MONTGOMERY COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

DECEMBER 31, 2013

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1-2
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT WIDE FINANCIAL STATEMENTS	
Statement of Net Position	4
Statement of Activities	5
FUND FINANCIAL STATEMENTS	
Governmental Fund Financial Statements	
Balance Sheet - Governmental Funds	6
Reconciliation of Net Position -Governmental Funds in the Statement of Net Position to Total Fund Balance - Governmental Funds on the Balance Sheet	7
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Fiduciary Fund Financial Statements	
Statement of Fiduciary Assets and Liabilities	10
NOTES TO THE FINANCIAL STATEMENTS	12-31
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	33-36
Budgetary Comparison Schedule - Project Fund	37
Budgetary Comparison Explanation	38

TABLE OF CONTENTS

	Page
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Nonmajor Governmental Funds	40
Combining Statement of Revenues, Expenditures, and Fund Balances - Nonmajor Governmental Funds	41
Statement of Fiduciary Assets and Liabilities	42
Independent Auditors' Report on Special One Percent Sales and Use Tax	43
Schedule of Projects Constructed with Special Sales Tax Proceeds	44
Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	45-46
Schedule of Financial Statement Findings	47-48

McLain, Calhoun, McCullough, Clark & Co., P.C.
Certified Public Accountants
Business Consultants

William H. McLain, C.P.A.
Michael R. Calhoun, C.P.A.
Robin L. McCullough, C.P.A.
Tracy C. Clark, C.P.A.
Nicole A. Eason, C.P.A.

INDEPENDENT AUDITOR'S REPORT

To the Montgomery County Commissioners
Mount Vernon, Georgia 30445

Report on the Financial Statements

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

We did not audit the financial statements of the Montgomery County Board of Health (Discretely Presented Component Unit) as of June 30, 2013, and for the year then ended which statements reflect total assets of $259,548 and total revenues of $294,272. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the Montgomery County Board of Health, is based on the report of the other auditors.

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 included the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Montgomery County, Georgia, as of December 31, 2013, and the respective changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, 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* in December 31, 2012 and implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities*, as of December 31, 2013. 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 budgetary comparison information on pages 33 through 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate, operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has elected to omit the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers is to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Montgomery County, Georgia's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

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

McLain Calhoun McCullough Clark & Co, P.C.

Vidalia, Georgia
June 27, 2014

BASIC FINANCIAL STATEMENTS

MONTGOMERY COUNTY, GEORGIA
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
DECEMBER 31, 2013

	Primary Government	Component Unit
	Governmental Activities	Montgomery County Board of Health
Assets		
Cash and cash equivalents	$ 2,822,069	$ 144,515
Certificates of deposit	4,718	113,907
Accounts receivable	18,611	-
Taxes receivable	612,728	-
Interfund receivables	-	-
Other receivables	19,426	-
Due from other governments	179,687	-
Prepaid expenditures	26,139	-
Capital Assets:		
Equipment	3,607,907	71,439
Buildings	5,536,307	-
Office furniture and fixtures	255,037	-
Land	533,768	-
Infrastructure	2,739,373	-
Accumulated depreciation	(5,499,317)	(70,313)
Capital assets, net of depreciation	7,173,075	1,126
Total Assets	10,856,453	259,548
Liabilities		
Accounts payable	74,288	-
Accrued expenditures	27,121	-
Due to others	83,214	-
Compensated absences		
Current	-	2,124
Long-term	-	8,496
Capital leases payable		
Current	270,529	-
Long-term	877,620	-
Total Liabilities	1,332,772	10,620
Deferred Inflows of Resources		
Unearned Revenue - property tax	363,958	-
Net Position		
Net investment in capital assets	6,024,926	1,126
Restricted for:		
Health Department	-	48,752
Special Drug Education	24,466	-
Special Drug Forfeiture	1,446	-
Senior Nutrition	4,785	-
Montgomery Development Authority	46,899	-
E-911	17,123	-
Court (Jail) Fee	17,436	-
Law Library	6,015	-
T-Splost	52,778	
Projects Fund	105,448	-
Splost	417,225	-
Unrestricted	2,441,176	199,050
Total Net Position	$ 9,523,681	$ 248,928

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

MONTGOMERY COUNTY, GEORGIA
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
DECEMBER 31, 2013

Function/Program	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants, Contributions, and Interest	Program Revenues: Capital Grants, Contributions, and Interest	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Component Unit Montgomery County Board of Health
Governmental Activities						
General Government						
Legislative and Executive	$ 902,712	$ 30,751	$ -	$ -	$ (871,961)	$ -
Judicial	357,768	244,061	-	-	(113,707)	-
Public Safety	1,503,543	126,190	13,998	-	(1,363,355)	-
Roads and Bridges	1,890,495	-	576,934	-	(1,313,561)	-
Solid Waste	206,841	-	-	-	(206,841)	-
Health and Welfare	233,738	-	83,492	-	(150,246)	-
Recreation & Culture	66,615	-	-	-	(66,615)	-
Community Development	171,622	-	-	-	(171,622)	-
	-	-	-	-	-	-
Total Primary Government	5,333,334	401,002	674,424	-	(4,257,908)	-
Component Unit						
Montgomery County Board of Health	269,790	96,637	160,728	-	-	(12,425)
Total Component Units	$ 269,790	$ 96,637	$ 160,728	$ -	$ -	$ (12,425)
			General Revenues			
			Property Taxes		$ 2,134,929	$ -
			Mobile Home Tax		24,700	-
			Motor Vehicle Taxes		383,342	-
			Sales Tax		467,789	-
			Insurance Premium Taxes		229,284	-
			Alcoholic Beverage Taxes		26,190	-
			Real Estate Transfer Taxes		31,805	-
			Timber Tax		45,801	-
			Franchise Taxes		10,882	-
			Interest		6,355	-
			Splost		496,304	-
			Other Revenues		109,062	36,907
			Total General Revenues		3,966,443	36,907
			Change in Net Position		(291,465)	24,482
			Net Position Beginning of Year		9,815,146	224,446
			Net Position End of Year		$ 9,523,681	$ 248,928

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

MONTGOMERY COUNTY, GEORGIA
FUND FINANCIAL STATEMENTS
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	General	Splost Fund	Project Fund	Other Governmental Funds	Total
Assets					
Cash and cash equivalents	$ 2,152,329	$ 405,666	$ 105,448	$ 163,344	$ 2,826,787
Accounts receivable	2,002	-	-	16,609	18,611
Receivables:					
Taxes	612,728	-	-	-	612,728
Interfund receivable	12,500	-	-	-	12,500
Other receivable	19,426	-	-	-	19,426
Due from other governments	79,466	79,905	-	20,316	179,687
Prepaid expenditures	26,139	-	-	-	26,139
Total assets	$ 2,904,590	$ 485,571	$ 105,448	$ 200,269	$ 3,695,878
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 74,288	$ -	$ -	$ -	$ 74,288
Accrued expenditures	25,168	-	-	1,953	27,121
Interfund payable	-	12,500	-	-	12,500
Due to others	-	55,846	-	27,368	83,214
Total liabilities	99,456	68,346	-	29,321	197,123
Deferred Inflows of Resources					
Unavailable revenue - property taxes	$ 363,958	$ -	$ -	$ -	$ 363,958
Fund Balances					
Non-spendable	30,857	-	-	-	30,857
Restricted:					
Splost	-	417,225	-	-	417,225
Projects fund	-	-	105,448	-	105,448
Special drug education	-	-	-	24,466	24,466
Special drug forfeiture	-	-	-	1,446	1,446
Senior nutrition	-	-	-	4,785	4,785
E-911	-	-	-	17,123	17,123
Court (jail) fee	-	-	-	17,436	17,436
Law library	-	-	-	6,015	6,015
Development authority	-	-	-	46,899	46,899
T-Splost	-	-	-	52,778	52,778
Unassigned	2,410,319	-	-	-	2,410,319
Total fund balances	2,441,176	417,225	105,448	170,948	3,134,797
Total liabilities, deferred inflows of resources, and fund balances	$ 2,904,590	$ 485,571	$ 105,448	$ 200,269	$ 3,695,878

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

MONTGOMERY COUNTY, GEORGIA
FUND FINANCIAL STATEMENTS
RECONCILIATION OF NET POSITION – GOVERNMENTAL FUNDS IN THE STATEMENT OF NET POSITION TO TOTAL FUND BALANCE – GOVERNMENTAL FUNDS ON THE BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2013

Total Governmental Fund Balances	$	3,134,797
Amounts reported for governmental activities on the statement of net position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		7,173,075
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds:		
Unavailable revenue		363,958
Liabilities not due and payable in the current period and therefore are not reported in the governmental fund balance sheets but are reported on the government-wide statement of net position.		
Capital leases		(1,148,149)
Net Position of Governmental Activities	$	9,523,681

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

MONTGOMERY COUNTY, GEORGIA
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	General	Splost Fund	Project Fund	Other Governmental Funds	Total
Revenues:					
Taxes	$ 3,239,499	$ 496,304	$ -	193,293	$ 3,929,096
Grants	45,237	-	576,934	39,291	661,462
Licenses and permits	17,783	-	-	-	17,783
Other services	-	-	-	-	-
Charges for services	74,200	-	-	126,190	200,390
Fines and court costs	155,645	-	-	14,216	169,861
Rent	12,968	-	-	-	12,968
Miscellaneous	74,311	-	4,498	2,231	81,040
Interest	4,547	393	1,066	349	6,355
Total revenues	3,624,190	496,697	582,498	375,570	5,078,955
Expenditures:					
Current operating:					
General government	731,030	32,493	7,066	16,787	787,376
Judicial	354,629	-	-	3,139	357,768
Public Safety	1,324,971	109,181	181,531	116,026	1,731,709
Roads and bridges	460,119	322,220	1,162,462	123,732	2,068,533
Solid Waste	196,087	-	129,595	-	325,682
Health and welfare	199,342	-	3,960	25,136	228,438
Culture and recreation	59,698	-	-	-	59,698
Community development	61,461	-	11,348	98,813	171,622
Intergovernmental	-	230,762	-	-	230,762
Debt service:					-
Principal retirement	379,638	152,033	142,563	-	674,234
Interest	12,302	10,368	4,369	-	27,039
Total expenditures	3,779,277	857,057	1,642,894	383,633	6,662,861
Excess(deficiency) of revenues over(under) expenditures:	(155,087)	(360,360)	(1,060,396)	(8,063)	(1,583,906)
Other financing sources (uses):					
Proceeds from note payable	215,172	-	144,955	-	360,127
Proceeds from capital leases	-	264,476	716,300	-	980,776
Sale of property	-	-	107,000	-	107,000
Transfers	(64,804)	-	(5,000)	69,804	-
Total other financing sources(uses)	150,368	264,476	963,255	69,804	1,447,903
Net change in fund balances	(4,719)	(95,884)	(97,141)	61,741	(136,003)
Fund balance - beginning of year	2,445,895	513,109	202,589	109,207	3,270,800
Fund balance - end of year	$ 2,441,176	$ 417,225	$ 105,448	170,948	3,134,797

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

MONTGOMERY COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

Net change in fund balances - total governmental funds		$ (136,003)
Amounts reported for governmental activities on the statement of activities are different because of the following:		
Proceeds on sale of assets		(107,000)
Governmental funds report capital outlay as expenditures. However, on the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expenditures. This is the amount by which capital outlays exceeded depreciation during the year:		
General fund	$ 27,044	
Splost fund	374,426	
Project fund	719,417	
Total	1,120,887	
Gain on Sale	40,983	
Depreciation Expense	(465,593)	
	696,277	696,277
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:		(78,070)
Debt proceeds is a revenue in the governmental funds, but the debt increases the liabilities on the statement of activities:		
Debt proceeds	(1,340,903)	(1,340,903)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of activities:		
Principal retirement	674,234	674,234
Change in Net Position of Governmental Activities		$ (291,465)

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

MONTGOMERY COUNTY, GEORGIA
FIDUCIARY FUND FINANCIAL STATEMENTS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
DECEMBER 31, 2013

		Agency Fund Total
Assets		
Cash	$	134,925
Due from others		18,513
Taxes receivable		1,175,966
Total assets	$	1,329,404
Liabilities		
Due to others	$	153,438
Deferred taxes		1,175,966
Total liabilities	$	1,329,404

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

Montgomery County, Georgia is a governmental unit governed by an elected five-member board. As required by generally accepted accounting principles, these financial statements present Montgomery County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

The office of the Montgomery County Commissioners is the oversight unit for the purposes of these financial statements.

Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", established criteria for determining which component units should be considered part of Montgomery County, Georgia for financial reporting purposes. The basic criteria are as follows:

1. Financial Accountability
2. Appointment of a Voting Majority
3. Imposition of Will
4. Financial Benefit to or Burden on a Primary Government
5. Financial Accountability as a Result of Fiscal Dependency
6. Potential for Dual Inclusion

Based on the previous criteria, County management has included the following component units in the financial reporting entity:

Agency Funds

The following units are reported as part of the primary government in the Basic Financial Statements of Montgomery County, Georgia:

Tax Commissioner
Sheriff
Clerk of Courts
Probate Judge
Magistrate Court

These units collect and disburse taxes, fees, fines, etc. under their constitutionally assigned responsibility. Financial records separate from the oversight unit are maintained for each related component unit. For the purposes of this report these related component units affect the financial statements in the following way. Each disbursement by the related component unit to the oversight unit is reflected as revenue to the oversight unit's General Fund.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Discretely Presented Component Unit

The following component unit has been discretely presented in the Montgomery County, Georgia General Purpose Financial Statements:

Montgomery County Board of Health

The Montgomery County Board of Health provides public health services to the residents of Montgomery County under a contract with the Georgia Department of Human Resources. Although the department generates revenue from the collection of fees and receives funding from the Georgia Department of Human Resources, the County provides a subsidy to the department for the provision of health services. The Montgomery County Board of Health fiscal year audit ending June 30, 2013, is presented in the Government-Wide Financial Statements.

Complete financial statements of the Montgomery County discrete component unit can be obtained at the Montgomery County Board of Health administrative office:

Montgomery County Board of Health
P.O. Box 212
Mount Vernon, Georgia 30445

Based on the GASB criteria, the following unit is not included in this report:

Montgomery County Board of Education.

Disbursements to the Montgomery County Board of Education are by contractual agreement with the Board of Commissioners.

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except the fiduciary funds or component units that are fiduciary in nature.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation (Continued)

Government-Wide Financial Statements (continued)

The statement of net position presents the financial condition of the governmental and business-type activities of the County at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities. Direct expenses are those that are specifically associated with a service program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the County, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the County.

Fund Financial Statements

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

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

Governmental Funds

Governmental funds are those through which most functions of the government are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid.

The difference between governmental fund assets and liabilities and deferred inflow/outflow of resources are reported as fund balance. The County's major funds are the General Fund, the Capital Projects Fund – Special Purpose Local Option Sales Tax (SPLOST) and the Special Revenue Fund – Project Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

General Fund - The General Fund accounts for all financial resources except those to be accounted for in another fund. The general fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Georgia.

Capital Projects Fund - SPLOST – This fund is used for construction and maintenance of roads and bridges, solid waste management, for the purchase fire equipment and ambulances in Montgomery County.

Special Revenue Fund – Project – This fund is used to account for expenditures for several ongoing projects by the County.

Non-major Fund Type:

Special Revenue Funds - Special Revenue Funds are generally used to account for certain specific revenue sources, including special services districts, grants, and similar funds that are legally restricted to expenditures for specified purposes.

Fiduciary Fund

Fiduciary fund reporting focuses on net position and the changes in net position. The County's agency funds are used to account for assets held by certain officials in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds are accounted for using the accrual basis of accounting. County officials with this designation are the Tax Commissioner, the Sheriff, the Clerk of Courts, the Probate Judge, and the Magistrate Court.

Fund Equity

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

Fund balance generally represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report classification 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:

Non-spendable – Fund balances are reported as non-spendable 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 limitation imposed on their use whether through 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 County Commissioners through the approval of a motion. Only the Board of County Commissioners may modify or rescind the commitment.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting – Fund Equity (Continued)

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 or committed.

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.

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

- Committed
- Assigned
- Unassigned

Net Position – Net position represent the difference between assets and liabilities. Net investment in capital assets, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the County has not spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its 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. All other net position is reported as unrestricted.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets, liabilities, and deferred inflows/outflows of resources associated with the operation of the County are included on the statement of net position. The statement of activities reports revenues and expenditures.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and deferred inflows/outflows of resources are generally included on the balance sheet. The statement revenues, expenditures and change in fund balance reflect the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental Fund financial statements, therefore, includes a reconciliation with brief explanations to better identify the relationship between the government–wide financial statements and the fund financial statements for governmental funds.

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

A. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unavailable revenue, and the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions

Revenues resulting from exchange transactions, in which the party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recognized in the year in which the resources are measurable and become available. Available means the resources will be collected within the year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within sixty days after year end. Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, sales taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from sales tax is recognized in the period in which the sales are made. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the County must provide resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: sales taxes, charges for services, fines and forfeitures, grants, interest and rent.

Modified Accrual Basis of Accounting

All governmental funds and the discretely presented component unit are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are generally recognized when they become measurable and available as net, current assets. Revenues, which are susceptible to accrual, are property taxes and grants from other governments. Property tax revenues are considered measurable and available to the extent they are collected within the current period or collected within sixty days after the end of the period.

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Modified Accrual Basis of Accounting (Continued)

Property taxes not collected within sixty days after the end of the period are recorded as unavailable revenues and recognized when collected. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) inventory type items, which are, expensed when purchased; (2) principal and interest on general long-term debt which is recognized when due; and (3) prepaid items which are expensed when purchased.

Change in Accounting Principles

For the fiscal year ended 2003, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions"; GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis- for State and local Governments"; GASB Statement No. 36, "Recipient Reporting for Certain Shared Non-exchange Revenues"; GASB Statement No. 37, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus"; GASB Statement No.38," Certain Financial Statement Note Disclosures"; and GASB Interpretation No.6, " Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements." The County has elected to omit the Management's Discussion and Analysis. As of January 1, 2011, the County implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Please see pages 15 and 16 of the Notes for the definitions of the classifications of Fund Balance.

Budgetary Process – Primary Government

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

2. The Commission holds a public hearing on the budget, giving notice thereof at least ten days in advance by publication in the official organ.

3. The budget is then revised and adopted or amended by the Commission at the first regular meeting in January of the year to which it applies.

4. The budget so adopted may be revised during the year only by formal action of the Commission in a regular meeting, and no increase shall be made therein without provision also being made for financing it.

5. The Budget for the General and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles.

6. Budgeted amounts are as originally adopted, or as amended by the Commission, if such amendments are considered material to the budget as a whole.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash includes amounts in both interest-bearing and non-interest bearing demand deposit accounts. State statutes authorize the County to invest in obligations of the U.S. Treasury, obligations of the State of Georgia or any other states, obligations fully insured or guaranteed by the United States government or governmental agency, Local government Investment Pool, Commercial paper, corporate bonds, obligations of other political subdivisions of the State of Georgia, and repurchase agreements. Any bank deposit in excess of the total FDIC insured amount must be secured by an equivalent amount of State and U.S. obligations.

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

For the purpose of reporting cash flows the County considers certificates of deposit with an initial maturity of three months or less to be cash equivalent.

Assets are reported restricted when limitations on their use change the nature or normal understanding of the availability of the asset.

Eliminations

GASB 34 eliminated the presentation of Account Groups, but provides for these records to be maintained and used to account for capital assets and long-term liabilities that are not reflected on the balance sheet of Governmental-type funds due to the current financial resources measurement focus that they use.

The effect of inter-fund activity has been removed from the government-wide financial statements. Due to/from other funds have been eliminated as well as transfers between funds.

Inter-fund Receivables and Payables

On fund financial statements, receivables and payables resulting from short-term inter-fund loans or inter-fund services provided and used are classified as "Inter-fund Receivables and Payables." Inter-fund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net position.

The only inter-fund balances which remain on the government-wide statement of net position are those between governmental and business-type activities. These amounts are reflected as "Internal Balances." The monies due the primary government from the fiduciary funds are reflected in the statement of net position as "External Balances."

Inventories

Inventory consists of expendable supplies held for consumption. The costs of these supplies on hand are considered immaterial to the balance sheets of the various funds and are not shown as assets of the funds nor is any portion of the fund balance reported as reserved for inventories. Inventory type items are recorded as an expenditure when purchased.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2013, are reported as prepaid expenses using the consumption method by recording a current asset for the

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Items (Continued)

prepaid amount and reflecting the expenditure/expense in the year in which the services are consumed. The prepaid expenditure, prepaid insurance, is classified as non-spendable on the government-wide statements of net position.

Capital Assets

Capital assets, which include property, plant, office furniture, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental columns in the governmental-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than $5,000. All purchased capital assets are valued at historical cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Major outlays for capital assets and improvements are capitalized as projects are constructed. GASB Statement 34 prohibits the capitalization of interest for assets constructed for use in governmental activities. In 2013, there was no interest expense incurred by the County included as part of the cost of capital assets under construction in connection with public building construction projects.

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

Buildings	50 years
Vehicles	5 years
Machinery and equipment	5-20 years
Office Furniture	5-10 years
Roads, Bridges, and Sidewalks	50 years

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed. Accordingly, encumbrances outstanding at year-end are not reported as reservations of fund balances, nor do they constitute expenditures or liabilities. Generally accepted accounting principles do not require encumbrance accounting.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

During the year ended December 31, 2012 the County implemented GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and during the year ended December 31, 2013 the County implemented GASB 65, *Items Previously Reported as Assets and Liabilities*. As a result of these standards, certain items previously reported as assets and liabilities are now reported as deferred outflows and deferred inflows of resources.

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until then. The County does not have any of this type of item.

In addition to liabilities, the statement of financial 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 net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has unavailable property tax revenue classed as an inflow of resources.

Compensated Absences and Other Employee Benefits

Accumulated unpaid vacation, sick pay and other fringe benefits are not accrued since the amounts do not exceed a normal year's accumulation. These expenses are recorded as incurred.

Application of FASB Pronouncements

Proprietary activities apply all FASB statements and interpretations issued after November 30, 1989 except for those that conflict with or contradict GASB pronouncements.

Use of Estimates

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

Restricted and Unrestricted Resources

When an expense is incurred for purposes for which there are both restricted and unrestricted net position unavailable, it is the County's policy to apply those expenses to the restricted net position to the extent such are available and then to the unrestricted net assets.

NOTE2- CONTINGENCIES

Litigation

Any legal contingencies are not anticipated to be in excess of insurance coverage except in the matter noted in the following paragraph.

The County has been sued for failing to roll back property tax in the amount of insurance premium taxes received in years 2006 through 2013 for the unincorporated areas. The County's position is the O.C.G.A 33-8-8-3 allows the use of the insurance premium tax for rural fire protection and solid waste collection. A proposed settlement would require the County to pay $25,000 in attorney's fees to settle the portion of the claim regarding rural fire protection. According to the County's attorney the solid waste collection portion remains unsettled but could cost the County an additional $750,000. Due to the uncertainty surrounding this claim no expenditures has been accrued as of December 31, 2013.

Grants

In the normal course of operations, the County receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE 3- PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are generally levied by October 20, and are due by December 20. Property tax revenues are recognized when levied to the extent they result in current receivables. Taxes not collected within sixty days after the year end are reported as deferred inflows of resources as unavailable revenue at the fund level of reporting and as deferred inflows of resources as unearned revenue at the government-wide level of reporting.

NOTE 4- DUE FROM OTHER GOVERNMENTS

Amounts due from other governmental entities at December 31, 2013 are as follows:

		General Fund	SPLOST	Special Revenue	Total
Other governments	$	-	-	2,264	2,264
State of Georgia:					
GDOT 5311-revenues		4,616	-	-	4,616
Sales Tax		74,850	79,905	18,052	172,807
Total Due from Other Governments	$	79,466	79,905	20,316	179,687

NOTE 5- RESTRICTED NET POSITION

Restricted net position is used to indicate that a portion of the net position is not appropriable for expenditure or is legally segregated for a specific future use. The following restricted net positions are used by Montgomery County:

Primary Government:

Special Revenue and Capital Projects Funds:	
Restricted by ordinance	$ 271,611
Restricted for projects financed by grant revenues	4,785
Restricted for projects financed by SPLOST	417,225
Total Restricted Fund Balance	$ 693,621

NOTE 6- CHANGES IN CAPITAL ASSETS

Primary government

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

	Primary Government			
	Balance January 1, 2013	Additions	Deletions	Balance December 31, 2013
Governmental activities				
Capital assets not being depreciated:				
Construction in progress	$ -	$ -	$ -	$ -
Land	533,768	-	-	533,768
Total capital assets not being depreciated	533,768	-	-	533,768
Other capital assets:				
Buildings	5,404,190	132,117	-	5,536,307
Infrastructure	2,739,373	-	-	2,739,373
Office furniture and fixtures	255,037	-	-	255,037
Road machinery and equipment	2,797,108	988,770	177,971	3,607,907
Total capital assets	$ 11,729,476	$ 1,120,887	$ 177,971	$ 12,672,392
Accumulated depreciation				
Buildings	2,168,873	148,662	-	2,317,535
Infrastructure	669,898	104,611	-	774,509
Office furniture and fixtures	225,922	10,872	-	236,794
Road machinery and equipment	2,080,986	201,448	111,955	2,170,479
Less accumulated depreciation	5,145,679	465,593	111,955	5,499,317
Governmental activites capital assets, net	$ 6,583,797	$ 655,294	$ 66,016	$ 7,173,075

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

Governmental Activities:	
General Government	$ 142,236
Judicial	-
Public Safety	84,059
Roads & bridges	216,326
Solid waste	10,754
Health & welfare	5,300
Recreation & culture	6,918
Total governmental activities depreciation expense	$ 465,593

NOTE 6- CHANGES IN CAPITAL ASSETS(CONTINUED)

Discretely Presented Component Unit

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Equipment	$ 71,537	$ 429	$ (527)	$ 71,439
Less accumulated depreciation	(70,424)	(416)	527	(70,313)
Component unit capital assets, net	$ 1,113	$ 13	$ -	$ 1,126

NOTE 7- CHANGES IN LONG-TERM DEBT

Capital Leases

The County has entered into lease agreements to acquire or obtain the use of equipment. Those lease terms are for 3 -7 years. The amount necessary to reduce net minimum lease payments to present value is calculated by using the implicit rates at the inception of the lease. The lease payments are expected to remain the same throughout the term of the lease. In most cases, title transfers to the County at the end of the lease.

Equipment	$	717,305
Additions		980,776
Less: equipment paid off		(157,893)
Less: accumulated depreciation		(72,792)
Total	$	1,467,396
Capital leases payable at January 1, 2013	$	481,479
Additions		980,776
Payments		(314,106)
Capital leases payable at December 31, 2013	$	1,148,149

NOTE 7- CHANGES IN LONG-TERM DEBT (CONTINUED)

Capital Leases (continued)

The following is a schedule by year of the future minimum lease payments under capital leases together with the present value of the minimum lease payments as of December 31, 2013:

Years Ending December 31,	Present Value Minimum Lease Payments	Interest	Minimum Lease Payments
2014	$ 270,529	25,610	$ 296,139
2015	234,475	19,083	253,558
2016	228,801	13,936	242,737
2017	177,961	10,235	188,196
2018	236,383	5,497	241,880
Total	$ 1,148,149	74,361	$ 1,222,510

Notes payable

Primary government

Notes payable January 1, 2013	$ -
Additions	360,127
Payments	(360,127)
Notes payable December 31, 2013	$ -

The purpose of this note payable was for replacement of the courthouse roof and construction of a new office for the Sheriff Department. The debt was repaid by operating revenues of the County.

NOTE 8-CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

Custodial credit risk is the risk that in the event of bank failure the County's deposits may not be returned to it. To address custodial risk it is the County's policy for deposits to be 110% secured by collateral valued at market or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation insurance. The County's deposits are categorized to give an indication of the level of risk assumed by the County at December 31, 2013. The County was fully collateralized as of December 31, 2013.

The categories are described as follows:

Category 1- Insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2- Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category 3- Uncollateralized

Primary Government

		Category			
Description	Bank Balance	1	2	3	Carrying Amount
Total Deposits	$ 4,170,178	$ 4,170,178	$ -	$ -	$ 2,961,712

Discretely Presented Component Unit

		Category			
Description	Bank Balance	1	2	3	Carrying Amount
Montgomery County Board of Health	$ 269,825	$ 269,825	$ -	$ -	$ 258,400

NOTE 9-RELATED PARTY TRANSACTION

During 2013, the County paid Hook's Construction, Inc. to perform certain road work through another contractor. The owner of Hook's Construction, Inc. is a related party to a county official. These transactions were conducted using the same procedures as any other transactions.

NOTE 10- RISK MANAGEMENT

Type of Risk

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Montgomery County has joined together with other governments to form a public entity risk pool currently operating as a common risk management and insurance program for combined property and liability insurance. The County pays an annual premium to the pool for its insurance coverage. The agreement for formation of ACCG-Inter-local Risk Management Agency provides that the pool will be self sustaining through member premiums. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The pooling agreement requires the pool to be self-sustaining. It is not possible for the County to estimate the range of contingent losses. At December 31, 2013, the County was not aware of any asserted claims that exceed the County's insurance coverage. The County's only risk of loss would occur if the loss exceeded the limit of liability stated in the policy.

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 findings 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 make 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 governments' contracts and in accordance with the workers compensation laws of the state of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the other members, all interest accruing after entry of judgment, and all expenses for investigations, negotiation or defense.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, Montgomery County became a member of the Georgia Municipal Association Workers' Compensation Self Insurance Fund. The liability of the fund to employees of any employer (Montgomery County) is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability. The County pays an annual premium to the pool for it insurance coverage.

The fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the purview of the Workers' Compensation law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding damages or compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The Fund is 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.

NOTE 11- INVESTMENT IN JOINT VENTURE

Montgomery County, in conjunction with cities and counties in the Heart of Georgia area are members of the Heart of Georgia Altamaha Regional Commission. Membership in an Regional Commission is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RC's. Each county and municipality in the state is required by law to pay minimum annual dues to the Regional Commission. The county paid annual dues in the amount of $5,073 to the Commission for the year ended December 31, 2013. The Regional Commission Board membership includes the chief elected official of each county and the chief elected official of each municipality. The County board members and municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as the non-public Board member from the County.

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

Complete financial statements of the Regional Commission are at the administrative office.

Heart of Georgia Altamaha Regional Commission
5405 Oak Street
Eastman, GA 31023

NOTE 12- OPERATING LEASE COMMITMENTS

As of August 20, 2004, Montgomery County entered into a ten-year operating lease with The Refuge Domestic Violence Shelter, Inc allowing the shelter to rent of one of the County's buildings for $1 per year. The lease grants The Refuge Domestic Violence Shelter the right to renew the lease for three successive terms of ten years each.

NOTE 13- SENIOR CITIZENS NUTRITION FUND

Beginning December, 1992, Montgomery County was awarded funds for the purpose of planning and administering services authorized by the Older Americans Act. The County entered into a management contract with the Heart of Georgia Altamaha Regional Development Council. The same organization administers the program for the fiscal year July 1, 2004 through June 30, 2006. This program receives federal money passed through the Heart of Georgia under the Older Americans Act, Federal Domestic Assistance Number 13-365. The federal percentage of funds passed through is 85%. The state percentage of the funds passed through is 5%. Local funds and in kind costs are 10% and are provided by the County. The United Way also contributed $21,225 to this program during calendar year 2013. The financial statements for this fund are included in this report under non-major governmental funds section.

NOTE 13- SENIOR CITIZENS NUTRITION FUND – (CONTINUED)

The revenues and expenditures by contract are as follows:

		Revenues	Expenditures
Contract HGAAAA-2013-11	$	9,033	9,033
Contract HGAAAA 2014-11		9,033	9,033
	$	18,066	18,066

Salaries for this program are presented below as required by the Department of Human Resources:

EMPLOYEE		SALARY
Kathleen D. Fennel	$	15,503
Sylvia Fowler		13,780
Helen Graham		4,328
James Selph		4,423
	$	38,034

The program operated two vehicles during this period:

Year Model	Make	Model	Body Style	Manufacture's ID #
2004	Buick	LeSabre	4 Dr.	1G4HPSZK74U196040
1996	Ford	Crown Victoria	4 Dr.	2FALP74W1TX192976

NOTE 14- LANDFILL CLOSURE AND POST-CLOSURE CARE

The Montgomery County landfill ceased operation in June, 1989. All federal, state, and local landfill closure and post-closure requirements have been met. No further action is required.

NOTE 15- OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosure, as part of the Combined Statements, certain information concerning individual funds including:

A. Summary disclosure of changes in general capital assets by major asset class. This requirement has been met by Note 6.

B. Summary of disclosure of debt service requirements to maturity for all types of outstanding debt. This requirement has been met by Note 7.

C. Summary disclosure of changes in general long-term debt. This requirement has been met by Note 7.

NOTE 15- OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (CONTINUED)

D. Deficit fund balances of individual funds. At December 31, 2013 there are no funds with deficit balances.

E. Inter-fund balances at December 31, 2013 consisted of the receivables, payables, and transfers in the following tables. These balances resulted from the time lag between the dates that inter-fund goods and services were provided, transactions were recorded in the accounting system, and payments between funds were made. Transfers are used to (1) move revenues from the fund that collects the money to the fund that expends the money, (2) move receipts restricted or earmarked for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due, and (3) use unrestricted revenues collected in a fund to provide operating advances to other funds in accordance with budgetary authorizations. Please see the following tables for the receivables, payables, and transfers in and out. The County sold equipment and the proceeds of $12,500 were deposited in the Splost Fund in error and re-classed to the appropriate fund during the audit. As of December 31, 2013, the Splost fund has not reimbursed the General Fund the proceeds of $12,500. The General Fund transferred $99,804 to the Montgomery County Development Authority for the one mill of tax, the Project Fund transferred $5,000 of GEMA grant funds to the General Fund for EMA expenditures, the Nutrition Fund transferred $30,000 to the General Fund for salary reimbursement, the Court Fee fund transferred $5,000 to the Drug Forfeiture Fund to assist with undercover work.

	Receivable	Payable
General fund	$ 12,500	$ -
Splost fund	-	12,500
Total	$ 12,500	$ 12,500

Primary government	Transfers in	Transfers out
Major fund - General	$ 35,000	$ 99,804
Major fund - Project Fund	-	5,000
Non-major fund - Drug Forfeiture Fund	5,000	-
Non-major fund - Court Fee Fund	-	5,000
Non-major fund - Senior Nutrition Fund	-	30,000
Non-major fund - Development Authority	99,804	-
Total Primary government	$ 139,804	$ 139,804

REQUIRED SUPPLEMENTARY INFORMATION

MONTGOMERY COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budget			Variance with final budget
	Original	Final	Actual	Positive(Negative)
Taxes:				
Property taxes (including interest and cost)	$ 2,118,972	$ 2,212,999	$ 2,212,999	$ -
Timber Tax	36,349	45,801	45,801	-
Motor vehicle taxes	247,781	383,342	383,342	-
Mobile Home Tax	22,427	24,700	24,700	-
Real estate transfer tax	17,500	31,805	31,805	-
Franchise tax	200	10,882	10,882	-
General sales and use tax	350,000	274,496	274,496	-
Alcoholic beverage tax	25,000	26,190	26,190	-
Insurance premium tax	219,000	229,284	229,284	-
Total	3,037,229	3,239,499	3,239,499	-
Licenses and Permits:				
Business Licenses	20,000	17,783	17,783	-
Other licenses	10,050	-	-	-
Total	30,050	17,783	17,783	-
Intergovernmental				
State government grants	4,000	13,998	13,998	-
Transit DOT Sec. 5311 Revenues	30,000	31,239	31,239	-
Transit Revenues - Middle GA. CA	9,000	12,962	12,962	-
Total	43,000	58,199	58,199	-
Charges for Services				
Election qualifying fees	-	730	730	-
Recyclable revenues	250	6,699	6,699	-
Passenger fares	250	-	-	-
Fees for collecting school tax	50,000	66,771	66,771	-
Total	50,500	74,200	74,200	-
Fines and forfeits:				
Total	151,000	155,645	155,645	-
Miscellaneous:				
Interest	7,000	4,547	4,547	-
Building rent	12,000	12,968	12,968	-
Pipe sales	2,500	6,863	6,863	-
Other	5,000	54,486	54,486	-
Total	26,500	78,864	78,864	-
Other financing sources				
Sale of capital assets	-	-	-	-
Proceeds from debt	-	215,172	215,172	-
Operating Transfer in	74,885	-	-	-
Total General Fund Revenues	$ 3,413,164	$ 3,839,362	$ 3,839,362	$ -

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

MONTGOMERY COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budget			Variance with final budget
	Original	Final	Actual	Positive(Negative)
General Government:				
Board of Commissioners:				
Operating expenditures	36,600	43,638	43,638	-
Total	36,600	43,638	43,638	-
Board of Elections:				
Personal services	29,587	31,107	31,107	-
Operating expenditures	10,750	17,412	17,412	-
Total	40,337	48,519	48,519	-
Financial Administration:				
Personal services	69,871	100,957	100,957	-
Operating expenditures	109,885	116,209	116,209	-
Total	179,756	217,166	217,166	-
Legal:				
Operating expenditures	10,000	8,370	8,370	-
Total	10,000	8,370	8,370	-
Office of Tax Commissioner:				
Personal services	87,747	92,121	92,121	-
Operating expenditures	23,700	31,676	31,676	-
Total	111,447	123,797	123,797	-
Office of Tax Assessor:				
Personal services	83,264	82,652	82,652	-
Operating expenditures	103,800	107,034	107,034	-
Total	187,064	189,686	189,686	-
Coroner:				
Operating Expenditures	10,525	9,469	9,469	-
Total Coroner	10,525	9,469	9,469	-
General Gov't Buildings and PLT:				
Operating Expenditures	81,386	90,385	90,385	-
Total	81,386	90,385	90,385	-
Total General Government Expenditures	$ 657,115	$ 731,030	$ 731,030	$ -

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

MONTGOMERY COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budget			Variance with final budget
Judicial:	Original	Final	Actual	Positive(Negative)
Superior Court:	$	$	$	$
Personal services	2,153	-	-	-
Operating expenditures	55,000	58,028	58,028	-
Total	57,153	58,028	58,028	-
Office of the Clerk of Courts:				
Personal services	98,038	99,630	99,630	-
Operating expenditures	17,000	17,686	17,686	-
Total	115,038	117,316	117,316	-
Magistrate Court:				
Personal services	68,087	70,260	70,260	-
Operating expenditures	6,475	5,432	5,432	-
Total	74,562	75,692	75,692	-
Probate Court:				
Personal services	94,133	94,263	94,263	-
Operating expenditures	9,500	9,330	9,330	-
Total	103,633	103,593	103,593	-
Total Judicial Expenditures	350,386	354,629	354,629	-
Public Safety:				
Office of Sheriff:				
Personal services	441,134	515,298	515,298	-
Operating expenditures	216,475	212,720	212,720	-
Total	657,609	728,018	728,018	-
Other Public Safety Programs:				
Jail operating expenditures	268,500	184,586	184,586	-
Rural fire protection	80,000	91,920	91,920	-
EMS	222,300	219,114	219,114	-
E-911	18,000	22,800	22,800	-
Emergency management	51,699	51,489	51,489	-
Total	640,499	569,909	569,909	-
Total Public Safety Expenditures	$ 1,298,108	$ 1,297,927	$ 1,297,927	$ -

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

MONTGOMERY COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budget			Variance with final budget
	Original	Final	Actual	Positive(Negative)
Roads and Bridges:				
Personal services	$ 230,983	$ 235,610	$ 235,610	$ -
Operating expenditures	194,880	224,509	224,509	-
Total Roads and Bridges	425,863	460,119	460,119	-
Solid Waste				
Personal Services	146,216	146,994	146,994	-
Operating Expenditures	53,300	49,093	49,093	-
Total Solid Waste	199,516	196,087	196,087	-
Health and Welfare:				
Public health	67,172	68,997	68,997	-
Aid to Dependent Children	5,520	5,520	5,520	-
Senior Citizen's Center	57,367	65,170	65,170	-
Transit	62,405	59,655	59,655	-
Total Health and Welfare	192,464	199,342	199,342	-
Recreation and Culture:				
Recreation	-	10,080	10,080	-
Library	19,000	22,275	22,275	-
Adult Basic Education	7,717	5,596	5,596	-
Forest Resources	13,608	21,747	21,747	-
Total Recreation and Culture	40,325	59,698	59,698	-
Community Development				
County Extension	60,583	61,461	61,461	-
Economic Development	-	-	-	-
Total Community Development	60,583	61,461	61,461	-
Other financing sources (uses):				
Transfers out	99,804	64,804	64,804	-
Debt service	80,000	379,638	379,638	-
Interest on debt	9,000	12,302	12,302	-
Total other financing sources (uses)	188,804	456,744	456,744	-
Capital Outlay	-	27,044	27,044	-
Total General Fund Expenditures	$ 3,413,164	$ 3,844,081	$ 3,844,081	$ -

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

MONTGOMERY COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
PROJECT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budget			Variance with final budget
	Original	Final	Actual	Positive(Negative)
Revenue:				
Grants	$ 40,000	$ 44,270	$ 44,270	$ -
2013 LMIG proceeds	256,000	256,248	256,248	-
2014 LMIG proceeds	276,416	276,416	276,416	-
Other income	-	4,498	4,498	-
Interest	500	1,066	1,066	-
Total Revenues	572,916	582,498	582,498	-
Expenditures:				
General government	12,000	7,066	7,066	-
Roads and bridges	754,445	754,171	754,171	-
Health & welfare	-	3,960	3,960	-
Community development	11,500	11,348	11,348	-
Capital outlay	781,000	719,417	719,417	-
Debt service:				-
Principal	18,000	142,563	142,563	-
Interest	-	4,369	4,369	-
Total Expenditures	$ 1,576,945	$ 1,642,894	$ 1,642,894	$ -
Other financing sources (uses):				
Sale of equipment	107,000	107,000	107,000	-
Lease proceeds	679,764	716,300	716,300	-
Loan proceeds	144,000	144,955	144,955	-
Operating transfer out	-	(5,000)	(5,000)	-
Total other financing sources (uses)	$ 930,764	$ 963,255	$ 963,255	$ -
Total expenditures over appropriations	$ (73,265)	$ (97,141)	$ (97,141)	$ -

Fund balance will be used to fund the excess expenditures over appropriations for this major fund

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

MONTGOMERY COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 1 – BUDGET POLICY

The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles. The budget was amended to reflect excess expenditures over appropriations at December 31, 2013.

The budget for the Projects Fund is adopted on a basis consistent with generally accepted accounting principles. The budget was amended to reflect excess expenditures over appropriations at December 31, 2013.

NOTE 2 – EXCESS EXPENDITURES OVER APPROPRIATIONS

General Fund

None

Projects Fund

None

SUPPLEMENTARY INFORMATION

MONTGOMERY COUNTY, GEORGIA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	Special Drug Education	Special Drug Forfeiture	Senior Nutrition Fund	E - 911	Court (Jail) Fee Fund	Law Library	Development Authority	T-Splost Fund	Total Nonmajor Governmental Funds
Assets									
Cash and cash equivalents	$ 23,989	$ 3,488	$ 4,785	$ 25,840	$ 16,126	$ 5,538	$ 48,852	$ 34,726	$ 163,344
Other receivable	-	-	-	-	-	-	-	-	-
Due from other governments	477	-	-	-	1,310	477	-	18,052	20,316
Accounts Receivable	-	-	-	16,609	-	-	-	-	16,609
Total assets	24,466	3,488	4,785	42,449	17,436	6,015	48,852	52,778	200,269
Liabilities and Fund Balances									
Liabilities									
Accounts payable	-	-	-	-	-	-	-	-	-
Accrued expenses	-	-	-	-	-	-	1,953	-	1,953
Interfund Payable	-	-	-	-	-	-	-	-	-
Due to others	-	2,042	-	25,326	-	-	-	-	27,368
Total liabilities	-	2,042	-	25,326	-	-	1,953	-	29,321
Fund Balances									
Fund balance:									
Restricted	24,466	1,446	4,785	17,123	17,436	6,015	46,899	52,778	170,948
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	24,466	1,446	4,785	17,123	17,436	6,015	46,899	52,778	170,948
Total Liabilities and Fund Balances	$ 24,466	$ 3,488	$ 4,785	$ 42,449	$ 17,436	$ 6,015	$ 48,852	$ 52,778	$ 200,269

MONTGOMERY COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Special Drug Education	Special Drug Forfeiture	Senior Nutrition Fund	E-911	Court (Jail) Fee Fund	Law Library	Development Authority	T-Splost Fund	Total Nonmajor Governmental Funds
Revenues:									
Grants	$ -	$ -	$ 39,291	$ -	$ -	$ -	$ -	$ -	$ 39,291
Charges for services	-	-	-	126,190	-	-	-	-	126,190
State of Georgia	-	-	-	-	-	-	-	193,293	193,293
Fines, Forfeitures, & Court Fees	3,426	88	-	-	7,182	3,520	-	-	14,216
Donations	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	2,231	-	-	-	-	-	2,231
Interest	59	7	-	24	42	-	213	4	349
Total revenues	3,485	95	41,522	126,214	7,224	3,520	213	193,297	375,570
Expenditures:									
Current operating:									
General government	-	-	-	-	-	-	-	16,787	16,787
Roads & bridges	-	-	-	-	-	-	-	123,732	123,732
Judical	-	-	-	-	-	3,139	-	-	3,139
Public safety	1,056	5,821	-	109,149	-	-	-	-	116,026
Health & Welfare	-	-	25,136	-	-	-	-	-	25,136
Community Development	-	-	-	-	-	-	98,813	-	98,813
Capital outlay	-	-	-	-	-	-	-	-	-
Debt service								-	-
Principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Total expenditures	1,056	5,821	25,136	109,149	-	3,139	98,813	140,519	383,633
Excess revenues(expenditures):	2,429	(5,726)	16,386	17,065	7,224	381	(98,600)	52,778	(8,063)
Other financing sources(uses):									
Sale of property	-	-	-	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-	-	-	-
Operating transfers in/(out)	-	5,000	(30,000)	-	(5,000)	-	99,804	-	69,804
Total other financing sources(uses)	-	5,000	(30,000)	-	(5,000)	-	99,804	-	69,804
Net change in fund balances	2,429	(726)	(13,614)	17,065	2,224	381	1,204	52,778	61,741
Fund balance - beginning of year	22,037	2,172	18,399	58	15,212	5,634	45,695	-	109,207
Fund balance - end of year	$ 24,466	$ 1,446	$ 4,785	$ 17,123	$ 17,436	$ 6,015	$ 46,899	$ 52,778	$ 170,948

MONTGOMERY COUNTY, GEORGIA
FIDUCIARY FUND FINANCIAL STATEMENTS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
DECEMBER 31, 2013

	Tax Commissioner	Clerk of Courts	Probate Court	Office of Sheriff	Magistrate Court	Agency Fund Total
Assets						
Cash	$ 18,757	$ 28,641	$ 44,068	$ 39,709	$ 3,750	$ 134,925
Due from Others (Current)	-	3,175	5,384	3,874	6,080	18,513
Taxes receivable	1,175,966	-	-	-	-	1,175,966
Total assets	1,194,723	31,816	49,452	43,583	9,830	1,329,404
Liabilities						
Liabilities:						
Due to others (current)	18,757	31,816	49,452	43,583	9,830	153,438
Deferred taxes	1,175,966	-	-	-	-	1,175,966
Total liabilities	$ 1,194,723	$ 31,816	$ 49,452	$ 43,583	$ 9,830	$ 1,329,404

McLain, Calhoun, McCullough, Clark & Co., P.C.
Certified Public Accountants
Business Consultants

William H. McLain, C.P.A.
Michael R. Calhoun, C.P.A.
Robin L. McCullough, C.P.A.
Tracy C. Clark, C.P.A.
Nicole A. Eason, C.P.A.

INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX

To the Montgomery County Commissioners
Montgomery County, Georgia

We have audited the accompanying Schedule of Special Local Option Sales Tax for Montgomery County, Georgia, for the year ended December 31, 2013. This schedule is the responsibility of Montgomery County's management. Our responsibility is to express an opinion on the Schedule of Special Purpose Local Option Sales Tax based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Special Purpose Local Option Sales Tax is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule of Special Purpose Local Option Sales Tax. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedule of Special Purpose Local Option Sales Tax was prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121 on the accrual basis of accounting, and is not intended to be a complete presentation of Montgomery County's revenues and expenditures.

In our opinion, the Schedule of Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project in Montgomery County's resolution or ordinance calling for the tax for the year ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

McLain Calhoun McCullough Clark & Co., P.C.

June 27, 2014

Post Office Box 190 · 205 East 2nd Street · Vidalia, GA 30475-0190 · 912/537-3017 · FAX: 912/537-3022
Members: American Institute of C.P.A.'s & Georgia Society of C.P.A.'s

MONTGOMERY COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2013

Project	Original Estimated Cost	Current Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
SPLOST - 2009					
Roads and Bridges	$ 1,800,000	1,800,000	859,451	517,114	1,376,565
Solid Waste	150,000	150,000	3,693	-	3,693
Ambulances	180,000	180,000	22,157	-	22,157
Fire Equipment	535,000	535,000	227,328	109,181	336,509
Municipalities:					
City of Ailey	326,900	326,900	158,033	32,304	190,337
City of Alston	100,405	100,405	48,539	9,922	58,461
City of Higgston	200,810	200,810	98,959	19,844	118,803
City of Mount Vernon	1,309,935	1,309,935	633,260	129,446	762,706
City of Tarrytown	63,045	63,045	31,602	6,250	37,852
City of Uvalda	333,905	333,905	161,418	32,996	194,414
Subtotal - Municipalities	2,335,000	2,335,000	1,131,811	230,762	1,362,573
Total 2009 SPLOST	$ 5,000,000	$ 5,000,000	$ 2,244,440	$ 857,057	$ 3,101,497

McLain, Calhoun, McCullough, Clark & Co., P.C.
Certified Public Accountants
Business Consultants

William H. McLain, C.P.A.
Michael R. Calhoun, C.P.A.
Robin L. McCullough, C.P.A.
Tracy C. Clark, C.P.A.
Nicole A. Eason, C.P.A.

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

To the Montgomery County Commissioners
Mount Vernon, Georgia 30445

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Montgomery County, Georgia, as of and for the year then ended December 31, 2013 and the related notes to the financial statements which collectively comprise Montgomery County, Georgia's basic financial statements and have issued our report thereon dated June 27, 2014.

We did not audit the financial statements of the Montgomery County Board of Health (discretely presented component unit) as of June 30, 2013, and for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on those financial statements, insofar as it relates to the amounts included for Montgomery County, Georgia, was based solely on the report of the other auditor.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Montgomery 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 Montgomery County, Georgia's internal control.. Accordingly, we do not express an opinion on the effectiveness of Montgomery County'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, we identified certain deficiencies in internal control that we consider to be material weaknesses

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 to be material weaknesses. The reference numbers are 09-01 through 09-03 on pages 47 and 48.

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 did not note any significant deficiencies noted in the following schedules.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Montgomery County'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 finding of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to the management of Montgomery County, Georgia in a separate letter dated June 27, 2014.

Montgomery County, Georgia's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to described 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.

McLain Calhoun McCullough Clark & Co., P.C.

Vidalia, Georgia
June 27, 2014

FINANCIAL STATEMENT FINDINGS

09-01 Lack of Segregation of Duties:

Condition: The County's clerical staff consists of two people, the County Clerk and the County Manager. The County Clerk performs all non-cash receipts and cash disbursement functions for the County with little or no supervisor or review. There is no separation of duties in the performance of accounting functions. Also, there is a lack of segregation of duties in the offices of the Probate Court, Clerk of Court, Magistrate Court, Sheriff's Office, Tax Commissioner's Office, and the Board of Commissioner's Office. These situations pose dangers in that intentional or unintentional errors could occur and not be detected in a timely manner.

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

Effect: Failure to properly segregate duties between recording, processing, and reconciliation of cash and bank accounts can lead to misappropriation of funds the act of which might not be detected in the normal course of business.

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

Response: We agree with the recommendation concerning a lack of segregation of duties. Each elected official is reviewing this condition in his or her office to determine the most efficient and effective solution to segregating the duties between recording, processing and reconciliation of cash and bank accounts to provide reasonable assurance that an individual cannot misappropriate funds without such an act being detected during the normal course of business.

Current Status: This condition remains unchanged at December 31, 2013.

09-02 Lack of General Ledger and Financial Statement Review

Condition: There were instances of expenditures being posted to the wrong accounts. There were debit balances in the liability accounts.

Criteria: Internal controls should be in place that provides reasonable assurance that all entries in the general ledger and financial statements are properly classified and that all entries get recorded.

Effect: Failure to properly classify entries, failure to record necessary entries will cause the financial statements to be misleading and not match the related budgeted items.

Recommendation: Once the final postings are made to the general ledger each month, a thorough review of each account in the general ledger should be made to identify and correct any misclassifications or allocations.

Response: We agree with this recommendation. Once the accounting clerk has entered the information into the general ledger each month, a thorough review of each account will be made by the clerk as well as the chief financial officer.

Current Status: This condition remains unchanged at December 31, 2013.

FINANCIAL STATEMENT FINDINGS (CONTINUED)

09-03 Reconciliation of Balance Sheet Accounts – Material Weakness

Condition: Payroll liability accounts, cash accounts, and receivable accounts are not being reconciled on a regular basis.

Criteria: Policies and procedures should be in place to ensure that all asset and liability general ledger accounts are reconciled in a timely manner.

Effect: The financial statements are sensitive to material misstatements and the ability to detect material misstatements is significantly decreased.

Recommendation: Policies and procedures should be implemented to ensure that appropriate accounts are reconciled in a timely manner and that the internal control procedure is constantly monitored by management personnel.

Response: We agree with this recommendation. An outside internal control specialist will aid in instituting proper procedures to ensure all accounts are reconciled in a timely manner.

Current Status: This condition remains unchanged at December 31, 2013.

MONTGOMERY COUNTY

ANNUAL REPORT OF 9-1-1 COLLECTIONS AND EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 2013

McLain, Calhoun, McCullough, Clark & Co., P.C.
Certified Public Accountants
Business Consultants

William H. McLain, C.P.A.
Michael R. Calhoun, C.P.A.
Robin L. McCullough, C.P.A.
Tracy C. Clark, C.P.A.
Nicole A. Eason, C.P.A.

Independent Accountant's Report

We have examined management's assertion included in the accompanying Annual Report of 9-1-1 Collections and Expenditures about Montgomery County's compliance during the fiscal year ended December 31, 2013 with the requirement to expend 9-1-1 funds in compliance with the expenditure requirements of the Official Code of Georgia Annotated, Section 46-5-134. Management is responsible for Montgomery County's compliance with this requirement. Our responsibility is to express an opinion on management's assertion about Montgomery County's compliance based on our examination.

Our examination was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and accordingly, including examining, on a test basis, evidence about Montgomery County's compliance with this requirement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Montgomery County's compliance with the specified requirement.

In our opinion, management's assertion that Montgomery County complied with the aforementioned requirement during the fiscal year ended December 31, 2013 is fairly stated, in all material respects.

This report is intended solely for the information and use of management and the Georgia Department of Audits and Accounts and is not intended to be and should not be used by anyone other than the specified parties.

McLain Calhoun McCullough Clark & Co., P.C.

McLain, Calhoun, McCullough, Clark & Co., P.C.
June 27, 2014

MONTGOMERY COUNTY
ANNUAL REPORT OF 9-1-1 COLLECTIONS AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013

Line No.		O.C.G.A Reference		
(1)	Indicate UCOA Fund Type Used to Account for 9-1-1 Activity (choose one)			
	X Special Revenue Fund ____ Enterprise Fund			
(2)	Monthly 9-1-1 charge billed to each exchange access facility subscriber:	46-5-134(a)(1)	$ 0.00	
(3)	Total revenue from exchange access facility subscribers:		$	-
(4)	Does 9-1-1 system provide automatic number identification of a wireless telecommunications connection? (choose one)			
	X Yes ____ No			
(5)	If the answer to Line 4 is "yes", indicate below which of the following apply (choose one)			
	X System provides location of base station or cell site	46-5-134(a)(2)(A)		
	____ System provides automatic location identification	46-5-134(a)(2)(B)		
(6)	If the answer to Line 4 is "yes", identify the monthly 9-1-1 charge billed to each wireless telecommunications connection subscriber:	46-5-134(a)(2)	$ 1.50	
(7)	Total revenue from wireless telecommunications connections subscribers:		$	126,190
(8)	Total Line 3 plus Line 7 (should equal UCOA Revenue Source 34.2500)		$	126,190
(9)	Additional revenue sources:			
(9a)	Federal (UCOA Revenue Source 33.1000) Identify each funding agency individually. Attach list, if necessary	46-5-134(j)		
	_____		$	-
	_____		$	-
(9b)	State (UCOA Revenue Source 33.4000) Identify each funding agency individually. Attach list, if necessary	46-5-134(j)		
	_____		$	-
	_____		$	-
(9c)	Local (UCOA Revenue Source 33.6000) Identify each funding agency individually. Attach list, if necessary	46-5-134(j)	$	-
	_____		$	-
	_____		$	-

Line No.		O.C.G.A Reference		
(9d)	Private (UCOA Revenue Source 37.1000) Identify each private source individually. Attach list, if necessary	46-5-134(j)		
	_____		$	-
	_____		$	-
(10)	Investment Income (UCOA Revenue Source 36.1000 through 36.3000)		$	24
(11)	Other revenue sources not included above. Identify each source individually. Transfers from other funds of the local government should be reported on Line 25 and not included here.			
	Other revenues _____		$	-
	_____		$	-
	_____		$	-
	_____		$	-
(12)	Total Revenues (total of all amounts on Lines 8 - 11)		$	126,214

Line No.		O.C.G.A Reference		
(13)	Expenditures (UCOA Activity 3800) Wireless service supplier cost recovery charges (Identify each supplier individually on lines below, if necessary)	46-5-134(e)		
	_____		$	-
	_____		$	-
	_____		$	-
(14)	Emergency telephone equipment, including necessary computer hardware, software, and data base provisioning, addressing, and nonrecurring costs of establishing a 9-1-1 system:			
(14a)	Lease costs	46-5-134(f)(1)	$	-
(14b)	Purchase costs	46-5-134(f)(1)	$	-
(14c)	Maintenance costs	46-5-134(f)(1)	$	-
(15)	Rates associated with the service suppliers 9-1-1 service and other services suppliers recurring charges	46-5-134(f)(2)	$	-
(16)	Employees hired by the local government solely for the operation and maintenance of the emergency 9-1-1 system:			
	Number of employees classified as: Full-time _____ Part-time _____			
(16a)	Salaries and wages	46-5-134(f)(3)	$	-
(16b)	Employee benefits	46-5-134(f)(3)	$	-
(17)	Cost of training of employees who work as dispatchers	46-5-134(f)(3)	$	-
(18)	Office supplies of the public safety answering points used directly in providing emergency 9-1-1 system services	46-5-134(f)(4)	$	-
(19a)	Building used as a public safety answering point:			
(19a1)	Lease costs	46-5-134(f)(5)	$	-
(19a2)	Purchase costs	46-5-134(f)(5)	$	-
(19b)	Has the local government completed its street addressing plan? (choose one)	46-5-134(f)(5)	$	-
	X Yes _____ No			

Line No.		O.C.G.A Reference		
(20)	Computer hardware and software used at a public safety answering point, including computer assisted dispatch systems:			
(20a)	Lease costs	46-5-134(f)(6)	$	-
(20b)	Purchase costs	46-5-134(f)(6)	$	-
(20c)	Maintenance costs	46-5-134(f)(6)	$	-
(21)	Supplies directly related to providing emergency 9-1-1 system services, including the cost of printing emergency 9-1-1 public education materials	46-5-134(f)(7)	$	-
(22)	Logging recorders used at public safety answering point to record telephone and radio traffic:			
(22a)	Lease costs	46-5-134(f)(8)	$	-
(22b)	Purchase costs	46-5-134(f)(8)	$	-
(22c)	Maintenance costs	46-5-134(f)(8)	$	-
(23)	Other expenditures not included in Lines 13 through 22 above. Identify by object and purpose. Transfers to other funds of the local government should be reported on Line 26 and not included here.			
	Paid to Toombs County		$	109,149
			$	-
			$	-
(24)	Total expenditures (total of all amounts reported on Lines 13 - 23 above)		$	109,149

Line No.		O.C.G.A Reference		
(25)	Transfers From Other Funds (identify by fund)			
	_____		$	-
	_____		$	-
(26)				
	_____		$	-
	_____		$	-
(27)	Proceeds from Capital Leases (identify by asset class and, if equipment, purpose)		$	-
	_____			
	_____			
(28)	Net Change in Fund Balance (Line 12 - Line 24 + Line 25 - Line 26 + Line 27)		$	17,065
(29)	Fund Balance - Beginning of Year		$	58
(30)	Fund Balance - End of Year		$	17,123

(31a) Do amounts on Lines 12, 24, 28, 29, and 30 agree to amounts reported in the government's audited financial statements submitted to the Georgia Department of Audits and Accounts?

X Yes _____ No

(31b) If the answer to Line 31a is "no", provide explanation (including amounts) to reconcile each line item specified in Line 31a above to government's audited financial statements. Reconciliation should be attached to this report.

Certification of Local Government Officials

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

Signature of Chief Elected Official Vernon Sumner Date June 10, 2014

Print Name of Chief Elected Official Vernon Sumner

Title of Chief Elected Official Chairman

Signature of Chief Financial Officer Date June 10, 2014

Print Name of Chief Financial Officer Brandon Braddy