*Financial Statements*
*and*
*Supplemental Information*

# HARALSON COUNTY, GEORGIA

For the Year Ended June 30, 2013

# HARALSON COUNTY, GEORGIA
## FINANCIAL STATEMENTS
## For the Year Ended June 30, 2013

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# HARALSON COUNTY, GEORGIA
## FINANCIAL STATEMENTS
**For the Year Ended June 30, 2013**

## PRINCIPAL COUNTY OFFICIALS

| Board of Commissioners | |
|---|---|
| H. Allen Poole | Chairman / CEO |
| Kenneth Smith | District #1 |
| Jamie Bennett | District #2 |
| John Dobbs | District #3 |
| Sammy Robinson | District #4 / Vice Chairman |

| Other Elected Officials | |
|---|---|
| Barbara Ridley | Tax Commissioner |
| 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 |
| Oliver J. Browning | District Attorney |
| Danny Hutcheson | Coroner |
| Greg Dewberry | County Surveyor |

| Appointed Officials | |
|---|---|
| Alison Palmer | Clerk |
| Hubert Sparks | Tax Assessor |

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

# WILL M. ROBINSON, CPA, P.C.

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Haralson County, Georgia

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental 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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Haralson County, Georgia, as of June 30, 2013, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*103 Rejen Drive, Carrollton, GA 30117*
Phone (770) 836-4943 * FAX (678) 839-7250

*Other Matters*

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and schedule of funding progress on pages 4–9, pages 45–48 and page 49, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Haralson County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of special local option sales tax proceeds is presented for purposes of additional analysis as required by the Official Code of Georgia annotated 48-8-21, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of special local option sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2013, on our consideration of Haralson County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Haralson County, Georgia's internal control over financial reporting and compliance.

Wilkinson, CPA, P.C.

Carrollton, Georgia
December 30, 2013

# 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, 2013. Please read it in conjunction with the County's basic 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 Position.* 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 position 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.

**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 43 of this report.

**Financial Analysis of the County as a Whole**

The County's net position at fiscal year-end was $18,854,559. This is a $670,169 decrease from last year's net position of $19,524,728. The following table provides a summary of the County's net position for the current and prior year:

**Summary of Net Position**

| | 2013 | 2012 |
|---|---|---|
| Assets: | | |
| Cash | $ 2,870,014 | $ 3,894,202 |
| Other current assets | 1,296,939 | 1,900,213 |
| Capital assets | 15,932,930 | 15,610,540 |
| Total assets | 20,099,883 | 21,404,955 |
| Liabilities: | | |
| Current liabilities | 1,137,442 | 1,810,587 |
| Long-term liabilities | 107,882 | 69,640 |
| Total liabilities | 1,245,324 | 1,880,227 |
| Net position: | | |
| Invested in capital assets, net of related debt | 15,932,930 | 15,540,900 |
| Restricted | 2,414,478 | 3,384,052 |
| Unrestricted | 507,151 | 599,776 |
| Total net position | $ 18,854,559 | $ 19,524,728 |

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

| | | |
|---|---|---|
| Operating grants | 425,537 | 300,974 |
| Capital grants | 1,179 | 2,264 |
| General: | | |
| Property taxes | 8,074,624 | 8,022,566 |
| Special purpose local option sales tax | 3,438,358 | 3,670,086 |
| Local option sales tax | 1,556,785 | 1,920,536 |
| Insurance premium tax | 795,734 | 744,849 |
| Other | 433,674 | 525,417 |
| Transfers to joint venture | (127,314) | - |
| Total revenues | 17,402,054 | 17,120,319 |
| Expenses | | |
| General government | 2,498,243 | 2,290,575 |
| Judicial | 1,734,410 | 1,685,185 |
| Public safety | 7,134,826 | 7,253,984 |
| Public works | 2,414,726 | 1,802,605 |
| Health and welfare | 1,818,438 | 1,806,855 |
| Recreation and culture | 341,293 | 365,757 |
| Intergovernmental | 2,184,777 | 2,730,333 |
| Interest | 1,506 | 4,697 |
| Transfer to component unit | - | - |
| Total expenses | 18,128,219 | 17,939,991 |
| Increase (Decrease) in net position | (726,165) | (819,672) |
| Net position - beginning, as restated | 19,580,724 | 20,344,400 |
| Net position - ending | $ 18,854,559 | $ 19,524,728 |

## 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 $4,264,380, a decrease of $13,710 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, 2013 was $284,848 compared to $894,038 on June 30, 2012.

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, 2013 was $2,031,164 compared to $2,330,110 on June 30, 2012.

The Drug Task Force Fund accounts for grants, income and expenditures related to the Drug Task Force. The fund balance of this fund was $124,953 on June 30, 2013 compared to $147,005 on June 30, 2012.

## General Fund Budgetary Highlights

For the year ending June 30, 2013 the general fund budget was $13,082,427 for expenditures and transfers out. The actual expenditures and transfers out for the year were $13,637,042. Expenditures and transfers out exceeded budget by $554,615.

## Capital Asset and Debt Administration

*Capital assets*

The County's investment in capital assets as of June 30, 2013 amounts to $15,932,930. This investment in capital assets includes land, buildings and improvement and machinery and equipment. It also includes infrastructure (roads) constructed over the past eight 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, 2013:

**Capital Assets**

| | Balance at June 30, 2012 | Additions | Disposals | Balance at June 30, 2013 |
|---|---|---|---|---|
| Land | $ 878,603 | $ - | $ - | $ 878,603 |
| Construction in progress | - | 126,708 | - | 126,708 |
| Buildings | 12,103,551 | 696,600 | - | 12,800,151 |
| Machinery & equipment | 13,624,462 | 441,550 | - | 14,066,012 |
| Infrastructure | 6,687,801 | - | - | 6,687,801 |
| | 33,294,417 | 1,264,858 | - | 34,559,275 |
| Accumulated depreciation | 17,683,877 | 942,468 | - | 18,626,345 |
| Capital assets, net | $ 15,610,540 | $ 322,390 | $ - | $ 15,932,930 |

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

*Long-term debt*

The following is a summary of long-term debt activity for the year ended June 30, 2013:

| | Balance at July 1, 2012 | Additions | Reductions | Balance at June 30, 2013 | Amount Due Within One Year |
|---|---|---|---|---|---|
| Compensated absences | $ - | $ 62,569 | $ - | $ 62,569 | $ - |
| Net pension liability | 38,846 | 6,437 | | 45,283 | - |
| Capital lease | 69,640 | - | 69,640 | - | - |
| Total long term | $ 108,486 | $ 69,006 | $ 69,640 | $ 107,852 | $ - |

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

**Contacting the County's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, Allen Poole, Chairman and CEO, Commission Office, 155 Van Wert Street, Buchanan, Georgia 30113, 770-646-2002.

# HARALSON COUNTY, GEORGIA
## STATEMENT OF NET POSITION
## June 30, 2013

| | Primary Government | Component Units | |
|---|---|---|---|
| | Governmental Activities | Haralson County Health Department | Development Authority of Haralson County |
| **Assets:** | | | |
| Cash and cash equivalents | $ 2,870,014 | $ 175,067 | $ 1,268,330 |
| Receivables, net | 803,502 | - | 51,322 |
| Due from other governments and agencies | 443,437 | 52,425 | - |
| Inventories | 50,000 | 3,517 | - |
| Prepaid items | - | - | - |
| Capital Assets: | | | |
| Nondepreciable capital assets | 1,005,311 | - | 162,605 |
| Depreciable capital assets, net | 14,927,619 | 9,383 | 2,200,184 |
| **Total assets** | $ 20,099,883 | $ 240,392 | $ 3,682,441 |
| **Liabilities:** | | | |
| Accounts payable | $ 81,971 | $ 346 | $ - |
| Accrued liabilities | 400,932 | - | 4,684 |
| Due to other governments | 560,427 | 19,687 | - |
| Due to others | 94,112 | - | - |
| Note payable - Current | - | - | - |
| Capital lease payable - Current | - | - | - |
| Long-Term Liabilities: | | | |
| Compensated absences payable | 62,569 | 18,274 | - |
| Net pension liability | 45,313 | - | - |
| Capital lease payable (net of current portion) | - | - | - |
| **Total liabilities** | $ 1,245,324 | $ 38,307 | $ 4,684 |
| **Net Position** | | | |
| Invested in capital assets, net of related debt | $ 15,932,930 | $ 9,383 | $ 2,362,789 |
| Restricted for: | | | |
| Capital Projects | 1,584,429 | - | - |
| Other Purposes | 830,049 | - | - |
| Unrestricted | 507,151 | 192,702 | 1,314,968 |
| **Total net position** | $ 18,854,559 | $ 202,085 | $ 3,677,757 |

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, 2013

| | | Program Revenues | | | Primary Government | Component Units | |
|---|---|---|---|---|---|---|---|
| | Expenses | Charges for Services and Fines | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Haralson County Health Department | Development Authority of Haralson County |
| **Primary Government** | | | | | | | |
| Governmental Activities: | | | | | | | |
| General government | $ 2,498,243 | $ 386,744 | $ - | $ - | $ (2,111,499) | | |
| Public safety | 7,134,826 | 798,796 | 127,414 | - | (6,208,616) | | |
| Judicial | 1,734,410 | 771,655 | 88,434 | - | (874,321) | | |
| Public works | 2,414,726 | 810,859 | - | - | (1,603,867) | | |
| Health and welfare | 1,818,438 | 7,844 | - | - | (1,810,594) | | |
| Recreation and culture | 341,293 | 27,579 | - | - | (313,714) | | |
| Economic development | - | - | - | - | - | | |
| Intergovernmental | 2,184,777 | - | 209,689 | - | (1,975,088) | | |
| Interest and fiscal charges | 1,506 | - | - | 1,179 | (327) | | |
| **Total governmental activities** | 18,128,219 | 2,803,477 | 425,537 | 1,179 | (14,898,026) | | |
| **Component Units** | | | | | | | |
| Haralson County Health Department | 494,330 | 148,732 | 255,231 | - | | (90,367) | - |
| Development Authority of Haralson Co. | 344,780 | 264,235 | 14,750 | - | | - | (65,795) |
| **Total component units** | $ 839,110 | $ 412,967 | $ 269,981 | $ - | | $ (90,367) | $ (65,795) |
| **General revenues:** | | | | | | | |
| Taxes: | | | | | | | |
| General property taxes | | | | | $ 8,074,624 | $ - | $ - |
| Local option sales tax | | | | | 1,556,785 | - | - |
| Special purpose local option sales tax | | | | | 3,438,358 | - | - |
| Insurance premium tax | | | | | 795,734 | - | - |
| Other taxes | | | | | 122,130 | - | - |
| Interest | | | | | 11,642 | 264 | 6,823 |
| Miscellaneous | | | | | 224,823 | 28 | - |
| County Funding | | | | | - | 142,722 | - |
| Revenue from sale of materials | | | | | 75,079 | - | - |
| **Transfers** | | | | | (127,314) | - | - |
| **Total general revenues and transfers** | | | | | 14,171,861 | 143,014 | 6,823 |
| **Change in net position** | | | | | (726,165) | 52,647 | (58,972) |
| **Net position - beginning, as restated** | | | | | 19,580,724 | 149,438 | 3,736,729 |
| **Net position - ending** | | | | | $ 18,854,559 | $ 202,085 | $ 3,677,757 |

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

# HARALSON COUNTY, GEORGIA
## GOVERNMENTAL FUNDS
## BALANCE SHEET
## June 30, 2013

| | General | SPLOST Fund | Drug Task Force Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| **Assets:** | | | | | |
| Cash and cash equivalents | $ 618,888 | $ 1,768,902 | $ 119,992 | $ 362,232 | $ 2,870,014 |
| Receivables (net of allowance for uncollectibles): | | | | | |
| Taxes - property | 403,438 | - | - | - | 403,438 |
| Accounts Receivable | - | - | - | 400,064 | 400,064 |
| Intergovernmental | 176,249 | 262,227 | 4,961 | - | 443,437 |
| Due from other funds | 14,961 | 35 | - | 82,433 | 97,429 |
| Inventory, at cost | 50,000 | - | - | - | 50,000 |
| **Total assets** | $ 1,263,536 | $ 2,031,164 | $ 124,953 | $ 844,729 | $ 4,264,382 |
| **Liabilities:** | | | | | |
| Accounts payable | $ 79,841 | $ - | $ 2,130 | $ - | $ 81,971 |
| Other accrued liabilities | 373,530 | - | - | 27,402 | 400,932 |
| Due to other funds | 82,468 | - | 14,784 | 177 | 97,429 |
| Due to other governments | 112,664 | 446,735 | 1,028 | - | 560,427 |
| Due to others | - | - | 94,112 | - | 94,112 |
| **Total liabilities** | 648,503 | 446,735 | 112,054 | 27,579 | 1,234,871 |
| **Deferred Inflows of Resources:** | | | | | |
| Unavailable revenue - taxes | 330,185 | - | - | - | 330,185 |
| **Total deferred inflows of resources** | 330,185 | - | - | - | 330,185 |
| **Fund balance:** | | | | | |
| **Nonspendable:** | | | | | |
| Reserved for inventory | 50,000 | - | - | - | 50,000 |
| **Restricted for:** | | | | | |
| Grant purposes | - | - | - | 599,183 | 599,183 |
| Judicial | - | - | - | 71,055 | 71,055 |
| Public saftety | - | - | 12,899 | 144,003 | 156,902 |
| Culture and recreation | | | | 2,909 | 2,909 |
| Capital projects | - | 1,425,446 | - | - | 1,425,446 |
| Debt service | - | 158,983 | - | - | 158,983 |
| **Committed for:** | - | - | - | - | - |
| **Assigned for:** | - | - | - | - | - |
| **Unassigned:** | 234,848 | - | - | - | 234,848 |
| | - | - | - | - | - |
| **Total fund balances** | 284,848 | 1,584,429 | 12,899 | 817,150 | 2,699,326 |
| **Total liabilities and fund balance** | $ 1,263,536 | $ 2,031,164 | $ 124,953 | $ 844,729 | $ 4,264,382 |

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

# HARALSON COUNTY, GEORGIA
## RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
### June 30, 2013

| | | |
|---|---|---|
| **Total Governmental Fund Balances** | | $ 2,699,326 |
| **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 | $ 1,005,311 | |
| Cost of depreciable assets | 32,611,496 | |
| Less accumulated depreciation | (17,683,877) | 15,932,930 |
| The net pension liablity is not payable in the current period and therefore is not reported in the funds. | | (45,313) |
| Other long-term assets are not abailable to pay for current period expenditures and, therefoe are deferred in the funds | | |
| Property taxes | | 330,185 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. | | |
| Compensated absences | | (62,569) |
| **Net Position of Governmental Activities** | | $ 18,854,559 |

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, 2013

| | General | SPLOST Fund | Drug Task Force Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Taxes | $ 11,020,741 | $ 3,438,358 | $ - | $ - | $ 14,459,099 |
| Licenses and permits | 207,379 | - | - | - | 207,379 |
| Intergovernmental | 948,894 | - | 209,689 | - | 1,158,583 |
| Charges for services | 193,626 | - | - | 443,185 | 636,811 |
| Fines and forfeitures | 717,546 | - | 92,073 | 263,538 | 1,073,157 |
| Use of money and property | 75,079 | 1,179 | 120 | 11,522 | 87,900 |
| Miscellaneous revenues | 11,749 | - | - | 5,695 | 17,444 |
| **Total revenues** | 13,175,014 | 3,439,537 | 301,882 | 723,940 | 17,640,373 |
| **Expenditures:** | | | | | |
| Current: | | | | | |
| General government | 2,146,907 | 300,358 | - | - | 2,447,265 |
| Public safety | 5,444,380 | 102,407 | 302,367 | 1,013,565 | 6,862,719 |
| Judicial | 1,497,377 | - | - | 204,137 | 1,701,514 |
| Public works | 1,946,812 | 121,040 | - | - | 2,067,852 |
| Health and welfare | 1,748,535 | - | - | - | 1,748,535 |
| Recreation and culture | 263,578 | 11,905 | - | 1,700 | 277,183 |
| Economic Development | - | - | - | - | - |
| Intergovernmental: | - | 2,051,156 | 133,621 | - | 2,184,777 |
| Debt service: | | | | | |
| Principal | - | 69,640 | - | - | 69,640 |
| Interest and fiscal charges | - | 1,506 | - | - | 1,506 |
| Capital outlay: | | | | | |
| General government | - | 338,442 | - | - | 338,442 |
| Public safety | 9,364 | 375,435 | - | 47,100 | 431,899 |
| Judicial | - | - | - | - | - |
| Public works | - | - | - | - | - |
| Health and welfare | - | - | - | - | - |
| Recreation and culture | - | 614,143 | - | - | 614,143 |
| **Total expenditures** | 13,056,953 | 3,986,032 | 435,988 | 1,266,502 | 18,745,475 |
| **Excess (deficiency) of revenues over expenditures** | 118,061 | (546,495) | (134,106) | (542,562) | (1,105,102) |
| **Other financing sources (uses):** | | | | | |
| Proceeds form sale of capital assets | - | - | - | - | - |
| Transfers in | - | - | - | 452,775 | 452,775 |
| Transfers out | (580,089) | - | - | - | (580,089) |
| **Net change in fund balances** | (462,028) | (546,495) | (134,106) | (89,787) | (1,232,416) |
| **Fund balances, beginning as restated** | 746,876 | 2,130,924 | 147,005 | 906,937 | 3,931,742 |
| **Fund balances, ending** | $ 284,848 | $ 1,584,429 | $ 12,899 | $ 817,150 | $ 2,699,326 |

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, 2013

| | | |
|---|---|---|
| **Net change in Fund Balance - Total Governmental Funds** | | **$ (1,232,416)** |
| **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 | $ 1,384,484 | |
| Depreciation expense | (942,468) | 442,016 |
| Revenues in the statement of activities that do not provide curren financial resources are not reported as revenues in the funds. | | |
| Property taxes | | (111,005) |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, howerer, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items. | | |
| Principal repayments: | | |
| Capital leases | | 69,640 |
| The increase in net pension liablility is reported in the statement of activities but because it does affect current financial resources, is not reported in the govenrmental funds. | | |
| Net pension liablility | | 6,467 |
| 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. | | 99,133 |
| **Change in Net Position of Governmental Activities** | | **$ (726,165)** |

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, 2013

| | Agency Funds |
|---|---|
| **Assets:** | |
| Cash and cash equivalents | $ 641,655 |
| Receivables: | |
| Taxes | 1,044,172 |
| **Total assets** | $ 1,685,827 |
| | |
| **Liabilities:** | |
| Taxes payable to others upon collection | $ 1,044,172 |
| Funds held in trust for others | 641,655 |
| **Total liabilities** | $ 1,685,827 |

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

Haralson County, Georgia (the "County") was created by legislative act on January 26, 1856 and operates under a County Commissioners form of government, providing the following services as authorized by its charter: public safety, highways and streets, health and social services, culture-recreation, courts, correctional institute, public improvements, planning and zoning and general administrative services.

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 identified 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.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 fiscal year ended June 30, 2013, 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, 2013 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 position 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 (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. Government-wide financial statements do not provide information by fund, but distinguish between the County's governmental activities and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of net position includes non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the County's capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Program revenues* include 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The County reports the following major governmental funds:

The ***General Fund*** is the County'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 **capital projects, *SPLOST Fund*** accounts for the financial resources provided from the 1999, 2004 and 2009 one percent Special Purpose Local Option Sales Tax. Such resources are to be used for improvements to parks and recreation facilities, water and sewer projects, road improvements and the administrative building.

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

The County does not have any proprietary funds.

The County also reports the following fund types within the non-major governmental funds:

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

**Capital projects funds** account for general capital projects funded by donations.

***Agency Fund*** accounts for the collection and disbursement of monies by the County on behalf of other governments

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Measurement Focus, Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are for the proprietary fund and the fiduciary funds. Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the County considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to long-term debt, compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.
In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions," the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the County's water function and various other functions of the County. Elimination of these charges would distort the direct costs reported for the various functions concerned.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

## 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, 2013, 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 position.

### 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).

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

**Prepaid Items**

On the government-wide financial statements, payments made to vendors for services that will benefit periods beyond June 30, 2013, 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 position 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**

Accumulated sick pay benefits have not been recorded as a liability because these benefits are paid up the illness of a employee and the amount of such payments cannot be reasonably estimated. Accumulated unpaid vacation costs are accrued when incurred in the government-wide financial statements. A liability for the amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

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.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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 position."

**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.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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.

**Net Position** – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net position 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 position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

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

**Deferred outflows/inflows of resources**

The County implemented GASB Statements No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and No. 65, Items Previously Reported as Assets and Liabilities, as of July 1, 2012. These new standards establish accounting and financial reporting for deferred outflows / inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The County has no items that qualify for reporting in this category.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance or net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item that qualifies for reporting in this category. This item arises only under a modified accrual basis of accounting and, accordingly, the item, unavailable revenue from property taxes is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

## NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

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 $554,615. The following department's expenditures exceeded its budgeted appropriations by three percent or more:

| | Budget | Actual | Difference |
|---|---|---|---|
| General County Government | 725,400 | 785,593 | 60,193 |
| Tax Assessors | 418,443 | 431,185 | 12,742 |
| County Buildings | 69,887 | 78,351 | 8,464 |
| Law Enforcement | 1,649,806 | 1,855,029 | 205,223 |
| Jail Operations | 1,521,911 | 1,810,534 | 288,623 |
| Fire Department | 1,606,377 | 1,657,699 | 51,322 |
| Emergency Management | 15,008 | 34,223 | 19,215 |
| Courthouse Security | 99,150 | 113,000 | 13,850 |
| Juvenile Court | 186,082 | 212,297 | 26,215 |

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.

General fund revenue exceeded budgeted revenue by $92,587.

## NOTE 3 – DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS

### Custodial Credit Risk Related to Deposits

Total and Investments as of June 30, 2013 are summarized as follows:

| | | |
|---|---|---|
| **Balances per statement of net assets:** | | |
| Cash and cash equivalents - General government | $ | 618,888 |
| Cash and cash equivalents - SPLOST Fund | | 1,768,902 |
| Cash and cash equivalents - Drug Task Force Fund | | 119,992 |
| Cash and cash equivalents - Other Governmental Funds | | 362,232 |
| **Balances per statement of net assets (Component Units):** | | |
| Cash and cash equivalents - Health Department | | 175,067 |
| Cash and cash equivalents - Development Authority | | 1,268,330 |
| **Balances per statement of fiduciary net assets:** | | |
| Cash and cash equivalents - Agency Funds | | 641,655 |
| | $ | 4,955,066 |

**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, 2013, 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.

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

## Receivables

Receivables at June 30, 2013, consisted of taxes, miscellaneous receivables.

| | General | SPLOST | Nonmajor Governmental | Total |
|---|---|---|---|---|
| Receivables: | | | | |
| Taxes | 448,264 | - | - | - |
| Accounts | - | - | 400,064 | 400,064 |
| Intergovernmental | 176,249 | 262,227 | - | - |
| Gross receivables | 624,513 | 262,227 | 400,064 | 400,064 |
| Less allowance for uncollectable | (44,826) | - | - | - |
| Net total receivables | 579,687 | 262,227 | 400,064 | 400,064 |

## Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes were levied on August 15, 2012, and were payable on or before December 1, 2012. Property taxes levied for the year ending June 30, 2013 and not collected are recorded as receivables, net of estimated uncollectibles. The property tax levy for 2012 was 11.02 mills.

## 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 to: | | | |
|---|---|---|---|---|
| **Transfer from:** | **General Fund** | **E-911** | **Water Authority** | **Total** |
| General Fund | $ - | $ 452,775 | $ 127,314 | $ 580,089 |
| E-911 | - | - | - | - |
| Water Authority | - | - | - | - |
| | $ - | $ 452,775 | $ 127,314 | $ 580,089 |

The transfer to the Haralson County Water Authority (joint venture) represents expenditures associated with a CDBG block grant that the County received, whose proceeds were used to expand the Water Authority's distribution system.

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

| | Due to: | | | |
|---|---|---|---|---|
| Due from: | General Fund | SPLOST | Non-major Governmental | Total |
| General Fund | | $ 14,784 | $ 177 | $ 14,961 |
| SPLOST | 35 | - | - | 35 |
| Drug Task Force | | - | - | - |
| Non-major governmental | 82,433 | - | - | 82,433 |
| | $ 82,468 | $ 14,784 | $ 177 | $ 97,429 |

These balances at June 30, 2013, 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.

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

## Capital Assets

| Primary Government: | Balance at June 30, 2012 | Additions | Disposals | Balance at June 30, 2013 |
|---|---|---|---|---|
| Nondepreciable capital assets: | | | | |
| Land and improvements | $ 878,603 | $ - | $ - | $ 878,603 |
| Construction in progress | - | 126,708 | - | 126,708 |
| Total nondepreciable capital assets | 878,603 | 126,708 | - | 1,005,311 |
| Depreciable capital assets: | | | | |
| Buildings - as restated | 12,103,551 | 696,600 | - | 12,800,151 |
| Machinery & equipment - as restated | 13,624,462 | 441,550 | - | 14,066,012 |
| Infrastructure | 6,687,801 | - | - | 6,687,801 |
| Total depreciable capital assets | 32,415,814 | 1,138,150 | - | 33,553,964 |
| Less accumulated depreciation: | | | | |
| Buildings | 3,367,028 | 285,033 | - | 3,652,061 |
| Machinery & equipment | 11,356,161 | 484,621 | - | 11,840,782 |
| Infrastructure | 2,960,688 | 172,814 | - | 3,133,502 |
| Total accumulated depreciation | 17,683,877 | 942,468 | - | 18,626,345 |
| Total depreciable capital assets, net | 14,731,937 | 195,682 | - | 14,927,619 |
| Capital assets, net | $ 15,610,540 | $ 322,390 | $ - | $ 15,932,930 |

Governmental activities depreciation expense:

| | |
|---|---|
| General Government | $ 57,445 |
| Public Safety | 371,240 |
| Judicial | 32,896 |
| Roads and Bridges | 346,874 |
| Health and Welfare | 69,903 |
| Recreation and Culture | 64,110 |
| | $ 942,468 |

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

| Component units: | Balance at June 30, 2012 | Additions | Disposals | Balance at June 30, 2013 |
|---|---|---|---|---|
| Nondepreciable capital assets: | | | | |
| Land and improvements | $ 162,605 | $ - | $ - | $ 162,605 |
| Depreciable capital assets: | | | | |
| Buildings | 27,049 | 9,893 | - | 36,942 |
| Machinery and equipment | 110,809 | - | - | 110,809 |
| Infrastructure | 3,739,728 | - | - | 3,739,728 |
| Total depreciable capital assets | 3,877,586 | 9,893 | - | 3,887,479 |
| Less accumulated depreciation: | | | | |
| Buildings | (7,413) | (924) | - | (8,337) |
| Machinery and equipment | (105,863) | (1,787) | - | (107,650) |
| Infrastructure | (1,415,705) | (146,221) | - | (1,561,926) |
| Total accumulated depreciation | (1,528,981) | (148,932) | - | (1,677,913) |
| Total depreciable capital assets, net | 2,348,605 | (139,039) | - | 2,209,566 |
| Capital assets, net | $ 2,511,210 | $ (139,039) | $ - | $ 2,372,171 |

## Long-Term Debt

Changes in the County's long-term obligations consisted of the following for the year ended June 30, 2013:

| | Balance at July 1, 2012 | Additions | Reductions | Balance at June 30, 2013 | Amount Due Within One Year |
|---|---|---|---|---|---|
| Compensated absences | $ - | $ 62,569 | $ - | $ 62,569 | $ - |
| Net pension liability | 38,846 | 6,437 | | 45,283 | - |
| Capital lease | 69,640 | - | 69,640 | - | - |
| Total long term | $ 108,486 | $ 69,006 | $ 69,640 | $ 107,852 | $ - |

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 commencing on July 10, 2010 and ending on June 10, 2013. The lease agreement qualifies as a capital lease for accounting purposes. No future minimum lease payments are required.

# 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.

| | |
|---|---|
| Retirees and beneficiaries receiving benefits | 27 |
| Terminated vested participants not yet receiving benefits | 57 |
| Active participants (fully vested and not ves | 106 |
| Total membership | 190 |

### 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 2013 Plan year is $361,201 which represents 10.1% of covered payroll. Plan participants are required to contribute 2% of salary to the plan.

The following summarizes the actual methods and assumptions used in that valuation:

| | |
|---|---|
| Valuation Date | January 1, 2013 |
| 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% |

## NOTE 4 – OTHER NOTES (CONTINUED)

### 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: | 2013 | 2012 |
|---|---|---|
| Net Pension Obligation as of Beginning of Prior Year | $ 38,846 | $ 45,288 |
| Annual Pension Cost for Prior Year | $ 294,052 | $ 279,408 |
| Actual Contributions to Plan for Prior Year | 287,585 | 285,850 |
| Increase (Decrease) in Net Pension Obligation | $ 6,467 | $ (6,442) |
| Net Pension Obligation as of Beginning of the Year | $ 45,313 | $ 38,846 |
| **Derivation of Annual Pension Cost:** | | |
| Annual Required Contribution | $ 361,201 | $ 294,262 |
| Interest on Net Pension Obligation | 3,512 | 3,011 |
| Amortization of Net Pension Obligation | (3,758) | (3,221) |
| Annual Pension Cost | $ 360,955 | $ 294,052 |

### Trend Information for the Plan

| Fiscal Year Beginning | Annual Pension Cost | Actual County Contribution | Percentage of APC Contributed | Net Pension Obligation |
|---|---|---|---|---|
| 1/1/2013 | $ 360,955 | N/A | N/A | $ 45,313 |
| 1/1/2012 | $ 294,052 | $ 287,585 | 98% | $ 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) |

## NOTE 4 – OTHER NOTES (CONTINUED)

### 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 – (Unaudited)

| 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] |
|---|---|---|---|---|---|---|
| 12/31/12 | $4,013,853 | * $5,157,028 | $1,143,175 | 77.8% | $3,367,867 | 33.9% |
| 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% |

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

## NOTE 4 – OTHER NOTES (CONTINUED)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a longterm perspective. Calculations are based on the substantive plan in effect as of January 1, 2013

## 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 deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The County does not contribute to the plan

## 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.

## NOTE 4 – OTHER NOTES (CONTINUED)

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.

## Contingent Liabilities

On July 10, 2012 the County resolved to agree to make payments due to GEFA (Georgia Environmental Finance Authority), in the event Haralson County Water Authority has insufficient funds to repay GEFA loan, WS11L15WS, pursuant to the terms of an Environmental Facilities Agreement between the County and the Authority dated October 2, 2012. The Authority's indebtedness under the above GEFA loan totaled $3,000,000. The proceeds from the loan were used to facilitate the acquisition, construction, and installation of additions, extensions, or improvements to the environmental facilities of the Authority.

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

### Northwest Georgia Regional Commission

Under Georgia Law, the County, in conjunction with other cities and counties in the northwest Georgia area, is a member of the Northwest Georgia Regional Commission (NWGRC) and is required to pay annual dues thereto. During its year ended June 30, 2013, the County paid $18,193 in such dues. Membership in an NWGRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the NWGRC in Georgia. The NWGRC 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 NWGRC. Separate financial statements may be obtained from the Northwest Georgia Regional Commission, P.O. Box 1798, Rome, Georgia 30162-1798

## NOTE 4 – OTHER NOTES (CONTINUED)

### Haralson County Water Authority

The County, in conjunction with the cities of Bremen, Buchanan, Tallapoosa and Waco, has created the Haralson County Water Authority and the Haralson County Solid Waste Management Authority. The Haralson County Water Authority's board is composed of one representative from each of the municipalities, the Commissioner of Haralson County, and three representatives from the private sector. The County has no equity interest in the entity nor does the County materially contribute to the continued existence of the entity. Separate financial statements may be obtained from the Haralson County Water Authority, 4277 Georgia Highway 120, Buchanan, Georgia 30113-4911. No related party transactions have occurred between the County and the Haralson County Water Authority.

### Haralson County Solid Waste Management Authority

The County, in conjunction with the cities of Bremen, Buchanan, Tallapoosa and Waco, has created the Haralson County Solid Waste Management Authority. The Haralson County Solid Waste Management Authority's Board is composed of the Commissioner of Haralson County and one representative from each city. The County did not pay landfill fees to the Haralson County Solid Waste Management Authority in the current year due to the closing of the Haralson County Landfill. The County has no equity interest in the entity nor does the County materially contribute to the continued existence of the entity. No related party transactions have occurred between the County and the Haralson County Solid Waste Management Authority.

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. The landfill stopped accepting waste in January, 2000. The $1,175,822 reported as landfill closure and post-closure care liability at June 30, 2013 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 and post-closure expenses incurred to date of $1,241,308.

The amounts are based on what it would cost to perform all closure and post-closure care in the fiscal year ending June 30, 2013. Actual cost may vary due to inflation, changes in technology, or changes in regulations.

## NOTE 4 – OTHER NOTES (CONTINUED)

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 $850,648 as of June 30, 2013. However, the facility should accumulate sufficient financial resources for services provided by the facility to function without placing a significant burden on the County.

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

**Condensed Statement of Assets, Liabilitiesand Net Position**

| | | |
|---|---|---|
| Cash | $ | 381,186 |
| Other current assets | | 60,973 |
| Fixed assets, net | | 851,180 |
| Total assets | $ | 1,293,339 |
| Current liabilities | $ | 107,501 |
| Accrued closure and post-closure costs | | 1,175,822 |
| Total liabilities | | 1,283,323 |
| Total net position | | 10,016 |
| Total liabilities and net position | $ | 1,293,339 |

**Condensed Statement of Revenues and Expenses**

| | | |
|---|---|---|
| Charge for services | $ | 493,895 |
| Operating expenses | | (534,215) |
| Nonoperating revenue | | 112,504 |
| Change in net assets | $ | 72,184 |

## NOTE 4 – OTHER NOTES (CONTINUED)

## Component Units

| Statement of Net Position | Haralson County Health Department | Development Authority of Haralson County | Total |
|---|---|---|---|
| Assets: | | | |
| Cash | $ 175,067 | $ 1,268,330 | $ 1,443,397 |
| Other receivables | - | 51,322 | 51,322 |
| Inventory | 3,517 | - | 3,517 |
| Due from other governments | 52,425 | - | 52,425 |
| Capital assets | 9,383 | 2,362,789 | 2,372,172 |
| Total assets | 240,392 | 3,682,441 | 3,922,833 |
| Liabilities: | | | |
| Accounts payable | 346 | - | 346 |
| Accrued expenses | - | 4,684 | 4,684 |
| Notes payable | - | - | - |
| Compensated absences payable | 18,274 | - | 18,274 |
| Due to other governments | 19,687 | - | 19,687 |
| Total liabilities | 38,307 | 4,684 | 42,991 |
| Net position: | | | |
| Invested in capital assets, net of related debt | 9,383 | 2,362,789 | 2,372,172 |
| Unrestricted | 192,702 | 1,314,968 | 1,507,670 |
| Total net position | $ 202,085 | $ 3,677,757 | $ 3,879,842 |

## NOTE 4 – OTHER NOTES (CONTINUED)

| Statement of Activities | Haralson County Health Department | Development Authority of Haralson County | Total |
|---|---|---|---|
| Expenses: | | | |
| Health and welfare | $ 494,330 | $ - | $ 494,330 |
| Economic development | - | 344,780 | 344,780 |
| Total expenses | 494,330 | 344,780 | 839,110 |
| Revenues: | | | |
| Program revenues: | | | |
| Charges for services | 148,732 | 264,235 | 412,967 |
| Operating grants and contributions | 255,231 | 14,750 | 269,981 |
| Capital grants and contributions | - | - | - |
| Total program revenues | 403,963 | 278,985 | 682,948 |
| Net program (expense) revenue | (90,367) | (65,795) | (156,162) |
| General revenues: | | | |
| County funding | 142,722 | - | 142,722 |
| Interest | 264 | 6,823 | 7,087 |
| Other | 28 | - | 28 |
| Transfers | - | - | - |
| Total general revenues and transfers | 143,014 | 6,823 | 149,837 |
| Change in net position | 52,647 | (58,972) | (6,325) |
| Beginning net position | 149,438 | 3,736,729 | 3,886,167 |
| Ending net position | $ 202,085 | $ 3,677,757 | $ 3,879,842 |

## NOTE 5 – RESTATEMENT OF FUND BALANCE AND NET POSITION

### Change In Accounting Principle

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 63, Deferred Inflow and Outflow of Resources, the County is required to change its accounting treatment of property tax revenues not collected within 60 days after fiscal year end, therefore not available as a financial resource in the current fiscal year. Therefore, in conjunction with the implementation of GASB Statement No. 63, the restatement as shown below was required to the beginning fund balance of the General Fund to properly recognize the deferred inflow of resources in the prior period.

### Prior Period Adjustments

The County has determined that a restatement of the fund balance of the General Fund is required to reflect corrections to the beginning balance of accrued liabilities. In the prior year the County over-accrued salaries which resulted in an overstatement of accrued liabilities. The restatement above resulted in an overall understatement of the fund balance of the General Fund and the net position of the Governmental Activities as of June 30, 2012.

The County has determined that a restatement of the fund balance of the SPLOST Fund is required to reflect corrections to the beginning balance of intergovernmental receivables. In the prior year the County over-accrued the tax revenue due from the Georgia Department of Revenue related to the timing of the receipt of special purpose local option sales tax receipts, which resulted in an overstatement of receivable. The restatement above resulted in an overall overstatement of the fund balance of the SPLOST Fund and the net position of the Governmental Activities of $199,186 as of June 30, 2012.

The County has determined that a restatement of the fund balance of the General Fund is required to reflect corrections to the beginning balance of accrued liabilities. In the prior year the County over-accrued salaries which resulted in an overstatement of accrued liabilities. The restatement above resulted in an overall understatement of the fund balance of the General Fund and the net position of the Governmental Activities of $294,028 as of June 30, 2012.

## NOTE 5 – RESTATEMENT OF FUND BALANCE AND NET POSITION (CONT)

**Restatements**

| | |
|---|---|
| Fund Balance, General Fund, June 30, 2012, as previouly reported | $ 894,038 |
| Change in accountng principle, implementation of Statement No. 63 | (441,190) |
| Adjustment for proper recognition of accrued liabilities | 294,028 |
| Beginning Fund Balance, General Fund, June 30, 2012, restated | $ 746,876 |
| | |
| Fund Balance, SPLOST Fund, June 30, 2012, as previouly reported | $ 2,330,110 |
| Adjustment for proper recognition of intergovernmental receivables | (199,186) |
| Beginning Fund Balance, SLOST Fund, June 30, 2012, restated | $ 2,130,924 |
| | |
| Net position, Governmental Activities, June 30, 2012, as previously reported | $ 19,485,882 |
| Adjustment for proper recognition of accrued liabilities | 294,028 |
| Adjustment for proper recognition of intergovernmental receivables | (199,186) |
| Beginning Fund Balance, SLOST Fund, June 30, 2012, restated | $ 19,580,724 |

# 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, 2013

| | Original Budget | Final Budget | Actual | Variance - Positive (Negative) |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Taxes: | | | | |
| Property taxes | $ 8,315,000 | $ 8,315,000 | $ 8,596,956 | 281,956 |
| Sales tax | 1,850,000 | 1,850,000 | 1,556,785 | (293,215) |
| Insurance premium tax | 785,000 | 785,000 | 795,734 | 10,734 |
| Other taxes | 79,000 | 79,000 | 71,266 | (7,734) |
| Licenses and permits | 213,000 | 213,000 | 207,379 | (5,621) |
| Intergovernmental | 917,157 | 917,157 | 948,894 | 31,737 |
| Charges for services | 199,300 | 199,300 | 193,626 | (5,674) |
| Fines and forfeitures | 668,600 | 668,600 | 717,546 | 48,946 |
| Use of money and property | 13,500 | 13,500 | 75,079 | 61,579 |
| Other revenue | 41,870 | 41,870 | 11,749 | (30,121) |
| **Total revenue** | 13,082,427 | 13,082,427 | 13,175,014 | 92,587 |
| **Expenditures:** | | | | |
| **Current:** | | | | |
| **General Government:** | | | | |
| Commissioner of Roads and Revenues | 319,610 | 319,610 | 310,943 | (8,667) |
| General County Government | 725,400 | 725,400 | 785,593 | 60,193 |
| Treasurer | 11,886 | 11,886 | 11,773 | (113) |
| Tax Assessors | 418,443 | 418,443 | 431,185 | 12,742 |
| Tax Commissioner | 242,812 | 242,812 | 234,766 | (8,046) |
| Department of License and Permits | 90,070 | 90,070 | 91,921 | 1,851 |
| Elections | 129,950 | 129,950 | 116,030 | (13,920) |
| County Extension Service | 93,938 | 93,938 | 85,028 | (8,910) |
| County Buildings | 69,887 | 69,887 | 78,351 | 8,464 |
| West Georgia Boot Camp | - | - | 1,317 | 1,317 |
| **Total general government** | 2,101,996 | 2,101,996 | 2,146,907 | 44,911 |
| **Public Safety:** | | | | |
| Law Enforcement | 1,553,273 | 1,553,273 | 1,815,522 | 262,249 |
| Jail Operations | 1,382,126 | 1,382,126 | 1,572,602 | 190,476 |
| Drug Task Force | 221,640 | 221,640 | 206,419 | (15,221) |
| Fire Department | 1,606,377 | 1,606,377 | 1,657,699 | 51,322 |
| Emergency Management | 15,008 | 15,008 | 34,223 | 19,215 |
| Courthouse Security | 99,150 | 99,150 | 113,000 | 13,850 |
| County Marshall | 58,319 | 58,319 | 54,279 | (4,040) |
| **Total public safety** | 4,935,893 | 4,935,893 | 5,453,744 | 517,851 |

# HARALSON COUNTY, GEORGIA
## GENERAL FUND
## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
## For the Year Ended June 30, 2013

| | Original Budget | Final Budget | Actual | Variance - Positive (Negative) |
|---|---|---|---|---|
| **Expenditures (continued):** | | | | |
| **Judicial:** | | | | |
| Superior Court | $ 130,400 | $ 130,400 | $ 143,987 | 13,587 |
| Probation Department | 97,506 | 97,506 | 98,478 | 972 |
| District Attorney | 161,768 | 161,768 | 158,216 | (3,552) |
| Clerk, Superior Court | 392,390 | 392,390 | 348,197 | (44,193) |
| Probate Court | 223,288 | 223,288 | 225,611 | 2,323 |
| Magistrate Court | 157,593 | 157,593 | 148,918 | (8,675) |
| Juvenile Court | 186,082 | 186,082 | 212,297 | 26,215 |
| Coroner | 33,747 | 33,747 | 27,670 | (6,077) |
| Public Defender | 131,000 | 131,000 | 134,003 | 3,003 |
| **Total judicial** | 1,513,774 | 1,513,774 | 1,497,377 | (16,397) |
| **Public Works:** | | | | |
| Public Works Department | 2,025,351 | 2,025,351 | 1,946,812 | (78,539) |
| **Total public works** | 2,025,351 | 2,025,351 | 1,946,812 | (78,539) |
| **Health and Welfare:** | | | | |
| Public Health | 868,722 | 868,722 | 869,039 | 317 |
| Public Welfare | 49,000 | 49,000 | 42,160 | (6,840) |
| Public Transportation | 159,650 | 159,650 | 158,859 | (791) |
| Sanitation | 516,775 | 516,775 | 505,738 | (11,037) |
| Animal Control | 175,940 | 175,940 | 172,739 | (3,201) |
| **Total health and welfare** | 1,770,087 | 1,770,087 | 1,748,535 | (21,552) |
| **Recreation and Culture:** | | | | |
| Recreation | 231,455 | 231,455 | 232,578 | 1,123 |
| Libraries | 31,000 | 31,000 | 31,000 | - |
| **Total recreation and culture** | 262,455 | 262,455 | 263,578 | 1,123 |
| **Economic Development:** | | | | |
| Haralson County Development Authority | 137,576 | 137,576 | - | (137,576) |
| **Toal economic development** | 137,576 | 137,576 | - | (137,576) |

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, 2013

| | Original Budget | Final Budget | Actual | Variance - Positive (Negative) |
|---|---|---|---|---|
| **Expenditures (continued):** | | | | |
| **Debt Service** | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| **Total Debt Service** | - | - | - | - |
| **Total expenditures** | 12,747,132 | 12,747,132 | 13,056,953 | 309,821 |
| **Excess (deficiency) of revenues over expenditures** | 335,295 | 335,295 | 118,061 | (217,234) |
| **Other financing sources (uses):** | | | | |
| Transfers in | - | - | - | - |
| Transfers out | (335,295) | (335,295) | (580,089) | (244,794) |
| **Total other financing sources** | (335,295) | (335,295) | (580,089) | (244,794) |
| **Net change in fund balance** | - | - | (462,028) | (462,028) |
| **Fund balance, beginning** | 746,876 | 746,876 | 746,876 | - |
| **Fund balance, ending** | $ 746,876 | $ 746,876 | $ 284,848 | $ (462,028) |

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, 2013

| | Original Budget | Final Budget | Actual | Variance - Positive (Negative) |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Intergovernmental: | | | | |
| Grant | $ - | $ - | $ 209,689 | $ 209,689 |
| Paulding County, Georgia | - | - | - | - |
| Bremen, Georgia | - | - | - | - |
| Courts and law enforcement: | | | | |
| Forfeitures | - | - | 92,073 | 92,073 |
| Miscellaneous | - | - | - | - |
| Interest | - | - | 120 | 120 |
| Total revenues | - | - | 301,882 | 301,882 |
| **Expenditures:** | | | | |
| Public Safety: | | | | |
| Salaries | - | - | 111,112 | (111,112) |
| Maintenance | - | - | 11,092 | (11,092) |
| Equipment | - | - | - | - |
| Supplies | - | - | 3,766 | (3,766) |
| Telephone | - | - | - | - |
| Uniforms | - | - | 18,175 | (18,175) |
| Utilities | - | - | 23,929 | (23,929) |
| Rent | - | - | 7,200 | (7,200) |
| Training and travel | - | - | 5,001 | (5,001) |
| Small equipment | - | - | 12,372 | (12,372) |
| Office supplies | - | - | 7,381 | (7,381) |
| Investigations | - | - | 28,550 | (28,550) |
| Forfeited property payments | - | - | 17,179 | (17,179) |
| Vehicle purchase | - | - | 41,723 | (41,723) |
| Miscellaneous | - | - | 14,887 | (14,887) |
| Intergovernmental | | | | |
| Salaries | - | - | 133,621 | (133,621) |
| Total expenditures | - | - | 435,988 | (435,988) |
| **Deficiency of revenues over expenditures** | - | - | (134,106) | (134,106) |
| **Other financing sources (uses):** | | | | |
| Transfers in | - | - | - | - |
| **Excess of revenues and other financing sources over expenditures and other financing uses** | - | - | (134,106) | (134,106) |
| **Fund balances, beginning** | 147,005 | 147,005 | 147,005 | - |
| **Fund balances, ending** | $ 147,005 | $ 147,005 | $ 12,899 | $ (134,106) |

See accompanying notes.

# HARALSON COUNTY, GEORGIA
## SUPPLEMENTAL INFORMATION
For the Year Ended, June 30, 2013

## SCHEDULE OF FUNDING PROGRESS

**Defined Benefit Pension Plan**

| Actuarial Valuation Date | (a) Actuarial Value of Assets | (b) Actuarial Accrued Liability | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a / b) | (c) Covered Payroll | Unfunded Acutuarial Liability as a Percentage of Covered Payroll [(b - a )/ c] |
|---|---|---|---|---|---|---|
| December 31, 2012 | $4,013,853 | * $5,157,028 | $1,143,175 | 77.80% | $3,367,867 | 33.90% |
| December 31, 2011 | $3,661,673 | * $4,698,938 | $1,137,265 | 77.90% | $3,221,582 | 32.20% |
| December 31, 2010 | $3,340,824 | * $4,397,151 | $1,056,327 | 76.00% | $2,922,543 | 36.10% |
| December 31, 2009 | $3,022,169 | * $3,990,026 | $967,857 | 75.70% | $2,604,080 | 37.20% |
| December 31, 2008 | $2,681,192 | $3,653,139 | $971,947 | 73.40% | $2,660,904 | 36.50% |
| December 31, 2007 | $2,700,059 | $3,356,104 | $656,045 | 80.50% | $2,466,088 | 26.60% |
| December 31, 2006 | $2,378,346 | $3,017,192 | $638,846 | 78.80% | $2,376,886 | 26.90% |
| December 31, 2005 | $2,038,726 | $2,476,851 | $438,125 | 82.30% | $1,325,876 | 33.00% |
| December 31, 2004 | $1,957,444 | $2,621,039 | $663,595 | 74.70% | $1,590,872 | 41.70% |
| December 31, 2003 | $1,793,976 | $2,097,774 | $303,798 | 85.50% | $1,284,699 | 23.60% |
| December 31, 2002 | $1,557,739 | $1,968,276 | $410,537 | 79.10% | $1,059,666 | 38.70% |
| December 31, 2001 | $1,658,177 | $1,873,942 | $215,765 | 88.50% | $1,183,253 | 18.20% |
| December 31, 2000 | $1,697,497 | $1,750,407 | $52,910 | 97.00% | $1,335,690 | 4.00% |

# OTHER SUPPLEMENTARY INFORMATION

# HARALSON COUNTY, GEORGIA

SUPPLEMENTAL INFORMATION

For the Year Ended, June 30, 2013

## 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, 2013

| | Law Library Fund | Sheriff's Forfeiture Fund | Victim Witness Fund | County Jail Fund | Special Law Enforcement Grant Fund |
|---|---|---|---|---|---|
| **Assets:** | | | | | |
| Cash and cash equivalents | $ 5,718 | $ 2,336 | $ - | $ 32,866 | $ 1,150 |
| Accounts receivable | - | - | - | 1,905 | - |
| Due from other funds | - | - | 29,949 | 18,310 | - |
| **Total assets** | $ 5,718 | $ 2,336 | $ 29,949 | $ 53,081 | $ 1,150 |
| **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 | - | - | - | - | 1,150 |
| Judicial | 5,718 | - | 29,949 | - | - |
| Public saftety | - | 2,336 | - | 52,904 | - |
| Culture and recreation | - | - | - | - | - |
| Capital projects | - | - | - | - | - |
| Debt service | - | - | - | - | - |
| **Committed for:** | - | - | - | - | - |
| **Assigned for:** | - | - | - | - | - |
| **Unassigned:** | - | - | - | - | - |
| **Total fund balances** | 5,718 | 2,336 | 29,949 | 52,904 | 1,150 |
| **Total liabilities and fund balance** | $ 5,718 | $ 2,336 | $ 29,949 | $ 53,081 | $ 1,150 |

# HARALSON COUNTY, GEORGIA
## NONMAJOR GOVERNMENTAL FUNDS
## COMBINING BALANCE SHEET
## For the Year Ended June 30, 2013

| | 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 |
|---|---|---|---|---|---|---|---|
| | $ 763 | $ 9,338 | $ 278,740 | $ 23,839 | $ 4,573 | $ 2,909 | $ 362,232 |
| | 73,232 | 780 | 319,293 | - | 4,854 | - | 400,064 |
| | 20,449 | 1,431 | - | - | 12,294 | - | 82,433 |
| | $ 94,444 | $ 11,549 | $ 598,033 | $ 23,839 | $ 21,721 | $ 2,909 | $ 844,729 |
| | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | 27,402 | - | - | - | - | - | 27,402 |
| | - | - | - | - | - | - | 177 |
| | 27,402 | - | - | - | - | - | 27,579 |
| | - | - | - | - | - | - | $ - |
| | - | - | 598,033 | - | - | - | 599,183 |
| | - | 11,549 | - | 23,839 | - | - | 71,055 |
| | 67,042 | - | - | - | 21,721 | | 144,003 |
| | - | - | - | - | - | 2,909 | 2,909 |
| | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - |
| | 67,042 | 11,549 | 598,033 | 23,839 | 21,721 | 2,909 | 817,150 |
| | $ 94,444 | $ 11,549 | $ 598,033 | $ 23,839 | $ 21,721 | $ 2,909 | $ 844,729 |

# HARALSON COUNTY, GEORGIA
## NONMAJOR GOVERNMENTAL FUNDS
## COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
## For the Year Ended June 30, 2013

| | 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 | 17,221 | 7,470 | 25,170 | 45,108 | - |
| Intergovernmental | - | - | - | - | - |
| Use of money and property | 3 | - | - | - | - |
| Miscellaneous | - | - | - | - | 1,872 |
| **Total revenues** | 17,224 | 7,470 | 25,170 | 45,108 | 1,872 |
| **Expenditures:** | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Public safety | - | 5,700 | - | 116,407 | 1,228 |
| Judicial | 20,151 | - | 20,454 | - | - |
| Recreation and culture | - | - | - | - | - |
| Capital outlay | - | - | - | 47,100 | - |
| **Total expenditures** | 20,151 | 5,700 | 20,454 | 163,507 | 1,228 |
| **Excess (deficiency) of revenues over expenditures** | (2,927) | 1,770 | 4,716 | (118,399) | 644 |
| **Other financing sources (uses):** | | | | | |
| Lease proceeds | - | - | - | - | - |
| Transfers from component unit | - | - | - | - | - |
| Transfers in | - | - | - | - | - |
| Transfers out | - | - | - | - | - |
| | - | - | - | - | - |
| **Net change in fund balances** | (2,927) | 1,770 | 4,716 | (118,399) | 644 |
| **Fund balances, beginning, as restated** | 8,645 | 566 | 25,233 | 171,303 | 506 |
| **Fund balances, ending** | $ 5,718 | $ 2,336 | $ 29,949 | $ 52,904 | $ 1,150 |

# HARALSON COUNTY, GEORGIA
## NONMAJOR GOVERNMENTAL FUNDS
## COMBINING STATEMENT. OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
## For the Year Ended June 30, 2013

| 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 |
|---|---|---|---|---|---|---|
| $ 443,185 | $ - | $ - | $ - | $ - | $ - | $ 443,185 |
| - | - | - | 155,873 | 12,696 | - | 263,538 |
| - | - | - | - | - | - | - |
| - | 5 | 11,512 | - | 2 | - | 11,522 |
| - | - | - | - | - | 3,823 | 5,695 |
| 443,185 | 5 | 11,512 | 155,873 | 12,698 | 3,823 | 723,940 |
| | | | | | | |
| - | - | - | - | - | - | - |
| 890,230 | - | - | - | - | - | 1,013,565 |
| - | - | - | 135,787 | 27,745 | - | 204,137 |
| - | - | - | - | - | 1,700 | 1,700 |
| - | - | - | - | - | - | 47,100 |
| 890,230 | - | - | 135,787 | 27,745 | 1,700 | 1,266,502 |
| | | | | | | |
| (447,045) | 5 | 11,512 | 20,086 | (15,047) | 2,123 | (542,562) |
| | | | | | | |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 452,775 | - | - | - | - | - | 452,775 |
| - | - | - | - | - | - | - |
| 452,775 | - | - | - | - | - | 452,775 |
| | | | | | | |
| 5,730 | 5 | 11,512 | 20,086 | (15,047) | 2,123 | (89,787) |
| | | | | | | |
| 61,312 | 11,544 | 586,521 | 3,753 | 36,768 | 786 | 906,937 |
| | | | | | | |
| $ 67,042 | $ 11,549 | $ 598,033 | $ 23,839 | $ 21,721 | $ 2,909 | $ 817,150 |

# HARALSON COUNTY, GEORGIA
SUPPLEMENTAL INFORMATION
For the Year Ended, June 30, 2013

## 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 STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2013

| | Tax Commissioner | Clerk of Superior Court | Sheriff | Probate Court | Magistrate Court | Total |
|---|---|---|---|---|---|---|
| **Assets:** | | | | | | |
| Cash and cash equivalents | $ 543,302 | $ 80,506 | $ 9,991 | $ 3,928 | $ 3,928 | $ 641,655 |
| Receivable (net of allowance for uncollectible): | | | | | | |
| Property taxes | 1,044,172 | - | - | - | - | 1,044,172 |
| **Total assets** | $ 1,587,474 | $ 80,506 | $ 9,991 | $ 3,928 | $ 3,928 | $ 1,685,827 |
| **Liabilities and Fund Balance** | | | | | | |
| **Liabilities:** | | | | | | |
| Due to other governments/others | $ 1,587,474 | $ 80,506 | $ 9,991 | $ 3,928 | $ 3,928 | $ 1,685,827 |
| **Total liabilities** | $ 1,587,474 | $ 80,506 | $ 9,991 | $ 3,928 | $ 3,928 | $ 1,685,827 |

e accompanying notes.

# HARALSON COUNTY, GEORGIA

## SCHEDULE OF PROJECTS EXPENDITURES OF

## SPECIAL PURPOSE LOCAL OPTION SALES AND USE TAX PROCEEDS

### For the Year Ended June 30, 2013

**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 | 589,953 | - | 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 | 3,377,901 | - | 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 | $ 13,442,772 | $ - | $ 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 | - | - | 89,242 | - | 89,242 |
| | $ 5,456,156 | $ 5,456,156 | $ 6,406,912 | $ - | $ 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 | 1,360,491 | 192,186 | 1,552,677 |
| Recreation project | 1,800,000 | 1,800,000 | 113,617 | 626,048 | 739,665 |
| Public safety project | 2,550,000 | 2,550,000 | 482,452 | 477,842 | 960,294 |
| Government improvement project | 4,150,000 | 4,150,000 | 660,004 | 638,800 | 1,298,804 |
| | $ 12,380,830 | $ 12,380,830 | $ 2,618,826 | $ 1,934,876 | $ 4,553,702 |
| Bremen Projects | $ 2,693,376 | $ 2,693,376 | $ 1,831,030 | $ 616,057 | $ 2,447,087 |
| Buchanan Projects | 123,133 | 123,133 | 299,437 | 125,961 | 425,398 |
| Tallapoosa Projects | 3,475,000 | 3,475,000 | 882,966 | 377,457 | 1,260,423 |
| Waco Projects | - | - | 185,830 | 63,473 | 249,303 |
| Haralson County Water Authority | 7,400,000 | 7,400,000 | 2,597,202 | 868,208 | 3,465,410 |
| | $ 13,691,509 | $ 13,691,509 | $ 5,796,465 | $ 2,051,156 | $ 7,847,621 |

See accompanying notes.

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

# WILL M. ROBINSON, CPA, P.C.

*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*

To the Board of Commissioners
Haralson County, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the 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, 2013, and the related notes to the financial statements, which collectively comprise Haralson County, Georgia 's basic financial statements and have issued our report thereon dated December 30, 2013.

**Internal Control Over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 13-7 and 13-8 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 responses as items 13-1-13-2 to be significant deficiencies.

*103 Rejen Drive, Carrollton, GA 30117*
Phone (770) 836-4943 * FAX (678) 839-7250

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Haralson County, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 13-3 through 13-6.

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

Haralson County, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Haralson County, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

Carrollton, Georgia
December 30, 2013

## Schedule of Findings and Responses

### A. SUMMARY OF AUDIT RESULTS:

*Financial Statement*

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

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 Responses as items 13-7 through 13-8. These reportable conditions are deemed to be material weaknesses.

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 Responses as items 13-1 and 13-2. These reportable conditions are not deemed to be material weaknesses.

Four 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 Responses as items 13-3 through 13-6.

*Federal Awards*

There was not an audit of major federal award programs as of June 30, 2013 due to the total amount expended being less than $500,000.

### B. FINDINGS: FINANCIAL STATEMENT AUDIT

#### 13-1 Segregation of Duties

Condition: This was reported as a prior year finding. 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 a limited staff to the extent possible and will work toward further segregation of duties.

**13-2 Fixed Asset Accountability**

Condition: This was reported as a prior year finding. During the year ended June 30, 2013, 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.

**13-3 Budget Adoption**

Condition: This was reported as a prior year finding. For the year ended June 30, 2013, 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 require 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.

**13-4 Budget Expenditures**

Condition: This was reported as a prior year finding. For the year ended June 30, 2013, nine 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.

**13-5 Budget Amendments**

Condition: This was reported as a prior year finding. For the year ended June 30, 2013, 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 to enhance our budgeting process to allow for changes within the budget year.

**13-6 Victim Assistance Fund**

Condition: This was reported as a prior year finding. For the year ended June 30, 2013, 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.

Auditee's Response: We concur with the finding. We review our list of certified programs at the January 2013 board meeting and approved new distribution percentages to the newly approved programs.

**13-7 Receivables and Revenues**

Condition: This was reported as a prior year finding. Processes should be in place to ensure that the amounts reported as receivables and revenues are appropriate.

Criteria: Internal controls were not sufficient to detect misstatements in the reporting of the County's receivables and revenues.

Effect: Audit adjustments were needed to correctly report revenues and receivables for the year ended June 30, 2013.

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.

**13-8 Financial Statements**

Condition: This was reported as a prior year finding. 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. FEDERAL AWARD AND FINDINGS AND QUESTIONED COSTS

The was not an audit of major federal award programs as of June 30, 2013 due to the total amount expended being less than $500,000.

## D. STATUS OF PRIOR YEAR FINDINGS: FINANCIAL STATEMENT AUDIT

There was not an audit of major federal award programs as of June 30, 2013 due to the total amount expended being less then $500,000. Therefore, no prior findings to federal awards were noted.