# MITCHELL COUNTY, GEORGIA

## FINANCIAL REPORT

## FOR THE YEAR ENDED
## DECEMBER 31, 2013

# MITCHELL COUNTY, GEORGIA

## FINANCIAL REPORT
## FOR THE YEAR ENDED DECEMBER 31, 2013

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# MITCHELL COUNTY, GEORGIA

## FINANCIAL REPORT
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# FINANCIAL SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

# INDEPENDENT AUDITOR'S REPORT

**To the Board of Commissioners**
**of Mitchell County, Georgia**
**Camilla, Georgia**

**Report on the Financial Statements**
We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Mitchell County, Georgia (the "County")**, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Mitchell County, Georgia'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 Mitchell County Board of Health, which represents 100%, of the assets, net position, and revenues of the aggregate discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Mitchell County Board of Health, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

**Opinions**

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Mitchell County, Georgia as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparisons for the General Fund for the year then ended in accordance 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 that the Management's Discussion and Analysis (on pages 4 through 10) and the Schedule of Funding Progress on page 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2014, on our consideration of Mitchell County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mitchell County, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Albany, Georgia
June 27, 2014

**Introduction**

As County Administrator of Mitchell County, Georgia, I, along with the Board of Commissioners, offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Mitchell County for the year ended December 31, 2013. This discussion is intended to help provide a comprehensive understanding of the financial performance and condition of Mitchell County, Georgia taken as a whole. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in the financial statements and the notes to the financial statements.

Fiscal Year 2013 is the ninth year Mitchell County has prepared its annual report in compliance with the financial reporting model, GASB 34. This reporting model is a combination of both Government–Wide Financial Statements and Fund Financial Statements. As such, our basic financial statements contain three components:

1) Government-Wide Financial Statements including the Statement of Net Position and the Statement of Activities. These statements provide a broad, long-term overview of the County's finances based upon the driving factors of economic resources available.
2) Fund Financial Statements including Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance. These statements focus more on the short-term performance of the County's finances based upon the current financial resources available.
3) Notes to financial statements.

The discussion and analysis will assist the reader by highlighting and summarizing in general terms the basic financial information contained within the annual report.

**Financial Highlights**

Key Financial Highlights for fiscal year 2013 are as follows:

Government-Wide Financial Statements:

- At December 31, 2013, Mitchell County's assets exceeded its liabilities by $17,736,814 (net position).
- The County's $18,435,309 net investment in capital assets leaves the County with ($698,495) in net position of which $4,875,598 is restricted in governmental activities.
- Mitchell County, Georgia's total net position increased from $13,833,479 in the prior year to $17,258,813 in the current year, for a total increase of $3,425,134, or 24.76%.
- Mitchell County, Georgia's revenues for fiscal year 2013 totaled $21,026,056. Of this amount, 57% are property tax revenues, 11% are sales tax revenues, 3% are other tax revenues, 19% are charges for services and the remaining 10% are other revenues. This is a 1 % increase over fiscal year 2012 revenues.
- Mitchell County, Georgia's total program expenses for fiscal year 2013 totaled $17,427,177. Of this amount, 34% are public safety expenses, 17% are general governmental expenses, 2% are housing and development expenses, 28% are public works expenses and the remaining 19% are other expenses. This is a 3% decrease over fiscal year 2012 expenses.

Governmental Funds Financial Statements:

- Mitchell County, Georgia's Governmental Funds recorded total assets of $10,751,255 for the year ended December 31, 2013. This amount is over the total Governmental Funds liabilities and deferred inflows of resources by $8,295,292 (fund balance).

- Total Governmental Fund's fund balances for the year ending December 31, 2013 increased by $2,957,487 from the previous year. This increase was a result of a $2,386,571 increase in the General Fund, a $57,395 decrease in the 2006-2011 Sales Tax Fund, a $728,807 increase in the 2012-2017 Sales Tax Fund, and a $100,496 decrease in Other Governmental Funds.
- Total Governmental Fund Balance is $8,295,292, with $2,796,933 classified as unassigned.
- Total revenues for the General Fund were over budgeted amounts by $817,187 or approximately 5.5% and total expenditures for the General Fund were under budget by $1,306,688, or approximately 8.5%.

**Overview of the Financial Statements**

The reporting model for the Government-Wide Financial Statements is designed to provide readers with a broad overview of the County's financial performance over the past year and the resulting condition thereof. The statements resemble those of private sector business by taking on an "economic resource" approach as opposed to a "current resource" approach traditionally found in Fund Financial Statements. Additionally, this Management Discussion & Analysis helps highlight and emphasize in plain language the events that have occurred over the past year to bring about the current financial condition of the County. I encourage readers to review all of the basic financial statements, along with the MD&A and supplementary information in order to fully understand the overall financial position of Mitchell County, Georgia.

**Reporting on the County as a Whole**

The model of financial reporting, which includes the Statement of Net Position and the Statement of Activities beginning on page 11, helps readers identify whether or not the County as a whole is in better condition as a result of the events that have taken place over the past year. These statements capture *all* assets and liabilities using the *accrual basis of accounting.* This format of accounting resembles that used by most private-sector companies by recording all of the current year's revenues and expenses regardless of when cash is received or paid.

In the Statement of Net Position and the Statement of Activities, the County is presented in two distinct activities:

- Governmental Activities – This section reports most of the familiar governmental services: general government, judicial, public safety, public works, health and welfare, recreation, and housing and development. The majority of funding for these programs comes from property taxes, sales tax, charges for services, and fines & forfeitures.
- Business-type Activities – This section reports activities that are financed and operated in a manner similar to private business enterprises where the intent of the governing authority is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing authority has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. For purposes of this paragraph, the term "costs" means expenses, including depreciation.
- Component units – There are two component unit reports, the Mitchell County Development Authority and the Mitchell County Board of Health. Although these units are legally separate entities, it is important because the County has a significant financial interest in these units.

**Reporting on the County's Most Significant Funds**

The Fund Financial Statements beginning on page 17 provide a more detailed look at the County's most significant funds – not the County as a whole. While some funds are required by state law, others are established by the Board of Commissioners to help control budgets and financing for specific purposes. The County maintains three categories of funds: Governmental, Proprietary and Fiduciary.

- Governmental Funds – As you might expect; most of the familiar governmental services (general government, judiciary, public safety, public works, health and welfare, recreation, housing and development) are captured and reported in Governmental Funds. These funds use a method of accounting called the modified accrual approach. This method of accounting measures cash and other financial assets that can be readily converted into cash. The Governmental Funds provide a short-term view of the County's general government operations and services, and help determine the amount of financial resources that are available in the near future to fund County programs. On page 19 is the reconciliation between the Statements of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds and the Statements of Activities.
- Proprietary Funds - The County maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its Water and Sewer System Fund and Self-Insurance Health Benefit Fund. The accounting method used for these funds is much like that used for a business, the *full accrual* method.
- Fiduciary Funds - These funds are established to report on assets being held by the County for the benefit of parties outside the County. Although these funds are presented in the Fund Financial statements, they do not appear in the Government-wide statements because the resources of these funds are not available to support the programs of Mitchell County Local Government. The accounting method used for these funds is much like that used for proprietary funds, the *full accrual* method.

**Mitchell County Government-Wide Financial Analysis**

The following table presents a summary of the Statement of Net Position for the County as of December 31, 2013 and 2012.

**Table 1**
**Summary of Net Position**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | **2013** | **2012** | **2013** | **2012** | **2013** | **2012** |
| Current and Other Assets | **$ 10,760,859** | $ 7,026,817 | **$ 36,851** | $ 34,633 | **$ 10,797,710** | $ 7,061,450 |
| Capital Assets | **18,661,874** | 18,737,657 | **656,724** | 698,907 | **19,318,598** | 19,436,564 |
| Total Assets | **29,422,733** | 25,764,474 | **693,575** | 733,540 | **30,116,308** | 26,498,014 |
| Long-term Liabilities | **9,752,549** | 9,972,781 | **126,279** | 153,868 | **9,878,828** | 10,126,649 |
| Other Liabilities | **2,411,371** | 1,958,014 | **89,295** | 275,416 | **2,500,666** | 2,233,430 |
| Total Liabilities | **12,163,920** | 11,930,795 | **215,574** | 429,284 | **12,379,494** | 12,360,079 |
| Net Position: | | | | | | |
| Net Investment in Capital Assets | **17,929,209** | 18,253,044 | **506,100** | 519,681 | **18,435,309** | 18,772,725 |
| Restricted | **4,875,598** | 2,614,258 | **-** | - | **4,875,598** | 2,614,258 |
| Unrestricted | **(5,545,994)** | (7,033,623) | **(28,099)** | (215,425) | **(5,574,093)** | (7,249,048) |
| Total Net Position | **$ 17,258,813** | $ 13,833,679 | **$ 478,001** | $ 304,256 | **$ 17,736,814** | $ 14,137,935 |

Net Position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by $17,736,814 at the close of the most recent fiscal year.

By far the largest portion of the County's net position (106 percent) reflects its investment in capital assets (e.g., land, building machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position (28 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is ($5,574,093) and an increase in the millage rate has been approved by the Board of Commissioners to satisfy the guarantee of the FUEL bonds and to eliminate the deficit in unrestricted net position.

The following table summarizes the changes in net position for the primary government for the fiscal years ended December 31, 2013 and 2012.

**Table 2**
**Changes in Net Position**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | **2013** | **2012** | **2013** | **2012** | **2013** | **2012** |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | **$ 2,381,552** | $ 2,591,285 | **$ 1,563,260** | $ 2,167,489 | **$ 3,944,812** | $ 4,758,774 |
| Operating grants | **1,178,885** | 95,807 | **-** | - | **1,178,885** | 95,807 |
| Capital grants | **762,937** | 560,971 | **-** | - | **762,937** | 560,971 |
| General revenue: | | | | | | |
| Property taxes | **12,011,251** | 11,896,354 | **-** | - | **12,011,251** | 11,896,354 |
| Sales taxes | **2,390,329** | 2,934,068 | **-** | - | **2,390,329** | 2,934,068 |
| Insurance premium taxes | **599,240** | 576,559 | **-** | - | **599,240** | 576,559 |
| Other taxes | **28,758** | 32,060 | **-** | - | **28,758** | 32,060 |
| Unrestricted investment earnings | **11,554** | 10,329 | **-** | - | **11,554** | 10,329 |
| Gain on sale of assets | **98,290** | 48,561 | **-** | - | **98,290** | 48,561 |
| Total revenues | **19,462,796** | 18,745,994 | **1,563,260** | 2,167,489 | **21,026,056** | 20,913,483 |
| Program expenses: | | | | | | |
| General government | **3,018,418** | 3,402,500 | **-** | - | **3,018,418** | 3,402,500 |
| Judicial | **1,043,053** | 1,067,383 | **-** | - | **1,043,053** | 1,067,383 |
| Public safety | **5,962,787** | 6,597,679 | **-** | - | **5,962,787** | 6,597,679 |
| Public works | **4,851,758** | 3,595,676 | **-** | - | **4,851,758** | 3,595,676 |
| Health and welfare | **160,997** | 157,917 | **-** | - | **160,997** | 157,917 |
| Recreation | **315,157** | 340,818 | **-** | - | **315,157** | 340,818 |
| Housing and development | **338,957** | 161,235 | **-** | - | **338,957** | 161,235 |
| Interest on long-term debt | **607,578** | 666,862 | **-** | - | **607,578** | 666,862 |
| Water | **-** | - | **152,482** | 260,502 | **152,482** | 260,502 |
| Self-insurance health benefit | **-** | - | **975,990** | 1,657,344 | **975,990** | 1,657,344 |
| Total expenses | **16,298,705** | 15,990,070 | **1,128,472** | 1,917,846 | **17,427,177** | 17,907,916 |
| Excess (deficiency) | **3,164,091** | 2,755,924 | **434,788** | 249,643 | **3,598,879** | 3,005,567 |
| Transfers | **261,043** | (8,487) | **(261,043)** | 8,487 | **-** | - |
| Change in net position | **3,425,134** | 2,747,437 | **173,745** | 258,130 | **3,598,879** | 3,005,567 |
| Net position - beg of year, as restated | **13,833,679** | 11,086,242 | **304,256** | 46,126 | **14,137,935** | 11,132,368 |
| Net position - end of year | **$ 17,258,813** | $ 13,833,679 | **$ 478,001** | $ 304,256 | **$ 17,736,814** | $ 14,137,935 |

Total revenues for governmental activities exceed total expenses and transfers by $3,425,134. By review of Table 2, it is apparent that the bulk of revenues supporting governmental activities are attributable to property taxes, $12,011,251 or 62%, and charges for services $2,381,552 or 12%.

Additionally, Table 2 illustrates the bulk of governmental activities expense being reported within the program of public safety, reporting expenses of $5,962,787 or 37%, with the second largest expense attributable to public works with expenses of $4,851,758 or 30%.

**Governmental Activities**

The current reporting model provides users with an understanding of how governmental activities are fully supported. Table 3 will help illustrate how these programs fall short of supporting themselves and must therefore rely on general revenues such as property tax, sales tax, fines and grants. The table lists the total cost of each program, and the final net cost (total cost less revenues generated by the program).

**Table 3**
**Governmental Activities**

| | Total Cost of Services | | Net Cost of Services | |
|---|---|---|---|---|
| | **2013** | **2012** | **2013** | **2012** |
| General government | **$ 3,018,418** | $ 3,402,500 | **$ 2,885,953** | $ 3,319,022 |
| Judicial | **1,043,053** | 1,067,383 | **1,043,053** | 1,067,383 |
| Public safety | **5,962,787** | 6,597,679 | **3,815,975** | 4,163,142 |
| Public works | **4,851,758** | 3,595,676 | **2,924,490** | 2,919,875 |
| Health and welfare | **160,997** | 157,917 | **160,997** | 157,917 |
| Recreation | **315,157** | 340,818 | **272,391** | 286,609 |
| Housing and development | **338,957** | 170,143 | **264,894** | 170,105 |
| Interest on long-term debt | **607,578** | 666,862 | **607,578** | 666,862 |
| Totals | **$ 16,298,705** | $ 15,998,978 | **$ 11,975,331** | $ 12,750,915 |

As noted in the above table, governmental programs fell $11,975,331 short of supporting themselves through direct revenues attributable to those programs. As a result, citizens support these programs through payment of property taxes, sales taxes, and other taxes.

While the County was able to support its Governmental Activities, it should be noted that a few significant factors affected total revenues for the year ended December 31, 2013.

**The County's Major Governmental Funds**

At the end of fiscal year 2013, the County reported its governmental funds (as presented in the balance sheet on page 15) having a combined fund balance of $8,295,292. This balance increased by $2,975,397 from prior year's balance. The Statement of Revenues, Expenditures, and Changes in Fund Balances presented on pages 17 and 18 reports fund balance of $4,441,739 in the General Fund, $263,364 was reported for 2006-2011 Sales Tax Fund, $2,752,431 for the 2012-2017 Sales Tax Fund and $837,758 for Other Governmental Funds.

Revenues for the General Fund totaled $15,682,867, or approximately 82% of total governmental revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance presented on pages 17 and 18. Of this amount, $11,788,926 (75%) was collected through property taxes, with second largest source of revenues reported in the line item of charges for services, $1,200,451 (8%).

Expenditures for the General Fund totaled $13,991,931 (not including other financing uses). Revenues exceeded expenditures by $1,690,936.

**General Fund Budgetary Highlights**

Total revenues in the General Fund were over budgeted amounts by $817,187, or approximately 5.5%. This final result is a combination of both positive and negative variances as reported on the General Fund Budgetary Comparison Statement presented on page 20. The largest positive variance, $425,435 is reported in the line item of intergovernmental revenues.

General Fund expenditures (not including Other Financing Uses) for the year ended December 31, 2013 were under budget by $1,306,688, or approximately 8.5%. The largest area of variance of $952,728 was positive and is reported within general government category.

**Capital Asset and Debt Administration**

Mitchell County, Georgia's investment in capital assets for its governmental and business-type activities as of December 31, 2013, amounts to $19,318,598 (net of accumulated depreciation). This is a decrease of $75,783 from last year. The decrease is mostly due the depreciation of capital assets. Table 4 is summary data of capital assets.

**Table 4**
**Capital Assets (Net of Accumulated Depreciation)**

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| Land | $ 3,058,069 | $ 81,920 | $ 3,139,989 |
| Construction in progress | 337,828 | - | 337,828 |
| Buildings | 4,832,475 | 375,397 | 5,207,872 |
| Infrastructure | 9,104,398 | 199,382 | 9,303,780 |
| Vehicles and equipment | 1,329,104 | 25 | 1,329,129 |
| Totals | $ 18,661,874 | $ 656,724 | $ 19,318,598 |

It should be noted that the majority of the capital assets in Mitchell County, Georgia have been obtained through the use of Special Purpose Local Option Sales Tax (SPLOST). Currently, the County is approximately 95% complete with the 2006 SPLOST program. More detail on the County's capital assets can be found in Note 6, pages 38-40 of the Notes to the Financial Statements.

At year end, the County had a total of $10,785,368 in outstanding long term liabilities which includes $2,836,791 in closure and post closure care costs for the Mitchell County Landfill and the balance being notes payable, bonds payable, capital leases and compensated absences. More information regarding the County's long-term debt can be found in Note 7, pages 40-43, and short-term debt can be found in Note 8, page 44 in the Notes to Financial Statements.

**Other Economic Factors**

The Board of Commissioners and the County Administrator have considered several factors when establishing the FY13 budget including, the effects rendered on the County as a result of the overall economic issues affecting the entire County as a result in decreased SPLOST and LOST revenues, the impact of the mortgage crisis on the tax digest, the obligations due from the County's guarantee of FUEL bonds, and the closure of businesses.

Finally, the Board in conjunction with the County Administrator will continue to develop various financial policies to help govern the way Mitchell County, Georgia does business. These policies will include standards to track account balances on a monthly basis compared to budget. Furthermore, standards will be implemented to ensure appropriate procurement procedures are followed and adherence to budget is achieved.

**Contacting the County's Financial Management**

This Annual Financial Report is designed to help citizens, taxpayers, customers, investors, and creditors evaluate the overall condition of Mitchell County, Georgia and the operations thereof. Additional details can be requested by mail at the following address: Mitchell County Board of Commissioners, P.O. Box 187, Camilla, Georgia 31730.

# MITCHELL COUNTY, GEORGIA

## STATEMENT OF NET POSITION
## DECEMBER 31, 2013

| | Primary Government | | |
|---|---|---|---|
| **ASSETS** | **Governmental Activities** | **Business-type Activities** | **Total** |
| Cash and cash equivalents | $ 6,137,115 | $ - | $ 6,137,115 |
| Investments | 247,508 | - | 247,508 |
| Taxes receivable | 2,148,587 | - | 2,148,587 |
| Accounts receivable, net of allowances | 158,268 | 36,851 | 195,119 |
| Notes receivable | 125,387 | - | 125,387 |
| Due from other governments | 277,522 | - | 277,522 |
| Other assets | 21,666 | - | 21,666 |
| Restricted assets: | | | |
| Cash | 1,644,806 | - | 1,644,806 |
| Capital assets: | | | |
| Nondepreciable | 3,395,897 | 81,920 | 3,477,817 |
| Depreciable, net of accumulated depreciation | 15,265,977 | 574,804 | 15,840,781 |
| Long-term intangible asset | - | - | - |
| Total assets | 29,422,733 | 693,575 | 30,116,308 |
| **LIABILITIES** | | | |
| Outstanding checks in excess of bank balance | - | 9,505 | 9,505 |
| Accounts payable | 756,017 | - | 756,017 |
| Accrued liabilities | 162,707 | - | 162,707 |
| Claims payable | - | 50,767 | 50,767 |
| Due to other governments | 615,130 | - | 615,130 |
| Capital leases payable due within one year | 76,994 | - | 76,994 |
| Capital leases payable due in more than one year | 643,636 | - | 643,636 |
| Notes payable due within one year | 12,035 | 25,281 | 37,316 |
| Notes payable due in more than one year | - | 125,343 | 125,343 |
| Bonds payable due within one year | 660,000 | - | 660,000 |
| Bonds payable due in more than one year | 6,240,000 | - | 6,240,000 |
| Compensated absences due within one year | 128,488 | 3,742 | 132,230 |
| Compensated absences due more than one year | 32,122 | 936 | 33,058 |
| Closure and postclosure care costs | 2,836,791 | - | 2,836,791 |
| Total liabilities | 12,163,920 | 215,574 | 12,379,494 |
| **NET POSITION** | | | |
| Net investment in capital assets | 17,929,209 | 506,100 | 18,435,309 |
| Restricted for: | | | |
| Judicial | 32,491 | - | 32,491 |
| Victims Witness | 6,597 | - | 6,597 |
| Public safety | 127,350 | - | 127,350 |
| Economic development | 55,156 | - | 55,156 |
| Capital outlay | 4,654,004 | - | 4,654,004 |
| Special use | - | - | - |
| Unrestricted (deficit) | (5,545,994) | (28,099) | (5,574,093) |
| Total net position | $ 17,258,813 | $ 478,001 | $ 17,736,814 |

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

| Component Unit |
| --- |
| Mitchell County Board of Health |
| $ 437,986 |
| - |
| - |
| - |
| - |
| 15,047 |
| - |
| - |
| - |
| - |
| - |
| 453,033 |
| - |
| 29,847 |
| 10,684 |
| - |
| - |
| - |
| - |
| - |
| - |
| - |
| - |
| 2,940 |
| 26,458 |
| - |
| 69,929 |
| - |
| - |
| - |
| - |
| - |
| 313,773 |
| 69,331 |
| $ 383,104 |

# MITCHELL COUNTY, GEORGIA

## STATEMENT OF ACTIVITIES
## FOR THE YEAR ENDED DECEMBER 31, 2013

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions |
|---|---|---|---|---|
| **Primary government:** | | | | |
| Governmental activities: | | | | |
| General government | $ 3,018,418 | $ 132,465 | $ - | $ - |
| Judicial | 1,043,053 | - | - | - |
| Public safety | 5,962,787 | 2,124,342 | 22,149 | 321 |
| Public works | 4,851,758 | 66,600 | 1,156,736 | 703,932 |
| Health and welfare | 160,997 | - | - | - |
| Recreation | 315,157 | 42,359 | - | 407 |
| Housing and development | 338,957 | 15,786 | - | 58,277 |
| Interest on long-term debt | 607,578 | - | - | - |
| Total governmental activities | 16,298,705 | 2,381,552 | 1,178,885 | 762,937 |
| Business-type activities: | | | | |
| Water and sewer system | 152,482 | 403,165 | - | - |
| Self-insurance health benefit | 975,990 | 1,160,095 | - | - |
| Total business-type activities | 1,128,472 | 1,563,260 | - | - |
| Total primary government | $ 17,427,177 | $ 3,944,812 | $ 1,178,885 | $ 762,937 |
| **Component unit:** | | | | |
| Mitchell County Board of Health | 670,166 | 318,586 | 386,452 | - |
| Total component units | $ 670,166 | $ 318,586 | $ 386,452 | $ - |

General revenues:
- Property taxes
- Sales taxes
- Franchise fees
- Insurance premium tax
- Other taxes
- Unrestricted investment earnings
- Gain on sale of capital assets

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year, as restated

Net position, end of year

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

| Net (Expenses) Revenues and Changes in Net Position | | | |
|---|---|---|---|
| Primary Government | | | Component Unit |
| Governmental Activities | Business-type Activities | Total | Mitchell County Board of Health |
| $ (2,885,953) | $ - | $ (2,885,953) | $ - |
| (1,043,053) | - | (1,043,053) | - |
| (3,815,975) | - | (3,815,975) | - |
| (2,924,490) | - | (2,924,490) | - |
| (160,997) | - | (160,997) | - |
| (272,391) | - | (272,391) | - |
| (264,894) | - | (264,894) | - |
| (607,578) | - | (607,578) | - |
| (11,975,331) | - | (11,975,331) | - |
| - | 250,683 | 250,683 | - |
| - | 184,105 | 184,105 | - |
| - | 434,788 | 434,788 | - |
| (11,975,331) | 434,788 | (11,540,543) | - |
| - | - | - | 34,872 |
| $ - | $ - | $ - | $ 34,872 |
| $ 12,011,251 | $ - | $ 12,011,251 | $ - |
| 2,390,329 | - | 2,390,329 | - |
| 27,064 | - | 27,064 | - |
| 599,240 | - | 599,240 | - |
| 1,694 | - | 1,694 | - |
| 11,554 | - | 11,554 | - |
| 98,290 | - | 98,290 | - |
| 261,043 | (261,043) | - | - |
| 15,400,465 | (261,043) | 15,139,422 | - |
| 3,425,134 | 173,745 | 3,598,879 | 34,872 |
| 13,833,679 | 304,256 | 14,137,935 | 348,232 |
| $ 17,258,813 | $ 478,001 | $ 17,736,814 | $ 383,104 |

# MITCHELL COUNTY, GEORGIA

## BALANCE SHEET
## GOVERNMENTAL FUNDS
## DECEMBER 31, 2013

| ASSETS | General Fund | CDBG Fund | 2006-2011 Sales Tax Fund | 2012-2017 Sales Tax Fund |
|---|---|---|---|---|
| Cash and cash equivalents | $ 2,062,001 | $ - | $ 857,850 | $ 2,759,463 |
| Investments | - | - | - | - |
| Receivables, net of allowance: | | | | |
| Taxes | 1,966,449 | - | - | 182,138 |
| Accounts | 158,268 | - | - | - |
| Notes | - | - | - | - |
| Due from other funds | - | - | - | - |
| Due from other governments | - | 277,522 | - | - |
| Restricted cash | 1,644,806 | - | - | - |
| Total assets | $ 5,831,524 | $ 277,522 | $ 857,850 | $ 2,941,601 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES** | | | | |
| **LIABILITIES** | | | | |
| Accounts payable | $ 304,969 | $ 277,522 | $ 8,000 | $ 160,526 |
| Accrued liabilities | 117,281 | - | - | - |
| Due to other funds | 12,062 | - | - | - |
| Due to other governments | - | - | 586,486 | 28,644 |
| Total liabilities | 434,312 | 277,522 | 594,486 | 189,170 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Unavailable revenue - property taxes | 955,473 | - | - | - |
| | 955,473 | - | - | - |
| **FUND BALANCES** | | | | |
| Nonspendable: | | | | |
| Long-term receivable | - | - | - | - |
| Restricted for: | | | | |
| Judicial | - | - | - | - |
| Victims witness | 6,597 | - | - | - |
| Public safety | - | - | - | - |
| Economic development | - | - | - | - |
| Capital outlay | 1,638,209 | - | 263,364 | 2,752,431 |
| Committed for: | | | | |
| Public safety | - | - | - | - |
| Public assistance | - | - | - | - |
| Housing and development | - | - | - | - |
| Unassigned | 2,796,933 | - | - | - |
| Total fund balances | 4,441,739 | - | 263,364 | 2,752,431 |
| Total liabilities, deferred inflows of resources, and fund balances | $ 5,831,524 | $ 277,522 | $ 857,850 | $ 2,941,601 |

Amounts reported for governmental activities in the statement of net position are different because:
- Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.
- Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.
- Net pension asset is not a financial resource and therefore is not reported in governmental funds.
- Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.

Net position of governmental activities

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

| Other Governmental Funds | Total Governmental Funds |
|---|---|
| $ 457,801 | $ 6,137,115 |
| 247,508 | 247,508 |
| | |
| - | 2,148,587 |
| - | 158,268 |
| 125,387 | 125,387 |
| 12,062 | 12,062 |
| - | 277,522 |
| - | 1,644,806 |
| $ 842,758 | $ 10,751,255 |
| | |
| $ 5,000 | $ 756,017 |
| - | 117,281 |
| - | 12,062 |
| - | 615,130 |
| 5,000 | 1,500,490 |
| | |
| - | 955,473 |
| - | 955,473 |
| | |
| 125,387 | 125,387 |
| | |
| 32,491 | 32,491 |
| - | 6,597 |
| 127,350 | 127,350 |
| 55,156 | 55,156 |
| - | 4,654,004 |
| | |
| 61,361 | 61,361 |
| 36,046 | 36,046 |
| 399,967 | 399,967 |
| - | 2,796,933 |
| 837,758 | 8,295,292 |
| | |
| $ 842,758 | |
| | |
| | 18,661,874 |
| | 955,473 |
| | 21,666 |
| | (10,675,492) |
| | |
| | $ 17,258,813 |

# MITCHELL COUNTY, GEORGIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2013

| | General Fund | CDBG Fund | 2006-2011 Sales Tax Fund | 2012-2017 Sales Tax Fund |
|---|---|---|---|---|
| **Revenues** | | | | |
| Property taxes | $ 11,788,926 | $ - | $ - | $ - |
| Sales taxes | 215,320 | - | - | 2,175,009 |
| Franchise taxes | 27,064 | - | - | - |
| Insurance premium taxes | 599,240 | - | - | - |
| Other taxes | 1,694 | - | - | - |
| Licenses and permits | 36,878 | - | - | - |
| Intergovernmental | 1,178,885 | 337,828 | - | 350,742 |
| Charges for services | 1,200,451 | - | - | - |
| Fines and forfeitures | 475,947 | - | - | - |
| Interest income | 3,333 | - | 272 | 15,833 |
| Other revenues | 155,129 | - | - | - |
| Total revenues | 15,682,867 | 337,828 | 272 | 2,541,584 |
| **Expenditures** | | | | |
| Current: | | | | |
| General government | 3,000,496 | - | - | - |
| Judicial | 1,017,503 | - | - | - |
| Public safety | 4,872,045 | - | - | - |
| Public works | 3,092,587 | 337,828 | - | - |
| Health and welfare | 160,248 | - | - | - |
| Recreation | 286,490 | - | - | - |
| Housing and development | 269,908 | - | - | - |
| Intergovernmental | - | - | - | 771,242 |
| Capital outlay | - | - | 57,667 | 1,041,535 |
| Debt service: | | | | |
| Principal | 680,855 | - | - | - |
| Interest | 611,799 | - | - | - |
| Total expenditures | 13,991,931 | 337,828 | 57,667 | 1,812,777 |
| Excess (deficiency) of revenues over (under) expenditures | 1,690,936 | - | (57,395) | 728,807 |
| **Other financing sources (uses)** | | | | |
| Proceeds from the sale of capital assets | 66,541 | - | - | - |
| Capital leases | 500,002 | - | - | - |
| Transfers in | 284,043 | - | - | - |
| Transfers out | (154,951) | - | - | - |
| Total other financing sources (uses) | 695,635 | - | - | - |
| Net change in fund balances | 2,386,571 | - | (57,395) | 728,807 |
| **Fund balances, beginning of year, as restated** | 2,055,168 | - | 320,759 | 2,023,624 |
| **Fund balances, end of year** | $ 4,441,739 | $ - | $ 263,364 | $ 2,752,431 |

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

| Other Governmental Funds | Total Governmental Funds |
|---|---|
| $ - | $ 11,788,926 |
| - | 2,390,329 |
| - | 27,064 |
| - | 599,240 |
| - | 1,694 |
| - | 36,878 |
| 58,262 | 1,925,717 |
| 454,395 | 1,654,846 |
| 58,752 | 534,699 |
| 8,221 | 27,659 |
| - | 155,129 |
| 579,630 | 19,142,181 |
| | |
| - | 3,000,496 |
| 13,073 | 1,030,576 |
| 720,124 | 5,592,169 |
| - | 3,430,415 |
| 749 | 160,997 |
| - | 286,490 |
| 55,046 | 324,954 |
| - | 771,242 |
| - | 1,099,202 |
| | |
| 4,707 | 685,562 |
| 468 | 612,267 |
| 794,167 | 16,994,370 |
| | |
| (214,537) | 2,147,811 |
| | |
| - | 66,541 |
| - | 500,002 |
| 154,951 | 438,994 |
| (23,000) | (177,951) |
| 131,951 | 827,586 |
| | |
| (82,586) | 2,975,397 |
| | |
| 920,344 | 5,319,895 |
| | |
| $ 837,758 | $ 8,295,292 |

# MITCHELL 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

Amounts reported for governmental activities in the statement of activities are different because:

| | | |
|---|---|---|
| Net change in fund balances - total governmental funds | $ | 2,975,397 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period. | | 73,856 |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. | | (149,639) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | 222,325 |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items. | | 366,948 |
| Under the modified accrual basis of accounting used in governmental funds, expenditures for landfill postclosure care cost are not recognized for transactions that are not normally paid with expendable available resources. In the Statement of Activities, which is presented on the accrual basis, landfill postclosure expenses and liabilities are reported when incurred. | | (50,159) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | | (13,594) |
| Change in net position - governmental activities | $ | 3,425,134 |

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

# MITCHELL COUNTY, GEORGIA
## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
## GENERAL FUND
## FOR THE YEAR ENDED DECEMBER 31, 2013

| | Budgeted Amounts | | | Variance with Final |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| **Revenues:** | | | | |
| Property taxes | $ 11,659,730 | $ 11,659,730 | $ 11,788,926 | $ 129,196 |
| Sales taxes | 30,000 | 30,000 | 215,320 | 185,320 |
| Franchise taxes | 34,500 | 34,500 | 27,064 | (7,436) |
| Insurance premium taxes | 535,000 | 535,000 | 599,240 | 64,240 |
| Other taxes | - | - | 1,694 | 1,694 |
| Licenses and permits | 34,000 | 34,000 | 36,878 | 2,878 |
| Intergovernmental | 753,450 | 753,450 | 1,178,885 | 425,435 |
| Charges for services | 1,220,525 | 1,220,525 | 1,200,451 | (20,074) |
| Fines and forfeitures | 538,725 | 538,725 | 475,947 | (62,778) |
| Interest revenue | 5,100 | 5,100 | 3,333 | (1,767) |
| Other revenues | 54,650 | 54,650 | 155,129 | 100,479 |
| Total revenues | 14,865,680 | 14,865,680 | 15,682,867 | 817,187 |
| **Expenditures:** | | | | |
| **Current:** | | | | |
| **General government:** | | | | |
| Board of commissioners | 101,413 | 101,413 | 37,696 | 63,717 |
| Board of registrars | 16,375 | 16,375 | 12,440 | 3,935 |
| Commissioners office | 321,724 | 321,724 | 397,686 | (75,962) |
| General government | 2,371,400 | 2,371,400 | 1,418,672 | 952,728 |
| Tax commissioner | 253,271 | 253,271 | 231,931 | 21,340 |
| Tax assessor | 294,438 | 294,438 | 300,926 | (6,488) |
| Courthouse/public buildings | 190,448 | 190,448 | 180,306 | 10,142 |
| Other services | 428,340 | 428,340 | 420,839 | 7,501 |
| Total general government | 3,977,409 | 3,977,409 | 3,000,496 | 976,913 |
| **Judicial:** | | | | |
| Superior court | 83,008 | 83,008 | 71,703 | 11,305 |
| Clerk of Superior court | 269,668 | 269,668 | 257,997 | 11,671 |
| Board of equalization | 4,500 | 4,500 | 3,656 | 844 |
| District attorney | 29,350 | 29,350 | 23,638 | 5,712 |
| State court | 150,263 | 150,263 | 141,790 | 8,473 |
| Magistrate court | 187,375 | 187,375 | 186,134 | 1,241 |
| Probate court | 132,665 | 132,665 | 139,366 | (6,701) |
| Juvenile court | 43,600 | 43,600 | 31,472 | 12,128 |
| Victims assistance | 172,500 | 172,500 | 130,548 | 41,952 |
| Indigent defense | - | - | 31,199 | (31,199) |
| Total judicial | 1,072,929 | 1,072,929 | 1,017,503 | 55,426 |
| **Public safety:** | | | | |
| Sheriff | 2,716,661 | 2,716,661 | 2,567,409 | 149,252 |
| Corrections | 1,542,717 | 1,542,717 | 1,460,711 | 82,006 |
| Probation/community service | 139,502 | 139,502 | 127,337 | 12,165 |
| Volunteer fire association | 225,618 | 225,618 | 221,038 | 4,580 |
| Emergency medical services | 429,862 | 429,862 | 391,328 | 38,534 |
| Coroner | 35,800 | 35,800 | 31,546 | 4,254 |
| Animal control | 67,474 | 67,474 | 56,908 | 10,566 |
| Emergency management agency | 26,386 | 26,386 | 15,768 | 10,618 |
| Total public safety | 5,184,020 | 5,184,020 | 4,872,045 | 311,975 |
| **Public works:** | | | | |
| Public works | 2,601,378 | 2,601,378 | 2,585,291 | 16,087 |
| Landfill | 440,412 | 440,412 | 507,296 | (66,884) |
| Total public works | 3,041,790 | 3,041,790 | 3,092,587 | (50,797) |

**(Continued)**

# MITCHELL COUNTY, GEORGIA
## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
## GENERAL FUND
## FOR THE YEAR ENDED DECEMBER 31, 2013

| | Budgeted Amounts | | | Variance with Final |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| **Expenditures: (Continued)** | | | | |
| **Current:** | | | | |
| **Health and welfare:** | | | | |
| Health centers | $ 159,807 | $ 159,807 | $ 153,211 | $ 6,596 |
| Public welfare | 10,000 | 10,000 | 7,037 | 2,963 |
| Total health and welfare | 169,807 | 169,807 | 160,248 | 9,559 |
| **Recreation** | 297,632 | 297,632 | 286,490 | 11,142 |
| **Housing and development:** | | | | |
| Extension service | 86,743 | 86,743 | 86,430 | 313 |
| Planning and zoning | 95,376 | 95,376 | 92,153 | 3,223 |
| Development authority | 95,513 | 95,513 | 91,325 | 4,188 |
| Total housing and development | 277,632 | 277,632 | 269,908 | 7,724 |
| **Debt service:** | | | | |
| Principal | 1,217,400 | 1,217,400 | 680,855 | 536,545 |
| Interest | 60,000 | 60,000 | 611,799 | (551,799) |
| Total debt service | 1,277,400 | 1,277,400 | 1,292,654 | (15,254) |
| Total expenditures | 15,298,619 | 15,298,619 | 13,991,931 | 1,306,688 |
| Excess (deficiency) of revenues over (under) expenditures | (432,939) | (432,939) | 1,690,936 | 2,123,875 |
| **Other financing sources (uses)** | | | | |
| Proceeds from sale of capital assets | 20,000 | 20,000 | 66,541 | 46,541 |
| Capital leases | 104,000 | 104,000 | 500,002 | 396,002 |
| Transfers in | 546,388 | 546,388 | 284,043 | (262,345) |
| Transfers out | (237,449) | (237,449) | (154,951) | 82,498 |
| Total other financing sources (uses) | 432,939 | 432,939 | 695,635 | 262,696 |
| Net change in fund balances | - | - | 2,386,571 | 2,386,571 |
| **Fund balances, beginning of year** | 2,055,168 | 2,055,168 | 2,055,168 | - |
| **Fund balances, end of year** | $ 2,055,168 | $ 2,055,168 | $ 4,441,739 | $ 2,386,571 |

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

# MITCHELL COUNTY, GEORGIA
## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
## CDBG FUND

### FOR THE YEAR ENDED DECEMBER 31, 2013

| | Budgeted Amounts | | | Variance with Final |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| **Revenues:** | | | | |
| Intergovernmental | $ 340,000 | $ 340,000 | $ 337,828 | $ (2,172) |
| Total revenues | 340,000 | 340,000 | 337,828 | (2,172) |
| **Expenditures:** | | | | |
| **Current:** | | | | |
| Public works | 340,000 | 340,000 | 337,828 | 2,172 |
| Total expenditures | 340,000 | 340,000 | 337,828 | 2,172 |
| Excess (deficiency) of revenues over (under) expenditures | - | - | - | - |
| Net change in fund balances | - | - | - | - |
| **Fund balances, beginning of year** | - | - | - | - |
| **Fund balances, end of year** | $ - | $ - | $ - | $ - |

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

# MITCHELL COUNTY, GEORGIA

## STATEMENT OF NET POSITION
## PROPRIETARY FUNDS
## DECEMBER 31, 2013

| | Water and Sewer System | Self-Insurance Health Benefit Fund | Totals |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Accounts receivable | $ 36,851 | $ - | $ 36,851 |
| Total current assets | 36,851 | - | 36,851 |
| **NONCURRENT ASSETS** | | | |
| Capital assets: | | | |
| Nondepreciable | 81,920 | - | 81,920 |
| Depreciable, net of accumulated depreciation | 574,804 | - | 574,804 |
| Total noncurrent assets | 656,724 | - | 656,724 |
| Total assets | 693,575 | - | 693,575 |
| **LIABILITIES** | | | |
| **CURRENT LIABILITIES** | | | |
| Outstanding checks in excess of bank balance | - | 9,505 | 9,505 |
| Claims payable | - | 50,767 | 50,767 |
| Current portion - notes payable | 25,281 | - | 25,281 |
| Current portion - compensated absences | 3,742 | - | 3,742 |
| Total current liabilities | 29,023 | 60,272 | 89,295 |
| **NONCURRENT LIABILITIES** | | | |
| Notes payable, net of current portion | 125,343 | - | 125,343 |
| Compensated absences, net of current portion | 936 | - | 936 |
| Total noncurrent liabilities | 126,279 | - | 126,279 |
| Total liabilities | 155,302 | 60,272 | 215,574 |
| **NET POSITION (DEFICIT)** | | | |
| Net investment in capital assets | 506,100 | - | 506,100 |
| Unrestricted (deficit) | 32,173 | (60,272) | (28,099) |
| Total net position (deficit) | $ 538,273 | $ (60,272) | $ 478,001 |

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

# MITCHELL COUNTY, GEORGIA

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
## PROPRIETARY FUNDS
## FOR THE YEAR ENDED DECEMBER 31, 2013

| | Water and Sewer System | Self-Insurance Health Benefit Fund | Totals |
|---|---|---|---|
| **OPERATING REVENUES** | | | |
| Charges for services | $ 403,165 | $ 1,160,095 | $ 1,563,260 |
| Total operating revenues | 403,165 | 1,160,095 | 1,563,260 |
| **OPERATING EXPENSES** | | | |
| Personal services | 27,792 | - | 27,792 |
| Cost of sales and services | 24,122 | - | 24,122 |
| Supplies | 51,288 | - | 51,288 |
| Claims | - | 975,990 | 975,990 |
| Depreciation | 42,183 | - | 42,183 |
| Total operating expenses | 145,385 | 975,990 | 1,121,375 |
| Operating income | 257,780 | 184,105 | 441,885 |
| **NONOPERATING EXPENSES** | | | |
| Interest expense | (7,097) | - | (7,097) |
| Total nonoperating expenses | (7,097) | - | (7,097) |
| Income before transfers | 250,683 | 184,105 | 434,788 |
| **TRANSFERS** | | | |
| Transfers out | (261,043) | - | (261,043) |
| Total transfers | (261,043) | - | (261,043) |
| Change in net position | (10,360) | 184,105 | 173,745 |
| **NET POSITION (DEFICIT), beginning of year** | 548,633 | (244,377) | 304,256 |
| **NET POSITION (DEFICIT), end of year** | $ 538,273 | $ (60,272) | $ 478,001 |

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

# MITCHELL COUNTY, GEORGIA

## STATEMENT OF CASH FLOWS
## PROPRIETARY FUNDS
## FOR THE YEAR ENDED DECEMBER 31, 2013

| | Water and Sewer System | Self-Insurance Health Benefit Fund | Totals |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from customers and users | $ 400,947 | $ 1,160,095 | $ 1,561,042 |
| Payments to suppliers | (75,410) | (1,160,008) | (1,235,418) |
| Payments to employees | (28,140) | - | (28,140) |
| Net cash provided by operating activities | 297,397 | 87 | 297,484 |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | | |
| Transfers out | (261,043) | - | (261,043) |
| Net cash used in noncapital financing activities | (261,043) | - | (261,043) |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | |
| Principal paid on notes payable | (28,602) | - | (28,602) |
| Interest paid | (7,752) | - | (7,752) |
| Net cash used in capital and related financing activities | (36,354) | - | (36,354) |
| Increase in cash and cash equivalents | - | 87 | 87 |
| **Cash and cash equivalents:** | | | |
| Beginning of year | - | (9,592) | (9,592) |
| End of year | $ - | $ (9,505) | $ (9,505) |
| **Classified as:** | | | |
| Outstanding checks in excess of bank balance | $ - | $ (9,505) | $ (9,505) |
| | $ - | $ (9,505) | $ (9,505) |
| **Reconciliation of operating income to net cash provided by operating activities** | | | |
| Operating income | $ 257,780 | $ 184,105 | $ 441,885 |
| Adjustments to reconcile operating income to net cash provided by operating activities | | | |
| Depreciation | 42,183 | - | 42,183 |
| Changes in assets and liabilities: | | | |
| Increase in accounts receivable | (2,218) | - | (2,218) |
| Decrease in claims payable | - | (184,018) | (184,018) |
| Decrease in compensated absences | (348) | - | (348) |
| Net cash provided by operating activities | $ 297,397 | $ 87 | $ 297,484 |

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

# MITCHELL COUNTY, GEORGIA

## STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
## AGENCY FUNDS
## DECEMBER 31, 2013

| | Agency Funds |
|---|---|
| **ASSETS** | |
| Cash and cash equivalents | $ 347,570 |
| Taxes receivable | 1,391,290 |
| Total assets | $ 1,738,860 |
| **LIABILITIES** | |
| Due to others | $ 347,570 |
| Uncollected taxes | 1,391,290 |
| Total liabilities | $ 1,738,860 |

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

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements 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. The more significant of the County's accounting policies are described below.

### A. Reporting Entity

Mitchell County, Georgia, (the "County") operates under a County Commissioner-Administrator form of government and provides the following services to the citizens of Mitchell County: public safety (police and fire), public works, recreation, judicial services, health and welfare services, housing and development, and general administrative services.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationships with the County.

**Discretely Presented Component Unit**

The **Mitchell County Board of Health** (the "Health Department") provides health services to the citizens of the County. The Health Department is a legally separate entity. The County Commissioners appoints a voting majority of the Health Department. The County has the ability to impose its will on the Health Department in accordance with the Official Code of Georgia (O.C.G.A.) Section 31-3-14. The fiscal year end of the component unit is June 30. Complete financial statement of the Mitchell County Health Department may be obtained from its administrative office at 88 W. Oakland Ave., Camilla, Georgia 31730.

**Blended Component Unit**

The **Mitchell County Development Authority** (the "Development Authority") is responsible for promoting industrial and commercial development within Mitchell County. The Development Authority is responsible for adopting its own annual budget and making its own operating decisions. The County implemented GASB 61, Statement 61 – The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34, which resulted in the Development Authority being reported as a special revenue fund. A majority of the members of the governing board of the Development Authority are appointed by the County Commission. Separate financial statements for the Development Authority were not prepared.

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

### B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

### C. Measurement Focus, Basis of Accounting and Basis of Presentation

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

Governmental fund financial statements are reported using the *current financial* resources measurement focus and the *modified accrual* basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

### C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Property taxes, sales taxes, franchise taxes, licenses, investment income, Federal and state grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

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

The ***CDBG Fund*** is used to account for the County's grant activity provided for various street and drainage projects.

The ***2006-2011 Sales Tax Fund*** accounts for the proceeds of a 1% Special Purpose Local Option Sales Tax. Funds are used for: road and drainage projects; emergency medical projects; courthouse projects; Flint River Auditorium project; debt service; and various City projects within Mitchell County.

The ***2012-2017 Sales Tax Fund*** accounts for the proceeds of a 1% Special Purpose Local Option Sales Tax. Funds are used for: road and drainage projects; public safety projects; economic development projects; and various City projects within Mitchell County.

The County reports the following major business-type funds:

The ***Water and Sewer System*** is an enterprise fund used to account for the provision of water services to the citizens of Mitchell County. Activities of the fund include water administration, operations, billing and collections.

The ***Self-Insurance Health Benefit Fund*** is used to account for the self-insured health benefit plan provided for the employees of the County.

Additionally, the County reports the following fund types:

The ***special revenue funds*** account for revenue sources that are legally restricted to expenditures for specific purposes.

The ***agency funds*** are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals, such as cash bonds, traffic fines, support payments and ad valorem and property taxes.

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

### C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services provided. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

### D. Cash and Investments

The County and discretely presented component units' cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

### E. Short-Term Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available resources.

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

### F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend useful lives are expensed as incurred.

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets is included as part of the capitalized value of the assets constructed. No interest expense was capitalized during the year ending December 31, 2013.

Depreciation is provided on the straight-line method over the following estimated useful lives:

| | |
|---|---|
| **Primary Government** | |
| Buildings and improvements | 20 years |
| Infrastructure | 50 years |
| Vehicles and equipment | 5 - 10 years |
| **Mitchell County Health Department** | |
| Machinery and equipment | 5 - 7 years |
| **Mitchell County Development Authority** | |
| Buildings and improvements | 20 years |
| Furniture and equipment | 5 years |

### G. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the year the debt is issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

### H. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The County's policy is to permit employees to accumulate earned but unused vacation as follows: 240 hours for all departments except, 252 hours for Sheriff's department, 300 hours for the Correctional Institute, and 450 hours for Ambulance service employees. All compensated absences are accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. No liability is recorded for nonvesting accumulation rights to receive sick pay benefits.

### I. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The County does not have any items that qualify for reporting in this category.

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

### J. Fund Equity

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

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

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

### J. Fund Equity (Continued)

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

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

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

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

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

***Flow Assumptions*** - When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

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

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

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

### K. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

## NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

### A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $10,675,492 difference are as follows:

| | | |
|---|---|---|
| Accrued interest payable | $ | 45,426 |
| Capital lease payable | | 720,630 |
| Notes payable | | 12,035 |
| Bonds payable | | 6,900,000 |
| Compensated absences | | 160,610 |
| Closure and postclosure care costs | | 2,836,791 |
| Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities* | $ | 10,675,492 |

### B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this $73,856 difference are as follows:

| | | |
|---|---|---|
| Capital outlay | $ | 1,011,987 |
| Depreciation expense | | (938,131) |
| Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities* | $ | 73,856 |

## NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

### B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation states that "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position." The details of this $366,948 difference are as follows:

| | | |
|---|---|---|
| Capital lease financing | $ | (500,002) |
| Principal payments - capital lease | | 221,440 |
| Principal payments - notes payable | | 30,510 |
| Principal payments - bonds payable | | 615,000 |
| Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities* | $ | 366,948 |

Another element of that reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $13,594 difference are as follows:

| | | |
|---|---|---|
| Compensated absences | $ | (18,164) |
| Accrued interest | | 4,689 |
| Net pension asset | | (119) |
| Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities* | $ | (13,594) |

## NOTE 3. LEGAL COMPLIANCE – BUDGETS

### A. Budgets and Budgetary Accounting

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

1. Prior to year end, the County Administrator submits to the Board of Commissioners 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. Public hearings are conducted at the County Courthouse to obtain taxpayer comments.

3. Prior to January 1, the budget is legally enacted through approval by the Board of Commissioners.

## NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

### A. Budgets and Budgetary Accounting (Continued)

4. The Board of Commissioners has the authority to amend the budget. An increase in appropriation in any fund for a department, whether accomplished through a change in anticipated revenues in any fund or through a transfer of appropriations among departments, shall require the approval of the Board of Commissioners. Transfers of appropriations in any fund among the various accounts within a department shall require only the approval of the budget officer.

5. Formal budgetary integration is employed as a measurement control device during the year for the General Fund and all Special Revenue Funds. Project-length budgets are adopted for capital projects funds.

6. The budget for the General Fund and the Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) and are presented in accordance with finance-related legal and contractual provisions.

Budgeted amounts are as originally adopted on January 1, 2013 or as amended by the Board of Commissioners. Individual amendments were not material in relation to the original appropriations.

### B. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to assign or commit that portion of the applicable appropriation, is not utilized by the County.

### C. Excess Expenditures Over Appropriations

For the year ended December 31, 2013, the following departments had excess of actual expenditures over appropriations, which were funded by available fund balance of the General Fund:

| Department | Excess |
|---|---|
| General Fund: | |
| Commissioners office | $ 75,962 |
| Tax assessor | 6,488 |
| Probate court | 6,701 |
| Indigent defense | 31,199 |
| Landfill | 66,884 |
| Debt service | 15,254 |

## NOTE 4. CASH AND INVESTMENTS

**Credit risk.** State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

At December 31, 2013, the Mitchell County Development Authority, a blended component unit of the County, had the following investment:

| Investments | Maturities | Fair Value |
|---|---|---|
| Mitchell County Development Authority Certificates of deposit | 363 days | $ 247,508 |

**Interest rate risk.** The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Custodial credit risk – deposits.** The County does not have a formal custodial credit risk policy. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties or municipalities. As of December 31, 2013, the County, the Development Authority, nor the Board of Health had any deposits exposed to custodial credit risk as uninsured and uncollateralized as defined by GASB pronouncements.

## NOTE 5. RECEIVABLES

Receivables consisted of the following at December 31, 2013:

| | General | 2012-2017 Sales Tax Fund | Other Governmental Funds | Water and Sewer System | Total |
|---|---|---|---|---|---|
| Receivables: | | | | | |
| Taxes | $ 1,978,239 | $ 182,138 | $ - | $ - | $ 2,160,377 |
| Accounts | 3,623,492 | - | - | 36,851 | 3,660,343 |
| Notes | - | - | 125,387 | - | 125,387 |
| Gross receivables | 5,601,731 | 182,138 | 125,387 | 36,851 | 5,946,107 |
| Less allowance for uncollectibles | (3,477,014) | - | - | - | (3,477,014) |
| Net total receivable | $ 2,124,717 | $ 182,138 | $ 125,387 | $ 36,851 | $ 2,469,093 |

Notes receivable consist of loans to other entities for community development funded by the Department of Housing and Urban Development through the State of Georgia Department of Community Affairs.

## NOTE 5. RECEIVABLES (CONTINUED)

Property taxes attached as an enforceable lien on property as of January 1, 2013. Property taxes were levied on February 6, 2013, and payable on or before December 20, 2013. The County bills and collects its own property taxes. Property taxes levied for 2013 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended December 31, 2013, and collected by February 28, 2014, are recognized as revenues in the year ended December 31, 2013. Net receivables estimated to be collected subsequent to February 28, 2013, are recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually.

## NOTE 6. CAPITAL ASSETS

### A. Primary Government

The County's capital asset activity for the year ended December 31, 2013 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| Capital assets, not being depreciated: | | | | |
| Land and land improvements | $ 3,058,069 | $ - | $ - | $ 3,058,069 |
| Construction in progress | - | 337,828 | - | 337,828 |
| Total capital assets, not being depreciated | 3,058,069 | 337,828 | - | 3,395,897 |
| Capital assets, being depreciated: | | | | |
| Buildings | 10,579,541 | - | - | 10,579,541 |
| Infrastructure | 16,864,176 | - | - | 16,864,176 |
| Vehicles and equipment | 11,818,936 | 674,159 | (989,028) | 11,504,067 |
| Total capital assets, being depreciated | 39,262,653 | 674,159 | (989,028) | 38,947,784 |
| Less accumulated depreciation for: | | | | |
| Buildings | (5,485,316) | (261,750) | - | (5,747,066) |
| Infrastructure | (7,435,473) | (324,305) | - | (7,759,778) |
| Vehicles and equipment | (10,662,276) | (352,076) | 839,389 | (10,174,963) |
| Total accumulated depreciation | (23,583,065) | (938,131) | 839,389 | (23,681,807) |
| Total capital assets, being depreciated, net | 15,679,588 | (263,972) | (149,639) | 15,265,977 |
| Governmental activities capital assets, net | $ 18,737,657 | $ 73,856 | $ (149,639) | $ 18,661,874 |

The beginning balance has been restated by $142,349 as a result of the County implementing GASB Statement No. 61.

## NOTE 6. CAPITAL ASSETS (CONTINUED)

### A. Primary Government (Continued)

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Business-type Activities:** | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | $ 81,920 | $ - | $ - | $ 81,920 |
| Total capital assets, not being depreciated | 81,920 | - | - | 81,920 |
| Capital assets, being depreciated: | | | | |
| Building and improvements | 1,522,823 | - | - | 1,522,823 |
| Infrastructure | 721,301 | - | - | 721,301 |
| Vehicles and equipment | 29,983 | - | - | 29,983 |
| Total | 2,274,107 | - | - | 2,274,107 |
| Less accumulated depreciation for: | | | | |
| Building and improvements | (1,118,179) | (29,247) | - | (1,147,426) |
| Infrastructure | (510,191) | (11,728) | - | (521,919) |
| Vehicles and equipment | (28,750) | (1,208) | - | (29,958) |
| Total | (1,657,120) | (42,183) | - | (1,699,303) |
| Total capital assets, being depreciated, net | 616,987 | (42,183) | - | 574,804 |
| Business-type activities capital assets, net | $ 698,907 | $ (42,183) | $ - | $ 656,724 |

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

| | |
|---|---|
| Governmental activities: | |
| General government | $ 11,722 |
| Judicial | 9,167 |
| Public safety | 410,911 |
| Public works | 481,684 |
| Recreation | 4,488 |
| Housing and development | 20,159 |
| Total depreciation expense - governmental activities | $ 938,131 |
| Business-type activities: | |
| Water and Sewer System Fund | $ 42,183 |
| Total depreciation expense - business-type activities | $ 42,183 |

## NOTE 6. CAPITAL ASSETS (CONTINUED)

### B. Discretely Presented Component Unit – Mitchell County Board of Health

| | Balance June 30, 2012 | Increases | Decreases | Balance June 30, 2013 |
|---|---|---|---|---|
| Capital assets, being depreciated: | | | | |
| Machinery and equipment | $ 17,861 | $ - | $ - | $ 17,861 |
| Total | 17,861 | - | - | 17,861 |
| Less accumulated depreciation for: | | | | |
| Machinery and equipment | (16,670) | (1,191) | - | (17,861) |
| Total | (16,670) | (1,191) | - | (17,861) |
| Total capital assets, being depreciated, net | 1,191 | (1,191) | - | - |
| Board of Health capital assets, net | $ 1,191 | $ (1,191) | $ - | $ - |

## NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the year ended December 31, 2013:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| Notes payable | $ 42,545 | $ - | $ 30,510 | $ 12,035 | $ 12,035 |
| Capital leases payable | 442,068 | 500,002 | 221,440 | 720,630 | 76,994 |
| Bonds payable | 7,515,000 | - | 615,000 | 6,900,000 | 660,000 |
| Compensated absences | 142,446 | 128,377 | 110,213 | 160,610 | 128,488 |
| Closure and postclosure care costs | 2,786,632 | 50,159 | - | 2,836,791 | - |
| Governmental activities long-term liabilities | $ 10,928,691 | $ 678,538 | $ 977,163 | $ 10,630,066 | $ 877,517 |
| **Business-type activities:** | | | | | |
| Notes payable | $ 179,226 | $ - | $ 28,602 | $ 150,624 | $ 25,281 |
| Compensated absences | 5,026 | 1,971 | 2,319 | 4,678 | 3,742 |
| Business-type activities long-term liabilities | $ 184,252 | $ 1,971 | $ 30,921 | $ 155,302 | $ 29,023 |
| **Component unit - Mitchell County Board of Health:** | | | | | |
| Compensated absences | $ 26,247 | $ 3,151 | $ - | $ 29,398 | $ 2,940 |
| Mitchell County Board of Health long-term liabilities | $ 26,247 | $ 3,151 | $ - | $ 29,398 | $ 2,940 |

For governmental activities, compensated absences are generally liquidated by the General Fund. For business-type activities, compensated absences are liquidated by the Water and Sewer System Fund. The beginning balance of notes payable in the governmental activities has been restated by $4,707 as a result of the County implementing GASB Statement No. 61.

## NOTE 7. LONG-TERM DEBT (CONTINUED)

**Notes Payable.** The County has incurred debt to various financial institutions for the purchase of equipment. These notes are as follows at December 31, 2013:

| Purpose | Original Amount | Interest Rate | Due Date | Balance at December 31, 2013 |
|---|---|---|---|---|
| Equipment | $ 163,480 | 3.95% | 2014 | $ 12,035 |
| | | | | 12,035 |
| | | | Less current maturities | (12,035) |
| | | | | $ - |

The notes payable debt service requirements to maturity, including interest are as follows:

| Fiscal Year Payable | Total | Principal | Interest |
|---|---|---|---|
| 2014 | $ 12,191 | $ 12,035 | $ 156 |
| | $ 12,191 | $ 12,035 | $ 156 |

The County has also incurred debt to a financial institution for additions to the water system. This note is as follows at December 31, 2013:

| Purpose | Original Amount | Interest Rate | Due Date | Balance at December 31, 2013 |
|---|---|---|---|---|
| Water system additions | $ 226,923 | 4.24% | 2019 | $ 150,624 |
| | | | | 150,624 |
| | | | Less current maturities | (25,281) |
| | | | | $ 125,343 |

The note payable debt service requirements to maturity, including interest is as follows:

| Fiscal Year Payable | Total | Principal | Interest |
|---|---|---|---|
| 2014 | $ 30,760 | $ 25,281 | $ 5,479 |
| 2015 | 33,557 | 28,726 | 4,831 |
| 2016 | 33,557 | 29,974 | 3,583 |
| 2017 | 33,557 | 31,300 | 2,257 |
| 2018 | 33,557 | 32,672 | 885 |
| 2019 | 2,797 | 2,671 | 126 |
| | $ 167,785 | $ 150,624 | $ 17,161 |

## NOTE 7. LONG-TERM DEBT (CONTINUED)

### A. Primary Government

**Capital Leases.** The County has entered into lease agreements as lessee for financing the acquisition of various equipment. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inceptions. The following is an analysis of leased assets under capital leases as of December 31, 2013:

| | Governmental Activities |
|---|---|
| Equipment | $ 2,340,545 |
| Less: Accumulated depreciation | (1,353,108) |
| | $ 987,437 |

The following is a schedule of future minimum lease payments together with the present value of net minimum lease payments as of December 31, 2013:

| | Governmental Activities |
|---|---|
| Year ending December 31, | |
| 2014 | $ 92,622 |
| 2015 | 55,620 |
| 2016 | 50,743 |
| 2017 | 182,335 |
| 2018 | 398,036 |
| Total minimum lease payments | 779,356 |
| Less amount representing interest | (58,726) |
| Present value of future minimum lease payments | $ 720,630 |

**Landfill Closure and Postclosure Care Cost.** Mitchell County, Georgia has closed its landfill and placed a final cover on the landfill in accordance with state and federal laws and regulations. In addition, state and federal laws and regulations require the County to perform certain maintenance and monitoring functions at the site for 30 years after closure. These maintenance and monitoring functions are estimated at $70,200 per year.

Although the postclosure care costs will be paid when the services are performed, the County reports a liability of $2,836,791 at December 31, 2013. This amount represents the cumulative amount of landfill postclosure cost based on 100 percent of the capacity of the landfill. The County has no assets restricted for payment of postclosure care cost. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

## NOTE 7. LONG-TERM DEBT (CONTINUED)

### A. Primary Government (Continued)

**Revenue Bonds.** During the year ended December 31, 2006, the County entered into an agreement with the Mitchell County Development Authority, a component unit, for the issuance of bonds in the amount of $10,000,000 to First United Ethanol, LLC (FUEL). Under the agreement, the Mitchell County Development Authority is authorized to issue revenue bonds bearing rates of interest and maturities determined by the Mitchell County Development Authority to finance projects consistent with the powers and purposes of the agreement. Such bonds, thus issued, shall be paid first from the income of the Mitchell County Development Authority. In the event such income is not sufficient to pay the principal and interest of such bonds, as they mature, then the Commissioners of the County are authorized and required to provide the additional funds necessary to make such payment, and for this purpose the Commissioners are authorized to levy an annual tax on all taxable property within the County, provided such tax shall not exceed five (5) mills. During the year ended December 31, 2010, FUEL, the original borrower of the bonds, entered into bankruptcy proceedings and the bonds became the responsibility of the County pursuant to the contract between the County and the Mitchell County Development Authority. The County recorded the bond issuance revenue and off-setting economic development expenditures of $9,250,000 in the General Fund to report the debt at the Fund level. The bonds are accruing interest at 7.75% and payments began on December 1, 2010.

Revenue bonds debt service requirements to maturity are as follows as of December 31, 2013:

| Year ending December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2014 | $ 660,000 | $ 545,111 | $ 1,205,111 |
| 2015 | 710,000 | 492,970 | 1,202,970 |
| 2016 | 765,000 | 436,879 | 1,201,879 |
| 2017 | 820,000 | 376,442 | 1,196,442 |
| 2018 | 880,000 | 311,661 | 1,191,661 |
| 2019-2021 | 3,065,000 | 495,735 | 3,560,735 |
| | $ 6,900,000 | $ 2,658,798 | $ 9,558,798 |

### B. Discretely Presented Component Unit – Mitchell County Development Authority

**Conduit Debt.** On October 29, 2013, the Development Authority issued Series 2013 taxable revenue bonds to provide financial assistance to a private-sector entity for the acquisition and construction of a solar panel farm. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans and lease agreements. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The Development Authority is not obligated in any manner for repayment of the bonds. The bonds bear an interest rate of 7.0% with interest only payments due on November 15 of each year, and final payment of principal and interest due on December 31, 2018. The outstanding balance as of December 31, 2013 is $30,000,000.

## NOTE 8. SHORT-TERM DEBT – REVOLVING LINE OF CREDIT

The County used a revolving line of credit to finance a variety of public projects, including financing general operations during periods of uneven property and sales tax collections. The County's General Fund short-term debt activity for the year-end December 31, 2013 was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|---|---|---|---|---|
| Line of Credit | $ - | $ 3,855,000 | $ 3,855,000 | $ - |

## NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2013, is as follows:

Due to/from:

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| General Fund | Nonmajor Governmental Funds | $ 12,062 |

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

The composition of interfund transfers as of December 31, 2013, is as follows:

| | Transfer From | | | |
|---|---|---|---|---|
| Transfer To | General Fund | Water and Sewer System Fund | Nonmajor Governmental Funds | Total |
| General Fund | $ - | $ 261,043 | $ 23,000 | $ 284,043 |
| Nonmajor Governmental Funds | 154,951 | - | - | 154,951 |
| Total | $ 154,951 | $ 261,043 | $ 23,000 | $ 438,994 |

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

## NOTE 10. RETIREMENT PLANS

### A. Defined Contribution Plan

Mitchell County maintains a defined contribution pension plan, the Mitchell County Retirement Savings Plan (“the Savings Plan"), which was established by Mitchell County on January 1, 1998 to provide reasonable retirement security for its employees. The plan is administered by Nationwide Retirement Solutions. At December 31, 2013, there were 6 active participants. The County does not make any contributions to the plan. Plan participants can contribute up to 25% of their compensation. Plan provisions and contribution requirements are established by and may be amended by the Mitchell County Board of Commissioners. For the year ended December 31, 2013, County employees contributed $4,752.

### B. Defined Benefit Plan

### Plan Description

The County sponsors the Association County Commissioners of Georgia Restated Pension Plan for Mitchell County Employees (The Plan), which is a defined benefit pension plan. All full-time employees are eligible to participate in the County’s noncontributory defined benefit pension plan after completion of three years of service.

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Plan, through execution of the adoption agreement, is affiliated with the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan administered by GEBCorp. The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of the ACCG Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of The Plan, as provided in Section 19.02 of the ACCG Plan document. Complete financial statements for the Association County Commissioners of Georgia (ACCG) Defined Benefit Pension Plan can be obtained from GEBCorp, 1100 Circle 75 Parkway, Suite 300, Atlanta, Georgia 30339.

### Participant Data

At January 1, 2013, the date of the most recent actuarial valuation, there were 244 participants as follows:

| | |
|---|---|
| Active participants | 88 |
| Retirees and beneficiaries | 42 |
| Vested terminated | 114 |
| | 244 |

## NOTE 10. RETIREMENT PLANS (CONTINUED)

### B. Defined Benefit Plan (Continued)

### Funding Policy

The County is required to contribute an actuarially determined amount annually to The Plan's trust. The contribution amount is determined using actuarial methods and assumptions approved by the ACCG Plan trustees and intended to satisfy the minimum contribution requirements as set forth in the State of Georgia statutes. Plan participants do not contribute to The Plan.

### Annual Pension Cost and Net Pension Obligation

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

| | 2013 |
|---|---|
| **Derivation of Annual Pension Cost** | |
| Annual Required Contribution | $ 276,820 |
| Interest on Net Pension Obligation | (1,688) |
| Amortization of Net Pension Obligation | 1,807 |
| Annual Pension Cost | $ 276,939 |
| | |
| **Derivation of Net Pension Asset** | |
| Annual Pension Cost for Calender Year 2013 | $ 276,939 |
| Actual Contributions to Plan for Calendar Year 2013 | 276,820 |
| Decrease in Net Pension Asset | (119) |
| Net Pension Asset as of December 31, 2012 | 21,785 |
| Net Pension Asset as of December 31, 2013 | $ 21,666 |

### Basis of Valuation

| | |
|---|---|
| Current valuation date | January 1, 2013 |
| Annual return on invested Plan assets | 7.75% |
| Projected annual salary increases | 4.0%-6.5% based on age |
| Expected annual inflation | 3.0% |
| Actuarial value of assets | Market Value |
| Actuarial funding method | Projected Unit Credit |
| Amortization method | Level Percent of Pay (Closed) |
| Remaining amortization period | 10 years |

**Trend Information for The Plan**

| Fiscal Year Beginning | Annual Pension Cost (APC) | Actual County Contribution | Percentage of APC Contributed | Net Pension Obligation (Asset) - End of Year |
|---|---|---|---|---|
| 1/1/2013 | $ 276,939 | $ 276,820 | 100.0 % | $ (21,666) |
| 1/1/2012 | 321,693 | 321,575 | 100.0 | (21,785) |
| 1/1/2011 | 265,918 | 265,799 | 100.0 | (21,903) |

## NOTE 10. RETIREMENT PLANS (CONTINUED)

### B. Defined Benefit Plan (Continued)

### Basis of Valuation (Continued)

As of the most recent valuation date, January 1, 2013, the funded status of the Plan was as follows:

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Projected Unit Credit (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (b-a)/c) |
|---|---|---|---|---|---|---|
| 12/31/12 | $ 4,963,792 | $ 5,527,449 | $ 563,657 | 89.8 % | $ 3,893,361 | 14.5 % |

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net position is increasing or decreasing over time relative to the actuarial liability. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2013.

## NOTE 11. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in the Association of County Commissioners of Georgia (ACCG) Group Self-Insurance Workers' Compensation Fund and the Interlocal Risk Management Agency Property and Liability Insurance Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, 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 pools' 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.

## NOTE 11. RISK MANAGEMENT (CONTINUED)

The funds are 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 Workers' Compensation Law of Georgia. The funds are to pay all costs 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.

The County maintains a self-insured medical benefit plan for their employees. The plan is accounted for as a proprietary fund of the County, is funded according to plan experience, and serves to reduce overall healthcare costs of the County employees. The County purchases specific and aggregate stop loss insurance coverage to protect itself in unusual circumstances. Claims payable at December 31, 2013 were estimated based on the loss analysis report provided by a third-party administrator and pending specific stop loss reimbursements.

Changes in medical claims payable for the year ended December 31 is as follows:

| | 2013 | 2012 |
|---|---|---|
| Unpaid claims, beginning of fiscal year | **$ 234,785** | $ 426,481 |
| Incurred claims and changes in estimates | **975,990** | 1,657,344 |
| Claim payments | **(1,160,008)** | (1,849,040) |
| Unpaid claims, end of fiscal year | **$ 50,767** | $ 234,785 |

## NOTE 12. COMMITMENTS AND CONTINGENCIES

### Litigation

The County is involved in a number of legal matters, which either have or could result in litigation. The nature of the lawsuits varies considerably. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the County.

### Grant Contingencies

The County has received Federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, County management believes such disallowances, if any, will not be significant.

## NOTE 13. JOINT VENTURE

Under Georgia law, the County, in conjunction with other cities and counties in the fourteen-county Georgia region, is a member of the Southwest Georgia Regional Commission (SGRC) and is required to pay annual dues thereto. During the year ended December 31, 2013, the County paid $14,240 in such dues. Membership in a Regional Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC's in Georgia. The SGRC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from the Southwest Georgia Regional Commission, 30 West Broad Street, Camilla, Georgia 31730.

## NOTE 14. DEFICIT NET POSITION

The Self-Insurance Health Benefit Fund reported deficit net position of $60,272 at December 31, 2013. The Self-Insurance Health Benefit Fund deficit is intended to be eliminated through increased user charges and transfers from the General Fund.

## NOTE 15. CHANGE IN ACCOUNTING PRINCIPLE

The beginning fund balance of nonmajor governmental funds has been adjusted for the implementation of GASB Statement No. 61, "The Financial Reporting Entity" Omnibus: an amendment of GASB Statements No. 14 and No. 34. The Mitchell County Development Authority was previously reported as a discretely presented component unit; however, the Mitchell County Development Authority is now considered a blended component unit under GASB Statement No. 61 and is reported as a special revenue fund of the County.

The adjustment resulted in the following change to beginning fund balance:

| | Nonmajor Governmental Funds |
|---|---|
| Beginning fund balance, as previously reported | $ 4,937,838 |
| Change in reporting entity as a result of GASB 61 | 382,057 |
| Beginning fund balance, as restated | $ 5,319,895 |

The restatement above also resulted in adjustments to beginning net position of Governmental Activities.

| | Governmental Activities |
|---|---|
| Beginning net position, as previously reported | $ 13,313,970 |
| Change in reporting entity as a result of GASB 61 | 519,709 |
| Beginning net position, as restated | $ 13,833,679 |

# MITCHELL COUNTY, GEORGIA
## REQUIRED SUPPLEMENTARY INFORMATION
## SCHEDULE OF FUNDING PROGRESS

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Projected Unit Credit (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (b-a)/c) |
|---|---|---|---|---|---|---|
| 12/31/12 | $ 4,963,792 | $ 5,527,449 | $ 563,657 | 89.8 % | $ 3,893,361 | 14.5 % |
| 12/31/11 | 4,687,878 | 5,315,413 | 627,535 | 88.2 | 4,292,268 | 14.6 |
| 12/31/10 | 4,359,111 | 4,661,479 | 302,368 | 93.5 | 4,118,930 | 7.3 |
| 12/31/09 | 4,062,554 | 4,328,005 | 265,451 | 93.9 | 3,853,200 | 6.9 |
| 12/31/08 | 3,693,504 | 4,338,238 | 644,734 | 85.1 | 3,979,700 | 16.2 |
| 12/31/07 | 3,572,836 | 3,976,107 | 403,271 | 89.9 | 4,085,132 | 9.9 |
| 12/31/06 | 3,145,851 | 3,519,084 | 373,233 | 89.4 | 3,856,329 | 9.7 |
| 12/31/05 | 2,747,328 | 3,275,971 | 528,643 | 83.9 | 3,418,022 | 15.5 |
| 12/31/04 | 2,368,637 | 2,867,798 | 499,161 | 82.6 | 3,064,411 | 16.3 |

The assumptions used in preparation of the above schedule are disclosed in Note 10 to the financial statements.

# MITCHELL COUNTY, GEORGIA
## NONMAJOR GOVERNMENTAL FUNDS

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## Special Revenue Funds

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

**Drug Abuse and Treatment Education Fund** is used to account for the collection of additional penalties for certain drug related crimes, donations related to drug education, and for expenditure of those funds solely and exclusively restricted for drug abuse treatment and education programs relating to controlled substances and marijuana. (OCGA 15-21-100).

**Jail Fund** is used to account for revenues collected by the imposition of a 10% add-on fine as provided for by the Georgia Jail Construction and Staffing Act.

**Law Library Fund** is used to account for the resources received from the various courts of Mitchell County and disbursements for the support of a centralized law library.

**Jail Commissary Fund** is used to account for the proceeds from jail inmate commissary sales.

**E-911 System Fund** is used to account for the County's emergency communications operations by providing an open channel between citizens and public safety providers.

**Confiscated Assets Fund** is used to account for activities related to drug raids.

**Tornado Relief Fund** is used to account for the County's activities related to grants received and relief provided for the 2009 tornado.

**Mitchell County Development Authority** is used to account for the County's activities related to economic and development projects.

**Revolving Loan Fund** is a special revenue fund used to account for the operations of the County's revolving loans. Original funding was provided by the Department of Housing and Urban Development through the State of Georgia Department of Community Affairs.

# MITCHELL COUNTY, GEORGIA

## COMBINING BALANCE SHEET
## NONMAJOR GOVERNMENTAL FUNDS
## DECEMBER 31, 2013

| | Special Revenue Funds | | | |
|---|---|---|---|---|
| **ASSETS** | **Drug Abuse and Treatment Education Fund** | **Jail Fund** | **Law Library Fund** | **Jail Commissary Fund** |
| Cash and cash equivalents | $ 43,683 | $ 10,679 | $ 32,491 | $ 61,361 |
| Investments | - | - | - | - |
| Notes receivable | - | - | - | - |
| Due from other funds | 12,062 | - | - | - |
| Total assets | $ 55,745 | $ 10,679 | $ 32,491 | $ 61,361 |
| **LIABILITIES AND FUND BALANCES** | | | | |
| **LIABILITIES** | | | | |
| Accounts payable | $ - | $ - | $ - | $ - |
| Total liabilities | - | - | - | - |
| **FUND BALANCES** | | | | |
| Nonspendable: | | | | |
| Long-term receivable | $ - | $ - | $ - | $ - |
| Restricted for: | | | | |
| Judicial | - | - | 32,491 | - |
| Public safety | 55,745 | 10,679 | - | - |
| Economic development | - | - | - | - |
| Committed for: | | | | |
| Public safety | - | - | - | 61,361 |
| Public assistance | - | - | - | - |
| Housing and development | - | - | - | - |
| Total fund balances | 55,745 | 10,679 | 32,491 | 61,361 |
| Total liabilities and fund balances | $ 55,745 | $ 10,679 | $ 32,491 | $ 61,361 |

| E-911 Fund | Confiscated Assets Fund | Tornado Relief Fund | Mitchell County Development Authority | Revolving Loan Fund | Totals |
|---|---|---|---|---|---|
| $ - | $ 60,926 | $ 36,046 | $ 157,459 | $ 55,156 | $ 457,801 |
| - | - | - | 247,508 | - | 247,508 |
| - | - | - | - | 125,387 | 125,387 |
| - | - | - | - | - | 12,062 |
| $ - | $ 60,926 | $ 36,046 | $ 404,967 | $ 180,543 | $ 842,758 |
| $ - | $ - | $ - | $ 5,000 | $ - | $ 5,000 |
| - | - | - | 5,000 | - | 5,000 |
| $ - | $ - | $ - | $ - | $ 125,387 | $ 125,387 |
| - | - | - | - | - | 32,491 |
| - | 60,926 | - | - | - | 127,350 |
| - | - | - | - | 55,156 | 55,156 |
| - | - | - | - | - | 61,361 |
| - | - | 36,046 | - | - | 36,046 |
| - | - | - | 399,967 | - | 399,967 |
| - | 60,926 | 36,046 | 399,967 | 180,543 | 837,758 |
| $ - | $ 60,926 | $ 36,046 | $ 404,967 | $ 180,543 | $ 842,758 |

# MITCHELL COUNTY, GEORGIA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2013

| | Special Revenue Funds | | | |
|---|---|---|---|---|
| | Drug Abuse and Treatment Education Fund | Jail Fund | Law Library Fund | Jail Commissary Fund |
| **Revenues:** | | | | |
| Intergovernmental | $ - | $ - | $ - | $ - |
| Charges for services | - | - | - | 122,624 |
| Fines and forfeitures | 24,639 | 27,231 | 6,882 | - |
| Interest revenue | - | 11 | 40 | - |
| Total revenues | 24,639 | 27,242 | 6,922 | 122,624 |
| **Expenditures:** | | | | |
| Current: | | | | |
| Judicial | - | - | 13,073 | - |
| Public safety | 13,870 | - | - | 167,493 |
| Public works | - | - | - | - |
| Health and welfare | - | - | - | - |
| Housing and development | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total expenditures | 13,870 | - | 13,073 | 167,493 |
| Excess (deficiency) of revenues over (under) expenditures | 10,769 | 27,242 | (6,151) | (44,869) |
| **Other financing sources (uses):** | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | (23,000) | - | - |
| Total other financing sources (uses) | - | (23,000) | - | - |
| Net change in fund balances | 10,769 | 4,242 | (6,151) | (44,869) |
| **Fund balances, beginning of year** | 44,976 | 6,437 | 38,642 | 106,230 |
| **Fund balances, end of year** | $ 55,745 | $ 10,679 | $ 32,491 | $ 61,361 |

| E-911 Fund | Confiscated Assets Fund | Tornado Relief Fund | Mitchell County Development Authority | Revolving Loan Fund | Totals |
|---|---|---|---|---|---|
| $ - | $ - | $ - | $ 58,262 | $ - | $ 58,262 |
| 315,985 | - | - | 15,786 | - | 454,395 |
| - | - | - | - | - | 58,752 |
| - | 74 | - | 4,083 | 4,013 | 8,221 |
| 315,985 | 74 | - | 78,131 | 4,013 | 579,630 |
| | | | | | |
| - | - | - | - | - | 13,073 |
| 470,936 | 67,825 | - | - | - | 720,124 |
| - | - | - | - | - | - |
| - | - | 749 | - | - | 749 |
| - | - | - | 55,046 | - | 55,046 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 4,707 | - | 4,707 |
| - | - | - | 468 | - | 468 |
| 470,936 | 67,825 | 749 | 60,221 | - | 794,167 |
| (154,951) | (67,751) | (749) | 17,910 | 4,013 | (214,537) |
| 154,951 | - | - | - | - | 154,951 |
| - | - | - | - | - | (23,000) |
| 154,951 | - | - | - | - | 131,951 |
| - | (67,751) | (749) | 17,910 | 4,013 | (82,586) |
| - | 128,677 | 36,795 | 382,057 | 176,530 | 920,344 |
| $ - | $ 60,926 | $ 36,046 | $ 399,967 | $ 180,543 | $ 837,758 |

## MITCHELL COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE YEAR ENDED DECEMBER 31, 2013

| Project Description | Original and Current Estimated Costs | Expenditures | | |
|---|---|---|---|---|
| | | Prior Years | Current Year | Total |
| **2006 REFERENDUM** | | | | |
| Road, Street and Bridge Construction or Improvement | $ 3,522,333 | $ 6,398,971 | $ 22,317 | $ 6,421,288 |
| Ambulance Purchase | 120,000 | 97,135 | - | 97,135 |
| Courthouse Improvements | 125,000 | 130,526 | - | 130,526 |
| Fire Department Projects | 2,500,000 | 1,766,560 | 35,350 | 1,801,910 |
| Flint River Auditorium Project | 100,000 | 100,001 | - | 100,001 |
| City of Pelham Projects | 1,919,520 | 2,158,583 | - | 2,158,583 |
| City of Sale City Projects | 120,000 | 136,400 | - | 136,400 |
| City of Camilla Projects | 2,672,171 | 3,024,863 | - | 3,024,863 |
| City of Baconton Projects | 383,349 | 347,087 | - | 347,087 |
| City of Meigs Projects | 11,025 | 12,533 | - | 12,533 |
| Totals | $ 11,473,398 | $ 14,172,659 | $ 57,667 | $ 14,230,326 |
| **2012 REFERENDUM** | | | | |
| Road, Street and Bridge Construction or Improvement | $ 7,187,766 | $ 355,233 | $ 639,910 | $ 995,143 |
| Ambulance Purchase | 900,000 | - | - | - |
| Narrow-Banding Projects | 245,000 | 161,847 | 1,908 | 163,755 |
| Desota Trail Library Project | 47,222 | - | 47,222 | 47,222 |
| Hand Trading Company Project | 105,000 | 2,515 | 1,753 | 4,268 |
| City of Pelham Projects | 2,406,357 | 212,013 | 212,466 | 424,479 |
| City of Sale City Projects | 185,642 | 8,464 | 11,536 | 20,000 |
| City of Camilla Projects | 3,300,000 | 100,000 | 486,103 | 586,103 |
| City of Baconton Projects | 467,592 | 44,668 | 61,137 | 105,805 |
| City of Meigs Projects | 13,413 | - | - | - |
| Totals | $ 14,857,992 | $ 884,740 | $ 1,462,035 | $ 2,346,775 |

**Note:** The difference between the above schedule and the Statement of Revenues, Expenditures and Changes in Fund Balances is due to reimbursements received from the Department of Transportation for $350,742 for costs incurred related to County roads.

# MITCHELL COUNTY, GEORGIA
## AGENCY FUNDS

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

**Jail Inmate Fund** – This fund accounts for jail inmate funds while in custody, and for the purchase of items from the Jail Commissary and related activities on behalf of inmates and the correctional institution.

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

**Clerk of Superior Court**
**Probate Court**
**Sheriff's Office**
**Probation Office**
**Magistrate Court**

# MITCHELL COUNTY, GEORGIA

## COMBINING STATEMENT OF ASSETS AND LIABILITIES
## AGENCY FUNDS
## DECEMBER 31, 2013

| ASSETS | Clerk of Superior Court | Probate Court | Sheriff's Office | Probation Office |
|---|---|---|---|---|
| Cash and cash equivalents | $ 217,107 | $ 974 | $ 3,743 | $ 27,621 |
| Taxes receivable | - | - | - | - |
| Total assets | $ 217,107 | $ 974 | $ 3,743 | $ 27,621 |
| **LIABILITIES** | | | | |
| Due to others | $ 217,107 | $ 974 | $ 3,743 | $ 27,621 |
| Uncollected taxes | - | - | - | - |
| Total liabilities | $ 217,107 | $ 974 | $ 3,743 | $ 27,621 |

| Jail Inmate | Tax Commissioner | Magistrate Court | Total |
|---|---|---|---|
| $ 7,882 | $ 32,206 | $ 58,037 | $ 347,570 |
| - | 1,391,290 | - | 1,391,290 |
| $ 7,882 | $ 1,423,496 | $ 58,037 | $ 1,738,860 |
| | | | |
| $ 7,882 | $ 32,206 | $ 58,037 | $ 347,570 |
| - | 1,391,290 | - | 1,391,290 |
| $ 7,882 | $ 1,423,496 | $ 58,037 | $ 1,738,860 |

# COMPLIANCE SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

# 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*

**Board of Commissioners**
**of Mitchell County, Georgia**
**Camilla, Georgia**

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Mitchell County, Georgia (the "County") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Mitchell County, Georgia's basic financial statements and have issued our report thereon dated June 27, 2014. Our report includes a reference to other auditors who audited the financial statements of the Mitchell County Board of Health, as described in our report on Mitchell County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described as item 2013-1 in the accompanying schedule of findings and responses that we consider to be a significant deficiency.

**Compliance and Other Matters**

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

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

Mitchell County, Georgia's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Mitchell 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 result of that testing, and not to provide an opinion on the effectiveness of the County'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.

Mauldin & Jenkins, LLC

Albany, Georgia
June 27, 2014

# MITCHELL COUNTY, GEORGIA
## SCHEDULE OF FINDINGS AND RESPONSES

## FOR THE YEAR ENDED DECEMBER 31, 2013

### SECTION I
### SUMMARY OF AUDITOR'S RESULTS

***Financial Statements***

| | |
|---|---|
| Type of auditor's report issued | Unmodified |
| Internal control over financial reporting: | |
| Material weakness identified? | ___ yes __X__ no |
| Significant deficiencies identified? | __X__ yes ____ none reported |
| Noncompliance material to financial statements noted? | ___ yes __X__ no |

***Federal Awards***

There was not an audit of major federal award programs as of December 31, 2013 due to the total amount expended being less than $500,000.

### SECTION II
### FINANCIAL STATEMENT FINDINGS AND RESPONSES

**2013 – 1. Segregation of Duties**

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

**Condition:** There is not appropriate segregation of duties between recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds possessed by the County. This is especially prominent in the offices of the County Administration, Clerk of Court, Probate Court, Magistrate Court, Law Library, Sheriff's Department, and Probation Department.

**Context:** Several instances of overlapping duties were noted during interviews regarding internal control procedures.

**Effect:** Failure to properly segregate duties between recording, distribution, and reconciliation of accounts can lead to misappropriation of funds that is not detected during the normal course of business.

**Cause:** The lack of segregation of duties is due to the limited number of individuals in each office available to perform all of the required duties.

**Recommendation:** The County should consider having checks and balances in place, so that if overlapping duties exist, an appropriate level of review is performed.

**Views of Responsible Officials and Planned Corrective Action:** We concur with the recommendation. Such segregation of duties will be implemented as soon as economically possible.

# MITCHELL COUNTY, GEORGIA
## SCHEDULE OF FINDINGS AND RESPONSES

## FOR THE YEAR ENDED DECEMBER 31, 2013

### SECTION III
### FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not applicable.

# MITCHELL COUNTY, GEORGIA
## SCHEDULE OF PRIOR YEAR FINDINGS

## FOR THE YEAR ENDED DECEMBER 31, 2013

**2012 – 1. Segregation of Duties**

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

**Condition:** There is not appropriate segregation of duties between recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds possessed by the County. This is especially prominent in the offices of the County Administration, Clerk of Court, Probate Court, Magistrate Court, Law Library, Sheriff's Department, and Probation Department.

**Auditee Response/Status:** Unresolved – See current year finding 2013-1.

**2012 - 2. Special Purpose Local Option Sales Tax Proceeds**

**Criteria:** In accordance with the Official Code of Georgia (OCGA) Section 48-8-121, Special Purpose Local Option Sales Tax proceeds shall be used exclusively for the purpose or purposes specified in the resolution or ordinance calling for imposition of the tax. Such proceeds shall be kept in a separate account from other funds of such County receiving proceeds of the sales and use tax and shall not in any manner be commingled with other funds.

**Condition:** For the fiscal year ended December 31, 2012, the County did not comply with OCGA Section 48-8-121 as it transferred proceeds from the Sales Tax Fund to the General Fund.

**Auditee Response/Status:** Resolved.

**2012 - 3. Taxes Receivable**

**Criteria:** Generally accepted accounting principles require revenue to be recognized in the accounting period in which it becomes both measurable and available to finance expenditures of the current period.

**Condition:** The County did not properly record the year end property tax receivable and revenue in the General Fund as of December 31, 2012.

**Auditee Response/Status:** Resolved.

**2012 - 4. Management of Accounts Receivable Accounts**

**Criteria:** Generally accepted accounting principles require revenues to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. As a part of these processes, the County should review all revenue transactions to determine reporting in the proper period.

**Condition:** The County did not properly record fees receivable in the General Fund and Water and Sewer System as of December 31, 2012.

**Auditee Response/Status:** Resolved.

# MITCHELL COUNTY, GEORGIA
## SCHEDULE OF PRIOR YEAR FINDINGS

## FOR THE YEAR ENDED DECEMBER 31, 2013

**2012 - 5. Management of Accounts Payable and Accrued Expenses**

**Criteria:** Generally accepted accounting principles require reporting of all current liabilities whose liquidation is expected to require the use of current assets when the goods have been received or services have been performed.

**Condition:** The County did not properly address the above criteria as of December 31, 2012 as it relates to accrued payroll liabilities in the General Fund and Water and Sewer Fund.

**Auditee Response/Status:** Resolved.

**2012 - 6. Management of Capital Asset Accounts**

**Criteria:** Generally accepted accounting principles generally require the reporting of all capital assets at their historical cost, which is written off periodically, or depreciated, in a systematic and rational manner.

**Condition:** The County did not properly record depreciation of capital assets in the Water and Sewer System Fund.

**Auditee Response/Status:** Resolved.

**2012 - 7. Special Revenue Fund Budgets**

**Criteria:** House Bill 1364 of the 1998 session of the Georgia General Assembly requires an annual balanced budget for the General Fund, each special revenue fund, each debt service fund and requires a project length balanced budget for each capital projects fund.

**Condition:** For the fiscal year ended December 31, 2012, no annual budget was adopted for the Drug Abuse and Treatment Education Fund, Jail Fund, Law Library Fund, Jail Commissary Fund, Confiscated Assets Fund, Tornado Relief Fund, CDBG Fund, and Revolving Loan Fund in accordance with the Official Code of Georgia (OCGA) Sections 36-81-2 through 36-81-6.

**Auditee Response/Status:** Resolved.

**2012 - 8. Management of Due To / From (Internal) Accounts**

**Criteria:** Generally accepted accounting principles require consideration of the collectibility of receivables of all kinds whether external or internal to the County. As part of that process, the County should review the amounts included in due to/from accounts (interfund receivables and payables) in each fund to determine the proper amount due during the fiscal year.

**Condition:** The County did not properly record the amounts due from other agency funds in the General Fund and Nonmajor Funds during the year ended December 31, 2012.

**Auditee Response/Status:** Resolved.

# MITCHELL COUNTY, GEORGIA
## SCHEDULE OF PRIOR YEAR FINDINGS

## FOR THE YEAR ENDED DECEMBER 31, 2013

**2012 - 9. Debt Transactions**

**Criteria:** Proprietary funds use the economic resources measurement focus, which requires those funds to report all assets and liabilities, including long-term debt. As part of that reporting process, the County should properly accrue interest costs through the end of the reporting period.

**Condition:** The County did not properly adjust accrued interest related to its outstanding debt within the Water and Sewer System Fund and did not properly record the servicing of the debt.

**Auditee Response/Status:** Resolved.

**2012 - 10. Recording Activity**

**Criteria:** Significant balances and transactions in any operation should be recorded, reconciled, reviewed and adjusted on a monthly basis. Specifically, management of operating transactions warrant this exercise monthly, inclusive of reviewing and reconciling the monthly statements, trial balances and other supporting documentation provided by external parties.

**Condition:** We noted the County is recording transactions in two (2) different software programs and discrepancies were identified in the General Fund. Additionally, the County did not include general ledger transactions recorded at other locations in the County's accounting software during the year ended December 31, 2012.

**Auditee Response/Status:** Resolved.