MACON COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
For the fiscal year ended
June 30, 2012

MACON COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
FOR YEAR ENDED JUNE 30, 2012

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BUTLER, WILLIAMS & WYCHE, LLP
CERTIFIED PUBLIC ACCOUNTANTS
915 HILL PARK
MACON, GEORGIA 31201

December 28, 2012

INDEPENDENT AUDITORS REPORT

To the Board of County Commissioners
of Macon County
Oglethorpe, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregated discretely presented component units, each major fund, and the aggregate remaining fund information of Macon County, Georgia ("the County") as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Macon County Department of Public Health, which represents 33% of the assets and 65% of the revenues of the aggregated discretely presented component units and 0.5% of the total assets and 4% of the total revenues of the County's financial statements. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Macon County Department of Public Health in the component unit column, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregated discretely presented component units, each major fund, and the aggregate remaining fund information of Macon County, Georgia, as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2012 on our consideration of the County'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Butler, Williams & Hyche, LLC

Macon, Georgia

MACON COUNTY, GEORGIA
MANAGEMENT'S DISUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Our discussion and analysis of Macon County's financial performance provides an overview of the County's financial activities for the fiscal year ending June 30, 2012. Please read it in conjunction with the County's financial statements.

Using This Annual Report

This report consists of a series of financial statements. Macon County's basic financial statements are comprised of three components: 1) *Government-wide financial statements*, 2) *Fund financial statements*, and 3) *Notes to the financial statements. Government-wide statements* provide information about the County as a whole and present a broad overview of County finances presented through a Statement of Net Assets and a Statement of Activities. *Fund financial statements* provide information that is more detailed than what is reported in the government-wide financial statements. The remaining *Notes to the financial statements* provide additional information concerning the County's finances that are not disclosed in the Government-wide or the Fund financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

One of the most important questions asked about the County's finances is "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities and use accounting methods similar to those used by private-sector companies.

These two statements report the County's net assets and changes in them. One can think of the County's net assets - the difference between assets and liabilities - as one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net assets are one indicator of whether the County's financial health is improving or deteriorating. Net assets are reported in three categories (1) invested in capital assets, net of related debt, (2) restricted, and (3) unrestricted. In the Statement of Activities, financial information on all revenues and expenses is reported, as is the change in net assets.

In the Statement of Net Assets and the Statement of Activities, we divide the County into the following three kinds of activities:

Governmental activities - Most of the County's basic services are reported here, including public works, public safety, judicial, health, welfare, and general administration. Property taxes, fees, and court fines finance most of these activities.

Business-type activities - The County's solid waste operations are reported here. These business-type activities were financed in whole, or in part, by user charges including landfill tipping fees. The only activity taking place in the business-type of activities of the County is post-closure care, since the County's landfill closed in 1997.

Component units - The County includes two separate legal entities - the Development Authority of Macon County and the Macon County Department of Public Health in its financial statements. Although legally separate, these "component units" are important because the County is financially accountable for them. Complete financial statements of the individual component units can be obtained from their respective administrative offices. Additional information about the County's component units is presented in the notes to the financial statements.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the County as a whole. Some funds are required to be established by State law. Other funds are established by the Board of Commissioners to help it control and manage money for particular purposes or to show that the County is meeting legal responsibilities for using certain taxes, grants, and other money. All of Macon County's funds are divided into three categories - governmental, proprietary, and fiduciary.

Governmental funds **-** Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources. The governmental funds' statements provide a detailed short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-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 facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the County's four major governmental funds namely, the General Fund and the Road Capital Project Fund and the Whitewater Park, Administrative Building and Infrastructure Capital Projects Fund and the 2010 Capital Projects Fund. Data from the other non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds **-** Macon County maintains one type of proprietary fund, an enterprise fund. An enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for its closed solid waste operations. The proprietary fund's financial statements provide information on all assets and liabilities of the fund, changes in the economic resources (revenues and expenses), and total economic resources. For the proprietary fund, a statement of net assets; a statement of revenues, expenses, and changes in fund net assets; and a statement of cash flows are presented. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Specifically, the County's proprietary fund financial statements provide information for the solid waste operations, which is considered a major fund.

Fiduciary funds **-** Macon County is the trustee, or fiduciary, for numerous resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because these resources are not available to support Macon County's own programs. It is the County's responsibility to ensure that the resources reported in these funds are used for their intended purposes. The accounting used for fiduciary funds is similar to that used for proprietary funds. A statement of fiduciary net assets is presented for the County's agency funds.

Notes to the Financial Statements- In addition to the government-wide and fund financial statements, this report also provides various types of supplementary information in the notes to the financial statements. These notes provide additional information essential to a full understanding of the basic financial statements. Other required supplementary information, including information about the accounting practices of the County, investments of the County, and the pension plan are some of the items included in the notes to the financial statements.

Financial Highlights - For Fiscal Year 2012, Macon County's governmental funds reported combined fund balances totaling $5,308,670; a decrease of $782,128. Approximately 52 percent ($2.8 million) of the combined fund balances for governmental funds is available for spending. The remaining 48 percent ($2.5 million) is reserved in non-major special revenue funds or reserved for construction.

The following is condensed information from the government-wide perspective:

	Governmental Activities		Business-type Activities		Total	
	2012	Restated 2011	2012	Restated 2011	2012	Restated 2011
Current and other assets	$ 5,648,337	$ 6,489,244	$ 686,818	$ 702,411	$ 6,335,155	$ 7,191,655
Capital Assets	11,801,317	10,463,935	-	-	11,801,317	10,463,935
Total Assets	17,449,654	16,953,179	686,818	702,411	18,136,472	17,655,590
Long-term liabilities	158,823	177,236	552,305	570,998	711,128	748,234
Other liabilities	339,667	398,446	-	-	339,667	398,446
Total liabilities	498,490	575,682	552,305	570,998	1,050,795	1,146,680
Net Assets:						
Invested in capital assets, net of related debt	11,801,317	10,463,935	-	-	11,801,317	10,463,935
Restricted	-	-	-	-	-	-
Unrestricted	5,149,847	5,913,562	134,513	131,413	5,284,360	6,044,975
Total Net Assets	$ 16,951,164	$ 16,377,497	$ 134,513	$ 131,413	$ 17,085,677	$ 16,508,910

	Governmental Activities		Business-type Activities		Total	
Revenues:	2012	Restated 2011	2012	Restated 2011	2012	Restated 2011
Program revenues:						
Charges for services	$ 1,268,191	$ 1,081,255	$ -	$ -	$ 1,268,191	$ 1,081,255
Operating grants and contributions	96,077	76,675	-	-	96,077	76,675
Capital grants and contributions	111,896	475,598	-	-	111,896	475,598
General revenues:						
Property taxes	3,876,228	3,665,705	-	-	3,876,228	3,665,705
Sales taxes	1,197,993	1,128,510	-	-	1,197,993	1,128,510
Other taxes	373,585	372,161	-	-	373,585	372,161
Other	16,952	15,175	494	2,071	17,446	17,246
Total Revenues	6,940,922	6,815,079	494	2,071	6,941,416	6,817,150
Expenses:						
General Government	1,272,868	1,488,972	-	-	1,272,868	1,488,972
Judicial	615,989	668,463	-	-	615,989	668,463
Public Safety	1,696,709	1,590,883	-	-	1,696,709	1,590,883
Public Works	1,431,385	1,493,220	-	-	1,431,385	1,493,220
Health and Welfare	777,000	751,931	-	-	777,000	751,931
Housing and Development	319,617	696,414	-	-	319,617	696,414
Cutlure and recreation	329,480	354,190	-	-	329,480	354,190
Intergovernmental		-	-	-	-	-
Landfill	-	-	(2,606)	(11,424)	(2,606)	(11,424)
Total Expenses	6,443,048	7,044,073	(2,606)	(11,424)	6,440,442	7,032,649
Transfers	-	-	-	-	-	-
Increase (decrease) in net assets	497,874	(228,994)	3,100	13,495	500,974	(215,499)
Net assets-beginning	16,453,290	16,606,491	131,413	117,918	16,584,703	16,724,409
Prior period adjustment	-	75,793	-	-	-	75,793
Net assets-ending	$ 16,951,164	$ 16,453,290	$ 134,513	$ 131,413	$ 17,085,677	$ 16,584,703

Financial Information

Major Governmental Funds

General Fund – The central operating fund for Macon County, the General Fund, is used to account for all governmental financial resources not restricted by state or federal laws, local ordinances or other externally imposed requirements. At the end of Fiscal Year 2012, total assets were $3.1 million and total liabilities were $0.3 million. The ending fund balance of $2.8 million represents 46% of expenditures and transfers for the year. The ending fund balance is unassigned. In assessing the County's financial health, unassigned fund balance may serve as a useful measure of net resources available for spending at the end of the fiscal year. Total revenues and other sources for Fiscal Year 2012, $6.074 million, were more than the total expenditures of $5.972 million.

During Fiscal Year 2012, General Fund Revenues for the year, $6.074 million, were more than budget by 3.14 percent. Taxes comprised 80% of the General Fund's revenue stream in Fiscal Year 2012. Total General Fund Expenditures for Fiscal Year 2012 were $5.972 million, 96% of the final amended budget.

During fiscal Year 2012, the General Fund transferred $47,376 to the Transit Fund to offset shortage between the revenue received from the Section 5311 Grant, farebox revenue and purchase of services and the actual expenses that were incurred by the Transit System.

Whitewater Park, Administrative Building, and Infrastructure Capital Projects Fund – Is another major capital project fund used to account for the use of Special Purpose Local Option Sales Tax proceeds. Revenues for the Fiscal Year 2012 were $440 and expenditures were $570,953 resulting in a remaining fund balance of $73,575.

2006 Capital Projects Fund- Is a major capital project fund used to account for the use of Special Purpose Local Option Sales Tax proceeds collected for the purpose of maintaining and improving the County's road network, to construct two fire stations, make improvements to the Macon County Jail, Whitewater Creek Park and Recreation Department. Revenues for Fiscal Year 2012 were $1,344 and expenditures were $959,107 leaving a remaining fund balance of $599,395.

2010 Capital Projects Funds – Is a major capital project fund used to account for the use of Special Purpose Local Option Sales Tax collected for the purpose of maintaining and improving the County's road network, to make improvements to the Annex Building, Courthouse, Health Department, EMA Building, Literacy Center, Government Office Building, capital equipment purchases for Public Works Department, Sheriff's Department, Emergency Medical Service, Fire Department, Recreation Department, Whitewater Creek Park and Tax Assessors office and to construct an aquatic facility. Revenues for Fiscal Year 2012 were $1.3 million and expenditures were $.70 million leaving a remaining fund balance of $.98 million.

Major Proprietary Funds

Landfill Enterprise Fund - This fund is the County's only Proprietary Fund and is used to account for the sanitary landfill in compliance with state and federal requirements. The landfill has been closed since June 1997. Total assets were $0.7 million and total liabilities were $0.57 million at the end of Fiscal Year 2012. There was no Operating Income and the only Operating Expenses consisted of $16,086 of post-closure costs. Interest revenue constituted the only revenue of the fund.

Capital Assets and Debt Administration

Capital Assets - In Fiscal Year 2012, investments in capital assets for governmental activities increased $1.3 million, (net of accumulated depreciation). At year end, the closed landfill had no capital assets. Governmental activities capital investment amounts to $11.8 million. The County made expenditures for roads and road improvements during the year of $1.4 million, primarily from funds collected in prior years from a Special Purpose Local Option Sales Tax (SPLOST).

Debt Management – Macon County remained totally debt free throughout all of FY 2012. The only long-term debts consist of compensated absences and post-closure care costs for the closed landfill. The combined long-term debt of the governmental and proprietary funds in Fiscal Year 2012 is $0.7 million. For more information on the capital assets and long-term debt, please refer to the notes to the financial statements.

Requests for Information

This report is designed to provide a general overview of Macon County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Roselyn Starling, Deputy County Manager/Chief Financial Officer.

BASIC FINANCIAL STATEMENTS

MACON COUNTY, GEORGIA
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Primary Government		
	Governmental Activities	**Business-type Activities**	**Total**
ASSETS			
Current:			
Cash and cash equivalents	$ 4,503,358	$ -	$ 4,503,358
Accounts receivable (net)	12,381	-	12,381
Taxes receivable (net)	34,332	-	34,332
Loans receivable	475,464	-	475,464
Investments	375,000	704,992	1,079,992
Internal balances	18,174	(18,174)	-
Due from other governments	229,628	-	229,628
Total current Assets	5,648,337	686,818	6,335,155
Noncurrent:			
Notes receivable	-	-	-
Capital assets (not subject to depreciation)	909,883	-	909,883
Capital assets (net of accumulated depreciation)	10,891,434	-	10,891,434
Total noncurrent assets	11,801,317	-	11,801,317
Total assets	17,449,654	686,818	18,136,472
LIABILITIES			
Current:			
Accounts payable	271,691	-	271,691
Accrued wages payable	33,645	-	33,645
Due to other governments	30,000	-	30,000
Deferred revenue	4,331	-	4,331
Noncurrent liabilities:			
Due within one year	72,363	30,684	103,047
Due in more than one year	86,460	521,621	608,081
Total liabilities	498,490	552,305	1,050,795
NET ASSETS			
Invested in capital assets, net of related debt	11,801,317	-	11,801,317
Unrestricted	5,149,847	134,513	5,284,360
Total net assets	$ 16,951,164	$ 134,513	$ 17,085,677

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

Component Units	
Development Authority	Health Department
$ 47,895	$ 92,908
248	-
-	-
-	-
-	-
-	-
750	-
48,893	92,908
25,266	-
50,524	-
67,594	163
143,384	163
192,277	93,071
442	-
867	-
268	-
-	-
-	-
-	17,934
1,577	17,934
118,118	163
72,582	74,974
$ 190,700	$ 75,137

MACON COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 1,272,868	$ 342,155	$ -	$ -
Judicial	615,989	183,735	3,896	-
Public safety	1,696,709	88,855	41,418	1,344
Public works	1,431,385	258,269	-	1,105
Health and welfare	777,000	322,313	50,763	-
Housing and development	319,617	-	-	109,447
Culture and recreation	329,480	72,864	-	-
Total governmental activities	6,443,048	1,268,191	96,077	111,896
Business-type activities:				
Landfill	(2,606)	-	-	-
Total business-type activities	(2,606)	-	-	-
Total primary government	$ 6,440,442	$ 1,268,191	$ 96,077	$ 111,896
COMPONENT UNITS				
Development Authority	$ 135,166	$ 35,056	$ 116,454	$ -
Health Department	281,733	52,003	232,293	-
Total component units	$ 416,899	$ 87,059	$ 348,747	$ -
General revenues:				
Property taxes				
Sales taxes				
Alcoholic beverage tax				
Gain (loss) on sale of assets				
Insurance premium tax				
Franchise tax				
Unrestricted investment earnings				
Total general revenues				
Change in net assets				
Net assets - beginning, as restated				
Net assets - ending				

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

Net (Expense) Revenue and Changes in Net Assets					
Primary Government				Component Units	
Governmental Activities	Business-type Activities	Total		Development Authority	Health Department
$ (930,713)		$ (930,713)			
(428,358)		(428,358)			
(1,565,092)		(1,565,092)			
(1,172,011)		(1,172,011)			
(403,924)		(403,924)			
(210,170)		(210,170)			
(256,616)		(256,616)			
(4,966,884)		(4,966,884)			
-	2,606	2,606			
-	2,606	2,606			
$ (4,966,884)	$ 2,606	$ (4,964,278)			
$ -		$ -		$ 16,344	$ -
-		-		-	2,563
$ -		$ -		$ 16,344	$ 2,563
$ 3,876,228	$ -	$ 3,876,228		$ -	$ -
1,197,993	-	1,197,993		-	-
39,651	-	39,651		-	-
(1,024)					
334,822	-	334,822		-	-
136	-	136		-	-
16,952	494	17,446		5	-
5,464,758	494	5,466,276		5	-
497,874	3,100	501,998		16,349	2,563
16,453,290	131,413	16,584,703		174,351	72,574
$ 16,951,164	$ 134,513	$ 17,086,701		$ 190,700	$ 75,137

MACON COUNTY, GEORGIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2012

	General	Whitewater, Administration Building and Infrastructure Capital Project	2006 Capital Project	2010 Capital Project	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 2,549,654	$ 73,575	$ 613,265	$ 882,359	$ 384,505	$ 4,503,358
Taxes receivable (net)	34,332	-	-	-	-	34,332
Accounts receivable (net)	12,381	-	-	-	-	12,381
Loans receivable	-	-	-	-	475,464	475,464
Investments	375,000	-	-	-	-	375,000
Due from other funds	24,274	-	-	-	2,243	26,517
Due from other governments	96,094	-	-	103,995	29,539	229,628
Total assets	$ 3,091,735	$ 73,575	$ 613,265	$ 986,354	$ 891,751	$ 5,656,680
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts and contracts payable	$ 262,705	$ -	$ 7,870	$ -	$ 1,116	$ 271,691
Accrued wages and payroll taxes payable	33,645	-	-	-	-	33,645
Due to other funds	524	-	6,000	-	1,819	8,343
Due to other governments	30,000	-	-	-	-	30,000
Deferred revenue	-	-	-	-	4,331	4,331
Total liabilities	326,874	-	13,870	-	7,266	348,010
FUND BALANCES						
Restricted for:						
SPLOST Capital projects	-	73,575	599,395	986,354	-	1,659,324
Law Library	-	-	-	-	23,846	23,846
Public Safety	-	-	-	-	163,517	163,517
Transit	-	-	-	-	28,423	28,423
Flood Disaster Business Loan Recovery	-	-	-	-	171,949	171,949
EIP Project	-	-	-	-	496,750	496,750
Unassigned	2,764,861	-	-	-	-	2,764,861
Total fund balances	2,764,861	73,575	599,395	986,354	884,485	5,308,670
Total liabilities and fund balances	$ 3,091,735	$ 73,575	$ 613,265	$ 986,354	$ 891,751	$ 5,656,680

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

MACON COUNTY, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

Total fund balances for governmental funds	$ 5,308,670
Total net assets for governmental activities in the Statement of Net Assets is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	11,801,317
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the Statement of Net Assets.	
Compensated absences	(158,823)
Total net assets of governmental activities	$ 16,951,164

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

MACON COUNTY, GEORGIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012

	General	Whitewater, Administration Building and Infrastructure Capital Project	2006 Capital Projects	2010 Capital Project	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	$ 4,856,570	$ -	$ -	$ 1,262,704	$ -	$ 6,119,274
Licenses and permits	82,008	-	-	-	-	82,008
Intergovernmental	46,389	-	-	-	160,210	206,599
Charges for services	981,325	-	-	-	35,323	1,016,648
Fines and forfeitures	56,189	-	-	-	27,093	83,282
Investment income	2,858	440	1,344	796	14,263	19,701
Miscellaneous	49,123	-	-	-	-	49,123
Total revenues	6,074,462	440	1,344	1,263,500	236,889	7,576,635
EXPENDITURES						
Current:						
General government	1,236,672	-	-	-	-	1,236,672
Judicial	612,159	-	-	-	5,786	617,945
Public safety	1,507,862	-	87,905	-	-	1,595,767
Public works	1,200,185	131	-	-	-	1,200,316
Health and welfare	630,213	-	-	-	126,722	756,935
Conservation and development	505,954	-	-	-	109,750	615,704
Culture and recreation	279,190	-	-	-	-	279,190
Intergovernmental	-	-	-	634,553	-	634,553
Capital outlay:						
General government	-	-	-	25,361	-	25,361
Public safety	-	-	308,118	-	-	308,118
Highways and streets	-	570,822	563,084	-	-	1,133,906
Health and welfare	-	-	-	22,206	-	22,206
Housing and development	-	-	-	5,151	-	5,151
Culture and recreation	-	-	-	8,720	-	8,720
Total expenditures	5,972,235	570,953	959,107	695,991	242,258	8,440,544
Excess (deficiency) of revenues over (under) expenditures	102,227	(570,513)	(957,763)	567,509	(5,369)	(863,909)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	47,376	47,376
Transfers out	(47,376)	-	-	-	-	(47,376)
Proceeds from the sale of capital assets	5,988	-	-	-	-	5,988
Total other financing sources (uses)	(41,388)	-	-	-	47,376	5,988
Net change in fund balance	60,839	(570,513)	(957,763)	567,509	42,007	(857,921)
Fund balance - beginning of year	2,628,229	644,088	1,557,158	418,845	842,478	6,090,798
Prior Period Adjustment	75,793					75,793
Fund balance - end of year	$ 2,764,861	$ 73,575	$ 599,395	$ 986,354	$ 884,485	$ 5,308,670

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

MACON COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Net change in fund balance - total governmental funds		$ (857,921)
Total change in net assets reported for governmental activities in the Statement of Activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and is reported as depreciation expense.		
Capital Outlays	1,804,875	
Proceeds from the sale of capital assets	(5,988)	
Loss on sale of capital assets	(1,024)	
Depreciation	(460,481)	1,337,382
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes of the following:		
Compensated absences		18,413
Change in net assets of governmental activities		$ 497,874

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

MACON COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 4,668,600	$ 4,645,394	$ 4,856,570	$ 211,176
Licenses and permits	84,850	87,850	82,008	(5,842)
Intergovernmental	7,369	42,418	46,389	3,971
Charges for services	969,150	969,150	981,325	12,175
Fines and forfeitures	66,000	66,000	56,189	(9,811)
Investment income	35,000	35,000	2,858	(32,142)
Miscellaneous	43,464	43,464	49,123	5,659
Total revenues	5,874,433	5,889,276	6,074,462	185,186
EXPENDITURES				
Current:				
General government:				
County commissioners	746,992	727,579	657,372	70,207
Board of elections	75,719	72,769	72,727	42
Tax commissioner	164,539	164,289	164,281	8
Tax assessor	253,960	249,510	242,782	6,728
Public buildings	107,577	100,177	87,720	12,457
Other general government	14,100	12,450	11,790	660
Total general government	1,362,887	1,326,774	1,236,672	90,102
Judicial:				
Superior court	54,760	53,760	44,978	8,782
Clerk of superior court	155,261	152,186	139,194	12,992
Magistrate court	132,198	131,003	130,997	6
Probate court	143,849	143,649	134,517	9,132
Juvenile court	25,758	25,758	18,189	7,569
District attorney and legal services	151,798	150,798	144,284	6,514
Total judicial	663,624	657,154	612,159	44,995

(continued)

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

MACON COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
EXPENDITURES (continued)				
Current (continued):				
Public safety:				
Sheriff	730,411	748,986	748,972	14
Fire	41,400	44,000	43,952	48
Jail	568,452	611,962	598,693	13,269
E911	39,624	34,024	33,978	46
Civil defense	18,151	57,775	57,760	15
Coroner	30,290	29,340	24,507	4,833
Total public safety	1,428,328	1,526,087	1,507,862	18,225
Public works:				
Highways and streets	887,665	887,615	839,838	47,777
Waste collection	300,000	300,000	283,366	16,634
Middle Georgia Regional Solid Waste Management Authority	12,000	12,628	12,628	-
Motor vehicle maintenance	64,068	66,768	64,353	2,415
Total public works	1,263,733	1,267,011	1,200,185	66,826
Health and welfare:				
Physical health	90,928	95,928	95,906	22
Ambulance service	487,207	485,507	481,375	4,132
DFACS	4,800	5,200	5,200	-
Literacy Council	34,274	34,274	33,332	942
Middle Flint Council on Aging	14,400	14,400	14,400	-
Total health and welfare	631,609	635,309	630,213	5,096
Culture and recreation:				
Recreation	188,012	183,712	183,666	46
Whitewater Creek Park	82,583	95,258	95,224	34
Library	300	300	300	-
Total culture and recreation	270,895	279,270	279,190	80
Conservation and development:				
County agent	55,869	55,869	53,841	2,028
Georgia Forestry Commission	13,843	13,843	13,843	-
Planning and zoning	4,000	4,000	2,205	1,795
Building inspection	47,920	51,200	49,192	2,008
Total housing and development	121,632	124,912	119,081	5,831
Economic development:				
Middle Flint RDC	6,895	8,580	7,627	953
Development Authority	68,830	379,255	379,246	9
Total economic development	75,725	387,835	386,873	962

(continued)

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

MACON COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
EXPENDITURES (continued)				
Current (continued):				
Total expenditures	5,818,433	6,204,352	5,972,235	232,117
Excess (deficiency) of revenues over (under) expenditures	56,000	(315,076)	102,227	417,303
OTHER FINANCING SOURCES (USES)				
Transfers out	(56,000)	(56,000)	(47,376)	8,624
Proceeds from sale of capital assets	-	-	5,988	5,988
Total other financing sources (uses)	(56,000)	(56,000)	(41,388)	14,612
Net change in fund balance	-	(371,076)	60,839	431,915
Fund balance - beginning of year	2,628,229	2,628,229	2,628,229	-
Prior Period Adjustment			75,793	
Fund balance - end of year	$ 2,628,229	$ 2,257,153	$ 2,764,861	$ 431,915

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

MACON COUNTY, GEORGIA
PROPRIETARY FUND
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Solid Waste Disposal Fund
ASSETS	
Long-term assets:	
Investments	$ 704,992
Total assets	$ 704,992
LIABILITIES	
Current liabilities:	
Due to other funds	$ 18,174
Post-closure costs, current portion	30,684
Total current liabilities	48,858
Long-term liabilities:	
Post-closure costs, long-term portion	521,621
Total liabilities	570,479
NET ASSETS	
Unrestricted	134,513
Total net assets	134,513
Total liabilities and net assets	$ 704,992

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

MACON COUNTY, GEORGIA
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
JUNE 30, 2012

	Solid Waste Disposal Fund
OPERATING REVENUES	
Landfill charges	$ -
Total operating revenues	-
OPERATING EXPENSES	
Post-closure care cost	16,086
Change in post-closure care cost estimate	(18,692)
Total operating expenses	(2,606)
Operating income	2,606
NONOPERATING REVENUES	
Interest revenue	494
Total non-operating revenues	494
Changes in net assets	3,100
Net assets - beginning	131,413
Net assets - ending	$ 134,513

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

MACON COUNTY, GEORGIA
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
JUNE 30, 2012

	Solid Waste Disposal Fund
Cash flows from operating activities:	
Cash payments to suppliers for services	$ (16,087)
Net cash required for operating activities	(16,087)
Cash flows from noncapital financing activities:	
Increase in due to other funds	835
Net cash required for noncapital financing activities	835
Cash flows from investing activities:	
Maturities of investments	14,758
Interest received on investments	494
Net cash provided by investing activities	15,252
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents at beginning of year	-
Cash and cash equivalents at end of year	$ -
Reconciliation of operating income to net cash required by operating activities:	
Operating income	$ 2,606
Adjustments to reconcile operating income to net cash provided from operating activities:	
Decrease in accounts payable	-
Decrease in post-closure liabilities	(18,693)
Net cash (required for) operating activities	$ (16,087)

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

MACON COUNTY, GEORGIA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2012

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 531,323
Total assets	$ 531,323
LIABILITIES	
Due to other taxing units	$ 122,154
Due to state	22,736
Retirement payable	899
Restitution payable	12,410
Funds held in escrow	353,108
Other	20,016
Total liabilities	$ 531,323

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

The financial statements of Macon County (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America (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 and business-type activities at the government-wide financial reporting level and to its enterprise fund at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements. The most significant of the County's accounting policies are described below.

A. The Reporting Entity.

Macon County is a political subdivision of the State of Georgia. The County is governed by an elected board of five County Commissioners, which is governed by state statutes and regulations. There are certain elected officials whose operations are wholly included within the financial records and financial statements of the County. These elected officials include the Sheriff, Tax Commissioner, Probate Court Judge, and the Clerk of Superior Court. Only the cost of operations, for which the County is responsible, is reported in the County's financial statements.

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 County's component units are presented either as "blended" or "discretely presented." When blended, the component units are reported as if they were a fund of the County throughout the year. Component units are included at both the government-wide and the fund financial reporting levels.

The component unit column included on the government-wide financial statements identifies the financial data of the County's discretely presented component unit. These component units are reported separately to emphasize that they are legally separate from the County. A brief description of the discretely presented component units follows:

Development Authority of Macon County (the "Authority") - The members of the governing board of the Authority are appointed by the Board of Commissioners of Macon County. Although the County does not have the authority to approve or modify the budget of the Authority, the County provides financial support to the Authority. All amounts shown in the financial statements for the Authority are for the fiscal year ended June 30, 2012. The Development Authority of Macon County does not issue separate financial statements.

The Macon County Department of Public Health (the "Health Department") – The Health Department has a governing board consisting of seven members. Six of the members are either County officials or members appointed by the County. The remaining member is appointed by the City of Montezuma. Although the County does not have the authority to approve or modify the budget of the Health Department, the County provides financial support to the Health Department. The Health Department is presented as a governmental fund type. Complete financial statements for the Health Department may be obtained at the Department's administrative office in Oglethorpe, Georgia.

B. Basis of Presentation.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued).

Government-wide Financial Statements.

The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Activities) report information on all the nonfiduciary activities of the primary government and its component units. The primary government and the discretely presented component units are presented separately within the financial statements with the focus on the primary government. Eliminations have been made to minimize the double counting of internal activities. Individual funds are not displayed. These statements distinguish between the governmental and business-type activities of the County. The statements distinguish between governmental activities, generally supported by taxes, intergovernmental revenues, and other nonexchange transactions and business-type activities, which are generally financed in whole or in part by fees charged to external parties. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. In the government-wide Statement of Net Assets, both the governmental and business-type activities' columns are presented on a consolidated basis, by column. They are reflected on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net assets are reported in three parts – invested in capital assets, net of related debt, restricted net assets, and unrestricted net assets.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. 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, fines and forfeitures, 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 and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. To identify which functional program a revenue pertains to, the determining factor for *charges for services* is that function which *generates* the revenue; and for *grants and contributions*, the determining factor is that function to which the revenue is restricted. Taxes and other revenue sources not properly included with program revenues are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the County.

Fund Financial Statements.

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. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The County uses three categories of funds: governmental, proprietary and fiduciary. Fund financial statements are designed to present financial information of the County at this more detailed level. Fund financial statements are provided for governmental and proprietary funds. The emphasis of fund financial statements are on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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

The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued).

The Whitewater Park, Administrative Building and Infrastructure Capital Projects Fund is used to account for the costs associated with improvements to the Whitewater Creek Park, improvements to the County's administrative building and improvements to the County's roads, streets, drainage and bridges. These improvements are financed by a special one percent sales tax.

The 2006 Capital Projects Fund is used to account for the costs associated with improvements to the County's jail, roads, streets, drainage and bridges, Whitewater Creek Park and Recreation Complex and the construction and equipping of two fire stations within the County. These improvements are financed by a special one percent sales tax.

The 2010 Capital Projects Fund is used to account for the costs associated with improvements to the County's roads, improvements to the County's Annex , Health Department, Courthouse, EMA, Literacy Center and Government Office buildings, construction of an Aquatic Recreation facility and capital equipment purchases for the public works, sheriff, emergency medical service, fire recreation, tax assessors departments and Whitewater Creek park. These improvements are financed by a special one percent sales tax.

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. The County has one proprietary fund, the Solid Waste Disposal Enterprise Fund which accounts for the costs related to the now closed Macon County Landfill. Since this is the County's only proprietary fund, it is by definition reported as a major fund. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, result from transactions not associated with the principal activity of the fund.

Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, other governmental units and/or other funds. The Flood Disaster Loan Fund was established to account for a Community Development Block Grant from the Georgia Department of Community Affairs to be used for the Flood Disaster Business Loan Recovery Program.

The agency funds account for the assets held by the County in a trustee capacity as an agent for individuals, other governmental units and/or other funds.

Governmental Funds.

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". "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers all revenues available if they are collected within 60 days of the end of the current fiscal period, with the exception of grants, which are recognized when all eligibility requirements have been met.

Expenditures generally are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. General capital asset acquisitions are reported as expenditures in governmental funds.

Property taxes, sales taxes, franchise taxes, licenses and interest associated with the current fiscal period are all susceptible to accrual and are recognized as revenue in the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County. When both restricted and unrestricted resources are available for use, it is generally the County's policy to use restricted resources first, then unrestricted resources as they are needed.

The County uses the following governmental fund types:

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued).

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Capital Projects Funds – Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Proprietary Funds.

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing business. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The generally accepted accounting principles applicable to proprietary funds are similar to those used by businesses in the private sector.

C. Basis of Accounting.

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

Revenues – Exchange Transactions.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, the phrase "available for exchange transactions" means expected to be received within 60 days of year-end.

Revenues – Non-exchange Transactions.

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

Basis of Accounting - Health Department - Component Unit.

The accounting policies of the Macon County Health Department conform to generally accepted accounting principles as applicable to governmental units. The Health Department is governed by the Macon County Board of Health. The government-wide financial statements report information on all of the non-fiduciary activities of the department. The Health Department recognizes direct expenses. Direct expenses are those that are clearly identifiable with a specific function or segment. The direct expenses are offset by program revenues.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued).

Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The Health Department reports the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

D. Assets, Liabilities and Equity.

1. Cash and Investments.

Cash includes cash on hand, amounts in demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County to invest in obligations of the U.S. and of its agencies and instrumentalities, bonds of the State of Georgia and its agencies, instrumentalities and political subdivisions, certificates of deposit of national or state banks that are fully insured or collateralized by U.S. obligations, repurchase agreements and Georgia Fund 1, the local government investment pool. Investments are stated at fair value based on quoted market prices.

2. Receivables.

Levied property taxes are recorded as receivables and recognized as revenue in the year they become due. The levy is made on assessed valuations as of January 1st, and the taxes are due December 20th each year. The tax bills are mailed at least 60 days prior to the due date. The billings are considered past due 60 days after the tax billing date or December 20th, whichever is later, at which time the applicable property is subject to a lien, and penalties and interest are assessed. The tax levy was set on September 22, 2011.

All trade and property tax receivables are shown net of an allowance for uncollectibles. All balances reported as "due to/due from other funds" represent amounts paid by one fund on behalf of another fund for which reimbursement has not been made by year-end.

3. Interfund Balances.

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/interfund payables”. These amounts are eliminated in the governmental and business-type activities columns of the statements of assets, except for any net residual amounts due between aggregate governmental and business-type activities, which are reclassified and presented as internal balances.

4. Inventory and Prepaid Items.

The costs of other governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

Payments made to vendors for services that will benefit periods beyond the County’s fiscal year end are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which the corresponding services are consumed. At the fund accounting level, an equal amount of fund balance is nonspendable as this amount is not available for general appropriation.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued).

5. Capital Assets.

General capital assets are those not specifically related to activities reported in the proprietary funds. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of infrastructure assets that were acquired or received substantial improvements prior to the fiscal year 2004 are not required to be, but may be capitalized. Pursuant to GASB Statement No. 34, the County is not required to report major general infrastructure assets retroactively but began reporting major general infrastructure as of June 30, 2003. The County uses a capitalization threshold of $5,000 per unit for all capital assets. The cost of normal maintenance and repairs that do not improve or extend the life of the respective assets are charged to expense. Depreciation of all exhaustible capital assets is charged as an expense against operations. Capital assets are recorded on the balance sheet net of accumulated depreciation. Depreciation has been provided over the estimated useful lives of capital assets using the straight-line method.

The estimated useful lives of capital assets are as follows:

Asset Type	Useful Lives
Plant and Buildings	25-50 Years
Land Improvements	15-30 Years
Infrastructure	15-30 Years
Vehicles and Equipment	3-20 Years

6. Claims and Judgments.

Liabilities for claims and judgments against the County, including estimated liabilities for claims incurred but not reported at year-end, have been accrued in the appropriate funds. Liabilities for compensated absences have been accrued in the government-wide and proprietary fund financial statements and are all considered long-term obligations of the County. A liability for these amounts is reported in the governmental funds only if they have matured.

7. Compensated Absences.

Vacation benefits are accrued as a liability as the benefits are earned, if the employee's rights to receive compensation are attributable to services rendered and it is probable that the County will compensate the employee for the benefits through paid time off or through other means. All compensated absence liabilities include salary-related payments, where applicable. The total compensated absence liability is reported on the government-wide financial statements. The proprietary fund no longer has compensated absences. Governmental funds report compensated absence liability at the fund reporting level "when due".

8. Fund Equity.

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

Fund balance - As of these financial statements, Macon County has implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

- Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at June 30, 2012, by the County are nonspendable in form. The County has not reported any amounts that are legally or contractually required to be maintained intact.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued).

- Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

- Committed – includes amounts that can only be used for specific purposes determined by a formal action by the County Commissioners, the County's highest level of decision making authority. Commitments may be modified or rescinded by the same action as the commitment was adopted.

- Assigned – includes amounts that the County intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the County's policy, amounts may be assigned by the Board of Commissioners or County Manager.

- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The County reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 12) and the Nonmajor Governmental Funds Combining Balance sheet (pages 39 and 40). As discussed below, when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Commissioners have provided otherwise in commitment or assignment actions.

The General Fund may maintain all five classifications of fund balance. The County's policy establishes minimum levels of fund balance to be committed to a Rainy Day Stabilization category. The General Fund is to have a target level based on the County's general operating expenses. The fund balance target for the General Fund shall not be less than 25% of regular General Fund operating revenues or regular General Fund operating expenditures. These amounts will be classified as Committed. At June 30, 2012 the Board of Commissioners had not taken action to commit any amounts to a Rainy Day / Stabilization category.

Net assets - Net assets represent the difference between total assets and total liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net asset amount is also adjusted by any bond issuance deferral amounts. Net assets 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, laws or regulations of other governments. All other net assets are reported as unrestricted.

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

9. Interfund Activity.

Exchange transactions between two funds are reported as revenues in the seller fund and as expenditures/expenses in the purchaser fund. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds after the non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e. they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business type activities column are eliminated.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued).

10. Management Estimates.

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amount of revenues and expenditures/expenses during the reporting year. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY.

A. Budgets and Budgetary Accounting.

An operating budget is legally adopted each fiscal year for all governmental funds except capital project funds. Capital project funds use project-length budgets. The level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual budget is the department level. Supplemental appropriations out of the County's general fund contingency account may be made by the Board of Commissioners to fund unforeseen expenditures within the County's governmental funds at any time during the year. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

All final budget amounts presented in the accompanying financial statements and supplementary data have been adjusted for legally authorized revisions of the annual budget during the year. Individual amendments were not material in relation to the original appropriations. The Board of Commissioners must approve any department level changes to a previously adopted budget. Management may amend the budget without seeking the approval of the Board of Commissioners at any level below the departmental level. All unexpended appropriations provided in the annual budget lapse at year-end. The annual budget cycle begins in March of the preceding year when budget workbooks are distributed to each department. The Board advertises and conducts public hearings on the proposed budget in adherence to local ordinance and state law and adopts a final budget by June 30th.

B. Encumbrances.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is not employed by the County. Encumbrances are not recognized as expenditures until the period in which the actual goods or services are received and the liability is incurred.

III. DETAILED NOTES ON ALL FUNDS.

A. Cash.

Primary Government.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County limits its exposure to custodial credit risk by requiring deposits to be collateralized in accordance with state law. As of June 30, 2012, the County's bank balances are entirely insured or collateralized with securities held by the County's agent in the County's name.

As of June 30, 2012, the County's reporting entity had the following investments:

Primary Government	Fair Value	Maturities
Certificate of Deposit	$ 375,000	November 17, 2012
	$ 704,992	August 3, 2012

III. DETAILED NOTES ON ALL FUNDS (Continued).

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other that federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2012, all of the County's deposits were insured and collateralized.

Development Authority – Component Unit

Custodial Credit Risk – Deposits

The Authority's bank balances as of June 30, 2012 are entirely insured or collateralized with securities held by the Authority's agent in the Authority's name.

Health Department – Component Unit

Custodial Credit Risk – Deposits

The Health department does not have a deposit policy for custodial credit risk. As of June 30, 2012, the Health Department's cash deposits were entirely covered by federal depository insurance or collateralized by securities held by the Health Department's custodial bank in the Health Department's name.

B. Receivables.

Receivables at June 30, 2012 consist of the following: taxes, accounts (billings for user charges), loans and intergovernmental receivables arising from grants. Receivables and payables are recorded on the County's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining the existence, completeness, valuation and in the case of receivables, collectibility.

Property taxes levied are recorded as receivables, net of estimated uncollectibles, and recognized as revenue when due. The levy is made on assessed valuations as of January 1st and the taxes are due on December 20th. The levy was made on September 22, 2011. Tax bills are mailed at least 60 days prior to the due date. Tax bills are considered past due 60 days after the billing date or December 20th, whichever is later, at which time the applicable property is subject to lien and penalties and interest are assessed.

C. Interfund Receivables and Payables.

Interfund receivable and payable balances at June 30, 2012 are as follows:

Fund	Interfund Receivables	Interfund Payables
General	$ 24,274	$ 524
2006/2010 SPLOST	-	6,000
Non-major governmental funds	2,243	1,890
Solid Waste Disposal	-	18,174
	$ 26,517	$ 26,517

The interfund balances resulted from the normal course of operations and are expected to be repaid within one year.

III. DETAILED NOTES ON ALL FUNDS (Continued).

	Due to:		
Due From:	**General Fund**	**Nonmajor Governmental**	**Total**
General Fund	$ -	$ 524	$ 524
2006/2010 SPLOST	6,000	-	6,000
Nonmajor Governmental	100	1,719	1,819
Solid Waste Disposal	18,174	-	18,174
	$ 24,274	$ 2,243	$ 26,517

D. Capital Assets.

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance June 30, 2011	Capital Acquisitions	Sales or Other Dispositions	Balance June 30, 2012	Accumulated Depreciation June 30, 2012	Book Value June 30, 2012
Governmental activities						
Non depreciable:						
Land	$ 344,100	$ 314,711	$ 7,012	$ 651,799	$ -	$ 651,799
Construction in progress	20,144	1,438,655	1,200,715	258,084	-	258,084
Total non depreciable	364,244	1,753,366	1,207,727	909,883	-	909,883
Depreciable:						
Buildings	7,472,882	67,329	-	7,540,211	2,500,496	5,039,715
Infrastructure	4,787,507	1,133,384		5,920,891	674,087	5,246,804
Improvements	309,836	-	-	309,836	248,775	61,061
Machinery & equipment	3,078,574	51,511	-	3,130,085	2,586,231	543,854
Total depreciable	15,648,799	1,252,224	-	16,901,023	6,009,589	10,891,434
Totals	$ 16,013,043	$ 3,005,590	$ 1,207,727	$ 17,810,906	$ 6,009,589	$ 11,801,317

Accumulated depreciation	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012
Buildings	$ 2,333,344	$ 167,152	$ -	$ 2,500,496
Infrastructure	514,503	159,584	-	674,087
Improvements	239,444	9,331	-	248,775
Machinery & equipment	2,461,817	124,414	-	2,586,231
Totals	$ 5,549,108	$ 460,481	$ -	$ 6,009,589

III. DETAILED NOTES ON ALL FUNDS (Continued).

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

Governmental activities:	
General government	$ 38,363
Judicial	2,320
Public safety	109,193
Public works	241,843
Health and welfare	15,413
Culture and recreation	48,637
Housing and development	4,712
Total depreciation expense - governmental activities	$ 460,481

F. Capital Assets - Development Authority of Macon County – Component Unit.

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2012:

	Balance June 1, 2011	Capital Acquisitions	Sales or Other Dispositions	Balance June 30, 2012	Accumulated Depreciation June 30, 2012	Book Value June 30, 2012
Nondepreciable						
Land	$ 50,524	$ -	$ -	$ 50,524	$ -	$ 50,524
Total Non-depreciable	$ 50,524	$ -	$ -	$ 50,524	$ -	$ 50,524
Depreciable						
Building	$ 88,662	$ -	$ -	$ 88,662	$ 88,662	$ -
Improvements other than buildings	104,256	-	-	104,256	36,662	67,594
Total Capital Assets	$ 243,442	$ 33,604	$ -	$ 243,442	$ 125,324	$ 118.118

	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012
Accumulated Depreciation	$ 114,898	$ 10,426	$ -	$ 125,324

III. DETAILED NOTES ON ALL FUNDS (Continued).

G. Capital Assets – Macon County Department of Public Health – Component Unit.

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2012:

	Balance June 1, 2011	Capital Acquisitions	Sales or Other Dispositions	Balance June 30, 2012	Accumulated Depreciation June 30, 2012	Balance June 30, 2012
Machinery & Equipment	$ 25,716	$ -	$ -	$ 25,716	$ 25,553	$ 163
Total	$ 25,716	$ -	$ -	$ 25,716	$ 25,553	$ 163

	Balance June 1, 2011	Increases	Decreases	Balance June 30, 2012
Accumulated Depreciation	$ 24,814	$ 739	$ -	$ 25,553

H. Notes Receivable - Development Authority of Macon County – Component Unit.

The Authority has the ability to make loans to eligible small businesses through the Authority's Revolving Loan Program. In FY 2005 the Authority loaned $50,000 to a local business with a maturity of 7 years and an interest rate of 4.00%. In April 2011, the loan was refinanced. $28,780 was refinanced with an interest rate of 4% and an April 18, 2016 maturity date. At June 30, 2012, the remaining balance due was $25,266.

I. Long-term Obligations.

During the year ended June 30, 2012 the following changes occurred in the long-term obligations:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
Governmental Activities					
Accrued Annual Leave	$ 177,236	$ 56,289	$ 74,702	$ 158,823	$ 72,363
Total Governmental Activities	$ 177,236	$ 56,289	$ 74,702	$ 158,823	$ 72,363
Business-type Activities					
Post-closure Care Costs	$ 570,998	$ -	$ 18,693	$ 552,305	$ 30,684
Total Business-type Activities	$ 570,998	$ -	$ 18,693	$ 552,305	$ 30,684

The accrued annual leave is liquidated by the general fund only.

J. Long-term Obligations, Development Authority of Macon County - Component Unit.

In October 2004 the Georgia Department of Community Affairs awarded an EIP grant to the City of Montezuma for the purpose of improving and expanding a rail spur for the benefit of ICT. However, the grant amount did not cover the entire cost of the expansion and improvements that ICT requested leaving a shortfall between the cost of the expansion and improvement contract and the EIP grant. The City of Montezuma and the Development Authority along with ICT agreed to fund, in unequal portions, that portion of the contract not covered by the EIP grant. The Development Authority's portion of this shortfall was $68,859. In July 2006, the Authority agreed to fund their agreed upon portion of the shortfall. In April 2007, the Authority obtained a loan from a local bank in the amount of $25,100 to assist in the payment of this debt. Maturity of the loan was 5 years with a variable interest rate based on the prime rate and monthly payments of $513. In fiscal year 2012, the loan was paid in full.

III. DETAILED NOTES ON ALL FUNDS (Continued).

Changes in Long-term Obligations.

During the year ended June 30, 2012, the following changes occurred in the long-term liabilities:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
Notes Payable	$ 3,029	$ -	$ 3,029	$ -	$ -

The Authority has various notes, bonds, and agreements outstanding, used for the purpose of developing and expanding industry and trade in Macon County, which do not constitute assets, debts, or general obligations of Macon County or the Development Authority of Macon County and, therefore, are not included in its financial statements.

K. Long-term Obligations, Health Department - Component Unit.

During the year ended June 30, 2012, the following changes occurred in the long-term obligations of the Health Department:

	Previously Reported Balance June 1, 2011	Balance June 1, 2011	Additions	Reductions	Balance June 30, 2012
Governmental Activities					
Compensated absences	$ 42,145	$ 19,733	$ -	$ 1,799	$ 17,934

This liability is anticipated to be paid with operating revenues.

L. Interfund Transfers.

Interfund transfers for the year ended June 30, 2012 consisted of the following:

Transfer from:	Transfer to:	Amount Transferred
General Fund	Non-major governmental funds	$ 47,376

The purpose of the transfer from the General Fund was to cover the operating deficit of the Transit System.

III. DETAILED NOTES ON ALL FUNDS (Continued).

M. Prior Period Adjustments and Restatements.

General Fund and Governmental Activities –

The following changes have been made to the June 30, 2012 beginning balances of the General Fund and Governmental Activities as summarized and described below:

	General Fund	Governmental Activities
Beginning balance, fund balance or net assets, as previously reported:	$ 2,628,229	$ 16,377497
Prior period adjustment to correct recording of accounts payable	55,516	55,516
Prior period adjustment to correct recording of Due from MGRSWMA	20,277	20,277
Beginning balance, fund balance or net assets, as restated:	$ 2,704,022	$ 16,453,290

Beginning balances of net assets of the Governmental Activities and the fund balance of the General Fund were increased by $75,793 to correct amounts in accounts payable and Due from Middle Georgia Solid Waste Management Authority that were not correctly recorded in the prior year.

Macon County Department of Public Health –

The following changes have been made to the June 30, 2012 beginning balance of the Governmental Activities of the Health Department, a component unit of Macon County, as summarized below:

	Governmental Activities
Beginning balance of net assets, as previously reported:	$ 50,162
Prior period adjustment to correct compensated absences	22,412
Beginning balance of net assets, as restated:	$ 72,574

IV. OTHER INFORMATION

A. Post-closure Care Cost.

State and federal laws and regulations require that Macon County place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. An expense provision and related liability has been recognized based on the future post-closure care cost that will be incurred after the date the landfill no longer accepted waste, which was June 30, 1997. The estimated liability for landfill post-closure care cost is $552,305 as of June 30, 2012. The estimated total current cost of the landfill post-closure care is based on the amount that would be paid if all equipment, facilities and services required to monitor and to maintain the landfill were acquired as of June 30, 2012. However, the actual cost of post-closure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations.

B. Pension Plan.

Macon County contributes to a deposit administration group annuity contract with Southern Farm Bureau, which is a defined contribution single-employer plan. The defined contribution pension plan provides pension benefits in return for services rendered and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual receives. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on investments on those contributions. In order to be eligible for the plan, the employee must be employed with the County for two years and attain the age of twenty-one. The employee's contributions vest 100% upon entering the plan. All contributions are paid entirely by the County.

IV. OTHER INFORMATION (Continued).

The Georgia Constitution enables the governing authority of the County, the Board of Commissioners, to establish and amend, from time-to-time, the contribution rates for the employer and its plan members. The plan was modified in fiscal year 2006 to allow for directed investments and to allow for the purchase of life insurance at the option of the employee. The authority for the plan, benefits, vesting and contributions is established by the Board of Commissioners. During the plan year, the County's required and actual contributions amounted to $144,275, which was 8.14% of the covered payroll of $1,773,439. The County's total payroll was $2,646,489. The contributions are invested into annuity and life insurance products. Employees are given the option of contributing the funds, 51% to annuities and 49% percent to life insurance or 100% to annuities.

Fiscal Year	Annual Contributions
2008	$ 126,716
2009	116,518
2010	123,707
2011	107,555
2012	144,275

The annuities are purchased in the employee's name and therefore do not represent an asset or liability of the County. No pension provision changes occurred during the year that affected the required contributions to be made by the County or its employees. The plan held no securities of the County or other related parties at any time during the fiscal year.

C. Contingent Liabilities.

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies to their representatives. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. The amount, if any, of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

There are various claims and suits pending against the County that arise in the normal course of the County's activities. In the opinion of counsel and County management, the ultimate disposition of these various claims and suits will have no material effect on the financial position of the County.

D. Joint Ventures.

The Middle Georgia Regional Solid Waste Management Authority.

The Middle Georgia Regional Solid Waste Management Authority was activated by the Board of Commissioners of Peach County, Macon County and Dooly County on August 30, 1993, under the provisions of the Regional Solid Waste Management Authority Act (Ga. Laws 1990, page 412). The Middle Georgia Regional Solid Waste Management Authority operates under a Board of Directors. There are seven directors, with two directors representing each County and one director appointed by the directors themselves. The Authority is designed to research, study and plan for the solid waste management needs of the participating counties and to gather data and research for all phases of the solid waste management needs of the counties. The Authority does not have the power to borrow money, issue bonds or enter into any financial obligations without the authorization of the participating counties who will be involved in the repayment of such obligations.

The total cost of the operation of the C&D cell and transfer station is funded from revenue received from tipping fees. Separate financial statements for the Middle Georgia Regional Solid Waste Management Authority can be obtained from the Middle Georgia Regional Solid Waste Management Authority's offices in Oglethorpe, Georgia.

IV. OTHER INFORMATION (Continued).

River Valley Regional Commission.

Macon County, in conjunction with other counties, participates in the River Valley Regional Commission (Commission). Membership in the Commission is required by Code of Georgia Section 50-8-34, which provides for the organizational structure of the Commission in Georgia. The Commission Board membership includes the chief elected official of each County and municipality of the area. Georgia law also provides that the member governments are liable for any debts or obligations of the Commission beyond its resources. Separate financial statements for the River Valley Regional Commission can be obtained from the Commission's offices in Americus, Georgia.

E. Risk Management.

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disaster for which the County carries commercial insurance. The County carries commercial insurance for coverage of property, errors and omissions and professional liability. The County is also exposed to risk of loss related to injury of employees. Worker's compensation coverage is obtained by the County's participation in the Association of County Commissioners of Georgia Group Self–Insurance Workers' Compensation Fund, "the Fund". Under this plan, the County is required to make annual contributions to the Fund. The Fund is responsible for the payment of all claims. After the County's payroll is audited for the year, the County may be required to make additional payments or they may receive a refund. The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may, at any time, be instituted against them on account of injuries or death within the purview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding compensation therefore, although such suits, other proceedings, allegations or demands are wholly groundless, false or fraudulent. The Fund is to pay all costs assessed to its 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.

Settlement claims have not exceeded commercial coverage in any of the past three fiscal years.

F. Subsequent Events

Events that occur after the balance sheet date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the County through December 28, 2012 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

MACON COUNTY, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

Law Library – to account for costs of operating and maintaining the Macon County Law Library. Financing is provided from a $2 charge added to and collected on all costs in civil and criminal cases. A separate Board of Trustees has control of the Law Library funds and has authority to expend the funds in accordance with provisions of the Act establishing the County Law Library. All books, reports, texts and periodicals purchased from these funds become the property of the County.

Drug Education – to account for the expenditure of monies from the County Drug Abuse Treatment and Education Fund. Financing is provided by the collection of an add-on fine as allowed by state law.

Jail Fines – to account for revenues received from add-on fines to be used for the operation of the County's jail.

Federal Forfeited Property – to account for revenues received from the federal government for property forfeited in federal cases to be used for law enforcement activities.

Community Development Block Grant 07h-y-096-1-3359 – to account for revenues received under a grant from the Georgia Department of Community Affairs to be used for a Housing Improvements Project.

Transit System – to account for the operations of the Macon County Transit System. Financing is provided under an agreement with the Georgia Department of Transportation to receive funding under Section 18 of the Urban Mass Transportation Act of 1964, from user fares and from operating transfers from the General Fund of Macon County.

Flood Disaster Loan – established to account for a $171,949 Community Development Block Grant from the Georgia Department of Community Affairs to be used for the Flood Disaster Business Loan Recovery Program.

Community Development Block Grant 10h-y-096-1-5234 – to account for revenues received under a grant from the Georgia Department of Community Affairs to be used for a Housing Improvements Project.

EIP Revolving Loan – to account for revenues received for the employment incentive program and related loans to qualifying employers in Macon County for capital expenditures.

MACON COUNTY, GEORGIA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2012

	Law Library	Drug Education	Jail Fines	Federal Forfeited Property
ASSETS				
Cash and cash equivalents	$ 23,846	$ 79,011	$ 73,847	$ 10,146
Loans receivable	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	2,232	-
Total assets	23,846	79,011	76,079	10,146
LIABILITIES AND FUND BALANCE				
Accounts payable and accrued payables	-	-	-	-
Due to other funds	-	1,719	-	-
Deferred revenue	-	-	-	-
Total liabilities	-	1,719	-	-
FUND BALANCE				
Restricted	23,846	77,292	76,079	10,146
Total fund balance	23,846	77,292	76,079	10,146
Total liabilities and fund balance	$ 23,846	$ 79,011	$ 76,079	$ 10,146

CDBG 07h-y-096 1-3359	Transit System	Flood Disaster Loan	CDBG 10h-y-096 1-5234	EIP Revolving Loan	Total
$ -	$ -	$ 112,236	$ 4,331	$ 81,088	$ 384,505
-	-	59,702	-	415,762	475,464
-	29,539	-	-	-	29,539
-	-	11	-	-	2,243
-	29,539	171,949	4,331	496,850	891,751
-	1,116	-	-	-	1,116
-	-	-	-	100	1,819
-	-	-	4,331	-	4,331
-	1,116	-	4,331	100	7,266
-	28,423	171,949	-	496,750	884,485
-	28,423	171,949	-	496,750	884,485
$ -	$ 29,539	$ 171,949	$ 4,331	$ 496,850	$ 891,751

MACON COUNTY, GEORGIA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2012

	Law Library	Drug Education	Jail Fines	Federal Forfeited Property
REVENUES				
Intergovernmental	$ -	$ -	$ -	$ -
Charges for services	-	-	-	-
Fines and forfeitures	2,394	2,849	21,850	-
Investment income	-	87	65	11
Total revenues	2,394	2,936	21,915	11
EXPENDITURES				
Current:				
Judicial	5,786	-	-	-
Health and welfare	-	-	-	-
Conservation and development	-	-	-	-
Total expenditures	5,786	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(3,392)	2,936	21,915	11
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(3,392)	2,936	21,915	11
Fund balance - beginning	27,238	74,356	54,164	10,135
Fund balance - ending	$ 23,846	$ 77,292	$ 76,079	$ 10,146

CDBG 07h-y-096 1-3359	Transit System	Flood Disaster Loan	CDBG 10h-y-096 1-5234	EIP Revolving Loan	Total Nonmajor Special Revenue Funds
$ 31,592	$ 50,763	$ -	$ 77,855	$ -	$ 160,210
-	35,323	-	-	-	35,323
-	-	-	-	-	27,093
-	-	-	-	14,100	14,263
31,592	86,086	-	77,855	14,100	236,889
-	-	-	-	-	5,786
-	126,722	-	-	-	126,722
31,616	-	279	77,855	-	109,750
31,616	126,722	279	77,855	-	242,258
(24)	(40,636)	(279)	-	14,100	(5,369)
-	47,376	-	-	-	47,376
-	47,376	-	-	-	47,376
(24)	6,740	(279)	-	14,100	42,007
24	21,683	172,228	-	482,650	842,478
$ -	$ 28,423	$ 171,949	$ -	$ 496,750	$ 884,485

MACON COUNTY, GEORGIA
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Law Library		
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Fines and forfeitures	$ 5,000	$ 2,394	$ (2,606)
Investment income	-	-	-
Total revenues	5,000	2,394	(2,606)
EXPENDITURES			
Current:			
Judicial	5,800	5,786	14
Total expenditures	5,800	5,786	14
Excess (deficiency) of revenues over expenditures	(800)	(3,392)	(2,592)
OTHER FINANCING SOURCES (USES)			
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	(800)	(3,392)	(2,592)
Fund balance - beginning	27,238	27,238	-
Fund balance - ending	$ 26,438	$ 23,846	$ (2,592)

Drug Education			Jail Fines		
Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
$ 7,000	$ 2,849	$ (4,151)	$ 1,000	$ 21,850	$ 20,850
-	87	87	-	65	65
7,000	2,936	(4,064)	1,000	21,915	20,915
7,000	-	7,000	1,000	-	1,000
7,000	-	7,000	1,000	-	1,000
-	2,936	2,936	-	21,915	21,915
-	-	-	-	-	-
-	-	-	-	-	-
-	2,936	2,936	-	21,915	21,915
74,356	74,356	-	54,164	54,164	-
$ 74,356	$ 77,292	$ 2,936	$ 54,164	$ 76,079	$ 21,915

MACON COUNTY, GEORGIA
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Federal Forfeited Property		
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Intergovernmental	$ -	$ -	$ -
Charges for services	-	-	-
Miscellaneous	100	11	(89)
Total revenues	100	11	(89)
EXPENDITURES			
Current:			
Public safety	100	-	100
Health and welfare	-	-	-
Conservation and development	-	-	-
Total expenditures	100	-	100
Excess (deficiency) of revenue over (under) expenditures	-	11	11
OTHER FINANCING SOURCES			
Transfers in	-	-	-
Total other financing sources	-	-	-
Net change in fund balance	-	11	11
Fund balance - beginning	10,135	10,135	-
Fund balance - ending	$ 10,135	$ 10,146	$ 11

CDBG 07h-y-096-1-3359				Transit System		
Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
$ 50,000	$ 50,000	$ 31,592	$ (18,408)	$ 51,832	$ 50,763	$ (1,069)
	-	-	-	23,480	35,323	11,843
-	-	-	-	-	-	-
50,000	50,000	31,592	(18,408)	75,312	86,086	10,774
-	-	-	-	-	-	-
-	-	-	-	127,145	126,722	423
50,000	50,000	31,616	18,384	-	-	-
50,000	50,000	31,616	18,384	127,145	126,722	423
-	-	(24)	(24)	(51,833)	(40,636)	11,197
-	-	-	-	51,833	47,376	(4,457)
-	-	-	-	51,833	47,376	(4,457)
50,000	-	(24)	(24)	-	6,740	6,740
24	24	24	-	21,683	21,683	-
$ 50,024	$ 24	$ -	$ (24)	$ 21,683	$ 28,423	$ 6,740

MACON COUNTY, GEORGIA
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Flood Disaster Loan		
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Intergovernmental	$ -	$ -	$ -
Miscellaneous	-	-	-
Total revenues	-	-	-
EXPENDITURES			
Current:			
Conservation and development	279	279	-
Total expenditures	279	279	-
Excess (deficiency) of revenue over (under) expenditures	(279)	(279)	-
Net change in fund balance	(279)	(279)	-
Fund balance - beginning	172,228	172,228	-
Fund balance - ending	$ 171,949	$ 171,949	$ -

CDBG 10h-y-096-1-5234				EIP Revolving Loan		
Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
$ 50,000	$ 50,000	$ 77,855	$ 27,855	$ -	$ -	$ -
-	-	-	-	-	14,100	14,100
50,000	50,000	77,855	27,855	-	14,100	14,100
50,000	78,000	77,855	145	-	-	-
50,000	78,000	77,855	145	-	-	-
-	(28,000)	-	28,000	-	14,100	14,100
-	(28,000)	-	28,000	-	14,100	14,100
-	-	-	-	482,650	482,650	-
$ -	$ (28,000)	$ -	$ 28,000	$ 482,650	$ 496,750	$ 14,100

FIDUCIARY FUNDS

Agency Funds

Sheriff – to account for all monies received by the Sheriff's Department on behalf of individuals, private organizations, other governmental units and other funds.

Tax Commissioner – to account for the collection and payment to Macon County and other taxing units of the property taxes levied, billed and collected by the Tax Commissioner on behalf of Macon County and other taxing units.

Clerk of Superior Court – to account for all monies received by the Clerk of Superior Court on behalf of individuals, private organizations, other governmental units and other funds.

Probate Court – to account for all monies received by the Probate Court on behalf of individuals, private organizations, other governmental units and other funds.

Magistrate Court – to account for all monies received by the Magistrate Court on behalf of Macon County.

Special Sales Tax Fund – to account for the collection and payment of all monies received by Macon County from the imposition of the special purpose sales and use tax.

MACON COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2012

	Balance June 30, 2011	Balance June 30, 2012
Sheriff		
ASSETS		
Cash	$ 816	$ 2,969
Total assets	$ 816	$ 2,969
LIABILITIES		
Due to state	$ 526	$ 2,744
Other	290	225
Total liabilities	$ 816	$ 2,969
Tax Commissioner		
ASSETS		
Cash	$ 60,747	$ 26,518
Total assets	$ 60,747	$ 26,518
LIABILITIES		
Due to other taxing units:		
Macon County School Board	$ 41,626	$ 15,698
City of Ideal	397	133
City of Oglethorpe	1,440	748
City of Montezuma	2,609	1,875
City of Marshallville	1,504	1,242
Due to state	12,551	6,822
Other	620	-
Total liabilities	$ 60,747	$ 26,518

MACON COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2012

	Balance June 30, 2011	Balance June 30, 2012
Clerk of Superior Court		
ASSETS		
Cash	$ 152,230	$ 367,425
Total assets	$ 152,230	$ 367,425
LIABILITIES		
Due to state	$ 3,220	$ 11,269
Due to other taxing units	3,759	-
Retirement payable:		
Clerk's, Peace Officers' and Sheriff	419	269
Funds held in escrow	140,633	351,496
Other	4,199	4,391
Total liabilities	$ 152,230	$ 367,425
Probate Court		
ASSETS		
Cash	$ 14,009	$ 16,368
Total assets	$ 14,009	$ 16,368
LIABILITIES		
Due to state	$ 1,144	$ 1,004
Retirement payable	303	379
Other	12,562	14,985
Total liabilities	$ 14,009	$ 16,368

MACON COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2012

	Balance June 30, 2011	Balance June 30, 2012
Magistrate Court		
ASSETS		
Cash	$ 18,964	$ 15,585
Total assets	$ 18,964	$ 15,585
LIABILITIES		
Due to state	$ 770	$ 897
Retirement payable	204	251
Restitution payable	15,898	12,410
Funds held in escrow	1,707	1,612
Other	385	415
Total liabilities	$ 18,964	$ 15,585
Special Sales Tax Fund		
ASSETS		
Cash	$ 122,470	$ 102,458
Total assets	$ 122,470	$ 102,458
LIABILITIES		
Due to other taxing authorities:		
City of Ideal	$ 13,513	$ 912
City of Oglethorpe	73,384	73,593
City of Montezuma	1,070	1,071
City of Marshallville	34,503	26,882
Total liabilities	$ 122,470	$ 102,458

MACON COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2012

Total - All Agency Funds	Balance June 30, 2011	Balance June 30, 2012
ASSETS		
Cash	$ 369,236	$ 531,323
Total assets	$ 369,236	$ 531,323
LIABILITIES		
Due to other taxing units	$ 173,805	$ 122,154
Due to state	18,211	22,736
Retirement payable	926	899
Restitution payable	15,898	12,410
Funds held in escrow	142,340	353,108
Other	18,056	20,016
Total liabilities	$ 369,236	$ 531,323

SUPPLEMENTARY DATA SECTION

MACON COUNTY, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
07h-y-096-1-3359
PROJECT COST SCHEDULE
FOR THE PERIOD ENDING JUNE 30, 2012

Program Activity	Activity Number	Budget	Expenditures		
			Prior Years	Current Years	Total
Rehabilitation	H-004-00	$ 4,500	$ 1,874	$ -	$ 1,874
Rehabilitation	H-14A-01	321,500	242,200	26,745	268,945
Reconstruction	H-14A-02	97,000	81,428	-	81,428
Administration	A-21A-00	35,000	31,153	4,847	36,000
Contingencies	C-022-00	42,000	-	-	-
Totals		$ 500,000	$ 356,655	$ 31,592	$ 388,247

Source of Other Funds: Local Match

MACON COUNTY, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
10h-y-096-1-5234
PROJECT COST SCHEDULE
FOR THE PERIOD ENDING JUNE 30, 2012

Program Activity	Activity Number	Budget	Expenditures		
			Prior Years	Current Years	Total
Rehabilitation	H-14A-01	$ 207,818	$ 127,447	$ 69,594	$ 197,041
Reconstruction	H-14A-02	208,304	164,120	4,661	168,781
Administration	A-21A-00	34,780	28,531	3,600	32,131
Contingencies	C-022-00	45,961	-	-	-
Totals		$ 496,863	$ 320,098	$ 77,855	$ 397,953

Source of Other Funds: Local Match

MACON COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor / Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Passed-Through Georgia Department of Community Affairs:			
Community Development Block Grant, State Program	14.228	07h-y-096-1-3359	$ 31,592
Community Development Block Grant, State Program	14.228	10h-y-096-2-5234	77,855
Total of CFDA 14.228			109,447
Total U.S. Department of Housing and Urban Development			109,447
U.S. Department of Transportation			
Passed-Through Georgia Department of Transportation:			
Formula Grants for Other Than Urbanized Areas	20.509	T003524	50,763
Total U.S. Department of Transportation			50,763
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 160,210

MACON COUNTY, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Macon County, Georgia, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

Note 2. Non-Cash Awards

The County did not have any non-cash awards during the fiscal year.

Note 3. Matching Costs and Cost-Sharing Amounts

The Schedule does not include non-federal matching or cost-sharing amounts.

GOVERNMENT AUDIT SECTION

BUTLER, WILLIAMS & WYCHE, LLP
CERTIFIED PUBLIC ACCOUNTANTS
915 HILL PARK
MACON, GEORGIA 31201

December 28, 2012

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 County Commissioners
of Macon County
Oglethorpe, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregated discretely presented component units, each major fund, and the aggregate remaining fund information of Macon County, Georgia, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 28, 2012. We did not audit the financial statements of the Macon County Department of Public Health. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and our opinion insofar as it relates to the amounts included for the Macon County Department of Public Health are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings to be a material weakness: 2012-2.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings to be significant deficiencies: 2012-1 through 2012-6.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Macon County, Georgia's, financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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

Macon County, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit Macon County, Georgia's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of County Commissioners, management, others in the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Butler, Williams & Tryche, LLP

Macon, Georgia

MACON COUNTY, GEORGIA
SCHEDULE OF FINDINGS
FOR YEAR ENDED JUNE 30, 2012

2012-1 ***Criteria –*** Duties should be segregated between employees so that the responsibility for authorizing transactions, recording transactions, and maintaining custody of assets are assigned to different personnel in order to prevent and/or detect unauthorized use of assets.

Condition – Some of the departments within Macon County, Georgia's government offices, namely the Sheriff Department, have a limited number of employees and resources; therefore, it is sometimes necessary for certain employees to perform duties that are conflicting from an internal control perspective. Overlapping of duties exists primarily in areas of cash receipts/disbursements, recording and reconciliation functions. This overlapping of duties presents a situation where unauthorized use of assets could occur and not be detected in the normal course of business.

Cause of Condition – The lack of segregation of duties is due to the limited number of employees in these offices that are trained to work on financial records.

Effect of Condition – Failure to properly segregate between recording, receipt/distribution, and reconciliation of accounts can result in intentional or unintentional errors that could occur without being promptly detected.

Recommendation – To the extent possible, given the availability of personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of the transaction.

Response/Corrective Action Plan –We concur. We have evaluated the cost versus benefit associated with improving internal controls and due to the limited amount of staff and associated cost, this condition will continue to exist to some extent; however, we will incorporate reviews by management to mitigate the associated risks.

2012-2 ***Criteria –*** Generally accepted accounting principles require that revenues be recorded in the period in which they are both measureable and available to finance current period expenditures. Also, procedures should be in place to ensure all payables and expenditures/expenses are properly recorded, in a timely manner, regardless of the timing of the related cash flows. Accrued expenditures/expenses should be reversed in the subsequent year, once those expenditures/expenses have been paid

Condition – Internal controls were not sufficient to detect material misstatements in the reporting of the County's receivables and revenues. Also, Internal controls were not sufficient to detect material misstatements in the reporting of the County's liabilities and fund balance.

Cause of Condition: During our testing of receivables and revenues, certain adjustments were required to correct current year and prior year amounts. During our testing of liabilities and expenditures, certain audit adjustments were required to correct prior year amounts. The following adjustments were noted:

- An audit adjustment in the amount of $9,333 was necessary to record revenues of the current fiscal year that were received after year-end. An additional audit adjustment in the amount $20,277 was required to record revenues of the prior fiscal year which were not properly accrued.
- An audit adjustment in the 2010-2016 SPLOST Fund of $50,809 was necessary to record revenues of the current fiscal year that were received after year-end.
- An audit adjustment in the Transit Fund of $3,412 was necessary to record revenues of the current fiscal year that were received after year-end.
- Amounts recorded in the General Fund accounts payable were not properly reversed in the subsequent year. A prior period adjustment in the amount of $55,516 was required to eliminate the liability and increase fund balance in the General Fund.

Effect of Condition – Audit adjustments and prior period adjustments were necessary to correctly report revenue/receivables and liabilities and fund balance for the year ended June 30, 2012.

Recommendation – We recommend that the County review its revenue accounts to determine that all necessary revenues have been properly accrued and review liabilities and expenditures/expenses to ensure that expenditures/expenses are recorded in the proper reporting period.

Response/Corrective Action Plan –We concur. We will review on a regular basis and make sure appropriate adjustments are made timely. We have also began quarterly budget adjustments to ensure that all known changes in revenues and expenditures are incorporated into the budget and ledgers.

2012-3 ***Criteria –*** Generally accepted accounting principles require consideration of the collectability of receivables internal and external to the County.

Condition – The County did not properly record amounts due to and due from various inter-fund accounts.

Cause of Condition – When the County makes adjusting entries to one inter-fund account, sometimes the corresponding entry in the corresponding inter-fund account is omitted.

Effect of Condition – The County's inter-fund accounts required audit adjustments to prevent material misstatements.

Recommendation – We recommend the County properly record, reconcile and review all due to/from activity on a monthly basis in order to determine the proper amount to be reported at any given time during the fiscal year.

Response/Corrective Action Plan – We concur. We will review and reconcile all due to/from activity on a monthly basis in order to insure proper reporting at fiscal year end.

2012-4 ***Criteria –*** Proper control of cash calls for deposits to be made regularly in a timely manner.

Condition – In the Clerk of Superior Court, deposits are not being made on a timely basis.

Cause of Condition – Deposits are being held and accumulated before depositing.

Effect of Condition – Failure to make deposits regularly makes the County more vulnerable to asset loss or misappropriation.

Recommendation – We recommend for deposits to be made daily. Furthermore, we recommend that duties be separated such that personnel in charge of making deposits are not also in charge of the financial recording.

Response/Corrective Action Plan –We concur. We will perform periodic cash audits and monitor deposit logs more closely to ensure timely reconciliations of all agency accounts.

Development Authority of Macon County

2012-5 ***Criteria –*** Duties should be segregated between employees so that the responsibility for authorizing transactions, recording transactions, and maintaining custody of assets are assigned to different personnel in order to prevent and/or detect unauthorized use of assets.

Condition – The Development Authority of Macon County has a limited number of employees and resources; therefore, it is sometimes necessary for certain employees to perform duties that are conflicting from an internal control perspective. Overlapping of duties exists primarily in areas of cash receipts/disbursements, recording, and reconciliation functions. This overlapping of duties presents a situation where unauthorized use of assets could occur and not be detected in the normal course of business.

Cause of Condition – The lack of segregation of duties is due to the limited number of employees that are trained to work on financial records.

Effect of Condition – Failure to properly segregate between processing cash transactions, financial recording, and reconciliation functions can result in intentional or unintentional errors that could occur without being promptly detected.

Recommendation – To the extent possible, given the availability of personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of the transaction.

Response/Corrective Action Plan –We concur. Will review accounting procedures and separate duties.

2012-6 ***Criteria –*** Expenditures made on behalf of the Authority should be recognized as revenues and expenditures in the Authority's general ledger.

Condition – The Authority failed to record revenues and expenditures for payments made by another governmental entity on its behalf.

Cause of Condition – The internal controls of the Authority were not adequate to recognize the expenditures as belonging to the Authority.

Effect of Condition – Revenues and expenditures were understated by $6,890.

Recommendation – The Authority should track all expenditures made by other entities on its behalf and record revenue and expenditure amounts accordingly.

Response/Corrective Action Plan – We will track requests closer and follow up to make sure they are posted.

MACON COUNTY, GEORGIA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR YEAR ENDED JUNE 30, 2012

2011-1 ***Condition –*** Some of the departments within Macon County, Georgia's government offices, namely the Sheriff Department, have a limited number of employees and resources; therefore, it is sometimes necessary for certain employees to perform duties that are conflicting from an internal control perspective. Overlapping of duties exists primarily in areas of cash receipts/disbursements, recording and reconciliation functions. This overlapping of duties presents a situation where unauthorized use of assets could occur and not be detected in the normal course of business.

Recommendation – To the extent possible, given the availability of personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of the transaction.

Status – Unresolved. See current year finding 2012-1.

2011-2 ***Condition –*** Transit fund revenue was underreported and the 2006-2010 SPLOST revenues were overstated.

Recommendation – We recommend that the County review its revenue accounts to determine that all necessary revenues have been properly accrued and that all prior year revenue accruals have been appropriately reversed.

Status – Partially resolved. See current year finding 2012-2.

2011-3 ***Condition –*** The County did not properly record amounts due to and due from various inter-fund accounts.

Recommendation – We recommend the County properly record, reconcile and review all due to/from activity on a monthly basis in order to determine the proper amount to be reported at any given time during the fiscal year.

Status – Unresolved. See current year finding 2012-3.

2011-4 ***Condition –*** Payroll liabilities and expenditures were underreported.

Recommendation – We recommend that the County reconcile its payroll expenditure and liability accounts to remitted payroll tax to ensure that all obligations of the County are being recorded appropriately.

Status – The finding was corrected during the fiscal year ended June 30, 2012.

2011-5 ***Condition –***The County failed to maintain activity in the 2010-2016 SPLOST funds in the County's accounting system.

Recommendation – The County should improve its control over financial reporting to make sure that all transactions are recorded by year end in the County's accounting system.

Status – Partially resolved. See current year finding 2012-2.

2011-6 ***Condition –*** The County failed to expense in the current period amounts that were prepaid in the prior period.

Recommendation – We recommend that the County review its prepaid assets to determine what amounts have been consumed in the current period.

Status – The finding was corrected during the fiscal year ended June 30, 2012.

MACON COUNTY, GEORGIA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR YEAR ENDED JUNE 30, 2012

2011-7 ***Condition –*** Macon County, Georgia's Jury Script and Probate Court accounts were not reconciled for the fiscal year ending June 30, 2011.

Recommendation – We recommend for all agency bank accounts to be reconciled and reviewed on a monthly basis.
Status – The finding was corrected during the fiscal year ended June 30, 2012.

2011-8 ***Condition –*** In the Clerk of Superior Court, deposits are not being made on a timely basis.

Recommendation – We recommend for deposits to be made daily. Furthermore, we recommend that duties be separated such that personnel in charge of making deposits are not also in charge of the financial recording.

Status – Unresolved. See current year finding 2012-4.

Development Authority of Macon County

2011-9 ***Condition*** – The Development Authority of Macon County has a limited number of employees and resources; therefore, it is sometimes necessary for certain employees to perform duties that are conflicting from an internal control perspective. Overlapping of duties exists primarily in areas of cash receipts/disbursements, recording and reconciliation functions. This overlapping of duties presents a situation where unauthorized use of assets could occur and not be detected in the normal course of business.

Recommendation – To the extent possible, given the availability of personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of the transaction.

Status – Unresolved. See current year finding 2012-5.

2011-10 ***Condition*** – Many of the Authority's financial accounts did not reflect the effect of prior year adjusting entries.

Recommendation – We recommend that the Authority improve its controls over financial recording to ensure that adjusting entries accepted by management are recorded in the Authority's books.

Status – The finding was corrected during the fiscal year ended June 30, 2012.

2011-11 ***Condition*** – The Authority failed to record revenues and expenditures for payments made by another governmental entity on its behalf.

Recommendation – The Authority should track all expenditures made by other entities on its behalf and record revenue and expenditure amounts accordingly.

Status – Unresolved. See current year finding 2012-6.

STATE AUDIT SECTION

MACON COUNTY, GEORGIA
SCHEDULE OF PROJECTS UNDERTAKEN
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2012

Project	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
2003 Referendum				
Road improvements	$ 3,349,498	$ 3,349,498	$ -	$ 3,349,498
Whitewater Creek Park	360,000	360,000	-	360,000
Administrative building	250,000	-	-	-
Road, streets, drainage and bridge improvements	3,100,000	2,488,137	570,953	3,059,090
Intergovernmental				
City of Ideal	175,000	175,000	-	175,000
City of Marshallville	460,000	460,000	-	460,000
City of Montezuma	1,500,000	1,500,000	-	1,500,000
City of Oglethorpe	410,000	410,000	-	410,000
Total Intergovernmental		2,545,000	-	2,545,000
Total		$ 8,742,635	$ 570,953	$ 9,313,588
2006 Referendum				
Jail renovations and improvements	$ 500,000	$ 937,506	$ 65,098	$ 1,002,604
Road, streets, drainage and bridge improvements	1,383,000	-	563,084	563,084
Public Works building and recreation projects	275,000	644,847	-	644,847
Fire stations	842,000	162,309	330,925	493,234
Intergovernmental				
City of Ideal	185,000	200,649	-	200,649
City of Marshallville	476,398	517,436	-	517,436
City of Montezuma	1,426,000	1,564,789	-	1,564,789
City of Oglethorpe	428,300	469,822	-	469,822
Total Intergovernmental		2,752,696	-	2,752,696
Total		$ 4,497,358	$ 959,107	$ 5,456,465
2010 Referendum				
Public Safety, Public Works, Recreation and Tax Assessor capital equipment purchases	$ 1,447,000	$ 118	$ 34,081	$ 34,199
Annex building, Health Dept., Courthouse, EMA, Literacy Center, and Gov. Office Building capital improvements	474,152	-	27,357	27,357
Road Improvements	1,421,152	-	-	-
Aquatic Recreation Facility	500,000	-	-	-
Intergovernmental				
City of Ideal	283,416	22,961	46,601	69,562
City of Marshallville	730,876	59,211	120,174	179,385
City of Montezuma	2,400,010	389,033	359,761	748,794
City of Oglethorpe	656,942	53,221	108,017	161,238
Total Intergovernmental		524,426	634,553	1,158,979
Total		$ 524,544	$ 695,991	$ 1,220,535