Madison County, Georgia

Financial Statements

For the Year Ended December 31, 2013

Madison County, Georgia
Financial Report
For the Year Ended December 31, 2013

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Financial Report
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Commissioners of
Madison County, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Madison County, Georgia as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Madison County Health Department, which represent 3% and 28%, respectively, of the assets and revenues of the component unit columns. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included in the Madison County Health Department, is based on the report of 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. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activity, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for Madison County, Georgia as of December 31, 2013, and the respective changes in financial position and cash flows, where applicable, thereof in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund and the Retirement Plan – Schedule of Funding Progress information 32-33 and 34 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.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Madison County, Georgia's financial statements as a whole. The combing and individual fund schedules, the Schedule of Projects Constructed with Special Sales Tax Proceeds, and the Certification of 9-1-1 Expenditures, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The supplementary information, the Schedule of Projects Constructed with Special Sales Tax Proceeds, and the Certification of 9-1-1 Expenditures, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 22, 2014 on our consideration of Madison County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and 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* in considering Madison County, Georgia's internal control over financial reporting and compliance.

Treadwell, Tamplin & Co.

Madison, Georgia
December 22, 2014

Madison County, Georgia
Statement of Net Position
December 31, 2013

	Governmental Activities	Business-type Activities	Total	Industrial Development Authority	June 30 Health Department
ASSETS					
Cash and cash equivalents	$ 13,105,020	$ 400	$ 13,105,420	$ 344,276	$ 458,885
Receivables	1,710,081	932	1,711,013	193,109	30,663
Due from other governments	403,910	-	403,910	111,448	15,066
Inventories	129,123	-	129,123	-	-
Restricted cash	307,948	-	307,948	-	-
Capital lease receivables	977,353	-	977,353	-	-
Deferred pension benefit	172,695	-	172,695	-	-
Other assets	76,322	-	76,322	135,117	-
Capital assets					
Capital assets not being depreciated	1,021,184	-	1,021,184	1,023,357	-
Capital assets, net of depreciation	241,544,652	147,562	241,692,214	16,786,927	10,432
Total assets	259,448,288	148,894	259,597,182	18,594,234	515,046
LIABILITIES					
Accounts payable					
and accrued expenses	1,049,844	39,597	1,089,441	57,713	25,140
Due to other governments	100	600	700	-	-
Tax sale proceeds held for others	307,029	-	307,029	-	-
Accrued interest	-	1,416	1,416	-	-
Customer deposits	-	-	-	41,575	-
Long-term liabilities:					
Due within one year					
Note payable	-	34,995	34,995	501,626	-
Capital lease obligations	193,116	-	193,116	-	-
Compensated absences	-	-	-	-	6,683
Landfill postclosure costs	-	8,335	8,335	-	-
Due in more than one year					
Note payable	-	66,126	66,126	8,388,771	-
Capital lease obligations	641,296	-	641,296	-	-
Compensated absences	295,157	12,365	307,522	15,559	18,880
Landfill postclosure costs	-	108,355	108,355	-	-
Total liabilities	2,486,542	271,789	2,758,331	9,005,244	50,703
DEFERRED INFLOWS OF RESOURCES					
Unearned revenue - grant proceeds	12,459	-	12,459	-	-
Unearned lease income	142,941	-	142,941	-	-
	155,400	-	155,400	-	-
NET POSITION					
Net investment in capital assets	242,565,836	147,562	242,713,398	8,919,887	10,432
Restricted for:					
Capital projects	3,072,271	-	3,072,271	30,305	-
Judicial	77,857	-	77,857	-	-
Health and welfare	14,076	-	14,076	-	-
Public safety	74,040	-	74,040	-	-
Debt service	-	-	-	135,117	-
Unrestricted	11,002,266	(270,457)	10,731,809	503,681	453,911
Total net position	$ 256,806,346	$ (122,895)	$ 256,683,451	$ 9,588,990	$ 464,343

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

Madison County, Georgia
Statement of Activities
For the Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Industrial Development Authority	June 30 Health Department
Primary government									
Governmental Activities									
General Government	$ 2,460,395	$ 501,355	$ 38,151	$ -	$ (1,920,889)	$ -	$ (1,920,889)		
Judicial	1,216,819	517,795	85,000	-	(614,024)	-	(614,024)		
Public Safety	7,258,117	1,727,092	12,459	12,123	(5,506,443)	-	(5,506,443)		
Public Works	14,314,770	215	-	570,163	(13,744,392)	-	(13,744,392)		
Health and Welfare	660,199	-	182,964	14,672	(462,563)	-	(462,563)		
Culture and Recreation	801,323	123,187	-	1,800	(676,336)	-	(676,336)		
Housing & Development	342,850	57,947	-	-	(284,903)	-	(284,903)		
Interest on Long-term debt	56,025	-	-	-	(56,025)	-	(56,025)		
Total governmental activities	27,110,498	2,927,591	318,574	598,758	(23,265,575)	-	(23,265,575)		
Business-type activities:									
Solid Waste Fund	482,867	168,484	-	-		(314,383)	(314,383)		
Total business-type activities	482,867	168,484	-	-		(314,383)	(314,383)		
Total primary government	27,593,365	3,096,075	318,574	598,758	(23,265,575)	(314,383)	(23,579,958)		
Component Units									
Industrial Development Authority	1,566,835	643,833	-	644,089				(278,913)	-
Health Department	761,282	220,904	525,234	-				-	(15,144)
Total component units	$ 2,328,117	$ 864,737	$ 525,234	$ 644,089				$ (278,913)	$ (15,144)
General revenues:									
Taxes:									
Property taxes, levied for general purposes					$ 7,683,767	$ -	$ 7,683,767	$ 618,002	$ -
Sales taxes					3,301,071	-	3,301,071	-	-
Franchise and other business taxes					1,502,421	-	1,502,421	-	-
Interest revenue					3,485	-	3,485	1,476	378
Miscellaneous					116,518	-	116,518	-	-
Transfers					(327,800)	327,800	-	-	-
Total general revenues, special item, and transfers					12,279,462	327,800	12,607,262	619,478	378
Change in net position					(10,986,113)	13,417	(10,972,696)	340,565	(14,766)
Net position - beginning					267,792,459	(136,312)	267,656,147	9,248,425	479,109
Net position - ending					$ 256,806,346	$ (122,895)	$256,683,451	$ 9,588,990	$ 464,343

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

Madison County, Georgia
Balance Sheet
Governmental Funds
December 31, 2013

	General Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 9,749,494	$ 3,212,703	$ 142,823	$ 13,105,020
Accounts receivable, net	-	-	78,967	78,967
Taxes receivable, net	1,502,940	-	-	1,502,940
Due from other funds	182,709	-	-	182,709
Receivable from other governments	243,089	171,354	-	414,443
Other receivables	117,641	-	-	117,641
Restricted cash	307,948	-	-	307,948
Capital lease receivable	977,353	-	-	977,353
Prepaid items	76,322	-	-	76,322
Inventories	129,123	-	-	129,123
Total assets	13,286,619	3,384,057	221,790	16,892,466
LIABILITIES				
Accounts payable	73,617	129,077	7,070	209,764
Accrued salaries and benefits	777,260	-	62,823	840,083
Due to other funds	-	182,709	-	182,709
Payable to other governments	100	-	-	100
Tax sale proceeds held for others	307,029	-	-	307,029
Total liabilities	1,158,006	311,786	69,893	1,539,685
DEFERRED INFLOWS OF RESOURCES				
Unavailable property taxes	937,330	-	-	937,330
Unavailable grant proceeds	12,459	-	-	12,459
Unavailable lease reimbursements	977,353	-	-	977,353
Total deferred inflows	1,927,142	-	-	1,927,142
FUND BALANCES				
Nonspendable	205,445	-	-	205,445
Restricted				
Capital projects	-	3,072,271	-	3,072,271
Judicial	-	-	77,857	77,857
Health and welfare	14,076	-	-	14,076
Public safety	-	-	74,040	74,040
Assigned				
Subsequent years' budget	1,142,332	-	-	1,142,332
Unassigned	8,839,618	-	-	8,839,618
Total fund balances	10,201,471	3,072,271	151,897	13,425,639
Total liabilities, deferred inflows of resources, and fund balances	$ 13,286,619	$ 3,384,057	$ 221,790	$ 16,892,466

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

Madison County, Georgia
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2013

Total fund balance, governmental funds (Exhibit 3)	$	13,425,639
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		242,565,836
Some liabilities, (such as Notes Payable, Capital Lease Obligations, and Compensated Absences), are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position.		(1,129,569)
The County's cumulative contributions to the defined benefit retirement plan exceed the cumulative annual pension costs resulting in a deferred pension benefit on the Statement of Net Position. Because the deferred pension benefit is not a current financial resource it is not reported in the funds.		172,695
Deferred revenue is recorded in the funds to offset the principal and interest payments due under the capital lease receivable until the payments are available. However, in the Statement of Net Position deferred revenue is only necessary for the portion of the receivable that represents implied interest payments to be received.		834,415
Some of the County's taxes will be collected after year-end, but are not available soon enough to be used to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds.		937,330
Net Position of Governmental Activities in the Statement of Net Position (Exhibit 1)	$	256,806,346

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

Madison County, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2013

	General Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 10,845,402	$ 1,897,170	$ -	$ 12,742,572
Licenses and permits	77,302	-	-	77,302
Intergovernmental	823,838	-	-	823,838
Charges for services	1,577,548	-	528,714	2,106,262
Fines and forfeitures	594,162	-	91,866	686,028
Investment earnings	3,060	26,449	425	29,934
Contributions and donations	50,941	-	-	50,941
Miscellaneous	364,698	-	486	365,184
Total revenues	14,336,951	1,923,619	621,491	16,882,061
EXPENDITURES				
Current:				
General government	2,420,901	-	-	2,420,901
Judicial	1,176,118	-	8,213	1,184,331
Public safety	6,016,495	-	942,165	6,958,660
Public works	2,834,336	-	-	2,834,336
Health and welfare	605,335	-	-	605,335
Culture and recreation	717,782	-	-	717,782
Housing and development	340,541	-	-	340,541
Debt Service:				
Principal	174,563	-	-	174,563
Interest and other charges	58,542	-	-	58,542
Intergovernmental	-	405,045	-	405,045
Capital Outlay:				
Public safety	-	284,027	-	284,027
Public works	-	411,012	-	411,012
Culture and recreation	-	92,506	-	92,506
Total expenditures	14,344,613	1,192,590	950,378	16,487,581
Deficiency of revenues under expenditures	(7,662)	731,029	(328,887)	394,480
OTHER FINANCING SOURCES (USES)				
Transfers in	36,578	-	396,240	432,818
Transfers (out)	(724,040)	-	(36,578)	(760,618)
Total other financing sources and (uses)	(687,462)	-	359,662	(327,800)
Net change in fund balances	(695,124)	731,029	30,775	66,680
Fund balances - beginning	10,896,595	2,341,242	121,122	13,358,959
Fund balances - ending	$ 10,201,471	$ 3,072,271	$ 151,897	$ 13,425,639

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

Madison 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 December 31, 2013

Net change in fund balances - total governmental funds (Exhibit 4)	$	66,680
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which depreciation $11,405,288 exceeded capital outlays $638,250 in the current period.		(10,767,038)
In the Statement of Activities, only the loss on the sale/disposal of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold/disposed (net of accumulated depreciation).		(665)
Changes in net pension benefits or obligations are not reported in the governmental funds because they do not represent the receipt or consumption of a current financial asset or liability. The changes in pension benefits or obligations are reported as an increase or decrease in the associated expense account on the Statement of Activities.		(941)
Governmental funds defer all tax revenues that are not collected soon enough to be used to pay for the current period's expenditures (within 60 days of year-end). However, the Statement of Activities reports results under the full accrual method which requires that all taxes that have been levied be reported as revenue irrespective of the collection date.		(255,313)
The change in the value of compensated absences that are not due and payable as of year-end is not reported as an increase or decrease in expenditures in the fund-level financial statements. The Statement of Activities recognizes this change in the compensated absence liability as an increase or decrease in expense.		(28,836)
Governmental funds reported the receipt of amounts due under a capital lease receivable as a revenue because the amount became available. The Statement of Activities reports the revenue from a sales lease in the period that the entity agrees to sell an item under a capital lease. This adjustment represents the principal received under the lease.		(174,563)
Governmental funds report repayment of capital lease obligations as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.		174,563
Change in net position of governmental activities (Exhibit 2)	$	(10,986,113)

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

Madison County, Georgia
Statement of Net Position
Proprietary Fund
December 31, 2013

	Solid Waste Fund
ASSETS	
Current assets:	
Cash	$ 400
Accounts receivable	932
Total current assets	1,332
Non-current assets:	
Capital assets, net of depreciation	147,562
Total assets	148,894
LIABILITIES	
Current Liabilities:	
Accounts payable	20,363
Salaries and benefits payable	19,234
Accrued interest payable	1,416
Payable to other governments	600
Current portion of postclosure liability	8,335
Current portion of note payable	34,995
Total current liabilities	84,943
Non-current liabilities:	
Compensated absences	12,365
Postclosure liability	108,355
Note payable	66,126
Total non-current liabilities	186,846
Total liabilities	271,789
NET POSITION	
Investment in capital assets	147,562
Unrestricted	(270,457)
Total net position	$ (122,895)

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

Madison County, Georgia
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended December 31, 2013

	Solid Waste Fund
REVENUES	
Charges for services	$ 168,376
Miscellaneous	108
Total operating revenues	168,484
OPERATING EXPENSES	
Cost of sales - waste disposal fees	116,738
Personal services	221,656
Contractual services	91,353
Other supplies and expenses	29,898
Depreciation	16,854
Total operating expenses	476,499
Operating loss	(308,015)
NON-OPERATING REVENUES (EXPENSES)	
Interest expense	(6,366)
Total non-operating expense	(6,366)
Loss before transfers	(314,381)
Transfers in	327,800
Change in net position	13,419
Total net position - beginning	(136,314)
Total net position - ending	$ (122,895)

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

Madison County, Georgia
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2013

	Solid Waste Fund
Cash flows from operating activities:	
Cash sales to customers	$ 168,556
Cash payments to employees for services	(237,866)
Cash payments to suppliers	(218,614)
Net cash used by operating activities	(287,924)
Cash flows from noncapital financing activities:	
Transfers in	327,800
Net cash provided by noncapital financing activities	327,800
Cash flows from capital and related financing activities:	
Principal paid on note payable	(33,102)
Interest paid on notes payable	(6,829)
Net cash used by capital and related financing activities	(39,931)
Net change in cash and cash equivalents	(55)
Cash - beginning	455
Cash - ending	$ 400
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	$ (308,015)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	16,854
Change in landfill postclosure liability	(8,335)
Changes in assets and liabilities:	
Accounts receivable	72
Accounts payable	7,858
Salaries and benefits payable	1,719
Due to other governments	600
Compensated absences	1,323
Net cash used by operating activities	$ (287,924)

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

Madison County, Georgia
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2013

ASSETS		
Cash	$	387,743
Total assets		387,743
LIABILITIES		
Due to others		387,743
Total liabilities	$	387,743

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

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Madison County was incorporated under the laws of the State of Georgia in 1811. The County is governed by a five-member Board of Commissioners. Each commissioner is elected to a four-year term. The Chairman serves as the full-time Chief Executive Officer. The other five commissioners serve on a part-time basis. The Chairman is responsible for the daily operations of the County.

The financial statements of Madison County, Georgia (the County) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

In conformity with generally accepted accounting principles, as set forth in GASB Statement No. 14, as amended by GASB Statement No. 61, *The Financial Reporting Entity*, the financial statements of the reporting entity include those of Madison County (the primary government) and its component units. The criteria for including organizations as component units within the County's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in its own name)
- the County holds the corporate powers of the organization
- the County appoints a voting majority of the organization's board
- the County is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- there is fiscal dependency by the organization on the County

Discretely Presented Component Units – The component unit columns in the government-wide financial statements include the financial data of the County's component units. They are included because, if excluded, the County's financial statements would be misleading. They are reported in separate columns in the government-wide financial statements to emphasize their legal separation from the County. The following component units are included in the statements:

Madison County Industrial Development and Building Authority – The County appoints all members of the Development Authority's Board of Directors. The Authority has a December 31 fiscal year end.

Madison County Health Department – The County appoints all members of the Health Department's Board of Directors. The Health Department has a June 30 fiscal year end.

Each discretely presented component unit issues separate financial statements. Complete financial statements of the individual component units can be obtained from their respective administrative offices:

Madison County Industrial Development and Building Authority
Post Office Box 381
Danielsville, GA 30633

Madison County Health Department
Post Office Box 26
Danielsville, GA 30633

Blended Component Units - Based on the GASB criteria, the County has no entities that qualify as blended component units.

Note 1: Summary of Significant Accounting Policies, continued

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities of the primary government or its component units. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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 subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Nonoperating expenses are the result of expenses that are ancillary to the primary purpose of the fund. Interest costs are currently the only nonoperating expenses incurred in the proprietary fund.

Proprietary fund operating expenses are the necessary costs incurred to provide the good or service that are the primary activity of the fund. Expenses which do not meet these criteria, such as interest expense, are considered non-operating and are reported as such.

When both restricted and unrestricted resources are available to pay a cost, the County's policy is to use restricted assets first, and then use unrestricted assets.

The County reports the following major governmental funds:

General Fund – This 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.

SPLOST Capital Projects Fund – This is a capital projects fund established to account for all special local options sales tax revenues as well as the specifically identified projects for which the SPLOST tax was established.

Note 1: Summary of Significant Accounting Policies, continued

The County reports the following major enterprise fund:

Solid Waste Fund – This fund accounts for the postclosure care of the County's landfill and the operation and maintenance of the County's solid waste transfer station.

The County reports the following fiduciary fund type:

Agency Funds – These funds account for monies held by the County in a trustee capacity or as an agent on behalf of individuals, private organizations, other governments and/or other funds. All of the County's fiduciary funds are agency funds, which are custodial in nature. Accordingly, the County presents a statement of fiduciary assets and liabilities rather than a statement of fiduciary net position. Agency funds do not include a measurement of the results of operations, so a statement of changes in fiduciary net position is not presented by the County. Following are the agency funds of the County at December 31, 2013: Tax Commissioner, Sheriff, Clerk of Superior Court, Probate Court, and Magistrate Court.

Measurement Focus, Basis of Accounting

Government-wide, Proprietary and Fiduciary Fund Financial Statements – The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. The governmental activities in the government-wide financial statements, the proprietary fund financial statements, and the fiduciary fund statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

C. Budgets and Budgetary Accounting

The County follows these procedures in establishing budgetary data reflected in the financial statements:

1. Normally, prior to August 31, the Chairman submits to the Commission a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

2. A public hearing is conducted at the county courthouse to obtain taxpayer comments.

Note 1: Summary of Significant Accounting Policies, continued

3. The budget is legally enacted through passage of an ordinance. For 2013, the budget was legally adopted in December 2012.

4. The Finance Director is authorized to transfer budgeted amounts within a division, with the exception of personnel amendments. The Finance Director is also authorized to transfer amounts between divisions to cover insurance reimbursements and to implement actions of the governing authority. Any other amendments between divisions or amendment to personnel budgets are approved by the Commission.

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Funds and Enterprise Funds.

6. The budget is prepared and adopted on a basis consistent with generally accepted accounting principles (GAAP).

D. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is not used by the County.

E. Deposits and Investments

Cash consists of demand and interest-bearing deposits held in banks. All bank deposits must be collateralized by an amount equal to 110% of uninsured deposits of the State of Georgia or U.S. obligations or direct loans to the County.

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

Investments are recorded at cost plus accrued interest, which approximates market value.

F. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectible receivables, when material.

G. Property Tax Calendar

Property taxes attach as an enforceable lien on property as of January 1. The County bills and collects its own property taxes and also collects taxes for the County School District as well as the Industrial Development and Building Authority. County property tax revenues are recognized when levied to the extent that they result in current receivables.

Property taxes, for property owned at January 1, 2013, were levied on August 26, 2013 with a payment period from September 26, 2013 to December 20, 2013. A local option sales tax is in force. Proceeds for this tax are remitted to the County monthly and are used to give property tax owners tax relief. Taxes receivable at December 31, 2013 amounted to $1,502,940 and deferred property tax revenue totaled $937,330.

H. Prepaid Expenses

The County uses the purchase method to account for certain costs, such as insurance premiums, which might benefit more than one period. Under the purchase method, such costs are recorded as expenditures in the period that the costs are paid.

Note 1: Summary of Significant Accounting Policies, continued

I. Inventory

Inventory is valued at actual cost on a first-in, first-out basis. The cost of all inventory items on hand is considered to be the cost at which the County last purchased an item. Inventory consists principally of expendable supplies (such as road signs, parts, and fuel) held for consumption by the County's public works department. The County uses a periodic inventory system, where inventory totals are determined by periodically performing complete inventory counts. The cost of the supplies is originally recorded as an expenditure at the time individual inventory items are purchased. The County then increases or decreases expenditures based on whether inventory levels have risen or fallen from the previous inventory total. Reported inventories are reported as a portion of the nonspendable fund balance in the fund level financial statements, which indicates that the inventories do not constitute available spendable resources.

J. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Property, plant and equipment with initial, individual costs that equal or exceed $5,000 are recorded as capital assets. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. For infrastructure assets, the County has adopted the policy of capitalizing costs which add additional service utility to the asset. Maintenance of infrastructure assets is expensed in the government-wide financial statements.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, net of related interest earned, is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Infrastructure	15-99
Building and improvements	20-50
Water & sewer distribution	20-50
Heavy machinery & vehicles	3-15
Equip, furniture & fixtures	5-10
Computer equipment	5-7

The County was required to implement the retroactive infrastructure reporting requirements of GASB No. 34 beginning with the year ended December 31, 2007. Accordingly, all of the infrastructure assets reported in these financial statements are assets that the County obtained after 1980. The infrastructure the County has retroactively reported was principally highways and roads.

K. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual vacation and comp time balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. In accordance with the provisions of GASB Statement 11, concerning Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Governmental activities compensated absences balances are liquidated through the General Fund.

Note 1: Summary of Significant Accounting Policies, continued

L. Restricted Revenues

The County receives certain taxes, grants and contributions that must be used for a specific purpose outlined in either taxing legislation or grantor contracts. These amounts are reported as restricted net position in the government wide financial statements until the restriction has been met either through the expenditure of the money or the passage of time. Expenses incurred by the County for which both unrestricted and restricted monies are available are applied to restricted resources first.

M. Fund Equity

The County's governmental funds report the following five categories of fund balance: Nonspendable, Restricted, Committed, Assigned, and Unassigned.

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of Board of Commissioners. Madison County Board of Commissioners is the highest level of decision-making authority for the County. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by Madison County Board of Commissioners.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Board of Commissioners has not delegated the authority to assign fund balance. Consequently, an assignment of fund balance requires board action.

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position (in the case of the government-wide or proprietary fund statements) or fund balance (in the case of governmental fund statements) 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 County has provided otherwise in its commitment or assignment actions.

Note 2: Stewardship, Compliance and Accountability

A. Deficit Fund Balance:

The following lists the County's funds which reported a deficit as well as the magnitude of that deficit as of December 31:

Solid Waste Fund	$ 122,895

The deficit in the solid waste fund is partially funded by a note payable. Of the $122,895 deficit in the solid waste fund, $116,690 is the result of an accrued liability for postclosure monitoring costs for the County's landfill.

Note 2: Stewardship, Compliance and Accountability, continued

B. Expenditures in Excess of Appropriations:

There were departments within the General fund that had expenditures in excess of appropriations that the County considers to be a significant violation of the adopted budget. These are as follows:

Law enforcement	$ 207,022
Vehicle maintenance	159,533

Note 3: Cash

The carrying amount of the County's deposits with financial institutions was $13,493,163 and the bank balance was $15,887,704. The County deposits its funds with two local banks, and those deposits are insured up to limits set by the FDIC. The County had $607,603 of uninsured deposits that were collateralized at year-end thus subjecting the County to custodial credit risk with respect to the uninsured and uncollateralized deposits.

State law requires that all bank deposits be insured or collateralized up to 110% of the balances maintained in each financial institution. Because the County held uninsured deposits that were not collateralized as required by state law, it is possible that the County was temporarily not in compliance with Georgia law. The County has not adopted any formal policies related to custodial credit risk other than the requirements found in state law.

Georgia law authorizes local governments to invest in the following types of obligations:

- Obligations of the State of Georgia or any other states;
- Obligations issued by the United States;
- Obligations fully insured or guaranteed by the United States government or governmental agency;
- Obligations of any corporation of the United States Government;
- Prime bankers' acceptances;
- The State of Georgia Local Government Investment Pool;
- Repurchase agreements; and
- Obligations of other political subdivisions of the State of Georgia.

The County has not formally adopted any policies that restrict its investment option beyond the restrictions found in Georgia law.

The County had no investments at December 31, 2013. Accordingly, it has no significant exposure to credit risk, interest rate risk, or foreign currency risk.

Note 4: Other Receivables

Receivables as reported in the Governmental Activities on the Statement of Net Position consist of the following:

Taxes receivable	$ 1,502,940
Ambulance service receivable	406,556
E911 surcharge receivable	78,967
Other receivables	34,610
	2,023,073
Less: allowances for doubtful accounts related to ambulance service receivables	(312,992)
	$ 1,710,081

Other receivables as reported in the General Fund consist of the following:

Ambulance service receivable	$ 406,556
Other receivables	24,077
	430,633
Less: allowances for doubtful accounts related to ambulance service receivables	(312,992)
	$ 117,641

Note 5: Capital Assets

Capital asset activity for the year ended December 31, 2013 was as follows:

Primary Government: Governmental Activities:	**Beginning**	**Increases**	**Decreases**	**Ending**
Capital assets not being depreciated:				
Land	$ 653,977	$ 7,561	$ -	$ 661,538
Construction in progress	945,522	317,805	903,681	359,646
Total capital assets not being depreciated	1,599,499	325,366	903,681	1,021,184
Capital assets being depreciated:				
Buildings and improvements	10,647,547	98,139	-	10,745,686
Equipment, furniture and vehicles	6,255,389	305,590	124,488	6,436,491
Land improvement	463,956	812,836	-	1,276,792
Infrastructure	6,328,689	-	-	6,328,689
Prior years' infrastructure	422,113,645	-	-	422,113,645
Total capital assets being depreciated	445,809,226	1,216,565	124,488	446,901,303
Less accumulated depreciation for:				
Buildings and improvements	3,235,438	284,092	-	3,519,530
Equipment, furniture and vehicles	5,200,741	380,903	123,823	5,457,821
Land improvement	333,021	41,444	-	374,465
Infrastructure	656,394	146,008	-	802,402
Prior years' infrastructure	184,649,592	10,552,841	-	195,202,433
Total accumulated depreciation	194,075,186	11,405,288	123,823	205,356,651
Total capital assets being depreciated, net	251,734,040	(10,188,723)	665	241,544,652
Governmental acitvities capital assets, net	$ 253,333,539	$ (9,863,357)	$ 904,346	$ 242,565,836

Interest costs of $61,731 were incurred and expensed during the year. No governmental activities interest costs were capitalized during the year.

Note 5: Capital Assets, continued

Depreciation expense was charged to governmental activities as follows:

General Government	$ 81,320
Judicial	2,513
Public Safety	389,790
Public Works	10,790,208
Health & Welfare	49,810
Culture & Recreation	91,647
	$ 11,405,288

Business type Activities:	**Beginning**	**Increases**	**Decreases**	**Ending**
Solid Waste Fund:				
Capital assets being depreciated:				
Buildings and improvements	$ 83,260	$ -	$ -	$ 83,260
Equipment	168,696	-	-	168,696
Total capital assets being depreciated	251,956	-	-	251,956
Less accumulated depreciation for:				
Buildings and improvements	31,207	3,197	-	34,404
Equipment	56,333	13,657	-	69,990
Total accumulated depreciation	87,540	16,854	-	104,394
Total Solid Waste being depreciated, net	164,416	(16,854)	-	147,562
Total Business type activities capital assets, net	$ 164,416	$ (16,854)	$ -	$ 147,562

The above capital assets do not include any capitalized interest amounts. Total interest costs of $8,289 were incurred and expensed during the year. No business-type activities interest costs were capitalized.

Note 5: Capital Assets, continued

Discretely Presented Component Unit
Madison County Industrial Development and Building Authority
Governmental Activities:

	Beginning	Increases	Decreases	Ending
Capital assets not being depreciated:				
Land	$ 335,321	$ -	$ -	$ 335,321
Total capital assets not being depreciated	335,321	-	-	335,321

Business type Activities:	Beginning	Increases	Decreases	Ending
Water fund:				
Capital assets not being depreciated:				
Construction in progress	$ 402,503	$ -	$ -	$ 402,503
Land	285,533	-	-	285,533
Total capital assets not being depreciated	688,036	-	-	688,036
Capital assets being depreciated:				
Water systems	15,801,933	1,536,909	-	17,338,842
Wastewater plant/system	2,495,327	-	-	2,495,327
Vehicles and equipment	126,861	-	-	126,861
Total capital assets being depreciated	18,424,121	1,536,909	-	19,961,030
Less accumulated depreciation for:				
Water systems	2,465,487	399,954	-	2,865,441
Wastewater plant/system	129,965	62,383	-	192,348
Vehicles and equipment	103,810	12,504	-	116,314
Total accumulated depreciation	2,699,262	474,841	-	3,174,103
Total capital assets being depreciated, net	15,724,859	1,062,068	-	16,786,927
Component unit capital assets, net	$ 16,412,895	$ 1,062,068	$ -	$ 17,474,963

Note 6: Interfund Balances and Transfers Activity

Interfund balances
Internal balances at December 31, 2013 consist of the following:

Due to General Fund from SPLOST Fund	$ 182,709

The interfund balances represent amounts owed, other than charges for goods and services due in less than 1 year. The interfund receivable represents money advanced by the General Fund that will be reimbursed by the SPLOST Fund.

Note 6: Interfund Balances and Transfers Activity, continued

Interfund transfers for the year ended December 31, 2013 were as follows:

	Transfers In			
Transfers Out	**Nonmajor Gov't Funds**	**Solid Waste Fund**	**General Fund**	**Total**
Governmental Funds:				
General	$ 396,240	$ 327,800	$ -	$ 724,040
Nonmajor Gov't Funds	-	-	36,578	36,578
	$ 396,240	$ 327,800	$ 36,578	760,618

The County routinely transfers unrestricted monies that are collected in its General Fund into funds that have either a statutory or budgetary requirement to expend funds used for certain purposes. The transfers to nonmajor governmental funds consist of transfers to the E-911 fund and to the D.A.T.E. fund. The E-911 fund expends all funds required to operate the County's E-911 system. The transfer from the general fund represents the amount of funding needed to operate the system beyond the amount collected from the E-911 surcharge. The transfer from the General fund to the D.A.T.E. fund was $47,099 and was required because a clarification in state law made it clear that funds restricted for the D.A.T.E. program were required to be held in a separate fund. The transfer to the Solid Waste Fund from General Fund represents the amount of funding needed to operate the County's transfer station beyond the tipping fees collected at the transfer station. The transfers from the nonmajor governmental funds to the general fund were made to reimburse costs incurred in the general fund that met the legal restrictions of certain revenues collected by the County and accounted for in a special revenue fund.

Note 7: Long-term Obligations

Governmental activities

Categories of debt

Capital Leases

The County is obligated under capital leases that it executed to purchase fire trucks that were subsequently subleased to volunteer fire departments in the county. Because the lease between the County and the volunteer fire departments qualified as a capital lease, the County removed the fire trucks from its capital asset records. The County still has rights to payments totaling $977,353 under the lease. See Note 8 for a more complete description of this leasing activity.

Business-type activities

Categories of debt

Notes payable

Note payable to Georgia Environmental Facilities Authority with an original principal of $465,185 to fund landfill closure, which accrues interest at a fixed rate of 5.6% per annum. The note is payable in 76 quarterly installments of $9,983 and matures July 1, 2016.	$ 101,121

Note 7: Long-term Obligation, continued

The annual debt service requirements to retire the above note payable are as follows:

	Business-type Activities		
Year Ending December 31,	**Principal**	**Interest**	**Total**
2014	34,995	4,936	39,931
2015	36,997	2,935	39,932
2016	29,129	820	29,949
	$ 101,121	$ 8,691	$ 109,812

Changes in long-term obligations for the year ended December 31, 2013 are as follows:

	Beginning	Increases	Decreases	Ending	Due within one year
Governmental activities:					
Capital lease obligations	$ 1,008,975	$ -	$ 174,563	$ 834,412	$ 193,116
Compensated absences	266,321	191,902	163,066	295,157	-
	$ 1,275,296	$ 191,902	$ 337,629	$ 1,129,569	$ 193,116

The General Fund has typically been used to liquidate long-term liabilities reported in governmental activities in the government-wide financial statements.

	Beginning	Increases	Decreases	Ending	Due within one year
Business-type activities:					
GEFA note payable	$ 134,223	$ -	$ 33,102	$ 101,121	$ 34,995
Landfill postclosure costs	125,025	-	8,335	116,690	8,335
Compensated absences	11,042	14,000	12,677	12,365	-
	$ 270,290	$ 14,000	$ 54,114	$ 230,176	$ 43,330

Note 7: Long-term Obligation, continued

Discretely Presented Component Unit – Madison County Industrial Development and Building Authority

Long-term Obligations – Notes Payable

The Authority has various notes with the Georgia Environmental Finance Authority (GEFA). These notes bear interest rates ranging from non-interest bearing to 5.05%. Two of the notes require quarterly payments of principal and interest of $5,059 and $9,024 and mature in 2020 and 2023, respectively. Nine of the notes require monthly payments of principal or principal and interest between $1,887 and $7,860 and mature between 2026 and 2033.

Debt Service Requirements

The annual requirements to amortize the GEFA notes at December 31, 2013 are as follows:

Year Ending December 31,	Principal	Interest	Total
2014	$ 501,626	$ 237,309	$ 738,935
2015	513,912	224,724	738,636
2016	526,873	211,760	738,633
2017	540,492	198,143	738,635
2018	554,523	184,111	738,634
2019-2023	2,931,043	696,344	3,627,387
2024-2028	2,722,837	318,033	3,040,870
2029-2033	1,225,423	53,631	1,279,054
	$ 9,516,729	$ 2,124,055	$ 11,640,784

Long-term Obligation Activity

Changes in long-term obligations for the year ended December 31, 2013 are as follows:

	Beginning	Increases	Decreases	Ending	Due within one year
GEFA notes payable - business-type activity	$ 8,914,271	$ 1,050,000	$ 447,542	$ 9,516,729	$ 501,626
Compensated absences	-	15,559	-	15,559	-
	$ 8,914,271	$ 1,065,559	$ 447,542	$ 9,532,288	$ 501,626

Two of the GEFA notes above are non-interest bearing. These notes have been adjusted to their net present value based on the interest rates paid on other debts of the IDBA. The calculation of the net present value is as follows:

GEFA notes outstanding	$ 9,516,729
Less: current portion of GEFA notes	(501,626)
Non-current portion of note payable	9,015,103
Less: discount on non-interest bearing notes	(626,332)
Net present value of non-current notes payable	$ 8,388,771

Note 8: Equipment Leased to Volunteer Fire Department

During 2006, the County leased a fire truck, which it then was leased to a volunteer fire department in the County. During 2010, the County leased six additional fire trucks, which were also leased to other volunteer fire departments in the County. During 2011, the County leased one additional fire truck. The leases are accounted for as capital leases because the volunteer fire departments will take title of the fire trucks upon making the final payments called for in the leases. The leases that the County signed for the trucks require the County to make all lease payments irrespective of whether it receives its lease payments from the volunteer fire departments. The County's lessors retain a security interest in the fire trucks.

The total value of all lease payments is recorded as a receivable in the general fund. The leases do not include a provision for the payment of contingent rentals. An amount corresponding to the total lease receivable is recorded as deferred revenue in the general fund as the amounts payable under the lease are not considered to be available by the County. In the government-wide financial statements, the capital lease is treated as a sale of the fire truck in the year that the lease is executed. Consequently, only the interest portion of the lease receivable is shown as unearned lease income in the Statement of Net Position.

Future minimum lease payments at December 31, 2013 are as follows:

2014	$ 201,663
2015	190,663
2016	157,717
2017	134,478
2018	122,456
2019-2020	170,377
Total minimum lease payments	977,353
Less: interest portion of minimum lease payments	(142,941)
Present value minimum lease payments	$ 834,412

The leases call for the volunteer fire department to pay all costs associated with operating the fire truck, including maintaining insurance coverage, during the lease term. Further, management expects that all lease payments will be made and that no allowance for uncollectible minimum lease payments is necessary. Finally, no residual value of the leased equipment will accrue to the County upon the expiration of the lease. Because expected future costs, allowances for uncollectibles, and residual value accruing to the County are all zero; the County's investment in the lease is equivalent to the present value of the minimum lease payments.

Note 9: Retirement Benefits

Defined Benefit Pension Plan

The County provides a defined benefit retirement program for its employees.

Plan Description

The County sponsors the Association County Commissioners of Georgia Restated Pension Plan for Madison County Employees (The Plan). The Plan, through execution of an adoption agreement, is affiliated with the Association County Commissioners of Georgia Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan administered by GEBCorp.

The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of The ACCG Plan. The County has the authority to amend the adoption agreement, which defines the specific operational provisions of The Plan.

Complete financial statements for The Plan can be obtained directly from the plan administrator at:
GEBCorp
400 Galleria Parkway, Suite 1250
Atlanta, Georgia 30339

All full-time County employees are eligible to participate in the Plan after completing three years of service. Benefits are fully vested after five years of service. Participants become eligible to retire at age 65 with 3 years of participation in the Plan. Upon eligibility to retire, participants are entitled to an annual benefit in the amount of 1.0% of average annual compensation up to $10,000 plus 1.5% of average annual compensation in excess of $10,000 plus $36 for each year of service, up to 35 years of service, payable as a life annuity. Service Compensation is averaged over a five year period prior to retirement or termination. The Plan also provides benefits in the event of death or disability. These benefit provisions were established by an adoption agreement executed by the County Board of Commissioners.

County employees are not required to contribute to the Plan. The County contributes the entire cost of the Plan, using the actuarial basis described in the annual valuation report.

Plan Asset Mix and Accounting Policies

The Plan's financial statements are prepared on an accrual basis, modified to include unrealized gains or losses on marketable securities owned by the Plan and increments in cash value of death benefits.

Plan assets do not include any loans, notes, bonds, or other instruments or securities of the County or related parties.

Plan Membership

Retirees and beneficiaries receiving benefits	48
Terminated plan members entitled to but not receiving benefits	76
Disabled and in Pay Status	1
Active plan members	149
Total	274

Contributions

The County is required to contribute at an actuarially determined rate. Section 47-20 of the Georgia Code sets forth the funding standards for state and local governmental pension plans. Administrative expenses are based on total covered payroll of plan members and are added to the annual funding requirement.

Note 9: Retirement Benefits, 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.

As of January 1, 2013 (the most recent actuarial valuation date), the County's total covered payroll for employees was $4,947,708. The required contribution for the 2013 plan year is $237,490, which represents 4.8% of covered payroll.

Annual Pension Cost

The County's recommended employer contribution and actual employer contribution was $542,112 and $513,939 for the 2013 Plan Year.

The information presented in the required supplementary schedules was determined as part of the actuarial valuation as of January 1, 2013. Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2013
Actuarial cost method	Projected Unit Credit
Amortization method	Level Percent of Pay (Closed)
Amortization period	10 years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases	4.0-6.5%
Includes inflation at	3.0%

Net Pension Obligation

During the 1997 Plan Year, the County implemented GASB Statements 25 and 27. The pension liability was determined at the time of transition to these new standards in accordance with Statement No. 27. Historically, the County has always made the actuarially determined employer contribution, so that the County had no pension liability or asset at the point of transition to the new standards.

Three Year Trend Information

Fiscal Year Beginning	Annual Pension Cost	Percent of APC Contributed	Net Pension Obligation (Benefit)
1/1/2013	$ 543,048	N/A	$ (172,695)
1/1/2012	514,880	100%	(173,636)
1/1/2011	464,247	100%	(174,844)
1/1/2010	443,167	101%	(170,142)

Note 9: Retirement Benefits, continued

The components of the County's annual pension cost that reconcile the beginning net pension obligation to the ending net pension obligation are as follows:

Net Pension Obligation - beginning	$ (173,636)
Annual Required Contribution (ARC)	513,939
Interest on Net Pension Obligation	(13,457)
Amortization of Net Pension Obligation	14,398
Contribution to Plan	(513,939)
Net Pension Obligation - ending	$ (172,695)

The schedule of funding progress presented as required supplementary information (RSI) immediately following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Measurement Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	(c) Covered Payroll	UAAL as a percentage of covered payroll (b - a) / c
12/31/2012	4,974,862	6,654,962	1,680,100	74.8%	4,771,514	35.2%

In addition, other pension and retirement plans are in effect, but are not under the direct control of the County. These elected officials are specifically excluded from the Defined Benefit Plan for County employees.

Probate Judge's Retirement Fund of Georgia

The Probate Judge is covered under a pension plan that requires that certain sums from marriage licenses and fines or forfeitures be remitted to the pension plan before the payment of any costs or other claims.

Clerk of Superior Court Retirement Fund

The Clerk of Superior Court is covered under a pension plan which requires that certain sums from fees and fines or forfeitures be remitted to the pension plan before the payment of any costs or other claims.

Sheriff's Retirement Fund/Peace Officer's Annuity and Benefit Fund

The Sheriff and sheriff deputies are covered under separate pension plans which require that certain sums from fines or bond forfeitures be remitted by the Probate Judge or Clerk of Superior Court to the pension plans before the payment of any costs or other claims.

Defined Contribution Plan

The County offers a Section 457 defined contribution retirement plan. The plan was established through resolution of the Board of Commissioners and may be amended through a similar action. The County makes no contributions to this plan. The plan is entirely funded through voluntary employee salary reduction. Employee contributions totaled $52,425.

Note 10: Risk Management

The County is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; natural disasters; and job-related illnesses or injuries to employees. The County carries commercial insurance for these various risk with deductibles of $2,500 on property loss and $25,000 on employment and related claims.

The County has joined together with other municipalities in the state as part of the Association of County Commissioners of Georgia Group Self-Insurance Workers' Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

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

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

Settled claims in the past three years have not exceeded the coverages.

Note 11: Landfill Costs

State and federal regulations require that Madison County place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site. The landfill was closed as of April 9, 1994 and converted to a transfer station. The percentage of landfill capacity used to date was 100% (full). The Closure Certificate was issued by the State of Georgia Department of Natural Resources with an effective date of August 22, 1997. All closure costs were incurred prior to the Closure Certificate date.

A provision and related liability are being recognized in the Solid Waste Fund based on the postclosure care costs estimated to be incurred in the remaining years of postclosure monitoring. The recognition of these landfill postclosure care costs is based on 100% usage of the landfill and is based on an estimate of the postclosure monitoring cost provided by an independent engineer hired by the County. Changes in inflation, technology, or applicable laws and regulations could result in actual costs that differ from the estimate.

During 2013, the County expended $6,877 on postclosure costs, which included various monitoring and remediation activities. Engineering consultants provided Madison County with estimated costs of $8,335 per year for the remaining postclosure costs. Therefore, the estimated liability for the remaining 14 years as shown on Madison County's financial statements for landfill postclosure costs is $116,690 as of December 31, 2013. Postclosure financial assurance requirements are being met through continually maintaining certain finance ratios.

The County expects to fund the costs of postclosure care from the Solid Waste Fund each year. The County expects that the Solid Waste Fund will report operating losses that will have to be funded through transfers from the General Fund for the foreseeable future.

The estimated total cost of the landfill postclosure care is based on the amount that would be paid if all remaining equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2013. However, the actual costs of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

Note 12: Commitments and Contingencies

Contingent Liabilities

The County participates in a number of federal and state assisted grant programs. Expenditures financed by grants are subject to audit by the appropriate grant or government. If expenditures are disallowed due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. The amount, if any, of disallowed expenditures discovered in future audits is expected to be immaterial.

Litigation

The County is a defendant in several lawsuits, which arose in the ordinary course of its activities. The County records liabilities resulting from such claims and litigation only when they become probable and measurable. No liability has been recorded for any of the lawsuits currently in process.

Note 13: Joint Venture

Northeast Georgia Regional Commission (RC)

Madison County, Georgia, along with cities and counties in the 12 county Northeast Georgia area is a member of the Northeast Georgia Regional Commission (RC). Membership in an RC is automatic for each municipality and county in the state. The Official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RCs. Each county and municipality in the state is required by law to pay minimum annual dues to the RC. The Board is comprised of not less than two (2) or more than five (5) representatives of each member county served by the RC. The manner of selecting such representatives from each member county is as follows:

- The chief elected official or the chair of the board of commissioners of each county served by the Center shall be a member (or a designated government official).
- One elected or appointed municipal government official from each county served by the Center. The mayors of the municipalities in such county shall select the municipal representative of that county.
- Not less than ten (10) or more than twenty (20) public members.
- A minority representation, the percentage of which is at least equal to the minority population of the geographical region served by the Board, as established by the latest United States Census.

The Georgia Planning Act of 1989 (OCGA 50-8-34) defines RCs as "public agencies and instrumentalities of their members". Georgia laws also provide that the member governments are liable for any debts or obligations of an RDC beyond its resources. (OCGA 50-8-39.1)

Complete financial statements of the Northeast Georgia Regional Commission can be obtained directly from the RC's administrative office at 305 Research Drive, Athens, Georgia 30610. The only transactions between the County and the RC in the current year were payment of the County's membership fee.

Note 14: Related Party

The County gives an annual appropriation to the Madison County Health Department to help fund their yearly operations. For the fiscal year ending December 31, 2013, the County funded the Health Department $154,109. The SPLOST referendum includes a provision requiring that a portion of the SPLOST will be spent pursuant to a contract with the Madison County Industrial Development and Building Authority (MCIDBA). The County remitted $179,169 to the MCIDBA during the year out of the SPLOST fund.

Note 15: Assets Restricted by Enabling Legislation

The County maintains several special revenue funds and a capital project fund to account for activities that are required by Georgia law. These funds have restrictions on the use of the remaining fund balance in the funds as follows:

SPLOST capital projects	$ 3,072,271
Judicial	77,857
Public safety	74,040
	$ 3,224,168

Note 16: Net Investment in Capital Assets

Net investment in capital assets is reported on the government-wide statement of net position as of year-end are as follows:

Net investment in capital assets:	
Governmental Assets:	
Capital assets not being depreciated	$ 1,021,184
Capital assets, net of depreciation	241,544,652
	$ 242,565,836

As described in Note 8, the County signed a capital lease for fire trucks and subsequently sold fire trucks through sub-leases, which also qualify as capital leases. The fire trucks have been removed from the County's assets and have been replaced by a capital lease receivable on the Statement of Net Position. Capital lease receivables do not qualify as capital assets. Therefore, the related lease obligation is not a capital lease obligation. Both the capital lease receivable and related capital lease obligation have been excluded from the County's calculation of net investment in capital assets. None of the County's capital lease obligations are related to the County's capital assets.

Required Supplementary Information

Madison County, Georgia
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual - General Fund
For the year ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 9,547,098	$ 9,556,348	$ 10,845,402	$ 1,289,054
Licenses and permits	57,300	57,500	77,302	19,802
Intergovernmental	157,459	820,457	823,838	3,381
Charges for services	1,252,887	1,332,213	1,577,548	245,335
Fines and forfeitures	620,500	638,183	594,162	(44,021)
Investment earnings	4,800	4,800	3,060	(1,740)
Contributions and donations	64,100	66,550	50,941	(15,609)
Miscellaneous	49,039	319,401	364,698	45,297
Total revenues	11,753,183	12,795,452	14,336,951	1,541,499
EXPENDITURES				
Current:				
General government				
General government	2,233,519	944,951	904,515	40,436
Governing body	174,082	179,054	156,175	22,879
Financial administration	339,599	317,234	303,966	13,268
Elections administration	30,793	30,793	26,519	4,274
Registrar's Office	66,068	75,453	78,905	(3,452)
Information technology	179,120	188,594	183,649	4,945
Tax Commissioner	273,510	364,267	341,290	22,977
Tax Assessor	278,943	333,827	313,444	20,383
Building and plant	120,993	135,085	112,438	22,647
Judicial				
Superior Court	291,415	387,209	355,159	32,050
Clerk of Superior Court	298,443	362,302	372,798	(10,496)
Magistrate Court	183,136	209,463	195,619	13,844
Probate Court	197,483	252,942	251,601	1,341
Public Defender	-	941	941	-
Public Safety				
Law enforcement	2,627,948	3,317,754	3,524,776	(207,022)
Emergency management	683,823	683,823	683,871	(48)
Emergency medical service	1,455,539	1,694,716	1,689,116	5,600
Coroner	23,700	26,138	34,372	(8,234)
Animal Control	84,360	84,360	84,360	-
Highways and Roads				
Highways and Streets	736,345	2,187,477	2,174,634	12,843
Vehicle Maintenance	498,150	500,169	659,702	(159,533)
Health and welfare				
Food Bank	70,393	82,619	72,139	10,480
Senior Citizens Center	225,209	268,731	256,169	12,562
Public Education	32,280	32,280	26,424	5,856
Extension Office	17,621	17,621	18,789	(1,168)
Health	220,603	232,232	231,814	418
Culture and recreation				
Recreation	462,317	518,867	508,716	10,151
Bicentennial committee	21,700	21,700	21,700	-
Library administration	187,382	187,382	187,366	16
Housing and development				
Planning, zoning and inspections	278,555	345,195	327,435	17,760
Chamber of Commerce	4,000	4,000	3,667	333
Forest Resources	9,401	9,401	9,439	(38)

Madison County, Georgia
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual - General Fund
For the year ended December 31, 2013

Debt Service:				
Principal	19,331	174,882	174,563	319
Interest and other charges	3,908	57,702	58,542	(840)
Total Expenditures	12,329,669	14,229,164	14,344,613	(115,449)
Excess (deficiency) of revenues over over expenditures	(576,486)	(1,433,712)	(7,662)	1,426,050
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	36,578	36,578
Transfers out	-	-	(724,040)	(724,040)
Total other financing sources and uses	-	-	(687,462)	(687,462)
Net change in fund balances	(576,486)	(1,433,712)	(695,124)	738,588
Fund balances - beginning	10,896,595	10,896,595	10,896,595	-
Fund balances - ending	$ 10,320,109	$ 9,462,883	$ 10,201,471	$ 738,588

Madison County, Georgia
Required Supplementary Information
December 31, 2013

RETIREMENT PLAN
Schedule of Funding Progress

Measurement Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Projected Unit Credit	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	(c) Covered Payroll	UAAL as a percentage of covered payroll (b - a) / c
12/31/2012	4,974,862	6,654,962	1,680,100	74.8%	4,771,514	35.2%
12/31/2011	4,537,824	6,052,751	1,514,927	75.0%	4,239,735	35.7%
12/31/2010	4,152,514	5,585,275	1,432,761	74.3%	4,037,140	35.5%
12/31/2009	3,764,221	5,330,471	1,566,250	70.6%	4,376,751	35.8%
12/31/2008	3,304,421	4,726,228	1,421,807	69.9%	4,042,631	35.2%
12/31/2007	3,057,181	4,483,153	1,425,972	68.2%	4,060,238	35.1%
12/31/2006	2,579,786	3,939,783	1,359,997	65.5%	3,460,804	39.3%

NOTE A: BASIS OF PRESENTATION

The budget is prepared and adopted on a basis consistent with generally accepted accounting principles (GAAP).

NOTE B: EXCESS OVER APPROPRIATIONS IN INDIVIDUAL FUNDS

Individual departments within the General Fund reported expenditures in excess of appropriations of:

General Fund:

The County evaluated these expenditures in excess of appropriation in the General Fund and determined that they do not represent a *significant* violation of the budget and they are not reported in the footnotes to the financial statements:

Registrar's Office	3,452
Clerk of Superior Court	10,496
Emergency Management	48
Coroner	8,234
Extension Office	1,168
Forest Resources	38

The County determined that the following expenditures in excess of appropriation in the General Fund do represent a *significant* violation of the budget and has included this violation of the budget in the footnotes to the financial statements:

Law Enforcement	207,022
Vehicle Maintenance	159,533

Combining and Individual Fund Statements and Schedules

Madison County, Georgia
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2013

	Clerk Deed Fund	PEPI & Seized Drug	Drug Abuse Treatment Fund	E-911	Law Library	Jail Fund	Total Special Revenue Funds
ASSETS							
Cash and cash equivalents	$ 61,909	$ 9,715	$ -	$ 55,251	$ 15,948	$ -	$ 142,823
Accounts receivable	-	-	-	78,967	-	-	78,967
Total assets	61,909	9,715	-	134,218	15,948	-	221,790
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	-	-	-	7,070	-	-	7,070
Accrued salaries and benefits	-	-	-	62,823	-	-	62,823
Total liabilities	-	-	-	69,893	-	-	69,893
Fund balances:							
Restricted							
Judicial	61,909	-	-	-	15,948	-	77,857
Public safety	-	9,715	-	64,325	-	-	74,040
Total fund balances	61,909	9,715	-	64,325	15,948	-	151,897
Total liabilities and fund balances	$ 61,909	$ 9,715	$ -	$ 134,218	$ 15,948	$ -	$ 221,790

Madison County, Georgia
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013

	Clerk Deed Fund	PEPI & Seized Drug	Drug Abuse Treatment Fund	E-911	Law Library	Jail Fund	Total Special Revenue Funds
REVENUES							
Charges for services	$ 17,636	$ -	$ -	$ 504,389	$ 6,689	$ -	$ 528,714
Fines and forfeitures	-	41,488	13,800	-	-	36,578	91,866
Investment earnings	319	-	-	45	61	-	425
Miscellaneous	-	-	-	486	-	-	486
Total revenues	17,955	41,488	13,800	504,920	6,750	36,578	621,491
EXPENDITURES							
Current:							
Judicial	3,210	-	-	-	5,003	-	8,213
Public Safety	-	38,475	60,899	842,791	-	-	942,165
Total Expenditures	3,210	38,475	60,899	842,791	5,003	-	950,378
Excess (deficiency) of revenues over (under) expenditures	14,745	3,013	(47,099)	(337,871)	1,747	36,578	(328,887)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	47,099	349,141	-	-	396,240
Transfers (out)	-	-	-	-	-	(36,578)	(36,578)
Total other financing sources and uses	-	-	47,099	349,141	-	(36,578)	359,662
Net change in fund balances	14,745	3,013	-	11,270	1,747	-	30,775
Fund balances - beginning	47,164	6,702	-	53,055	14,201	-	121,122
Fund balances - ending	$ 61,909	$ 9,715	$ -	$ 64,325	$ 15,948	$ -	$ 151,897

Madison County, Georgia
Clerk's Deed Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Charges for services	$ 11,500	$ 11,500	$ 17,636	$ 6,136
Investment income	-	-	319	319
Total revenues	11,500	11,500	17,955	6,455
EXPENDITURES				
Current:				
Judicial	11,500	11,500	3,210	8,290
Total expenditures	11,500	11,500	3,210	8,290
Net change in fund balances	-	-	14,745	14,745
Fund balances - beginning	47,164	47,164	47,164	-
Fund balances - ending	$ 47,164	$ 47,164	$ 61,909	$ 14,745

Madison County, Georgia
Seized and Forfeited Funds Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Fines and forfeitures	$ 60,000	$ 60,000	$ 41,488	$ (18,512)
Total revenues	60,000	60,000	41,488	(18,512)
EXPENDITURES				
Current:				
Public safety	50,000	50,000	38,475	11,525
Total expenditures	50,000	50,000	38,475	11,525
Net change in fund balances	10,000	10,000	3,013	(6,987)
Fund balances - beginning	6,702	6,702	6,702	-
Fund balances - ending	$ 16,702	$ 16,702	$ 9,715	$ (6,987)

Madison County, Georgia
Drug Abuse Treatment Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Fines and forfeitures	$ 14,000	$ 14,000	13,800	$ (200)
Total revenues	14,000	14,000	13,800	(200)
EXPENDITURES				
Current:				
Public safety	52,809	62,253	60,899	1,354
Total expenditures	52,809	62,253	60,899	1,354
Deficit of revenues under expenditures	(38,809)	(48,253)	(47,099)	1,154
OTHER FINANCING SOURCES (USES)				
Transfers in	38,809	48,253	47,099	(1,154)
Total other financing sources and (uses)	38,809	48,253	47,099	(1,154)
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ -	$ -

Madison County, Georgia
E-911 Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Charges for services	$ 465,000	$ 465,000	$ 504,389	$ 39,389
Investment income	-	-	45	45
Miscellaneous	150	191	486	295
Total revenues	465,150	465,191	504,920	39,729
EXPENDITURES				
Current:				
Public safety	743,922	872,231	842,791	29,440
Total expenditures	743,922	872,231	842,791	29,440
Deficiency of revenues under expenditures	(278,772)	(407,040)	(337,871)	69,169
OTHER FINANCING SOURCES				
Transfers	225,717	353,985	349,141	(4,844)
Total other financing sources	225,717	353,985	349,141	(4,844)
Net change in fund balances	(53,055)	(53,055)	11,270	64,325
Fund balances - beginning	53,055	53,055	53,055	-
Fund balances - ending	$ -	$ -	$ 64,325	$ 64,325

Madison County, Georgia
Law Library Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Charges for services	$ 12,000	$ 12,000	$ 6,689	$ (5,311)
Investment income	-	-	61	61
Total revenues	12,000	12,000	6,750	(5,250)
EXPENDITURES				
Current:				
Judicial	12,000	12,000	5,003	6,997
Total expenditures	12,000	12,000	5,003	6,997
Net change in fund balance	-	-	1,747	1,747
Fund balances - beginning	14,201	14,201	14,201	-
Fund balances - ending	$ 14,201	$ 14,201	$ 15,948	$ 1,747

Madison County, Georgia
Jail Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Fines and forfeitures	$ 63,000	$ 63,000	$ 36,578	$ (26,422)
Total revenues	63,000	63,000	36,578	(26,422)
Excess of revenues over expenditures	63,000	63,000	36,578	(26,422)
OTHER FINANCING (USES)				
Transfers (out)	(63,000)	(63,000)	(36,578)	26,422
Total other financing (uses)	(63,000)	(63,000)	(36,578)	26,422
Net change in fund balance	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ -	$ -

Exhibit I

Madison County, Georgia
Fiduciary Funds
Combining Schedule of Fiduciary Assets and Liabilities
December 31, 2013

	Tax Commissioner	Sheriff	Clerk of Superior Court	Probate Court	Magistrate Court	Total Fiduciary Funds
ASSETS						
Cash	$ 881	$ 36,314	$ 348,542	$ 400	$ 1,606	$ 387,743
Total Assets	$ 881	$ 36,314	$ 348,542	$ 400	$ 1,606	$ 387,743
LIABILITIES						
Due to others	881	36,314	348,542	400	1,606	387,743
Total Liabilities	$ 881	$ 36,314	$ 348,542	$ 400	$ 1,606	$ 387,743

Compliance Section

Treadwell, Tamplin & Co.
Certified Public Accountants
A Limited Liability Partnership
157 West Jefferson Street
Madison, Georgia 30650
Ph: 706-342-1040
Fax: 706-342-1041

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

To the Honorable Commissioners of
Madison County, Georgia

We have audited, in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activity, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Madison County, Georgia, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Madison County, Georgia's basic financial statements and have issued our report thereon dated December 22, 2014. We did not audit the financial statements of the Madison County Health Department. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Madison County Health Department, is based on the report of the other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Madison 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 the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Madison 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 of this section 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 audit findings and responses, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

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. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of audit findings and responses at *2013-003* and *2013-004* to be material weaknesses.

Compliance and Other Matters

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

noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of audit findings and responses as items *2013-001* and *2013-002*

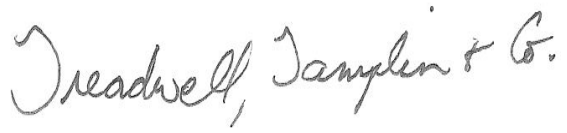
We noted certain matters that we reported to management of Madison County, Georgia in a separate letter dated December 22, 2014.

Madison County, Georgia's Response to Findings

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

Purpose of this Report

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



Madison, Georgia
December 22, 2014

2013-001: Collateralization in Accordance With O.C.G.A § 45-8-12

Criteria:	O.C.G.A §45-8-12 requires that the uninsured bank deposits of political subdivisions of the state of Georgia be collateralized at 110 percent of the balance of the uninsured deposits.
Condition:	We noted that one bank collateralized the County's $3,534,113 of uninsured deposits with a $3,000,000 letter of credit. This left $534,113 of the County's deposits uncollateralized.
Effect:	The County did not comply with the requirements of O.C.G.A. §45-8-12 because it did not ensure that one of the banks that held its uninsured deposits posted sufficient collateral.
Cause:	The bank in question did not monitor the collateral that it pledged for public funds closely enough to ensure that its posted collateral was sufficient. The County's monitoring and follow up of the bank's pledged collateral was not sufficient to prevent the error.
Recommendation:	We recommend that the County regularly review the accounts that each bank reports as insured by the FDIC. The County should regularly receive a listing of the assets pledged as collateral for any uninsured deposits to ensure that the collateral is adequate. If the County finds that any deposits are not adequately collateralized, we recommend that the County take the necessary steps to ensure that the error is corrected.
Views of Officials:	Management concurs with the finding. This finding has already been corrected by the bank obtaining an additional letter of credit causing all of the County's uninsured deposits to be collateralized.

2013-002: Expenditures in Excess of Appropriations

Criteria:	Georgia law requires that expenditures not exceed the amount approved in the budget at the County's legal level of control.
Condition:	The County's legal level of control is the department level. The County had two departments, Law Enforcement and Vehicle Maintenance, whose expenditures exceeded appropriations such that a significant violation of the budget requirement was reported.
Effect:	The County did not comply with Georgia law requiring that expenditures not exceed budgeted amounts.
Cause:	The Law Enforcement and Vehicle Maintenance department expenditures exceeded their budget because the Sheriff's Office and Vehicle Maintenance department head approved the expenditure of funds that were not included in their budget without requesting a budget amendment from the Board of Commissioners before doing so.
Recommendation:	We recommend that the Sheriff's Office and Board of Commissioners work together to monitor actual expenditures in comparison to the budget. We recommend that management put policies in place to ensure that the budget is not overspent. Possible policies that management could implement include requesting budget amendments when it becomes clear that a department is likely to overspend its budget or putting in place procedures to limit the expenditures of departments when it becomes clear that the departments expenditures will likely exceed the budgeted amounts.
Views of Officials:	Management concurs with the finding. Management has met with the affected departments and has come to an agreement that the budget to actual comparisons will be more closely monitored. The Sheriff's Office has agreed to request a budget amendment in the event that funds above the originally approved budget are needed.

2013-003: Accounting for the Title Ad Valorem Tax

Criteria:	The governmental funds should report all of the governmental revenues of the entity on the modified accrual basis. Further, capital projects funds should only include financial resources that are restricted, committed, or assigned to expenditure for capital outlay.
Condition:	The Tax Commissioner received the proceeds of the new Title Ad Valorem Tax (TAVT) and distributed the tax based on her understanding of the law. Portions of the TAVT were paid to the Madison County Industrial Development and Building Authority (MCIDBA) even though none of the tax should have been forwarded to that entity. The County accounted for the proceeds of the TAVT that it received in the SPLOST fund even though the proceeds of the TAVT are not restricted to SPLOST purposes.
Effect:	The distribution error resulted in $30,932 of revenue that should have been retained by the County being paid out to the Madison County Industrial Development and Building Authority. The County recording the TAVT revenue in the SPLOST fund resulted in misstatements in an overstatement of revenue and assets in the SPLOST fund and a corresponding understatement in the General fund.
Cause:	The TAVT is a new system for taxing motor vehicles that replaced the sales tax and the annual ad valorem tax ("birthday tax") on motor vehicles. The TAVT is collected by the Tax Commissioner who remits the money to different agencies based on formulas found in the law authorizing the TAVT. One of the formulas is based on the percentages of SPLOST revenues that are paid to each municipality. The fact that the TAVT took the place of the sales tax and that some of the revenues are allocated using the same formula used to allocate the SPLOST resulted in the Tax Commissioner and the finance staff erroneously thinking that the TAVT proceeds should be treated like SPLOST proceeds.
Recommendation:	We recommend that the County request that the MCIDBA refund the TAVT that it was paid in error. The County has the option of deciding to appropriate funding to the MCIDBA to make up for the reduction in funding that the MCIDBA will experience because of the change from a sales tax to the TAVT. If the County decides to make such an appropriation, it will be recorded as an expenditure rather than the reduction of revenue that originally happened when the MCIDBA was sent a portion of the TAVT that it was not entitled to. We have already provided training to the Tax Commissioner and finance staff regarding the proper distributions of and accounting for the TAVT.
Views of Officials:	Management concurs with the audit finding. Management has already requested a refund from the MCIDBA as requested by the auditor. The finance staff and the Tax Commissioner now have a good understanding of the proper distribution and accounting of the TAVT after they received the needed training.

2013-004: Revenue Recognition in the 9-1-1 Fund

Criteria:	The 9-1-1 surcharge is an imposed nonexchange transaction. GASB 33 requires that revenue from such transactions be recorded in the period that the underlying transaction took place.
Condition:	One cellular provider remitted a $32,544 payment to the County for the 9-1-1 surcharge for the fourth quarter of 2013. The County erred by not recording a revenue and related receivable in accordance with the guidance found in GASB 33.
Effect:	Revenue and related receivables in the nonmajor funds were understated by $32,544 and an audit adjustment was required to correct this error.
Cause:	The finance office uses a spreadsheet summarizing 9-1-1 surcharge payments received after year-end to accumulate the accounts receivable in the 9-1-1 fund. This payment was overlooked when the finance office recorded the accounts receivable.

2013-004: Revenue Recognition in the 9-1-1 Fund, continued

Recommendation:	We recommend that the finance office compare the ending receivable balance in the 9-1-1 fund to the prior year's balance to help identify any errors in the accounts receivable entry. We also suggest that the finance office scan the 9-1-1 surcharges received to ensure that revenue has been received from each provider for all periods during the year.
Views of Officials:	Management concurs with the audit finding. The Finance Director will implement the auditor's suggestion.

Madison County, Georgia
Schedule of Projects Constructed
With Special Sales Tax Proceeds
For the Year Ended December 31, 2013

	Original Estimated Cost	Expenditures			Estimated Percentages of Completion
		Prior Years	Current Year	Total	
2008 Referendum					
Expansion of County Jail	$ 3,300,000	$ -	$ -	$ -	0%
Recreation	1,000,000	671,449	92,506	763,955	76%
Library	750,000	581,486	-	581,486	78%
E-911	424,400	205,842	284,027	489,869	115%
EMS	270,000	114,782	-	114,782	43%
Transfer Station	124,800	65,895	-	65,895	53%
Old Courthouse	90,000	7,895	-	7,895	9%
Road and bridge improvements	3,950,800	3,325,242	411,012	3,736,254	95%
Payments to Industrial Development and Building Authority for water and sewer projects	1,190,000	836,330	179,169	1,015,499	85%
Payments to cities for capital projects					
City of Carlton	128,587	90,417	19,370	109,787	85%
City of Colbert	269,316	189,246	40,542	229,788	85%
City of Comer	580,574	408,069	87,421	495,490	85%
City of Danielsville	252,208	177,292	37,981	215,273	85%
City of Hull	88,300	62,075	13,299	75,374	85%
City of Ila	181,015	127,257	27,263	154,520	85%
Totals	$ 12,600,000	$ 6,863,277	$ 1,192,590	$ 8,055,867	

Madison County
Certification of 9-1-1 Expenditures
For the Year Ended 2013

Line No.		O.C.G.A. Reference:		
1	Indicate UCOA Fund Type Used to Account for 9-1-1 Activity (choose one):			
	__X__ Special Revenue Fund ____ Enterprise Fund			
	Expenditures (UCOA Activity 3800)			
2	Wireless service supplier cost recovery charges (identify each supplier individually on lines below - attach list, if necessary)	46-5-134(e)		
	AT&T		$	31,115.70
	Sprint		$	327.79
	Southern Linc		$	10.80
3	Emergency telephone equipment, including necessary computer hardware, software, and data base provisioning, addressing, and nonrecurring costs of establishing a 9-1-1 system:			
3a	Lease costs	46-5-134(f)(1)(A)	$	
3b	Purchase costs	46-5-134(f)(1)(A)	$	
3c	Maintenance costs	46-5-134(f)(1)(A)	$	
4	Rates associated with the service suppliers 9-1-1 service and other service suppliers recurring charges	46-5-134(f)(1)(B)	$	58,707.72
5	Employees hired by the local government solely for the operation and maintenance of the emergency 9-1-1 system and employees who work as directors as defined in O.C.G.A. §46-5-138.2			
5a	Salaries and wages	46-5-134(f)(1)(C)	$	469,759.90
5b	Employee benefits	46-5-134(f)(1)(C)	$	148,350.30
6	Cost of training of employees who work as dispatchers or directors	46-5-134(f)(1)(D)	$	1,365.63
7	Office supplies of the public safety answering points used directly in providing emergency 9-1-1 system services	46-5-134(f)(1)(E)	$	3,464.11
8	Building used as a public safety answering point:			
8a	Lease costs	46-5-134(f)(1)(F)	$	
8b	Purchase costs	46-5-134(f)(1)(F)	$	
9	Computer hardware and software used at a public safety answering point, including computer assisted dispatch systems and automatic vehicle location systems:			
9a	Lease costs	46-5-134(f)(1)(G)	$	
9b	Purchase costs	46-5-134(f)(1)(G)	$	269.97
9c	Maintenance costs	46-5-134(f)(1)(G)	$	28,261.85

Madison County
Certification of 9-1-1 Expenditures
For the Year Ended 2013

Line No.		O.C.G.A. Reference:		
10	Supplies directly related to providing emergency 9-1-1 system services, including the cost of printing emergency 9-1-1 public education materials	46-5-134(f)(1)(H)	$	31,831.68
11	Logging recorders used at a public safety answering point to record telephone and radio traffic:			
11a	Lease costs	46-5-134(f)(1)(I)	$	
11b	Purchase costs	46-5-134(f)(1)(I)	$	
11c	Maintenance costs	46-5-134(f)(1)(I)	$	
12	Insurance purchased to insure against risks and liability in the operation and maintenance of the 9-1-1 system on behalf of the local government or on behalf of employees hired by the local government solely for the operation and maintenance of the 9-1-1 system and employees who work as directors	46-5-134(f)(2)(B)(i)	$	
13	Mobile communications vehicle and equipment, if the primary purpose and designation of such vehicle is to function as a backup 9-1-1 system center			
13a	Lease costs	46-5-134(f)(2(B)(ii)	$	
13b	Purchase costs	46-5-134(f)(2(B)(ii)	$	
13c	Maintenance costs	46-5-134(f)(2(B)(ii)	$	
14	Allocation of indirect costs associated with supporting the 9-1-1 system center and operations as identified and outlined in an indirect cost allocation plan approved by the local governing authority that is consistent with the costs allocated within the local government to both governmental and business-type activities	46-5-134(f)(2)(B)(iii)	$	
15	Mobile public safety voice and data equipment, geo-targeted test messaging alert systems, or towers necessary to carry out the function of 9-1-1 system operations			
15a	Lease costs	46-5-134(f)(2(B)(iv)	$	1,200.00
15b	Purchase costs	46-5-134(f)(2(B)(iv)	$	
15c	Maintenance costs	46-5-134(f)(2(B)(iv)	$	
16	Public safety voice and data communications systems located in the 9-1-1 system facility that further the legislative intent of providing the highest level of emergency response service on a local, regional, and state-wide basis, including equipment and associated hardware and software that supports the use of public safety wireless voice and data communication systems			
16a	Lease costs	46-5-134(f)(2(B)(v)	$	
16b	Purchase costs	46-5-134(f)(2(B)(v)	$	3,481.30
16c	Maintenance costs	46-5-134(f)(2(B)(v)	$	64,643.89

Madison County
Certification of 9-1-1 Expenditures
For the Year Ended 2013

Line No.		O.C.G.A. Reference:	
17	Other expenditures not included in Lines 2 through 16 above. Identify by object and purpose.		
	_____		$ _____
	_____		$ _____
	_____		$ _____
	_____		$ _____
	_____		$ _____
	_____		$ _____
	_____		$ _____
	_____		$ _____
18	Total Expenditures (total of all amounts reported on Lines 2 through 17 above)		$ 842,790.64

Certification of Local Government Officials

I have reviewed the information presented in this report and certify that it is accurate and correct. I further certify that the 9-1-1 funds were expended in compliance with the expenditure requirements specified in the Official Code of Georgia Annotated (OCGA), Section 46-5-134. I understand that, in accordance with OCGA Section 46-5-134(m)(2), any local government which makes expenditures not in compliance with this Code section may be held liable for pro rata reimbursement to telephone and wireless telecommunications subscribers of amounts improperly expended. Further, the noncompliant local government shall be solely financially responsible for the reimbursement and for any costs associated with the reimbursement. Such reimbursement shall be accomplished by the service providers abating the imposition of the 9-1-1 charges and 9-1-1 wireless enhanced charges until such abatement equals the total amount of the rebate.

Signature of Chief Elected Official _____ Date 12/22/14

Print Name of Chief Elected Official Anthony Dove

Title of Chief Elected Official Chairman - Board of Commissioners

Signature of Chief Financial Officer Kathy Clark Date 12/22/14

Print Name of Chief Financial Officer Kathy Clark