

HARALSON COUNTY, GEORGIA

Annual Financial Report

For the Year Ended June 30, 2014

HARALSON COUNTY, GEORGIA

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HARALSON COUNTY, GEORGIA

List of Principal County Officials
For the Fiscal Year Ended June 30, 2014

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, 2014, and the related notes to the financial statements, which collectively comprise the City'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, 2014, 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 on pages 4-9, and pages 42-43, 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 the Haralson County, Georgia's basic financial statements. The introductory section, and combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are 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 January 19, 2015, on our consideration of the 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.

Carrollton, Georgia
January 19, 2015

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, 2014. 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 41 of this report.

Financial Analysis of the County as a Whole

The County's net position at fiscal year-end was $18,340,439. This is a $1,136,107 increase from last year's net position of $17,204,332(restated). The following table provides a summary of the County's net position for the current and prior year:

Summary of Net Position

	Governmental Activities	
	2014	Restated 2013
Assets:		
Current and other assets	$ 5,391,256	$ 4,370,082
Capital assets	15,197,264	14,079,574
Total assets	20,588,520	18,449,656
Liabilities:		
Current liabilities	2,185,070	1,137,442
Long-term liabilities	63,011	107,882
Total liabilities	2,248,081	1,245,324
Net position:		
Investment in capital assets	15,197,264	14,079,574
Restricted	1,444,461	2,414,478
Unrestricted	1,698,714	710,280
Total net position	$ 18,340,439	$ 17,204,332

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

Summary of Changes in Net Position

	Governmental Activities	
	2014	Restated 2013
Revenues:		
Program:		
Charges for services	$ 1,761,745	$ 2,803,477
Operating grants	443,230	425,537
Capital grants	552,111	1,179
General:		
Property taxes	9,030,012	8,074,624
Sales taxes	5,165,469	4,995,143
Insurance premium taxes	827,037	795,734
Other taxes	169,261	122,130
Unrestricted investment earnings	11,652	11,642
Miscellaneous revenue	53,786	299,902
Total revenues	18,014,303	17,529,368
Program expenses:		
General government	2,228,789	2,498,243
Judicial	1,484,771	1,734,410
Public safety	7,379,715	7,134,826
Public works	4,067,816	4,726,817
Health and welfare	1,151,568	1,818,438
Culture and recreation	318,966	341,293
Housing and development	246,571	-
Interest on long-term debt	-	1,506
Total expenses	16,878,196	18,255,533
Changes in net position	1,136,107	(726,165)
Beginning net position, restated	17,204,332	17,930,497
Ending net position	$ 18,340,439	$ 17,204,332

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 $2,976,282, a decrease of $9,604 in comparison with the prior year.

The major governmental funds of the County are the General Fund, SPLOST Fund, the Drug Task Force Fund, and the Employment Incentive Program 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, 2014 was $651,220 compared to $585,899 (restated) on June 30, 2013.

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, 2014 was $1,433,452 compared to $1,584,429 on June 30, 2013.

The Drug Task Force Fund accounts for grants, income and expenditures related to the Drug Task Force. The fund balance of this fund was $38,933 on June 30, 2014 compared to $12,899 on June 30, 2013.

The Employment Incentive Program Fund accounts for a financing program for economic development projects, which result in employment of low and moderate income persons. The fund balance of this fund was $609,618 on June 30, 2014 compared to $598,033 on June 30, 2013.

General Fund Budgetary Highlights

For the year ending June 30, 2014 the General Fund budget was $12,681,388 for expenditures and transfers out. The actual expenditures and transfers out for the year were $13,605,361. Expenditures and transfers out exceeded budget by $923,973.

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets as of June 30, 2014 amounts to $15,197,264. 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 assets for the year ended June 30, 2014:

Capital Assets
(Net of Accumulated Depreciation)

	Governmental Activities	
	2014	2013
Land	$ 878,603	$ 878,603
Construction in progress	6,825	155,465
Buildings and improvements	9,818,939	9,119,332
Furniture and equipment	2,019,685	2,225,230
Vehicles	2,473,212	1,700,944
Total	$ 15,197,264	$ 14,079,574

See note 3 for additional information about the County's capital assets.

Long-term debt

The following is a summary of long-term debt for the year ended June 30, 2014:

Outstanding Debt

	Governmental Activities	
	2014	2013
Compensated absences	$ 147,029	$ 146,000
OPEB obligation	45,067	45,313
Total	$ 192,096	$ 191,313

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 contact, 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, 2014

	Primary Government Governmental Activities	Haralson County Health Department	Development Authority of Haralson County
ASSETS			
Cash	$ 3,925,174	$ 229,126	$ 1,104,160
Taxes receivable, net of allowance	872,425	-	-
Accounts receivable, net of allowance	86,224	-	88,156
Interest receivable	566	-	-
Note receivables	284,665	-	-
Prepaid items	3,600	4,180	-
Inventories	56,500	-	-
Due from other governments	162,102	59,316	-
Capital assets:			
Nondepreciable capital assets	885,428	-	172,330
Depreciable capital assets, net	14,311,836	7,596	2,063,826
Total assets	20,588,520	300,218	3,428,472
LIABILITIES			
Accounts payable	116,488	-	-
Accrued liabilities	235,995	-	-
Due to other governments	1,700,662	18,658	-
Unearned revenue	2,840	-	-
Compensated absences due within one year	84,018	2,264	-
Compensated absences due in more than one year	63,011	20,372	-
Net pension obligation	45,067	-	-
Total liabilities	2,248,081	41,294	-
NET POSITION			
Investment in capital assets	15,197,264	7,596	2,236,156
Restricted for:			
Capital projects	1,433,452	-	-
Culture and recreation	11,009	-	-
Unrestricted	1,698,714	251,328	1,192,316
Total net position	$ 18,340,439	$ 258,924	$ 3,428,472

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

HARALSON COUNTY, GEORGIA

Statement of Activities
For the Fiscal Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Component Units: Haralson County Health Department	Net (Expense) Revenue and Changes in Net Assets: Component Units: Development Authority of Haralson County
Primary government:							
Governmental activities:							
General government	$ 2,228,789	$ 98,758	$ 17,724	$ 74	$ (2,112,233)	$ -	$ -
Judicial	1,484,771	948,028	88,434	-	(448,309)	-	-
Public safety	7,379,715	481,215	128,354	83,667	(6,686,479)	-	-
Public works	4,067,816	103,599	177,479	429,987	(3,356,751)	-	-
Health and welfare	1,151,568	-	-	9	(1,151,559)	-	-
Culture and recreation	318,966	39,431	31,239	38,374	(209,922)	-	-
Housing and development	246,571	90,714	-	-	(155,857)	-	-
Interest on long-term debt	-	-	-	-	-	-	-
Total governmental activities	16,878,196	1,761,745	443,230	552,111	(14,121,110)	-	-
Total primary government	16,878,196	1,761,745	443,230	552,111	(14,121,110)	-	-
Component Units							
Haralson County Health Department	479,563	111,754	424,519	-	-	56,710	-
Development Authority of Haralson County	355,672	93,765	3,500	-	-	-	(258,407)
Total component units	$ 835,235	$ 205,519	$ 428,019	$ -	-	56,710	(258,407)
General revenues:							
Property taxes					9,030,012	-	-
Sales taxes					5,165,469	-	-
Insurance premium taxes					827,037	-	-
Other taxes					169,261	-	-
Unrestricted investment earnings					11,652	129	2,622
Gain on sale of capital assets					-	-	6,500
Miscellaneous revenue					53,786	-	-
Total general revenues and transfers					15,257,217	129	9,122
Change in net position					1,136,107	56,839	(249,285)
Net position, beginning of year, restated					17,204,332	202,085	3,677,757
Net position, end of year					$ 18,340,439	$ 258,924	$ 3,428,472

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

HARALSON COUNTY, GEORGIA

Balance Sheet
Governmental Funds
June 30, 2014

ASSETS	General	SPLOST	Drug Task Force	Employment Incentive Program	Nonmajor Governmental Funds	Total Governmental Funds
Cash	$ 605,721	$ 1,669,606	$ 1,199,804	$ 324,387	$ 125,656	$ 3,925,174
Receivables:						
Accounts	9,561	-	-	-	76,663	86,224
Taxes	577,293	295,132	-	-	-	872,425
Interest	-	-	-	566	-	566
Notes	-	-	-	284,665	-	284,665
Due from other funds	-	35	-	-	58,884	58,919
Due from other governments	71,995	-	83,621	-	6,486	162,102
Prepaid items	-	-	3,600		-	3,600
Inventories	56,500	-	-	-	-	56,500
Total assets	$ 1,321,070	$ 1,964,773	$ 1,287,025	$ 609,618	$ 267,689	$ 5,450,175
LIABILITIES						
Accounts payable	$ 107,852	$ -	$ 4,330	$ -	$ 4,306	$ 116,488
Accrued liabilities	218,511	-	-	-	17,484	235,995
Due to other funds	58,919	-	-	-	-	58,919
Due to other governments	9,200	531,321	1,160,141	-	-	1,700,662
Total liabilities	394,482	531,321	1,164,471	-	21,790	2,112,064
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - taxes, grants & donations	275,368	-	83,621	-	2,840	361,829
Total deferred inflows of resources	275,368	-	83,621	-	2,840	361,829
FUND BALANCES						
Fund balances:						
Nonspendable:						
Inventory	56,500	-	-	-	-	56,500
Restricted:						
Economic development	-	-	-	609,618	-	609,618
Judicial	-	-	-	-	24,530	24,530
Capital projects	-	1,433,452	-	-	-	1,433,452
Culture and recreation	-	-	-	-	11,009	11,009
Public safety	-	-	38,933	-	207,520	246,453
Unassigned	594,720	-	-	-	-	594,720
Total fund balances	651,220	1,433,452	38,933	609,618	243,059	2,976,282
Total liabilities, deferred inflows of resources and fund balances	$ 1,321,070	$ 1,964,773	$ 1,287,025	$ 609,618	$ 267,689	$ 5,450,175

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

HARALSON COUNTY, GEORGIA

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2014

Total Governmental Fund Balances			$ 2,976,282
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
	Cost	$ 34,468,665	
	Less accumulated depreciation	(19,271,401)	15,197,264
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			
	Property taxes	238,386	
	Grants	120,603	358,989
The net pension obligation is not due and payable in the crrent period and therefore not reported in the fund statements.			(45,067)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
	Compensated absences		(147,029)
Net position of governmental activities			$ 18,340,439

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

HARALSON COUNTY, GEORGIA

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

	General	SPLOST	Drug Task Force	Employment Incentive Program	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	$ 11,826,125	$ 3,457,453	$ -	$ -	$ -	$ 15,283,578
Licenses and permits	98,291	-	-	-	-	98,291
Intergovernmental	744,671	-	127,854	-	-	872,525
Charges for services	284,604	-	-	-	471,887	756,491
Fines and forfeitures	663,220	-	130,826	-	112,917	906,963
Investment income	-	353	65	11,585	2	12,005
Contributions and donations	-	-	-	-	1,860	1,860
Miscellaneous revenue	53,771	-	-	-	15	53,786
Total revenues	13,670,682	3,457,806	258,745	11,585	586,681	17,985,499
EXPENDITURES						
Current:						
General government	2,013,878	-	-	-	-	2,013,878
Judicial	1,396,182	-	-	-	52,254	1,448,436
Public safety	5,868,944	-	232,711	-	889,417	6,991,072
Public works	2,326,616	-	-	-	-	2,326,616
Health and welfare	1,082,495	-	-	-	-	1,082,495
Culture and recreation	273,792	-	-	-	3,460	277,252
Housing and development	246,571	-	-	-	-	246,571
Capital outlay	-	1,607,038	-	-	-	1,607,038
Intergovernmental	-	2,001,745	-	-	-	2,001,745
Total expenditures	13,208,478	3,608,783	232,711	-	945,131	17,995,103
Excess (deficiency) of revenues over (under) expenditures	462,204	(150,977)	26,034	11,585	(358,450)	(9,604)
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	396,883	396,883
Transfers out	(396,883)	-	-	-	-	(396,883)
Total other financing sources (uses)	(396,883)	-	-	-	396,883	-
Net change in fund balances	65,321	(150,977)	26,034	11,585	38,433	(9,604)
FUND BALANCE, beginning of year, restated	585,899	1,584,429	12,899	598,033	204,626	2,985,886
FUND BALANCE, end of year	$ 651,220	$ 1,433,452	$ 38,933	$ 609,618	$ 243,059	$ 2,976,282

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

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 Fiscal Year Ended June 30, 2014

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ (9,604)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital outlay	$ 2,114,197	
Depreciation expense	(996,507)	1,117,690
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(91,799)	
Grants	120,603	28,804
The increase in the net pension asset is reported in the statement of activities but because it does not affect current financial resources, is not reported in the governmental funds.		246
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(1,029)
Change in net position of governmental activities		$ 1,136,107

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

HARALSON COUNTY, GEORGIA

Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2014

ASSETS	
Cash	$ 670,594
Taxes receivable	523,561
Total assets	$ 1,194,155
LIABILITIES	
Due to other governments	$ 1,194,155
Total liabilities	$ 1,194,155

The accompanying notes are an integral part of these 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.

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, 2014, and copies of these financial statements may be obtained from their administrative office.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2014 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 presents the financial position of the governmental type activities of the County and its discretely presented component units at year-end. The statement of net position includes non-current assets and non-current liabilities. The County does not have any business-type activities as of June 30, 2014.

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

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services, which report fees and other charges to users of the County's services; (2) operating grants and contributions, which finance annual operating activities including restricted investment income; and (3) capital grants and contributions, which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which functions the revenues are *restricted*. Taxes and other revenue sources not properly included with program revenues are reported as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business-type activity is self-financing or draws from the general revenues of the County.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements - During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. Fund financial statements are provided for governmental, proprietary and fiduciary funds. 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 are reported in separate columns with composite columns for non-major funds in the fund financial statements. Fiduciary funds are reported by type.

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

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

General Fund - 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 fund balance of the General Fund is available to the county for any purpose, provided it is expended or transferred according to the general laws of Georgia.

Drug Task Force Fund – This major special revenue fund is used to account for grants, other income and expenditures related to the Drug Task Force.

Employment Incentive Program Fund – This major special revenue fund is used to account for a financing program for economic development projects, which result in employment of low and moderate income persons.

SPLOST Fund - accounts for the financial resources provided from the 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, the County reports the following fund types:

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

Measurement Focus, 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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Fund Equity

Cash and Investments

Cash includes amounts in demand deposits and all highly liquid investments such as bank certificates of deposits. At June 30, 2014, 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).

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, 2014, 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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, consists of capital assets, net of accumulated depreciation. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. General fund revenue exceeded budgeted revenue by $881,622. The General Fund expenditures exceeded budgeted appropriations by $887,980. The following department's expenditures exceeded its budgeted appropriations.

General government	
Executive Administration	61,974
Elections	11,298
Board of Equalization	2,734
General Government Plants & Buildings	20,352
Judicial	
Superior Court	42,426
Magistrate Court	1,444
Probate Court	8,359
Public safety	
Sheriff	292,590
Jail Operations	311,364
Special Detail Operations	26,719
Sheriff Court Services	11,077
Fire	79,547
Animal Control	9,670
Public works	
HCWA - CDBG	177,479
Culture and recreation	
Recreation	71,477
Housing and development	
Code Enforcement	1,824
Haralson County Development Authority	206

The County did not budget for any of the Special Revenue Funds; the Drug Task Force Fund, Employee Incentive Program Fund, Law Library Fund, Sheriff Forfeiture Fund, Victim Witness Fund, County Jail Fund, Special Law Enforcement Grant Fund, Juvenile Supervision Fund, E 911 Surcharge Fund, Drug Abuse Treatment Fund and Special Recreation Fund.

NOTE 3 – DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS

Custodial Credit Risk Related to Deposits

Total cash and cash equivalents as of June 30, 2014 are summarized as follows:

Cash and Cash Equivalents

Balances per statement of net position:		
General Fund	$	605,721
SPLOST Fund		1,669,606
Drug Task Force Fund		1,199,804
Employee Incentive Program Fund		324,387
Nonmajor Governmental Funds		125,656
Balances per statement of net position (Component Units):		
Haralson County Health Department		229,126
Development Authority of Haralson County		1,104,160
Balances per statement of fiduciary assets and liabilities:		
Agency Funds		670,594
	$	5,929,054

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, 2014, all of the deposits of the County, except as noted below, 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. The deposits of the Employee Incentive Program Fund was under collateralized by $5,800.

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

Receivables

Receivables at June 30, 2014, consist of the following:

	General	SPLOST	Employee Incentive Program	Nonmajor Governmental	Total
Receivables:					
Accounts	$ 9,561	$ -	$ -	$ 76,663	$ 86,224
Taxes	598,464	295,132	-	-	893,596
Interest	-	-	566	-	566
Notes	-	-	284,665	-	284,665
Gross receivables	608,025	295,132	285,231	76,663	1,265,051
Less allowance for uncollectibles	(21,171)	-	-	-	(21,171)
Net total receivables	$ 586,854	$ 295,132	$ 285,231	$ 76,663	$ 1,243,880

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes were levied on August 15, 2013, and were payable on or before December 1, 2013. Property taxes levied for the year ending June 30, 2014 and not collected are recorded as receivables, net of estimated uncollectibles. The property tax levy for 2013 was 11.02 mills.

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

Due From Other Governments

Amounts due from other governments at June 30, 2014, consist of the following:

	Primary Government
General Fund:	
Haralson County Water Authority	$ 720
Haralson County Solid Waste Authority	120
State of Georgia Juvenile Court	684
State of Georgia Victim Assistance Program	7,998
Polk County, Georgia	19,247
State of Georgia Department of Transportation	6,245
State of Georgia Department of Natural Resources	36,981
Total General Fund	71,995
Drug Task Force Fund:	
State of Georgia Bureau of Investigation	83,621
Total Drug Task Force Fund	83,621
County Jail Fund:	
City of Bremen, Georgia	2,198
City of Buchanan, Georgia	1,858
City of Tallapoosa, Georgia	439
Total Jail Fund	4,495
Drug Abuse Treatment Fund:	
City of Bremen, Georgia	236
City of Buchanan, Georgia	302
City of Tallapoosa, Georgia	131
State of Georgia Department of Corrections	1,322
Total Drug Abuse Treatment Fund	1,991
Total Governmental Activities/Primary Government	$ 162,102
	Component Unit
Haralson County Health Department:	
Georgia Department of Public Health	$ 44,164
Floyd County Health Department	15,152
Total Haralson County Health Department	$ 59,316

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

Interfund Balances and Transfers

Interfund balances at June 30, 2014, 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.

Interfund balances for the year ended June 30, 2014, consisted of the following:

	Due From		
Due To	General Fund	Other Governmental Funds	Totals
General Fund	$ -	$ 58,884	$ 58,884
SPLOST Fund	35	-	35
Total	$ 35	$ 58,884	$ 58,919

Interfund transfers for the year ended June 30, 2014, consisted of the following:

Transfers In	Transfers Out	Amount
General Fund	Nonmajor governmental funds	$ 396,883
		$ 396,883

Transfers are used to report revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them and unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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

Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 878,603	$ -	$ -	$ -	$ 878,603
Construction in progress	155,465	29,453	-	(178,093)	6,825
Total	1,034,068	29,453	-	(178,093)	885,428
Capital assets, being depreciated:					
Buildings and improvements	12,771,393	837,770	-	178,093	13,787,256
Machinery and equipment	14,066,012	363,995	-	-	14,430,007
Infrastructure	4,482,995	882,979	-	-	5,365,974
Total	31,320,400	2,084,744	-	178,093	33,583,237
Less accumulated depreciation for:					
Buildings and improvements	(3,652,061)	(316,256)	-	-	(3,968,317)
Machinery and equipment	(11,840,782)	(569,540)	-	-	(12,410,322)
Infrastructure	(2,782,051)	(110,711)	-	-	(2,892,762)
Total	(18,274,894)	(996,507)	-	-	(19,271,401)
Total capital assets, being depreciated, net	13,045,506	1,088,237	-	178,093	14,311,836
Governmental activities capital assets, net	$ 14,079,574	$ 1,117,690	$ -	$ -	$ 15,197,264

Governmental activities depreciation expense:

Governmental activities:	
General government	$ 65,970
Judicial	36,335
Public safety	446,575
Public works	291,935
Health and welfare	69,073
Culture and recreation	86,619
Total depreciation expense - governmental activities	$ 996,507

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

	Beginning Balance	Increases	Decreases	Ending Balance
Component Units:				
Capital assets, not being depreciated:				
Land	$ 162,605	$ -	$ -	$ 162,605
Construction in progress	-	9,725	-	9,725
Total	162,605	9,725	-	172,330
Capital assets, being depreciated:				
Buildings and improvements	36,942	11,063	-	48,005
Machinery and equipment	116,809	-	(83,145)	33,664
Infrastructure	3,739,728	-	-	3,739,728
Total	3,893,479	11,063	(83,145)	3,821,397
Less accumulated depreciation for:				
Buildings and improvements	(8,822)	(1,200)	-	(10,022)
Machinery and equipment	(107,426)	(1,787)	83,145	(26,068)
Infrastructure	(1,567,664)	(146,221)	-	(1,713,885)
Total	(1,683,912)	(149,208)	83,145	(1,749,975)
Total capital assets, being depreciated, net	2,209,567	(138,145)	-	2,071,422
Governmental activities capital assets, net	$ 2,372,172	$ (128,420)	$ -	$ 2,243,752

Long-Term Debt

Changes in the County's long-term obligations consisted of the following for the year ended June 30, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due In More Than One Year
Governmental activities:						
Compensated absences	$ 146,000	$ 152,538	$ 151,509	$ 147,029	$ 84,018	$ 63,011
Net pension obligation	45,313	360,955	361,201	45,067	-	45,067
Governmental activities long-term liabilities	$ 191,313	$ 513,493	$ 512,710	$ 192,096	$ 84,018	$ 108,078

The compensated absences liability will be paid from the General Fund and E-911 Fund from which employees' salaries are paid. The net pension obligation will be paid by the General Fund.

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

Short-Term Tax Anticipation Note

In July 2013, the County issued $1.275 million in tax anticipation notes to finance the general operations of the County through October 2013. The notes were due on December 31, 2013. These notes were paid on December 20, 2013 from 2013 property tax revenues collected between September and December 2013. Total payments of principal and interest on December 20, 2013 amounted to $1,282,064.

	Beginning Balance	Additions	Reductions	Ending Balance
Tax anticipation notes	$ -	$ 1,275,000	$ 1,275,000	$ -
Total tax anticipation notes payable	$ -	$ 1,275,000	$ 1,275,000	$ -

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.

Active participants (fully vested and not vested)	110
Retirees and beneficiaries	32
Deferred vested (former employees)	63
Disabled in pay status	2
Total membership	207

NOTE 4 – OTHER NOTES (CONTINUED)

Funding Policy

The County is required to contribute an actuarially determined amount annually to the Plan's trust. The contribution amount is determined using actuarial methods and assumptions approved by the ACCG Plan trustees and must satisfy the minimum contribution requirement contained in State of Georgia statutes. The County's required contribution for the 2014 Plan year is $286,019 which represents 8.01% 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:

Current Valuation Date	January 1, 2014
Annual Return on Invested Plan assets	7.50%
Projected Annual Salary Increases	2.0%-4.5% based on age
Expected Annual Inflation	3.00%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Projected Unit Credit
Amortization Method	Level Percent of Pay(Closed)
Remaining Amortization Period	10 Years

Annual Pension Cost

The County's actuarially required contribution, pension cost, and increase in net pension obligation for the year ended June 30, 2014, were computed as follows:

Annual required contribution	$ 361,201
Interest	3,512
Amortization of Net Pension Obligation	(3,758)
Annual pension cost	360,955
Actual contributions made	(361,201)
Increase in net pension asset	(246)
Net pension liability, June 30, 2013	45,313
Net pension liability, June 30, 2014	$ 45,067

NOTE 4 – OTHER NOTES (CONTINUED)

Trend Information for the Plan

Fiscal Year Beginning	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation
January 1, 2014	$ 286,109	N/A	N/A	$ (45,067)
January 1, 2013	360,955	360,955	100%	(45,313)
January 1, 2012	294,052	294,052	100%	(38,846)

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. 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 long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2013 and on the pattern of sharing costs between the employer and plan members to that point.

Schedule of Funding Progress (Unaudited)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded (1)-(2)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll
January 1, 2014	$4,655,216	$5,616,951	82.9%	$ (961,735)	$3,571,307	26.9%

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

NOTE 4 – OTHER NOTES (CONTINUED)

Risk Management

The County is exposed to various risks of losses related to torts, thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County maintains third party coverage for claims arising from property and general liability claims.
The Government has joined together with other counties in the state as part of the Association of County Commissioners of Georgia Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

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

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

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

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.

NOTE 4 – OTHER NOTES (CONTINUED)

Contingent Liabilities (continued)

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, 2014, the County paid $17,925 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.

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.

NOTE 4 – OTHER NOTES (CONTINUED)

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 $1,122,293 reported as landfill closure and post-closure care liability at June 30, 2014 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 $1,294,837.

The amounts are based on what it would cost to perform all closure and post-closure care in the fiscal year ending June 30, 2014. Actual cost may vary due to inflation, changes in technology, or changes in regulations.

According to the Department of Natural Resources, the County has the responsibility for insuring the financial viability of the solid waste facility should the obligations of the facility not be met internally. The 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, 2014. However, the facility should accumulate sufficient financial resources for services provided by the facility to function without placing a significant burden on the County.

NOTE 4 – OTHER NOTES (CONTINUED)

Haralson County Solid Waste Management Authority (continued)

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

Condensed Statement of Assets, Liabilities and Net Position
June 30, 2014

Current assets	
Cash	$ 327,853
Other current assets	37,532
Capital assets, net	810,633
Total assets	$ 1,176,018
Current liabilities	$ 77,716
Long-term liabilities	
Accrued closure and post-closure costs	1,122,293
Total liabilities	1,200,009
Total net position	(23,991)
Total liabilities and net position	$ 1,176,018

Condensed Statement of Revenues and Expenses
For the Fiscal Year Ended June 30, 2014

Charge for services	$ 496,568
Operating expenses	(530,877)
Nonoperating revenue	304
Change in net position	$ (34,005)

NOTE 5 – RESTATEMENT OF FUND BALANCE AND NET POSITION

Prior Period Adjustments

Fund Statements

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 the interfund balance from the Tax Commissioner's Office and compensated absences payable. In the prior year the County under accrued the tax revenue of $226,968 that was due from the Tax Commissioner's Office, which resulted in an understatement of interfund balances. Also, in the prior year the County included long-term compensated absences payable of $74,083 in the General Fund's liabilities, which resulted in an overstatement of accrued liabilities. The restatements above totaling $301,051 resulted in an overall understatement of the fund balance of the General Fund as of June 30, 2013.

The County has determined that a restatement of the fund balance of the E-911 Surcharge Fund is required to reflect corrections to the beginning balance of the compensated absences payable. In the prior year the County included long-term compensated absences payable of $9,348 in the E-911 Surcharge Fund's liabilities, which resulted in an overstatement of accrued liabilities. The restatement above of $9,438 resulted in an overall understatement of the fund balance of the E-911 Surcharge Fund as of June 30, 2013.

The County has determined that the Probation Office Fund should be reported as an agency fund instead of a special revenue fund as in the prior year. The restatement above resulted in an overall overstatement of $23,839 in the fund balance of the Probation Office Fund as of June 30, 2013.

Governmental Activities

The County has determined that a restatement of the net position of the Governmental Activities is required to reflect corrections to the beginning balance of the capital assets. In a prior year the County contributed the County's water system to the Haralson County Water Authority (HCWA). The capital assets were never removed from the County's detailed listing of capital assets, which resulted in an overstatement of capital assets. The restatement above of $1,853,356 resulted in an overall overstatement of the governmental activities net position as of June 30, 2013.

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

Restatements

Fund Balance, General Fund, June 30, 2013, as previously reported	$ 284,848
Adjustment for proper recognition of Due from Tax Commissioner's Office	226,968
Adjustment for proper recognition of compensated absences	74,083
Beginning Fund Balance, General Fund, June 30, 2013, restated	$ 585,899
Fund Balance, E-911 Surcharge Fund, June 30, 2013, as previously reported	$ 67,042
Adjustment for proper recognition of compensated absences	9,348
Beginning Fund Balance, E-911 Surcharge Fund, June 30, 2013, restated	$ 76,390
Fund Balance, Probations Fund, June 30, 2013, as previously reported	$ 23,839
Adjustment to properly present Probation Office Fund as an Agency Fund	(23,839)
Beginning Fund Balance, Probations Fund, June 30, 2013, restated	$ -
Fund Balance, Governmental Funds, June 30, 2013, as previously reported	$ 2,699,326
Adjustment for proper recognition of compensated absences	83,431
Adjustment for proper recognition of Due from Tax Commissioner's Office	226,968
Adjustment to properly present Probation Office Fund as an Agency Fund	(23,839)
Beginning Fund Balance, Governmental Funds, June 30, 2013, restated	$ 2,985,886
Net position, Governmental Activities, June 30, 2013, as previously reported	$ 18,854,559
Adjustment for proper recognition of Due from Tax Commissioner's Office	226,968
Adjustment to remove prior year water system contributed to HCWA	(1,853,356)
Adjustment to properly present Probation Office Fund as an Agency Fund	(23,839)
Beginning net position, Governmental Activities, June 30, 2013, restated	$ 17,204,332

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events were evaluated through January 19, 2015, which is the date the financial statements were available to be issued.

In July 2014, the County voted to borrow up to $1.275 million on a tax anticipation note due December 31, 2014.

In November 2014, a referendum was voted on and approved for a new $21 million SPLOST to begin in April 2015.

In September 2014, the Development Authority of Haralson County purchased a building for $490,000 to boost economic development in the County.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information is used to present required information for the County.

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget(GAAP Basis) and Actual
General Fund

Schedule of Funding Progress
Defined Benefit Pension Plan

HARALSON COUNTY, GEORGIA

Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget (GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes:				
Property taxes	$ 8,539,293	$ 8,539,293	$ 9,121,811	$ 582,518
Sales tax	1,680,000	1,680,000	1,708,016	28,016
Insurance premium tax	750,000	750,000	827,037	77,037
Other taxes	125,000	125,000	169,261	44,261
Licenses and permits	91,000	91,000	98,291	7,291
Intergovernmental	608,795	608,795	744,671	135,876
Charges for services	221,500	221,500	284,604	63,104
Fines and forfeitures	722,350	722,350	663,220	(59,130)
Miscellaneous	43,350	43,350	53,771	10,421
Total revenues	12,781,288	12,781,288	13,670,682	889,394
EXPENDITURES				
Current:				
General government				
Legislative Commissioners	317,515	317,515	296,850	20,665
Executive Administration	804,320	804,320	866,294	(61,974)
Elections	94,750	94,750	106,048	(11,298)
Tax Commissioner	242,640	242,640	237,929	4,711
Tax Assessor	409,312	409,312	404,331	4,981
Board of Equalization	8,105	8,105	10,839	(2,734)
General Government Plants & Buildings	71,235	71,235	91,587	(20,352)
Total general government	1,947,877	1,947,877	2,013,878	(66,001)
Judicial				
Superior Court	146,675	146,675	189,101	(42,426)
Clerk of Court	390,490	390,490	356,251	34,239
District Attorney	173,506	173,506	153,687	19,819
Magistrate Court	157,668	157,668	159,112	(1,444)
Probate Court	225,288	225,288	233,647	(8,359)
Juvenile Court	195,569	195,569	174,729	20,840
Public Defender	131,000	131,000	129,655	1,345
Total judicial	1,420,196	1,420,196	1,396,182	24,014
Public safety				
Sheriff	1,553,273	1,553,273	1,845,863	(292,590)
Jail Operations	1,381,126	1,381,126	1,692,490	(311,364)
Special Detail Operations	204,979	204,979	231,698	(26,719)
Sheriff Court Services	99,150	99,150	110,227	(11,077)
Corrections	97,333	97,333	95,259	2,074
Fire	1,606,377	1,606,377	1,685,924	(79,547)
Coroner/Medical Examiner	34,997	34,997	29,129	5,868
Animal Control	168,684	168,684	178,354	(9,670)
Total public safety	$ 5,145,919	$ 5,145,919	$ 5,868,944	$ (723,025)

HARALSON COUNTY, GEORGIA

Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget (GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
EXPENDITURES (continued)				
Current:				
Public works				
Highways and streets	$ 1,752,055	$ 1,752,055	$ 1,692,942	$ 59,113
HCWA - CDBG	-	-	177,479	(177,479)
Solid Waste Collection	488,020	488,020	456,195	31,825
Total public works	2,240,075	2,240,075	2,326,616	(86,541)
Health and welfare				
Health	861,446	861,446	861,356	90
Welfare	49,000	49,000	31,191	17,809
Community Services	31,230	31,230	30,630	600
Transportation Services	160,300	160,300	159,318	982
Total health and welfare	1,101,976	1,101,976	1,082,495	19,481
Culture and recreation				
Recreation	187,315	187,315	258,792	(71,477)
Libraries	19,200	19,200	15,000	4,200
Total culture and recreation	206,515	206,515	273,792	(67,277)
Housing and development				
Conservation	93,713	93,713	82,082	11,631
Forest Resources	14,776	14,776	14,474	302
Planning & Zoning	90,870	90,870	89,404	1,466
Code Enforcement	58,581	58,581	60,405	(1,824)
Haralson County Development Authority	-	-	206	(206)
Total housing and development	257,940	257,940	246,571	11,369
Total expenditures	12,320,498	12,320,498	13,208,478	(887,980)
Excess (deficiency) of revenues over (under) expenditures	460,790	460,790	462,204	1,414
OTHER FINANCING SOURCES				
Transfers out	(360,890)	(360,890)	(396,883)	(35,993)
Total other financing sources	(360,890)	(360,890)	(396,883)	(35,993)
Net change in fund balances	99,900	99,900	65,321	(34,579)
FUND BALANCE				
Beginning of year, restated	585,899	585,899	585,899	-
End of year	$ 685,799	$ 685,799	$ 651,220	$ (34,579)

HARALSON COUNTY, GEORGIA

Required Supplementary Information
June 30, 2014

SCHEDULE OF FUNDING PROGRESS

Defined Benefit Pension Plan

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability	(3) Funded Ratio (1)/(2)	(4) Unfunded / (Surplus) AAL (1)-(2)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Liability as a Percentage of Covered Payroll
January 1, 2014	$4,655,216	$ 5,616,951	82.9%	$ 961,735	$3,571,307	26.9%
January 1, 2013	4,013,853	5,157,028	77.8%	1,143,175	3,367,867	33.9%
January 1, 2012	3,661,672	4,698,938	77.9%	1,037,266	3,221,582	32.2%
January 1, 2011	3,340,824	4,397,151	76.0%	1,056,327	2,922,543	36.1%
January 1, 2010	3,022,169	3,990,026	75.7%	967,857	2,604,080	37.2%
January 1, 2009	2,681,192	3,653,139	73.4%	971,947	2,660,904	36.5%
January 1, 2008	2,700,059	3,356,104	80.5%	656,045	2,466,088	26.6%

Note: See assumptions used for the schedule disclosed in the notes to the basic financial statements.

COMBINING FUND STATEMENTS AND SCHEDULES

Nonmajor Special Revenue Funds

Special Revenue Funds are used to account for specific revenue sources (other than fiduciary or capital projects funds) that are legally restricted to expenditures for specified purposes.

The County's Nonmajor Special Revenue Funds are as follows:

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

Sheriff's 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 outreach" 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.

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

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

ASSETS	Special Revenue Funds				
	Law Library	Sheriff's Forfeiture	Crime Victim Assistance Program	County Jail	Special Law Enforcement Grant
Cash	$ 5,473	$ 2,946	$ -	$ 72,563	$ 245
Receivables:					
Accounts	-	-	-	-	-
Interest	-	-	-	-	-
Notes	-	-	-	-	-
Due from other funds	-	-	23,363	18,133	-
Due from other governments	-	-	-	4,495	-
Total assets	$ 5,473	$ 2,946	$ 23,363	$ 95,191	$ 245
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ 3,120	$ -	$ 1,186	$ -	$ -
Accrued liabilities	-	-	-	-	-
Total liabilities	3,120	-	1,186	-	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - grants & donations	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
FUND BALANCES					
Restricted for:					
Judicial activities	2,353	-	22,177	-	-
Culture and recreation	-	-	-	-	-
Public safety activities	-	2,946	-	95,191	245
Unassigned	-	-	-	-	-
Total fund balances	2,353	2,946	22,177	95,191	245
Total liabilities and fund balances	$ 5,473	$ 2,946	$ 23,363	$ 95,191	$ 245

(Continued)

HARALSON COUNTY, GEORGIA

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

ASSETS	Special Revenue Funds: Emergency Telephone System (E-911)	Special Revenue Funds: Juvenile Court Supervision Fee	Special Revenue Funds: Drug Abuse Treatment and Education	Special Revenue Funds: Special Recreation	Total Nonmajor Funds
Cash	$ 14,210	$ 8,769	$ 17,801	$ 3,649	$ 125,656
Receivables:					
Accounts	76,663	-	-	-	76,663
Interest	-	-	-	-	-
Notes	-	-	-	-	-
Due from other funds	-	1,431	15,957	-	58,884
Due from other governments	-	-	1,991	-	6,486
Total assets	$ 90,873	$ 10,200	$ 35,749	$ 3,649	$ 267,689
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ -	$ -	$ -	$ -	$ 4,306
Accrued liabilities	17,484	-	-	-	17,484
Total liabilities	17,484	-	-	-	21,790
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - grants & donations	-	-	-	2,840	2,840
Total deferred inflows of resources	-	-	-	2,840	2,840
FUND BALANCES					
Restricted for:					
Judicial activities	-	-	-	-	24,530
Culture and recreation	-	10,200	-	809	11,009
Public safety activities	73,389	-	35,749	-	207,520
Unassigned	-	-	-	-	-
Total fund balances	73,389	10,200	35,749	809	243,059
Total liabilities and fund balances	$ 90,873	$ 10,200	$ 35,749	$ 3,649	$ 267,689

HARALSON COUNTY, GEORGIA

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

	Special Revenue Funds				
	Law Library	Sheriff's Forfeiture	Crime Victim Assistance Program	County Jail	Special Law Enforcement Grant
REVENUES					
Taxes	$ -	$ -	$ -	$ -	$ -
Charges for services	-	-	-	-	-
Fines and forfeitures	17,001	4,799	22,752	54,327	-
Contributions and donations	-	-	-	-	500
Investment income	2	-	-	-	-
Miscellaneous revenue	11	-	-	-	-
Total revenues	17,014	4,799	22,752	54,327	500
EXPENDITURES					
Current:					
Judicial	20,379	-	30,524	-	-
Public safety	-	4,189	-	12,040	1,405
Culture and recreation	-	-	-	-	-
Debt Service:	-	-		-	-
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	20,379	4,189	30,524	12,040	1,405
Excess (deficiency) of revenues over (under) expenditures	(3,365)	610	(7,772)	42,287	(905)
OTHER FINANCING SOURCES(USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources(uses)	-	-	-	-	-
Net change in fund balances	(3,365)	610	(7,772)	42,287	(905)
FUND BALANCE, beginning of year, restated	5,718	2,336	29,949	52,904	1,150
FUND BALANCE, end of year	$ 2,353	$ 2,946	$ 22,177	$ 95,191	$ 245

(Continued)

HARALSON COUNTY, GEORGIA

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

	Special Revenue Funds				
	Emergency Telephone System (E-911)	**Juvenile Court Supervision Fee**	**Drug Abuse Treatment and Education**	**Special Recreation**	**Total Nonmajor Funds**
REVENUES					
Taxes	$ -	$ -	$ -	$ -	$ -
Charges for services	471,887	-	-	-	471,887
Fines and forfeitures	-	-	14,038	-	112,917
Contributions and donations	-	-	-	1,360	1,860
Investment income	-	-	-	-	2
Miscellaneous revenue	-	2	2	-	15
Total revenues	471,887	2	14,040	1,360	586,681
EXPENDITURES					
Current:					
Judicial	-	1,351	-	-	52,254
Public safety	871,771	-	12	-	889,417
Culture and recreation	-	-	-	3,460	3,460
Debt Service:	-	-	-	-	
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	871,771	1,351	12	3,460	945,131
Excess (deficiency) of revenues over (under) expenditures	(399,884)	(1,349)	14,028	(2,100)	(358,450)
OTHER FINANCING SOURCES(USES)					
Transfers in	396,883	-	-	-	396,883
Transfers out	-	-	-	-	-
Total other financing sources(uses)	396,883	-	-	-	396,883
Net change in fund balances	(3,001)	(1,349)	14,028	(2,100)	38,433
FUND BALANCE, beginning of year, restated	76,390	11,549	21,721	2,909	204,626
FUND BALANCE, end of year	$ 73,389	$ 10,200	$ 35,749	$ 809	$ 243,059

Fiduciary Funds

The Fiduciary Funds are used to account for assets held by the County in a fiduciary capacity.

The County's Fiduciary-Agency Funds are as follows:

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 from 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
Probation Office

HARALSON COUNTY, GEORGIA

Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2014

	Tax Commisioner	Sheriff	Clerk of Superior Court	Probate Court	Magistrate Court	Probation Office	**Total**
ASSETS							
Cash	$ 490,895	$ 47,125	$ 103,756	$ 11,220	$ 11,323	$ 6,275	$ 670,594
Receivable (net of allowance for uncollectibles):							
Taxes	523,561	-	-	-	-	-	523,561
Total assets	$ 1,014,456	$ 47,125	$ 103,756	$ 11,220	$ 11,323	$ 6,275	$ 1,194,155
LIABILITIES							
Due to other governments/others	1,014,456	47,125	103,756	11,220	11,323	6,275	1,194,155
Total liabilities	$ 1,014,456	$ 47,125	$ 103,756	$ 11,220	$ 11,323	$ 6,275	$ 1,194,155

HARALSON COUNTY, GEORGIA

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2014

TAX COMMISSIONERS	Beginning Balance	Additions	Deductions	Reclass Interfund Payable	Ending Balance
ASSETS					
Cash	$ 543,302	$ 23,408,453	$ 23,283,881	$ (176,979)	$ 490,895
Receivable (net of allowance for uncollectibles):					
Taxes	1,044,172	8,855,273	9,375,884	-	523,561
Total assets	$ 1,587,474	$ 32,263,726	$ 32,659,765	$ (176,979)	$ 1,014,456
LIABILITIES					
Due to other funds	114,304	9,226,959	9,164,284	(176,979)	-
Due to other governments/others	1,473,170	23,036,767	23,495,481	-	1,014,456
Total liabilities	$ 1,587,474	$ 32,263,726	$ 32,659,765	$ (176,979)	$ 1,014,456

SHERIFF	Beginning Balance	Additions	Deductions	Reclass Interfund Payable	Ending Balance
ASSETS					
Cash	$ 9,991	$ 295,422	$ 253,943	$ (4,345)	$ 47,125
Total assets	$ 9,991	$ 295,422	$ 253,943	$ (4,345)	$ 47,125
LIABILITIES					
Due to other funds	5,135	49,343	50,133	(4,345)	-
Due to other governments/others	4,856	246,079	203,810	-	47,125
Total liabilities	$ 9,991	$ 295,422	$ 253,943	$ (4,345)	$ 47,125

CLERK OF SUPERIOR COURT	Beginning Balance	Additions	Deductions	Reclass Interfund Payable	Ending Balance
ASSETS					
Cash	$ 80,506	$ 1,863,152	$ 1,820,996	$ (18,906)	$ 103,756
Total assets	$ 80,506	$ 1,863,152	$ 1,820,996	$ (18,906)	$ 103,756
LIABILITIES					
Due to other funds	18,578	267,170	266,842	(18,906)	-
Due to other governments/others	61,928	1,595,982	1,554,154	-	103,756
Total liabilities	$ 80,506	$ 1,863,152	$ 1,820,996	$ (18,906)	$ 103,756

HARALSON COUNTY, GEORGIA

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2014

PROBATE COURT	Beginning Balance	Additions	Deductions	Reclass Reclass Interfund Payable	Ending Balance
ASSETS					
Cash	$ 17,885	$ 356,615	$ 348,741	$ (14,539)	$ 11,220
Total assets	$ 17,885	$ 356,615	$ 348,741	$ (14,539)	$ 11,220
LIABILITIES					
Due to other funds	15,040	228,596	229,097	(14,539)	-
Due to other governments/others	2,845	128,019	119,644	-	11,220
Total liabilities	$ 17,885	$ 356,615	$ 348,741	$ (14,539)	$ 11,220

MAGISTRATE COURT	Beginning Balance	Additions	Deductions	Reclass Interfund Payable	Ending Balance
ASSETS					
Cash	$ 19,647	$ 215,451	$ 214,891	$ (8,884)	$ 11,323
Total assets	$ 19,647	$ 215,451	$ 214,891	$ (8,884)	$ 11,323
LIABILITIES					
Due to other funds	7,263	102,065	100,444	(8,884)	-
Due to other governments/others	12,384	113,386	114,447	-	11,323
Total liabilities	$ 19,647	$ 215,451	$ 214,891	$ (8,884)	$ 11,323

PROBATION OFFICE	Beginning Balance	Additions	Deductions	Reclass Interfund Payable	Ending Balance
ASSETS					
Cash	$ 23,839	$ 193,018	$ 198,701	$ (11,881)	$ 6,275
Total assets	$ 23,839	$ 193,018	$ 198,701	$ (11,881)	$ 6,275
LIABILITIES					
Due to other funds	13,195	168,968	170,282	(11,881)	-
Due to other governments/others	10,644	24,050	28,419	-	6,275
Total liabilities	$ 23,839	$ 193,018	$ 198,701	$ (11,881)	$ 6,275

HARALSON COUNTY, GEORGIA

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2014

TOTALS	Beginning Balance	Additions	Deductions	Reclass Reclass Interfund Payable	Ending Balance
ASSETS					
Cash	$ 695,170	$ 26,332,111	$ 26,121,153	$ (235,534)	$ 670,594
Receivable (net of allowance for uncollectibles):					
Taxes	1,044,172	8,855,273	9,375,884	-	523,561
Total assets	$ 1,739,342	$ 35,187,384	$ 35,497,037	$ (235,534)	$ 1,194,155
LIABILITIES					
Due to other funds	173,515	10,043,101	9,981,082	(235,534)	-
Due to other governments/others	1,565,827	25,144,283	25,515,955	-	1,194,155
Total liabilities	$ 1,739,342	$ 35,187,384	$ 35,497,037	$ (235,534)	$ 1,194,155

Special Report

The Special Report is applicable to the 2009 Special 1 Percent Sales and Use Tax required by the State of Georgia.

Schedule of Projects Expenditures of Special Purpose Local Option Sales and Use Tax Proceeds

HARALSON COUNTY, GEORGIA

Schedule of Expenditures of
Special Purpose Local Option Sales Tax Proceeds
SPLOST V - 2009 Issue
For the Fiscal Year Ended June 30, 2014

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
County Projects:					
Senior center project	$ 500,000	$ 500,000	$ 2,262	$ 2,795	$ 5,057
Road and bridge improvements	3,380,830	3,380,830	1,552,677	567,189	2,119,866
Recreation projects	1,800,000	1,800,000	739,665	557,510	1,297,175
Public safety projects	2,550,000	2,550,000	960,294	214,065	1,174,359
Government improvement project	4,150,000	4,150,000	1,298,804	265,479	1,564,283
	12,380,830	12,380,830	4,553,702	1,607,038	6,160,740
Intergovernmental Projects:					
Bremen	$ 5,315,700	$ 5,315,700	$ 2,447,087	$ 606,027	$ 3,053,114
Buchanan	1,098,870	1,098,870	425,398	123,896	549,294
Tallapoosa	3,256,920	3,256,920	1,260,423	371,313	1,631,736
Waco	547,680	547,680	249,303	62,440	311,743
Haralson County Water Authority	7,400,000	7,400,000	3,465,410	838,069	4,303,479
	17,619,170	17,619,170	7,847,621	2,001,745	9,849,366
	$ 30,000,000	$ 30,000,000	$ 12,401,323	$ 3,608,783	$ 16,010,106

Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

SPLOST Fund	
Capital Outlay	$ 1,607,038
Intergovernmental	2,001,745
Total Expenditures	$ 3,608,783

Other Supplemental Information

Other Supplemental Information is used to present additional information for the component unit.

Governmental Fund Type

Development Authority of Haralson County

HARALSON COUNTY, GEORGIA

Balance Sheet
Component Unit - Governmental Fund Type
June 30, 2014

	Development Authority of Haralson County
Assets	
Cash and cash equivalents	$ 1,104,160
Receivables	88,156
Total assets	$ 1,192,316
Liabilities and Fund Balance	
Liabilities	
Total liabilities	$ -
Fund balance:	
Fund balance	1,192,316
Total fund balances	1,192,316
Total liabilities and fund balance	$ 1,192,316

HARALSON COUNTY, GEORGIA

Statement Of Revenues, Expenditures And Changes In Fund Balances
Component Unit - Governmental Fund Type
For the Fiscal Year Ended June 30, 2014

	Development Authority of Haralson County
Revenues:	
Charges for services	$ 93,765
Contributions and donations	3,500
Investment revenue	2,622
Total revenues	99,887
Expenditures:	
Current:	
Economic development	208,251
Capital outlay	20,788
Total expenditures	229,039
Excess (deficiency) of revenues over expenditures	(129,152)
Other financing sources (uses):	
Proceeds from sale of capital assets	6,500
Net change in fund balances	(122,652)
FUND BALANCE, beginning of year	1,314,968
FUND BALANCE, end of year	$ 1,192,316

COMPLIANCE SECTION

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

To the Board of Commissioners
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, 2014, 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 January 19, 2015.

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 none of the findings and responses 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 deficiency described in the accompany schedule of findings and responses as item 14-1 to be a significant deficiency.

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 14-2 through 14-4.

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.

Will M Robinson, CPA, P.C.

Carrollton, Georgia
January 19, 2015

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.

There were no reportable conditions deemed to be material weaknesses.

One reportable condition related to the audit of the financial statements is 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 is included in the Schedule of Findings and Responses as item 14-1. This reportable condition is not deemed to be material weaknesses.

Three instances of noncompliance relating to the audit of the financial statements of the Haralson County, Georgia are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and are included in the Schedule of Findings and Responses as items 14-2 through 14-4.

Federal Awards

There was not an audit of major federal award programs as of June 30, 2014 due to the total amount expended being less than $500,000.

B. FINDINGS: FINANCIAL STATEMENT AUDIT

14-1 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.

14-2 Grant Compliance

Condition: During the year ended June 30, 2014, it was noted that the County did not have in file information documenting it's compliance with the terms and conditions of the Canoe Trail Grant.

The Canoe Trail Grant was subject to Davis-Bacon requirements. Certified payroll monitoring, employee interviews, display of wage rate signs was not documented.

The Canoe Trail Grant was subject to time and effort requirements. Roads Department failed to adequately keep time records on monitoring the construction of the boat launches resulting in a reduction in the amount available for reimbursement under the grant.

The Canoe Trail Grant required that minorities be identified in the bid process and that the bid proposal include information that federal moneys were being expended. The bid process did not document these requirements.

The Canoe Trail Grant agreement required the construction contract to include clauses related to compliance with Equal Employment Opportunity Act, Copeland "Anti-Kickback" Act, Davis -Bacon Act, compliance with Contract Workers and Safety Standards Act, Compliance with the Clean Water Act, and Equal Employment Opportunity. The County did not execute a formal contract with the construction company.

Criteria: Procedures are not in place to properly identify and compliance with Grant compliance requirements.

Effect: Failure to adequately comply with the compliance requirements of a grant agreement of the CDFA could result in the termination of the grant or the County being required to repay the grant.

Recommendation: Internal controls should be in place to facilitate identification and compliance with the grant requirements.

Auditee's Response: We concur with the finding. We will take necessary steps in the future to identify and comply with grant requirements..

14-3 Budget Adoption

Condition: This was reported as a prior year finding. For the year ended June 30, 2014, 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.

14-4 Budget Expenditures

Condition: This was reported as a prior year finding. For the year ended June 30, 2014, 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.

C. FEDERAL AWARD AND FINDINGS AND QUESTIONED COSTS

The was not an audit of major federal award programs as of June 30, 2014 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.