MONROE COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2012

MONROE COUNTY, GEORGIA

FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

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MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
of Monroe County, Georgia
Forsyth, 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 **Monroe County, Georgia (the "County")**, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Monroe 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 Monroe County Health Department as of and for the year ended June 30, 2012. 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 Monroe County Health Department in the component unit column, 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 entities 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 Monroe County, Georgia as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 and Note 14, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* as well as Statement No. 65, *Items Previously Reported as Assets and Liabilities* as of January 1, 2012. Our opinion is not modified with respect to this matter.

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 12) and the Schedules of Funding Progress on page 58 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 Monroe County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Monroe County, Georgia. The schedules of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia Annotated 48-8-121, and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedules 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 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 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 schedules 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 September 16, 2013, on our consideration of Monroe 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 Monroe County, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
September 16, 2013

As management of Monroe County, Georgia, we offer readers of Monroe County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

Financial Highlights

- The assets of Monroe County exceeded its liabilities at December 31, 2012, by $106,575,582, (net position).

- The biggest changes will be found in the fund balances for Monroe County. At December 31, 2012, the County's total fund balances as summarized for all governmental fund types on page 15 of the financial statements were $35,220,229, an increase of $9,372,091, or 36.25%, from the 2011 fiscal year. Of this amount, $7,795,321 remains in the various funds as unassigned. $27,167,554 is restricted for various purposes, $190,470 is nonspendable, $628 is committed for public safety and $66,256 has been assigned for culture and recreation.

- At December 31, 2011, the County's General Fund reported an unassigned fund balance of $8,561,696. At December 31, 2012 the County's General Fund reported an unassigned fund balance of $8,497,659 which is a decrease of $64,037, or 0.75%, from the unassigned fund balance from our prior fiscal year.

Overview of the Financial Statements

This Discussion and Analysis is intended to serve as an introduction to Monroe County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of Monroe County's finances, in a manner similar to a private-sector business. All governmental and business-type activities are consolidated to arrive at a total for the Primary Government. There are two government-wide statements, the statement of net position and the statement of activities, which are described below.

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. It is important to note that this statement consolidates the governmental fund's current financial resources (short-term) with capital assets and long-term liabilities.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The governmental activities of the County include general government, judicial, public safety, public works, health and welfare, culture and recreation, and housing and development.

The business-type activities of the County include water and sewer, landfill, and building inspections.

The government-wide financial statements include not only Monroe County itself (known as the primary government), but also the Monroe County Department of Public Health and the Monroe County Development Authority. These are legally separate entities that are component units of the County due to the significance of their operational or financial relationships with the County. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 13 and 14 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Monroe County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Monroe County maintains governmental funds to account for the following activities: General; Special Revenue (Library, Forfeited Funds, Law Library, Jail Fines, Drug Education, E-911, C.A.R.E. Cottage, Federal Forfeited Funds, CDBG Water Grant, EMS Grant, EMA Grant and Sheriff's Safe Driving); and Capital Projects (Water Capital, Roads, Fire, Recreation, Public Safety Facilities, Patrol Vehicles, Emergency Services, Administration Building, Hospital, 2008 SPLOST, 2014 SPLOST, and Public Facilities Authority). Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Public Facilities Authority, Water Capital, and SPLOST 2008, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated column. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. Monroe County adopts an annual appropriated budget for its general, special revenue, and debt service funds. A budgetary comparison statement has been provided for the General Fund within the basic financial statements. This statement can be found on pages 18 and 19.

Proprietary funds. Monroe County uses enterprise funds, also known as the business-type functions, to account for the Monroe County Water System, Landfill and Building Inspection activities. The proprietary funds are reflected in the business-type activities of the government-wide financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Monroe County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 – 57 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary* information concerning Monroe County's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on page 58 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 57 – 72 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Monroe County, assets exceed liabilities by $106,575,582 at the close of the 2012 fiscal year, a decrease of $3,727,226, or 3.38%. Of the $106,575,582, $75,244,996 resulted from Governmental Activities and $31,330,586 resulted from the Business-type Activities.

By far the largest portion of the County's net position (99.30%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, 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.

Monroe County's Net Position

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	$ 38,547,784	$ 30,136,624	$ 240,071	$ 2,462,935	$ 38,787,855	$ 32,599,559
Capital assets	75,704,748	74,836,789	32,378,848	32,921,373	108,083,596	107,758,162
Total assets	114,252,532	104,973,413	32,618,919	35,384,308	146,871,451	140,357,721
Other liabilities	2,179,312	1,680,592	234,601	415,478	2,413,913	2,096,070
Long-term liabilities outstanding	36,828,224	13,714,791	1,053,732	13,462,069	37,881,956	27,176,860
Total liabilities	39,007,536	15,395,383	1,288,333	13,877,547	40,295,869	29,272,930
Net position:						
Invested in capital assets, net of related debt	73,448,809	72,082,762	32,378,848	20,641,373	105,827,657	92,724,135
Restricted	5,269,440	16,684,231	-	1,022,970	5,269,440	17,707,201
Unrestricted	(3,473,253)	811,037	(1,048,262)	(157,582)	(4,521,515)	653,455
Total net position	$ 75,244,996	$ 89,578,030	$ 31,330,586	$ 21,506,761	$ 106,575,582	$ 111,084,791

An additional portion of Monroe County's total net position (4.94%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of $4,521,515.

Governmental activities. Governmental activities decreased the County's net position by $14,185,988. Key elements of this decrease are as follows:

Monroe County's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues						
Charges for services	$ 4,705,154	$ 4,288,920	$ 1,430,662	$ 1,619,720	$ 6,135,816	$ 5,908,640
Operating grants and contributions	798,952	333,447	-	-	798,952	333,447
Capital grants and contributions	294,591	35,532	319,680	-	614,271	35,532
General revenues:						
Property taxes	12,682,685	12,985,427	-	-	12,682,685	12,985,427
Sales taxes	5,561,181	7,879,725	-	-	5,561,181	7,879,725
Other taxes	325,968	330,568	1,003,649	939,468	1,329,617	1,270,036
Unrestricted Investment earnings	57,091	86,325	(40,607)	157,121	16,484	243,446
Gain on sale	-	1,772	-	-	-	1,772
Total revenues	24,425,622	25,941,716	2,713,384	2,716,309	27,139,006	28,658,025
Expenses:						
General government	4,155,251	4,415,459	-	-	4,155,251	4,415,459
Judicial	1,525,844	1,402,512	-	-	1,525,844	1,402,512
Public safety	11,411,058	10,572,545	-	-	11,411,058	10,572,545
Public works	7,396,058	4,927,147	-	-	7,396,058	4,927,147
Health and welfare	918,267	1,468,583	-	-	918,267	1,468,583
Culture and recreation	1,090,840	1,031,515	-	-	1,090,840	1,031,515
Housing and development	303,536	206,840	-	-	303,536	206,840
Interest and fiscal charges	478,045	408,493	-	-	478,045	408,493
Water	-	-	2,017,996	2,871,700	2,017,996	2,871,700
Landfill	-	-	1,421,051	1,782,525	1,421,051	1,782,525
Building inspection	-	-	148,286	176,461	148,286	176,461
Total expenses	27,278,899	24,433,094	3,587,333	4,830,686	30,866,232	29,263,780
Change in net position before transfers	(2,853,277)	1,508,622	(873,949)	(2,114,377)	(3,727,226)	(605,755)
Transfers	(11,332,711)	(6,239,978)	11,332,711	6,239,978	-	-
Change in net position	(14,185,988)	(4,731,356)	10,458,762	4,125,601	(3,727,226)	(605,755)
Net position, beginning	89,430,984	94,309,386	20,871,824	17,381,160	110,302,808	111,690,546
Net position, ending	$ 75,244,996	$ 89,578,030	$ 31,330,586	$ 21,506,761	$ 106,575,582	$ 111,084,791

Financial Analysis of the Government's Funds

As noted earlier, Monroe County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Monroe County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the 2012 fiscal year, the County's governmental funds reported combined ending fund balances of $35,220,229, an increase of $9,372,091 in comparison with the prior year. Approximately 22.13% of the combined fund balance ($7,795,321) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance ($27,424,908) is not available for new spending because it has already been committed for inventory ($190,470); restricted for the following activities: judicial ($402,685), public safety ($189,585), capital projects ($24,234,370) and debt service ($2,340,914). A portion has been committed for public safety ($628) and a portion has been assigned to be spent for culture and recreation ($66,256).

The General Fund is the chief operating fund of Monroe County. At the end of the current fiscal year, unassigned fund balance of the General Fund was $8,497,659 while total fund balance reached $8,688,129. The unassigned fund balance of the General Fund decreased $64,037 over the unassigned balance from the prior fiscal year. The nonspendable fund balance decreased $84,768 from the prior fiscal year. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 41.71% of total General Fund expenditures, while total fund balance represents 42.64% of that same amount.

Proprietary funds. Monroe County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The County's only proprietary fund types are enterprise funds.

At the end of the current fiscal year, unrestricted net position of the Water Fund was $41,706, an decrease of $1,090,875 or 96.32%. Unrestricted net position of the Landfill Fund was deficit of ($1,073,913), an increase of $198,059 or (15.57%). Unrestricted net position of the Building Inspection Fund was a deficit ($16,055), an increase of $2,136 or (11.74%). Total combined unrestricted net position of proprietary funds resulted in a deficit ($1,048,262), a decrease of $890,680. For the current year-end, the proprietary funds indicate total net position of $31,330,586. This is an increase in total net position for the proprietary funds in the amount of $10,458,762.

Monroe County
Enterprise Net Operating Income (Loss),
Nonoperating Revenues (Expenses) and Transfers

	2012	2011
Net operating loss:		
Water Fund	$ (722,530)	$ (971,749)
Landfill Fund	(1,271,145)	(1,509,573)
Building Inspection Fund	(73,302)	(116,641)
Total net operating loss	(2,066,977)	(2,597,963)
Nonoperating revenues	873,348	483,586
Loss before transfers and contributions	(1,193,629)	(2,114,377)
Capital contributions	319,680	3,933,978
Net transfers in	11,332,711	2,306,000
Changes in net position	$ 10,458,762	$ 4,125,601

General Fund Budgetary Highlights

Differences between the expenditures original budget and the final amended budget were $486,560 and can be summarized as follows:

- Decrease in general government of $2,062,319 – due to the shifting of contingent funding during the year to cover unexpected needs of other departments for retirement cost, insurance, repairs, fuel and employee salaries and the creation of a capital contingency account for all capital purchases to better control cash flow.
- Increase in judicial of $104,286 – due to hiring a temporary assistant district attorney to help with cases in Monroe County.
- Increase in public safety of $1,427,794 – due to increased cost of fuel, employee overtime, group health self insurance costs, retirement, workers' comp and capital purchases from capital contingency.
- Increase in public works of $854,105 – due to equipment purchase from capital contingency, increases in the cost of materials and fuel, increased cost in health insurance and retirement.
- Increase in health and welfare of $1,222 – due to the dissolving of Neighborhood Service Center.
- Increase in culture and recreation of $72,970 – due to increase in cost of supplies, increased cost in health insurance and retirement, increase in temporary employees and adding concessions.
- Increase in housing and development of $88,523 – due to increased cost in retirement, workers' comp and insurance, becoming fiscal agent for Monroe County Family Connection, purchase and renovations to Hubbard Dormitory for future extension service home.

Capital Asset and Debt Administration

Capital assets. Monroe County's investment in capital assets for its governmental activities as of December 31, 2012 was $75,704,748 (net of accumulated depreciation), an increase of $867,959. This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges. As required by GASB Statement No. 34, the County has retroactively recorded the infrastructure of its governmental activities.

Monroe County's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	$ 614,976	$ 614,976	$ 339,697	$ 339,697	$ 954,673	$ 954,673
Construction in progress	3,139,857	407,241	12,901	12,901	3,152,758	420,142
Land (landfill)	-	-	420,484	512,167	420,484	512,167
Buildings	9,082,735	9,325,432	683,317	699,620	9,766,052	10,025,052
Building improvements	1,324,901	1,356,959	-	-	1,324,901	1,356,959
Improvements	589,288	364,491	442,014	496,640	1,031,302	861,131
Infrastructure	58,741,450	60,449,717	28,838,982	29,444,330	87,580,432	89,894,047
Intangibles	56,340	63,769	-	-	56,340	63,769
Machinery and equipment	2,155,201	2,254,204	1,641,453	1,416,018	3,796,654	3,670,222
Total	$ 75,704,748	$ 74,836,789	$ 32,378,848	$ 32,921,373	$ 108,083,596	$ 107,758,162

Major projects in 2012 included the following:

- Heavy equipment in public works
- New roads paved
- New equipment for fire and rescue
- Additional patrol cars
- Completion of several water projects
- Construction in progress for a new county administration building; majority of work completed
- Construction in progress for a new State Patrol Building
- Construction in progress for renovating Old Hubbard Alumni Building

Additional information on the County's capital assets can be found in Note 6 on pages 41 - 43 of this report.

Long-term debt. During the current fiscal year, the County issued 2012 Public Facilities Authority (Series A and B) general obligation bonds through an intergovernmental agreement with the Monroe County Public Facilities Authority, a blended component unit, in the aggregate amount of $22,635,000. The proceeds were used to defease the remaining Revenue Refunding and Improvement Bonds for Water and Sewerage Projects, Series 2003A. The County previously had general obligation bonds of $15,745,000 through an intergovernmental agreement with the Monroe County Public Facilities Authority, a blended component unit. The bonded debt is to be paid by the County to the Authority from revenues received from a one percent special local option sales tax or SPLOST. The outstanding balance of general obligation bonds as of December 31, 2012 is $30,530,000.

Other amounts included in long-term debt as of December 31, 2012 are as follows:

- Capital Leases used to finance new equipment, primarily for various emergency services equipment.
- Compensated Absences reflect the vacation and compensatory pay employees have earned but not yet taken.
- Claims and judgments payable representing prior year sales tax revenues payable back to the State of Georgia Department of Revenue.
- Landfill Postclosure Costs represent amounts accrued by the County for future costs to meet state and federal laws and regulations requiring the County to place a final cover on the Strickland Loop Road Landfill when the landfill stops accepting waste.

Monroe County's Long-term Debt

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases	$ 225,718	$ -	$ (156,197)	$ 69,521	$ 34,115
General obligation bonds	11,195,000	22,635,000	(3,300,000)	30,530,000	3,385,000
Plus unamortized premium	91,959	2,271,519	(63,219)	2,300,259	-
Compensated absences	550,422	329,700	(299,907)	580,215	232,086
Claims and judgements payable	948,636	2,462,700	(948,636)	2,462,700	1,539,187
Net OPEB obligation	703,056	258,890	(76,417)	885,529	-
Governmental activities long-term liabilities	$ 13,714,791	$ 27,957,809	$ (4,844,376)	$ 36,828,224	$ 5,190,388
Business-type activities:					
Revenue bonds	$ 12,280,000	$ -	$ (12,280,000)	$ -	$ -
Landfill closure costs	1,108,872	(126,523)	-	982,349	-
Compensated absences	73,197	37,780	(39,594)	71,383	49,017
Business-type activities long-term liabilities	$ 13,462,069	$ (88,743)	$ (12,319,594)	$ 1,053,732	$ 49,017

Additional information regarding the County's long-term debt can be found in Note 7 on pages 44 – 48 of this report.

Economic Factors and Next Year's Budgets

- The unemployment rate for Middle Georgia is 8.6% which is in line with the state average of 8.7%. (Unemployment rate per the County Labor Force Estimates from the Georgia Department of Labor website: www.dol.state.ga.us/).
- Monthly LOST collections have increased over the past several years and have maintained this higher collection rate and are expected to remain near the same during 2013.
- The 2008 SPLOST is expected to generate approximately $5,600,000 in tax revenues.
- The County's Net Maintenance and Operations (M&O) millage rate in the unincorporated areas remained at 9.431 with no increase to cover other revenue shortages.
- There was a decrease in the 2012 budget of $51,580, or .03% without an increase in the millage.

Requests for Information

This financial report is designed to provide a general overview of Monroe County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Monroe County, P.O. Box 520, Forsyth, Georgia 31029.

BASIC FINANCIAL STATEMENTS

MONROE COUNTY, GEORGIA

STATEMENT OF NET POSITION
DECEMBER 31, 2012

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Development Authority	Health Department
ASSETS					
Cash and cash equivalents	$ 7,113,959	$ 283,408	$ 7,397,367	$ 3,615,635	$ 234,877
Investments	86,615	149,218	235,833	-	-
Taxes receivable	6,012,546	-	6,012,546	-	-
Interest receivable	73	-	73	-	-
Accounts receivable, net of allowances	1,033,596	129,342	1,162,938	-	26,395
Due from other governments	847,975	-	847,975	-	-
Internal balances	445,758	(445,758)	-	-	-
Inventories	190,470	44,914	235,384	-	-
Prepaid items	-	-	-	2,613	-
Restricted assets					
Cash	22,534,126	78,947	22,613,073	-	-
Other noncurrent assets	282,666	-	282,666	-	-
Capital assets, non-depreciable	3,754,833	352,598	4,107,431	2,337,203	-
Capital assets, depreciable, net of accumulated depreciation	71,949,915	32,026,250	103,976,165	-	4,952
Total assets	114,252,532	32,618,919	146,871,451	5,955,451	266,224
LIABILITIES					
Accounts payable	1,205,217	100,560	1,305,777	825	14,396
Accrued liabilities	550,404	55,401	605,805	-	-
Unearned revenues	6,433	-	6,433	1,769	-
Due to other governments	331,610	-	331,610	-	-
Accrued interest	85,648	-	85,648	-	-
Customer deposits payable	-	78,640	78,640	-	-
Capital leases due within one year	34,115	-	34,115	-	-
Capital leases due in more than one year	35,406	-	35,406	-	-
Compensated absences due within one year	232,086	49,017	281,103	-	7,434
Compensated absences due in more than one year	348,129	22,366	370,495	-	22,726
Bonds payable due within one year	3,385,000	-	3,385,000	-	-
Bonds payable due in more than one year	29,445,259	-	29,445,259	-	-
Claims and judgments payable due within one year	1,539,187	-	1,539,187	-	-
Claims and judgments payable due in more than one year	923,513	-	923,513	-	-
Landfill closure and postclosure care costs due in more than one year	-	982,349	982,349	-	-
Net OPEB obligation due in more than one year	885,529	-	885,529	-	-
Total liabilities	39,007,536	1,288,333	40,295,869	2,594	44,556
NET POSITION					
Net investment in capital assets	73,448,809	32,378,848	105,827,657	2,337,203	4,952
Restricted for:					
Judicial	402,685	-	402,685	-	-
Public safety	189,585	-	189,585	-	-
Capital projects	4,677,170	-	4,677,170	-	-
Unrestricted	(3,473,253)	(1,048,262)	(4,521,515)	3,615,654	216,716
Total net position	$ 75,244,996	$ 31,330,586	$ 106,575,582	$ 5,952,857	$ 221,668

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

MONROE COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities	Business-type Activities	Total	Component Units: Development Authority	Component Units: Health Department
Primary government:									
Governmental activities:									
General government	$ 4,155,251	$ 722,517	$ 593	$ 553	$ (3,431,588)	$ -	$ (3,431,588)	$ -	$ -
Judicial	1,525,844	1,912,203	-	-	386,359	-	386,359	-	-
Public safety	11,411,058	1,923,033	242,747	582	(9,244,696)	-	(9,244,696)	-	-
Public works	7,396,058	27,766	462,818	292,424	(6,613,050)	-	(6,613,050)	-	-
Health and welfare	918,267	17,700	84,951	816	(814,800)	-	(814,800)	-	-
Culture and recreation	1,090,840	101,935	7,843	216	(980,846)	-	(980,846)	-	-
Housing and development	303,536	-	-	-	(303,536)	-	(303,536)	-	-
Interest on long-term debt	478,045	-	-	-	(478,045)	-	(478,045)	-	-
Total governmental activities	27,278,899	4,705,154	798,952	294,591	(21,480,202)	-	(21,480,202)	-	-
Business-type activities:									
Water	2,017,996	1,205,772	-	-	-	(812,224)	(812,224)	-	-
Landfill	1,421,051	149,906	-	319,680	-	(951,465)	(951,465)	-	-
Building inspections	148,286	74,984	-	-	-	(73,302)	(73,302)	-	-
Total business-type activities	3,587,333	1,430,662	-	319,680	-	(1,836,991)	(1,836,991)	-	-
Total primary government	$ 30,866,232	$ 6,135,816	$ 798,952	$ 614,271	(21,480,202)	(1,836,991)	(23,317,193)	-	-
Component units:									
Development Authority	$ 279,220	$ 62,795	$ -	$ -	-	-	-	(216,425)	-
Health Department	612,639	284,107	330,529	-	-	-	-	-	1,997
Total component units	$ 891,859	$ 346,902	$ 330,529	$ -	-	-	-	(216,425)	1,997
General revenues:									
Property taxes					12,682,685	-	12,682,685	-	-
Sales taxes					5,561,181	-	5,561,181	-	-
Insurance premium tax					-	1,003,649	1,003,649	-	-
Intangible tax					150,810	-	150,810	-	-
Alcoholic beverages tax					106,044	-	106,044	-	-
Other taxes					69,114	-	69,114	-	-
Unrestricted investment earnings					57,091	(40,607)	16,484	4,972	1,411
Transfers					(11,332,711)	11,332,711	-	-	-
Total general revenues and transfers					7,294,214	12,295,753	19,589,967	4,972	1,411
Change in net position					(14,185,988)	10,458,762	(3,727,226)	(211,453)	3,408
Net position, beginning of year, restated					89,430,984	20,871,824	110,302,808	6,164,310	218,260
Net position, end of year					$ 75,244,996	$ 31,330,586	$ 106,575,582	$ 5,952,857	$ 221,668

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

MONROE COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	General	Public Facilities Authority	Water Capital	2008 SPLOST	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 2,245,285	$ -	$ 112,212	$ 679,446	$ 4,077,016	$ 7,113,959
Investments	188	-	-	-	86,427	86,615
Taxes receivable (net)	6,012,546	-	-	-	-	6,012,546
Accounts receivable	959,321	-	-	-	74,275	1,033,596
Interest receivable	-	-	-	-	73	73
Due from other governments	367,399	-	-	477,620	2,956	847,975
Due from other funds	1,232,048	572,020	484,974	311,667	1,718,493	4,319,202
Inventories	190,470	-	-	-	-	190,470
Restricted cash	-	22,534,126	-	-	-	22,534,126
Total assets	$ 11,007,257	$ 23,106,146	$ 597,186	$ 1,468,733	$ 5,959,240	$ 42,138,562
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 715,890	$ -	40,089	$ -	$ 449,238	$ 1,205,217
Accrued liabilities	507,512	-	-	-	42,892	550,404
Deferred revenues	6,433	-	-	-	-	6,433
Due to other governments	-	244,687	-	86,923	-	331,610
Due to other funds	138,068	963,345	568,314	1,391,221	812,496	3,873,444
Total liabilities	1,367,903	1,208,032	608,403	1,478,144	1,304,626	5,967,108
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	568,605	-	-	-	-	568,605
Unavailable revenue - emergency services	382,620	-	-	-	-	382,620
Total deferred inflows of resources	951,225	-	-	-	-	951,225
FUND BALANCES (DEFICIT)						
Fund balances:						
Nonspendable:						
Inventories	190,470	-	-	-	-	190,470
Restricted for:						
Judicial	-	-	-	-	402,685	402,685
Public safety	-	-	-	-	189,585	189,585
Capital projects	-	19,557,200	-	-	4,677,170	24,234,370
Debt service	-	2,340,914	-	-	-	2,340,914
Committed for:						
Public safety	-	-	-	-	628	628
Assigned for:						
Culture and recreation	-	-	-	-	66,256	66,256
Unassigned	8,497,659		(11,217)	(9,411)	(681,710)	7,795,321
Total fund balances (deficit)	8,688,129	21,898,114	(11,217)	(9,411)	4,654,614	35,220,229
Total liabilities, deferred inflows of resources, and fund balances (deficit)	$ 11,007,257	$ 23,106,146	$ 597,186	$ 1,468,733	$ 5,959,240	
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.						75,704,748
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.						951,225
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.						(36,028,343)
Net pension assets are not financial resources of the current period and, therefore, are not reported in the funds.						282,666
Net OPEB obligations are not due and payable in the current period and, therefore, are not reported in the funds.						(885,529)
Net position of governmental activities						$ 75,244,996

The accompanying notes are an integral part of these financial statements

MONROE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

	General	Public Facilities Authority	Water Capital	2008 SPLOST	Other Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	$ 14,105,791	$ -	$ -	$ -	$ -	$ 14,105,791
Sales taxes	2,891,296	-	794,278	697,040	2,692,631	7,075,245
Other taxes	325,968	-	-	-	-	325,968
Licenses and permits	40,665	-	-	-	-	40,665
Intergovernmental	723,550	-	-	-	62,937	786,487
Charges for services	2,271,116	-	-	-	451,486	2,722,602
Fines and forfeitures	1,233,462	-	-	-	446,762	1,680,224
Interest income	4,721	51,578	69	101	5,713	62,182
Contributions	3,000	-	-	-	9,203	12,203
Miscellaneous	182,530	-	-	-	3,895	186,425
Total revenues	21,782,099	51,578	794,347	697,141	3,672,627	26,997,792
Expenditures						
Current:						
General government	3,379,070	-	-	-	-	3,379,070
Judicial	1,479,651	-	-	-	25,285	1,504,936
Public safety	9,754,138	-	-	-	1,375,588	11,129,726
Public works	3,634,429	-	-	-	-	3,634,429
Health and welfare	619,806	-	-	-	285,767	905,573
Culture and recreation	965,018	-	-	-	16,330	981,348
Housing and development	376,141	-	-	-	-	376,141
Intergovernmental	-	-	-	696,876	-	696,876
Capital outlay	-	-	54,381	-	4,569,189	4,623,570
Debt service:						
Principal	156,197	3,300,000	-	-	-	3,456,197
Interest and fiscal charges	9,942	357,620	-	-	-	367,562
Issuance costs	-	150,132	-	-	-	150,132
Total expenditures	20,374,392	3,807,752	54,381	696,876	6,272,159	31,205,560
Excess (deficiency) of revenues over (under) expenditures	1,407,707	(3,756,174)	739,966	265	(2,599,532)	(4,207,768)
Other financing sources (uses):						
Proceeds from sale of capital assets	6,051	-	-	-	-	6,051
Issuance of bonds	-	22,635,000	-	-	-	22,635,000
Premium on bonds	-	2,271,519	-	-	-	2,271,519
Transfers in	-	256,516	-	-	450,000	706,516
Transfers out	(1,562,563)	(10,284,929)	(59,104)	(18,760)	(113,871)	(12,039,227)
Total other financing sources (uses)	(1,556,512)	14,878,106	(59,104)	(18,760)	336,129	13,579,859
Net change in fund balances	(148,805)	11,121,932	680,862	(18,495)	(2,263,403)	9,372,091
Fund balance (deficit), beginning of year	8,836,934	10,776,182	(692,079)	9,084	6,918,017	25,848,138
Fund balance (deficit), end of year	$ 8,688,129	$ 21,898,114	$ (11,217)	$ (9,411)	$ 4,654,614	$ 35,220,229

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

MONROE COUNTY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

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

Net change in fund balances - total governmental funds	$	9,372,091
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 exceeded depreciation in the current period.		606,186
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.		261,773
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(1,347,606)
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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(22,901,167)
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.		(177,265)
	$	(14,185,988)

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

MONROE COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 12,971,084	$ 12,971,084	$ 14,105,791	$ 1,134,707
Sales taxes	3,800,000	3,800,000	2,891,296	(908,704)
Other taxes	338,158	338,158	325,968	(12,190)
Licenses and permits	47,000	47,000	40,665	(6,335)
Intergovernmental	72,581	706,273	723,550	17,277
Charges for services	2,719,559	2,719,559	2,271,116	(448,443)
Fines and forfeitures	1,354,000	1,354,000	1,233,462	(120,538)
Investment income	10,000	10,000	4,721	(5,279)
Contributions	-	2,998	3,000	2
Miscellaneous	125,931	166,130	182,530	16,400
Total revenues	21,438,313	22,115,202	21,782,099	(333,103)
Expenditures:				
Current:				
General government:				
County commissioners	1,706,979	1,102,111	982,898	119,213
Board of registrars	84,983	81,075	80,989	86
Elections	103,793	87,576	87,504	72
Financial administration	145,459	144,828	144,897	(69)
Purchasing	104,122	117,700	118,185	(485)
Fuel depot	9,815	6,684	6,375	309
Tax commissioner	357,638	378,346	379,553	(1,207)
Tax assessor	379,378	345,371	346,772	(1,401)
Board of equalization	12,193	7,911	7,822	89
Public buildings	546,071	712,621	714,429	(1,808)
Justice center	177,800	199,137	199,139	(2)
General insurance	1,927,955	310,507	310,507	-
Total general government	5,556,186	3,493,867	3,379,070	114,797
Judicial:				
Superior court	483,010	530,448	530,452	(4)
Clerk of superior court	358,223	389,982	391,371	(1,389)
Magistrate court	199,525	220,811	221,390	(579)
Probate court	322,352	326,214	327,420	(1,206)
Juvenile court	9,367	9,308	9,018	290
Total judicial	1,372,477	1,476,763	1,479,651	(2,888)
Public safety:				
Sheriff	3,356,021	3,876,928	3,919,582	(42,654)
Jail	2,233,773	2,722,709	2,731,121	(8,412)
School resource officer	47,092	55,045	55,275	(230)
Court security	97,660	137,000	137,001	(1)
Emergency services	2,355,529	2,560,683	2,568,769	(8,086)
Coroner	26,285	26,653	26,520	133
Animal control	94,443	116,298	116,694	(396)
Emergency management	55,893	199,174	199,176	(2)
Total public safety	8,266,696	9,694,490	9,754,138	(59,648)
Public works:				
Public roads	2,672,290	3,420,558	3,256,421	164,137
Maintenance and shop	270,722	376,559	378,008	(1,449)
Total public works	2,943,012	3,797,117	3,634,429	162,688

(Continued)

MONROE COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures (continued):				
Current (continued):				
Health and welfare:				
Healthcare	$ 543,981	$ 542,560	$ 542,560	$ -
Tick control	21,840	27,483	27,454	29
Welfare	25,792	25,792	25,792	-
Community services	27,000	24,000	24,000	-
Total health and welfare	618,613	619,835	619,806	29
Culture and recreation:				
Recreation	588,693	666,503	667,599	(1,096)
Recreation commissions	10,583	29,919	29,869	50
Library	290,787	266,611	267,550	(939)
Total culture and recreation	890,063	963,033	965,018	(1,985)
Housing and development:				
Soil conservation	38,687	45,996	46,239	(243)
Extension service	93,441	168,787	168,707	80
Georgia forestry commission	18,952	18,952	18,952	-
Planning and zoning	4,555	3,639	2,834	805
Economic development	25,750	25,770	25,750	20
Family connection	106,535	113,299	113,659	(360)
Total housing and development	287,920	376,443	376,141	302
Debt service:				
Principal	156,480	156,371	156,197	174
Interest and fiscal charges	9,911	10,019	9,942	77
Total debt service	166,391	166,390	166,139	251
Total expenditures	20,101,358	20,587,938	20,374,392	213,546
Excess of revenues over expenditures	1,336,955	1,527,264	1,407,707	(119,557)
Other financing sources (uses):				
Transfers out	(1,336,955)	(1,527,091)	(1,562,563)	(35,472)
Proceeds from sale of assets	-	-	6,051	6,051
Total other financing sources (uses)	(1,336,955)	(1,527,091)	(1,556,512)	(29,421)
Net change in fund balance	-	173	(148,805)	(148,978)
Fund balance, beginning of year	8,836,934	8,836,934	8,836,934	-
Fund balance, end of year	$ 8,836,934	$ 8,837,107	$ 8,688,129	$ (148,978)

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

MONROE COUNTY, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2012

ASSETS	Water Fund	Landfill	Nonmajor Enterprise Fund Building Inspection	Totals
CURRENT ASSETS				
Cash	$ 234,106	$ 40,697	$ 8,605	$ 283,408
Investments	149,218	-	-	149,218
Accounts receivable, net of allowances	108,989	20,353	-	129,342
Inventory	44,914	-	-	44,914
Restricted assets:				
Cash	78,947	-	-	78,947
Total current assets	616,174	61,050	8,605	685,829
NONCURRENT ASSETS				
Capital assets:				
Non-depreciable	156,832	195,766	-	352,598
Depreciable, net of accumulated depreciation	30,045,849	1,976,501	3,900	32,026,250
Total capital assets	30,202,681	2,172,267	3,900	32,378,848
Total noncurrent assets	30,202,681	2,172,267	3,900	32,378,848
Total assets	$ 30,818,855	$ 2,233,317	$ 12,505	$ 33,064,677
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	$ 81,642	$ 18,468	$ 450	$ 100,560
Accrued liabilities	8,790	41,682	4,929	55,401
Compensated absences payable, current	3,290	38,484	7,243	49,017
Due to other funds	401,600	35,376	8,782	445,758
Payable from restricted assets:				
Customer deposits payable	78,640	-	-	78,640
Total current liabilities	573,962	134,010	21,404	729,376
LONG-TERM LIABILITIES				
Compensated absences	506	18,604	3,256	22,366
Accrued closure / post-closure costs	-	982,349	-	982,349
Total long-term liabilities	506	1,000,953	3,256	1,004,715
Total liabilities	574,468	1,134,963	24,660	1,734,091
NET POSITION (DEFICIT)				
Net investment in capital assets	30,202,681	2,172,267	3,900	32,378,848
Unrestricted	41,706	(1,073,913)	(16,055)	(1,048,262)
Total net position (deficit)	$ 30,244,387	$ 1,098,354	$ (12,155)	$ 31,330,586

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

MONROE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

	Water Fund	Landfill	Nonmajor Enterprise Fund Building Inspection	Totals
Operating revenues:				
Charges for services:				
Water charges	$ 1,123,642	$ -	$ -	$ 1,123,642
Collection and disposal fees	-	146,126	-	146,126
Building licenses and permits	-	-	74,984	74,984
Service charges	82,129	-	-	82,129
Miscellaneous	1	3,780	-	3,781
Total operating revenues	1,205,772	149,906	74,984	1,430,662
Operating expenses:				
Personal services	184,314	919,861	125,794	1,229,969
Purchased/contracted services	192,178	11,065	8,581	211,824
Supplies and materials	96,577	206,968	9,908	313,453
Utilities and purchased water	804,729	-	-	804,729
Depreciation	650,504	283,157	4,003	937,664
Total operating expenses	1,928,302	1,421,051	148,286	3,497,639
Operating loss	(722,530)	(1,271,145)	(73,302)	(2,066,977)
Nonoperating revenues (expenses):				
Insurance premium tax	-	1,003,649	-	1,003,649
Investment income (loss)	(40,659)	40	12	(40,607)
Interest expense	(89,694)	-	-	(89,694)
Total nonoperating revenues (expenses)	(130,353)	1,003,689	12	873,348
Loss before transfers and contributions	(852,883)	(267,456)	(73,290)	(1,193,629)
Transfers in	11,003,471	257,817	71,423	11,332,711
Capital contributions	-	319,680	-	319,680
Change in net position	10,150,588	310,041	(1,867)	10,458,762
Net position (deficit), beginning of year, restated	20,093,799	788,313	(10,288)	20,871,824
Net position (deficit), end of year	$ 30,244,387	$ 1,098,354	$ (12,155)	$ 31,330,586

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

MONROE COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

	Water Fund	Landfill	Nonmajor Enterprise Fund Building Inspection	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 1,194,382	$ 161,294	$ 74,984	$ 1,430,660
Payments to suppliers and service providers	(1,112,783)	(416,030)	(14,476)	(1,543,289)
Payments to employees	(182,598)	(914,502)	(129,147)	(1,226,247)
Payments for interfund services received	252,630	-	-	252,630
Net cash provided by (used in) operating activities	151,631	(1,169,238)	(68,639)	(1,086,246)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Insurance premium taxes	-	1,003,649	-	1,003,649
Transfers in	11,003,471	257,817	71,423	11,332,711
Net cash provided by noncapital financing activities	11,003,471	1,261,466	71,423	12,336,360
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of property and equipment	-	(75,459)	-	(75,459)
Principal paid on bonds	(12,280,000)	-	-	(12,280,000)
Interest paid	(183,278)	-	-	(183,278)
Net cash used in capital and related financing activities	(12,463,278)	(75,459)	-	(12,538,737)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of investments	1,263,240	-	-	1,263,240
Interest on investments	(40,659)	40	12	(40,607)
Net cash provided by investing activities	1,222,581	40	12	1,222,633
Net increase (decrease) in cash and cash equivalents	(85,595)	16,809	2,796	(65,990)
Cash and cash equivalents:				
Beginning of year	398,648	23,888	5,809	428,345
End of year	$ 313,053	$ 40,697	$ 8,605	$ 362,355
Classified as:				
Cash and cash equivalents	$ 234,106	$ 40,697	$ 8,605	$ 283,408
Restricted assets, cash and cash equivalents	78,947	-	-	78,947
	$ 313,053	$ 40,697	$ 8,605	$ 362,355

(Continued)

MONROE COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

	Water Fund	Landfill	Nonmajor Enterprise Fund Building Inspection	Totals
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating loss	$ (722,530)	$ (1,271,145)	$ (73,302)	$ (2,066,977)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	650,504	283,157	4,003	937,664
(Increase) decrease in:				
Accounts receivable	(19,055)	11,388	-	(7,667)
Inventory	(1,162)	-	-	(1,162)
Prepaid items	2,168	67	-	2,235
Increase (decrease) in:				
Accounts payable	(20,305)	(80,340)	151	(100,494)
Accrued liabilities	1,439	5,414	(1,317)	5,536
Compensated absences	277	(55)	(2,036)	(1,814)
Due to other funds	252,630	8,799	3,862	265,291
Accrued closure/post-closure costs	-	(126,523)	-	(126,523)
Customer deposits payable	7,665	-	-	7,665
Net cash provided by (used in) operating activities	$ 151,631	$ (1,169,238)	$ (68,639)	$ (1,086,246)
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Capital assets purchased by other funds	$ -	$ 319,680	$ -	$ 319,680
Total noncash investing, capital and financing activities	$ -	$ 319,680	$ -	$ 319,680

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

MONROE COUNTY, GEORGIA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2012

	Private Purpose Trust Fund	
	Veterans' Memorial	Agency Funds
ASSETS		
Cash	$ 5,262	$ 1,459,698
Taxes receivable	-	10,754,015
Due from others	-	674
Total assets	$ 5,262	$ 12,214,387
LIABILITIES		
Due to others	$ 81	$ 1,460,372
Uncollected taxes	-	10,754,015
Total liabilities	$ 81	$ 12,214,387
NET POSITION		
Held in trust for veterans' memorial	$ 5,181	

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

MONROE COUNTY, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2012

	Private Purpose Trust Fund
	Veterans' Memorial
ADDITIONS	
Contributions	$ 2,390
Interest income	3
Total additions	2,393
DEDUCTIONS	
Veterans' memorial	1,552
Total deductions	1,552
Change in net position	841
Net position, beginning of the year	4,340
Net position, end of the year	$ 5,181

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Monroe County, Georgia (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governments. The Governmental Auditing 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. The Reporting Entity

Monroe County was established under the provisions of an act of the General Assembly of Georgia on May 15, 1821. The County operates under a County Commissioner form of government (five commissioners are elected by district with the Chairman elected at large from the county), and provides the following services as authorized by state law: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, 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 Monroe County, Georgia (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 or financial relationship with the County. In conformity with accounting principles generally accepted in the United States of America, as set forth in Governmental Accounting Standards Board Statement No. 14, the financial statements of the component units are discretely presented in the government-wide financial statements.

Monroe County Health Department

The Monroe County Health Department (the "Health Department") has a governing board consisting of seven members. Five of the members are either County officials or members appointed by the County. The two remaining members are appointed by the City of Forsyth. Although the County does not have the authority to approve or modify the budget of the Health Department, the County is obligated to provide financial support to the Health Department. The Health Department has a June 30th year-end. The Health Department's statements have been prepared separately and can be obtained by writing to the Monroe County Health Department, 106 Martin Luther King Drive, Forsyth, Georgia 31029.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Reporting Entity (Continued)

Development Authority of Monroe County, Georgia

The governing board of the Development Authority of Monroe County, Georgia (the "Development Authority") consists of seven members appointed by the Monroe County Board of Commissioners. The Development Authority is responsible for promoting industrial and commercial development within Monroe County. Although the County does not have the authority to approve or modify the budget of the Development Authority, the County does provide financial support to the Development Authority and is obligated to provide funding to repay the Development Authority's bonded debt. There are no separately issued financial statements available for the Development Authority.

Monroe County Public Facilities Authority (Blended Component Unit.)

The Monroe County Public Facilities Authority (the "Public Facilities Authority") is governed by the members of the County's Board of Commissioners. Although it is legally separate from the County, the Public Facilities Authority is reported as if it were part of the primary government because its sole purpose is to finance and purchase the County's land and public buildings through debt arrangements. Because capital lease arrangements between a primary government and its blended component unit are not to be reported as capital leases in the financial reporting entity's financial statements, the debt and assets of the Public Facilities Authority are reported as a form of the County's debt and assets. All debt service activity of the Public Facilities Authority will be reported as debt service activity of the County. There are no separately issued financial statements available for the Public Facilities Authority.

Monroe County Law Library (Blended Component Unit.)

The Monroe County Law Library, an entity separate from the County, is governed by a Board of Trustees. For financial reporting purposes, the Law Library is reported as if it were part of the County's operations, because it functions primarily for the courts of the County. The Law Library does not issue separate financial statements. All property purchased with funds expended by the Law Library becomes the property of Monroe County.

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 government. 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

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

Separate financial statements are provided for governmental funds, 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 Financial Statement Presentation

For the year ended December 31, 2012, the County implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities.*

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, which have no 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 Financial Statement Presentation (Continued)

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

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 ***Public Facilities Authority*** is a blended component unit. It accounts for the finance and purchase of County land and public buildings.

The ***Water Capital Fund*** accounts for the construction of water lines and sewerage lines within the County from resources provided by the 2008 special County one percent sales and use tax.

The 2008 SPLOST Fund is a capital projects fund that accounts for revenues received on behalf of the City of Forsyth and the City of Culloden. Financing is provided by a special County one percent sales and use tax.

The County reports the following major proprietary funds:

The ***Water Fund*** accounts for the provision of water services to the residents of the County.

The ***Landfill Fund*** accounts for the costs of providing solid waste management services to residents of the County through the operation of the Monroe County Landfill, sanitation services and collection centers.

Additionally, the County reports the following fund types:

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

The ***capital project funds*** account for the acquisition or construction of capital facilities.

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 Financial Statement Presentation (Continued)

The ***private purpose trust fund*** is used to account for resources legally held in trust for use by private organizations or other governments. All resources of the fund, including any interest on invested resources, may be used to support the activities.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

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

Amounts reported as *program revenues* include 1) charges for services 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 for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods 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, Cash Equivalents, 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash, Cash Equivalents, and Investments (Continued)

Statutes authorize the County to invest in obligations of the United States and of its agencies and instrumentalities, bonds of the State of Georgia and its agencies, instrumentalities and political subdivisions, certificates of deposit of national or state banks that are fully insured or collateralized by United States obligations, and Georgia Fund 1, the Local Government Investment Pool. Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard & Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of State Treasurer. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines a participant's shares sold and redeemed based on $1.00 per share.

E. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as 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.

F. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The consumption method is used to account for inventories. Under the consumption method, inventory items are recognized as expenditures when used.

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

H. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Deferred Outflows / Inflows

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

In addition to assets, the statement of 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 did not have any items that qualify for reporting in this category for the year ended December 31, 2012.

In addition to liabilities, the statement of net position 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 only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and emergency services and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

J. 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 column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. 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 County has retroactively reported major general infrastructure assets. In this case, the County chose to include all items regardless of their acquisition date. The County was able to estimate the historical cost for the initial reporting of these assets through backtrending.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Capital assets of the primary government are depreciated using the straight line method over the following useful lives:

Asset Category	Years
Buildings	25-50
Building Improvements	5-50
Land Improvements	15-30
Land (landfill)	4-6
Infrastructure	50-60
Intangibles	10
Machinery and Equipment	5-20

K. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amount when employees separate from service with the County. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

L. 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 straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize the face amount of the debt issued is reported as other financing sources.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. 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:

- ***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 Board of Commissioners through the adoption of a resolution. Only the Board of Commissioners 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. The County Commission has not delegated the authority to management to assign fund balance and thus has retained the right to assign fund balance.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

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

Net Position – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net 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 are available.

N. Use of 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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those 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 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 difference are as follows:

Accrued interest	$	(85,648)
Capital leases payable		(69,521)
Compensated absences		(580,215)
Claims and judgments payable		(2,462,700)
Bonds payable		(30,530,001)
Plus: Issuance premium (to be amortized over life of debt)		(2,300,258)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(36,028,343)

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 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 estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

Capital outlay	$	3,580,399
Depreciation expense		(2,974,213)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position - governmental activities*	$	606,186

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 the reconciliation states that "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position." The details of this difference are as follows:

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold.	$ (27,727)
Donations of capital assets increase net position in the statement of activities, but they do not appear in the governmental funds because they are not financial resources.	289,500
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position - governmental activities*	$ 261,773

Another element of the reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) 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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this difference are as follows:

Issuance of debt:	
Bonds payable	$ (22,635,000)
Premium on bonds payable	(2,271,519)
Principal repayments:	
Bonds payable	3,300,000
Capital leases	156,197
Claims and judgments payable	(1,514,064)
Amortization of premium	63,219
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position - governmental activities*	$ (22,901,167)

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 "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 difference are as follows:

Change in:		
Compensated absences	$	(29,793)
Accrued interest		(23,570)
Net pension asset		58,571
Net OPEB obligation		(182,473)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position - governmental activities*	$	(177,265)

NOTE 3. LEGAL COMPLIANCE – BUDGETS

Budgetary Data. The annual budget document is the financial plan for the operation of Monroe County. The budget process exists for the purpose of providing a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the financial posture of the County. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). An annual operating budget is prepared for all governmental funds except capital project funds. Capital Projects Funds use project-length budgets.

Department heads submit to the County Clerk a proposed operating budget for the fiscal year commencing the following January 1. The proposed budgets are then submitted to the Board of Commissioners by the County Clerk for study. Public hearings are conducted to obtain taxpayer comments. Prior to January 1, the budget is legally adopted by the Board of Commissioners.

The legal level of control for each legally adopted annual budget is the department level. Supplemental appropriations out of the County's General Fund contingency account may be made by the Board of Commissioners to fund unforeseen expenditures within the County's governmental funds at any time during the year. The Board of Commissioners must approve any department level changes to a previously adopted budget. Management may amend the budget without seeking the approval of the Board of Commissioners at any level below the departmental level.

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

All final budget amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions of the annual budget during the year. The supplementary budgetary appropriations made were not material. All unexpended appropriations provided in the annual budget lapse at year-end.

NOTE 4. DEPOSITS 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. The County has no formal credit risk policy other than to only invest in obligations authorized by the State of Georgia. As of December 31, 2012, the County's investments in the Georgia Fund 1 were rated AAAf by Standard & Poor's.

At December 31, 2012, the County had the following investments:

Investment	Maturities	Fair Value
Georgia Fund 1	40 day weighted-average	$ 149,406
Certificates of Deposit	13.23 months weighted-average	86,427
		$ 235,833

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. 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, 2012, all of the deposits of the County and the component units were properly insured and collateralized as required by the Official Code of Georgia Annotated (OCGA) Section 45-8-12(c) and as defined by GASB pronouncements.

NOTE 5. RECEIVABLES

Receivables at December 31, 2012, consist of the following:

	General Fund	Water Fund	Landfill Fund	Other Governmental Funds	Total
Receivables:					
Taxes	$ 6,416,402	$ -	$ -	$ -	$ 6,416,402
Accounts	2,107,181	196,110	37,932	74,275	2,415,498
Interest	-	-	-	73	73
Gross receivables	8,523,583	196,110	37,932	74,348	8,831,973
Less allowance	(1,551,716)	(87,121)	(17,579)	-	(1,656,416)
Net receivables	$ 6,971,867	$ 108,989	$ 20,353	$ 74,348	$ 7,175,557

Property taxes were levied on October 5, 2012. Bills are payable on or before December 20, 2012, after which the applicable property is subject to lien and penalties and interest are assessed. The County bills and collects its own property taxes. Property taxes levied for 2012 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended December 31, 2012 and collected by February 28, 2013 are recognized as revenues in the year ended December 31, 2012. Net receivables estimated to be collected subsequent to February 28, 2013 are deferred as of December 31, 2012 and recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually.

Property taxes attached as an enforceable lien on property as of December 20, 2012.

NOTE 6. CAPITAL ASSETS

A. Primary Government

Capital asset activity for the fiscal year ended December 31, 2012, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 614,976	$ -	$ -	$ -	$ 614,976
Construction in progress	407,241	2,732,616	-	-	3,139,857
Total	1,022,217	2,732,616	-	-	3,754,833
Capital assets, being depreciated:					
Buildings	12,217,893	-	-	-	12,217,893
Building improvements	1,404,802	-	-	-	1,404,802
Land improvements	2,082,216	254,284	-	-	2,336,500
Infrastructure	99,902,644	289,500	-	-	100,192,144
Intangibles	74,292	-	-	-	74,292
Machinery & equipment	11,536,654	593,499	(203,018)	-	11,927,135
Total	127,218,501	1,137,283	(203,018)	-	128,152,766
Less accumulated depreciation for:					
Buildings	2,892,461	242,697	-	-	3,135,158
Building improvements	47,843	32,058	-	-	79,901
Land improvements	1,717,725	29,487	-	-	1,747,212
Infrastructure	39,452,927	1,997,767	-	-	41,450,694
Intangibles	10,523	7,429	-	-	17,952
Machinery & equipment	9,282,450	664,775	(175,291)	-	9,771,934
Total	53,403,929	2,974,213	(175,291)	-	56,202,851
Total capital assets, being depreciated, net	73,814,572	(1,836,930)	(27,727)	-	71,949,915
Governmental activities capital assets, net	$ 74,836,789	$ 895,686	$ (27,727)	$ -	$ 75,704,748

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 339,697	$ -	$ -	$ -	$ 339,697
Construction in progress	12,901	-	-	-	12,901
Total	352,598	-	-	-	352,598
Capital assets, being depreciated:					
Land (landfill)	3,882,519	-	-	-	3,882,519
Buildings	765,295	-	-	-	765,295
Improvements	1,092,514	-	-	-	1,092,514
Infrastructure	34,043,038	-	-	-	34,043,038
Machinery & equipment	2,940,039	562,890	(330,000)	-	3,172,929
Total	42,723,405	562,890	(330,000)	-	42,956,295
Less accumulated depreciation for:					
Land (landfill)	3,370,352	91,683	-	-	3,462,035
Buildings	65,675	16,303	-	-	81,978
Improvements	595,874	54,626	-	-	650,500
Infrastructure	4,598,708	605,348	-	-	5,204,056
Machinery & equipment	1,524,021	169,704	(162,249)	-	1,531,476
Total	10,154,630	937,664	(162,249)	-	10,930,045
Total capital assets, being depreciated, net	32,568,775	(374,774)	(167,751)	-	32,026,250
Business-type activities capital assets, net	$ 32,921,373	$ (374,774)	$ (167,751)	$ -	$ 32,378,848

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

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

Governmental activities:	
General government	$ 78,444
Judicial	8,796
Public safety	542,091
Public works	2,253,802
Health and welfare	12,694
Culture and recreation	74,587
Housing and development	3,799
Total depreciation expense - governmental activities	$ 2,974,213
Business-type activities:	
Water Fund	$ 650,504
Landfill	283,157
Business Inspection	4,003
Total depreciation expense - business-type activities	$ 937,664

B. Discretely Presented Component Unit – Development Authority

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 1,911,632	$ 46,658	$ (20,000)	$ -	$ 1,938,290
Improvements	-	-	-	398,913	398,913
Construction in progress	30,519	368,394	-	(398,913)	-
Total	1,942,151	415,052	(20,000)	-	2,337,203
Development Authority capital assets, net	$ 1,942,151	$ 415,052	$ (20,000)	$ -	$ 2,337,203

NOTE 7. LONG-TERM DEBT

A. Primary Government

The following is a summary of long-term debt activity for the primary government for the year ended December 31, 2012:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	$ 11,195,000	$ 22,635,000	$ (3,300,000)	$ 30,530,000	$ 3,385,000
Plus unamortized premium	91,959	2,271,519	(63,219)	2,300,259	-
General obligation bonds, net	11,286,959	24,906,519	(3,363,219)	32,830,259	3,385,000
Capital leases	225,718	-	(156,197)	69,521	34,115
Compensated absences	550,422	329,700	(299,907)	580,215	232,086
Claims and judgments	948,636	2,462,700	(948,636)	2,462,700	1,539,187
Net OPEB obligation	703,056	258,890	(76,417)	885,529	-
Governmental activities Long-term liabilities	$ 13,714,791	$ 27,957,809	$ (4,844,376)	$ 36,828,224	$ 5,190,388
Business-type activities:					
Revenue bonds	$ 12,280,000	$ -	$ (12,280,000)	$ -	$ -
Landfill closure and postclosure costs	1,108,872	(126,523)	-	982,349	-
Compensated absences	73,197	37,780	(39,594)	71,383	49,017
Business-type activities Long-term liabilities	$ 13,462,069	$ (88,743)	$ (12,319,594)	$ 1,053,732	$ 49,017

For governmental activities, compensated absences and claims and judgments are generally liquidated by the General Fund.

Capital Leases. The County has entered into lease agreements as lessee for financing the acquisition of various items of 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 values of the future minimum lease payments as of the date of their inceptions. The cost of assets under capital leases as of December 31, 2012 is $194,000.

Claims and Judgments. Both in the current and prior year, the Georgia Department of Revenue determined there was an overpayment in the amount paid to the County for sales tax by a large commercial taxpayer. In order to recover the overpayment, the taxpayer will withhold a portion of the overpayment each month through 2015.

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Capital Leases. (Continued) The County's total capital lease debt service requirements to maturity are as follows:

	Governmental Activities
Fiscal Year Ending December 31,	
2013	$ 36,743
2014	36,743
Total minimum lease payments	73,486
Less amount representing interest	(3,965)
Present value of future minimum lease payments	$ 69,521

General Obligation Bonds. During the year ended December 31, 2008, the Monroe County Public Facilities Authority issued bonds in the amount of $9,500,000. The bonds bear interest of 3.203% with final maturity in 2014. Proceeds of the bonds were used for the purpose of financing 1) all or a portion of the cost of acquisition, construction, development and equipping of various capital outlay projects located within the County; 2) all or a portion of the cost of acquisition, construction, development and equipping of various capital outlay projects located within the City of Forsyth and 3) to pay the costs of issuance of the bonds. The outstanding balance of the 2008 Series general obligation bonds as of December 31, 2012 was $3,795,000.

During the year ended December 31, 2010, the Monroe County Public Facilities Authority issued bonds in the amount of $6,245,000. The bonds bear interest of 2.0 to 3.0% with final maturity in 2020. Proceeds of the bonds were used for the purpose of financing 1) improvements and extensions to the County's water system, 2) improvements and equipping of the public safety facilities in the County, 3) the acquisition, construction, renovation, and equipping of a County administrative building, and 4) the acquisition, construction, renovation, additions, or equipping of the existing hospital facilities and land adjacent to the County's hospital. The outstanding balance of the 2010 Series general obligation bonds as of December 31, 2012 was $4,100,000.

During the year ended December 31, 2012, the Monroe County Public Facilities Authority issued Revenue Bonds, Series 2012A in the amount of $12,650,000. The bonds bear interest of 3.0 to 4.0% with final maturity in 2019. Proceeds of the bonds will be used for the purpose of financing 1) improvements and extensions to the County's water system, 2) improving and equipping the County's recreation facilities, 3) upgrading the County's emergency 911 radio system, 4) improving and equipping the County's library, 5) purchasing heavy equipment for the County's road department, and 6) improving and extending the water facilities of the City of Forsyth and the City of Culloden. The outstanding balance of the 2012 Series A general obligation bonds as of December 31, 2012 was $12,650,000.

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

General Obligation Bonds (Continued). During the year ended December 31, 2012, Monroe County Public Facilities Authority also issued Revenue Refunding Bonds, Series 2012B in the amount of $9,985,000. The bonds bear interest of 2.0 to 4.0% with final maturity in 2026. Proceeds of the bonds will be used for the purpose of refunding all of the outstanding Development Authority of Monroe County Revenue Refunding and Improvement Bonds (Water and Sewerage Project), Series 2003A. The outstanding balance of the 2012 Series B general obligation bonds as of December 31, 2012 was $9,985,000.

The 2008 series bonds are limited obligations of the Public Facilities Authority, payable solely from payments to be made by the County and the City of Forsyth pursuant to an intergovernmental contract between the Public Facilities Authority, the County and the City of Forsyth. The 2010 series bonds are limited obligations of the Public Facilities Authority, payable solely from payments to be made by the County and the Hospital Authority pursuant to an intergovernmental contract between the Public Facilities Authority, the County and the Hospital Authority. The 2012 series bonds are limited obligations of the Public Facilities Authority, payable solely from payments to be made by the County pursuant to an intergovernmental contract between the Public Facilities Authority and the County. The County's obligation under the contracts to make payments to the Public Facilities Authority at times and in amounts sufficient to enable the Public Facilities Authority to pay the principal of and interest on the bonds is absolute and unconditional, is secured by a pledge of the County's full faith and credit and taxing powers and will not expire so long as any of the bonds remain outstanding and unpaid. These bonds are therefore reflected as general obligation bonds of the County within these financial statements. The County intends to make its payments under the contract from its portion of the revenues generated by a one percent special purpose local option sales and use tax (the "SPLOST"); however, the County's portion of the revenues from the SPLOST are not pledged to such payments or to secure the payment of the bonds.

General obligation bonds debt service requirements to maturity are as follows at December 31, 2012:

Year ending December 31,	Principal	Interest	Total
2013	$ 3,385,000	$ 941,444	$ 4,326,444
2014	3,175,000	845,292	4,020,292
2015	2,555,000	795,940	3,350,940
2016	3,290,000	720,065	4,010,065
2017	3,400,000	603,540	4,003,540
2018-2022	9,665,000	1,398,913	11,063,913
2023-2027	4,155,000	489,602	4,644,602
2028	905,000	23,983	928,983
	$ 30,530,000	$ 5,818,779	$ 36,348,779

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Landfill Closure and Postclosure Costs. State and federal laws and regulations require the County to place a final cover on its Strickland Loop Road Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste (2058), the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The amount reported as landfill closure and postclosure care liability of $982,349 at December 31, 2012, represents the cumulative amount reported to date based on the use of 22.7% of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of $3,347,065 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 1993, adjusted annually for inflation. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Should any problems occur during the closure and postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

B. Discretely Presented Component Unit – Development Authority

Conduit Debt Obligations. From time to time, the Development Authority issues revenue bonds to provide financial assistance to private-sector entities or other third parties for the acquisition and construction of industrial and commercial facilities. The bonds are secured by the property financed and are payable solely from payments received on the underlying loans and 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 as discussed above. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

NOTE 7. LONG-TERM DEBT (CONTINUED)

B. Discretely Presented Component Unit – Development Authority (Continued)

Conduit Debt Obligations (Continued). The original issuance amounts of bonds issued by the Development Authority as of December 31, 2012 for conduit debt are summarized below. The ending outstanding principal balances as of December 31, 2012 were not available.

For the Benefit of	Issuance Date	Original Principal
Oglethorpe Power Corporation	November 22, 2005	$ 8,465,000
Oglethorpe Power Corporation	October 24, 2006	9,020,000
Georgia Power Company	December 13, 2006	28,065,000
Industrial Developments International, L.P.	January 23, 2008	11,500,000
Georgia Power Company	October 25, 2008	83,515,000
Georgia Power Company	July 14, 2009	40,000,000
Georgia Power Company	September 17, 2009	89,200,000
Oglethorpe Power Corporation	December 10, 2009	10,940,000
Oglethorpe Power Corporation	December 10, 2009	93,630,000
Oglethorpe Power Corporation	March 30, 2010	43,445,000
Gulf Power Company	May 28, 2010	21,000,000
Oglethorpe Power Corporation	March 31, 2011	47,610,000
Oglethorpe Power Corporation	April 2, 2012	10,055,000
Georgia Power Company	May 21, 2012	48,720,000
		$ 545,165,000

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2012, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund: General Fund	Public Facilities Authority	Water Capital Fund	2008 SPLOST Fund	Water Fund
General Fund	$ -	$ 7,500	$ -	$ -	$ 371,600
Public Facilities Authority	-	-	568,314	-	-
2008 SPLOST Fund	-	311,667	-	-	-
Water Capital Fund	138,068	-	-	316,906	30,000
Nonmajor governmental funds	-	644,178	-	1,074,315	-
Total	$ 138,068	$ 963,345	$ 568,314	$ 1,391,221	$ 401,600

Receivable Fund	Payable Fund: Landfill Fund	Nonmajor Governmental Funds	Nonmajor Business-type Funds	Total
General Fund	$ 35,376	$ 808,790	$ 8,782	$ 1,232,048
Public Facilities Authority	-	3,706	-	572,020
2008 SPLOST Fund	-	-	-	311,667
Water Capital Fund	-	-	-	484,974
Nonmajor governmental funds	-	-	-	1,718,493
Total	$ 35,376	$ 812,496	$ 8,782	$ 4,319,202

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.

Interfund transfers:

Transfers In	Transfers Out: General Fund	Public Facilities Authority Fund	Water Capital Fund	2008 SPLOST Fund	Nonmajor Governmental Funds	Total
Public Facilities Authority	$ 64,781	$ -	$ 59,104	$ 18,760	$ 113,871	$ 256,516
Water Capital Fund	-	-	-	-	-	-
Water Fund	718,542	10,284,929	-	-	-	11,003,471
Landfill Fund	257,817	-	-	-	-	257,817
Nonmajor governmental funds	450,000	-	-	-	-	450,000
Nonmajor business-type funds	71,423	-	-	-	-	71,423
Total	$ 1,562,563	$ 10,284,929	$ 59,104	$ 18,760	$ 113,871	$ 12,039,227

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

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 9. JOINT VENTURE

Under Georgia law, the County is a participating member of the Middle Georgia Regional Commission (RC) and is required to pay annual dues thereto. During its year ended December 31, 2012, the County paid $22,461 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC 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 and obligations of an RC. Separate financial statements may be obtained from: Middle Georgia Regional Commission, 175 C Emery Highway, Macon, Georgia 31217.

NOTE 10. DEFINED BENEFIT PENSION PLAN

Plan Description

The County sponsors the Association County Commissioners of Georgia Restated Pension Plan for Monroe County Employees (The Plan), which is a defined benefit pension plan.

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Plan is affiliated with the Association County Commissioners of Georgia Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan administered by GEBCorp. The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of The ACCG Plan, 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 Pension Service Company, 1100 Circle 75 Parkway, Suite 300, Atlanta, Georgia 30339.

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Funding Policy

The County is required to contribute an actuarially determined amount annually to The Plan's trust. A 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 controlling State of Georgia statutes. Plan participants are not required to contribute to the plan.

Annual Pension Cost

The County's annual pension cost and net pension obligation for the pension plan for the year beginning January 1, 2012, (the most recent actuarial valuation date) are as follows:

	January 1, 2012
Derivation of Annual Pension Cost	
Annual Required Contribution	$ 1,240,733
Interest on Net Pension Obligation	(21,907)
Amortization of Net Pension Obligation	23,440
Annual Pension Cost	$ 1,242,266

Derivation of Net Pension Obligation	
Annual Pension Cost for Prior Year	$ 1,251,384
Actual Contributions to Plan for Prior Year	(1,309,955)
Increase in Net Pension Obligation (Asset)	(58,571)
Net Pension Obligation (Asset) as of Beginning of Prior Year	(224,095)
Net Pension Obligation (Asset) as of Beginning of the Year	$ (282,666)

Basis of Valuation	
Current Valuation Date	January 1, 2012
Annual Return on Invested Plan Assets	7.75%
Projected Annual Salary Increases	5.0%-7.5% 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

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Trend Information for The Plan				
Fiscal Year Beginning	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
1/1/12	$ 1,242,266	$ N/A	N/A %	$ (282,666)
1/1/11	1,251,384	1,309,955	105	(224,095)
1/1/10	1,110,592	1,188,548	107	(146,139)
1/1/09	1,051,971	1,150,299	109	(47,811)
1/1/08	891,054	944,329	106	5,464
1/1/07	738,027	738,051	100	5,488

As of the most recent valuation date, January 1, 2012, the funded status of the Plan was as follows:

Fiscal Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability	(Overfunded) Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	(Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll
12/31/11	$ 14,406,940	$ 19,429,685	$ 5,022,745	74.1 %	$ 7,212,626	69.6 %

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, 2012.

NOTE 11. OTHER POSTEMPLOYMENT BENEFIT PLAN

In accordance with GASB 45 requirements, the County is required to attribute the cost of postretirement benefits to the time during which the employee is working for the employer. GASB 45 requires allocation of the costs of a postretirement benefit plan onto the years of active employment; it does not require the funding of such benefits. GASB 45 requirements have been implemented by the County for the year ended December 31, 2012. The County has elected not to establish a separate trust fund to account for other post-employment benefits, and has not funded the plan as of December 31, 2012. The plan does not issue a separate, stand-alone report and is not included in the report of another entity.

NOTE 11. OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

The County provides postretirement health care benefits, as per the requirements of a resolution, for certain retirees. The provisions and obligations to contribute are established and may be amended by the Monroe County Board of Commissioners. The only requirement is the employee must retire from the County. The benefits are offered until the retiree turns 65 and is eligible for Medicare. The County pays 50% of the premium and the employee must pay the remaining 50%. Currently, four employees are enrolled in postretirement health care benefits. These post-retirement benefits are funded on a pay-as-you-go-basis. In 2012, the net cost of premiums for providing post-retirement benefits for retirees was $76,417.

Membership

The following schedule (derived from the most recent actuarial valuation report) reflects membership for the OPEB Health Care Plan as of January 1, 2012.

Active members	233
Retired members	4
	237

Contributions

The County contributed $23,265 to the OPEB Health Care Plan in fiscal year 2012. The annual required contribution amount is determined using actuarial methods and assumptions approved by the County Commission. The Commission established and may amend the funding policy for the OPEB Health Care Plan.

	January 1, 2012
Derivation of Annual OPEB Cost	
Annual Required Contribution	$ 257,633
Interest on Net OPEB Obligation	28,122
Amortization of Net OPEB Obligation	(26,865)
Annual OPEB Cost	$ 258,890
Derivation of Net OPEB Obligation	
Net OPEB Obligation (Asset) as of Beginning of Year	$ 703,056
Annual OPEB Cost for Year	258,890
Actual Contributions to Plan for Current Year	(76,417)
Increase in Net OPEB Obligation (Asset)	182,473
Net OPEB Obligation (Asset) as of End of the Year	$ 885,529

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Schedule of Employer Costs and Contributions

Fiscal Year Beginning	Annual Required Contribution/ Annual OPEB Cost	Actual County Contribution	Percentage of AOC Contributed	Net OPEB Obligation
1/1/12	$ 258,890	$ 76,417	30 %	$ 885,529
1/1/11	215,845	23,265	11	703,056
1/1/10	215,845	17,875	8	510,476
1/1/09	171,648	14,308	8	312,506

As of the most recent valuation date, January 1, 2012, the funded status of the OPEB Health Care Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
01/01/12	$ -	$ 2,641,785	$ 2,641,785	- %	$ 7,777,467	34.0 %

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net 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, 2012. The assumptions used in the January 1, 2012 actuarial valuation are as follows:

Basis of Valuation	
Current Valuation Date	January 1, 2012
Actuarial Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Market Value of Assets
Assumed Rate of Return on Investments	4.0%
Medical Cost Trend Rate	9.5% - 5.0%
Year of Ultimate Medical Cost Trend Rate	2018
Amortization Method	Level Percent of Pay (Open)
Remaining Amortization Period	30 years
Payroll Inflation Rate	3.0%

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE 12. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which, except as described in the following paragraph, the County carries commercial insurance in amounts deemed prudent by County management.

The County participates in the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Association of County Commissioners of Georgia Group Self-Insurance Workers' Compensation 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.

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.

There have been no significant reductions of insurance coverage from coverage in the prior year, and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The County is partially insured in regard to health insurance claims. The first $75,000 of claims is paid by the County. The County has a reinsurance policy that pays most claims in excess of the $75,000, per covered individual, to reduce the exposure from catastrophic loss. These liabilities are recorded in the General Fund and enterprise funds since payment is expected to be made within one year. A third party administrator is employed to process claims for the group health program. Settlement claims have not exceeded this commercial coverage in any of the past three fiscal years. All funds participate in the program and make payments to the General Fund. The claims liability of $206,600 at December 31, 2012 is based on requirements of Governmental Accounting Standards Board Statement 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

NOTE 12. RISK MANAGEMENT (CONTINUED)

Required disclosure representing the changes in the balances of claims liabilities during the years ended December 31, 2012 and 2011, respectively, are as follows:

	December 31, 2012	December 31, 2011
Unpaid claims, beginning of fiscal year	$ 191,000	$ 243,000
Incurred claims	2,345,806	2,105,237
Claims Paid	(2,361,306)	(2,157,237)
Unpaid claims, end of fiscal year	$ 175,500	$ 191,000

NOTE 13. CONTINGENCIES AND COMMITMENTS

Grant Contingencies:

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their representatives. 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.

Contractual Commitments:

In addition to the liabilities enumerated in the balance sheet at December 31, 2012, the County has contractual commitments on uncompleted construction contracts of approximately $769,000 for a new County Administration Building.

Litigation:

The County is involved in several pending lawsuits. 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.

NOTE 14. CHANGES IN ACCOUNTING PRINCIPLE

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the City is required to change its accounting treatment of debt issuance costs. The new standard requires that debt issuance costs be recognized as an expense in the period incurred rather than capitalized and recognized as an expense (amortized) in a systematic and rational manner over the duration of the related debt as was the required treatment in prior reporting periods.

NOTE 14. CHANGES IN ACCOUNTING PRINCIPLE (CONTINUED)

Therefore, in conjunction with the implementation of Statement No. 65, the following restatements were required to the beginning net position of the Governmental Activities and Water Fund to properly recognize debt issuance costs as expenses in the periods in which they were incurred:

Net position, Governmental Activities, previously reported	$	89,578,030
Recognition of issuance costs incurred in prior periods		(147,046)
Beginning net position, Governmental Activities, restated	$	89,430,984

Net position, Water Fund, previously reported	$	20,728,736
Recognition of issuance costs incurred in prior periods		(634,937)
Beginning net position, Water Fund, restated	$	20,093,799

NOTE 15. SUBSEQUENT EVENT – TAX ANTICIPATION NOTE

On August 6, 2013, the Board of Commissioners approved a resolution authorizing a tax anticipation note for the borrowing of up to $2,500,000 at an interest rate of 1.64%. The note is due December 31, 2013.

REQUIRED SUPPLEMENTARY INFORMATION

MONROE COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

DEFINED BENEFIT PENSION PLAN

Fiscal Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability	(Overfunded) Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	(Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll
12/31/11	$ 14,406,940	$ 19,429,685	$ 5,022,745	74.1 %	$ 7,212,626	69.6 %
12/31/10	13,290,343	17,936,060	4,645,717	74.1	6,671,674	69.6
12/31/09	12,128,867	16,725,018	4,596,151	72.5	6,378,809	72.1
12/31/08	10,900,121	14,862,715	3,962,594	73.3	6,181,975	64.1
12/31/07	10,730,553	12,686,846	1,956,293	84.6	5,639,289	34.7
12/31/06	9,731,795	11,522,443	1,790,648	84.5	5,292,244	33.8

The assumptions used in the preparation of the above schedule are disclosed in Note 10 in the Notes to the Financial Statements.

OTHER POST EMPLOYMENT BENEFIT PLAN

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
01/01/12	$ -	$ 2,641,785	$ 2,641,785	- %	$ 7,777,467	34.0 %
01/01/10	-	1,938,904	1,938,904	-	7,212,712	26.9
01/01/08	-	1,500,268	1,500,268	-	6,425,184	23.3

The assumptions used in the preparation of the above schedule are disclosed in Note 11 in the Notes to the Financial Statements.

MONROE COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Library Fund – To account for costs of operating and maintaining the Monroe County Library. Financing is provided from general revenues of the County, fines, and contributions.

Forfeited Funds – To account for monies seized and ordered as forfeited by the courts. Monies are seized in drug related cases. All funds are expended by law enforcement personnel.

Law Library Fund – To account for costs of operating and maintaining the County Law Library. Financing is provided from a charge added to and collected on all costs in civil and criminal cases.

Jail Fines Fund – To account for monies received by the collection of a 10% add-on fine as allowed by state law to be used for construction, operating, and staffing the County jail.

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

E-911 Fund – To account for the cost of operating and maintaining the Monroe County E-911 System. Financing is provided by a charge to each telephone subscriber whose exchange access lines are in the areas served by the Monroe County E-911 system and by a transfer from the General Fund.

C.A.R.E. Cottage Fund – To account for the operation of the Monroe County Child Abuse Reporting Enforcement Cottage. Financing is provided by fines, grants, and contributions.

Federal Forfeited Funds – To account for monies seized and ordered as forfeited by the federal courts. Monies are seized in drug related cases. All funds are expended by law enforcement personnel.

CDBG Water Grant Fund – To account for the receipt and expenditures of monies received from community development block grant for improvements to the County's water system.

EMS Grant Fund – To account for the receipt and expenditures of monies received from various grants and contributions for the Emergency Medical Services.

EMA Grant Fund – To account for the receipt and expenditures of monies received from various grants and contributions for the Emergency Management Agency.

Sheriff's Safe Driving Fund – To account for the receipt and expenditures of monies received from various grants and contributions for the purpose of the education and promotion of safe driving in the County.

MONROE COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

Capital Projects Funds

Roads Fund – To account for the improvements of public roads within the County from resources provided by a special County one percent sales and use tax.

Fire Fund – To account for the construction of two fire stations and related capital equipment used in the operation of these facilities, including two fire trucks. Financing is provided by a special County one percent sales and use tax.

Recreation Fund – To account for capital improvements to the Monroe County Recreation Center. Financing is provided by a special County one percent sales and use tax.

Public Safety Facilities Fund – To account for capital improvements to the Monroe County public safety facilities. Financing is provided by a special County one percent sales and use tax.

Patrol Vehicles Fund – To account for the acquisition of patrol vehicles for the Monroe County Sheriff's Office. Financing is provided by a special County one percent sales and use tax.

Emergency Services Fund – To account for capital improvements to the Monroe County Emergency Services. Financing is provided by a special County one percent sales and use tax.

Administration Building Fund – To account for the acquisition, renovation and equipping of a County administrative building. Financing is provided by a special County one percent sales and use tax.

Hospital Fund – To account for capital improvements at the Monroe County Hospital. Financing is provided by a special County one percent sales and use tax.

2014 SPLOST Fund – To account for revenues received on behalf of the City of Forsyth and the City of Culloden. Financing is provided by a special County one percent sales and use tax.

MONROE COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	Special Revenue Funds	Capital Project Funds	Total Governmental Funds
ASSETS			
Cash	$ 810,720	$ 3,266,296	$ 4,077,016
Investments	86,427	-	86,427
Accounts receivable	74,275	-	74,275
Interest receivable	73	-	73
Due from other governments	2,956	-	2,956
Due from other funds	-	1,718,493	1,718,493
Total assets	$ 974,451	$ 4,984,789	$ 5,959,240
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 44,982	$ 404,256	$ 449,238
Accrued liabilities	42,892	-	42,892
Due to other funds	261,366	551,130	812,496
Total liabilities	349,240	955,386	1,304,626
FUND BALANCES			
Restricted for:			
Judicial	402,685	-	402,685
Public safety	189,585	-	189,585
Capital projects	-	4,677,170	4,677,170
Committed for:			
Public safety	628	-	628
Assigned for:			
Culture and recreation	66,256	-	66,256
Unassigned	(33,943)	(647,767)	(681,710)
Total fund balances	625,211	4,029,403	4,654,614
Total liabilities and fund balances	$ 974,451	$ 4,984,789	$ 5,959,240

MONROE COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

	Special Revenue Funds	Capital Project Funds	Total Governmental Funds
Revenues:			
Sales tax	$ -	$ 2,692,631	$ 2,692,631
Intergovernmental	62,937	-	62,937
Fines and forfeitures	446,762	-	446,762
Charges for services	451,486	-	451,486
Interest income	792	4,921	5,713
Contributions	9,203	-	9,203
Miscellaneous	3,895	-	3,895
Total revenues	975,075	2,697,552	3,672,627
Expenditures:			
Current:			
Judicial	25,285	-	25,285
Public safety	1,375,588	-	1,375,588
Health and welfare	-	285,767	285,767
Culture and recreation	16,330	-	16,330
Capital outlay	-	4,569,189	4,569,189
Total expenditures	1,417,203	4,854,956	6,272,159
Deficiency of revenues under expenditures	(442,128)	(2,157,404)	(2,599,532)
Other financing sources (uses):			
Transfers in	450,000	-	450,000
Transfers out	-	(113,871)	(113,871)
Total other financing sources (uses)	450,000	(113,871)	336,129
Net change in fund balances	7,872	(2,271,275)	(2,263,403)
Fund balances, beginning of year	617,339	6,300,678	6,918,017
Fund balances, end of year	$ 625,211	$ 4,029,403	$ 4,654,614

MONROE COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2012

	Library	Forfeited Funds	Law Library	Jail Fines	Drug Education
ASSETS					
Cash	$ 9,790	$ 8,797	$ 11,326	$ 192,950	$ 23,359
Investments	56,401	-	30,026	-	-
Accounts receivable	-	-	-	-	-
Interest receivable	65	-	8	-	-
Due from other governments	-	-	-	1,998	-
Total assets	$ 66,256	$ 8,797	$ 41,360	$ 194,948	$ 23,359
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ -	$ -	$ -	$ 23,283	$ 5,324
Accrued liabilities	-	-	-	-	1,616
Due to other funds	-	1,496	-	10,840	4,773
Total liabilities	-	1,496	-	34,123	11,713
FUND BALANCES (DEFICIT)					
Restricted for:					
Judicial	-	-	41,360	-	-
Public safety	-	7,301	-	160,825	11,646
Committed for:					
Public safety	-	-	-	-	-
Assigned for:					
Culture and recreation	66,256	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficit)	66,256	7,301	41,360	160,825	11,646
Total liabilities and fund balances	$ 66,256	$ 8,797	$ 41,360	$ 194,948	$ 23,359

E-911	C.A.R.E. Cottage	Federal Forfeited Funds	CDBG Water Grant	EMS Grant	EMA Grant	Sheriff's Safe Driving	Total Special Revenue Funds
$ 126,567	$ 410,409	$ 15,425	$ 1,000	$ 422	$ 8,440	$ 2,235	$ 810,720
-	-	-	-	-	-	-	86,427
74,275	-	-	-	-	-	-	74,275
-	-	-	-	-	-	-	73
-	958	-	-	-	-	-	2,956
$ 200,842	$ 411,367	$ 15,425	$ 1,000	$ 422	$ 8,440	$ 2,235	$ 974,451
$ 14,437	$ 1,938	$ -	$ -	$ -	$ -	$ -	$ 44,982
34,374	6,902	-	-	-	-	-	42,892
185,974	41,202	6,700	1,000	104	7,670	1,607	261,366
234,785	50,042	6,700	1,000	104	7,670	1,607	349,240
-	361,325	-	-	-	-	-	402,685
-	-	8,725	-	318	770	-	189,585
-	-	-	-	-	-	628	628
-	-	-	-	-	-	-	66,256
(33,943)	-	-	-	-	-	-	(33,943)
(33,943)	361,325	8,725	-	318	770	628	625,211
$ 200,842	$ 411,367	$ 15,425	$ 1,000	$ 422	$ 8,440	$ 2,235	$ 974,451

MONROE COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

	Library	Forfeited Funds	Law Library	Jail Fines	Drug Education
Revenues:					
Intergovernmental	$ -	$ -	$ -	$ -	$ -
Fines and forfeitures	4,828	5,829	27,636	201,536	36,794
Charges for services	3,987	-	-	-	-
Interest income	210	5	24	153	16
Contributions	7,843	-	-	-	-
Miscellaneous	2,591	-	-	-	-
Total revenues	19,459	5,834	27,660	201,689	36,810
Expenditures:					
Current:					
Judicial	-	-	25,285	-	-
Public safety	-	1,496	-	114,382	29,924
Culture and recreation	16,330	-	-	-	-
Total expenditures	16,330	1,496	25,285	114,382	29,924
Excess (deficiency) of revenues over (under) expenditures	3,129	4,338	2,375	87,307	6,886
Other financing sources:					
Transfers in	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Net change in fund balances	3,129	4,338	2,375	87,307	6,886
Fund balances, beginning of year	63,127	2,963	38,985	73,518	4,760
Fund balances (deficit), end of year	$ 66,256	$ 7,301	$ 41,360	$ 160,825	$ 11,646

E-911	C.A.R.E. Cottage	Federal Forfeited Funds	CDBG Water Grant	EMS Grant	EMA Grant	Sheriff's Safe Driving	Total Special Revenue Funds
$ -	$ 62,937	$ -	$ -	$ -	$ -	$ -	$ 62,937
-	102,170	67,969	-	-	-	-	446,762
447,499	-	-	-	-	-	-	451,486
100	202	63	-	-	18	1	792
-	-	-	-	-	-	1,360	9,203
1,042	262	-	-	-	-	-	3,895
448,641	165,571	68,032	-	-	18	1,361	975,075
-	-	-	-	-	-	-	25,285
932,996	196,555	78,942	-	-	19,686	1,607	1,375,588
-	-	-	-	-	-	-	16,330
932,996	196,555	78,942	-	-	19,686	1,607	1,417,203
(484,355)	(30,984)	(10,910)	-	-	(19,668)	(246)	(442,128)
450,000	-	-	-	-	-	-	450,000
450,000	-	-	-	-	-	-	450,000
(34,355)	(30,984)	(10,910)	-	-	(19,668)	(246)	7,872
412	392,309	19,635	-	318	20,438	874	617,339
$ (33,943)	$ 361,325	$ 8,725	$ -	$ 318	$ 770	$ 628	$ 625,211

MONROE COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2012

	Roads	Fire	Recreation	Public Safety Facilities	Patrol Vehicles
ASSETS					
Cash	$ 2,001,691	$ 74,427	$ 106,092	$ 418,155	$ 61,782
Due from other funds	473,527	-	41,434	29,595	41,434
Total assets	$ 2,475,218	$ 74,427	$ 147,526	$ 447,750	$ 103,216
LIABILITIES AND FUND BALANCES					
Accounts payable	$ -	$ -	$ 3,513	$ 27,493	$ -
Due to other funds	48,575	400	5,550	121	-
Total liabilities	48,575	400	9,063	27,614	-
FUND BALANCES (DEFICIT)					
Restricted for:					
Capital projects	2,426,643	74,027	138,463	420,136	103,216
Unassigned	-	-	-	-	-
Total fund balances (deficit)	2,426,643	74,027	138,463	420,136	103,216
Total liabilities and fund balances (deficit)	$ 2,475,218	$ 74,427	$ 147,526	$ 447,750	$ 103,216

Emergency Services	Administration Building	Hospital	2014 SPLOST	Total Capital Project Funds
$ 149,066	$ 12,299	$ 442,784	$ -	$ 3,266,296
26,636	207,168	898,699	-	1,718,493
$ 175,702	$ 219,467	$ 1,341,483	$ -	$ 4,984,789
$ -	$ 373,250	$ -	$ -	$ 404,256
-	3,706	2,500	490,278	551,130
-	376,956	2,500	490,278	955,386
175,702	-	1,338,983	-	4,677,170
-	(157,489)	-	(490,278)	(647,767)
175,702	(157,489)	1,338,983	(490,278)	4,029,403
$ 175,702	$ 219,467	$ 1,341,483	$ -	$ 4,984,789

MONROE COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

	Roads	Fire	Recreation	Public Safety Facilities	Patrol Vehicles
Revenues:					
Sales tax	$ 1,186,818	$ -	$ 103,847	$ 74,212	$ 103,847
Interest income	2,855	39	216	261	121
Total revenues	1,189,673	39	104,063	74,473	103,968
Expenditures:					
Current:					
Health and welfare	-	-	-	-	-
Capital outlay	1,146,511	400	180,650	27,493	97,532
Total expenditures	1,146,511	400	180,650	27,493	97,532
Excess (deficiency) of revenues over (under) expenditures	43,162	(361)	(76,587)	46,980	6,436
Other financing (uses):					
Transfers out	-	-	-	-	-
Total other financing (uses)	-	-	-	-	-
Net change in fund balances	43,162	(361)	(76,587)	46,980	6,436
Fund balances, beginning of year	2,383,481	74,388	215,050	373,156	96,780
Fund balances (deficit), end of year	$ 2,426,643	$ 74,027	$ 138,463	$ 420,136	$ 103,216

Emergency Services	Administration Building	Hospital	2014 SPLOST	Total Capital Project Funds
$ 66,759	$ 519,233	$ 637,915	$ -	$ 2,692,631
161	452	816	-	4,921
66,920	519,685	638,731	-	2,697,552
-	-	285,767	-	285,767
-	2,626,325	-	490,278	4,569,189
-	2,626,325	285,767	490,278	4,854,956
66,920	(2,106,640)	352,964	(490,278)	(2,157,404)
-	(71,754)	(42,117)	-	(113,871)
-	(71,754)	(42,117)	-	(113,871)
66,920	(2,178,394)	310,847	(490,278)	(2,271,275)
108,782	2,020,905	1,028,136	-	6,300,678
$ 175,702	$ (157,489)	$ 1,338,983	$ (490,278)	$ 4,029,403

MONROE COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 1997 ISSUE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

Project Description	Original and Revised Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Fire Department Capital Improvements	$ 500,000	$ 433,089	$ 400	$ 433,489
Youth Center Facility	600,000	600,000	-	600,000
Courthouse Capital Improvements	250,000	250,000	-	250,000
Total	$ 1,350,000	$ 1,283,089	$ 400	$ 1,283,489

MONROE COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2003 ISSUE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

Project Description	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Recreation Facilities and Equipment	$ 400,000	$ 400,000	$ -	$ 400,000
Courthouse Capital Improvements	1,000,000	946,855	-	946,855
Patrol Vehicles	625,000	700,968	-	700,968
Emergency Services Equipment	180,000	264,090	-	264,090
Animal Shelter Facility and Equipment	145,000	130,805	-	130,805
Tift College Bonds Debt Service	6,300,000	5,567,643	-	5,567,643
Roads, Streets, and Bridges	4,750,000	4,750,000	-	4,750,000
Construction of Water and Sewer Lines	4,750,000	4,871,280	-	4,871,280
Hospital Capital Improvements	250,000	250,000	-	250,000
Youth Center Facility	200,000	200,000	-	200,000
Total	$ 18,600,000	$ 18,081,641	$ -	$ 18,081,641

MONROE COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2008 ISSUE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

Project Description	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Recreation Facilities and Equipment	$ 700,000	$ 256,398	$ 180,650	$ 437,048
Administrative Facility and Equipment	3,500,000	590,739	2,698,079	3,288,818
Patrol Vehicles	700,000	277,519	97,532	375,051
Emergency Services Equipment	450,000	227,000	-	227,000
Public Safety Facility and Equipment	500,000	121	27,493	27,614
Roads, Streets, and Bridges	8,000,000	3,170,782	1,146,511	4,317,293
Construction of Water and Sewer Lines	5,354,000	4,712,613	113,485	4,826,098
Hospital Capital Improvements	4,300,000	2,149,353	327,884	2,477,237
City of Forsyth	4,200,000	3,127,743	641,598	3,769,341
City of Culloden	500,000	371,800	74,038	445,838
Total	$ 28,204,000	$ 14,884,068	$ 5,307,270	$ 20,191,338

MONROE COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2014 ISSUE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

Project Description	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Roads, Streets, Bridges	$ 7,000,000	$ -	$ -	$ -
Construction of Water and Sewer Lines	7,000,000	-	-	-
Patrol Vehicles	800,000	-	-	-
Emergency Services Equipment	1,500,000	-	-	-
Recreation Facilities and Equipment	2,500,000	-	-	-
Hospital Capital Improvements	1,000,000	-	-	-
Emergency 911 Radio System Upgrade	3,100,000	-	-	-
Library Facilities and Equipment	150,000	-	-	-
Road Department Heavy Equipment	1,250,000	-	490,278	490,278
Civic Center Facilities and Equipment	1,200,000	-	-	-
City of Forsyth	4,600,000	-	-	-
City of Culloden	550,000	-	-	-
Total	$ 30,650,000	$ -	$ 490,278	$ 490,278

Reconciliation of SPLOST schedules to financial statements:

Total of all SPLOST schedules or expenditures	$ 5,797,948
Expenditures - 2008 SPLOST Fund	$ 696,876
Transfers out - 2008 SPLOST Fund	18,760
Expenditures - Water Capital Fund	54,381
Transfers out - Water Capital Fund	59,104
Expenditures - nonmajor SPLOST funds	4,854,956
Transfers out - nonmajor SPLOST funds	113,871
	$ 5,797,948

Note: Bonds used to forward fund SPLOST projects were issued by the Public Facilities Authority (PFA). Transfers from SPLOST funds to the PFA are used to pay interest payments on the bonds as they mature.

MONROE COUNTY, GEORGIA
AGENCY FUNDS

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

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

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

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

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

MONROE COUNTY, GEORGIA

COMBINING BALANCE SHEET
AGENCY FUNDS
DECEMBER 31, 2012

ASSETS	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court	Sheriff	Total
Cash	$ 808,203	$ 224,591	$ 155,246	$ 27,634	$ 244,024	$ 1,459,698
Taxes receivable	10,754,015	-	-	-	-	10,754,015
Due from others	-	-	-	-	674	674
Total assets	$ 11,562,218	$ 224,591	$ 155,246	$ 27,634	$ 244,698	$ 12,214,387
LIABILITIES						
Due to others	$ 808,203	$ 224,591	$ 155,246	$ 27,634	$ 244,698	$ 1,460,372
Uncollected taxes	10,754,015	-	-	-	-	10,754,015
Total liabilities	$ 11,562,218	$ 224,591	$ 155,246	$ 27,634	$ 244,698	$ 12,214,387

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 Monroe County, Georgia
Forsyth, 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 Monroe County, Georgia as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Monroe County, Georgia's basic financial statements, and have issued our report thereon dated September 16, 2013. Our report includes a reference to other auditors who audited the financial statements of the Monroe County Health Department, as described in our report on Monroe County, Georgia's financial statements. This report does not include the results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. As referenced in our report, the County implemented Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* as well as Statement No. 65, *Items Previously Reported as Assets and Liabilities* as of January 1, 2012.

Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2012-1 through 2012-3 to be material weaknesses.

A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as item 2012-4 and 2012-5 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Monroe 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.*

Monroe County, Georgia's Responses to Findings

Monroe County, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Monroe County, Georgia's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Mauldin & Jenkins, LLC

Macon, Georgia
September 16, 2013

MONROE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2012

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	__X__ yes ____ no
Significant deficiencies identified not considered to be material weaknesses?	__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, 2012 due to the total amount expended being less than $500,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2012-1. Revenue Cycle Transactions

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.

Condition: The County did not appropriately record all transactions involving accounts receivable and revenue accounts during the year ended December 31, 2012.

Context: We addressed this matter with County officials, who were able to determine all appropriate receivable and revenue entries that should be recorded as of December 31, 2012.

Effect: The following audit adjustments were required for the year ending December 31, 2012:

Entries to the General Fund resulting in a $1,344,608 increase in fund balance;
Entries to various Capital Project Funds resulting in a $1,391,220 increase in fund balance; and
Entries to the Water Fund resulting in a $31,423 increase in net position.

Recommendation: We recommend the County begin recognizing and recording all necessary revenue adjustments at the end of each financial reporting cycle.

Views of Responsible Officials and Planned Corrective Action: We concur. We will begin recognizing and recording all necessary receivable and revenue adjustments as appropriate in future years.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2012-2. Management of Due To/Due From and Transfer (Internal) Accounts

Criteria: Generally accepted accounting principles require consideration of the collectability of receivables of all kinds, whether external or internal to the County.

Condition: During fiscal year 2012, the County did not properly account for and use due to/due from accounts and transfers in conjunction with the operations of the County.

Context: We addressed this matter with County officials, who were able to determine the appropriate adjustments so as to properly state the balance of due to/due from and interfund transfer accounts at December 31, 2012.

Effect: The following audit adjustments were required for the year ending December 31, 2012:

Entries to the General Fund resulting in a $310,083 decrease in fund balance;
Entries to the 2014 SPLOST Fund resulting in a $490,278 decrease in fund balance;
Entries to the CARE Cottage Fund resulting in a $1,013 decrease in fund balance; and
Entries to the E911 Fund resulting in a $475,360 increase in fund balance.

Recommendation: We recommend that all interfund activity be properly recorded through the due to/due from and transfer accounts as appropriate, and all interfund accounts be reconciled on a monthly basis.

Views of Responsible Officials and Planned Corrective Action: We concur. We will begin reviewing and reconciling interfund and transfer accounts on a monthly basis.

2012-3. Segregation of Duties - Credit Cards

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 was not appropriate segregation of duties in regard to expenditure, approval, and reconciliation of the County's credit card accounts.

Context: An instance of fraud occurred whereby a County employee charged personal expenditures to the County's credit card.

Effect: Failure to properly segregate duties in regard to expenditure, approval, and reconciliation of credit card accounts can and did lead to misappropriation of funds which was not detected in a timely manner during the normal course of business.

Cause: This situation was created due to an improper internal control structure over the use of County credit cards.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2012-3. Segregation of Duties - Credit Cards (Continued)

Recommendation: Employees authorized to expend County funds as well as the duties of approval and reconciliation of credit card accounts should be segregated between employees.

Views of Responsible Officials and Planned Corrective Action: We concur. After the situation was detected and investigated by management, proper internal controls were put into place to create a better segregation of duties and to not allow a repeat instance.

2012-4. Management of Inventory Accounts

Criteria: Generally accepted accounting principles require that inventory on hand at year end be reported as an asset.

Condition: During the year ended December 31, 2012, we noted the shop inventory software was not updated for some of the inventory used, thus causing an overstatement of inventory.

Context: We addressed the matter with County officials, who were able to determine the appropriate adjustments so as to properly state the inventory account balance at December 31, 2012.

Effect: An audit adjustment was made to the General Fund resulting in a $65,170 decrease in fund balance.

Recommendation: We recommend that all inventory transactions be recorded based on the above criteria. The County should also make a physical count of inventory as of year-end and adjust the inventory account balances accordingly. Finally, the County should ensure that all updated inventory prices are adjusted in the inventory system so the appropriate inventory value is assigned to each item.

Views of Responsible Officials and Planned Corrective Action: We concur. Additional procedures will be put in place to ensure that all inventory accounts are balanced properly upon inventory usage.

2012-5. 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 among 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 Water Department, Magistrate Court, and Probate Court.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2012-5. Segregation of Duties (Continued)

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

Effect: Failure to properly segregate duties among 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 duties.

Recommendation: The duties of recording, distribution, and reconciliation of accounts should be segregated between employees.

Views of Responsible Officials and Planned Corrective Action: We concur. The offices listed above are in the process of reviewing their respective systems to evaluate and determine the most efficient and effective solution to properly segregate duties among recording, distribution, and reconciliation of accounts to provide reasonable assurance that an individual cannot misappropriate funds without being detected during the normal course of business.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

MONROE COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2012

2011-1. Revenue Cycle Transactions

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.

Condition: The County did not appropriately record all transactions involving the County's receivable and revenue accounts during the year ended December 31, 2011.

Auditee Response/Status: Unresolved. This is included in current finding number 2012-1.

2011-2. 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 among 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 Water Department and Probate Court.

Auditee Response/Status: Unresolved. This is included as current finding number 2012-5.

2011-3. Noncompliance in Investments

Criteria: The Official Code of Georgia (OCGA) Section 36-83-4(a) limits local governments' investments to the following: (1) obligations of the State of Georgia or other states; (2) obligations issued by the U.S. government; (3) obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; (4) obligations of any corporation of the U.S. government; (5) prime bankers' acceptances; (6) the local government investment pool established by state law; (7) repurchase agreements; and (8) obligations of other political subdivisions of this state.

Condition: During the fiscal year ending December 31, 2011, the County's Water and Sewer Fund invested in a corporate bond with a market value of approximately $83,600 as of December 31, 2011.

Auditee Response/Status: The above finding was corrected during the year ended December 31, 2012 and is not included as a finding for the current year.