MURRAY COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2012

Murray County, Georgia
Annual Financial Report
For The Year Ended December 31, 2012

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Commissioner
of Murray County
Chatsworth, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Murray County, Georgia, as of and for the year ended December 31, 2012, 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 Hospital Authority and the Department of Public Health, which represent 99 percent of the assets, net position, and revenues of the discretely presented component units.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Hospital Authority and the Department of Public Health, which represent 99 percent of the assets, net position, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hospital Authority and the Department of Public Health is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Murray County, Georgia, as of December 31, 2012, and the respective changes in financial position thereof and budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Employee's Retirement Plan-Schedule of Funding Progress on pages 3 – 10 and 39 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 and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Murray County, Georgia's basic financial statements. The combining and individual major and nonmajor fund financial statements, and budgetary comparison schedules, and schedule of expenditures of special purpose local option sales tax are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual major and nonmajor fund financial statements and budgetary comparison schedules, and schedule of expenditures of special purpose local option sales tax 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual major and nonmajor fund financial statements and budgetary comparison schedules, and schedule of expenditures of special purpose local option sales tax are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2013, on our consideration of Murray County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Murray County, Georgia's internal control over financial reporting and compliance.

R. M. Dobbs & Company

Calhoun, Georgia
September 6, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the comprehensive annual financial report for Murray County (the County), the County's management is pleased to provide this narrative discussion and analysis of the financial activities of the County for the calendar year ended December 31, 2012. The County's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

2012 FINANCIAL HIGHLIGHTS

- The County's assets exceeded its liabilities by $55,396,258 (total net position) as of December 31, 2012.
- Total net position are comprised of the following:
  (1) Net investment in capital assets, of $50,510,240 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  (2) Net position of $3,484,264 is restricted by constraints imposed from outside the County such as debt covenants, grantors, laws, or regulations.
  (3) Unrestricted net position of $1,401,754 represent the portion available to maintain the County's continuing obligations to citizens and creditors.
- The County's governmental funds reported total ending fund balance of $7,124,158 at December 31, 2012. This compares to the prior year restated ending fund balance of $8,220,667, showing a decrease of $1,096,509 during the current year. Unassigned fund balance of $3,639,894 at December 31, 2012 shows a $618,762 decrease from the prior year amount at December 31, 2011.
- At the end of the current calendar year, the unassigned fund balance for the General Fund was $3,639,894, or 24.7% of total General Fund expenditures.
- The failing economy has played havoc with many of the County's 2012 revenue streams.
- Overall, the County continues to maintain a strong financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the County's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The County also includes in this report additional information to supplement the basic financial statements. Comparative data is presented to allow comparison to the prior calendar year.

Government-wide Financial Statements

The County's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the County's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position.* This is the government-wide statement of position presenting information that includes all of the County's assets and liabilities, with the difference reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County as a whole is improving or deteriorating. Evaluation of the overall health of the County would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of County infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the County's net position changed during the current calendar year. All current year revenues and expenses are included regardless of when cash is received or paid.

An important purpose of the design of the statement of activities is to show the financial reliance of the County's distinct activities or functions on revenues provided by the County's taxpayers.

Governmental activities include general government, judicial, public safety, public works, culture and recreation, health and welfare and housing and development.

The government-wide financial statements are presented on pages 11 & 12 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The County uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the County's most significant funds rather than the County as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for nonmajor funds is provided in the form of combining statements in a later section of this report.

The County has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the County's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 13 to 17 of this report.

Information regarding the County's component units are found on pages 18 and 19 of this report.

Individual fund information for nonmajor governmental funds is found in the combining statements in a later section of this report.

Fiduciary funds (i.e., the agency funds) are reported in the fiduciary fund financial statements, but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund County programs. Primarily the County's constitutional officers use these funds.

The basic fiduciary fund financial statement is presented on page 20 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on page 21 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's budget presentations. Required supplementary information can be found on page 40 of this report.

Supplementary Information

As discussed, the County reports major funds in the basic financial statements. Comparative information for major funds and combining and individual statements and budgetary comparison schedules for nonmajor funds are presented in a supplementary information section of this report beginning on page 41.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The County's net position at calendar year-end is $55,396,258. The following table provides a summary of the County's net position:

Summary of Net Assets

	Governmental Activities	
	2012	As Restated 2011
Assets:		
Current assets	$ 8,994,244	$ 9,781,774
Noncurrent assets:		
Other non-capital assets	102,872	160,746
Capital assets	52,840,240	55,679,390
Total assets	61,937,356	65,621,910
Liabilities:		
Current liabilities	3,504,117	2,812,695
Long-term liabilities	3,036,981	5,523,898
Total liabilities	6,541,098	8,336,593
Net position:		
Net investment in capital assets	50,510,240	51,094,037
Restricted	3,484,264	3,962,011
Unrestricted	1,401,754	2,229,269
Total net position	$ 55,396,258	$ 57,285,317

Current assets in governmental activities decreased in calendar year December 31, 2012. Cash and investments decreased $361,993, which relates to the spending down of the General Fund's fund balance and the SPLOST Fund's fund balance.

The County continues to maintain high current ratios. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 2.6 to 1 as compared to 3.5 to 1 at December 31, 2011.

The County reported positive balances in net position for governmental activities. During 2012, net position decreased $1,889,059 for governmental activities. However, the County remains in a strong financial position, in spite of a depressed economy.

Note that approximately 85.3% of the governmental activities' total assets are tied up in capital assets. The County uses these capital assets to provide services to its citizens

The following table provides a summary of the County's changes in net position at December 31, 2012 and 2011:

Summary of Changes in Net Position

	Governmental Activities	
	2012	Restated 2011
Revenues:		
Program:		
Charges for services and fines	$ 2,055,401	$ 2,268,408
Operating grants	933,924	738,539
Capital grants and contributions	288,306	285,684
General:		
Property taxes	5,950,967	6,083,475
Sales taxes	8,048,344	8,300,097
Other taxes	1,993,864	1,925,909
Other	95,041	77,553
Total revenues	19,365,847	19,679,665
Program Expenses:		
General government	7,256,993	7,257,201
Judicial	1,668,362	1,606,640
Public safety	5,263,724	5,603,236
Public works	5,047,803	5,341,605
Health and welfare	871,083	703,022
Culture and recreation	557,248	383,404
Housing and development	439,143	407,400
Interest	150,550	201,183
Total expenses	21,254,906	21,503,691
Revenues (under) expenses	(1,889,059)	(1,824,026)
Beginning net position	57,285,317	59,109,343
Ending net position	$ 55,396,258	$ 57,285,317

Governmental Activity Revenues

The County is heavily reliant on both property taxes and sales taxes to support governmental operations. Property taxes provided 30.7% of the County's total revenues as compared to 30.9% in calendar year 2011. Sales and use taxes provided 41.6% of the County's total revenues as compared 42.2% in calendar year 2011. The County earned $4,121 in unrestricted investment earnings to support governmental activities as compared to $18,857 in fiscal year 2011. This substantial decrease relates to lower interest rates and fewer resources available for investment.

Note that program revenues covered just 15.4% of governmental operating expenditures as compared to 15.3% in calendar year 2011. This means that the government's taxpayers and the County's other general revenues normally fund 84.6% of the governmental activities, primarily from property and sales taxes. This percentage is higher than the norm. As a result, the general economy and the success of local businesses have a major impact on the County's revenue streams.

Governmental Activity Expenses

The following table presents the cost of each of the County's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the County's taxpayers by each of these functions.

	Governmental Activities			
	Total Cost of Services	Percentage of Total	Net Cost of Services	Percentage of Total
General government	$ 7,256,993	34.1%	$ 7,063,466	39.3%
Judicial	1,668,362	7.8%	1,628,772	9.1%
Public safety	5,263,724	24.8%	3,608,476	20.1%
Public works	5,047,803	23.7%	4,128,162	23.0%
Health and welfare	871,083	4.1%	616,230	3.4%
Culture and recreation	557,248	2.6%	421,461	2.3%
Housing and development	439,143	2.1%	360,158	2.0%
Interest	150,550	0.8%	150,550	0.8%
Total	$ 21,254,906	100.0%	$ 17,977,275	100.0%

FUND ANALYSIS

Governmental Funds

Governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of $7,124,158 compared to a restated $ 8,220,667 in 2011. The bulk of this decrease relates to general fund and the 2007 SPLOST fund spending. The General Fund decreased its fund balance by $618,762 in this year. The 2007 SPLOST fund decreased its fund balance by $474,635.

Of the general fund year-end total, 100% is unassigned indicating availability for continuing County service delivery requirements.

Legally restricted fund balances include approximately $3.3 million set aside for SPLOST projects and related debt service. The total ending fund balances of governmental funds show a decrease of $1,096,509 or 13.3% from the prior year.

Major Governmental Funds

General Fund - The General Fund is the County's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance decreased by $618,762 or 14.5% as compared to a restated $1,281,834 decrease in 2011. The ending unassigned fund balance is considered adequate, although not excessive, representing the equivalent of 24.7% of annual expenditures. This percentage compares to the 26.2% at December 31, 2011.

General property taxes decreased $238,735 or 4.6%. Local option sales taxes revenue was $118,667 or 3.1% below the 2011 amount, due primarily to a sluggish growth economy. The insurance premium tax was $98,350 or 6.8% more than the 2011 year. This tax is distributed by the State of Georgia to Georgia local governments, based upon population. Penalties and interest on delinquent taxes increased $72,752 or 50.1%. In total, tax revenues were $193,083 or 1.6% below those of 2011.

Under intergovernmental revenue, the federal payment in lieu of taxes were down $100,978 or 44% below the 2011 amount. These amounts can vary from year to year. DOT road grants increased $248,185 or 83.5%, most of which relates to road resurfacing over what was available in 2011.

Transit fees were $122,011 or 32.4% below the 2011 amount. This decrease relates to a Georgia Department of Human Resources (DHR) grants for the aging program, which was not duplicated in 2012. These revenues vary from year to year, depending upon the amount of state appropriations from DHR. Jail charges were down $105,855 or 65.1% from fiscal year 2011 because costs of operating the jail were down.

Fines in total were down $117,050 or 15.5% from 2011. Of that decrease, $71,411 relates to the superior court. In 2012, many of those convicted are unemployed, and they chose to go to jail, rather than paying the fines.

Total General Fund expenditures decreased $823,441or 5.3% from 2011. The most significant changes from calendar year 2011 are described below.

The general administration costs decreased $168,434 or 4.2% from 2011. Much of this decrease relates to a decrease in health insurance claims, which now are being administrated by the County.

The largest cost center, public safety, decreased by $268,086 or 6.2% from 2011. The sheriff's costs decreased $225,598 or 14.4%, primarily due to some reclassifications of health insurance costs. Public works administration costs decreased $400,451 or 28.3% due to reductions in force by not replacing retirees or terminated employees and the elimination of the assistant director position.

2007 SPLOST Capital Expenditures Fund - This fund is utilized to account for the proceeds of a 1% special purpose local option sales tax approved in for funding various capital outlay projects including road and bridge projects, the detention center expansion, fire safety equipment and recreation facilities. The County also provides funds to the cities located within the County for certain capital projects, pursuant to intergovernmental agreements.

This fund is being spent down, consistent with the approved projects. In this year, this fund received approximately $4.4 million of sales tax collections. Approximately $2 million was expended on capital projects and $2.4million on debt service. The County paid $479,521 to cities within the County for their share. At December 31, 2012, the fund balance is $3,348,276 as compared to $ 3,822,911 at December 31, 2011.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund's revenue budget was not amended in 2012.

The general property taxes were $430,284 or 9.5% over the budget. Local option sales taxes were just $12,037 or 3/10th of 1% below the budget.

The revenue exceeded the budget by $174,552 for DOT road grants as explained above.

Revenue for jail charges were $64,346 below the budget as explained above. Charges for transit services were $45,147 or 15% below the budget, as explained above. Superior court fines were $75,550 below the final budget as explained above.

Most other revenues were within budget. In total, the County recognized 104.7% of the final revenue budget.

The General Fund's expenditure and other financing uses budget was increased by $880,920 or 6.3%, using fund balance to keep the budget in balance. After the budget amendment, no department budgets were over expended.

In total, the County under spent the final expenditure budget by $115,804 or just 8/10th of 1%. Because of the shrinking economy, all departments attempted to minimize their spending to help offset with reducing revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2012, was $52,840,240, decreasing $2,839,150 or 5.1%. See Note 3-D for additional information about changes in capital assets during the calendar year and outstanding at the end of the year.

The following table provides a summary of capital asset balances:

Capital Assets	Governmental Activities	
	2012	2011
Non-depreciable assets:		
Land	$ 1,498,194	$ 1,498,194
Construction in progress	5,331,876	4,795,105
Total non-depreciable	6,830,070	6,293,299
Depreciable assets:		
Buildings and improvements	25,398,625	25,276,813
Machinery, equipment and furniture	12,965,205	12,713,232
Infrastructure	119,642,270	119,141,558
Total depreciable assets	158,006,100	157,131,603
Less accumulated depreciation	111,995,930	107,745,512
Book value - depreciable assets	46,010,170	49,386,091
Percentage depreciated	71%	69%
Total Assets	$52,840,240	$55,679,390

At December 31, 2012, the depreciable capital assets for governmental activities were 71% depreciated. This compares to 69% at December 31, 2011. This comparison indicates that the County is replacing its assets at almost the same rate as they are depreciating which is a positive indicator. However, the percentage depreciated of 71% total is above the norm. The total 2012 depreciation expense was $4,250,418 of which $3,474,710 or 81.7% relates to the public works function.

The balance in the construction in progress account relates to the Recreation Center Phase II at Hyden-Tyler Road, relocation of fire station #3, and additional projects for jail expansion, elections facility, and a new waste collection site. The $500,712 increase in infrastructure relates to resurfacing of roads.

(This page continued on the subsequent page)

Long-term Debt

During fiscal year 2012, the County retired $2,250,000 or 49.1% of outstanding general obligation bonds.

The following table reports debt balances at December 31, 2012 and 2011:

Outstanding Borrowings

	Governmental Activities	
	2012	**2011**
General obligation bonds	$ 2,330,000	$ 4,580,000
Capital lease	-	5,353
Total	$ 2,330,000	$ 4,585,353

The bonds' balance of $2,330,000 is scheduled to be repaid in 2013.

See Note 3-H for additional information about the County's long-term debt.

A SUMMARY OF THE ECONOMIC CONDITIONS AFFECTING THE COUNTY

The County is located in North Georgia, on the Tennessee/Georgia boundary. For the past ten years, the County has experienced population growth. This population growth has resulted in an increase for services, particularly in public safety, judicial and public works. The County is one of about 3,141 counties and county equivalents in the United States.

The December 2012 unemployment rate was 11.9% as compared to the State of Georgia's 8.7% and the Federal government's rate was 7.7%. There are 15,067 employed within the County. The County's 2012 population was 39,463 or down just 71 from the December 2011 population.

The primary revenue streams for the County are property taxes and sales taxes. This is a good revenue mix as property taxes are classified as "inelastic" and sales taxes are classified as "elastic." Sales tax revenue is highly sensitive to fluctuations in the economy. The current economic downturn has definitely affected the County's revenue streams; however, sales decreased approximately $118,000 from 2011. The 2013 budget is a no-frills operational budget with departmental belt tightening and very few capital projects. We are hopeful the economy will recover by mid-year and we will constantly monitor our economic condition to make the necessary adjustments.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the County's finances, comply with finance-related laws and regulations, and demonstrate the County's commitment to public accountability. If you have questions, concerning any of the information provided in this report or would like to request additional information, contact:

Murray County Finance Department
P.O. Box 1129
Chatsworth, Georgia 30705
Telephone 706-517-1400 ext. 367

Murray County, Georgia
Statement of Net Position
December 31, 2012

	Primary Government Governmental Activities	Component Units
Assets		
Current Assets		
Cash and cash equivalents	$ 4,220,248	$ 337,234
Investments	2,368,404	95,089
Receivables:		
Accounts	435,595	1,895,091
Property taxes	1,254,026	-
Sales taxes	682,115	-
Inventory	-	331,834
Prepaid items	-	71,637
Restricted assets	33,856	556,285
Total Current Assets	8,994,244	3,287,170
Noncurrent Assets		
Unamortized bond issuance costs	-	87,011
Goodwill	-	5,715,260
Net pension assets	102,872	-
Capital assets		
Nondepreciable	6,830,070	106,000
Depreciable, net	46,010,170	9,180,645
Noncurrent Assets	52,943,112	15,088,916
Total Assets	61,937,356	18,376,086
Liabilities		
Current Liabilities		
Accounts payable	661,682	1,825,265
Accrued expenses	216,334	472,376
Funds held in escrow	33,856	-
Compensated absences payable	243,043	-
Unearned revenue	-	142,634
Notes payable	-	290,036
Notes payable - line of credit	-	1,650,000
General obligation bonds payable	2,330,000	-
Payable from restricted assets:		
Accrued interest payable	19,202	-
Revenue certificates payable	-	329,065
Current Liabilities	3,504,117	4,709,376
Long-Term Liabilities (net of current portion):		
Landfill closure and post-closure care	2,955,967	-
Compensated absences payable	81,014	31,222
Notes payable	-	5,415,299
Revenue certificates payable	-	5,956,250
Total Long-Term Liabilities	3,036,981	11,402,771
Total Liabilities	6,541,098	16,112,147
Net Position		
Net investment in capital assets	50,510,240	(2,704,005)
Restricted for:		
Debt service	2,368,404	556,285
Capital projects	979,879	-
Judicial purposes	1,448	-
Public safety purposes	134,533	-
Unrestricted	1,401,754	4,411,659
Total Net Position	$ 55,396,258	$ 2,263,939

See accompanying notes to the basic financial statements

Murray County, Georgia
Statement of Activities
For the Year Ended December 31, 2012

Function/Program	Expenses	Program Revenues: Charges for Services and Sales and Fines	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Position: Primary Government	Net Revenue (Expense) and Changes in Net Position: Component Units
Primary Government						
Governmental Activities						
General government	$ 7,256,993	$ 30,699	$ 162,828	$ -	$ (7,063,466)	$ -
Judicial	1,668,362	39,590	-	-	(1,628,772)	-
Public safety	5,263,724	1,480,566	174,682	-	(3,608,476)	-
Public works	5,047,803	34,921	596,414	288,306	(4,128,162)	-
Health and welfare	871,083	254,853	-	-	(616,230)	-
Culture and recreation	557,248	135,787	-	-	(421,461)	-
Housing and development	439,143	78,985	-	-	(360,158)	-
Interest	150,550	-	-	-	(150,550)	-
Total Governmental Activities	$ 21,254,906	$ 2,055,401	$ 933,924	$ 288,306	(17,977,275)	-
Component Units						
Recreation Commission	$ 8,370	$ 9,895	$ -	$ -	-	1,525
Department of Public Health	792,005	215,534	492,477	-	-	(83,994)
Hospital Authority	8,928,733	7,987,216	-	480,357	-	(461,160)
Total Component Units	$ 9,729,108	$ 8,212,645	$ 492,477	$ 480,357	-	(543,629)
		General Revenues				
		Property taxes levied for general government purposes			5,950,967	-
		Sales taxes			8,048,344	-
		Insurance premium taxes			1,537,981	-
		Other taxes			455,883	-
		Investment earnings			4,121	13,898
		Gain on the disposition of noncapitalized assets			7,940	-
		Miscellaneous			82,980	168,735
		Total General Revenues			16,088,216	182,633
		Change in Net Position			(1,889,059)	(360,996)
		Net Position Beginning of Year, as Restated			57,285,317	2,624,935
		Net Position End of Year			$ 55,396,258	$ 2,263,939

See accompanying notes to the basic financial statements

Murray County, Georgia
Balance Sheet
Governmental Funds
December 31, 2012

	General	SPLOST 2007	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 3,470,626	$ 697,279	$ 52,343	$ 4,220,248
Restricted cash	33,856	-	-	33,856
Investments	-	2,368,404	-	2,368,404
Receivables:				
Accounts	320,959	-	114,636	435,595
Property taxes	1,254,026	-	-	1,254,026
Sales taxes	311,605	370,510	-	682,115
Total Assets	$ 5,391,072	$ 3,436,193	$ 166,979	$ 8,994,244
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	$ 560,012	$ 87,917	$ 13,753	$ 661,682
Accrued expenditures	199,096	-	17,238	216,334
Funds held in escrow	33,856	-	-	33,856
Total Liabilities	792,964	87,917	30,991	911,872
Deferred Inflows of Resources	958,214	-	-	958,214
Total Liabilities and Deferred Inflows of Resources	1,751,178	87,917	30,991	1,870,086
Fund Balances				
Restricted	-	3,348,276	135,988	3,484,264
Unassigned	3,639,894	-	-	3,639,894
Total Fund Balances	3,639,894	3,348,276	135,988	7,124,158
Total Liabilities, Deferred Inflow of Resources and Fund Balances	$ 5,391,072	$ 3,436,193	$ 166,979	$ 8,994,244

See accompanying notes to the basic financial statements

Murray County, Georgia
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2012

Total Governmental Fund Balances		$ 7,124,158
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds (exclusive of internal service funds' capital assets).		
Cost of capital assets	$ 164,836,171	
Less accumulated depreciation	(111,995,931)	52,840,240
Other long-term assets (i.e., property taxes receivable) are not available to pay for current-period expenditures and therefore are deferred in the funds.		958,214
Net pension assets are not current financial resources and are not recognized at the fund financial reporting level but are reported on the government-wide statement of net position.		102,872
Liabilities not due and payable in the current period are not reported in the governmental fund balance sheets but are reported on the government-wide statement of net position.		
General obligation bonds payable	$ (2,330,000)	
Accrued interest payable	(19,202)	
Landfill closure and post closure care payable	(2,955,967)	
Compensated absences payable	(324,057)	(5,629,226)
Net Position of Governmental Activities		$ 55,396,258

See accompanying notes to the basic financial statements

Murray County, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

	General	SPLOST 2007	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 11,688,188	$ 4,360,381	$ 69,086	$ 16,117,655
Licenses and permits	78,985	-	-	78,985
Intergovernmental	1,043,944	-	139,879	1,183,823
Charges for services	605,364	-	619,517	1,224,881
Fines and forfeitures	638,358	-	110,152	748,510
Investment earnings	4,108	4,160	13	8,281
Contributions	34,247	-	-	34,247
Miscellaneous	86,005	-	-	86,005
Total Revenues	14,179,199	4,364,541	938,647	19,482,387
Expenditures				
Current:				
General government	6,650,696	-	-	6,650,696
Judicial	1,625,985	-	4,671	1,630,656
Public safety	4,047,581	-	881,486	4,929,067
Public works	1,242,324	-	-	1,242,324
Culture and recreation	487,421	-	-	487,421
Health and welfare	388,567	-	-	388,567
Housing and development	298,780	-	120,149	418,929
Intergovernmental	-	479,521	-	479,521
Capital Outlay	-	1,990,320	-	1,990,320
Debt Service:				
Principal retirement	-	2,255,353	-	2,255,353
Interest and fiscal charges	-	113,982	-	113,982
Total Expenditures	14,741,354	4,839,176	1,006,306	20,586,836
(Deficiency) of Revenues (Under) Expenditures	(562,155)	(474,635)	(67,659)	(1,104,449)
Other Financing Sources (Uses)				
Proceeds from the sale of noncapitalized capital assets	7,940	-	-	7,940
Transfers in	-	-	64,547	64,547
Transfers out	(64,547)	-	-	(64,547)
Total Other Financing Sources (Uses)	(56,607)	-	64,547	7,940
Net Change in Fund Balances	(618,762)	(474,635)	(3,112)	(1,096,509)
Fund Balances Beginning of Year, As Restated	4,258,656	3,822,911	139,100	8,220,667
Fund Balances End of Year	$ 3,639,894	$ 3,348,276	$ 135,988	$ 7,124,158

See accompanying notes to the basic financial statements

Murray County, Georgia
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2012

Net Changes In Fund Balances - Total Governmental Funds		$ (1,096,509)
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures on the governmental fund type operating statement. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Depreciation expense	$ (4,250,419)	
Capital outlay	1,411,269	(2,839,150)
The increase in pension assets are reported on the government-wide statement of activities but not in the governmental fund's operating statement.		
Balance @ 12/31/12	$ 102,872	
Balance @ 12/31/11	(105,609)	(2,737)
Property tax revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues at the fund financial reporting level.		
Deferred @ 12/31/12	$ 958,214	
Deferred @ 12/31/11	(1,082,694)	(124,480)
Elimination of transfers between governmental funds:		
Transfers in	$ (64,547)	
Transfers out	64,547	-
Deferred bond issue related costs are reported in the governmental fund's operating statement because these transactions require the use of current financial resources but are not capitalized on the government-wide statement of net position.		
Balance @ 12/31/12	$ -	
Balance @ 12/31/11	(55,137)	(55,137)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the government-wide statement of net position.		2,255,353
Landfill closure and postclosure care liabilities reported in the government-wide statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Liability @ 12/31/12	$ (2,955,967)	
Liability @ 12/31/11	2,895,169	(60,798)
Accrued interest is reported in the government-wide statement of activities, but does not require the use of financial resources and therefore are not reported as reported as expenditures in governmental funds.		
Liability @ 12/31/12	$ (19,202)	
Liability @ 12/31/11	37,771	18,569
Compensated absences reported in the government-wide statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Liability @ 12/31/12	$ (324,057)	
Liability @ 12/31/11	339,887	15,830
Change In Net Position of Governmental Activities		$ (1,889,059)

See accompanying notes to the basic financial statements

Murray County, Georgia
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes	$ 11,019,225	$ 11,019,225	$ 11,688,188	$ 668,963
Licenses and permits	87,700	87,700	78,985	(8,715)
Intergovernmental	891,354	891,354	1,043,944	152,590
Charges for services	691,400	691,400	605,364	(86,036)
Fines and forfeitures	751,400	751,400	638,358	(113,042)
Investment earnings	20,100	20,100	4,108	(15,992)
Contributions	28,000	28,000	34,247	6,247
Miscellaneous	48,990	48,990	86,005	37,015
Total Revenues	13,538,169	13,538,169	14,179,199	641,030
Expenditures				
Current:				
General government	5,501,685	6,729,045	6,650,696	78,349
Judicial	1,484,622	1,641,460	1,625,985	15,475
Public safety	4,178,536	4,055,051	4,047,581	7,470
Public works	1,633,075	1,244,192	1,242,324	1,868
Culture and recreation	534,500	487,421	487,421	-
Health and welfare	394,620	394,620	388,567	6,053
Housing and development	313,747	305,369	298,780	6,589
Total Expenditures	14,040,785	14,857,158	14,741,354	115,804
(Deficiency) of Revenues (Under) Expenditures	(502,616)	(1,318,989)	(562,155)	756,834
Other Financing Sources (Uses)				
Proceeds from the sale of noncapitalized capital assets	15,000	15,000	7,940	(7,060)
Transfers out	-	(64,547)	(64,547)	-
Net Change in Fund Balances	$ (487,616)	$ (1,368,536)	(618,762)	$ 749,774
Fund Balances Beginning of Year			4,258,656	
Fund Balances End of Year			$ 3,639,894	

Murray County, Georgia
Combining Statement of Net Position
Component Units
December 31, 2012

	Hospital Authority	Department of Public Health	Recreation Commission	Total
Assets				
Current Assets				
Cash and cash equivalents	$ 155,400	$ 178,453	$ 3,381	$ 337,234
Investments	95,089	-	-	95,089
Accounts receivable	1,845,531	49,560	-	1,895,091
Prepaid items	71,637	-	-	71,637
Inventory	331,352	482	-	331,834
Restricted assets	556,285	-	-	556,285
Total Current Assets	3,055,294	228,495	3,381	3,287,170
Noncurrent Assets:				
Deferred charges	87,011	-	-	87,011
Goodwill	5,715,260	-	-	5,715,260
Capital assets:				
Nondepreciable	106,000	-	-	106,000
Depreciable, net	9,170,180	10,465	-	9,180,645
Total Noncurrent Assets	15,078,451	10,465	-	15,088,916
Total Assets	18,133,745	238,960	3,381	18,376,086
Liabilities				
Current Liabilities:				
Accounts payable	1,818,672	6,593	-	1,825,265
Accrued expenses	472,376	-	-	472,376
Unearned revenue	142,634	-	-	142,634
Notes payable - line of credit	1,650,000	-	-	1,650,000
Notes payable	290,036	-	-	290,036
Total Current Liabilities	4,373,718	6,593	-	4,380,311
Current Liabilities Payable From Restricted Assets				
Revenue certificates payable	329,065	-	-	329,065
Long-Term Liabilities (net of current portion):				
Notes payable	5,415,299	-	-	5,415,299
Revenue certificates payable	5,956,250	-	-	5,956,250
Compensated absences	-	31,222	-	31,222
Total Long-Term Liabilities	11,371,549	31,222	-	11,402,771
Total Liabilities	16,074,332	37,815	-	16,112,147
Net Position				
Net investment in capital assets (deficit)	(2,714,470)	10,465	-	(2,704,005)
Restricted for debt service	556,285	-	-	556,285
Unrestricted	4,217,598	190,680	3,381	4,411,659
Total Net Position	$ 2,059,413	$ 201,145	$ 3,381	$ 2,263,939

See accompanying notes to the basic financial statements

Murray County, Georgia
Combining Statement of Activities
Component Units
For the Calendar Year Ended December 31, 2012

	Hospital Authority	Department of Public Health	Recreation Commission	Total
Expenses:				
General government	$ 8,928,733	$ -	$ -	$ 8,928,733
Public health	-	792,005	-	792,005
Culture and recreation	-	-	8,370	8,370
Total Expenses	8,928,733	792,005	8,370	9,729,108
Revenues:				
Program:				
Charges for services	7,987,216	215,534	9,895	8,212,645
Operating grants and contributions	-	492,477	-	492,477
Capital grants and contributions	480,357	-	-	480,357
Total Program Revenues	8,467,573	708,011	9,895	9,185,479
Net Program (Expense)	(461,160)	(83,994)	1,525	(543,629)
General Revenues:				
Miscellaneous	58,985	109,750	-	168,735
Investment earnings	13,898	-	-	13,898
Total General Revenues:	72,883	109,750	-	182,633
Change in Net Position	(388,277)	25,756	1,525	(360,996)
Net Position Beginning of Year	2,447,690	175,389	1,856	2,624,935
Net Position End of Year	$ 2,059,413	$ 201,145	$ 3,381	$ 2,263,939

See accompanying notes to the basic financial statements

Murray County, Georgia
Comparative Statements of Fiduciary Assets and Liabilities
Fiduciary Funds
Agency Funds
December 31, 2012 and 2011

	2012	2011
Assets		
Cash and cash equivalents	$ 401,416	$ 551,077
Liabilities		
Due to others	$ 401,416	$ 551,077

See accompanying notes to the basic financial statements

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Murray County, Georgia (the County) is a political subdivision of the State of Georgia and was created by a legislative act in 1832. The County operates under a Commission-Administrator form of government and is governed by an elected sole county commissioner, governed by state statutes and regulations. There are certain elected officials whose operations are wholly included within the financial records and financial statements of the County. These elected officials include the Sheriff, Tax Commissioner, Probate Court Judge, Magistrate Court Judge, Juvenile Court Judge, Superior Court Judge and Clerk of the Superior Court. The County's major services include general government, courts, public safety, public works, health and welfare, parks, recreation and culture and planning and community development.

Note 1 - Summary of Significant Accounting Policies

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

The most significant of the County's accounting policies are described below.

1-A. Reporting Entity

The reporting entity is comprised of the primary government, component unit and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards and agencies that are not legally separate from the County.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organizations; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the County in that the County approves the budget, levies their taxes or issues their debt.

The component unit columns included on the government-wide financial statements identify the financial data of the County's discretely presented component units, reported separately to emphasize that the component units are legally separate from the County.

A brief description of the discretely presented component units are as follows:

Murray County Health Department – (Health Department) – The Health Department works to promote and preserve the health of the citizens of the County. The Health Department's Board consists of seven members, four of these members are appointed by the County Commission. Although the County does not have the authority to approve or modify the Health Department's budgets, it does have the ability to control the amount of funding it provides to the Health Department and such funding is significant to the overall operations of the Health Department. The Health Department is reported on a June 30, 2012 fiscal year. Complete financial statements for the Health Department may be obtained from its administrative office at:

Northwest Health District 1 Unit 1
111 Bryant Crossing, Suite AA
Dalton, Georgia 30720

Note 1 - Summary of Significant Accounting Policies (Continued)

Murray County Recreation Commission – The Murray County Recreation Commission (the "Parks and Recreation Commission") manages and maintains park and recreation facilities for the benefit of Murray County citizens. The County Commission appoints all of the Commission's board members and the County has a significant financial relationship with the Parks and Recreation Commission. Financial information related to the Parks and Recreation Commission may be obtained from the Parks and Recreation clerk of Murray County.

Murray County Hospital Authority – The Murray County Hospital Authority owns the general hospital building which is leased to and known as Murray Medical Center, Inc. and managed by Hamilton Health Care System, Inc. The general hospital provides health, surgical and recovery services to the citizens of Murray County and surrounding areas. The Hospital Authority has outstanding bonds payable which are guaranteed by the County. Complete financial statements for the year ended December 31, 2012 can be obtained directly from their administrative offices as follows:

Murray County Hospital Authority
707 Old Dalton Ellijay Road
Chatsworth, Georgia 30705

1-B. Basis of Presentation

The County's basic financial statements consist of government-wide 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 government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the County as a whole. The primary government and the discretely presented component units are presented separately within these financial statements with the focus on the primary government. Fiduciary funds are not presented in the government-wide financial statements.

The statement of net position presents the financial position of the governmental activities of the County and it's discretely presented component units at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The County does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the County's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted.*

Other revenue sources not properly included with program revenues are reported as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the County.

Fund Financial Statements - 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. Fund financial statements are provided for governmental and fiduciary funds.

Note 1 - Summary of Significant Accounting Policies (Continued)

Major individual governmental funds are reported in separate columns.

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

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

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

2007 Special Purpose Local Option Sales Tax Capital Projects Fund – This fund is utilized to account for the proceeds of a 1 percent special purpose local option sales tax beginning January 1, 2007 for funding various capital outlay projects including road and bridge projects, expansion of the detention center, fire safety equipment and recreation facilities.

Fiduciary Funds - Fiduciary fund reporting focuses on net position. The County's fiduciary funds include agency funds. The County's fiduciary funds are agency funds for use by the County's constitutional officers comprised of the Tax Commissioner, Clerk of Superior Court, Sheriff, Judge of Probate Court and Magistrate Court..

1-C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the statement of net position. The statement of activities reports revenues and expenses.

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 and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports 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 include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

1-D. 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. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Fiduciary funds are reported on the accrual basis.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Revenues - Non-exchange Transactions - Non-exchange transactions in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the calendar year for which the taxes are levied (Note 3-C). Revenue from grants 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 local 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 a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, charges for services and federal and state grants.

Unearned Revenue - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

1-E. Assets, Liabilities and Fund Equity

1-E-1 Cash, Cash Equivalents, and Investments

Cash and cash equivalents include cash on hand, demand deposits, certificates of deposits and deposits with the Georgia Fund I (i.e., the local government investment pool) as well as short-term investments with a maturity date within three months of the date acquired by the County.

Currently the County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments are stated at fair value based on quoted market prices.

Georgia law authorizes the County to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the United States Government or United States Government Agency
- Obligations of any corporation of the United States Government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-2 Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable.

1-E-3 Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." Long-term interfund receivables and payables are classified as advances. These amounts are eliminated in the governmental columns of the statement of net position.

1-E-4 Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2012, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reserved, as this amount is not available for general appropriation.

1-E-5 Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The County reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the government funds balance sheet.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of $5,000 and an estimated useful life of two years or more (excluding infrastructure). All infrastructure is capitalized with a cost of $50,000 and an estimated life of two years or more. The County's infrastructure consists of roads and bridges. The County's entire infrastructure has been reported regardless of acquisition date. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement.

Depreciation is computed using the straight-line method over the following useful lives:

Asset Class	Governmental Activities
Land improvements	25- 50 Years
Site improvements	50 Years
Infrastructure	15-30 Years
Buildings	25-50 Years
Machinery and equipment	6-15 Years
Office equipment	5 Years
Furniture and fixtures	20 Years
Intangibles - software	5 Years
Vehicles	6-15 Years

Note 1 - Summary of Significant Accounting Policies (Continued)

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments.

1-E-6 Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. (Note 3-H)

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Governmental funds report the compensated absence liability at the fund reporting level only "*when due.*"

1-E-7 Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Certificates of participation, bonds and capital leases are recognized as a liability in the governmental fund financial statements when due.

1-E-8 Fund Equity (Note 3-J)

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

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

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

- Committed
- Assigned
- Unassigned

Net position - Net position represent the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net position amount also is adjusted by any deferred bond premiums, discounts or refunding amounts. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The balance of net position is reported as unrestricted.

1-E-9 Interfund Activity

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

Transfers between funds reported in the governmental activities column are eliminated from the government-wide statement of activities.

1-E-10 Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

1-E-11 Comparative Data

Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

1-E-12 Implementation of New GASB Standards (see Note 4-E)

In calendar year 2012, the County implemented the following GASB Statements:

Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* The adoption of this statement does not have any impact on the County's financial statements.

Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position.* The adoption of this statement resulted in the statement of net position being renamed the statement of net position. Additionally, the "invested in capital assets, net of related debt" component of net position was redefined as "net investment in capital assets."

Note 1 - Summary of Significant Accounting Policies (Continued)

Statement No. 65, *Items Previously Reported as Assets and Liabilities* clarifies the use of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. This statement also requires certain items which were previously reported as assets and liabilities to be reported as deferred outflows of resources, deferred inflows of resources and as revenues or expenditures. As a result of implementing this statement, the County changed the classification of certain liabilities to deferred inflows of resources.

Note 2 – Stewardship, Compliance and Accountability

2-A. Budgetary Information – The applicable statutes of the State of Georgia require the County to operate under an annual balanced budget adopted by resolution. The County adopts an annual operating budget for all governmental funds except the capital projects funds, which have an adopted project budget. The budget resolution reflects the total of each department's appropriation in each fund.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. Any change in total to a fund or changes between department appropriations within a fund requires approval of the County Commission.

The budget is adopted on a basis consistent with generally accepted accounting principles, and on the same basis of accounting used by each fund to which the budget applies. The County Commission must also approve budget transfers within departments.

The original 2012 budget was amended during the year. All unencumbered annual appropriations lapse at year-end. Encumbered appropriations are carried forward to the subsequent year automatically.

Note 3 - Detailed Notes on All Funds

3-A. Deposits and Investments

Deposits – All of the bank balances are insured or collateralized with securities held by the County or by its agent in the County's name or with securities held by the pledging financial institution's trust department or agent in the County's name.

State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

Investments – The fair value of investments of the Primary Government (the County) is as follows at December 31, 2012:

		Maturity
Money market funds	$ 1,413,853	current to one year

Credit Quality Risk – Credit quality risk is that an issuer or other counterparty to an investment will not fulfill its obligations. The money market funds are not rated.

Component Unit - Investments reported by the Health Department, a discretely presented component unit, represent excess cash in the Local Government Investment Pool of the State of Georgia (Georgia Fund 1). Funds included in the State Treasurer's Investment Pool are not required to be collateralized. The pool is regulated by the oversight of the Office of Treasury and Fiscal Services of the State of Georgia. The fair value of the Health Department's position in the pool approximates the value of the Health Department's pool shares.

Note 3 - Detailed Notes on All Funds (Continued)

Primary government cash and cash equivalents reconciliation:

	Cash and Cash Equivalents
Primary Government - Fund Reporting Level:	
Governmental Funds - Balance Sheet - unrestricted	$ 4,220,248
Governmental Funds - Balance Sheet - restricted	338,566
Statement of Fiduciaty Assets and Liabilities	401,416
Total	$ 4,960,230

3-B. Receivables

Receivables at December 31, 2012, consisted of taxes, interest, accounts (billings for user charges) and intergovernmental receivables arising from grants.

Receivables and payables are recorded on the County's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

3-C. Property Taxes

The Board of Commissioners levied property taxes during the month of September 2012. Property taxes attach as an enforceable lien on property as of January 1. Property taxes were billed on October 1, 2012 and are due upon receipt, however, the actual due date was December 1, 2012. The County bills and collects its own property taxes and also collects property taxes for the County Board of Education and the State of Georgia. The County also collects vehicle and mobile home taxes for the cities located in the County and the State of Georgia. Collection of the County's taxes and for the other governmental agencies is the responsibility of the Tax Commissioner's Office, which is accounted for in an agency fund.

(This page continued on the subsequent page)

Note 3 - Detailed Notes on All Funds (Continued)

3-D. Capital Assets

Governmental fund activities capital asset activity for the year ended December 31, 2012, was as follows:

	1/1/2012	Additions	Deductions	12/31/2012
Nondepreciable capital assets:				
Land	$ 1,498,194	$ -	$ -	$ 1,498,194
Construction in progress	4,795,105	536,771	-	5,331,876
Total nondepreciable capital assets	6,293,299	536,771	-	6,830,070
Depreciable capital assets:				
Land improvements	814,622	-	-	814,622
Site improvements	1,472,079	-	-	1,472,079
Infrastructure	119,141,558	500,712	-	119,642,270
Buildings	22,990,112	121,815	-	23,111,927
Machinery and equipment	6,148,813	37,787	-	6,186,600
Office equipment	287,604	12,709	-	300,313
Furniture and fixtures	157,632	-	-	157,632
Software	71,593	-	-	71,593
Vehicles	6,047,590	201,474	-	6,249,064
Total depreciable capital assets	157,131,603	874,497	-	158,006,100
Total capital assets	163,424,902	1,411,268	-	164,836,170
Accumulated depreciation:				
Land improvements	390,716	41,358	-	432,074
Site improvements	693,588	45,698	-	739,286
Infrastructure	93,125,782	3,030,884	-	96,156,666
Buildings	3,792,867	494,867	-	4,287,734
Machinery and equipment	4,596,814	256,237	-	4,853,051
Office equipment	288,644	7,623	-	296,267
Furniture and fixtures	40,529	8,381	-	48,910
Software	53,772	11,836	-	65,608
Vehicles	4,762,800	353,534	-	5,116,334
Total accumulated depreciation	107,745,512	4,250,418	-	111,995,930
Governmental activities capital assets, net	$ 55,679,390	$ (2,839,150)	$ -	$ 52,840,240

Note 3 - Detailed Notes on All Funds (Continued)

Governmental activities depreciation expense

General government	$ 99,569
Judicial	19,326
Public safety	384,608
Public works	3,474,710
Health and welfare	81,818
Culture and recreation	170,360
Housing and development	20,027
Total governmental activities depreciation expense	$ 4,250,418

3-E. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position reports 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(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

The County's governmental funds report unavailable revenues as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

These amounts are reported as follows:

Fund	Amount	Types of Resources
General	$ 958,214	Property taxes

3-F. Interfund Transfers

Interfund Transfers - Interfund transfers for the year ended December 31, 2012, consisted of the following:

	Transfers From
Transfers To:	General Fund
Nonmajor governmental fund	$ 64,547

Transfers are utilized to report revenues in the fund required by statute or budget to collect such revenue, or to expend such revenue. Transfers are also utilized to account for revenues collected in the General Fund which are to be used by other funds in accordance with budgetary authorizations or anticipated capital projects. All County transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer.

3-G. Landfill Closure and Post-closure Care Costs

State and Federal laws and regulations require that the County place a final cover on its landfill when officially closed as well as perform certain maintenance and monitoring functions at the landfill site for a period of thirty years after such closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post closure care costs that will be incurred near or after the date the landfill no

Note 3 - Detailed Notes on All Funds (Continued)

longer accepts waste. The recognition of these landfill closure and post closure care costs is based on the amount of the landfill capacity used during the year.

The County owns two landfill sites. Site 1 was operated by the County until 1997 when it reached capacity and stopped accepting waste. Site 2, leased and operated by Santek, is operated on a cell basis; that is, only a portion or cell of the landfill is used at a time. The term of the lease agreement shall be the operational life of the landfill as determined by remaining capacity from time to time, which is based on current waste density and tonnage currently estimated to end in 2235.

The County has met all of its closure obligations for Site 1; therefore, there is no further liability for closure costs. Closure certificates were obtained in late 2003 and early 2004. The post-closure period for this location is estimated to end in 2033. Under the existing lease agreement, Santek shall be responsible for post-closure care during the term of the agreement.

Under the existing lease contract, Santek is also responsible for the construction, maintenance, and closure costs of each cell of Site 2 it operates. Santek shall also be responsible for the post-closure care of those sites while the lease agreement remains in effect. Following the termination of this lease, the County immediately assumes full responsibility for the post-closure costs for the balance of the 30-year period. Based on the use of 11% of the estimated capacity of the landfill, the County has recognized a liability for post closure costs accrued to date of $2,955,967 and has not recognized related closure costs of $2,486,440 to be provided by Santek under the lease agreement.

The remaining estimated costs of closure and post-closure in the amount of $8,699,835 will be recognized as the remaining capacity is used, with the County responsible for $2,699,379 of such post closure costs, and Santek responsible for the remaining $6,000,456 of closure costs. This liability is based upon estimated remaining waste capacity of 13,344,341 cubic yards and 223 years for Site 2. These amounts are based on what it would cost to perform all closure and post closure care in 2012. Any changes to the lease term as well as additional bonds or letters of credit provided by Santek could change these assumptions. Actual costs may also vary due to inflation or deflation, changes in technology or changes in laws and regulations.

3-H. Long-Term Debt

The following is a summary of the outstanding debt issues at December 31, 2012.

Governmental Activities Debt - The County reports two outstanding debt issues at December 31, 2012.

Series 2007 General Obligation Sales Tax Bonds – In 2007, the County issued $8.5 million general obligation sales tax bonds to finance capital projects with an interest rate of 3.79% per annum. Payments are due semi-annually on April 1 and October 1 with principal due on April 1. Interest costs during 2012 were $66,515.

Annual debt service requirements to amortize this debt, as of December 31, 2012 follow:

Year	Principal	Interest	Total
2013	$ 1,180,000	$ 22,361	$ 1,202,361

Series 2008 General Obligation Sales Tax Bonds – In 2008, the County issued $4.5 million general obligation sales tax bonds to finance capital projects with an interest rate of 2.79% per annum. Payments are due semi-annually on April 1 and October 1 with principal due on April 1. Interest costs during 2012 were $47,430.

Annual debt service requirements to amortize this debt, as of December 31, 2012 follow:

Year	Principal	Interest	Total
2013	$ 1,150,000	$ 16,043	$1,166,043

Note 3 - Detailed Notes on All Funds (Continued)

2010 GE Capital Solutions Capital Lease - On February 28, 2010 the County entered into a capital lease agreement at an interest rate of 5.516% with GC Capital Solutions to acquire a skid steer loader. The lease obligation is effective during the period February 28, 2010 through February 29, 2012. Monthly payments of principal and interest began on March 31, 2010. Total payments for the project are $64,681 (principal of $61,109 and interest of $3,572). Interest costs during 2012 were $37. This lease was retired from the SPLOST 2007 fund in calendar year 2012.

Changes in Long-term Debt - Changes in the County's long-term obligations consisted of the following for the year ended December 31, 2012:

Governmental Activities	Outstanding 1/1/2012	Additions	Reductions	Outstanding 12/31/2012	Amounts Due in One Year
Capital leases	$ 5,353	$ -	$ 5,353	$ -	$ -
2007 general obligation bonds	2,330,000	-	1,150,000	1,180,000	1,180,000
2008 general obligation bonds	2,250,000	-	1,100,000	1,150,000	1,150,000
Total bonded debt	4,585,353	-	2,255,353	2,330,000	2,330,000
Landfill post-closure costs	2,895,169	60,798	-	2,955,967	-
Compensated absences	339,887	239,085	254,915	324,057	243,043
Total Governmental Activities	$ 7,820,409	$ 299,883	$ 2,510,268	$ 5,610,024	$ 2,573,043

The general obligation bonds and the capital lease are being retired by the 2007 SPLOST fund. The landfill postclosure costs are being retired by the general fund. The governmental activities compensated absences liability will be paid from the fund from which the employees' salaries are paid, generally the general fund and the E-911 fund.

3-I. Pensions

Plan Description – The Murray County Board of Commissioners Defined Benefit Pension Plan and Trust, (the "Plan"), is affiliated with the Association of County Commissioners of Georgia Defined Benefit Plan (ACCG), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating counties in Georgia. The authority for the Plan, benefits, vesting and contributions are established by the Board of Commissioners. The Plan is administered by the Government Employee Benefits Corporation of Georgia (GEB Corp). GEB Corp issues a publicly available financial report that includes financial statements and required supplementary information for ACCG.

The Plan is a defined benefit pension plan that provides retirement, disability and death benefits to Plan members and beneficiaries. All full-time employees, defined as those providing at least 1,000 hours of service to the County per Plan year, are eligible for participation in the Plan. Any eligible employee who has both completed one year of service and has attained the age of 21 may participate in the Plan. Employees become vested after five years of service to the County.

All full-time eligible employees participate in the ACCG Plan (Plan) immediately upon employment.

The County sponsors the Plan. The Plan provides retirement, disability, and death benefits to plan participants. The plan assets shall be used only for the payment of benefits to the members of the plan, in accordance with the terms of the plan.

All full time employees and employees receiving county supplements participate in the plan. Benefits vest after 5 years. Participants may retire at normal retirement, which is the later of age 65, or 5 years of vesting service. Early retirement eligibility is the later of age 55 or 10 years of vesting service.

Note 3 - Detailed Notes on All Funds (Continued)

The benefit is as follows:

- 1.25% of average annual compensation times past service (i.e., service prior to January 1, 2006) less the accumulated benefit amount of other Murray County retirement benefits.
- 2.5% of average annual compensation times future service (i.e., service after December 31, 2005),
- .25% of average annual compensation times "buy-back" units at buy back age.

Compensation is defined as the highest five years of base wages during employment with the County.

The following is the plan membership at December 31, 2012:

Active plan participants	151
Retirees and beneficiaries currently receiving benefits	54
Disabled in pay status	1
Active plan participants or terminated plan participants entitled to, but not yet receiving benefits	99
Total	305

A copy of the plan's financial report may be obtained from:

Government Employee Benefits Corporation of Georgia
1100 Circle 74 Parkway, Suite 300
Atlanta, Georgia 30339

Funding Policy – The County is required to contribute an actuarially determined amount annually to the Plan's trust. The contribution amount is determined using actuarial methods and assumptions approved by the ACCG Board of Trustees, and must satisfy the minimum contribution requirement contained in the State of Georgia statutes. All funding of this plan is made by the County and employees do not contribute to this plan.

Annual Pension Cost – The County's annual pension costs for the last three years are as follows:

Schedule of Employer Contributions

Fiscal Year Beginning	Annual Pension Cost	Employer Contribution	Percentage Contributed	Net Pension Obligation
1/1/2010	$ 546,595	$ 550,717	100.8%	$ (101,487)
1/1/2011	562,703	560,527	99.6%	(105,609)
1/1/2012	544,148	543,587	99.9%	(103,433)
1/1/2013	514,367	N/A	N/A	(102,872)

Note 3 - Detailed Notes on All Funds (Continued)

Net Pension Assets – The County's derivation of the annual required contribution, the annual pension cost and net pension obligation (assets) at January 1, 2013 and 2012, the two most recent actuarial valuations, are as follows:

	January 1, 2013	January 1, 2012
Derivation of the Annual Required Contribution:		
Normal cost	$ 275,464	$ 306,471
Amortization of unfunded accrued actuarial liability (UAAL)	195,491	209,336
Pre-retirement death benefit expense	18,253	-
Administrative expenses	24,602	27,780
Less estimated employee contributions	-	-
Annual required contribution (ARC)	$ 513,810	$ 543,587
Derivation of the Annual Pension Cost:		
Annual required contribution (ARC)	$ 513,810	$ 543,587
Interest on prior year net pension obligation	(7,973)	(8,016)
Adjustment to ARC	8,530	8,577
Annual pension cost	$ 514,367	$ 544,148
Derivation of the Net Pension Obligation (Assets):		
Annual pension cost for prior year	$ 544,148	$ 562,703
Annual contributions made for prior year	543,587	560,527
Increase (decrease) in net pension obligation (assets)	561	2,176
Net pension obligation (assets), beginning of year*	(103,433)	(105,609)
Net pension obligation (assets), end of year	$ (102,872)	$ (103,433)

Plan Funded Status – The County's funding status based upon the most recent actuarial valuation follows:

Schedule of Funding Progress

Measurement Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded AAL/(UAAL) (2)-(1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll
12/31/2011	$ 7,263,347	$ 8,534,251	85.1%	$ 1,270,904	$ 5,284,397	24.1%

*The actuarial value of plan assets is increasing over time relative to the actuarial accrued liability for benefits.

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

Note 3 - Detailed Notes on All Funds (Continued)

Actuarial Valuation Information – The County's actuarial valuation information is as follows:

Current Valuation Date	January 1, 2013
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percentage of Pay, Closed
Remaining Amortization Period	10 years
Actuarial Value of Assets	Market Value
Actuarial Assumptions:	
Investment Rate of Return	7.75%
Projected Salary Increases	5 % - 7.5% - based on age
Expected Annual Inflation	3.00%

3-J. Fund Equity

Fund Balances – Fund balances are classified as follows:

- ***Restricted*** – The following fund balances are legally restricted to specified purposes:

Major Capital Projects 2007 SPLOST Fund:	
Capital outlay	$ 979,872
Debt service	2,368,404
Total Major Capital Projects 2007 SPLOST Fund	$ 3,348,276
Nonmajor Special Revenue Funds:	
Public safety	$ 135,981
Non-major Capital Projects Fund:	
Capital outlay	$ 7

Net Investment in Capital Assets

Net investment in capital assets:	Governmental Activities
Cost of capital assets	$ 164,836,170
Less accumulated depreciation	111,995,930
Book value	52,840,240
Less capital related debt	2,330,000
Net investments in capital assets	$ 50,510,240

Note 4 - Other Notes

4-A. Risk Management

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

Note 4 - Other Notes (Continued)

The County participated in the Georgia Inter-local Risk Management Agency Property and Liability Insurance and (GIRMA) and the Association of County Commissioners of Georgia Group Self-Insurance Workers Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss.

The County maintains a group health insurance plan through American National that carries a specific employee plan deductible of $50,000 individually and $90,000 County-wide. Claims up to that amount are paid by the County through the Murray County Benefits account, a self-insurance fund. The third party administrator reviews and approves all claims on behalf of the County.

4-B. Contingent Liabilities

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the County believes such disallowances, if any, will be immaterial.

The County was a defendant in several lawsuits at December 31, 2012. In the opinion of County management, the outcome of these contingencies will not have a material effect on the financial position of the County.

4-C. Joint Ventures

North Georgia Regional Development Center (RDC) – The County, in conjunction with cities and counties in the thirteen-county northwest Georgia area are members of the North Georgia Regional Development Center (RDC). Membership in an RDC 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 RDC's. Each county and municipality in the state is required by law to pay minimum annual dues to the RDC. The RDC 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 a County. The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RDC's as "public agencies" and instrumentalities of their members.

Georgia laws also provide that the member governments are liable for any debts or obligations of an RDC beyond its resources (O.C.G.A. 50-8-39.1).

Separately issued financial statements are available at the RDC's administrative office.

4-D. Hotel/Motel Lodging Tax

Pursuant to an ordinance approved on June 27, 2005, the County levies a 3% lodging tax in accordance with O.C.G.A. 48-13-51 and expends 100% of the hotel/motel tax collections for the purpose of promoting tourism.

Note 4 - Other Notes (Continued)

A summary of the transactions for the year ended December 31, 2012 follows:

	Amounts	Percentage
Lodging tax receipts	$ 69,086	100%
Disbursements to:		
Murray County Chamber of Commerce	$ 69,086	100%

4-E. Prior Period Adjustment

Implementation of GASB Statement No. 63 and GASB Statement No. 65

In calendar year 2012, the City implemented *GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources,* and *Net Position and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities.* As a result, we have deleted the unamortized bond issuance costs for the governmental activities at the government-wide financial reporting level, by writing off the balance to current years' operations due to materiality ($55,137). In addition, there are numerous terminology changes throughout the financial section of this report. These classification changes do not require a prior period adjustment. The hospital authority (i.e., a discretely presented component unit) did not implement GASB Statement No. 65.

Magistrate Court Reporting Error

At December 31, 2011, the County omitted reporting cash and in prior years omitted reporting revenue for fines in the Magistrates Court. This omission requires a prior period adjustment as follows:

December 31, 2011	General Fund	Government-wide Activities Statement of Activities
Net position as previously reported	$ 4,047,239	$ 57,073,900
Magistrate court omission	211,417	211,417
Net position, as restated	$ 4,258,656	$ 57,285,317

Murray County, Georgia
Required Supplementary Information
Employees' ACCG Retirement Plan
December 31, 2012

Schedule of Funding Progress

Fiscal Year Ending	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded AAL/(UAAL) (2)-(1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4)/(5)
12/31/2007	$ 4,787,297	$ 5,616,749	85.2%	$ 829,452	$ 4,520,336	18.3%
12/31/2008	4,991,173	6,132,137	81.4%	1,140,964	5,138,894	22.2%
12/31/2009	5,587,000	6,901,543	81.0%	1,314,543	5,453,778	24.1%
12/31/2010	6,186,258	7,418,348	83.4%	1,232,090	5,612,543	22.0%
12/31/2011	6,704,628	8,038,757	83.4%	1,334,129	5,465,276	24.4%
12/31/2012	7,263,347	8,534,251	85.1%	1,270,904	5,284,397	24.1%

Schedule of Employer Contributions

Fiscal Year Beginning	Annual Pension Cost	Employer Contribution	Percentage Contributed	Net Pension Obligation
1/1/2007	$ 406,828	$ 414,814	102.0%	$ (82,952)
1/1/2008	449,809	448,616	99.7%	(90,938)
1/1/2009	522,875	534,617	102.2%	(89,745)
1/1/2010	546,595	550,717	100.8%	(101,487)
1/1/2011	562,703	560,527	99.6%	(105,609)
1/1/2012	544,148	543,587	99.9%	(103,433)
1/1/2013	514,367	N/A	N/A	(102,872)

See notes to the basic financial statements for actuarial assumptions used in the above calculations.

Murray County, Georgia
Combining Balance Sheet
Nonmajor Governmental Funds - By Fund Type
December 31, 2012

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets			
Cash and cash equivalents	$ 52,336	$ 7	$ 52,343
Accounts receivable	114,636	-	114,636
Total Assets	$ 166,972	$ 7	$ 166,979
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 13,753	$ -	$ 13,753
Accrued expenditures	17,238	-	17,238
Total Liabilities	30,991	-	30,991
Fund Balances			
Restricted	135,981	7	135,988
Total Liabilities and Fund Balances	$ 166,972	$ 7	$ 166,979

Murray County, Georgia
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds - By Fund Type
For the Year Ended December 31, 2012

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues			
Taxes	$ 69,086	$ -	$ 69,086
Intergovernmental	88,879	51,000	139,879
Charges for services	619,517	-	619,517
Fines and forfeitures	110,152	-	110,152
Investment earnings	13	-	13
Total Revenues	887,647	51,000	938,647
Expenditures			
Current:			
Judicial	4,671	-	4,671
Public safety	881,486	-	881,486
Housing and development	69,086	51,063	120,149
Total Expenditures	955,243	51,063	1,006,306
(Deficiency) of Revenues (Under) Expenditures	(67,596)	(63)	(67,659)
Other Financing Sources			
Transfers in	64,547	-	64,547
Net Change in Fund Balances	(3,049)	(63)	(3,112)
Fund Balances Beginning of Year	139,030	70	139,100
Fund Balances End of Year	$ 135,981	$ 7	$ 135,988

Murray County, Georgia
General Fund
Comparative Balance Sheets
December 31, 2012 and 2011

	2012	Restated 2011
Assets		
Cash and cash equivalents	$ 3,470,626	$ 3,381,372
Restricted cash	33,856	41,850
Receivables:		
Accounts	320,959	296,199
Property taxes	1,254,026	1,446,559
Sales taxes	311,605	294,603
Intergovernmental	-	167,420
Total Assets	$ 5,391,072	$ 5,628,003
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities		
Accounts payable	$ 560,012	$ 164,517
Accrued expenditures	199,096	163,924
Funds held in escrow	33,856	41,850
Total Liabilities	792,964	370,291
Deferred Inflows of Resources	958,214	999,056
Total Liabilities and Deferred Inflows of Resources	1,751,178	1,369,347
Fund Balances		
Unassigned	3,639,894	4,258,656
Total Liabilities, Deferred Inflow of Resources and Fund Balances	$ 5,391,072	$ 5,628,003

Murray County, Georgia
General Fund
Schedule of Revenues and Other Financing Sources - Budget and Actual
For the Year Ended December 31, 2012
(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	2012				
	Original Budget	Final Budget	Actual	Variance With Final Budget	Restated 2011 Actual
Revenues					
Taxes					
General property tax	$ 4,528,425	$ 4,528,425	$ 4,958,709	$ 430,284	$ 5,197,444
Timber tax	5,000	5,000	3,994	(1,006)	4,945
Motor vehicle	579,500	579,500	613,528	34,028	592,098
Mobile home	85,000	85,000	114,716	29,716	88,356
Recording intangibles tax	105,000	105,000	93,026	(11,974)	124,028
Railroad equipment tax	6,800	6,800	6,341	(459)	6,858
Real estate transfer tax	50,000	50,000	67,029	17,029	60,961
Insurance premium tax	1,400,000	1,400,000	1,537,981	137,981	1,439,631
Local option sales tax	3,700,000	3,700,000	3,687,963	(12,037)	3,806,630
Alcoholic beverage tax	175,000	175,000	170,162	(4,838)	185,431
Financial institutions tax	38,000	38,000	33,718	(4,282)	41,892
Franchise tax	187,000	187,000	182,917	(4,083)	187,645
Penalties and interest on delinquent taxes	159,500	159,500	218,104	58,604	145,352
Total Taxes	11,019,225	11,019,225	11,688,188	668,963	11,881,271
Licenses and Permits					
Zoning	2,700	2,700	2,632	(68)	2,999
Building permits	85,000	85,000	76,353	(8,647)	82,022
Total Licenses and Permits	87,700	87,700	78,985	(8,715)	85,021
Intergovernmental					
Tennessee Valley Authority	300,000	300,000	284,146	(15,854)	282,541
Federal payment in lieu of taxes	95,492	95,492	128,581	33,089	229,559
Victim Assistance	125,000	125,000	85,803	-	-
DOT road grants	370,862	370,862	545,414	174,552	297,229
Total Intergovernmental	891,354	891,354	1,043,944	191,787	809,329
Charges for Services					
Probation fees	37,000	37,000	33,554	(3,446)	35,930
Indigent & Public Defense	2,200	2,200	1,023	(1,177)	1,926
Printing and copies	8,000	8,000	5,469	(2,531)	8,243
Sheriff	35,000	35,000	28,458	(6,542)	-
Jail	121,000	121,000	56,654	(64,346)	162,509
Culture and recreation	123,000	123,000	135,787	12,787	125,983
Bonding fees	30,000	30,000	32,440	2,440	32,300
Transit	300,000	300,000	254,853	(45,147)	376,864
Landfill fees	22,000	22,000	26,621	4,621	17,557
Proceeds from sale of recycled materials	7,000	7,000	17,738	10,738	11,857
Paving and Equipment	100	100	8,300	8,200	-
Abatement	100	100	-	(100)	-
Other	6,000	6,000	4,467	(1,533)	4,937
Total Charges for Services	691,400	691,400	605,364	(86,036)	778,106
Totals Carried Forward	$ 12,689,679	$ 12,689,679	$ 13,416,481	$ 765,999	$ 13,553,727

Murray County, Georgia
General Fund
Schedule of Revenues and Other Financing Sources- Budget and Actual
For the Year Ended December 31, 2012
(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	2012				
	Original Budget	Final Budget	Actual	Variance With Final Budget	Restated 2011 Actual
Totals Brought Forward	$ 12,689,679	$ 12,689,679	$ 13,416,481	$ 765,999	$ 13,553,727
Fines and Forfeitures:					
Superior court	300,000	300,000	224,450	(75,550)	295,861
Probate court	230,000	230,000	181,679	(48,321)	196,777
Magistrate court	130,000	130,000	147,845	17,845	174,900
Penalty - jail	55,000	55,000	44,776	(10,224)	52,247
Juvenile	2,000	2,000	1,205	(795)	2,264
Restitution	7,000	7,000	7,885	885	8,476
Victim assistance	27,400	27,400	30,518	3,118	24,883
Total Fines and Forfeitures	751,400	751,400	638,358	(113,042)	755,408
Investment Earnings	20,100	20,100	4,108	(15,992)	18,837
Miscellaneous					
Contributions	28,000	28,000	34,247	6,247	34,766
Rents	3,500	3,500	3,025	(475)	3,930
Miscellaneous	45,490	45,490	82,980	37,490	47,784
Total Miscellaneous	76,990	76,990	120,252	43,262	86,480
Total Revenues	13,538,169	13,538,169	14,179,199	680,227	14,414,452
Other Financing Sources:					
Proceeds from the sale of noncapitalized capital assets	15,000	15,000	7,940	(7,060)	10,912
Total Revenues and Other Financing Sources	$ 13,553,169	$ 13,553,169	$ 14,187,139	$ 673,167	$ 14,425,364

Murray County, Georgia
General Fund
Schedule of Expenditures and Other Financing Uses - Budget and Actual
For the Year Ended December 31, 2012
(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	2012				
	Original Budget	Final Budget	Actual	Variance With Final Budget	2011 Actual
General Government					
County commissioners	$ 261,210	$ 266,848	$ 266,848	$ -	$ 299,655
Board of elections	131,874	131,874	105,275	26,599	105,300
General administration	2,689,171	3,863,649	3,863,649	-	4,032,083
Tax commissioner	357,620	372,880	372,880	-	360,303
Tax assessor	350,570	350,570	331,960	18,610	312,108
Board of Equalization	26,740	26,740	15,735	11,005	
Risk management	945,000	976,984	976,984	-	915,746
General government buildings	739,500	739,500	717,365	22,135	767,829
Total General Government	5,501,685	6,729,045	6,650,696	78,349	6,793,024
Judicial					
Superior court	115,372	190,616	190,616	-	187,225
Clerk of the superior court	282,530	282,530	271,722	10,808	274,789
District attorney	412,917	487,905	487,905	-	428,885
Magistrate court	228,715	234,381	234,381	-	233,583
Probate court	215,100	215,100	214,934	166	220,999
Juvenile court	140,808	140,808	136,307	4,501	132,474
Marshall's office	89,180	90,120	90,120	-	91,193
Total Judicial	1,484,622	1,641,460	1,625,985	15,475	1,569,148
Public Safety					
Sheriff	1,387,000	1,340,212	1,340,212	-	1,565,810
Jail	1,629,600	1,567,853	1,567,853	-	1,600,529
Fire department	938,600	912,889	912,889	-	920,250
Coroner	30,111	30,615	30,615	-	28,855
Animal control	170,250	180,507	180,507	-	180,591
Emergency management agency	22,975	22,975	15,505	7,470	19,632
Total Public Safety	4,178,536	4,055,051	4,047,581	7,470	4,315,667
Public Works					
Administration	1,405,075	1,016,192	1,016,192	-	1,416,643
Solid waste and recycling administration	228,000	228,000	226,132	1,868	202,963
Total Public Works	1,633,075	1,244,192	1,242,324	1,868	1,619,606
Totals carried forward	$ 12,797,918	$ 13,669,748	$ 13,566,586	$ 103,162	$ 14,297,445

(continued)

Murray County, Georgia
General Fund
Schedule of Expenditures and Other Financing Uses - Budget and Actual
For the Year Ended December 31, 2012
(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	2012				
	Original Budget	Final Budget	Actual	Variance With Final Budget	2011 Actual
Totals brought forward	$ 12,797,918	$ 13,669,748	$ 13,566,586	$ 103,162	$ 14,297,445
Health and Welfare					
Senior citizen's center	106,570	112,872	112,872	-	144,870
Transportation services	288,050	281,748	275,695	6,053	283,612
Total Health and Welfare	394,620	394,620	388,567	6,053	428,482
Culture and Recreation					
Recreation	534,500	487,421	487,421	-	533,374
Housing and Development					
Agricultural resources	74,493	64,550	64,550	-	54,972
Forest resources	6,664	6,664	6,664	-	6,664
Code enforcement	47,890	49,455	49,455	-	50,943
Building inspections	45,250	45,250	40,996	4,254	49,987
Land and use development	139,450	139,450	137,115	2,335	142,928
Total Housing and Development	313,747	305,369	298,780	6,589	305,494
Total Expenditures	14,040,785	14,857,158	14,741,354	115,804	15,564,795
Other Financing Uses					
Transfers out	-	64,547	64,547	-	85,708
Total Expenditures and Other Financing Uses	$ 14,040,785	$ 14,921,705	$ 14,805,901	$ 115,804	$ 15,650,503

Murray County, Georgia
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012

	Law Library	Confiscated Assets	E-911	Multi-grant	Substance Abuse	Hotel Motel	Total Nonmajor Special Revenue Funds
Assets							
Cash and cash equivalents	$ 1,448	$ 48,230	$ -	$ -	$ 2,658	$ -	$ 52,336
Accounts receivable	-	-	110,415	-	-	4,221	114,636
Total Assets	$ 1,448	$ 48,230	$ 110,415	$ -	$ 2,658	$ 4,221	$ 166,972
Liabilities and Fund Balances							
Liabilities							
Accounts payable	$ -	$ -	$ 9,532	$ -	$ -	$ 4,221	$ 13,753
Accrued expenditures	-	-	17,238	-	-	-	17,238
Total Liabilities	-	-	26,770	-	-	4,221	30,991
Fund Balances							
Restricted	1,448	48,230	83,645	-	2,658	-	135,981
Total Liabilities and Fund Balances	$ 1,448	$ 48,230	$ 110,415	$ -	$ 2,658	$ 4,221	$ 166,972

Murray County, Georgia
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2012

	Law Library	Confiscated Assets	E-911	Multi-grant	Substance Abuse	Hotel Motel	Nonmajor Special Revenue Funds
Revenues							
Taxes	$ -	$ -	$ -	$ -	$ -	$ 69,086	$ 69,086
Intergovernmental	-	-	-	88,879	-	-	88,879
Charges for services	-	-	619,517	-	-	-	619,517
Fines and forfeitures	5,013	85,068	-	-	20,071	-	110,152
Investment earnings	2	5	-	-	6	-	13
Total Revenues	5,015	85,073	619,517	88,879	20,077	69,086	887,647
Expenditures							
Current:							
Judicial	4,671	-	-	-	-	-	4,671
Public safety	-	79,319	688,224	88,879	25,064	-	881,486
Housing and development	-	-	-	-	-	69,086	69,086
Total Expenditures	4,671	79,319	688,224	88,879	25,064	69,086	955,243
Excess (Deficiency) of Revenues Over (Under) Expenditures	344	5,754	(68,707)	-	(4,987)	-	(67,596)
Other Financing Sources							
Transfers in	-	-	64,547	-	-	-	64,547
Net Change in Fund Balances	344	5,754	(4,160)	-	(4,987)	-	(3,049)
Fund Balances Beginning of Year	1,104	42,476	87,805	-	7,645	-	139,030
Fund Balances End of Year	$ 1,448	$ 48,230	$ 83,645	$ -	$ 2,658	$ -	$ 135,981

Murray County, Georgia
Law Library Fund
Comparative Balance Sheets
December 31, 2012 and 2011

	2012	2011
Assets		
Cash and cash equivalents	$ 1,448	$ 1,104
Fund Balances		
Restricted for law library	$ 1,448	$ 1,104

Murray County, Georgia
Law Library Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2012
(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	2012				2011
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Revenues					
Fines and forfeitures	$ 10,000	$ 10,000	$ 5,013	$ (4,987)	$ 5,684
Investment earnings	100	100	2	(98)	-
Total Revenues	10,100	10,100	5,015	(5,085)	5,684
Expenditures					
Current:					
Judicial	10,100	10,100	4,671	5,429	13,756
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ -	$ -	344	$ 344	(8,072)
Fund Balances Beginning of Year			1,104		9,176
Fund Balances End of Year			$ 1,448		$ 1,104

Murray County, Georgia
Confiscated Assets Fund
Comparative Balance Sheets
December 31, 2012 and 2011

	2012	2011
Assets		
Cash and cash equivalents	$ 48,230	$ 42,476
Fund Balances		
Restricted for public safety	$ 48,230	$ 42,476

Murray County, Georgia
Confiscated Assets Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2012
(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	2012				2011
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Revenues					
Fines and forfeitures	$ 40,000	$ 85,000	$ 85,068	$ 68	$ 22,657
Intergovernmental	-	-	-	-	6,069
Investment earnings	-	-	5	5	5
Total Revenues	40,000	85,000	85,073	73	28,731
Expenditures					
Current:					
Public safety	40,000	85,000	79,319	5,681	21,572
Excess of Revenues Over Expenditures	$ -	$ -	5,754	$ 5,754	7,159
Fund Balances Beginning of Year			42,476		35,317
Fund Balances End of Year			$ 48,230		$ 42,476

Murray County, Georgia
E-911 Fund
Comparative Balance Sheets
December 31, 2012 and 2011

	2012	2011
Assets		
Accounts receivable	$ 110,415	$ 113,568
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 9,532	$ 12,618
Accrued expenditures	17,238	13,145
Total Liabilities	26,770	25,763
Fund Balances		
Restricted for public safety	83,645	87,805
Total Liabilities and Fund Balances	$ 110,415	$ 113,568

Murray County, Georgia
E-911 Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2012
(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	2012				2011
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Revenues					
Charges for services	$ 1,299,700	$ 1,299,700	$ 619,517	$ (680,183)	$ 578,407
Expenditures					
Current:					
Public safety	1,299,700	1,299,700	688,224	611,476	672,595
(Deficiency) of Revenues (Under) Expenditures	-	-	(68,707)	(68,707)	(94,188)
Other Financing Sources					
Transfers in	-	-	64,547	64,547	85,708
Net Change in Fund Balances	$ -	$ -	(4,160)	$ (4,160)	(8,480)
Fund Balances Beginning of Year			87,805		96,285
Fund Balances End of Year			$ 83,645		$ 87,805

Murray County, Georgia
Multi-grant Fund
Comparative Balance Sheets
December 31, 2012 and 2011

	2012	2011
Assets		
Intergovernmental receivable	$ -	$ 117,890
Liabilities		
Accounts payable	$ -	$ 34,252
Deferred revenue	-	83,638
Total Liabilities	$ -	$ 117,890

Murray County, Georgia
Multi-grant Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2012
(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	2012				2011
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Revenues					
Intergovernmental	$ 59,776	$ 89,000	$ 88,879	$ (121)	$ 159,416
Expenditures					
Current:					
Public safety	59,776	89,000	88,879	121	159,416
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ -	$ -	-	$ -	-
Fund Balances Beginning of Year			-		-
Fund Balances End of Year			$ -		$ -

Murray County, Georgia
Substance Abuse Fund
Comparative Balance Sheets
December 31, 2012 and 2011

	2012	2011
Assets		
Cash and cash equivalents	$ 2,658	$ 7,645
Fund Balances		
Restricted for public safety	$ 2,658	$ 7,645

Murray County, Georgia
Substance Abuse Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2012
(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	2012				2011
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Revenues					
Fines and forfeitures	$ 26,900	$ 26,900	$ 20,071	$ (6,829)	$ 39,195
Investment earnings	100	100	6	(94)	15
Total Revenues	27,000	27,000	20,077	(6,923)	39,210
Expenditures					
Current:					
Public safety	27,000	27,000	25,064	1,936	40,137
(Deficiency) or Revenues (Under) Expenditures	$ -	$ -	(4,987)	$ (4,987)	(927)
Fund Balances Beginning of Year			7,645		8,572
Fund Balances End of Year			$ 2,658		$ 7,645

Murray County, Georgia
Hotel Motel Fund
Comparative Balance Sheets
December 31, 2012 and 2011

	2012	2011
Assets		
Accounts receivable	$ 4,221	$ 4,325
Liabilities		
Accounts payable	$ 4,221	$ 4,325

Murray County, Georgia
Hotel Motel Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2012
(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	2012				2011
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Revenues					
Hotel motel taxes	$ 70,000	$ 70,000	$ 69,086	$ (914)	$ 71,310
Expenditures					
Current:					
Housing and development	70,000	70,000	69,086	914	71,310
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ -	$ -	-	$ -	-
Fund Balances Beginning of Year			-		-
Fund Balances End of Year			$ -		$ -

Murray County, Georgia
2007 SPLOST Fund
Comparative Balance Sheets
December 31, 2012 and 2011

	2012	2011
Assets		
Cash and cash equivalents	$ 697,279	$ 1,541,152
Investments	2,368,404	2,325,541
Sales taxes receivable	370,510	348,715
Total Assets	$ 3,436,193	$ 4,215,408
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 87,917	$ 43,782
Fund Balances		
Restricted for:		
Capital projects	979,872	1,846,085
Debt service	2,368,404	2,325,541
Total Fund Balances	3,348,276	4,171,626
Total Liabilities and Fund Balances	$ 3,436,193	$ 4,215,408

Murray County, Georgia
2007 SPLOST Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2012 and 2011

	2012	2011
Revenues		
Sales taxes	$ 4,360,381	$ 4,493,467
Investment earnings	4,160	3,143
Total Revenues	4,364,541	4,496,610
Expenditures		
Intergovernmental	479,521	494,798
Capital Outlay	1,990,320	1,120,941
Debt Service:		
Principal	2,255,353	2,133,624
Interest	113,982	174,472
Total Expenditures	4,839,176	3,923,835
Excess (Deficiency) of Revenues Over (Under) Expenditures	(474,635)	572,775
Fund Balances Beginning of Year	3,822,911	3,250,136
Fund Balances End of Year	$ 3,348,276	$ 3,822,911

Murray County, Georgia
Chip 2007 Fund
Comparative Balance Sheets
December 31, 2012 and 2011

	2012	20122
Assets		
Cash and cash equivalents	$ 7	$ 70
Fund Balances		
Restricted for capital projects	$ 7	$ 70

Murray County, Georgia
Chip 2007 Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2012 and 2011

	2012	2011
Revenues		
Intergovernmental	$ 51,000	$ 11,500
Expenditures		
Current:		
Housing and development	51,063	11,515
(Deficiency) of Revenues (Under) Expenditures	(63)	(15)
Fund Balances Beginning of Year	70	85
Fund Balances End of Year	$ 7	$ 70

Murray County, Georgia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For The Year Ended December 31, 2012

Tax Commissioner Fund	Balance January 1, 2012	Additions	Deductions	Reclassify Cash and Interfund Payable	Balance December 31, 2012
Assets					
Cash and cash equivalents	$ 76,796	$ 21,318,716	$ 21,149,784	$ 197,382	$ 48,346
Liabilities					
Interfund payable	$ -	$ 6,054,339	$ 5,856,957	$ 197,382	$ -
Due to others	76,796	15,264,377	15,292,827	-	48,346
Total Liabilities	$ 76,796	$ 21,318,716	$ 21,149,784	$ 197,382	$ 48,346

Clerk of Superior Court Fund	Balance January 1, 2012	Additions	Deductions	Reclassify Cash and Interfund Payable	Balance December 31, 2012
Assets					
Cash and cash equivalents	$ 230,275	$ 1,932,882	$ 1,895,241	$ 17,266	$ 250,650
Liabilities					
Interfund payable	$ -	$ 355,520	$ 338,254	$ 17,266	$ -
Due to others	230,275	1,577,362	1,556,987	-	250,650
Total Liabilities	$ 230,275	$ 1,932,882	$ 1,895,241	$ 17,266	$ 250,650

Sheriff Fund	Balance January 1, 2012	Additions	Deductions	Reclassify Cash and Interfund Payable	Balance December 31, 2012
Assets					
Cash and cash equivalents	$ 12,142	$ 259,504	$ 240,748	$ 7,879	$ 23,019
Liabilities					
Interfund payable	$ -	$ 232,509	$ 224,630	$ 7,879	$ -
Due to others	12,142	26,995	16,118	-	23,019
Total Liabilities	$ 12,142	$ 259,504	$ 240,748	$ 7,879	$ 23,019

(Continued)

Murray County, Georgia
Combining Statement of Changes in Assets and Liabilities (Continued)
Agency Funds
For The Year Ended December 31, 2012

(Continued)

Probate Court Fund	Balance January 1, 2012	Additions	Deductions	Reclassify Cash and Interfund Payable	Balance December 31, 2012
Assets					
Cash and cash equivalents	$ 14,340	$ 365,457	$ 332,466	$ 21,133	$ 26,198
Liabilities					
Interfund payable	$ -	$ 259,753	$ 238,620	$ 21,133	$ -
Due to others	14,340	105,704	93,846	-	26,198
Total Liabilities	$ 14,340	$ 365,457	$ 332,466	$ 21,133	$ 26,198

Magistrate Court Fund	Balance January 1, 2012	Additions	Deductions	Reclassify Cash and Interfund Payable	Balance December 31, 2012
Assets					
Cash and cash equivalents	$ 217,524	$ 459,399	$ 363,803	$ 259,917	$ 53,203
Liabilities					
Interfund payable	$ -	$ 369,703	$ 109,786	$ 259,917	$ -
Due to others	217,524	89,696	254,017	-	53,203
Total Liabilities	$ 217,524	$ 459,399	$ 363,803	$ 259,917	$ 53,203

Total	Balance January 1, 2012	Additions	Deductions	Reclassify Cash and Interfund Payable	Balance December 31, 2012
Assets					
Cash and cash equivalents	$ 551,077	$ 24,335,958	$ 23,982,042	$ 503,577	$ 401,416
Liabilities					
Interfund payable	$ -	$ 7,271,824	$ 6,768,247	$ 503,577	$ -
Due to others	551,077	17,064,134	17,213,795	-	401,416
Total Liabilities	$ 551,077	$ 24,335,958	$ 23,982,042	$ 503,577	$ 401,416

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

To the Honorable Commissioner
of Murray County
Chatsworth, Georgia

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Murray County, Georgia, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Murray County, Georgia's basic financial statements, and have issued our report thereon dated September 6, 2013. Our report includes a reference to the other auditors who audited the financial statements of the Hospital Authority and the Department of Public Health, as described in our report on Murray County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Murray 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 Murray County, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of Murray County, Georgia's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

R. M. Dobbs & Company

Calhoun, Georgia
September 6, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Commissioner
of Murray County
Chatsworth, Georgia

We have audited the accompanying Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds for Murray County, Georgia as of December 31, 2012. This Schedule of Expenditures is the responsibility of Murray County, Georgia's management. Our responsibility is to express an opinion on the Schedule of Expenditures based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance that the Schedule of Expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. 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 Expenditures. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds was prepared to present each identified project and information required by Section 48-8-121 OCGA and is not intended to be a complete presentation of the Murray County, Georgia's assets and liabilities.

In our opinion, the accompanying Schedule of Expenditures present fairly, in all material respects, the original estimated cost of each project, expenditures incurred and the estimated percentage of completion of each project as of December 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

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

R. M. Dobbs & Company

Calhoun, Georgia
September 6, 2013

Murray County, Georgia
Schedule of Expenditures of Special Purpose
Local Option Sales Tax
From Inception and for the Year Ended December 31, 2012

SPLOST Projects	Budget		Actual Expenditures			Estimated % of Completion
	Original	Current	Prior Years	Current Year	Total	
SPLOST 2007						
Roads & Bridges:						
Infrastructure	$ 7,850,000	$ 7,850,000	$ 1,298,199	$ 304,281	$ 1,602,480	20%
Road construction equipment/vehicles	610,000	610,000	166,108	369,021	535,129	88%
Total Road & Bridges, Water & Sewer	8,460,000	8,460,000	1,464,307	673,302	2,137,609	
Other Projects:						
Recreation Facilities	2,400,000	2,400,000	3,307,058	50,950	3,358,008	140%
Waste collection sites (improvements/acquisition)	200,000	200,000	88,389	14,468	102,857	51%
Fire safety improvements and equipment	2,500,000	2,500,000	1,144,515	486,320	1,630,835	65%
Detention Center expansion	9,850,000	9,850,000	11,738,733	96,783	11,835,516	120%
Jail & Sheriff improvements & equipment	1,275,000	1,275,000	417,403	130,155	547,558	43%
Library expansion	350,000	350,000	324,648	-	324,648	93%
Elections facility	480,000	480,000	26,961	1,648	28,609	6%
Senior center expansion	250,000	250,000	334,807	-	334,807	134%
County building improvements	350,000	350,000	73,670	99,781	173,451	50%
Hospital equipment	475,000	475,000	411,051	429,481	840,532	177%
Buildings' record storage capacity	42,000	42,000	15,655	-	15,655	37%
Rescue equipment and facility enhanced	50,000	50,000	2,345	7,432	9,777	20%
911 Center Communication Equipment	18,000	18,000	34,316	-	34,316	191%
Total Other Projects	18,240,000	18,240,000	17,919,551	1,317,018	19,236,569	
Contractual Payments:						
City of Chatsworth	3,000,030	3,000,030	2,183,217	435,928	2,619,145	87%
City of Eton	299,970	299,970	218,323	43,593	261,916	87%
	3,300,000	3,300,000	2,401,540	479,521	2,881,061	
	$ 30,000,000	$ 30,000,000	$ 21,785,398	$ 2,469,841	$ 24,255,239	
Reconciliation to SPLOST fund						
Debt Service for SPLOST projects				2,369,335		
Total Expenditures in SPLOST fund				$ 4,839,176		