures |
|---|---|---|---|
| **Department of Agriculture** | | | |
| Passed through the Georgia Office of the State Treasury | | | |
| Schools and Roads - Grants to States | 10.665 | FY2012 | $ 37,644 |
| **U.S. Department of Justice** | | | |
| Equitable Sharing for State and Local Law Enforcement Agencies | 16.000 | N/A | 33,014 |
| Passed through the Council of Juvenile Court Judges of Georgia | | | |
| Juvenile Accountability Block Grant | 16.523 | JB-09ST-004 | 1,055 |
| Passed through the Criminal Justice Coordinating Council: | | | |
| Victims of Crime Act Assistance Grant Program | 16.575 | C11-8-067 | 17,948 |
| | | C12-8-069 | 62,473 |
| | | | 80,421 |
| Violence Against Women Formula Grants | 16.588 | W-11-8-034 | 50,671 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | B11-8-044 | 83,465 |
| | | B12-8-017 | 63,018 |
| | | | 146,483 |
| Total U.S. Department of Justice | | | 311,644 |
| **U.S. Department of Transportation** | | | |
| Passed through the Georgia Department of Transportation | | | |
| Airport Improvement Program | 20.106 | AP100-9016-14(137) | 38,359 |
| Formula Grants for Other Than Urbanized Areas | 20.509 | GA-18-X033 | 27,145 |
| Passed through the Georgia Office of Highway Safety | | | |
| State and Community Highway Safety | 20.600 | GA-2013-0-00391 | 125,544 |
| Total U.S. Department of Transportation | | | 191,048 |
| **U.S. Department of Homeland Security** | | | |
| Passed through the Georgia Emergency Management Agency | | | |
| Emergency Management Performance Grants | 97.042 | PPA | 90,215 |
| **Total Federal Awards** | | | $ 630,551 |

See accompanying notes to the schedule of expenditures of federal awards and the schedule of findings and questioned costs.

## *1. Basis of Presentation*

The accompanying schedule of expenditures of federal awards is a summary of the expenditures relating to the County's federal award programs. The schedule is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

## *2. Summary of Significant Accounting Policies*

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

***HABERSHAM COUNTY, GEORGIA***
***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***
***For the Fiscal Year Ended June 30, 2013***

## *1. Summary of the Auditor's Results*

### *A. Financial Statements*

| | |
|---|---|
| Type of auditor's report issued: | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | Yes |
| Significant Deficiencie(s) identified not considered material weaknesses? | Yes |
| Noncompliance material to financial statements noted? | Yes |

### *B. Federal Awards*

| | |
|---|---|
| Internal control over major programs: | |
| Material weakness(es) identified? | None reported |
| Significant Deficiencie(s) identified not considered material weaknesses? | None reported |
| Type of auditor's report issued on compliance for major programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)? | None reported |

Identification of major programs:

JAG Program Cluster
16.738 Edward Byrne Memorial Justice Assistance Grant Program
20.600 State and Community Highway Safety
97.042 Emergency Management Performance Grants

| | |
|---|---|
| Dollar threshold used to distinguish Between Type A and Type B programs: | $300,000 |
| Auditee qualified as low-risk auditee? | No |

## *2. Financial Statement Findings*

### *A. Current Year Audit Findings*

**Comment 13-1**

*Condition:* There is a lack of sufficient internal controls in the Probate Court, which is due to inadequate segregation of duties. The result is that the Probate Judge maintains the checkbook, prepares and makes deposits, writes and signs all checks, and prepares all bank reconciliations. Failing to have an effective system of controls could lead to the misstatement of the financial statements.

*Criteria:* Proper internal controls require adequate segregation of duties in control over adjustments to the general ledger.

*Effect:* Failure to maintain adequate segregation of duties subjects the assets of the County to greater risk of misappropriation.

*Recommendation:* To ensure that sufficient internal controls are in place, the Court should properly segregate duties.

*Management Response:* Management concurs with this finding. Management will advise the appropriate Elected Officials to implement the recommendation. This action was taken immediately upon receipt of the comment from our auditors.

**Comment 13-2**

*Condition:* While performing audit procedures at the Tax Commissioner's Office, we noted that due to incorrect software entries, the subsequent payouts of the current period's receipts exceeded the ending reconciled cash balances.

*Criteria:* Ending reconciled cash balances should be reconciled with the subsequent payouts

*Effect:* Failure to properly reconcile ending cash balances with the subsequent payouts could lead to materially misstated financial statements.

*Recommendation:* To prevent and/or detect problems with ending cash balances, a monthly review process should be implemented to reconcile subsequent payouts with the ending reconciled cash balances.

*Management Response:* Management concurs with this finding. Management will advise the appropriate Elected Officials to implement the recommendation. This action was taken immediately upon receipt of the comment from our auditors.

**Comment 13-3**

*Condition:* While performing audit procedures at the Sheriff's Department, we noted that bank reconciliations were not completed for the five bank accounts.

*Criteria:* Proper internal controls require that cash accounts be reconciled to the general ledger in a timely manner, usually monthly.

*Effect:* Failure to reconcile cash accounts exposes the County to greater risk of loss and may lead to management decisions based on incorrect information.

## *2. Financial Statement Findings (continued)*

### *A. Current Year Audit Findings, continued*

**Comment 13-3, continued**

*Recommendation:* Bank reconciliations should be completed for all bank accounts on a monthly basis.

*Management Response:* Management concurs with this finding. Management will advise the appropriate Elected Officials to implement the recommendation. This action was taken immediately upon receipt of the comment from our auditors.

**Comment 13-4**

*Condition:* While performing audit procedures at the Sheriff's Department, we noted that receipts are not being deposited in a timely manner. The Sheriff's Department makes a deposit once or twice per month on average.

*Criteria:* Proper internal controls require that cash receipts be deposited and transactions recorded in a timely manner.

*Effect:* Failure to deposit cash receipts in a timely manner exposes the County to a greater risk of loss due to fraud.

*Recommendation:* At a minimum, deposits should be made weekly.

*Management Response:* Management concurs with this finding. Management will advise the appropriate Elected Officials to implement the recommendation. This action was taken immediately upon receipt of the comment from our auditors.

**Comment 13-5**

*Condition:* While reviewing policies and procedures for Transit, we noted that receipts are not being deposited in a timely manner. Deposits are being made once per month on average.

*Criteria:* Proper internal controls require that cash receipts be deposited and transactions recorded in a timely manner.

*Effect:* Failure to deposit cash receipts in a timely manner exposes the County to a greater risk of loss due to fraud.

*Recommendation:* At a minimum, deposits should be made weekly.

*Management Response:* Management concurs with this finding. Management will advise the appropriate Department Head to implement the recommendation. This action was taken immediately upon receipt of the comment from our auditors.

## *2. Financial Statement Findings (continued)*

### *A. Current Year Audit Findings, continued*

**Comment 13-6**

*Condition:* While performing audit procedures on occupational tax, we noted instances where deposits were not made timely. Receipts were held for seven or more days before depositing in 9 of 25 (36%) receipts tested.

*Criteria:* Proper internal controls require that cash receipts be deposited and transactions recorded in a timely manner.

*Effect:* Failure to deposit cash receipts in a timely manner exposes the County to a greater risk of loss due to fraud.

*Recommendation:* At a minimum, deposits should be made weekly.

*Management Response:* Management concurs with this finding. Management will advise the Department Head to implement the recommendation to ensure that deposits are made timely. This action was taken immediately upon receipt of the comment from our auditors.

**Comment 13-7**

*Condition:* While performing audit procedures on capital assets, we noted that capital asset additions and dispositions were not reconciled from the capital asset listing to the general ledger.

*Criteria:* Generally accepted accounting principles require that the capital asset listing be reconciled to the general ledger on a regular basis, usually monthly.

*Effect:* Failure to reconcile the capital asset listing to the general ledger may lead to financial statements that are materially misstated.

*Recommendation:* At a minimum, the capital asset listing should be reconciled to the general ledger on a monthly basis.

*Management Response:* Management concurs with this finding. Management will advise the appropriate Department Head to implement the recommendation. This action was taken immediately upon receipt of the comment from our auditors.

**Comment 13-8**

*Condition:* County personnel may require additional training in the application of generally accepted accounting principles and the preparation of financial statements. Currently, the County relies on the external auditors for technical assistance in applying generally accepted accounting principles and the preparation of the financial statements. This is common for governments of similar size and structure to the County. Under current auditing standards, providing technical assistance does not impair the independence of the external auditor. However, future changes to auditing standards by standards setting boards could state that providing technical assistance would impair the independence of the external auditor. This does not indicate that the Finance Director is not trained to perform the daily accounting functions, but that the County has elected as a cost benefit to outsource this expertise to their auditors. As required, we have indicated this as a significant deficiency in our letter on Internal Control and Compliance.

## *2. Financial Statement Findings (continued)*

### *A. Current Year Audit Findings, continued*

**Comment 13-8, continued**

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

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

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

*Management Response:* Habersham County Management agrees with this finding and understands the requirement of AU-C 265 to issue this statement as a Significant Deficiency. All employees of the Board of Commissioners Finance Office will continue to seek training in the application of generally accepted accounting principles and in the preparation of the County's financial statements. Until such time it is financially feasible for the County finance staff to prepare the County's financial statements, the Finance Office will continue to rely on an independent auditor to prepare them.

**Comment 13-9**

*Condition:* While performing audit procedures on building permits, we noted that 3 out of 25 (12%) receipts tested involved permit fees that were incorrectly calculated. We also noted that the permit files did not have supporting documentation for the calculation of the permit fees. 10 out of the 25 (40%) permits recalculated required inquiry of permit office staff to determine how the fees were calculated.

*Criteria:* Proper internal controls require that fees be properly calculated and charged.

*Effect:* Failure to properly calculate and charge fees exposes the County to a greater risk of loss due to fraud.

*Recommendation:* Each permit file should have supporting documentation for the calculation of the fees and someone should review the calculation before the permit is issued.

*Management Response:* Management concurs with this finding. Management will advise the Department Head to implement the recommendation. This action was taken immediately upon receipt of the comment from our auditors.

**Comment 13-10**

*Condition:* While performing audit procedures at the Tax Commissioner's Office, we noted that tag and title back-outs do not have the original supporting documentation retained to explain the reason for the adjustment and to show proper review and authorization. The Office has established procedures for review and authorization. However, supporting documentation is not retained to document the process was followed. We noted that 5 out of 20 (25%) transactions tested lacked original supporting documentation.

*Criteria:* Proper internal controls require that all transactions be properly supported by appropriate documentation.

## *2. Financial Statement Findings (continued)*

### *A. Current Year Audit Findings, continued*

**Comment 13-10, continued**

*Effect:* Failure to maintain proper supporting documentation for tag and title back-outs subjects the assets of the County to greater risk of misappropriation.

*Recommendation:* Original supporting documentation should be retained for all back-outs documenting the reason for the adjustment.

*Management Response:* Management concurs with this finding. Management will advise the appropriate Elected Officials to implement the recommendation. This action was taken immediately upon receipt of the comment from our auditors.

**Comment 13-11**

*Condition:* The County experienced a material excess of expenditures over appropriations in the General Fund, Jail Special Revenue Fund, Emergency 911 Special Revenue Fund, Hotel/Motel Tax Special Revenue Fund, and SPLOST Debt Service Fund.

*Criteria:* State law requires that the budget at the legal level of control not be over-expended.

*Effect:* Failure to maintain expenditures within the balanced budget for these funds will place the County in violation of state law.

*Recommendation:* The budgets should be reviewed regularly for compliance. This will assist management with budgetary decisions throughout the fiscal year.

*Management Response:* Habersham County Management concurs with this finding. The County Manager continuously reviews the comparative financial statements to budget and recommends any necessary budget revisions to the Board of Commissioners. This action was taken immediately upon receipt of the comment from our auditors.

**Comment 13-12**

*Condition:* The County used SPLOST proceeds for a project that was not specified in the SPLOST #4 referendum as an approved purpose.

*Criteria:* State law requires SPLOST proceeds to be used exclusively for the purposes specified in the resolution or ordinance calling for imposition of the tax.

*Effect:* Failure to use the SPLOST proceeds for the purposes specified in the resolution or ordinance calling for imposition of the tax will place the County in violation of state law.

*Recommendation:* Proposed projects using SPLOST proceeds should be reviewed for compliance with the appropriate referendum and state law prior to approval of the project.

*Management Response:* Habersham County Management concurs with this finding. Finance personnel will review all proposed SPLOST projects for compliance with the appropriate referendum and state law prior to presentation to the Board of Commissioners for approval. This action was taken immediately upon receipt of the comment from our auditors.

## *2. Financial Statement Findings (continued)*

### *B. Prior Year Audit Findings Follow-Ups*

**Comment 12-1**

*Condition:* During audit procedures at the Probate Court, we noted that the court software was incorrectly calculating disbursements.

The court software in the Probate Court calculated disbursements correctly during fiscal year 2013.

**Comment 12-2**

*Condition:* There is a lack of sufficient internal controls in the Probate Court, which is due to inadequate segregation of duties. The result is that the Probate Judge maintains the checkbook, prepares and makes deposits, writes and signs all checks, and prepares all bank reconciliations. Failing to have an effective system of controls could lead to the misstatement of the financial statements.

The Probate Court has not adequately segregated duties during fiscal year 2013.

**Comment 12-3**

*Condition:* While performing audit procedures at the Tax Commissioner's Office, we noted that due to incorrect software entries, the subsequent payouts of the current period's receipts exceeded the ending reconciled cash balances.

The subsequent payouts of the current period's receipts exceeded the ending reconciled cash balances as of June 30, 2013.

**Comment 12-4**

*Condition:* While performing audit procedures at the Sheriff's Department, we noted that bank reconciliations were not completed for the bank accounts.

Sheriff's Department personnel did not perform bank reconciliations on a monthly basis during fiscal year 2013.

**Comment 12-5**

*Condition:* While performing audit procedures at the Sheriff's Department, we noted that receipts are not being deposited in a timely manner. The Sheriff's Department makes a deposit once or twice per month on average.

Sheriff's Department personnel did not make timely deposits during fiscal year 2013.

**Comment 12-6**

*Condition:* While performing audit procedures on pool and concession receipts at the Recreation Department, we noted instances where deposits were not made timely. Receipts were held for seven or more days before depositing in 12 of 15 (80%) concession deposits tested and 2 of 15 (13%) pool deposits tested.

Recreation Department personnel made timely deposits during fiscal year 2013.

## *2. Financial Statement Findings (continued)*

### *B. Prior Year Audit Findings Follow-Ups, continued*

**Comment 12-7**

*Condition:* County personnel may require additional training in the application of generally accepted accounting principles and the preparation of financial statements. Currently, the County relies on the external auditors for technical assistance in applying generally accepted accounting principles and the preparation of the financial statements. This is common for governments of similar size and structure to the County. Under current auditing standards, providing technical assistance does not impair the independence of the external auditor. However, future changes to auditing standards by standards setting boards could state that providing technical assistance would impair the independence of the external auditor. This does not indicate that the Finance Director is not trained to perform the daily accounting functions, but that the County has elected as a cost benefit to outsource this expertise to their auditors. As required, we have indicated this as a significant deficiency in our letter on Internal Control and Compliance.

The Board of Commissioners and management have determined that personnel should receive training to the extent that is economically feasible and to continue to rely on the technical assistance of the external auditor or other qualified professionals when necessary.

**Comment 12-8**

*Condition:* While performing audit procedures on building permits, we noted that 2 out of 25 (8%) receipts tested involved permit fees that were incorrectly calculated. We also noted that the permit files did not have supporting documentation for the calculation of the permit fees.

Building permit fees were calculated incorrectly during fiscal year 2013.

**Comment 12-9**

*Condition:* While performing audit procedures on concession receipts at the Recreation Department, we noted that only one employee is counting and signing off on concession receipts at the ball fields.

Recreation Department personnel implemented procedures to provide for two people counting and signing the daily report during fiscal year 2013.

**Comment 12-10**

*Condition:* During audit procedures at the Probate Court, we noted that the Probate Judge held a customer's check in the case file for several months at the request of the customer. The check was deposited after being noted during the audit.

The Probate Judge did not hold any customer checks in the case files during fiscal year 2013.

## *2. Financial Statement Findings (continued)*

### *B. Prior Year Audit Findings Follow-Ups, continued*

**Comment 12-11**

*Condition:* While performing audit procedures at the Tax Commissioner's Office, we noted that tag and title back-outs do not have the original supporting documentation retained to explain the reason for the adjustment and to show proper review and authorization. We noted that 5 out of 15 (33%) transactions tested lacked original supporting documentation.

Tag and title back-outs did not have original supporting documentation retained during fiscal year 2013.

**Comment 12-12**

*Condition:* While performing audit procedures at the Sheriff's Department, we noted that checks are being written to deputies through the Sheriff's Department equipment account for special detail assignments. However, these amounts are not included on their W-2s as compensation, which is required by federal law.

Sheriff's Department personnel did not write checks to deputies through the Sheriff's Department equipment account for special detail assignments during fiscal year 2013.

**Comment 12-13**

*Condition:* Although the General Fund was under budget as a whole, seven General Fund departments experienced a material excess of expenditures over appropriations: Cannery ($84 and no budget), County Manager ($4,934 or 4.4%), County Clerk ($3,667 or 6.9%), Magistrate Court ($23,428 or 6.0%), District Attorney ($51,826 or 56.5%), Animal Control ($42,745 or 25.7%), and Ambulance ($185,013 or 47.3%). Also during the fiscal year, the Emergency 911 ($253,092 or 15.0%) and Law Library ($12,845 or 214%) Special Revenue Funds experienced a material excess of expenditures over appropriations.

The County experienced a material excess of expenditures over appropriations during fiscal year 2013.

## *3. Federal Award Findings and Questioned Costs*

The audit of our basic financial statements and schedule of expenditures of federal awards disclosed no audit findings or questioned costs which are required to be reported under Section 510(a) of OMB A-133.

This page intentionally left blank.

## *STATE REPORTING SECTION*

This section contains additional reports required by the State of Georgia.

## *HABERSHAM COUNTY, GEORGIA*
## *SCHEDULE OF PROJECTS FINANCED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX*
## *For the fiscal year ended June 30, 2013*

| Project | Estimated Cost * | | Expenditures | | |
|---|---|---|---|---|---|
| | Original | Current | Prior Years | Current Year | Total |
| **SPLOST #4** | | | | | |
| Water, Public Safety, and Transportation Facilities and Equipment | $ 24,000,000 | $ 24,000,000 | | | |
| Airport Facilities and Equipment | | | $ 3,542,850 | $ 177,674 | $ 3,720,524 |
| Police Facilities and Equipment | | | 2,676,986 | 59,854 | 2,736,840 |
| Fire Facilities and Equipment | | | 1,952,945 | 0 | 1,952,945 |
| EMS Facilities and Equipment | | | 771,086 | 0 | 771,086 |
| Emergency 911 Facilities and Equipment | | | 35,091 | 238,976 | 274,067 |
| Recreation Facilities and Equipment | | | 937,573 | 0 | 937,573 |
| Water System and Equipment | | | 8,729,439 | 330,685 | 9,060,124 |
| Roads and Bridges | 10,000,000 | 10,000,000 | 9,638,270 | 71,261 | 9,709,531 |
| | $ 34,000,000 | $ 34,000,000 | $ 28,284,240 | $ 878,450 | $ 29,162,690 |

| | |
|---|---|
| Total expenditures and transfers out of the SPLOST #4 Capital Projects Fund | $ 1,009,544 |
| Expenditures financed through transfers from the General Fund | (131,094) |
| | $ 878,450 |

## *HABERSHAM COUNTY, GEORGIA*
## *SCHEDULE OF PROJECTS FINANCED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX*
## *For the fiscal year ended June 30, 2013*

| Project | Estimated Cost * | | Expenditures | | |
|---|---|---|---|---|---|
| | Original | Current | Prior Years | Current Year | Total |
| **SPLOST #5** | | | | | |
| Judicial | $ 17,965,000 | $ 17,965,000 | $ 4,159,340 | $ 5,468,590 | $ 9,627,930 |
| Water | 14,900,000 | 14,900,000 | 0 | 0 | 0 |
| Roads, Streets, and Bridges | 10,000,000 | 10,000,000 | 1,837,351 | 2,173,209 | 4,010,560 |
| Economic Development | 2,000,000 | 2,000,000 | 1,213,516 | 30,585 | 1,244,101 |
| Public Safety | 1,500,000 | 1,500,000 | 0 | 0 | 0 |
| Recreation | 1,200,000 | 1,200,000 | 586,017 | 16,592 | 602,609 |
| Information Technology | 500,000 | 500,000 | 459,551 | 0 | 459,551 |
| City of Alto | 454,362 | 454,362 | 188,352 | 44,364 | 232,716 |
| City of Baldwin | 2,010,460 | 2,010,460 | 833,424 | 196,304 | 1,029,728 |
| City of Clarkesville | 1,309,523 | 1,309,523 | 542,855 | 127,863 | 670,718 |
| City of Cornelia | 3,281,196 | 3,281,196 | 1,360,200 | 320,380 | 1,680,580 |
| City of Demorest | 1,545,939 | 1,545,939 | 640,859 | 150,947 | 791,806 |
| City of Mount Airy | 578,511 | 578,511 | 239,652 | 56,447 | 296,099 |
| City of Tallulah Falls | 55,410 | 55,410 | 22,968 | 5,410 | 28,378 |
| | $ 57,300,401 | $ 57,300,401 | $ 12,084,085 | $ 8,590,691 | $ 20,674,776 |

| | |
|---|---|
| Total expenditures of the SPLOST #5 Capital Projects Fund | $ 6,169,410 |
| Total expenditures of the SPLOST Debt Service Fund | 2,421,281 |
| | $ 8,590,691 |

Note: The prior years expenditures for SPLOST #5 for Judicial and Economic Development have been restated by $1,195,921 for the purchase of property originally intended for the construction of the new judicial facility. The judicial facility was subsequently constructed on a different property and the previous property was reclassified as property available for economic development.

* Estimated cost represents the portion of these projects to be financed with Special Purpose Local Option Sales Tax. Actual costs that are in excess of these amounts have been financed through alternative funds.

This page intentionally left blank.