Financial Statements

HARALSON COUNTY, GEORGIA

For the Year Ended June 30, 2012

HARALSON COUNTY, GEORGIA
FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

TABLE OF CONTENTS

PRINCIPAL COUNTY OFFICIALS ____ 1

INDEPENDENT AUDITOR'S REPORT ____ 2

MANAGEMENT'S DISCUSSION AND ANALYSIS ____ 4

FINANCIAL STATEMENTS ____ 10

GOVERNMENT-WIDE FINANCIAL STATEMENTS
Statement of Net Assets ... 10
Statement of Activities ... 11
FUND FINANCIAL STATEMENTS
Balance Sheet – Governmental Funds ... 12
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities ... 13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds ... 14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities ... 15
Statements of Fiduciary Assets and Liabilities – Agency Fund ... 16

NOTES TO FINANCIAL STATEMENTS ____ 17

REQUIRED SUPPLEMENTARY INFORMATION ____ 42

GENERAL FUND – SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL ... 43
BUDGETARY COMPARISON SCHEDULE – DRUG TASK FORCE FUND ... 46
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION ... 47

OTHER SUPPLEMENTARY INFORMATION ____ 48

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS ... 50
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS ... 51
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES ... 53

INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE SALES TAX PROCEEDS ____ 54

SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS ... 55

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* ____ 56

SCHEDULE OF FINDINGS AND QUESTIONED COSTS ... 58

HARALSON COUNTY, GEORGIA
FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

PRINCIPAL COUNTY OFFICIALS

Board of Commissioners	
H. Allen Poole	Chairman/CEO
Eric Robinson	Vice Chairman/District #1
Jamie Bennett	District #2
Vance Posey	District #3
Sammy Robinson	District #4

Other Elected Officials	
Barbara Ridley	Tax Commissioner
Vivian Holcombe	Treasurer
Hoyt Edward Mixon, Jr.	Sheriff
Becky Robinson	Clerk of Superior Court
J. Edward Hulsey, Jr.	Probate Judge
Mark Murphy	Juvenile Judge
Brandon Heath	Magistrate Judge
Richard Sutton	Judge, Superior Court of Haralson County
Michael Murphy	Judge, Superior Court of Haralson County
Bobby Brooks	District Attorney
Danny Hutcheson	Coroner
Greg Dewberry	County Surveyor

Appointed Officials	
Alison Palmer	Clerk
Sandra Tant	Tax Assessor

Member American Institute of CPA's Member Georgia Society of CPA's

ROBINSON, ROWLAND & CO., P.C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Haralson 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 Haralson County, Georgia, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Haralson County, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Haralson County Health Department, a discretely presented component unit of the County, which represents less than 1 percent, less than 1 percent, and less than 1 percent, respectively, of the assets, net assets, and revenues of Haralson County, Georgia. Those financial statements as of June 30, 2012, were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Haralson County Health Department, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Haralson County, Georgia, as of June 30, 2012, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2012, on our consideration of Haralson, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 9 and 42 through 79 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Haralson County, Georgia's financial statements as a whole. The, combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Robinson, Rawlins & Co., P.C.

Carrollton, Georgia
December 28, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Haralson County's financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the County's financial statements, which begin on page 10.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the County's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The County also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The County's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the County's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Assets*. This is the County-wide statement of position presenting information that includes all of the County's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County as a whole is improving or deteriorating. Evaluation of the overall health of the County would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of County infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities which reports how the County's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the County's distinct activities or functions on revenues provided by the County's taxpayers.

Under this reporting model, the County is required to distinguish between governmental activities that are principally supported by taxes and user charges and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, judicial, public safety, public works, health and welfare, and culture and recreation. The County does not have any business-type activities to report. The County's fiduciary activities simply hold

resources temporarily for others and are not included in the government-wide statements since these assets are not available to fund County programs.

The County's financial reporting includes the funds of the County (primary government) and additionally, organizations for which the County is accountable (component units). These component units operate independently or provide services directly to the citizens, though the County remains accountable for their activities. The County's component units are the Haralson County Development Authority and the Haralson County Health Department. These organizations are reported separately from the primary government though included in the County's overall reporting entity.

The government-wide financial statements are presented on pages 10 and 11 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The County uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the County's most significant funds rather than the County as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The County has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the County's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 12 and 14 of this report.

Fiduciary funds (i.e. the agency funds) are reported in the fiduciary fund financial statements, but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund County programs.

The basic fiduciary fund financial statement is presented on page 16 of this report.

The County does not have any proprietary funds. Proprietary funds are used to account for business-like activities which are financed primarily by user fees and charges.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements are on pages 17 to 40 of this report.

Financial Analysis of the County as a Whole

The County's net assets at fiscal year-end were $21,404,955. This is a $848,412 increase from last year's net assets of $20,556,543. The following table provides a summary of the County's net assets for the current and prior year:

	2012	2011
Assets:		
Cash	$ 3,894,202	$ 4,297,642
Other current assets	1,900,213	2,034,047
Capital assets	15,610,540	15,882,442
Total assets	21,404,955	22,214,131
Liabilities:		
Current liabilities	1,810,587	1,581,749
Long-term liabilities	69,640	75,839
Total liabilities	1,880,227	1,657,588
Net assets:		
Invested in capital assets, net of related debt	15,540,900	15,729,588
Restricted	3,384,052	3,576,461
Unrestricted	599,776	1,250,494
Total net assets	$ 21,404,955	$ 20,556,543

The following table provides a summary of changes in net assets for the current and prior year:

	2012	2011
Revenues		
Programs:		
Charges for services and fines	$ 1,933,627	$ 2,120,372
Operating grants	300,974	342,538
Capital grants	2,264	-
General:		
Property taxes	8,022,566	8,167,437
Special purpose local option sales tax	3,670,086	1,853,425
Local option sales tax	1,920,536	3,747,024
Insurance premium tax	744,849	807,400
Other	525,417	567,507
Transfers from component unit	-	-
Total revenues	17,120,319	17,605,703
Expenses		
General government	2,290,575	2,301,056
Judicial	1,685,185	1,657,788
Public safety	7,253,984	7,267,192
Public works	1,802,605	2,412,723
Health and welfare	1,806,855	1,779,011
Recreation and culture	365,757	354,056
Intergovernmental	2,730,333	2,931,080
Interest	4,697	10,446
Transfer to component unit	-	-
Total expenses	17,939,991	18,713,352
Increase (Decrease) in net assets	(819,672)	(1,107,649)
Beginning net assets	20,344,400	21,664,192
Ending net assets	$ 19,524,728	$ 20,556,543

Financial Analysis of the County's Funds

Governmental funds

Governmental funds are reported in the fund statements with a short-term inflow and outflow of expendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $4,278,090, a decrease of $548,217 in comparison with the prior year.

The major governmental funds of the County are the General Fund, SPLOST Fund, and the Drug Task Force Fund.

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The fund balance of the general fund on June 30, 2012 was $894,038 compared to $1,530,147 on June 30, 2011.

The SPLOST Fund accounts for the financial resources provided from the one-percent special purpose local option sales tax. Such resources are to be used for water, public safety, roads, recreation and government building capital projects. The fund balance of the SPLOST Fund on June 30, 2012 was $2,330,110 compared to $2,357,762 on June 30, 2011.

The Drug Task Force Fund accounts for grants, income and expenditures related to the Drug Task Force. The fund balance of this fund was $147,005 on June 30, 2012 compared to $133,092 on June 30, 2011.

General Fund Budgetary Highlights

For the year ending June 30, 2012 the general fund budget was $12,632,765 for expenditures and transfers out. The actual expenditures and transfers out for the year were $13,052,790

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Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets as of June 30, 2012 amounts to $15,610,540. This investment in capital assets includes land, buildings and improvement and machinery and equipment. It also includes infrastructure (roads) constructed over the past seven years, as well as retroactive infrastructure constructed since 1980.

The following is a summary of the County's capital asset activity for the year ended June 30, 2012:

	Balance at June 30, 2011	Additions	Disposals	Balance at June 30, 2012
Land - as restated	$ 878,603	$ -	$ -	$ 878,603
Construction in progress	68,157	-	68,157	-
Buildings - as restated	11,835,103	268,448	-	12,103,551
Machinery & equipment - as restated	13,293,791	330,671	-	13,624,462
Infrastructure	6,520,185	167,616	-	6,687,801
	32,595,839	766,735	68,157	33,294,417
Accumulated depreciation	16,713,397	970,480	-	17,683,877
Capital assets, net	$ 15,882,442	$ (203,745)	$ 68,157	$ 15,610,540

See Capital Assets note for additional information about the County's capital assets.

Long-term debt
The County's long-term debt relates to capital lease obligations.

The following is a summary of long-term debt activity for the year ended June 30, 2012:

Balance July 1, 2011	$ 152,854
Additions	-
Reductions	83,214
Balance June 30, 2012	$ 69,640

See note 3 for additional information about the County's long-term debt.

HARALSON COUNTY, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2012

	Primary Government	Component Units	
	Governmental Activities	Haralson County Health Department	Development Authority of Haralson County
Assets:			
Cash and cash equivalents	$ 3,894,202	$ 119,188	$ 1,189,812
Receivables, net	901,575	-	52,422
Due from other governments and agencies	948,638	64,606	-
Inventories	50,000	1,624	-
Prepaid items	-	-	-
Capital Assets:			
Nondepreciable capital assets	878,603	-	162,605
Depreciable capital assets, net	14,731,937	11,170	2,337,435
Total assets	$ 21,404,955	$ 196,588	$ 3,742,274
Liabilities:			
Accounts payable	$ 295,422	$ -	$ -
Accrued liabilities	968,397	-	5,545
Due to other governments	443,247	18,473	-
Due to others	103,521	-	-
Note payable - Current	-	-	-
Capital lease payable - Current	69,640	-	-
Long-Term Liabilities:			
Compensated absences payable	-	28,677	-
Note payable (net of current portion)	-	-	-
Capital lease payable (net of current portion)	-	-	-
Total liabilities	$ 1,880,227	$ 47,150	$ 5,545
Net Assets			
Invested in capital assets, net of related debt	$ 15,540,900	$ 11,170	$ 2,500,040
Restricted for:			
Capital Projects	2,330,110	-	-
Other Purposes	1,053,942	-	-
Unrestricted	599,776	138,268	1,236,689
Total net assets	$ 19,524,728	$ 149,438	$ 3,736,729

The notes to the financial statements are an integral part of this statement

HARALSON COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

	Expenses	Program Revenues: Charges for Services and Fines	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Primary Government: Governmental Activities	Component Units: Haralson County Health Department	Component Units: Development Authority of Haralson County
Primary Government							
Governmental Activities:							
General government	$ 2,285,875	$ 415,313	$ -	$ -	$ (1,870,562)		
Public safety	7,253,984	649,160	-	-	(6,604,824)		
Judicial	1,685,185	732,706	69,973	-	(882,506)		
Public works	1,788,795	99,096	-	-	(1,689,699)		
Health and welfare	1,806,855	9,214	-	-	(1,797,641)		
Recreation and culture	365,757	28,138	-	-	(337,619)		
Economic development	4,700	-	-	-	(4,700)		
Intergovernmental	2,744,143	-	231,001	-	(2,513,142)		
Interest and fiscal charges	4,697	-	-	2,264	(2,433)		
Total governmental activities	17,939,991	1,933,627	300,974	2,264	(15,703,126)		
Component Units							
Haralson County Health Department	560,244	158,335	272,509	-		(129,400)	-
Development Authority of Haralson Co.	322,192	244,300	11,785	-		-	(66,107)
Total component units	$ 882,436	$ 402,635	$ 284,294	$ -		$ (129,400)	$ (66,107)
General revenues:							
Taxes:							
General property taxes					$ 8,022,566	$ -	$ -
Local option sales tax					1,920,536	-	-
Special purpose local option sales tax					3,670,086	-	-
Insurance premium tax					744,849	-	-
Other taxes					126,299	-	-
Interest					12,948	416	6,465
Miscellaneous					374,049	-	-
County Funding					-	135,446	-
Revenue from sale of materials					12,121	-	-
Transfers					-	-	-
Total general revenues and transfers					14,883,454	135,862	6,465
Change in net assets					(819,672)	6,462	(59,642)
Net assets - beginning, as restated					20,344,400	142,976	3,796,371
Net assets - ending					$ 19,524,728	$ 149,438	$ 3,736,729

The notes to the financial statements are an integral part of this statement

HARALSON COUNTY, GEORGIA
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2012

	General	SPLOST Fund	Drug Task Force Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	$ 1,082,884	$ 2,170,843	$ 216,340	$ 424,135	$ 3,894,202
Receivables (net of allowance for uncollectibles):					-
Interest	-	-	-	-	-
Taxes - property	424,147	-	-	-	424,147
Accounts Receivable	23,399	-	916	453,113	477,428
Intergovernmental	307,514	601,451	39,673	-	948,638
Due from other funds	14,961	35	-	57,268	72,264
Inventory, at cost	50,000	-	-	-	50,000
Total assets	$ 1,902,905	$ 2,772,329	$ 256,929	$ 934,516	$ 5,866,679
Liabilities and Fund Balance					
Liabilities:					
Accounts and contracts payable	$ 295,422	$ -	$ -	$ -	$ 295,422
Other accrued liabilities	646,733	-	-	27,402	674,135
Due to other funds	57,303	-	14,784	177	72,264
Due to other governments	-	442,219	1,028	-	443,247
Due to others	9,409	-	94,112	-	103,521
Total liabilities	1,008,867	442,219	109,924	27,579	1,588,589
Fund balance					
Nonspendable:					
Reserved for inventory	50,000	-	-	-	50,000
Restricted for:					
Grant purposes	-	-	-	587,027	587,027
Judicial	-	-	-	49,175	49,175
Public saftety	-	-	147,005	269,949	416,954
Culture and recreation				786	786
Capital projects	-	2,171,127	-	-	2,171,127
Debt service	-	158,983	-	-	158,983
Committed for:	-	-	-	-	-
Assigned for:	-	-	-	-	-
Unassigned:	844,038	-	-	-	844,038
	-	-	-	-	-
Total fund balances	894,038	2,330,110	147,005	906,937	4,278,090
Total liabilities and fund balance	$ 1,902,905	$ 2,772,329	$ 256,929	$ 934,516	$ 5,866,679

The notes to the financial statements are an integral part of this statement

HARALSON COUNTY, GEORGIA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
June 30, 2012

Total Governmental Fund Balances		$ 4,278,090
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost of non-depreciable assets	$ 878,603	
Cost of depreciable assets	32,415,814	
Less accumulated depreciation	(17,683,877)	15,610,540
Accrued pension expense is not reported in the funds.		
Accrued pension liability		(294,262)
Prepaid items are not reported in the funds.		
Prepaid insurance		-
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Capital leases		
Current portion	$ (69,640)	
Long-term	-	(69,640)
Net Assets of Governmental Activities		$ 19,524,728

The notes to the financial statements are an integral part of this statement

HARALSON COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

	General	SPLOST Fund	Drug Task Force Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	$ 11,200,005	$ 3,670,086	$ -	$ -	$ 14,870,091
Licenses and permits	217,345	-	-	-	217,345
Intergovernmental	99,531	-	231,001	-	330,532
Charges for services	191,570	-	-	429,322	620,892
Fines and forfeitures	677,584	-	109,835	110,003	897,422
Use of money and property	12,121	2,264	318	12,630	27,333
Miscellaneous revenues	18,525	-	-	138,179	156,704
Total revenues	12,416,681	3,672,350	341,154	690,134	17,120,319
Expenditures:					
Current:					
General government	1,969,089	229,911	-	-	2,199,000
Public safety	5,696,330	46,598	269,875	861,680	6,874,483
Judicial	1,485,202	-	-	164,564	1,649,766
Public works	1,390,897	51,497	-	-	1,442,394
Health and welfare	1,734,426	-	-	-	1,734,426
Recreation and culture	265,366	33,773	-	2,154	301,293
Economic Development	4,700	-	-	-	4,700
Intergovernmental:	-	2,657,902	86,241	-	2,744,143
Debt service:					
Principal	-	83,214	-	-	83,214
Interest and fiscal charges	-	4,697	-	-	4,697
Capital outlay:					
General government	-	235,203	-	-	235,203
Public safety	38,010	55,623	-	-	93,633
Judicial	-	-	-	-	-
Public works	-	288,606	-	-	288,606
Health and welfare	-	-	-	-	-
Recreation and culture	-	12,978	-	-	12,978
Total expenditures	12,584,020	3,700,002	356,116	1,028,398	17,668,536
Excess (deficiency) of revenues over expenditures	(167,339)	(27,652)	(14,962)	(338,264)	(548,217)
Other financing sources (uses):					
Transfers from (to) component unit	-	-	-	-	-
Transfers in	-	-	28,875	439,895	468,770
Transfers out	(468,770)	-	-	-	(468,770)
Net change in fund balances	(636,109)	(27,652)	13,913	101,631	(548,217)
Fund balances, beginning as restated	1,530,147	2,357,762	133,092	805,306	4,826,307
Fund balances, ending	$ 894,038	$ 2,330,110	$ 147,005	$ 906,937	$ 4,278,090

The notes to the financial statements are an integral part of this statement

HARALSON COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

Net change in Fund Balance - Total Governmental Funds		$ (548,217)
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 as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.		
Capital outlays	$ 630,420	
Depreciation expense	(970,480)	(340,060)
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Capital leases		83,214
Expenditures in the governmental funds that benefit periods beyond year-end are reported as prepaid items in the statement of net assets. Prepaid items at June 30, 2012 were unchanged from prepaid items at June 30, 2011.		
Prepaid insurance		-
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported in the funds.		(14,609)
Change in Net Assets of Governmental Activities		$ (819,672)

The notes to the financial statements are an integral part of this statement

HARALSON COUNTY, GEORGIA
AGENCY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2012

	Agency Funds
Assets:	
Cash and cash equivalents	$ 1,617,060
Receivables:	
Taxes	1,089,018
Total assets	$ 2,706,078
Liabilities:	
Taxes payable to others upon collection	$ 1,089,018
Funds held in trust for others	1,617,060
Total liabilities	$ 2,706,078

The notes to the financial statements are an integral part of this statement

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The County also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities at the government-wide financial reporting level provided they do not conflict with or contradict GASB pronouncements.

The most significant of the County's accounting policies are described below.

Reporting Entity

The reporting entity is comprised of the primary government and component units that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards and agencies that are not legally separate from the County.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organizations; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the County in that the County approves the budget, levies their taxes or issues their debt.

The component unit columns included on the government-wide financial statements identify the financial data of the County's discretely presented component units. They are reported separately to emphasize that they are legally separate from the County.

Brief descriptions of the discretely presented component units follow:

Development Authority of Haralson County (Development Authority) – The Development Authority is a public corporation created to promote industry and trade in the County. The County Commissioner appoints the seven-member Development Authority Board of Directors. The Development Authority issued separately audited financial statements for

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

fiscal year ended June 30, 2012, and copies of these financial statements may be obtained from their administrative office.

Haralson County Health Department (Health Department) – The Health Department provides health care services and health education to residents of Haralson County. The Health Department receives financial support from Haralson County, Georgia, the State of Georgia and the Federal Government. The County Commissioner appoints a majority of the Board of Directors. The Health Department issued separately audited financial statements for fiscal year ended June 30, 2012 and copies of these financial statements may be obtained from their administrative office at Buchanan, Georgia.

Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements - The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the County as a whole. The primary government and the component units are presented separately within these financial statements with the focus on the primary government. Fiduciary activities are not included at the government-wide reporting level. Under the new reporting model, the County is required to distinguish between governmental activities that are principally supported by taxes and user charges and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Government activities include general government, judicial, public safety, public works, health and welfare, and culture and recreation. The County does not have any business-type activities to report.

The statement of net assets presents the financial position of the governmental activities of the County and it's discretely presented component units at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The County does not allocate indirect expenses to functions in the statement of activities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the County's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions,* the determining factor is to which functions the revenues are *restricted.*

Tax and other revenue sources not properly included with program revenues are reported as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements - During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. Fund financial statements are provided for governmental and fiduciary funds. The County does not have any proprietary funds.

Major individual governmental funds are reported in separate columns with a composite column for non-major funds.

Fund Accounting - The County uses funds to maintain financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The County uses two categories of funds: governmental and fiduciary.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the County
for any purpose, provided it is expended or transferred according to the general laws of Georgia.

SPLOST Fund - The SPLOST fund accounts for the financial resources provided from the one-percent special purpose local option sales tax. Such resources are to be used for water, public safety, roads, recreation and government building capital projects.

Drug Task Force Fund - The Drug Task Force Fund accounts for grants, income and expenditures related to the Drug Task Force.

Fiduciary Funds - Fiduciary fund reporting focuses on net assets. The County's fiduciary funds are agency funds. These agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Constitutional officers use these funds to temporarily hold assets.

Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the statement of net assets. The statement of activities reports revenues and expenses.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, governmental funds use the modified accrual basis of accounting and fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues – Exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, the phrase "available for exchange transactions" means expected to be received within twelve months of year-end.

Revenues – Non-exchange Transactions - Non-exchange transactions in which the County receives value without directly giving equal value in return, include sales tax, property taxes, grants, and donations. On an accrual basis, revenue from sales tax is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the County must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property tax, sales tax, interest and federal and state grants.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Fund Equity

Cash and Investments

Cash includes amounts in demand deposits and all highly liquid investments such as bank certificates of deposits. At June 30, 2012, the County held no investments.

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

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the government or governmental agency
- Obligations of any corporation of the government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

Any investment or deposit in excess of the Federal Deposit Insurance Corporation (FDIC) insured amount must be secured by 110% of an equivalent amount of State or U.S. obligations.

Receivables

All property tax and other receivables are reported net of an allowance for uncollectibles.

Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental column of the statement of net assets.

Consumable Inventories

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e., the consumption method).

On the fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when consumed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Items

On the government-wide financial statements, payments made to vendors for services that will benefit periods beyond June 30, 2012, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expense in the year in which services are consumed. At the fund reporting level, payments for the prepaid items are fully recognized as expenditures in the year of payment.

Capital Assets

General capital assets are those assets that generally result from expenditures in governmental funds. The County reports these assets in the governmental activities column of the government-wide statement of net assets but does not report these assets in the governmental fund financial statements. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of $5,000.

Improvements to capital assets are capitalized if they exceed the capitalization policy and extend the useful life of the asset or increase the value of the asset. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

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

Description	Governmental Activities Estimated Lives
Improvements other than buildings	10 – 60 years
Buildings	40 – 60 years
Machinery and equipment	3 – 10 years
Infrastructure	40 years

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASBS No. 34 requires the County to report and depreciate infrastructure assets constructed after July 1, 2002. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the County. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive infrastructure is also included in this report and includes infrastructure constructed since 1980.

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments.

Compensated Absences

The County has accrued unpaid vacation pay benefits earned by employees. Vacation pay benefits are earned at the rate of 5/6 day for each full month of service. Sick leave is earned at the rate of one day for each full month of service and employees may accumulate up to ninety days of sick leave. No accrual has been made for sick leave; employees are not paid for accumulated sick leave upon separation.

The total compensated absence liability is reported on the government-wide financial statements. Governmental funds report the compensated absence liability at the fund reporting level only *"when due."*

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of these funds. Capital leases are recognized as a liability in the governmental fund financial statements when due.

Fund Equity

The County implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, as of July 1, 2010. This new standard changed the overall definitions and classifications of governmental fund balances. Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net assets."

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets – Net assets represent the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the County has spent) for the acquisition, construction or improvement of those assets. Net assets are reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net assets are reported as unrestricted.

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

Interfund Activity

Interfund transfers are reported as other financing sources/uses in governmental funds. Transfers between funds reported in the governmental activities column are eliminated.

Estimates

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

An annual budget is prepared for the General Fund based on requests made by various department heads. The budget includes proposed expenditures and the means of financing them. Prior to the budget being legally enacted through passage of an ordinance, public hearings are held to obtain taxpayer comments. The budget is prepared on the modified accrual basis of accounting which is the basis of accounting utilized by the General Fund. The County does not use an encumbrance system which records commitments related to unperformed contracts for goods and services.

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

Annual budgets are prepared for the general fund. The budgets were not amended during the year.

The general fund expenditures exceeded budgeted appropriations by $272,927. The following department's expenditures exceeded its budgeted appropriations by three percent or more:

	Budget	Actual	Difference
Law Enforcement	1,649,806	1,855,029	205,223
Jail Operations	1,521,911	1,810,534	288,623

Budget violations also occurred in the Law Library Fund, Sheriff Forfeiture Fund, DA Victim Witness Fund, County Jail Fund, Special Law Enforcement Grant Fund, Juvenile Supervision Fund, E 911 Surcharge Fund, Probations Fund, Drug Abuse Treatment Fund and Special Recreation Fund.

Budgeted revenue exceeded general fund revenue by $216,082.

The current administration is reviewing new accounting policies and procedures to prevent future violations.

NOTE 3 – DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS

Custodial Credit Risk Related to Deposits

Total and Investments as of June 30, 2012 are summarized as follows:

Balances per statement of net assets:		
Cash and cash equivalents - General government	$	1,082,884
Cash and cash equivalents - SPLOST Fund		2,170,843
Cash and cash equivalents - Drug Task Force Fund		216,340
Cash and cash equivalents - Other Governmental Funds		424,135
Balances per statement of fiduciary net assets:		
Cash and cash equivalents - Agency Funds		1,617,060
	$	5,511,262

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2012, all of the deposits of the County and the component units were properly insured and collateralized as required by the Official Code of Georgia Annotated (OCGA) Section 45-8-12(c) and as defined by GASB pronouncements.

Receivables

Receivables at June 30, 2012, consisted of taxes, miscellaneous receivables, and intergovernmental receivables arising from grants. An allowance for uncollectible taxes is provided based on prior experience. The allowance for uncollectible taxes at June 30, 2012 was $47,127.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes were levied on September 15, 2011, and were payable on December 1, 2011.

Taxes were levied by the County for general operations for Fiscal Year 20110–2012 as follows:

Property inside incorporated areas	11.02 mills
Property outside incorporated areas	11.02 mills

NOTE 3 – DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONT)

Capital Assets

Primary Government:	Balance at June 30, 2011	Additions	Disposals	Balance at June 30, 2012
Nondepreciable capital assets:				
Land and improvements	$ 878,603	$ -	$ -	$ 878,603
Construction in progress	68,157	-	68,157	-
Total nondepreciable capital assets	946,760	-	68,157	878,603
Depreciable capital assets:				
Buildings - as restated	11,835,103	268,448	-	12,103,551
Machinery & equipment - as restat	13,293,791	330,671	-	13,624,462
Infrastructure	6,520,185	167,616	-	6,687,801
Total depreciable capital assets	31,649,079	766,735	-	32,415,814
Less accumulated depreciation:				
Buildings	3,086,184	280,844	-	3,367,028
Machinery & equipment	10,833,752	522,409	-	11,356,161
Infrastructure	2,793,461	167,227	-	2,960,688
Total accumulated depreciation	16,713,397	970,480	-	17,683,877
Total depreciable capital assets, net	14,935,682	(203,745)	-	14,731,937
Capital assets, net	$ 15,882,442	$ (203,745)	$ 68,157	$ 15,610,540

Governmental activities depreciation expense:

General Government	$ 72,266
Public Safety	379,501
Judicial	35,419
Roads and Bridges	346,401
Health and Welfare	72,429
Recreation and Culture	64,464
	$ 970,480

NOTE 3 – DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONT)

Component units:	Balance at June 30, 2011	Additions	Disposals	Balance at June 30, 2012
Nondepreciable capital assets:				
Land and improvements	$ 162,605	$ -	$ -	$ 162,605
Depreciable capital assets:				
Buildings	27,049	-	-	27,049
Machinery and equipment	98,299	12,510	-	110,809
Infrastructure	3,739,728	-	-	3,739,728
Total depreciable capital assets	3,865,076	12,510	-	3,877,586
Less accumulated depreciation:				
Buildings	(6,737)	(676)	-	(7,413)
Machinery and equipment	(104,523)	(1,340)	-	(105,863)
Infrastructure	(1,272,596)	(143,109)	-	(1,415,705)
Total accumulated depreciation	(1,383,856)	(145,125)	-	(1,528,981)
Total depreciable capital assets, net	2,481,220	(132,615)	-	2,348,605
Capital assets, net	$ 2,643,825	$ (132,615)	$ -	$ 2,511,210

Long-Term Debt

Changes in the County's long-term obligations consisted of the following for the year ended June 30, 2012:

	Balance at July 1, 2010	Additions	Reductions	Balance at June 30, 2011	Amount Due Within One Year
Machinery and equipment	$ 152,854	$ -	$ 83,214	$ 69,640	$ 69,640

The gross amount of assets recorded under capital leases is as follows:

Machinery & Equipment	$877,715

On July 8, 2008, the County entered into a lease agreement for the acquisition of various equipment. The original term of the lease was for a period of twenty four months, commencing on July 8, 2008 and ending on July 8, 2010, with a balloon balance due of $218,304. The balloon balance was refinanced for a period of thirty-six months

NOTE 3 – DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONT)

commencing on July 10, 2010 and ending on June 10, 2013. The lease agreement qualifies as a capital lease for accounting purposes. Future minimum lease payments are as follows:

Year	Principal	Interest	Total
2013	$ 69,640	$ 1,471	$ 71,111

On August 17, 2006 the County entered into a lease/purchase agreement for acquisition of equipment for the sanitation department. The term of the lease is for sixty months commencing on September 20, 2006 and ending August 20, 2011. There are no future minimum payments.

Interfund Transfers and Balances

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

Transfer from:	General Fund	Drug Task Force Fund	E911	Total
General Fund	$ -	$ 28,875	$ 439,895	$ 468,770
Drug Task Force Fund	-	-	-	-
E911	-	-	-	-
SPLOST	-	-	-	-
Jail Staffing	-	-	-	-
	$ -	$ 28,875	$ 439,895	$ 468,770

NOTE 3 – DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONT)

Interfund balances at June 30, 2012, consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The County expects to repay all interfund balances within one year.

	Due to:			
Due from:	General Fund	SPLOST	Non-major Governmental	Total
General Fund	$ -	$ -	$ 38,958	$ 38,958
SPLOST	$ -	$ 35	$ -	$ 35
Drug Task Force	18,310	-	-	18,310
Non-major governmental	14,961	-	-	14,961
	$ 33,271	$ 35	$ 38,958	$ 72,264

NOTE 4 – OTHER NOTES

Pensions

Plan Description

The County sponsors the Association County Commissioners of Georgia Restated Pension Plan for Haralson County Employees (The Plan), which is a defined benefit pension plan.

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Plan, through execution of the adoption agreement, is affiliated with the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan administered by GEBCorp. The ACCG, in its role as the Plan sponsor, has the sole authority to amend the provisions of the ACCG Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of The Plan, as provided in Section 19.02 of the ACCG Plan document. A separately issued financial report of the Plan may be obtained by writing GEBCORP at 100 Circle 75 Parkway, Suite 300, Atlanta, Georgia 30339.

NOTE 4 – OTHER NOTES (CONTINUED)

Funding Policy

The County is required to contribute an actuarially determined amount annually to the Plan's trust. The contribution amount is determined using actuarial methods and assumptions approved by the ACCG Plan trustees and must satisfy the minimum contribution requirement contained in State of Georgia statutes. The County's required contribution for the 2012 Plan year is $287,850 which represents 8.5% of covered payroll. Plan participants are required to contribute 2% of salary to the plan.

Annual Pension Cost

The County's annual pension cost and net pension obligation for the pension plan for the current year are as follows:

Derivation of Net Pension Obligation:	2012	2011
Net Pension Obligation as of Beginning of Prior Year	$ 45,288	$ 45,535
Annual Pension Cost for Prior Year	$ 279,408	$ 260,651
Actual Contributions to Plan for Prior Year	285,850	260,898
Increase (Decrease) in Net Pension Obligation	$ (6,442)	$ (247)
Net Pension Obligation as of Beginning of the Year	$ 38,846	$ 45,288
Derivation of Annual Pension Cost:		
Annual Required Contribution	$ 294,262	$ 279,653
Interest on Net Pension Obligation	3,011	3,510
Amortization of Net Pension Obligation	(3,221)	(3,775)
Annual Pension Cost	$ 294,052	$ 279,408

Trend Information for the Plan

Fiscal Year Beginning	Annual Pension Cost	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation
1/1/2012	$ 294,850	N/A	N/A	$ 38,846
1/1/2011	$ 279,408	$ 285,850	102%	$ 45,288
1/1/2010	$ 260,651	$ 260,898	100%	$ 45,535
1/1/2009	$ 237,107	$ 237,355	100%	$ 45,783
1/1/2008	$ 210,033	$ 113,321	54%	$ (50,929)
1/1/2007	$ 197,346	$ 213,470	108%	$ (34,805)
1/1/2006	$ 190,441	$ 210,372	110%	$ (14,874)
1/1/2005	$ 133,599	$ 147,606	110%	$ (867)

Required Supplementary Information

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Percentage Contributed
12/31/12	$294,850	100.0%
12/31/11	$279,653	102.2%
12/31/10	$260,898	100.0%
12/31/09	$237,355	100.0%
12/31/08	$209,808	54.0%
12/31/07	$197,192	108.3%
12/31/06	$190,376	110.5%
12/31/05	$133,595	100.0%
12/31/04	$151,646	112.6%
12/31/03	$102,432	113.0%
12/31/02	$ 77,184	100.0%
12/31/01	$ 62,122	100.0%
12/31/00	$ 60,258	100.0%

Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Projected Unit Credit	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	(c) Covered Payroll	UAAL as a Percentage of Covered Payroll [(b - a)/ c]
12/31/11	$3,661,673	* $4,698,938	$1,137,265	77.9%	$3,221,582	32.2%
12/31/10	$3,340,824	* $4,397,151	$1,056,327	76.0%	$2,922,543	36.1%
12/31/09	$3,022,169	* $3,990,026	$967,857	75.7%	$2,604,080	37.2%
12/31/08	$2,681,192	$3,653,139	$971,947	73.4%	$2,660,904	36.5%
12/31/07	$2,700,059	$3,356,104	$656,045	80.5%	$2,466,088	26.6%
12/31/06	$2,378,346	$3,017,192	$638,846	78.8%	$2,376,886	26.9%
12/31/05	$2,038,726	$2,476,851	$438,125	82.3%	$1,325,876	33.0%

12/31/04	$1,957,444	$2,621,039	$663,595	74.7%	$1,590,872	41.7%
12/31/03	$1,793,976	$2,097,774	$303,798	85.5%	$1,284,699	23.6%
12/31/02	$1,557,739	$1,968,276	$410,537	79.1%	$1,059,666	38.7%
12/31/01	$1,658,177	$1,873,942	$215,765	88.5 %	$1,183,253	18.2%
12/31/00	$1,697,497	$1,750,407	$52,910	97.0 %	$1,335,690	4.0%

Analysis of the dollar amounts of actuarial value of assets available for benefits, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of funded status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Plan.

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

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

The information presented in the required supplementary schedules was determined as part of the actuarial valuation as of January 1, 2012. The following summarizes the actual methods and assumptions used in that valuation:

Valuation Date	January 1, 2012
Actuarial Cost Method	Projected Unit Credit
Asset Valuation Method	Market Value
Amortization Method	Level Percent of Pay (closed)
Remaining Amortization Period*	10
Actuarial Assumptions	
Assumed Rate of Return on Assets	7.75%
Expected Future Salary Increases	5.0%-7.5% based on age
Expected Inflation	3.0%

* Represents the estimated amortization period for all unfunded liabilities combined into one amortization base.

Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457 (d). The Plan, available to all County employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The County does not contribute to the plan. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

NOTE 4 – OTHER NOTES (CONTINUED)

Risk Management

The County is exposed to various risks of losses related to torts, thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County maintains third party coverage for claims arising from property and general liability claims.

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

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

There were no significant reductions in insurance coverage from prior year, and there have been no settlements that exceed the County's insurance coverage during the past three years.

NOTE 4 – OTHER NOTES (CONTINUED)

Contingent Liabilities

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the County believes such disallowances, if any, will be immaterial.

The County is party to various legal proceedings which normally occur in governmental operations. In the opinion of County management, the outcome of these contingencies will not have a material effect on the financial position of the County.

Joint Ventures

Coosa Valley Regional Development Center

Haralson County is a participant in the Northwest Georgia Regional Commission. Assessed allocation of $18,279 was expended for the current year. Assessments may vary annually, but no substantial change in the financial burden of the County is anticipated.

Membership in a 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 of 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. Separate financial statements of the center are available at the offices located at 1 Jackson Hill Drive, Rome, Georgia.

NOTE 4 – OTHER NOTES (CONTINUED)

Haralson County Solid Waste Management Authority

Haralson County, Georgia and the Cities of Bremen, Buchanan, Tallapoosa and Waco are members of a joint venture to provide landfill facilities to the citizens of the County.

Summarized financial information for the solid waste joint venture is detailed below:

Condensed Statement of Assets and Liabilities

Cash	$	342,036
Other current assets		37,171
Fixed assets, net		859,578
Total assets	$	1,238,785
Current liabilities	$	58,994
Accrued closure and post-closure costs		1,241,960
Total liabilities		1,300,954
Total net assets		(62,169)
Total liabilities and net assets	$	1,238,785

Condensed Statement of Revenues and Expenses

Charge for services	$	442,153
Operating expenses		(493,851)
Nonoperating revenue		31,200
Change in net assets	$	(20,498)

NOTE 4 – OTHER NOTES (CONTINUED)

State and federal laws and regulations require Haralson County Solid Waste Management Authority to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the Authority reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The landfill stopped accepting waste in January, 2000 and is in final closure procedures. The $1,241,960 reported as landfill closure and post-closure care liability at June 30, 2012 represents the cumulative amount reported to date of $2,417,130 based on the use of 100 percent of the estimated capacity of the landfill less closure expenses incurred to date of $1,175,170.

These amounts are based on what it would cost to perform all closure and post-closure care in the fiscal year ending June 30, 2012. Actual cost may vary due to inflation, changes in technology, or changes in regulations.

According to the Department of Natural Resources, the County has the responsibility for insuring the financial viability of the solid waste facility should the obligations of the facility not be met internally. Haralson County uses the Financial Assurance Mechanism to demonstrate their ability to meet their financial obligation under 40 CFR Part 258 to assure cost totaling $835,607 as of June 30, 2012. However, the facility should accumulate sufficient financial resources for services provided by the facility to function without placing a significant burden on the County.

NOTE 4 – OTHER NOTES (CONTINUED)

Component Units

Statement of Net Assets	Haralson County Health Department	Development Authority of Haralson County	Total
Assets:			
Cash	$ 119,188	$ 1,189,812	$ 1,309,000
Other receivables	-	52,422	52,422
Inventory	1,624	-	1,624
Due from other governments	64,606	-	64,606
Capital assets	11,170	2,500,040	2,511,210
Total assets	196,588	3,742,274	3,938,862
Liabilities:			
Accounts payable	-	-	-
Accrued expenses	-	5,545	5,545
Notes payable	-	-	-
Compensated absences payable	28,677	-	28,677
Due to other governments	18,473	-	18,473
Total liabilities	47,150	5,545	52,695
Net assets:			
Invested in capital assets, net of related debt	11,170	2,500,040	2,511,210
Unrestricted	138,268	1,236,689	1,374,957
Total net assets	$ 149,438	$ 3,736,729	$ 3,886,167

NOTE 4 – OTHER NOTES (CONTINUED)

Statement of Activities Information	Haralson County Health Department	Development Authority of Haralson County	Total
Expenses:			
Health and welfare	$ 560,244	$ -	$ 560,244
Economic development	-	322,192	322,192
Total expenses	560,244	322,192	882,436
Revenues:			
Program revenues:			
Charges for services	158,335	244,300	402,635
Operating grants and contributions	272,509	11,785	284,294
Capital grants and contributions	-	-	-
Total program revenues	430,844	256,085	686,929
Net program (expense) revenue	(129,400)	(66,107)	(195,507)
General revenues:			
County funding	135,446	-	135,446
Interest	416	6,465	6,881
Other	-	-	-
Transfers	-	-	-
Total general revenues and transfers	135,862	6,465	142,327
Change in net assets	6,462	(59,642)	(53,180)
Beginning net assets	142,976	3,796,371	3,939,347
Ending net assets	$ 149,438	$ 3,736,729	$ 3,886,167

NOTE 5 – PRIOR PERIOD ADJUSTMENTS

FUND BALANCE – Governmental Funds

Description	FY 2011 Ending Balance	Increase	Decrease*		FY 2011 Balance, Restated
SPLOST	$ 2,561,667	$ -	$ 203,905	(1)	$ 2,357,762
Other	881,702	-	76,396	(2)	805,306
Total Governmental	$ 3,443,369	$ -	$ 280,301		$ 3,163,068

(1) - Due to cities as of 6/30/11 was understated

(2) - Victims Assistance Fund at 6/30/11 was overstated

NET ASSETS

Description	FY 2011 Ending Balance	Increase		Decrease*		FY 2011 Balance, Restated
Net Assets	$ 20,556,543	$ 68,158	(3)	$ 280,301	(1), (2)	$ 20,344,400

(1) - Due to cities as of 6/30/11 was understated

(2) - Victims Assistance Fund at 6/30/11 was overstated

(3) - Net assets at 6/30/11 was understated

REQUIRED SUPPLEMENTARY INFORMATION

HARALSON COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
Revenues:				
Taxes:				
Property taxes	$ 8,715,376	$ 8,715,376	$ 8,451,786	(263,590)
Sales tax	1,726,388	1,726,388	1,920,536	194,148
Insurance premium tax	805,000	805,000	744,849	(60,151)
Other taxes	82,000	82,000	82,834	834
Licenses and permits	219,000	219,000	217,345	(1,655)
Intergovernmental	170,000	170,000	99,531	(70,469)
Charges for services	200,400	200,400	191,570	(8,830)
Fines and forfeitures	688,600	688,600	677,584	(11,016)
Use of money and property	6,000	6,000	12,121	6,121
Other revenue	20,000	20,000	18,525	(1,475)
Total revenue	12,632,764	12,632,764	12,416,681	(216,083)
Expenditures:				
Current:				
General government:				
Commissioner of Roads and Revenues:	295,455	295,455	294,447	(1,008)
General County Government:	682,314	682,314	682,314	-
Treasurer:	23,395	23,395	23,836	441
Tax Assessors:	392,010	392,010	397,105	5,095
Tax Commissioner:	246,831	246,831	234,545	(12,286)
Department of License and Permits	90,398	90,398	91,788	1,390
Elections:	99,503	99,503	94,699	(4,804)
County Extension Service:	85,138	85,138	64,946	(20,192)
County Buildings:	79,683	79,683	80,452	769
West Georgia Boot Camp:	4,957	4,957	4,957	-
Total general government	1,999,684	1,999,684	1,969,089	(30,595)
Public Safety				
Law Enforcement:	1,649,806	1,649,806	1,855,029	205,223
Jail Operations:	1,521,911	1,521,911	1,810,534	288,623
Drug Task Force:	230,584	230,584	206,031	(24,553)
Fire Department:	1,631,773	1,631,773	1,665,031	33,258
Emergency Management:	14,782	14,782	14,782	-
Courthouse Security:	120,061	120,061	122,412	2,351
County Marshall:	59,355	59,355	60,521	1,166
Total public safety	5,228,272	5,228,272	5,734,340	506,068

See accompanying notes.

HARALSON COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
Expenditures (continued):				
Judicial				
Superior Court:	$ 132,977	$ 132,977	$ 120,409	(12,568)
Probation Department:	108,251	108,251	97,135	(11,116)
District Attorney:	150,247	150,247	151,881	1,634
Clerk, Superior Court:	408,320	408,320	387,400	(20,920)
Probate Court	216,608	216,608	220,728	4,120
Magistrate Court:	161,228	161,228	150,315	(10,913)
Juvenile Court:	193,489	193,489	192,873	(616)
Coroner	33,747	33,747	32,343	(1,404)
Public Defender:	132,118	132,118	132,118	-
Total judicial	1,536,985	1,536,985	1,485,202	(51,783)
Public Works				
Public works department	1,413,765	1,413,765	1,390,897	(22,868)
Total public works	1,413,765	1,413,765	1,390,897	(22,868)
Health and Welfare				
Public Health:	891,446	891,446	891,604	158
Public Welfare:	49,000	49,000	30,134	(18,866)
Public Transportation:	166,021	166,021	153,285	(12,736)
Sanitation:	498,825	498,825	504,030	5,205
Animal Control:	157,045	157,045	155,373	(1,672)
Total health and welfare	1,762,337	1,762,337	1,734,426	(27,911)
Recreation and Culture				
Recreation	243,845	243,845	246,166	2,321
Libraries	5,700	5,700	19,200	13,500
Total recreation and culture	249,545	249,545	265,366	15,821
Economic Development:				
Haralson County Development Authority:	120,505	120,505	4,700	(115,805)
Toal economic development	120,505	120,505	4,700	(115,805)

HARALSON COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
Expenditures (continued):				
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Debt Service	-	-	-	-
Total expenditures	12,311,093	12,311,093	12,584,020	272,927
Excess (deficiency) of revenues over expenditures	321,671	321,671	(167,339)	(489,010)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(321,672)	(321,672)	(468,770)	(147,098)
Total other financing sources	(321,672)	(321,672)	(468,770)	(147,098)
Net change in fund balance	(1)	(1)	(636,109)	(636,108)
Fund balance, beginning	1,530,147	1,530,147	1,530,147	-
Fund balance, ending	$ 1,530,146	$ 1,530,146	$ 894,038	$ (636,108)

See accompanying notes.

HARALSON COUNTY, GEORGIA
DRUG TASK FORCE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
Revenues:				
Intergovernmental:				
Grant	$ -	$ -	$ 194,907	$ 194,907
Paulding County, Georgia	-	-	28,875	28,875
Bremen, Georgia	-	-	7,219	7,219
Courts and law enforcement:	-			
Forfeitures	-	-	109,835	109,835
Miscellaneous	-	-	-	-
Interest	-	-	318	318
Total revenues	-	-	341,154	341,154
Expenditures:				
Public Safety:				
Salaries	-	-	68,993	(68,993)
Maintenance	-	-	7,519	(7,519)
Equipment	-	-	-	-
Supplies	-	-	13,037	(13,037)
Telephone	-	-	-	-
Uniforms	-	-	9,084	(9,084)
Utilities	-	-	24,432	(24,432)
Rent	-	-	7,800	(7,800)
Training and travel	-	-	18,752	(18,752)
Small equipment	-	-	7,607	(7,607)
Office supplies	-	-	7,303	(7,303)
Investigations	-	-	30,850	(30,850)
Forfeited property payments	-	-	19,272	(19,272)
Vehicle purchase	-	-	38,010	(38,010)
Miscellaneous	-	-	17,216	(17,216)
Intergovernmental				
Salaries	-	-	86,241	(86,241)
Total expenditures	-	-	356,116	(356,116)
Deficiency of revenues over expenditures	-	-	(14,962)	(14,962)
Other financing sources (uses):				
Transfers in	-	-	28,875	28,875
Excess of revenues and other financing sources over expenditures and other financing uses	-	-	13,913	13,913
Fund balances, beginning	133,092	133,092	133,092	-
Fund balances, ending	$ 133,092	$ 133,092	$ 147,005	$ 13,913

See accompanying notes.

Notes to Required Supplementary Information

An annual budget is prepared for the General Fund based on requests made by various department heads. The budget includes proposed expenditures and the means of financing them. Prior to the budget being legally enacted through passage of an ordinance, public hearings are held to obtain taxpayer comments. The budget is prepared on the modified accrual basis of accounting which is the basis of accounting utilized by the General Fund. The County does not use an encumbrance system which records commitments related to unperformed contracts for goods and services.

Annual budgets are prepared for the general fund. The budgets were not amended during the year.

The general fund expenditures exceeded budgeted appropriations by $272,927. The following department's expenditures exceeded its budgeted appropriations by three percent or more:

	Budget	Actual	Difference
Law Enforcement	1,649,806	1,855,029	205,223
Jail Operations	1,521,911	1,810,534	288,623

OTHER SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for specified purposes.

Law Library Fund - To account for the resources received form various courts of Haralson County and used for the support of a centralized law library.

Sheriff Forfeiture Fund – To account for monies confiscated under Federal and Georgia law by the Haralson County Sheriff's office related to controlled substance offenses. Such monies are restricted to defray the cost of complex investigations and to purchase equipment related to investigations.

Crime Victim Assistance Program Fund – To account for add on fine surcharges as required by O.C.G.A. 15-21-132, collected by various Haralson County and State Courts to be disbursed to Certified Haralson County Victim Assistance Programs.

County Jail Fund – To account for monies collected under O.C.G.A. 15-21-93 for the violation of any criminal or traffic law of this state or political subdivision in the amount of 10% of the base fine. Funds are restricted solely and exclusively for constructing, operating, and staffing county jails.

Special Law Enforcement Grant Fund – To account for grants and donations restricted to "community out reach" activities of the Sheriff's office.

Emergency Telephone System Fund – E-911 is used to account for the monies collected under Georgia law by the telephone company on behalf of Haralson County. These monies are remitted to the County and are restricted to providing emergency 911 services to the residents of the County.

Juvenile Court Supervision Fee Fund is used to account for the supervision fees received relating to the operation of the Juvenile Court.

Probations Fund – To account for funds collected by the Probations department.

Drug Abuse Treatment and Education Fund - DATE Fund - is used to account for monies collected under O.C.G.A. 15-21-100 related to additional penalties on controlled substance offenses. Such monies are restricted for drug abuse treatment and educational programs relating to controlled substances and marijuana.

Special Recreation Fund – To account for grants and donations received by the County restricted to recreational activities.

HARALSON COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
For the Year Ended June 30, 2012

	Law Library Fund	Sheriff's Forfeiture Fund	Victim Witness Fund	County Jail Fund	Special Law Enforcement Grant Fund
Assets:					
Cash and cash equivalents	$ 8,645	$ 566	$ -	$ 147,343	$ 506
Accounts receivable	-	-	-	5,827	-
Due from other funds	-	-	25,233	18,310	-
Total assets	$ 8,645	$ 566	$ 25,233	$ 171,480	$ 506
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ -	$ -	$ -	$ -	$ -
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	177	-
Total liabilities	-	-	-	177	-
Fund balances:					
Nonspendable:					
Reserved for inventory	-	-	-	-	-
Restricted for:					
Grant purposes	-	-	-	-	506
Judicial	8,645	-	25,233	-	-
Public saftety	-	566	-	171,303	-
Culture and recreation	-	-	-	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Committed for:	-	-	-	-	-
Assigned for:	-	-	-	-	-
Unassigned:	-	-	-	-	-
Total fund balances	8,645	566	25,233	171,303	506
Total liabilities and fund balance	$ 8,645	$ 566	$ 25,233	$ 171,480	$ 506

HARALSON COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
For the Year Ended June 30, 2012

	E-911 Surcharge Fund	Juvenile Court Supervision Fund	Employment Incentive Program Fund	Probations Fund	Drug Abuse Treatment Fund	Special Recreation Fund	Total Nonmajor Special Revenue Funds
	$ 13,272	$ 9,733	$ 234,901	$ 3,753	$ 4,630	$ 786	$ 424,135
	75,442	380	351,620	-	19,844	-	453,113
	-	1,431	-	-	12,294	-	57,268
	$ 88,714	$ 11,544	$ 586,521	$ 3,753	$ 36,768	$ 786	$ 934,516
	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	27,402	-	-	-	-	-	27,402
	-	-	-	-	-	-	177
	27,402	-	-	-	-	-	27,579
	-	-	-	-	-	-	$ -
	-	-	586,521	-	-	-	587,027
	-	11,544	-	3,753	-	-	49,175
	61,312	-	-	-	36,768		269,949
	-	-	-	-	-	786	786
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	61,312	11,544	586,521	3,753	36,768	786	906,937
	$ 88,714	$ 11,544	$ 586,521	$ 3,753	$ 36,768	$ 786	$ 934,516

HARALSON COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2012

	Law Library Fund	Sheriff's Forfeiture Fund	Victim Witness Fund	County Jail Fund	Special Law Enforcement Grant Fund
Revenues:					
Charges for services	$ -	$ -	$ -	$ -	$ -
Fines and forfeitures	18,823	600	25,233	49,958	-
Intergovernmental	-	-	-	-	-
Use of money and property	3	-	-	-	-
Miscellaneous	-	-	-	-	1,632
Total revenues	18,826	600	25,233	49,958	1,632
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	699	-	14,893	1,844
Judicial	20,844	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total expenditures	20,844	699	-	14,893	1,844
Excess (deficiency) of revenues over expenditures	(2,018)	(99)	25,233	35,065	(212)
Other financing sources (uses):					
Lease proceeds	-	-	-	-	-
Transfers from component unit	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
	-	-	-	-	-
Net change in fund balances	(2,018)	(99)	25,233	35,065	(212)
Fund balances, beginning, as restated	10,663	665	-	136,238	718
Fund balances, ending	$ 8,645	$ 566	$ 25,233	$ 171,303	$ 506

HARALSON COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2012

E-911 Surcharge Fund	Juvenile Court Supervision Fund	Employment Incentive Program Fund	Probations Fund	Drug Abuse Treatment Fund	Special Recreation Fund	Total Nonmajor Special Revenue Funds
$ 429,322	$ -	$ -	$ -	$ -	$ -	$ 429,322
-	505	-	-	14,884	-	110,003
-	-	-	-	-	-	-
-	10	12,613	-	4	-	12,630
-	-	-	134,547	-	2,000	138,179
429,322	515	12,613	134,547	14,888	2,000	690,134
-	-	-	-	-	-	-
844,244	-	-	-	-	-	861,680
-	470	-	143,250	-	-	164,564
-	-	-	-	-	2,154	2,154
-	-	-	-	-	-	-
844,244	470	-	143,250	-	2,154	1,028,398
(414,922)	45	12,613	(8,703)	14,888	(154)	(338,264)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
439,895	-	-	-	-	-	439,895
-	-	-	-	-	-	-
439,895	-	-	-	-	-	439,895
24,973	45	12,613	(8,703)	14,888	(154)	101,631
36,339	11,499	573,908	12,456	21,880	940	805,306
$ 61,312	$ 11,544	$ 586,521	$ 3,753	$ 36,768	$ 786	$ 906,937

Agency Funds

Tax Commissioner – This fund is used to account for all real, personal and intangible taxes collected and forwarded to the County and other government units.

Sheriff – This fund is used to account for collection of fees, proceeds form judicial sales, and cash bonds, which are disbursed to other agencies, the County and individuals.

The following agency funds are used to account for fines, fees, and other moneys collected by the courts and remitted to other parties in accordance with court orders and state law:

Clerk of Superior Court
Probate Court
Magistrate Court

HARALSON COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENTS OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2012

	Tax Commissioner	Clerk of Superior Court	Sheriff	Probate Court	Magistrate Court	Total
Assets:						
Cash and cash equivalents	$ 314,660	$ 1,259,857	$ 13,443	$ 4,439	$ 24,661	$ 1,617,060
Receivable (net of allowance for uncollectible):						
Property taxes	1,089,018	-	-	-	-	1,089,018
Total assets	$ 1,403,678	$ 1,259,857	$ 13,443	$ 4,439	$ 24,661	$ 2,706,078
Liabilities and Fund Balance						
Liabilities:						
Due to other governments/others	$ 1,403,678	$ 1,259,857	$ 13,443	$ 4,439	$ 24,661	$ 2,706,078
Total liabilities	$ 1,403,678	$ 1,259,857	$ 13,443	$ 4,439	$ 24,661	$ 2,706,078

accompanying notes.

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ROBINSON, ROWLAND & CO., P.C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE SALES TAX PROCEEDS

To the Board of Commissioners
Haralson County, Georgia

We have audited the accompanying Schedule of Projects Constructed with Special Sales Tax Proceeds of Haralson County, Georgia for the year ended June 30, 2012. This schedule is the responsibility of Haralson County, Georgia's management. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Projects Constructed with Special Sales Tax Proceeds is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Projects Constructed with Special Sales Tax Proceeds. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule of Projects Constructed with Special Sales Tax Proceeds. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedule of Projects Constructed with Special Sales Tax Proceeds was prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121 and is not intended to be a complete presentation of Haralson County, Georgia's revenues and expenditures.

In our opinion, the Schedule of Projects Constructed with Special Sales Tax Proceeds referred to above presents fairly, in all material respects, the estimated cost, the current year estimated cost, and the current and prior year expenditures for each project in Haralson County, Georgia's resolution calling for the tax for the year ended June 30, 2012, in conformity with accounting principles generally accepted in the United States of America.

Robinson, Rowland & Co., P.C.

Carrollton, Georgia
December 28, 2012

HARALSON COUNTY, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED WITH

SPECIAL PURPOSE LOCAL OPTION SALES AND USE TAX PROCEEDS

For the Year Ended June 30, 2012

SPLOST IV

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Gymnasium	$ 800,000	$ 1,681,011	$ 1,681,011	$ -	$ 1,681,011
Other recreation facilities	915,156	452,532	452,532	-	452,532
Courthouse capital improvements	910,282	589,791	589,791	162	589,953
Road and bridge improvements	1,256,702	1,784,328	1,784,328	-	1,784,328
Water improvements	2,979,657	3,377,319	3,377,319	582	3,377,901
800 MHz radio system	400,000	473,962	473,962	-	473,962
E-911 Center	1,500,000	2,189,170	2,189,170	-	2,189,170
E-911 vehicle	12,000	12,000	12,000	-	12,000
Fire truck	255,715	628,386	628,386	-	628,386
Fire department - Station 7 repairs	40,000	44,325	44,325	-	44,325
Fire department - Station 10	250,000	605,906	605,906	-	605,906
Fire department - Station 12	200,000	-	-	-	-
Mental Health building & equipment	167,115	89,632	89,632	-	89,632
Animal Shelter building & equipment	552,222	607,603	607,603	-	607,603
GPS-Mapping System	300,045	334,566	334,566	-	334,566
Copiers	41,102	179,718	179,718	-	179,718
Computers	11,531	12,282	12,282	-	12,282
Sheriff vehicles	526,784	355,017	355,017	-	355,017
Historic Courthouse	5,058	5,058	5,058	-	5,058
District Attorney building	5,225	19,422	19,422	-	19,422
	$ 11,128,594	$ 13,442,028	$ 13,442,028	$ 744	$ 13,442,772
Bremen Projects	$ 2,643,703	$ 2,643,703	$ 3,129,901	$ -	$ 3,129,901
Buchanan Projects	882,475	882,475	912,026	-	912,026
Tallapoosa Projects	1,766,652	1,766,652	1,741,066	-	1,741,066
Waco Projects	163,326	163,326	534,677	-	534,677
Haralson County Water Authority	-	-	75,432	13,810	89,242
	$ 5,456,156	$ 5,456,156	$ 6,393,102	$ 13,810	$ 6,406,912

SPLOST V

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Senior center project	$ 500,000	$ 500,000	$ -	$ 2,262	$ 2,262
Road and bridge improvements	3,380,830	3,380,830	933,059	427,432	1,360,491
Recreation project	1,800,000	1,800,000	69,128	44,489	113,617
Public safety project	2,550,000	2,550,000	380,231	102,221	482,452
Government improvement project	4,150,000	4,150,000	195,052	464,952	660,004
	$ 12,380,830	$ 12,380,830	$ 1,577,470	$ 1,041,356	$ 2,618,826
Bremen Projects	$ 2,693,376	$ 2,693,376	$ 1,226,321	$ 604,709	$ 1,831,030
Buchanan Projects	123,133	123,133	150,854	148,583	299,437
Tallapoosa Projects	3,475,000	3,475,000	459,838	423,128	882,966
Waco Projects	-	-	69,468	116,362	185,830
Haralson County Water Authority	7,400,000	7,400,000	1,245,892	1,351,310	2,597,202
	$ 13,691,509	$ 13,691,509	$ 3,152,373	$ 2,644,092	$ 5,796,465

See accompanying notes.

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Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
of Haralson County, Georgia
Buchanan, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Haralson County, Georgia, as of and for the year ended June 30, 2012, which collectively comprise Haralson County, Georgia's basic financial statements and have issued our report thereon dated December 28, 2012. 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. Other auditors audited the financial statements of Haralson County Health Department, a discretely presented component unit of the County, as described in our report on Haralson County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

Management of Haralson County, Georgia, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Haralson County, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Haralson County, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Haralson County, Georgia's internal control over financial reporting.

Our consideration of internal control over financial reporting 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 significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs as items, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 12-6 and 12-7 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 accompany schedule of findings and questioned costs as 12-1 and 12-2 to be significant deficiencies..

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Haralson County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other 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 items 12-3, 12-4 and 12-5.

We noted certain other matters that we reported to management of Haralson County, Georgia in a separate letter dated December 28, 2012

Haralson County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Haralson County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Rebman, Rowland + Co., P.C.

Carrollton, Georgia
December 28, 2012

Schedule of Findings and Questioned Costs

A. SUMMARY OF AUDIT RESULTS:

1. The auditor's report expresses an unqualified opinion on the financial statements of Haralson County, Georgia.

2. Two reportable conditions related to the audit of the financial statements are reported in the 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,* and are included in the Schedule of Findings and Questioned Costs as items 12-6 and 12-7. These reportable conditions are deemed to be material weaknesses.

3. Two reportable conditions related to the audit of the financial statements are reported in the 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,* and are included in the Schedule of Findings and Questioned Costs as items 12-1 and 12-2. These reportable conditions are not deemed to be material weaknesses.

4. Three instances of noncompliance relating to the audit of the financial statements of the Haralson County, Georgia are reported in the 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* and are included in the Schedule of Findings and Questioned Costs as items 12-3 through 12-5.

B. FINDINGS: FINANCIAL STATEMENT AUDIT

12-1 Segregation of Duties

Condition: **This was reported as a prior year finding as well.** There is not appropriate segregation of duties between recording, distribution, and reconciliation of cash accounts and other operational functions within various County departments.

Criteria: Internal controls should be in place, which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Effect: Failure to periodically segregate duties between recording, distribution, and reconciliation of cash accounts can lead to the misappropriation of funds without such actions being detected during the normal course of business.

Recommendation: The duties of recording, distribution, and reconciliation of cash accounts should be segregated between employees.

Auditee's Response: We concur with the finding. We have segregated duties within limited staff to the extent possible and will work toward further segregation of duties.

12-2 Fixed Asset Accountability

Condition: **This was reported as a prior year finding as well.** During the year ended June 30, 2012, it was noted the County did not maintain a fixed asset listing and therefore its general ledger was not updated for fixed asset additions and depreciation expense.

Criteria: Procedures are not in place to properly account for fixed asset additions and disposals.

Effect: Failure to properly account for fixed asset additions & disposals as well as depreciation expense of those assets could lead to misstatement of financial information and misappropriation of assets.

Recommendation: A fixed asset schedule should be maintained for inventory and accounting purposes.

Auditee's Response: We concur with the finding. We will take necessary steps in the future to ensure that capital assets are properly recorded.

12-3 Budget Adoption

Condition: **This was reported as a prior year finding as well.** For the year ended June 30, 2012, the County adopted no budget for expenditures within various special revenue funds, and charged expenditures to line items in which no budgetary approval was performed.

Criteria: The Official Code of Georgia (OCGA) Section 36-81-2 through 36-81-6 requires that an annual budget be adopted for the general fund; each special revenue fund and each debt service fund, and requires a project length budget for each capital projects fund.

Effect: Failure to adopt such budgets places the County within violation of state law, and impedes management's ability to oversee the fiscal use and control of these funds.

Recommendation: The County should adopt an annual budget for all funds in accordance with state law using data derived from existing fund balances and anticipated revenues and expenditures throughout the fiscal year.

Auditee's Response: We concur with the finding. We are working with a consultant to enhance our budgeting process.

12-4 Budget Expenditures

Condition: **This was reported as a prior year finding as well.** For the year ended June 30, 2012, thirteen departments within the County government had over-expended their budgets for the fiscal year.

Criteria: The Official Code of Georgia (OCGA) Section 36-81-3 requires that governments maintain a balanced budget.

Effect: Failure to stay within prescribed budgets places the County within violation of state law, and impedes management's ability to oversee the fiscal use and control of these funds.

Recommendation: The County should communicate with all department heads the necessity to stay within prescribed budgets and should periodically analyze and review budget status with department heads. If additional funds are needed, department heads should submit the appropriate request to the Board for approval.

Auditee's Response: We concur with the finding. We will take necessary steps in the future to ensure that departments expend within there approved budgets.

12-5 Budget Amendments

Condition: **This was reported as a prior year finding as well.** For the year ended June 30, 2012, the County did not amend the annual budget as necessary to adapt to changes in governmental needs during the fiscal year.

Criteria: Controls are not in place to prevent excess appropriation of funds and maintaining operations under a balanced budget.

Effect: Failure to periodically review and amend appropriations throughout the year places an adverse effect on management's ability to meet cash flow requirements during the course of the year.

Recommendation: As prescribed by OCGA 36-81-3, the Board of Commissioners should approve and adopt amendments at the legal level of control through a change in anticipated revenues in any fund or a transfer of appropriations within departments to adapt to changing governmental needs during the fiscal year. All requests for transfer of appropriations should be documented and department officials maintain their fiscal budgetary responsibility at the legal level of control.

Auditee's Response: We concur with the finding. We will take necessary steps in the future the enhance our budgeting process to allow for changed within the budget year.

12-6 Special Revenue Funds

Condition: For the year ended June 30, 2012, it was noted that revenue remittances attributable to the following special revenue funds were deposited into the County's general account:

D.A.T.E Fund – Drug Awareness, Training and Education Fund – OCGA 15-21-101
Victim Assistance Program Fund – OCGA 15-21-132
Juvenile Supervision Fund - OCGA 15-11-69 (2) a.

Criteria: Processes should be in place to ensure that revenues reported in the special revenue funds are correct.

Effect: Failure to appropriately account for special revenues can result in violations of various sections of the Official Code of Georgia.

Recommendation: Revenues generated by fines associated with various special revenue funds are required to be deposited in the appropriate fund.

Auditee's Response: We concur with the finding. We have hired a consultant to improve our accounting processes related to special revenue funds.

12-7 Victim Assistance Fund

Condition: For the year ended June 30, 2012, it was noted that items had been remitted to payees other than a Certified Organization and that all of the receipts for each month were not paid out by the end of the month.

The Official Code of Georgia 15-21-132 (g) states in part that moneys arising from fines imposed pursuant to Code Section 15-21-131 shall not be paid to any victim assistance program that has not been certified by the Criminal Justice Coordinating Council.

The Official Code of Georgia 15-21-132 (a) states in part that all such funds shall be paid to the recipients by the last day of the month in which the funds are received.

Criteria: Processes should be in place to ensure that expenditures from special revenue funds are authorized.

Effect: Failure to properly expend special revenue funds can result in violations of the Official Code of Georgia.

Recommendation: Expenditures from the Victim Assistance Program should only be made to programs certified by the Criminal Justice Coordinating Council. The County should review their list of certified programs and determine the amounts to be paid to each. Such payments should be made the month following receipt of funds.

Auditee's Response: We concur with the finding. We have hired a consultant to improve our accounting processes related to special revenue funds.

12-7 Receivables and Revenues

Condition: Processes should be in place to ensure that the amounts reported as receivables and revenues are appropriate.

Criteria: Internals were not sufficient to detect misstatements in the reporting of the City's receivables and revenues.

Effect: Audit adjustments were needed to correctly report revenues and receivables for the year ended June 30, 2012..

Recommendation: We recommend that the County carefully review all revenues and related receivables to ensure they are reported in the proper reporting period..

Auditee's Response: We concur with the finding. We have hired a consultant to improve our accounting processes associated with reporting revenue and receivables in the correct accounting period..

12-8 Financial Statements

Condition: The County keeps its accounting data on a cash basis throughout the year, which is an accepted practice for many local governments. The County should have a process in place to accurately accumulate information at year end for the conversion of cash basis accounting data to the proper basis of accounting under generally accepted accounting principles. A significant number of adjusting entries were required to convert the accounting data of the County to the financial statements in accordance with generally accepted accounting principles.

Criteria: The County is ultimately responsible for the financial statements prepared in accordance with generally accepted accounting principles.

Effect: A significant number of adjusting entries were required.

Recommendation: We recommend that the County devote the resources necessary to ensure that the cash basis accounting data is converted to the proper basis of accounting after year end and in preparation for the year end financial statements.

Auditee's Response: We concur with the finding. We have hired a consultant to improve our accounting processes associated with our year end closing process and the preparation of our financial statements.

C. STATUS OF PRIOR YEAR FINDINGS: FINANCIAL STATEMENT AUDIT

11-1 Segregation of Duties

Condition: **This was reported as a prior year finding as well.** There is not appropriate segregation of duties between recording, distribution, and reconciliation of cash accounts and other operational functions within various County departments.

Criteria: Internal controls should be in place, which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Status : The finding remains a current year finding.

11-2 Fixed Asset Accountability

Condition: **This was reported as a prior year finding as well.** During the year ended June 30, 2011, it was noted the County did not maintain a fixed asset listing and therefore its general ledger was not updated for fixed asset additions and depreciation expense.

Criteria: Procedures are not in place to properly account for fixed asset additions and disposals.

Status : The finding remains a current year finding.

11-3 Budget Adoption

Condition: **This was reported as a prior year finding as well.** For the year ended June 30, 2011, the County adopted no budget for expenditures within various special revenue funds, and charged expenditures to line items in which no budgetary approval was performed.

Criteria: The Official Code of Georgia (OCGA) Section 36-81-2 through 36-81-6 requires that an annual budget be adopted for the general fund; each special revenue fund and each debt service fund, and requires a project length budget for each capital projects fund.

Status : The finding remains a current year finding.

11-4 Budget Expenditures

Condition: **This was reported as a prior year finding as well.** For the year ended June 30, 2011, thirteen departments within the County government had over-expended their budgets for the fiscal year.

Criteria: The Official Code of Georgia (OCGA) Section 36-81-3 requires that governments maintain a balanced budget.

Status : The finding remains a current year finding.

11-5 Budget Amendments

Condition: **This was reported as a prior year finding as well.** For the year ended June 30, 2011, the County did not amend the annual budget as necessary to adapt to changes in governmental needs during the fiscal year.

Criteria: Controls are not in place to prevent excess appropriation of funds and maintaining operations under a balanced budget.

Status : The finding remains a current year finding.

11-6 SPLOST Expenditures

Condition: During the year ended June 30, 2011, SPLOST proceeds were used for items not considered capital outlay projects as defined in Official Code of Georgia 48-8-110.

Criteria: Expenditures funded with SPLOST proceeds are governed by a resolution passed by a vote of the citizens of Haralson County and the Official Code of Georgia. Under state law SPLOST proceeds may only be used to fund capital outlay projects.

Status : The finding was resolved during the current year.