PEACH COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE
FISCAL YEAR ENDED SEPTEMBER 30, 2012

INTRODUCTORY SECTION

PEACH COUNTY, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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PEACH COUNTY, GEORGIA

LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2012

ELECTED

Melvin E. Walker, Jr., Chairman

Martin Moseley, Vice Chairman

Roy Lewis, County Commissioner

Walter Smith, County Commissioner

Betty Hill, County Commissioner

STAFF

Marcia W. Johnson, County Administrator

FINANCIAL SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
of Peach County, Georgia
Fort Valley, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Peach County, Georgia** (the County) as of and for the year ended September 30, 2012, which collectively comprise Peach County, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the component unit financial statements of the Peach County Health Department, which statements reflect total assets of $599,189 as of June 30, 2012, and total revenues of $547,339 for the year ended June 30, 2012. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Peach County Health Department, 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Peach County, Georgia as of September 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2013, on our consideration of Peach 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 the internal control over financial

reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 3 through 16) and the Schedule of Funding Progress (on page 60) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Peach County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Peach County, Georgia. The schedules of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia Annotated 48-8-121, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Mauldin & Jenkins, LLC

Macon, Georgia
March 12, 2013

Management's Discussion and Analysis

As management of Peach County, Georgia (the "County"), we offer readers of Peach County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements, and the notes to the financial statements.

Financial Highlights

- The assets of Peach County exceeded its liabilities at September 30, 2012, by $53,445,334 (net assets). Of this amount, $2,932,707 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Primary Government's total net assets decreased by $1,625,910 for the year ended September 30, 2012.
- At September 30, 2012, the total net assets at the government-wide level consisted of $40,001,115 invested in capital assets net of related debt, $10,511,512 in restricted net assets, and $2,932,707 in unrestricted net assets. The County's General Fund reported a fund balance of $5,148,829, a decrease of $663,977 or 11% below the last fiscal year.
- Peach County's total debt decreased by $2,645,511 during the current fiscal year due primarily to the annual payment against the County's $15,015,000 in general obligation bonds and due to a 5% reduction in landfill post closure care costs.

Overview of the Financial Statements

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

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of Peach County's finances, in a manner similar to a private-sector business. There are two government-wide statements, the statement of net assets and the statement of activities, which are described below.

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, judicial, public safety, public works, culture and recreation, health and welfare services, and conservation and development services. The business-type activities of Peach County include solid waste collection.

The government-wide financial statements include not only Peach County itself (known as the primary government), but also a legally separate development authority, a legally separate library, and a legally separate heath department, for which the County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Peach County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of Peach County can be divided into three (3) categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

For the fiscal year ended September 30, 2012, the County maintained thirteen (13) individual governmental funds to account for the following activities: General; Special Revenues (Law Library, Drug, Federal Drug, Jail Inmate Canteen, Emergency 911, Hotel/Motel Taxes, Air OneGeorgia Fund, and Transit System); Capital Projects (1994 Sales Tax for Landfills and Buildings, 2000 Sales Tax for Water, Sewer & Waste Water Treatment System, the 2004 SPLOST, and the 2008 SPLOST). Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Water, Sewer & Waste Water Treatment System Fund, the 2004 SPLOST Fund, and the 2008 SPLOST Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated column. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for the General Fund and Special Revenue Funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with budget requirements. Budgets are adopted for Capital Project Funds on a project-length basis.

Proprietary Funds. Proprietary funds may be either Enterprise Funds or Internal Service Funds. However, Peach County only maintains one Enterprise Fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Peach County uses an enterprise fund to account for its solid waste collection operation.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Peach County's solid waste collection operation, which is considered to be a major fund of Peach County. Individual fund data for this enterprise fund is provided in the government-wide financial statements on pages 18 - 21. The basic proprietary fund financial statements can be found on pages 27 - 29.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page 30.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31 - 60 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Peach County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 61 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Peach County, assets exceed liabilities by $53,445,334 at the close of the most recent fiscal year.

By far the largest portion of the County's net assets (75%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Long-term liabilities decreased by $2,645,511 as of September 30, 2012, as compared to 2011. The decrease is primarily the result of Peach County making a payment of $2,460,000 on the County's general obligation bonds of $15,015,000 and an $87,088 reduction in landfill post closure care costs.

PEACH COUNTY'S NET ASSETS

	Governmental - - - Activities - - -		Business-Type - - - Activities - - -		- - - Total - - -	
	2012	2011	2012	2011	2012	2011
Current and other assets	$ 17,508,213	$ 28,662,021	$ 72,286	$ 745,413	$ 17,580,499	$ 29,407,434
Capital assets	$ 47,754,128	$ 48,934,981	$ -	$ -	$ 47,754,128	$ 48,934,981
Total Assets	$ 65,262,341	$ 77,597,002	$ 72,986	$ 745,413	$ 65,335,327	$ 78,342,415
Long-term liabilities outstanding	$ 10,478,098	$ 13,123,609	$ -	$ -	$ 10,478,098	$ 13,123,609
Other liabilities	$ 1,338,309	$ 9,402,149	$ 72,986	$ 745,413	$ 1,411,295	$ 10,147,562
Total liabilities	$ 11,816,407	$ 22,525,758	$ 72,986	$ 745,413	$ 11,889,993	$ 23,271,171
Net assets:						
Invested in capital assets, net of related debt	$ 40,001,115	$ 38,932,028	$ -	$ -	$ 40,001,115	$ 38,932,028
Restricted for Capital Assets	$ 10,511,512	$ 12,967,873	$ -	$ -	$ 10,511,512	$ 12,967,873
Unrestricted	$ 2,932,707	$ 3,171,343	$ -	$ -	$ 2,932,707	$ 3,171,343
Total net assets	$ 53,445,334	$ 55,071,244	$ -	$ -	$ 53,445,334	$ 55,071,244

A portion of Peach County's net assets (20%) represents resources that are subject to external restrictions on how they may be used. These funds are to be used for capital projects designated in one of four different Special Purpose Local Option Sales Tax Funds (1994, 2000, 2004, and 2008). Restricted net assets decreased $2,456,361 primarily due to the beginning of construction of the Peach County Law Enforcement Center Renovation and Expansion Project approved in the 2008 Special Purpose Local Option Sales Tax referendum. This project is expected to be completed in 2013. The remaining balance of unrestricted net assets ($2,932,707) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Peach County is able to report a positive balance in all "Governmental Activities" categories of net assets. However, revenues in the "Business-Type Activities" category for the Solid Waste Fund fell short of expenditures by $124,279 in 2012, bringing overall net assets in the "Business-Type Activities" category for the Solid Waste Fund to a negative $124,279. A transfer of $124,279 was made from Governmental Activities to Business-Type Activities to bring net assets back to zero in the Solid Waste Fund. The government's net assets decreased by $1,625,910, representing a 3% decrease primarily due to the distribution of $2,036,920 to the City of Byron from the 2000 SPLOST Fund for Water, Sewer & Waste Water Treatment pursuant to the Third Amendment to the Intergovernmental Agreement between the Peach County Board of Commissioners, the City of Fort Valley, the Fort Valley Utility Commission, the City of Byron, and the Peach County Water & Sewerage Authority.

Governmental Activities. Governmental activities decreased the County's net assets by $1,625,910 during 2012, thereby accounting for 100% of the total decrease in net assets. Key elements of this decrease are as follows:

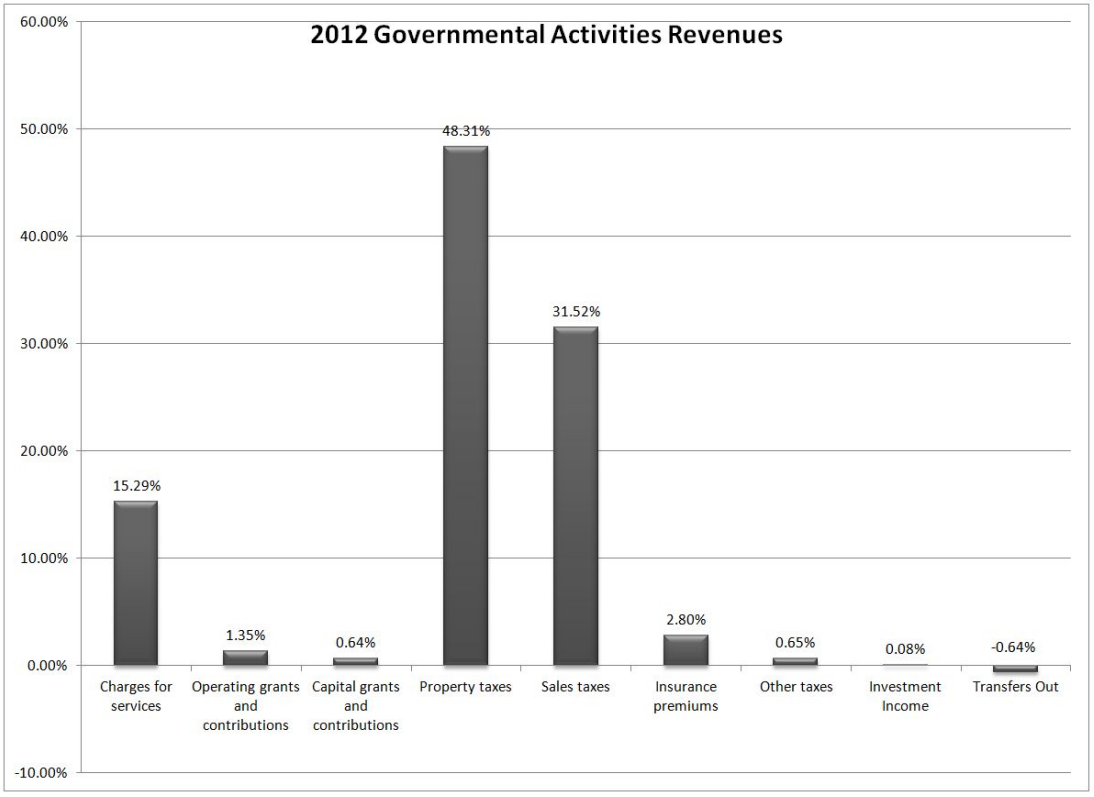
PEACH COUNTY'S CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues:						
Charges for services	$ 2,951,851	$ 2,713,510	$ 763,956	$ 760,197	$ 3,715,807	$ 3,473,707
Operating grants and contributions	$ 261,464	$ 285,495	$ -	$ -	$ 261,464	$ 285,495
Capital grants and contributions	$ 122,928	$ 190,584	$ -	$ -	$ 122,928	$ 190,584
General revenues:						
Property taxes	$ 9,329,687	$ 9,418,246	$ -	$ -	$ 9,329,687	$ 9,418,246
Sales taxes	$ 6,086,511	$ 5,804,960	$ -	$ -	$ 6,086,511	$ 5,804,960
Insurance premiums	$ 541,278	$ 608,017	$ -	$ -	$ 541,278	$ 608,017
Other taxes	$ 125,626	$ 136,098	$ -	$ -	$ 125,626	$ 136,098
Investment Income	$ 15,886	$ 22,942	$ -	$ -	$ 15,886	$ 22,942
Total revenues	$ 19,435,231	$ 19,179,852	$ 763,956	$ 760,197	$ 20,199,187	$ 19,940,049
Expenses						
General government	$ 5,372,603	$ 3,140,705	$ -	$ -	$ 5,372,603	$ 3,140,705
Judicial	$ 1,277,237	$ 1,516,182	$ -	$ -	$ 1,277,237	$ 1,516,182
Public safety	$ 8,262,595	$ 8,370,016	$ -	$ -	$ 8,262,595	$ 8,370,016
Public works	$ 3,290,366	$ 2,340,166	$ -	$ -	$ 3,290,366	$ 2,340,166
Health and welfare	$ 730,677	$ 731,504	$ -	$ -	$ 730,677	$ 731,504
Culture and recreation	$ 752,517	$ 758,397	$ -	$ -	$ 752,517	$ 758,397
Conservation and development	$ 855,889	$ 696,516	$ -	$ -	$ 855,889	$ 696,516
Solid waste	$ -	$ -	$ 888,235	$ 911,960	$ 888,235	$ 911,960
Interest on Long-Term Debt	$ 394,978	$ 494,639	$ -	$ -	$ 394,978	$ 494,639
Total expenses	$ 20,936,862	$ 18,048,125	$ 888,235	$ 911,960	$ 21,825,097	$ 18,960,085
Change in net assets before transfers	$ (1,501,631)	$ 1,131,727	$ (124,279)	$ (151,763)	$ (1,625,910)	$ 979,964
Transfers	$ (124,279)	$ (151,763)	$ 124,279	$ 151,763	$ -	$ -
Change in net assets	$ (1,625,910)	$ 979,964	$ -	$ -	$ (1,625,910)	$ 979,964
Net Assets, Beginning of Year	$ 55,071,244	$ 54,091,280	$ -	$ -	$ 55,071,244	$ 54,091,280
Net Assets, End of Year	$ 53,445,334	$ 55,071,244	$ -	$ -	$ 53,445,334	$ 55,071,244

Peach County's 2012 revenues for governmental activities increased approximately 1% over 2011 revenues. While 2012 sales tax revenues and revenues from charges for services saw slight increases, other revenue sources have continued to decrease, as follows:

Program revenues:		
Charges for services	Increase	9%
Operating grants and contributions	Decrease	(8%)
Capital grants and contributions	Decrease	(36%)
General revenues:		
Property taxes	Decrease	(1%)
Sales Taxes	Increase	4%
Insurance premiums	Decrease	(11%)
Other taxes	Decrease	(8%)
Investment Income	Decrease	(31%)

While current economic times can be cited as the cause for much of the reduced revenues, this is not the case with the reduction in property tax revenues. Continued efforts to collect delinquent taxes has vastly reduced the amount of collectible prior year taxes which has been previously included in the totals for property tax collections.



Peach County's overall expenditures for governmental activities showed only a marginal increase of less than 1% in 2012 as compared with 2011. Payouts were made to the City of Byron from the 2000 SPLOST Fund for Water, Sewer, & Waste Water Treatment Systems in 2012 pursuant to the Third Amendment to the Intergovernmental Agreement between the Peach County Board of Commissioners, the City of Fort Valley, the Fort Valley Utility Commission, the City of Byron, and the Peach County Water & Sewerage Authority. This will be discussed in greater detail later in this report.

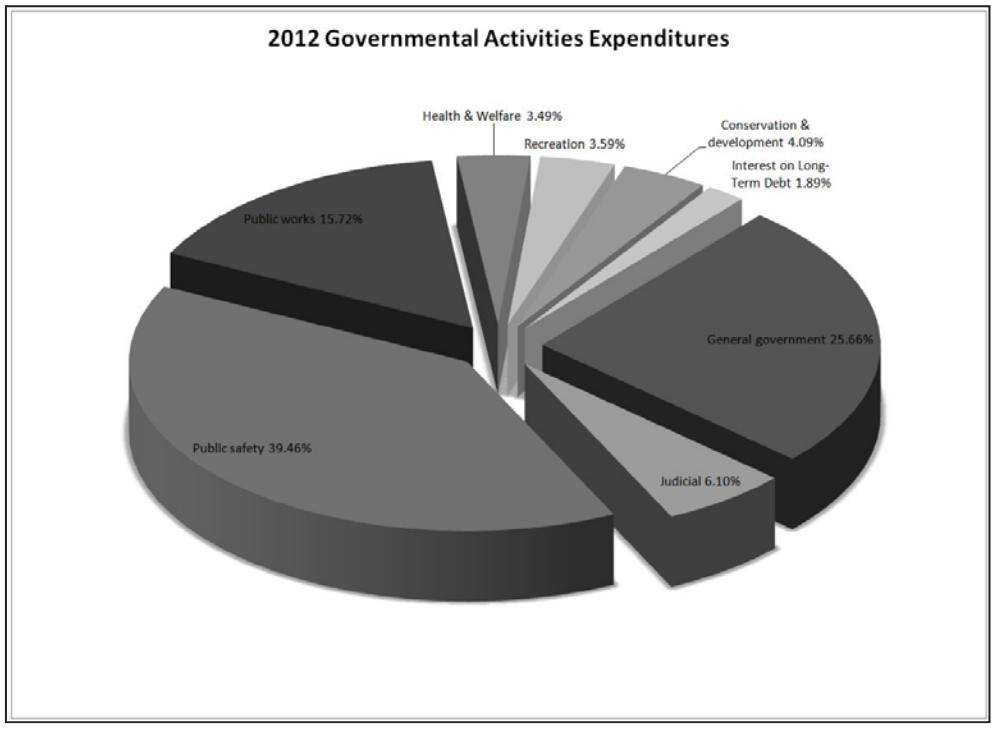
A 1.75% cost of living adjustment was awarded to all regular full-time and regular part-time employees for 2012.

Conservation and development expenditures increased 23% in 2012 as compared to 2011. The primary reason for this increase came from a commitment made by Peach County to partner with Houston County and Bibb County through the Central Georgia Joint Development Authority to assist in addressing the encroachment issues at Robins

Air Force Base, where houses need to be purchased and removed to prevent residential hazards in the area. Addressing the encroachment issues will help protect Robins Air Force Base during future BRAC Commission studies. In June of 2011, Peach County pledged $400,000 to be divided into two payments of $200,000 each over the next two years. The first of these payments was made in November of 2011. The final payment will be made in the fall of 2012. Also, the Perry-Houston County Airport Authority continued work on the Air OneGeorgia Grant project for the Runway 36 ILS Glide Slope and Airport Road Realignment. Progress made in 2012, as evidenced through the channeling of funding through Peach County, only amounted to $77,350. This project is expected to be completed in 2013.

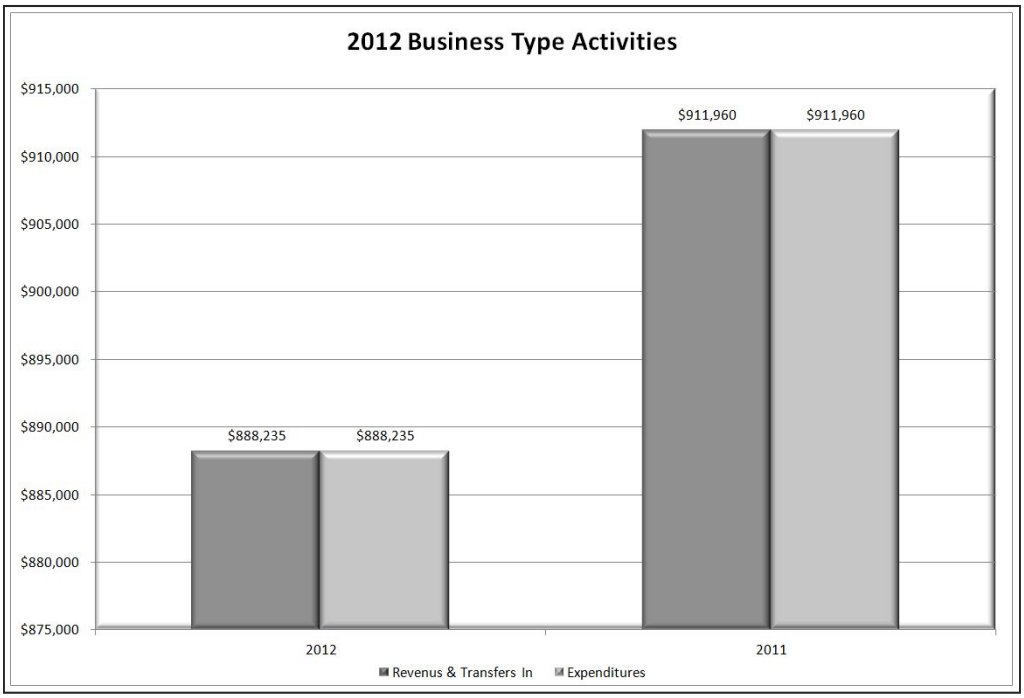
During the year ended September 30, 2003, the Development Authority issued tax-exempt and taxable revenue bonds in the aggregate amount of $3,977,000. The bond proceeds were used to refund the Development Authority's series 2000 revenue bonds. The principal and interest on the bonds are payable from the lease payments made to the Development Authority from Valley Industrial Products located in the former Step 2 Building on Ira Hicks Boulevard in Fort Valley, Georgia, with the balance of the payment being funded through general revenues of Peach County. Peach County's obligation under this agreement is as follows:

Year Ending September 30,	Principal	Interest	Debt Service	Lease	Peach County Portion
2012	$ 396,000.00	$ 54,120.00	$ 450,120.00	$ 258,408.00	$ 191,712.00
2013	$ 426,000.00	$ 35,210.00	$ 461,210.00	$ 258,408.00	$ 202,802.00
2014	$ 451,000.00	$ 15,089.00	$ 466,089.00	$ 258,408.00	$ 207,681.00
2015	$ 80,000.00	$ 461.00	$ 80,461.00	$ 43,068.00	$ 37,393.00
Total	$ 1,353,000.00	$ 104,880.00	$ 1,457,880.00	$ 818,292.00	$ 639,588.00



Business-Type Activities: Peach County's solid waste collection service is shown under Business-Type Activities. As a separate unit, this service includes door to door household garbage and yard waste collection and two separate contracts for inmate crews to provide roadside and drainage cleanup. These services are paid for by an annual $144 solid waste fee included on the tax billing for each residential unit in the unincorporated area of Peach County. However, this business-type activity incurred expenditures of $888,235, exceeding its revenues by

$124,279. A transfer of $124,279 was made from Prior Year Fund Balance from Governmental Activities to cover this deficit and bring net assets back to zero.



Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Fund balance is one of the most commonly used pieces of governmental financial information and is considered key information for users of governmental financial statements that are trying to identify resources that are liquid and available to be used to provide services. The Governmental Accounting Standards Board has issued GASB 54 which requires fund balance for governmental funds be reported in classifications that "comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent." Fund balance is first categorized as nonspendable or spendable, with nonspendable fund balance being those amounts that are not in spendable form or are legally or contractually required to be maintained intact. Fund balance that is categorized as spendable will then be further classified as restricted, committed, assigned, or unassigned based on the relative strength of the constraints that control how the specific amounts can be spent. Fund balance should be reported as restricted when the constraints on the use of its resources are either: (1) externally imposed by grantors, contributors, creditors, or laws and regulations; or (2) imposed by law through enabling legislation. These resources can be expended only for the stipulated purpose. Committed fund balance includes amounts that can be used only for the specific purpose determined by a formal action of the government's highest decision making authority. Constraints on committed amounts are imposed internally and are not legally enforceable, as with restricted amounts. Assigned fund balance amounts are intended to be used by the government for specific purposes, but do not meet the criteria to be classified as restricted or committed. "Assigned" fund balance is a new term that replaces the former term "designated" fund balance. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts that are not contained in the other classifications.

As of September 30, 2012, the County's governmental funds reported combined ending fund balances of $15,744,237, representing a decrease of 16% from 2011.

PEACH COUNTY'S GOVERNMENTAL FUND BALANCE
September 30, 2012

FUND BALANCES:	General Fund	Water, Sewer, & Waste Water Treatment System Fund	2004 SPLOST Fund	2008 SPLOST Fund	Other Governmental Funds	Total Governmental Funds	% OF TOTAL
Nonspendable:							
Prepaid Items	$ 285,030	$ -	$ -	$ -	$ 24,161	$ 309,191	1.96%
Restricted for:							
Capital projects	$ -	$ 3,395,139	$ 3,423,663	$ 3,624,484	$ 1,002	$ 10,444,288	66.34%
Judicial	$ -	$ -	$ -	$ -	$ 29,900	$ 29,900	0.19%
Public safety	$ -	$ -	$ -	$ -	$ 36,845	$ 36,845	0.23%
Health and welfare	$ -	$ -	$ -	$ -	$ 479	$ 479	0.00%
Committed for:							
Public safety	$ -	$ -	$ -	$ -	$ 37,555	$ 37,555	0.24%
Assigned for:							
General government	$ 494	$ -	$ -	$ -	$ -	$ 494	0.00%
Public safety	$ 143,343	$ -	$ -	$ -	$ -	$ 143,343	0.91%
Public works	$ 8,682	$ -	$ -	$ -	$ -	$ 8,682	0.06%
Unassigned	$ 4,711,280	$ -	$ -	$ -	$ 22,180	$ 4,733,460	30.06%
TOTALS	$ 5,148,829	$ 3,395,139	$ 3,423,663	$ 3,624,484	$ 152,122	$ 15,744,237	100.00%

The General Fund is the chief operating fund of Peach County. At the end of the current fiscal year, unassigned fund balance of the General Fund was $4,711,280, representing a 15% decrease from 2011. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total General Fund expenditures ($15,542,908). Unassigned fund balance represents 30% of total General Fund expenditures. The fund balance of the County's General Fund decreased by $663,977 during the current fiscal year due in large part to the $200,000 payment made to the Central Georgia Development Authority to assist Bibb and Houston Counties in addressing the encroachment issues at Robins Air Force Base and a transfer of $124,279 from the General Fund to the Solid Waste Collection Enterprise fund to cover expenditures not covered by the $144.00 annual fee charged to each residential unit in the unincorporated area of the County.

In 2012, the primary sources for capital purchases were the 2004 and 2008 SPLOST Funds, with only $332,344 applied from the General Fund for major capital purchases. More specific information concerning capital purchases is presented later in this report.

At September 30, 2012, the 2000 SPLOST Fund for Water, Sewer, and Waste Water Treatment Systems reflects a total fund balance of $3,395,139, which is a decrease of 37% from 2011. Although collections for the 2000 Special Purpose Local Option Sales Tax ended September 2004, funds held have been aggressively invested in previous years in certificates of deposit when interest rates have been favorable, which accounts for the additional funding available over and above the $12,000,000 approved in the SPLOST referendum.

Funding from the 2000 SPLOST has been used to complete the Peach County Watershed Assessment Study and the GANO Water & Sewer System Project. In addition, intergovernmental agreements were signed by the Peach County Board of Commissioners, the City of Fort Valley, the Fort Valley Utility Commission, the City of Byron, and the Peach County Water & Sewerage Authority to distribute funding to the City of Fort Valley and the City of Byron for water, sewer, and waste water projects. Fort Valley was designated to receive a total of $7,500,000, which included a distribution of $3,500,000 toward the renovation of the Walter S. Lanter Waste Water Treatment Facility in Fort Valley and $4,000,000 toward the construction of waste water collection and treatment infrastructure in the eastern section of Peach County along Georgia Highway 96. The City of Byron was designated to receive

$4,500,000 toward the renovation and expansion of the waste water treatment facility in the City of Byron and $1,000,000 for constructing and providing waste water collection and treatment infrastructure in Peach County extending from Hawk's Ridge Subdivision along easements for school property across Kay Road north along Jones Road and along Georgia Highway 247 Connector and Houser's Mill Road to Interstate Highway 75.

During 2009, the City of Fort Valley/Fort Valley Utility Commission was reimbursed the remainder of its allotted appropriation of $7,094,573 for work completed on the Walter S. Lanter Waste Water Plant Renovation Project and the East Peach Sewer Project. The City of Byron has been reimbursed a total of $398,496 for construction completed on the Hawk's Basin Sewer System Project and for engineering work completed on the proposed upgrade of its waste water treatment facility.

By intergovernmental agreement approved in November 2008, the remaining balance in the 2000 SPLOST Fund for Water, Sewer, and Waste Water Treatment Systems was to be allocated to the Peach County Board of Commissioners for the purpose of providing extensions of water lines in and along the areas of Houser's Mill Landfill, Clint Howard Road, and McDonald Drive in Peach County, with any remaining funds being applied by the Board of Commissioners of Peach County at the discretion of the Board of Commissioners to provide extensions of water lines in unincorporated areas of the County. The City of Byron has now determined that the proposed upgrade and renovation of its existing wastewater treatment facility is cost prohibitive and therefore, infeasible. The City of Byron has contracted with the Macon Water Authority to treat the City of Byron's wastewater and requested that the intergovernmental agreement be renegotiated to assist in constructing the wastewater transportation lines and required lift stations for the connection to the Macon Water Authority system.

In 2011, a Third Amendment to the Intergovernmental Agreement was adopted which abandoned the extension of water lines in and along the areas of Houser's Mill Landfill, Clint Howard Road, and McDonald Drive and designated $3,200,000 to be applied to the portion of the City of Byron's connection to the Macon Water Authority sewer system that falls within the boundaries of Peach County. In 2012, the City of Byron received reimbursements totaling $2,036,920 for work completed on the Macon Water Authority project. All remaining funds will be allocated at the sole discretion of the Board of Commissioners, who by Board action, have designated will be applied to sewer improvements in the Southwest Peach County area in and around the Ponderosa subdivision.

In 2012, Peach County was notified that it had been approved to receive an additional $500,000 through a Community Development Block Grant to supplement funding for the sewer project in Southwest Peach County in an area of low to moderate income within the project area. Also, an additional $2,000,000 was approved by the Peach County voters in the 2012 SPLOST Referendum to be applied to the southwest Peach sewer project. The engineering phase of this project is nearing completion, and construction is expected to begin in 2013.

The fund balance for the 2004 Special Purpose Local Option Sales Tax decreased by 22% during the current fiscal year. Sales tax collections applied to the 2004 SPLOST concluded March 31, 2009, and the fund balance in this fund will continue to diminish as approved projects are completed. Major projects still underway include the renovation and expansion of the Peach County Law Enforcement Center, Phase II renovations of the E911 Center, and additional road upgrading and paving projects. Peach County will continue to aggressively invest SPLOST funding in certificates of deposit when interest rates are favorable, which will apply additional funding to the projects approved in the 2004 SPLOST referendum.

Sales tax collections since April 1, 2009, are now applied to the 2008 Special Purpose Local Option Sales Tax, and fund balance at September 30, 2012, was $3,624,484. The SPLOST calls for a total collection of $24,000,000, to be applied to the following project areas:

APPROVED 2008 SPLOST DISTRIBUTION

	Peach County	Fort Valley	Byron	Total
Road, Street, and Bridge Purposes	$ 3,000,000	$ -	$ 1,566,000	$ 4,566,000
Buildings - Law Enforcement Center	$ 9,000,000	$ -	$ -	$ 9,000,000
Buildings - County Courthouse	$ 130,000	$ -	$ -	$ 130,000
Buildings - Spruce Street Complex	$ 395,000	$ -	$ -	$ 395,000
Buildings - Thomas Public Library	$ 25,000	$ -	$ -	$ 25,000
Cultural, Historical and Recreation Facilities	$ 700,000	$ 75,000	$ 75,000	$ 850,000
Water, Sewer, & Stormwater Projects	$ -	$ 2,500,000	$ 1,044,000	$ 3,544,000
Debt Retirement - County	$ 1,325,000	$ -	$ -	$ 1,325,000
Public Safety Facilities	$ 475,000	$ -	$ -	$ 475,000
Public Safety Equipment	$ 1,002,000	$ 500,000	$ -	$ 1,502,000
Animal Control Facilities/ Vehicles, Equipment	$ 400,000	$ -	$ -	$ 400,000
Bond Interest and Costs of Issuance	$ 1,398,000	$ -	$ 390,000	$ 1,788,000
Totals	$ 17,850,000	$ 3,075,000	$ 3,075,000	$ 24,000,000

In 2009 Peach County issued general obligation bonds in the amount of $15,015,000. The bond proceeds are being used to finance the acquisition and construction of a number of the capital projects listed above, to include the expansion and renovation of the Peach County Law Enforcement Center, further renovations at the Spruce Street Complex, the construction of a new Public Safety Facility, and the purchase of public safety equipment.

The telephone landline and wireless service fees charged to customers and paid back to Peach County to fund E911 services are insufficient to cover the entire cost of operating E911. The General Fund supplements the E911 Fund to cover costs not funded by these fees. In 2012, the General Fund supplemented the E911 Fund by $882,877, representing 73% of the total E911 expenditures of $1,207,812. The fee to Peach County residents for landline and wireless is $1.50 per line per month.

Proprietary funds. Peach County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Solid Waste Collection Fund at the end of the year was at zero due to a transfer of $124,729 from General Fund. Other factors concerning the finances for this fund have already been addressed in the discussion of Peach County's business-type activities.

General Fund Budgetary Highlights

All budget amendments are presented and approved by the governing body. Differences between the original budget and the final amended budget can be briefly summarized as follows:

- Decrease in general government functions - $1,075,786;
- Increase in judicial functions - $203,622;
- Increase in public safety functions - $1,850,871;
- Increase in public works functions - $151,169;
- Increase in health and welfare functions - $9,228;
- Increase in culture and recreation functions - $43,915; and
- Increase in conservation and development functions - $22,352.

At the time that the 2012 Budget was originally adopted, all employee benefits, including health insurance, FICA, workers' compensation, etc., were included in their entirety in the general government budget. A budget amendment was processed to reallocate these budget amounts at the department level, which accounts for the majority of the adjustments listed above.

During the current year, revenues fell short of General Fund budgetary estimates by $118,327. Expenditures fell short of budgetary estimates by $881,005.

Capital Asset and Debt Administration

Capital Assets. Peach County's investment in capital assets for its governmental activities as of September 30, 2012, amounted to $47,754,128 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, roads, highways, and bridges. There are no capital assets assigned to business-type activities.

Major capital projects begun or continued in 2012, but not fully completed at September 30, 2012, included the following:

- At September 30, 2012, engineered drawings had been completed for the construction of an Animal Control Facility that will be located adjacent to the Peach County Law Enforcement Center on Spruce Street. This project was approved in the 2008 Special Purpose Local Option Sales Tax referendum. This project was put out for bid in 2011, but bids received exceeded available funding. Plans are being re-engineered to bring costs more in line with available funding. No additional expenditures were made toward the completion of this project in 2012. Therefore, construction in progress on this project remained at $31,123 at the close of 2012.

- Construction is nearing completion on the new J. D. "Donnie" Doles Public Safety Facility that is now housing a Peach County Fire Station and the Fort Valley station of the Peach County Emergency Medical Service. Construction materials were funded by the 2008 Special Purpose Local Option Sales Tax. However, County employees have performed the majority of the construction work. The land where the facility has been constructed on Georgia Highway 341 North was donated to the County in early 2009 by the Peach County Board of Education for this purpose. Construction in progress for this project was recorded at $557,413 at September 30, 2012. In addition, Peach County Road Department crews have been working to construct the parking lot adjacent to the Public Safety Facility. At September 30, 2012, $161,184 had been recorded to construction in progress on the parking lot portion of construction.

- On January 1, 2013, all public safety and business industrial land mobile radio systems operating in the 150-512 MHz radio bands have been ordered by the Federal Communications Commission to cease using 25 kHz efficiency technology (wideband), and begin operating using at least 12.5 kHz efficiency technology (narrowband). Agencies failing to make the deadline would be subject to FCC enforcement action, which could include admonishment, monetary fines, or loss of license. Peach County Emergency Management formed a Communications Committee including representatives from the City of Fort Valley, the Fort Valley Utility Commission, the City of Byron, the Peach County Board of Education, and Fort Valley State University to prepare a proposal for meeting the new narrowband requirements for radio operation. After months of planning and work, the Committee made a proposal to the Peach County Board of Commissioners. Because of the large number of agencies having to comply with this rule, the Peach County Board of Commissioners moved forward in the summer of 2012 and approved the proposal and authorized purchasing and installing the new equipment. Construction in progress in meeting the narrowband requirement was recorded at $134,230 as of September 30, 2012.

- The communications tower previously located at the Peach County Law Enforcement Center had to be dismantled and removed to provide the ground surface needed for the new inmate pod constructed as a portion of the LEC expansion and renovation project. Funding provided by the 2008 Special Purpose Local Option Sales Tax included funding for the construction of a new communications tower. It was determined that a parcel of property adjacent to the new Public Safety Facility and owned by the Peach County Board of Education on Highway 341 North in Fort Valley was the most suitable location to provide optimum communications ability.

The Peach County Board of Education agreed to donate the property to Peach County for the construction of a 400 foot communications tower. Work on the construction of the tower was recorded at $64,627 as of September 30, 2012.

- At September 30, 2012, work was nearing completion on the second phase of renovating the remainder of the E911 Facility on Persons Street in Fort Valley. The facility is now housing the Commissioners' Office and staff and providing a larger facility for holding public meetings and functions. At September 30, 2012, construction in progress on this project was recorded at $239,325.

- Design work totaling $6,200 to construct an outdoor staging area at North Peach Park to use for small concerts and other outside activities carried forward from 2011 with no additional costs incurred toward the project in 2012. As part of the overall project, significant improvements have been made at North Peach Recreation Park, including walking trails, picnic pavilions, and bathrooms. Funding for this project has been provided by the 2008 SPLOST Fund and has been supplemented with grant funding from the Georgia Department of Natural Resources. Construction in progress on these additional improvements at North Peach Park was recorded at $590,055 as of September 30, 2012. The 2012 Special Purpose Local Option Sales Tax Referendum approved by the voters on March 6, 2012, reflects an allotment of $400,000 for additional improvements at both North and South Peach Recreation Parks.

- Work is continuing to improve drainage and make road improvements to Fullwood Road, Clint Howard Road, Brock Road, Gracewood Road, and Smyrna Church Road. Mathews Road has been paved and is nearing completion. Construction in progress on these projects was recorded as $401,426 at September 30, 2012.

- Plans are in place to renovate a portion of Wing C at Spruce Street Complex as a records retention center. Work thus far has included the removal of asbestos and mold. No additional expenditures toward this project were made in 2012. Construction in Progress for this project remained at $31,141. Work was begun in 2011 to renovate the bathroom facilities in Wings A, B, and E (DFCS Wing) of the Spruce Street Complex. Construction in progress on the bathroom facilities totaled $142,744 at September 30, 2012.

- The construction and renovation of the Peach County Law Enforcement Center is nearing completion. This project is being funded by the 2004 and 2008 Special Purpose Local Option Sales Taxes. This project will vastly increase the level of security at the LEC as well as provide much needed inmate bed space. Work on this project is scheduled to be completed in 2013. Construction in progress for this project was recorded at $9,429,955 at September 30, 2012. In addition, Peach County Road Department crews are nearing completion of constructing an access road around the new jail pod. The access road is recorded at $37,834 to construction in progress at September 30, 2012.

- Work is just underway to construct an alternate entrance into South Peach Recreation Park. The proposed design has the new entrance coming off of Courtland Avenue in Fort Valley. Peach County obtained the majority of land needed for the road through a land transfer with the City of Fort Valley. Peach County agreed to exchange its property located on Jailhouse Alley where the Fort Valley station of the Peach County Emergency Medical Service was located prior to moving to the new Public Safety Facility. The project is in the design phase and will require some significant drainage improvements prior to construction. This project was recorded at $94 construction in progress at September 30, 2012.

- Work continued on purchasing and installing Courthouse Security System Upgrades, including a security video system and key card access system. At September 30, 2012, construction in progress on this project was recorded at $81,394.

Peach County's Capital Assets Installed in 2012

CAPITAL PROJECT	FUNDING SOURCE		AMOUNT
2012 Ford Transit - Pool Vehicle	General Revenues	$	21,230
Interop Mobile Data Server & Software	General Revenues	$	39,250
Phone System Courthouse - Voice Over IP	General Revenues	$	66,955
Sheriff - 2013 Sedan Police Interceptor	General Revenues	$	32,683
Sheriff - 2013 Sedan Police Interceptor	General Revenues	$	32,683
EMS - Rescue - MOC 11 Cutter	General Revenues	$	5,314
Road Equipment - Side Boom Mower	2004 SPLOST	$	112,604
Road Equipment - Case Compact Track Loader	2004 SPLOST	$	59,940
Road Equipment - Asphalt Grinder	2004 SPLOST	$	40,503
Road Equipment - Broom Attachment	2004 SPLOST	$	6,881
Road Equipment - Case CS55B Compact Excavator	2004 SPLOST	$	59,374
Road Equipment - Helac Coupler	2004 SPLOST	$	5,695
Road Equipment - Excavator Grinder Head	2004 SPLOST	$	16,682
Road Equipment - Backhoe	2004 SPLOST	$	67,601
Road Equipment - Hydro Jetter	2004 SPLOST	$	57,981
Road Equipment - Post Driver	2004 SPLOST	$	8,117
Vehicle 2011 Ford Crown Victoria	DONATED	$	6,312
		$	639,805
CONSTRUCTION IN PROGRESS AT 9/30/2012			
Upgrade to Narrow-Band Radio System	General Revenues	$	134,230
Courthouse Security System Upgrades	2004 SPLOST	$	81,394
E911 Facility Renovation - Phase II	2004 SPLOST	$	239,325
North Peach Recreation Park Amphitheater	2004 SPLOST	$	6,200
Renovation - Wing C - Spruce Street Complex	2004 SPLOST	$	31,140
Road Improvements - Mathews Road	2004 SPLOST	$	143,445
Road Improvements - Gracewood	2004 SPLOST	$	4,729
Road Improvements - Fullwood Road	2004 SPLOST	$	182,939
Road Improvements - Clint Howard Road	2004 SPLOST	$	42,858
Road Improvements - Smyrna Church Road	2004 SPLOST	$	22,955
Road Improvements - Brock Road	2004 SPLOST	$	4,500
Spruce Street - Wings A&B Bathrooms	2004 SPLOST	$	97,965
Spruce Street Facility - DFCS Bathrooms	2008 SPLOST	$	44,779
Public Safety Facility Construction	2008 SPLOST	$	557,413
LEC Renovation and Expansion	2008 SPLOST	$	9,429,955
Improvements - North Peach Recreation Park	2008 SPLOST	$	590,055
Animal Control Facility	2008 SPLOST	$	31,123
Public Safety Facility Parking Lot	2008 SPLOST	$	161,184
LEC Access Road	2008 SPLOST	$	37,834
South Peach Recreation Park - New Entrance Road	2008 SPLOST	$	94
Communications Tower	2008 SPLOST	$	64,627
		$	11,908,744

The 2004 Special Purpose Local Option Sales Tax provided funding for 60% of the capital assets installed in 2012, while the 2008 Special Purpose Local Option Sales Tax provided funding for 10%. General revenues provided funding for only 29% of capital assets installed. The E911 Fund contributed no funding to capital assets in 2012, and 1% of capital assets installed were obtained by donation.

Peach County's 2012 Funding Sources for Capital Assets

General Revenues	$	332,344
2004 SPLOST	$	676,916
2008 SPLOST	$	112,562
E911	$	-
Donated Assets	$	6,312
	$	1,128,134

Peach County's Capital Assets
(Net of Depreciation)

	Governmental Activities		Business Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Capital Assets not being depreciated	$ 14,272,087	$ 13,783,850	$ -	$ -	$ 14,272,087	$ 13,783,850
Buildings	$ 5,720,728	$ 5,943,529	$ -	$ -	$ 5,720,728	$ 5,943,529
Improvements other than buildings	$ 1,636,637	$ 1,722,757	$ -	$ -	$ 1,636,637	$ 1,722,757
Infrastructure	$ 22,698,525	$ 23,910,600	$ -	$ -	$ 22,698,525	$ 23,910,600
Equipment	$ 3,426,151	$ 3,574,245	$ -	$ -	$ 3,426,151	$ 3,574,245
Total	$ 47,754,128	$ 48,934,981	$ -	$ -	$ 47,754,128	$ 48,934,981

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

Long-Term Debt. As of September 30, 2012, Peach County's long-term debt for Governmental Activities totaled $10,478,098, which consisted of the following items:

Bonds Payable was recorded at $8,219,473 as of September 30, 2012. The bond proceeds of $15,015,000 received in 2009 are being used to finance the acquisition and construction of a number of capital projects, to include the expansion and renovation of the Peach County Law Enforcement Center, further renovations at the Spruce Street Complex, the construction of a new Public Safety Facility, and the purchase of public safety equipment. This amount includes $7,965,000 as bonds payable and $254,473 unamortized premium.

Compensated Absences were recorded at $414,825 as of September 30, 2012. This includes the value of accrued and unused annual leave for all regular employees at the close of the budget year.

Peach County had no Notes Payable as of September 30, 2012.

Landfill Post Closure Costs were recorded at $1,843,800 as of September 30, 2012. This amount represents the estimated cost of maintaining and monitoring the Houser's Mill Landfill over the final 13 years of the required 30 year period since the landfill's closure in 1995. Additional information on the County's long-term debt can be found in Note 7 of this report.

Economic Factors and Next Year's Budgets

- The Bureau of Labor and Statistics has provided a 10.6% unemployment rate for Peach County as of December 2012 as compared to 10.5% in December 2011. This compares unfavorably to the December 2012 State of Georgia's unemployment rate of 8.6% and the national rate of 7.8% for the same period. Peach County's high unemployment rate will continue to have an adverse effect on sales tax collections because of reduced incomes causing reduced spending ability.

- Now that the 2010 Census Information is available, Peach County and the municipalities in Peach County are working to reach an agreement designating what the Local Option Sales Tax distribution percentages will be for the next ten (10) years as required.

- Peach County has been notified of a $500,000 grant award through the Employment Incentive Program and an additional grant award of $500,000 through the OneGeorgia Authority, with funding from both grants to be applied to the construction of a Workforce Development Center. Peach County is partnering with the Middle Georgia Technical College/Central Georgia Technical College on this project. The Development Authority of Peach County has donated approximately ten (10) acres in the Peach County Industrial Park for the facility. This funding will be applied to an additional $3,000,000 which was approved in the 2012 SPLOST Referendum.

The primary focus of this project is to enhance the local workforce by providing even more accessible educational opportunities to reduce the unemployment rates of individuals living in the middle Georgia area.

- In 2012, Peach County was also notified that it had been approved to receive $500,000 through a Community Development Block Grant to supplement the remaining funds from the 2000 SPLOST Fund being applied to the sewer project in southwest Peach County in an area of low to moderate income within the project area. Also, an additional $2,000,000 was approved by the Peach County voters in the 2012 SPLOST Referendum to be applied to the southwest Peach sewer project. The engineering phase of this project is nearing completion, and construction is expected to begin in 2013.

- The 2004 and 2008 Special Purpose Local Option Sales Taxes will continue to relieve General Revenues in 2013 by funding much needed capital projects.

- The 2012 SPLOST referendum was placed on the ballot and approved by the voters on March 6, 2012. This SPLOST will be a continuation of the current SPLOST, with collections scheduled to begin in April 2015. Projects included in the 2012 SPLOST Referendum are:

	PEACH COUNTY	FORT VALLEY	BYRON	TOTAL
Capital Outlay Projects for Road, Street, and Bridge Purposes (Includes Stormwater and Drainage)	$ 3,800,000	$ 1,453,000	$ 2,815,575	$ 8,068,575
Capital Outlay Projects for Courthouses, Administrative Buildings, Civic Centers, Library, Detention Facility, Solid Waste Facility	$ 4,140,000	$ 1,151,000	$ 32,550	$ 5,323,550
Capital Outlay Projects to be owned or operated or both either by the County, one or more qualified municipalities, one or more local authorities, or any combination thereof	$ 2,075,000	$ -	$ 651,000	$ 2,726,000
Capital Outlay Projects for Cultural Facilities, Recreation Facilities, or Historic Facilities	$ 400,000	$ 651,000	$ 32,550	$ 1,083,550
Capital Outlay Projects consisting of public safety facilities, airport facilities, or related capital equipment used in the operation of public safety or airport facilities, or any combination of such purposes	$ 3,348,000	$ 651,000	$ 374,325	$ 4,373,325
Capital Outlay Projects consisting of capital equipment for use in voting in official elections or referendums	$ 125,000	$ -	$ -	$ 125,000
Totals	$ 13,888,000	$ 3,906,000	$ 3,906,000	$21,700,000

Requests for Information

This financial report is designed to provide a general overview of Peach County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Marcia W. Johnson, Peach County Administrator, Peach County, 213 Persons Street, Fort Valley, Georgia 31030.

PEACH COUNTY, GEORGIA

STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

	Primary Government		
ASSETS	**Governmental Activities**	**Business-type Activities**	**Total**
Cash and cash equivalents	$ 15,683,514	$ 49,350	$ 15,732,864
Investments	6,064	-	6,064
Taxes receivable	395,536	-	395,536
Accounts receivable, net of allowances	403,560	23,636	427,196
Due from other governments	551,652	-	551,652
Prepaid expenses	309,191	-	309,191
Bond issuance cost/bond premium	88,941	-	88,941
Capital assets:			
Nondepreciable	14,272,087	-	14,272,087
Depreciable, net of accumulated depreciation	33,482,041	-	33,482,041
Other noncurrent asset	69,755	-	69,755
Total assets	65,262,341	72,986	65,335,327
LIABILITIES			
Accounts payable	526,583	84,668	611,251
Accrued liabilities	800,644	-	800,644
Internal balances	11,682	(11,682)	-
Bonds payable due within one year	2,600,000	-	2,600,000
Bonds payable due in more than one year, net of unamortized premium	5,619,473	-	5,619,473
Compensated absences due within one year	331,860	-	331,860
Compensated absences due in more than one year	82,965	-	82,965
Landfill post closure care due within one year	39,500	-	39,500
Landfill post closure care due in more than one year	1,804,300	-	1,804,300
Total liabilities	11,817,007	72,986	11,889,993
NET ASSETS			
Invested in capital assets, net of related debt	40,001,115	-	40,001,115
Restricted for:			
Capital projects	10,444,288	-	10,444,288
Judicial	29,900	-	29,900
Public safety	36,845	-	36,845
Health and welfare	479	-	479
Permanent fund	-	-	-
Unrestricted	2,932,707	-	2,932,707
Total net assets	$ 53,445,334	$ -	$ 53,445,334

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

Component Units		
Development Authority	Peach Public Libraries	Health Department
$ 254,008	$ 177,497	$ 586,486
703,279	132,854	-
-	-	-
-	1,966	2,196
-	-	10,507
2,525	-	-
-	-	-
384,330	167,000	-
4,444,122	1,590,845	-
-	-	-
5,788,264	2,070,162	599,189
2,177	14,631	-
6,007	-	-
-	-	-
426,000	-	-
531,000	-	-
-	4,146	3,079
-	10,787	27,720
-	-	-
-	-	-
965,184	29,564	30,799
3,894,228	1,757,845	-
-	-	-
-	-	-
-	-	-
-	-	432,944
-	30,922	-
928,852	251,831	135,446
$ 4,823,080	$ 2,040,598	$ 568,390

PEACH COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 5,372,603	$ 499,406	$ 4,830	$ 490
Judicial	1,277,237	611,577	-	-
Public safety	8,262,595	1,635,230	151,422	6,704
Public works	3,290,366	78,415	-	14,936
Health and welfare	730,677	-	105,212	23,448
Culture and recreation	752,517	46,950	-	-
Conservation and development	855,889	80,273	-	77,350
Interest on long-term debt	394,978	-	-	-
Total governmental activities	20,936,862	2,951,851	261,464	122,928
Business-type activities:				
Solid waste	888,235	763,956	-	-
Total business-type activities	888,235	763,956	-	-
Total primary government	$ 21,825,097	$ 3,715,807	$ 261,464	$ 122,928
Component units:				
Development Authority	$ 388,300	$ 379,008	$ 317,075	$ -
Peach Public Libraries	491,210	14,375	430,066	-
Health Department	469,189	195,594	351,745	-
Total component units	$ 1,348,699	$ 588,977	$ 1,098,886	$ -
General revenues:				
Property taxes				
Sales taxes				
Insurance premium taxes				
Hotel/motel taxes				
Other taxes				
Unrestricted investment earnings				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning of year				
Net assets, end of year				

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

Changes in Net Assets						
				Component Units		
Governmental Activities	Business-type Activities	Total	Development Authority	Peach Public Libraries	Health Department
$ (4,867,877)	$ -	$ (4,867,877)	$ -	$ -	$ -
(665,660)	-	(665,660)	-	-	-
(6,469,239)	-	(6,469,239)	-	-	-
(3,197,015)	-	(3,197,015)	-	-	-
(602,017)	-	(602,017)	-	-	-
(705,567)	-	(705,567)	-	-	-
(698,266)	-	(698,266)	-	-	-
(394,978)	-	(394,978)	-	-	-
(17,600,619)	-	(17,600,619)	-	-	-
-	(124,279)	(124,279)	-	-	-
-	(124,279)	(124,279)	-	-	-
(17,600,619)	(124,279)	(17,724,898)	-	-	-
-	-	-	307,783		-
-	-	-	-	(46,769)	
-	-	-	-	-	78,150
-	-	-	307,783	(46,769)	78,150
9,329,687	-	9,329,687	-	-	-
6,086,511	-	6,086,511	-	-	-
541,278	-	541,278	-	-	-
7,431	-	7,431	-	-	-
118,195	-	118,195	-	-	-
15,886	-	15,886	1,882	1,505	-
(124,279)	124,279	-	-	-	-
15,974,709	124,279	16,098,988	1,882	1,505	-
(1,625,910)	-	(1,625,910)	309,665	(45,264)	78,150
55,071,244	-	55,071,244	4,513,415	2,085,862	490,240
$ 53,445,334	$ -	$ 53,445,334	$ 4,823,080	$ 2,040,598	$ 568,390

PEACH COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

ASSETS	General Fund	Water, Sewer, & Waste Water Treatment System Fund	2004 SPLOST Fund	2008 SPLOST Fund	Other Governmental Funds	Totals Governmental Funds
Cash and cash equivalents	$ 5,293,522	$ 3,395,139	$ 3,580,374	$ 3,310,106	$ 104,373	$ 15,683,514
Investments	-	-	-	-	6,064	6,064
Taxes receivable, net	394,642	-	-	-	894	395,536
Accounts receivable, net	317,383	-	1,940	-	84,237	403,560
Prepaid items	285,030	-	-	-	24,161	309,191
Due from other governments	217,617	-	-	314,378	19,657	551,652
Due from other funds	20,064	-	-	-	263	20,327
Total assets	$ 6,528,258	$ 3,395,139	$ 3,582,314	$ 3,624,484	$ 239,649	$ 17,369,844
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 330,703	$ -	$ 158,651	$ -	$ 37,229	$ 526,583
Accrued liabilities	674,922	-	-	-	30,234	705,156
Deferred tax revenue	361,859	-	-	-	-	361,859
Due to other funds	11,945	-	-	-	20,064	32,009
Total liabilities	1,379,429	-	158,651	-	87,527	1,625,607
FUND BALANCES						
Nonspendable:						
Prepaid items	285,030	-	-	-	24,161	309,191
Restricted for:						
Capital projects	-	3,395,139	3,423,663	3,624,484	1,002	10,444,288
Judicial	-	-	-	-	29,900	29,900
Public safety	-	-	-	-	36,845	36,845
Health and welfare	-	-	-	-	479	479
Committed for:						
Public safety	-	-	-	-	37,555	37,555
Assigned for:						
General government	494	-	-	-	-	494
Public safety	143,343	-	-	-	-	143,343
Public works	8,682	-	-	-	-	8,682
Unassigned	4,711,280	-	-	-	22,180	4,733,460
Total fund balances	5,148,829	3,395,139	3,423,663	3,624,484	152,122	15,744,237
Total liabilities and fund balances	$ 6,528,258	$ 3,395,139	$ 3,582,314	$ 3,624,484	$ 239,649	

Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	47,754,128
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	361,859
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.	(10,484,645)
Net pension asset used in governmental activities is not a financial resource and, therefore, is not reported in the funds.	69,755
Net assets of governmental activities	$ 53,445,334

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

PEACH COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	General Fund	Water, Sewer, & Waste Water Treatment System Fund	2004 SPLOST Fund	2008 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	$ 9,353,723	$ -	$ -	$ -	$ -	$ 9,353,723
Sales taxes	2,281,785	-	-	3,804,726	-	6,086,511
Other taxes	659,473	-	-	-	7,431	666,904
Licenses and permits	165,830	-	-	-	-	165,830
Intergovernmental	213,219	-	-	-	144,213	357,432
Charges for services	1,996,988	-	-	-	377,103	2,374,091
Fines and forfeitures	297,221	-	-	-	30,852	328,073
Rental income	7,050	-	-	-	-	7,050
Interest income	15,664	9,261	6,806	6,063	222	38,016
Other revenues	41,722	-	39,915	-	-	81,637
Total revenues	15,032,675	9,261	46,721	3,810,789	559,821	19,459,267
Expenditures						
Current:						
General government	3,069,375	-	-	-	-	3,069,375
Judicial	1,576,045	-	-	-	16,319	1,592,364
Public safety	7,823,341	-	-	-	348,483	8,171,824
Public works	1,000,669	-	-	-	77,490	1,078,159
Health and welfare	636,433	-	-	-	66,863	703,296
Culture and recreation	674,954	-	-	-	-	674,954
Conservation and development	762,091	-	-	-	90,342	852,433
Intergovernmental	-	2,036,920	200,000	-	-	2,236,920
Capital outlay	-	-	814,231	266,578	-	1,080,809
Debt service:						
Principal	-	-	-	2,460,000	-	2,460,000
Interest	-	-	-	496,799	-	496,799
Total expenditures	15,542,908	2,036,920	1,014,231	3,223,377	599,497	22,416,933
Excess (deficiency) of revenues over (under) expenditures	(510,233)	(2,027,659)	(967,510)	587,412	(39,676)	(2,957,666)
Other financing sources (uses):						
Proceeds from sale of assets	10,672	-	-	-	-	10,672
Transfers in	-	-	-	-	40,137	40,137
Transfers out	(164,416)	-	-	-	-	(164,416)
Total other financing sources (uses)	(153,744)	-	-	-	40,137	(113,607)
Net change in fund balances	(663,977)	(2,027,659)	(967,510)	587,412	461	(3,071,273)
Fund balance, beginning of year	5,812,806	5,422,798	4,391,173	3,037,072	151,661	18,815,510
Fund balance, end of year	$ 5,148,829	$ 3,395,139	$ 3,423,663	$ 3,624,484	$ 152,122	$ 15,744,237

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

PEACH COUNTY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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

Net change in fund balances - total governmental funds	$	(3,071,273)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		(1,175,853)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		(5,000)
Some revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(24,036)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		2,547,088
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		103,164
	$	(1,625,910)

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

PEACH COUNTY, GEORGIA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget
Revenues:				
Property taxes	$ 9,388,293	$ 9,701,090	$ 9,353,723	$ (347,367)
Sales taxes	2,011,780	2,093,280	2,281,785	188,505
Other taxes	750,661	661,007	659,473	(1,534)
Licenses and permits	108,001	165,568	165,830	262
Intergovernmental	215,230	215,976	213,219	(2,757)
Charges for services	2,214,636	1,948,821	1,996,988	48,167
Fines and forfeitures	366,240	294,954	297,221	2,267
Rental income	8,750	8,750	7,050	(1,700)
Interest income	19,004	19,004	15,664	(3,340)
Other revenues	15,127	42,552	41,722	(830)
Total revenues	15,097,722	15,151,002	15,032,675	(118,327)
Expenditures:				
Current:				
General government:				
County Commissioners	566,864	700,403	699,803	600
Elections	176,860	202,168	202,340	(172)
Board of Equalization	7,000	2,454	2,436	18
Data processing	155,100	265,505	264,699	806
Human resources	2,407,651	7,442	7,080	362
Tax Commissioner	231,807	291,886	293,254	(1,368)
Tax Assessor	365,768	440,861	443,472	(2,611)
Risk management	357,500	404,104	404,102	2
General government buildings and plant	505,087	576,878	576,839	39
Records management	500	172	171	1
Other general government	196,070	1,002,548	175,179	827,369
Total general government	4,970,207	3,894,421	3,069,375	825,046
Judicial:				
Superior Court	94,336	117,640	117,758	(118)
Clerk of Superior Court	216,884	260,048	260,688	(640)
District Attorney	239,469	210,755	210,911	(156)
District Attorney - Victim Witness	70,432	84,045	84,790	(745)
Magistrate Court	175,206	223,109	223,708	(599)
Probate Court	215,223	278,337	279,686	(1,349)
Juvenile Court	87,882	121,739	122,347	(608)
Public Defender	268,777	276,158	276,157	1
Total judicial	1,368,209	1,571,831	1,576,045	(4,214)
Public safety:				
Sheriff	1,719,806	2,116,629	2,121,689	(5,060)
Jail	1,588,910	2,007,310	2,018,109	(10,799)
Drug rehab and training	58,316	70,745	71,364	(619)
Probation	1,484	2,731	2,724	7
Fire department	977,596	1,109,563	1,115,564	(6,001)
Emergency medical services	1,062,673	1,368,228	1,381,491	(13,263)
Coroner	26,654	22,318	22,124	194
E911	529,067	843,069	882,877	(39,808)
Emergency management	66,629	341,413	207,399	134,014
Total public safety	6,031,135	7,882,006	7,823,341	58,665

(Continued)

PEACH COUNTY, GEORGIA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget
Public works:				
Public works department	$ 175,052	$ 197,939	$ 199,482	$ (1,543)
Roadways and walkways	556,347	657,355	651,706	5,649
Solid waste recycling	118,781	146,055	146,817	(762)
Closure and post closure	3,000	3,000	2,664	336
Total public works	853,180	1,004,349	1,000,669	3,680
Health and Welfare:				
Health	110,300	110,000	110,000	-
Hospital indigent care	450,000	450,000	450,000	-
Welfare	25,900	24,400	24,364	36
Community services	40,877	51,905	52,069	(164)
Total health and welfare	627,077	636,305	636,433	(128)
Recreation:				
Recreation department	327,822	370,597	372,361	(1,764)
Libraries	301,500	302,640	302,593	47
Total recreation	629,322	673,237	674,954	(1,717)
Conservation and development:				
County agent	40,155	41,041	40,628	413
Georgia Forestry Commission	3,159	3,159	3,159	-
Planning and zoning	191,067	212,033	212,773	(740)
Economic development administration	500,031	500,031	500,031	-
Economic opportunity	5,000	5,500	5,500	-
Total conservation and development	739,412	761,764	762,091	(327)
Total expenditures	15,218,542	16,423,913	15,542,908	881,005
Deficiency of revenues under expenditures	(120,820)	(1,272,911)	(510,233)	762,678
Other financing sources (uses):				
Proceeds from sale of assets	1,000	10,672	10,672	-
Transfers in	217,497	1,414,973	-	(1,414,973)
Transfers out	(97,677)	(152,734)	(164,416)	(11,682)
Total other financing sources (uses)	120,820	1,272,911	(153,744)	(1,426,655)
Net change in fund balances	-	-	(663,977)	(663,977)
Fund balance, beginning of year	5,812,806	5,812,806	5,812,806	-
Fund balance, end of year	$ 5,812,806	$ 5,812,806	$ 5,148,829	$ (663,977)

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

PEACH COUNTY, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2012

	Major Enterprise Fund Solid Waste Fund
ASSETS	
CURRENT ASSETS	
Cash	$ 49,350
Accounts receivable, net of allowances	23,636
Due from other funds	11,682
Total current assets	84,668
Total assets	84,668
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	84,668
Total current liabilities	84,668
Total liabilities	84,668
NET ASSETS	
Unrestricted	-
Total net assets	$ -

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

PEACH COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Major Enterprise Fund Solid Waste Fund
Operating revenue	
Refuse collection fees	$ 763,956
Total operating revenues	763,956
Operating expenses	
Contracted services	870,563
Supplies	17,672
Total operating expenses	888,235
Operating loss	(124,279)
Transfers in	124,279
Change in net assets	-
Net assets, beginning of year	-
Net assets, end of year	$ -

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

PEACH COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Major Enterprise Fund Solid Waste Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 740,999
Payments to suppliers and service providers	(854,920)
Net cash used in operating activities	(113,921)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	124,279
Net cash provided by noncapital related financing activities	124,279
Net increase in cash	10,358
Cash and cash equivalents, beginning of year	38,992
Cash and cash equivalents, end of year	$ 49,350
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (124,279)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Decrease in accounts receivable	682,787
Decrease in due from other funds	99,988
Decrease in accounts payable	(66,673)
Increase in unearned revenues	(705,744)
Net cash used in operating activities	$ (113,921)

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

PEACH COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
SEPTEMBER 30, 2012

	Agency Funds
ASSETS	
Cash	$ 846,722
Taxes receivable	913,622
Total assets	$ 1,760,344
LIABILITIES	
Due to others	$ 1,760,344
Total liabilities	$ 1,760,344

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Peach County, Georgia (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

A. Reporting Entity

Peach County, Georgia was created by a legislative act in the State of Georgia on November 4, 1924. The County operates under a five (5) member Commission appointed-Administrator form of government and provides the following services: public safety (police and fire), public works, recreation, health and welfare services, conservation and development, and general administrative services.

The Governmental Accounting Standards Board (the "GASB") defines the reporting entity as (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationships with the County. In conformity with accounting principles generally accepted in the United States of America, as set forth in Government Accounting Standards Board Statement No. 14, "The Financial Reporting Entity", the component units' financial statements have been included as discretely presented component units. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County. Based upon the application of these criteria, the following is a brief review of each component unit addressed in defining the County's reporting entity.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

The Development Authority of Peach County (the "Development Authority") is responsible for promoting industrial and commercial development within the City of Fort Valley and Peach County. The Development Authority is responsible for adopting its own annual budget and making its own operating decisions. The members of the governing board of the Development Authority are appointed by the Board of Commissioners of Peach County. Peach County provides substantially all funding for the Development Authority's annual budget and has contractually obligated itself to use its taxing powers to guarantee repayment of principal and interest on certain revenue bonds issued by the Development Authority; therefore, the Development Authority is fiscally dependent on Peach County. Separate financial statements for the Development Authority of Peach County were not prepared. Financial information for the Development Authority of Peach County is included in Peach County, Georgia's Annual Financial Report.

The Peach Public Libraries (the "Library") operates to provide public library services for the citizens of Peach County. The Library Board consists of nine members appointed by the Board of Commissioners of Peach County. The Library is without authority to determine the amount of its funding; therefore, the Library is fiscally dependent on Peach County. Separate financial statements for the Peach Public Libraries were not prepared. Financial information for the Peach Public Libraries is included in the Peach County, Georgia's Annual Financial Report.

The Peach County Health Department (the "Health Department") is governed by a seven-member board, of which five (5) members are either County officials or members appointed by the governing authority of the County. The two (2) remaining members are appointed by the City of Fort Valley. Although the County does not have the authority to approve or modify the budget of the Health Department, the County provides financial support to the Health Department. All amounts shown in the financial statements for the Health Department are for the fiscal year ended June 30, 2012.

The Peach County Health Department's financial statements may be obtained by writing to the Peach County Health Department, 406 E Church Street, Fort Valley, Georgia 31030.

B. Government-Wide and Fund Financial Statements

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The County reports the following major governmental funds:

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

The ***Water, Sewer and Waste Water Treatment System Fund*** is a capital projects fund used to account for capital outlays for water, sewer and waste water lines and treatment system, with financing being provided by a special purpose sales and use tax.

The ***2004 SPLOST Fund*** is a capital projects fund used to account for the revenue and expenditures relating to the 2004 one percent Special Purpose Local Option Sales Tax.

The ***2008 SPLOST Fund*** is a capital projects fund used to account for the revenue and expenditures relating to the 2008 one percent Special Purpose Local Option Sales Tax.

The County reports the following major enterprise fund:

The ***Solid Waste Fund*** is an enterprise fund that accounts for the fees and expenses associated with garbage collection and disposal services provided to the County's residents.

Additionally, the County reports the following fund types:

The ***Special Revenue Funds*** account for revenue sources that are legally restricted to expenditure for specific purposes.

The ***Capital Project Funds*** account for the acquisition or construction of capital facilities.

The ***Trust and Agency Funds*** are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

D. Budgets

Formal budgetary accounting is employed as a management control device for the General Fund, Special Revenue Funds, and the Capital Project Funds. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General Fund and Special Revenue Funds and the same basis of accounting is used to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting principle basis.

For the fiscal year ended September 30, 2012, annual budgets were adopted for the General Fund and all Special Revenue Funds. Budgets for Capital Project Funds are adopted on a project basis, spanning more than one fiscal year. The County Commission must approve any amendments to the budget. During the fiscal year ended September 30, 2012, no material budgetary amendments were approved by the County Commission.

E. Cash, Cash Equivalents and Investments

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash, Cash Equivalents and Investments (Continued)

Statutes authorize the County to invest in obligations of the United States and of its agencies and instrumentalities, bonds of the State of Georgia and its agencies, instrumentalities and political subdivisions, certificates of deposit of national or state banks that are fully insured or collateralized by United States obligations, and Georgia Fund 1, the Local Government Investment Pool. The County's investments and the investments of its component units are stated at fair value. Cash deposits are reported at carrying amount, which is fair value.

F. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. For the most part, the effect of interfund activity has been removed from the government-wide statement of net assets. In the fund financial statements, these receivables and payables are classified as "due from other funds" or "due to other funds." In the government-wide financial statements, any residual balances outstanding between the governmental activities and business-type activities are reported as "internal balances".

G. Inventory and Prepaid Items

The cost of expendable supplies held for consumption is recorded as an operating expense/expenditure at the time of purchase and is not recorded as inventory.

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

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, streets, and similar items), are reported in the government-wide financial statements. Governmental (general) capital assets are recorded as expenditures in the governmental funds and capitalized at cost in the government-wide statement of net assets. The County's capitalization threshold is $5,000 for all assets including infrastructure assets. Donated capital assets are recorded at estimated fair market value at the date of donation. In the case of the initial capitalization of general infrastructure items (i.e., those reported by governmental activities), the County chose to include all such items regardless of their acquisition date. The County was able to estimate the historical cost for the initial reporting of these assets through backtrending.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

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

Asset Category	Years
Buildings	20-50
Improvements other than buildings	20-50
Infrastructure	20-50
Equipment	5-20

Capital assets of the component units are depreciated using the straight line method over the following useful lives:

Asset Category	Years
Development Authority:	
Buildings and improvements	40
Vehicles and equipment	5
Peach Public Libraries	
Buildings	60
Library books and materials	10
Health Department:	
Computer equipment	5
Furniture and other equipment	10

I. Long-Term Obligations

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Long-Term Obligations (Continued)

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

J. Compensated Absences

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

K. Fund Equity

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Equity (Continued)

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

- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Through policy, authorization to assign fund balance remains with the Board.

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

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

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

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

L. Use of Estimates

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

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

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

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $10,484,645 difference are as follows:

Bonds payable	$	(7,965,000)
Unamortized bond issuance costs		88,941
Unamortized bond premium		(254,473)
Compensated absences		(414,825)
Landfill postclosure costs		(1,843,800)
Accrued Interest		(95,488)
Net adjustment to reduce fund balance - total governmental funds to arrive at *net assets - governmental activities*	$	(10,484,645)

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $1,175,853 difference are as follows:

Capital outlay	$	1,128,134
Depreciation expense		(2,303,987)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets - governmental activities*	$	(1,175,853)

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

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

Another element of the reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." The details of this $2,547,088 difference are as follows:

Principal repayments:		
Landfill postclosure costs	$	87,088
Bonds and notes payable		2,460,000
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets - governmental activities*	$	2,547,088

Another element of that reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $103,164 difference are as follows:

Change in compensated absences	$	(14,677)
Change in net pension asset		16,020
Amortization of bond issuance costs		(39,529)
Amortization of bond premium		113,100
Accrued interest		28,250
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets - governmental activities*	$	103,164

NOTE 3. LEGAL COMPLIANCE - BUDGETS

A. Budgets and Budgetary Accounting

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

1. Prior to July 15, the County Administrator submits a proposed budget to the Board of Commissioners governing expenditures of all County funds for the fiscal year commencing the following October 1.

2. In September, the Board of Commissioners holds a public hearing on the proposed budget to obtain citizen comments.

3. The budget is legally adopted by the Board of Commissioners at a called meeting during the third week of September. The legal level of budgetary control is the department level.

4. All budget revisions or changes must be approved as required by Georgia law and administrative policy. Department Directors are authorized to transfer budgeted amounts between all object categories within their own department excluding the categories for personnel costs, training, utilities, capital, and telephone, which require approval by the Board of Commissioners. Revisions that alter the total expenditures of any department or fund must be approved by the Board of Commissioners.

5. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted for the General Fund and Special Revenue Funds. Budgets for Capital Projects Funds are adopted on a project basis, spanning more than one fiscal year.

The supplementary budgetary appropriations made were not material.

All appropriations, except for items encumbered at year end, lapse. Encumbrances for items not lapsing at year end are reappropriated in the ensuing year's budget. Budget information for expenditures and encumbrances represents the operating budget as approved by the Board of Commissioners.

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

B. Excess Expenditures over Appropriations

For the year ended September 30, 2012, expenditures exceeded budget in the General Fund, as follows:

Department	Excess
Elections	$ 172
Tax Commissioner	1,368
Tax Assessor	2,611
Superior Court	118
Clerk of Superior Court	640
District Attorney	156
District Attorney - Victim Witness	745
Magistrate Court	599
Probate Court	1,349
Juvenile Court	608
Sheriff	5,060
Jail	10,799
Drug rehab & training	619
Fire department	6,001
Emergency medical services	13,263
E911	39,808
Public works department	1,543
Solid waste recycling	762
Community services	164
Recreation department	1,764
Planning and zoning	740

These over expenditures were funded by additional unanticipated revenues.

NOTE 4. DEPOSITS AND INVESTMENTS

Credit risk. State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The County's policy is to invest only in obligations of the State of Georgia or of other states; the local government investment pool established by state law; obligations issued by the United States government; obligations fully insured or guaranteed by the United States government or a United States government agency; or certificates of deposit. Instruments rated below an AAA rating may not be purchased.

At September 30, 2012, the County had the following investments:

Investment	Term	Maturities	Fair Value
Certificate of deposit	12 months	December 19, 2012	$ 6,064
			$ 6,064

At September 30, 2012, the Development Authority had the following investments:

Investment	Term	Maturities	Fair Value
Certificate of deposit	6 months	January 22, 2013	$ 492,163
Certificate of deposit	6 months	October 30, 2012	211,116
			$ 703,279

At September 30, 2012, the Library had the following investments:

Investment	Term	Maturities	Fair Value
Certificate of deposit	12 months	March 13, 2013	$ 30,922
Certificate of deposit	6 months	December 29, 2012	101,932
			$ 132,854

Interest rate risk. In accordance with its investment policy, the County shall seek to ladder the maturities of its portfolio to correspond with known projected cash flow needs, taking into consideration large recurring expenditure items, such as payroll and bond disbursements. The County shall seek to maintain a weighted-average maturity of the total portfolio not to exceed one year.

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of September 30, 2012, all of the deposits of the County, the Development Authority and the Library were properly insured and collateralized as defined by GASB pronouncements and the official code of the State of Georgia.

NOTE 5. RECEIVABLES

Receivables at September 30, 2012, for the County's individual major funds, and nonmajor funds and other funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	2004 SPLOST	Solid Waste Fund	Nonmajor Governmental Funds	Total
Receivables:					
Taxes	$ 789,284	$ -	$ -	$ 894	$ 790,178
Allowance for uncollected taxes	(394,642)	-	-	-	(394,642)
Net taxes receivable	394,642	-	-	894	395,536
Accounts	2,209,654	1,940	47,272	84,237	2,343,103
Allowance for uncollected accounts	(1,892,271)	-	(23,636)	-	(1,915,907)
Net accounts receivable	317,383	1,940	23,636	84,237	427,196
Net total receivable	$ 712,025	$ 1,940	$ 23,636	$ 85,131	$ 822,732

The County's property taxes were levied on the assessed values of all real and personal property with utilities, including mobile homes and motor vehicles, located in the County. The County was unable to bill their 2012 property taxes prior to the year ended September 30, 2012, as such the information below is relative to the 2011 levy. The assessed value at January 1, 2011, upon which the fiscal year 2011 levy was based, was the gross digest amount of $710,410,533 (40% of the estimated market value of $1,776,026,333).

The tax billing cycle is as follows:

Levy date	August 23, 2011
Payment due date	December 20, 2011
Delinquency date	December 21, 2011
Lien date	March 20, 2012

NOTE 5. RECEIVABLES (CONTINUED)

The distribution of the County's levy (tax rate per $1,000 assessed value) as of September 30, 2011 is as follows:

General Government	13.555 mills
School System	17.000 mills
State of Georgia	.25 mills

NOTE 6. CAPITAL ASSETS

A. Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 2,363,436	$ -	$ -	$ 2,363,436
Construction in progress	11,420,414	488,237	-	11,908,651
Total	13,783,850	488,237	-	14,272,087
Capital assets, being depreciated:				
Buildings	9,218,589	-	(20,185)	9,198,404
Improvements other than buildings	2,438,269	94	-	2,438,363
Infrastructure	53,699,793	-	-	53,699,793
Equipment	9,733,832	639,803	(136,908)	10,236,727
Total	75,090,483	639,897	(157,093)	75,573,287
Less accumulated depreciation for:				
Buildings	3,275,060	222,801	(20,185)	3,477,676
Improvements other than buildings	715,512	86,214	-	801,726
Infrastructure	29,789,193	1,212,075	-	31,001,268
Equipment	6,159,587	782,897	(131,908)	6,810,576
Total	39,939,352	2,303,987	(152,093)	42,091,246
Total capital assets, being depreciated, net	35,151,131	(1,664,090)	(5,000)	33,482,041
Governmental activities capital assets, net	$ 48,934,981	$ (1,175,853)	$ (5,000)	$ 47,754,128

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

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

Governmental activities:	
General government	$ 195,936
Judicial	2,710
Public safety	633,795
Public works	1,386,438
Culture and recreation	80,969
Conservation and development	4,139
Total depreciation expense - governmental activities	$ 2,303,987

B. Component Unit – Health Department

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Machinery and equipment	$ 47,589	$ -	$ -	$ 47,589
Less accumulated depreciation for:				
Machinery and equipment	47,589	-	-	47,589
Total capital assets, net	$ -	$ -	$ -	$ -

C. Component Unit – Library

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 167,000	$ -	$ -	$ 167,000
Capital assets, being depreciated:				
Buildings	2,000,000	-	-	2,000,000
Library books and materials	631,569	18,203	(1,796)	647,976
Total capital assets, being depreciated:	2,631,569	18,203	(1,796)	2,647,976
Less accumulated depreciation for:				
Buildings	474,998	33,333	-	508,331
Library books and materials	528,752	21,844	(1,796)	548,800
Total accumulated depreciation:	1,003,750	55,177	(1,796)	1,057,131
Total capital assets, being depreciated, net:	1,627,819	(36,974)	-	1,590,845
Total capital assets, net	$ 1,794,819	$ (36,974)	$ -	$ 1,757,845

NOTE 6. CAPITAL ASSETS (CONTINUED)

D. Component Unit – Development Authority

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 384,330	$ -	$ -	$ 384,330
Total	384,330	-	-	384,330
Capital assets, being depreciated:				
Buildings	6,147,722	-	-	6,147,722
Equipment	7,248	160	-	7,408
Vehicles	22,040	-	-	22,040
Total	6,177,010	160	-	6,177,170
Less accumulated depreciation for:				
Buildings	1,550,907	153,693	-	1,704,600
Equipment	5,679	729	-	6,408
Vehicles	17,632	4,408	-	22,040
Total	1,574,218	158,830	-	1,733,048
Total capital assets, being depreciated, net	4,602,792	(158,670)	-	4,444,122
Total capital assets, net	$ 4,987,122	$ (158,670)	$ -	$ 4,828,452

NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the year ended September 30, 2012:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	$ 10,425,000	$ -	$ (2,460,000)	$ 7,965,000	$ 2,600,000
Plus unamortized premium	367,573	-	(113,100)	254,473	-
Bonds payable, net	10,792,573	-	(2,573,100)	8,219,473	2,600,000
Compensated absences	400,148	409,185	(394,508)	414,825	331,860
Landfill postclosure costs	1,930,888	-	(87,088)	1,843,800	39,500
Governmental activities:					
Long-term liabilities	$ 13,123,609	$ 409,185	$ (3,054,696)	$ 10,478,098	$ 2,971,360

For governmental activities, compensated absences and landfill postclosure costs are generally liquidated by the General Fund.

NOTE 7. LONG-TERM DEBT (CONTINUED)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Development Authority:					
Bonds payable	$ 1,353,000	$ -	$ (396,000)	$ 957,000	$ 426,000
Notes payable	3,406	-	(3,406)	-	-
Development Authority:					
Long-term liabilities	$ 1,356,406	$ -	$ (399,406)	$ 957,000	$ 426,000
Library:					
Compensated absences	$ 25,468	$ 14,588	$ (25,123)	$ 14,933	$ 4,146
Health Department:					
Compensated absences	$ 35,015	$ -	$ (4,216)	$ 30,799	$ 3,079

General Obligation Bonds. During the year ended September 30, 2009, the County issued general obligation bonds in the amount of $15,015,000. The bond proceeds are to be used to finance the acquisition of various capital projects. General obligation bonds are direct obligations and pledge the full faith and credit of the County.

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
Various	3.25 - 5.00%	7 years	2015	$ 15,015,000	$ 7,965,000
	Plus unamortized premium				254,473
					$ 8,219,473

Debt service requirements to maturity on the general obligation bonds are as follows:

Year ending September 30,	Principal	Interest
2013	2,600,000	381,950
2014	2,740,000	251,945
2015	2,625,000	122,500
Total	$ 7,965,000	$ 756,395

NOTE 7. LONG-TERM DEBT (CONTINUED)

Landfill Postclosure Costs. Peach County has closed its landfill located on Houser's Mill Road. State and Federal regulations require that the County place a final cover on its landfill and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. At this time, engineering studies estimate postclosure costs of approximately $1,843,800 over the next 13 years. These costs are based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of September 30, 2012. However, actual costs may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. Should any problems occur during this postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

Revenue Bonds Payable – Development Authority. During the year ended September 30, 2003, the Development Authority issued tax-exempt and taxable refunding revenue bonds in the aggregate amount of $3,977,000. The bond proceeds were used to refund the Development Authority's series 2000 revenue bonds. The principal and interest on the bonds is payable from the net revenues of the Development Authority and certain payments made to the Development Authority by the County pursuant to a contract between the Development Authority and the County.

Revenue bonds outstanding at September 30, 2012 are as follows:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
Tax-Exempt Refunding Revenue Bonds	4.55%	12 years	2015	$ 3,977,000	$ 957,000

Debt service requirements to maturity on the revenue bonds are as follows:

Year ending September 30,	Principal	Interest
2013	426,000	35,210
2014	451,000	15,089
2015	80,000	461
Total	$ 957,000	$ 50,760

NOTE 7. LONG-TERM DEBT (CONTINUED)

Conduit Debt Obligations – Development Authority. The Development Authority has issued revenue bonds to provide financial assistance to a nonprofit corporation and an exempt organization for the acquisition and construction of student housing facilities. The bonds are secured by the property financed and are payable solely from the payments received on the underlying loan agreement. Upon repayment of the bonds, ownership of the acquired facilities transfers to the exempt organization served by the bond issuance. The Development Authority is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The amount of conduit debt revenue bond obligations outstanding as of September 30, 2012 is $43,405,000.

During the year ended September 30, 2009, the Development Authority entered into a note payable with the OneGeorgia Authority to provide financial assistance to a local corporation for the acquisition of machinery and equipment. The note is secured by the property financed and is payable solely from payments received on the underlying agreement. Upon repayment of the note, ownership of the acquired machinery and equipment transfers to the local corporation served by the note issuance. The Development Authority is not obligated in any manner for repayment of the note. Accordingly, the note is not reported as a liability in the accompanying financial statements. The amount of conduit debt note payable obligation outstanding as of September 30, 2012 is $282,266.

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2012 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	$ 20,064
Solid Waste Fund	General Fund	11,682
Nonmajor governmental funds	General Fund	263
		$ 32,009

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

Interfund transfers:

Transfers In	Transfers Out	Amount
Nonmajor governmental funds	General Fund	$ 40,137
Solid Waste Fund	General Fund	124,279
		$ 164,416

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 9. RETIREMENT PLANS

A. Defined Benefit Pension Plan - Primary Government

Plan Description

On October 1, 2006, the County began sponsoring the Association County Commissioners of Georgia Peach County Defined Benefit Plan (The Plan), which is a defined benefit pension plan.

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Plan, through execution of the adoption agreement, is affiliated with the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan administered by GEBCorp. The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of The ACCG Plan, as provided in Section 19.03 of The ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of The Plan, as provided in Section 19.02 of The ACCG Plan document.

Complete financial statements for the Association County Commissioners of Georgia (ACCG) Defined Benefit Pension Plan can be obtained from Government Employee Benefits Corporation of Georgia, 3625 Cumberland Boulevard, Suite 825, 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 Plan trustees and intended to satisfy the minimum contribution requirements as set forth in controlling State of Georgia statutes. Plan participants are not required to contribute to the plan.

Annual Pension Cost

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

	January 1, 2011	January 1, 2012
Derivation of Annual Pension Cost		
Annual Required Contribution	$ 384,888	$ 421,276
Interest on Net Pension Obligation	(3,175)	(4,164)
Amortization of Net Pension Obligation	3,625	4,456
Annual Pension Cost	$ 385,338	$ 421,568

NOTE 9. RETIREMENT PLANS (CONTINUED)

A. Defined Benefit Pension Plan - Primary Government (Continued)

Derivation of Net Pension Obligation

Annual Pension Cost for Fiscal Year 2012	$	421,568
Actual Contributions to Plan for Fiscal Year 2012		437,588
Increase (Decrease) in Net Pension Obligation		(16,020)
Net Pension Obligation (Asset) as of Beginning of Fiscal Year		(53,735)
Net Pension Obligation (Asset) as of End of Fiscal Year	$	(69,755)

Basis of Valuation

Current Valuation Date	January 1, 2012
Annual Return on Invested Plan Assets	7.75%
Projected Annual Salary Increases	4.00 to 6.50%
Expected Annual Inflation	3.0%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Projected Unit Credit
Amortization Method	Level Percent of Pay (Closed)
Remaining Amortization Period	30

Trend Information for The Plan

Fiscal Year Funding	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
9/30/08	$ 286,403	$ 282,925	98.8 %	$ (12,525)
9/30/09	337,209	349,227	103.6	(24,543)
9/30/10	377,498	394,145	104.4	(41,190)
9/30/11	385,338	397,883	103.3	(53,735)
9/30/12	421,568	437,588	103.8	(69,755)

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
1/1/2012	$ 6,341,413	$ 6,940,581	$ 599,168	91.4 %	$ 5,212,640	11.5 %

NOTE 9. RETIREMENT PLANS (CONTINUED)

A. Defined Benefit Pension Plan - Primary Government (Continued)

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial liability. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2012.

B. Teachers Retirement System of Georgia (TRS) – Component Unit – Library

Plan Description. The Library participates in the TRS is a cost-sharing multiple-employer defined benefit plan created in 1943 by an act of the Georgia General Assembly to provide retirement benefits for qualifying employees in educational service. A Board of Trustees comprised of active and retired members and ex-officio State employees is ultimately responsible for the administration of TRS. The Teachers Retirement System of Georgia issues a separate stand alone financial audit report and a copy can be obtained from the Georgia Department of Audits and Accounts.

On October 25, 1996, the Board created the Supplemental Retirement Benefits Plan of the Georgia Teachers Retirement System (SRBP-TRS). SRBP-TRS was established as a qualified excess benefit plan in accordance with Section 415 of the Internal Revenue Code (IRC) as a portion of TRS. The purpose of SRBP-TRS is to provide retirement benefits to employees covered by TRS whose benefits are otherwise limited by IRC Section 415. Beginning July 1, 1997, all members and retired former members in TRS are eligible to participate in the SRBP-TRS whenever their benefits under TRS exceed the IRC Section 415 imposed limitation on benefits.

TRS provides service retirement, disability retirement, and survivor's benefits. The benefit structure of TRS is defined and may be amended by State statute. A member is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. A member is eligible for early retirement after 25 years of creditable service.

Normal retirement (pension) benefits paid to members are equal to 2% of the average of the member's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. Early retirement benefits are reduced by the lesser of one-twelfth of 7% for each month the member is below age 60 or by 7% for each year or fraction thereof by which the member has less than 30 years of service. It is also assumed that certain cost-of-living adjustments, based on the Consumer Price Index, will be made in future years. Retirement benefits are payable monthly for life. A member may elect to receive a partial lump-sum distribution in addition to a reduced monthly retirement benefit. Death, disability and spousal benefits are also available.

NOTE 9. RETIREMENT PLANS (CONTINUED)

B. Teachers Retirement System of Georgia (TRS) – Component Unit – Library (Continued)

Funding Policy. TRS is funded by member and employer contributions as adopted and amended by the Board of Trustees. Members become fully vested after 10 years of service. If a member terminates with less than 10 years of service, no vesting of employer contributions occurs, but the member's contributions may be refunded with interest. Member contributions are limited by State law to not less than 5% or more than 6% of a member's earnable compensation. Member contributions as adopted by the Board of Trustees for the prior fiscal year ended September 30, 2011, were 5.53% of annual salary. The member contribution rate will increase to 6.00% effective July 1, 2012. Employer contributions required for fiscal year 2012 were 10.28% of annual salary as required by the June 30, 2009, actuarial valuation. The employer contribution rate increased to 11.41% effective July 1, 2012.

Employer contributions for the current fiscal year and the preceding two fiscal years are as follows:

Fiscal Year	Percentage Contributed	Required Contribution
September 30, 2012	100%	$ 24,723
September 30, 2011	100%	26,637
September 30, 2010	100%	25,785

NOTE 10. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; natural disasters; injuries to employees; and losses resulting from providing accident and health benefits to employees, retirees, and their dependents.

The County purchases insurance from a private carrier for coverage of general liability, property, and casualty coverage. The private insurance covers claims arising from general liability, automobile liability, errors and omissions, law enforcement liability, and property risks. Additionally, as of October 1, 2001, the County purchases health insurance from a private carrier. No reduction in insurance coverage has occurred since the previous year, and no settlements in excess of coverage have been paid in the past three years. The County also participates in the Association of County Commissioners of Georgia Group Self-Insurance Workers' Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

NOTE 10. RISK MANAGEMENT (CONTINUED)

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

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

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

NOTE 11. COMMITMENTS AND CONTINGENT LIABILITIES

Litigation:

The County is involved in several pending lawsuits. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the County.

Grant Contingencies:

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

NOTE 12. JOINT VENTURES

Middle Georgia Regional Commission

Peach County, in conjunction with ten (10) other middle Georgia counties, participates in the Middle Georgia Regional Commission. During its year ended September 30, 2012, the County paid $13,368 in such dues. Membership in an RC is required by Code of Georgia Section 50-8-34 that provides for the organizational structure of the RC. The RC Board membership includes the Chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission.

Information concerning the financial statements may be obtained from the Middle Georgia Regional Commission, 175-C Emery Highway, Macon, Georgia 31217.

The Middle Georgia Regional Solid Waste Management Authority

The Middle Georgia Regional Solid Waste Management Authority (the "Authority") was activated by the Board of Commissioners of Peach County, Macon County, and Dooly County on August 30, 1993, under the provisions of the Regional Solid Waste Management Authority Act (Ga. Laws 1990, page 412). The Middle Georgia Regional Solid Waste Management Authority operates under a Board of Directors, which consists of seven (7) directors, with two (2) directors representing each county and one (1) director appointed by the directors themselves.

The Authority is designed to research, study, and plan for the solid waste management needs of the participating counties. The Authority is responsible for gathering data and researching all phases of the solid waste management needs of the participating counties. The Authority does not have the power to borrow money, issue bonds, or enter into any financial obligations without the authorization of the participating counties who will be involved in the repayment of such obligations.

The total costs of the annual administrative budget is to be allocated among the participants such that each participant is allocated a fraction of such costs, the numerator of which is the total population of such participant, and the denominator of which is the total population of all participants.

Information concerning the financial statements may be obtained from the Middle Georgia Regional Solid Waste Management Authority, Oglethorpe, Georgia.

NOTE 13. HOTEL/MOTEL LODGING TAX

The Official Code of Georgia Annotated 48-13-51 requires that all lodging taxes levied of 3% or more be expended or obligated contractually for the promotion of tourism, conventions, or trade shows. The County has complied with the expenditure requirements of OCGA 48-13-51 regarding the hotel/motel tax. During the year, the County collected $7,431 in hotel taxes. Management represents that $12,992, or 174.8%, of the lodging tax received during the year ended September 30, 2012 was used for the promotion of tourism.

NOTE 14. OTHER POST EMPLOYMENT BENEFITS

Georgia School Personnel Post-employment Health Benefit Fund – Component Unit – Library

Plan Description. The Library participates in the Georgia School Personnel Post-employment Health Benefit Fund (School OPEB Fund) a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers eligible former employees of public school systems, libraries and regional educational service agencies. The School OPEB Fund provides health insurance benefits to eligible former employees and their qualified beneficiaries through the State Employees Health Benefit Plan administered by the Department of Community Health. The Official Code of Georgia Annotated (O.C.G.A.) assigns the authority to establish and amend the benefit provisions of the group health plans, including benefits for retirees, to the Board the Department of Community Health (Board). The Department of Community Health, which includes the School OPEB Fund, issues a separate stand alone financial audit report and a copy can be obtained from the Georgia Department of Audits and Accounts.

Funding Policy. The contribution requirements of plan members and participating employers are established by the Board in accordance with the current Appropriations Act and may be amended by the Board. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. For members with fewer than five years of service as of January 1, 2012, contributions also vary based on years of service. On average, members with five years or more of service as of January 1, 2012, pay approximately 25 percent of the cost of the health insurance coverage. In accordance with the Board resolution dated December 8, 2011, for members with fewer than five years of service as of January 1, 2012, the State provides a premium subsidy in retirement that ranges from 0% for fewer than 10 years of service to 75% (but no greater than the subsidy percentage offered to active employees) for 30 or more years of service. The subsidy for eligible dependents ranges from 0% to 55% (but no greater than the subsidy percentage offered to dependents of active employees minus 20%). No subsidy is available to Medicare eligible members not enrolled in a Medicare Advantage Option. The Board sets all member premiums by resolution and in accordance with the law and applicable revenue and expense projections. Any subsidy policy adopted by the Board may be changed at any time by Board resolution and does not constitute a contract or promise of any amount of subsidy.

NOTE 14. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Georgia School Personnel Post-employment Health Benefit Fund – Component Unit – Library (Continued)

Funding Policy (Continued): Participating employers, including public library systems, are statutorily required to contribute in accordance with the employer contribution rates established by the Board. The contribution rates are established to fund all benefits due under the health insurance plans for both active and retired employees based on projected "pay-as-you-go" financing requirements. Contributions are not based on the actuarially calculated annual required contribution (ARC) which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The combined active and retiree contribution rates established by the Board for employers participating in the School OPEB Fund were as follows for the fiscal year ended September 30, 2012:

Period	Percentage of Covered Payroll
October 2011 - April 2012	24.000% of covered payroll for October - April coverage
May 2012 - June 2012	3.958% of covered payroll for May - June coverage
July 2012 - September 2012	$743 per member, per month

No additional contribution was required by the Board for fiscal year 2012 nor did the Library contribute to the School OPEB Fund to prefund retiree benefits. Such additional contribution amounts are determined annually by the Board in accordance with the School plan for other post-employment benefits and are subject to appropriation.

The Library's combined active and retiree contributions to the health insurance plans, which equaled the required contribution, for the current fiscal year and the preceding two fiscal years were as follows:

Fiscal Year	Percentage Contributed	Required Contribution
September 30, 2012	100%	$ 46,736
September 30, 2011	100%	48,016
September 30, 2010	100%	48,933

REQUIRED SUPPLEMENTARY INFORMATION

DEFINED BENEFIT PENSION PLAN
SCHEDULE OF FUNDING PROGRESS

Measurement Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
1/1/2012	$ 6,341,413	$ 6,940,581	$ 599,168	91.4 %	$ 5,212,640	11.5 %
1/1/2011	5,800,343	6,469,450	669,107	89.7	5,351,689	12.5
1/1/2010	5,200,449	5,639,289	438,840	92.2	5,137,859	8.5
1/1/2009	4,555,043	5,089,782	534,739	89.5	4,778,101	11.2
1/1/2008	4,383,162	4,630,964	247,802	94.6	4,568,590	5.4

The assumptions used in the preparation of the above schedule are disclosed in Note 9 in the Notes to the Financial Statements.

PEACH COUNTY, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Law Library

To account for costs of operating and maintaining the County Law Library. Financing is provided from a $2 charge added to and collected on all costs in civil and criminal cases. A separate Board of Trustees has control of the Law Library funds and has authority to expend the funds in accordance with provisions of the act establishing the County Law Library. All books, reports, texts, and periodicals purchased from these funds become the property of the County.

Transit System

To account for the operations of the Peach County Transit System. Financing is provided under an agreement with the Georgia Department of Transportation to receive funding under Section 18 of the Urban Mass Transportation Act of 1964, from operating transfers from the General Fund of Peach County, and from user fares.

Drug Fund

To account for monies deemed as forfeited property by courts to Peach County from cases related to illegal drug activity. These forfeited funds are used to expand the County's efforts to reduce illegal drug activity in the County.

Federal Drug Fund

To account for monies deemed as forfeited property by Federal Courts to Peach County from cases related to illegal drug activity.

Jail Inmate Canteen

To account for the operations of the jail inmate store. Purchases of supplies for sale to inmates, as well as proceeds received from the sale of these supplies, are reflected in the Jail Inmate Fund.

Hotel/Motel Tax

To account for revenues received from the levy of a hotel/motel tax in accordance with the provisions of OCGA 48-13-51 to be used for the promotion of tourism, conventions, and trade shows in Peach County.

E911 Fund

To account for the costs of operating and maintaining the 911 Emergency Communication System for Peach County. Financing is provided by a charge to each telephone subscriber whose exchange access lines are in areas served by the Peach County "911" service, by contributions from the City of Fort Valley and the City of Byron.

Air OneGeorgia Grant Fund

To account for the revenues in and expenditures made from the Air OneGeorgia Grant provided by the OneGeorgia Authority. Proceeds are to be used for improvements at the Perry-Houston County Airport.

Capital Projects Fund

Sales Tax

To account for the landfill and county building improvement expenditures as called for by the County referendum. Financing is being provided by a special purpose sales and use tax and proceeds from a GEFA note payable.

PEACH COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	Special Revenue Funds				
ASSETS	**Law Library**	**Transit System**	**Drug Fund**	**Federal Drug Fund**	**Jail Inmate Canteen**
Cash and cash equivalents	$ 30,880	$ 216	$ 19,946	$ 10,835	$ 37,098
Investments	-	-	-	6,064	-
Taxes receivable	-	-	-	-	-
Accounts receivable	-	-	-	-	457
Prepaid items	-	-	-	-	-
Due from other governments	-	19,657	-	-	-
Due from other funds	-	263	-	-	-
Total assets	$ 30,880	$ 20,136	$ 19,946	$ 16,899	$ 37,555
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 980	$ 19,657	$ -	$ -	$ -
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	980	19,657	-	-	-
FUND BALANCES					
Nonspendable:					
Prepaid items	-	-	-	-	-
Restricted for:					
Capital projects	-	-	-	-	-
Judicial	29,900	-	-	-	-
Public safety	-	-	19,946	16,899	-
Health and welfare	-	479	-	-	-
Committed for:					
Public safety	-	-	-	-	37,555
Unassigned	-	-	-	-	-
Total fund balances	29,900	479	19,946	16,899	37,555
Total liabilities and fund balances	$ 30,880	$ 20,136	$ 19,946	$ 16,899	$ 37,555

Hotel/ Motel Tax	E911 Fund	Air OneGeorgia Grant Fund	Capital Projects Fund Sales Tax	Total Nonmajor Governmental Funds
$ 203	$ -	$ -	$ 5,195	$ 104,373
-	-	-	-	6,064
894	-	-	-	894
-	83,780	-	-	84,237
-	24,161	-	-	24,161
-	-	-	-	19,657
-	-	-	-	263
$ 1,097	$ 107,941	$ -	$ 5,195	$ 239,649
$ 889	$ 13,244	$ -	$ 2,459	$ 37,229
-	30,234	-	-	30,234
208	18,122	-	1,734	20,064
1,097	61,600	-	4,193	87,527
-	24,161	-	-	24,161
-	-	-	1,002	1,002
-	-	-	-	29,900
-	-	-	-	36,845
-	-	-	-	479
-	-	-	-	37,555
-	22,180	-	-	22,180
-	46,341	-	1,002	152,122
$ 1,097	$ 107,941	$ -	$ 5,195	$ 239,649

PEACH COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Special Revenue Funds				
	Law Library	Transit System	Drug Fund	Federal Drug Fund	Jail Inmate Canteen
Revenues:					
Other taxes	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	66,863	-	-	-
Charges for services	-	-	-	-	5,827
Fines and forfeitures	12,962	-	17,890	-	-
Interest income	48	-	80	88	-
Total revenues	13,010	66,863	17,970	88	5,827
Expenditures:					
Current:					
Judicial	16,319	-	-	-	-
Public safety	-	-	20,144	301	3,103
Public works	-	-	-	-	-
Health and welfare	-	66,863	-	-	-
Conservation and development	-	-	-	-	-
Total expenditures	16,319	66,863	20,144	301	3,103
Excess (deficiency) of revenues over (under) expenditures	(3,309)	-	(2,174)	(213)	2,724
Other financing sources:					
Transfers in	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Net change in fund balances	(3,309)	-	(2,174)	(213)	2,724
Fund balances, beginning of year	33,209	479	22,120	17,112	34,831
Fund balances, end of year	$ 29,900	$ 479	$ 19,946	$ 16,899	$ 37,555

Hotel/ Motel Tax	E911 Fund	Air OneGeorgia Grant Fund	Capital Projects Fund Sales Tax	Total Nonmajor Governmental Funds
$ 7,431	$ -	$ -	$ -	$ 7,431
-	-	77,350	-	144,213
-	371,276	-	-	377,103
-	-	-	-	30,852
-	-	-	6	222
7,431	371,276	77,350	6	559,821
-	-	-	-	16,319
-	324,935	-	-	348,483
-	-	-	77,490	77,490
-	-	-	-	66,863
12,992	-	77,350	-	90,342
12,992	324,935	77,350	77,490	599,497
(5,561)	46,341	-	(77,484)	(39,676)
5,561	-	-	34,576	40,137
5,561	-	-	34,576	40,137
-	46,341	-	(42,908)	461
-	-	-	43,910	151,661
$ -	$ 46,341	$ -	$ 1,002	$ 152,122

PEACH COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 1994 ISSUE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Project Description	Original Estimated Costs	Current Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
Sanitary Landfill	$ 3,000,000	$ 3,000,000	$ 4,222,989	$ 77,490	$ 4,300,479
County Buildings	1,750,000	1,750,000	1,750,000	-	1,750,000
Totals	$ 4,750,000	$ 4,750,000	$ 5,972,989	$ 77,490	$ 6,050,479

PEACH COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2000 ISSUE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Project Description	Original Estimated Costs	Current Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
Public Safety Facilities	$ 975,000	$ 975,000	$ 975,000	$ -	$ 975,000
Roads, Streets, and Bridges	735,000	735,000	707,349	-	707,349
Solid Waste Handling Facility	40,000	40,000	35,119	-	35,119
Water, Sewer, and Waste Water Treatment	12,000,000	12,000,000	9,370,177	2,036,920	11,407,097
Totals	$ 13,750,000	$ 13,750,000	$ 11,087,645	$ 2,036,920	$ 13,124,565

PEACH COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2004 ISSUE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Project Description	Original Estimated Costs	Current Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
Road, Street, and Bridge Purposes	$ 4,120,000	$ 4,120,000	$ 3,075,402	$ 656,552	$ 3,731,954
Administrative and Detention Facilities	2,185,000	2,185,000	1,065,834	83,474	1,149,308
City of Fort Valley	1,250,000	1,250,000	1,305,865	-	1,305,865
City of Byron	1,250,000	1,250,000	1,305,865	-	1,305,865
Industrial Building	2,000,000	2,000,000	2,000,000	-	2,000,000
Recreation and Cultural Facilities	1,300,000	1,300,000	1,365,439	-	1,365,439
Public Safety Facilities and Equipment	1,195,000	1,195,000	2,026,811	74,205	2,101,016
Hospital Facility	2,000,000	2,000,000	-	200,000	200,000
Totals	$ 15,300,000	$ 15,300,000	$ 12,145,216	$ 1,014,231	$ 13,159,447

PEACH COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2008 ISSUE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Project Description	Original Estimated Costs	Current Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
Georgia Environmental Facilities Authority Loan - 2007	$ 1,125,000	$ 1,125,000	$ 1,133,361	$ -	$ 1,133,361
Previously Incurred Debt for Byron Redevelopment Authority	200,000	200,000	223,228	-	223,228
Road, Street, and Bridge Purposes	3,000,000	3,000,000	552,420	249,847	802,267
County Buildings	550,000	550,000	128,574	30	128,604
Improvements and Expansion of Peach Recreation Parks	700,000	700,000	496,371	4,470	500,841
Public Safety Facilities and Equipment	10,477,000	10,477,000	10,940,416	12,231	10,952,647
Interest and Costs of Issuance of Debt	1,398,000	1,398,000	1,935,767	496,799	2,432,566
City of Byron	3,475,000	3,475,000	2,582,417	-	2,582,417
City of Fort Valley	3,075,000	3,075,000	74,841	-	74,841
Totals	$ 24,000,000	$ 24,000,000	$ 18,067,395	$ 763,377	$ 18,830,772
		Repayment of principal on debt. Proceeds included in projects above.		2,460,000	
		Total 2008 SPLOST Fund expenditures		$ 3,223,377	

PEACH COUNTY, GEORGIA

AGENCY FUNDS

	Agency Funds
Jail Inmate	To account for all monies held on behalf of the inmates of the Peach County Jail.
Tax Commissioner	To account for the collection and payment to Peach County and other taxing units of the property taxes levied, billed, and collected by the Tax Commissioner on behalf of Peach County and other taxing units.
Clerk of Superior Court	To account for all monies received by the Clerk of Superior Court on behalf of individuals, private organizations, other governmental units, and other funds.
Magistrate Court	To account for the receipt and disbursement of court-ordered fines and fees made on behalf of third parties.
Probate Court	To account for the collection of fees for firearms licenses, certificates, marriage licenses, passports, etc. which are disbursed to other parties.
Sheriff's Office	To account for all monies received by the Sheriff's Department on behalf of individuals, private organizations, other governmental units, and other funds.

PEACH COUNTY, GEORGIA

COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2012

ASSETS	Jail Inmate	Tax Commissioner	Clerk of Superior Court	Magistrate Court
Cash	$ 3,578	$ 6,493	$ 447,110	$ 33,227
Taxes receivable	-	913,622	-	-
Total assets	$ 3,578	$ 920,115	$ 447,110	$ 33,227
LIABILITIES				
Due to others	$ 3,578	$ 920,115	$ 447,110	$ 33,227
Total liabilities	$ 3,578	$ 920,115	$ 447,110	$ 33,227

Probate Court	Sheriff's Office	Totals
$ 117,037	$ 239,277	$ 846,722
-	-	913,622
$ 117,037	$ 239,277	$ 1,760,344
$ 117,037	$ 239,277	$ 1,760,344
$ 117,037	$ 239,277	$ 1,760,344

COMPONENT UNIT –
PEACH PUBLIC LIBRARIES

PEACH COUNTY, GEORGIA

COMBINING BALANCE SHEET
COMPONENT UNIT - PEACH PUBLIC LIBRARIES
SEPTEMBER 30, 2012

ASSETS	General Fund	Lula Thomas Library Fund	Total Library Funds
Cash and cash equivalents	$ 172,460	$ 5,037	$ 177,497
Investments	101,932	30,922	132,854
Receivables:			
Accounts	1,966	-	1,966
Total assets	$ 276,358	$ 35,959	$ 312,317
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 14,631	$ -	$ 14,631
Total liabilities	14,631	-	14,631
FUND BALANCES			
Nonspendable:			
Lula Thomas CD	-	30,922	30,922
Committed for:			
Compensated absences	14,933	-	14,933
Assigned for:			
Next year's budget	35,232	-	35,232
General library operations	-	5,037	5,037
Unassigned	211,562	-	211,562
Total fund balances	261,727	35,959	297,686
Total liabilities and fund balances	$ 276,358	$ 35,959	$ 312,317

PEACH COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
COMPONENT UNIT - PEACH PUBLIC LIBRARIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	General Fund	Lula Thomas Library Fund	Total Library Funds
Revenues:			
Intergovernmental	$ 422,049	$ -	$ 422,049
Charges for services	14,375	-	14,375
Interest income	1,210	295	1,505
Other income	8,017	-	8,017
Total revenues	445,651	295	445,946
Expenditures:			
Current:			
Public services	97,780	-	97,780
Technical services	80,587	-	80,587
Support services	245,200	-	245,200
Maintenance and operations	27,607	45	27,652
Information technology	13,552	-	13,552
Total expenditures	464,726	45	464,771
Excess (deficiency) of revenues over (under) expenditures	(19,075)	250	(18,825)
Other financing sources (uses):			
Transfers in	392	-	392
Transfers out	-	(392)	(392)
Total other financing sources (uses)	392	(392)	-
Net change in fund balances	(18,683)	(142)	(18,825)
Fund balances, beginning of year	280,410	36,101	316,511
Fund balances, end of year	$ 261,727	$ 35,959	$ 297,686

COMPLIANCE SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

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

Board of Commissioners
of Peach County, Georgia
Fort Valley, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Peach County, Georgia as of and for the year ended September 30, 2012, which collectively comprise Peach County, Georgia's basic financial statements and have issued our report thereon dated March 12, 2013. Our report includes a reference to 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. Other auditors audited the financial statements of the Peach County Health Department, as described in our report on Peach 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

Management of Peach County, Georgia is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Peach County, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Peach County, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Peach County, Georgia's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified certain deficiencies in internal control over financial reporting described in the accompanying schedule of findings and responses as items 2012-1 and 2012-2 that we consider to be significant deficiencies in internal control over financial reporting.

Compliance and Other Matters

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

We also noted certain additional matters that we reported to the management of Peach County, Georgia in a separate letter dated March 12, 2013.

Peach County, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Peach County, Georgia's responses and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management and the Board of Commissioners of Peach County, Georgia, 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.

Mauldin & Jenkins, LLC

Macon, Georgia
March 12, 2013

PEACH COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	____ yes __X__ no
Significant deficiencies identified not considered to be material weaknesses?	__X__ yes ____ none reported
Noncompliance material to financial statements noted?	_____ yes __X__ no

Federal Awards

There was not an audit of major federal award programs for the year ended September 30, 2012 due to the total amount expended being less than $500,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2012-1. Segregation of Duties

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

Condition: Appropriate segregation of duties does not exist among recording, distribution, reconciliation of cash accounts and other operational functions in the various funds maintained by the County. This is especially prominent in the office the Clerk of Superior Court and the Peach County Public Library component unit.

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

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

Cause: The failure to adequately segregate duties is due to the limited number of individuals available in the office of the Clerk of Superior Court and the office of the Peach County Public Library to perform all of the duties.

Recommendation: The duties of recording, distribution, approving, writing and signing of checks, and reconciliation of accounts should be segregated among employees.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2012-1. Segregation of Duties (Continued)

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. The office of the Clerk of Superior Court and the Peach County Public Library has been in the process of reviewing their respective systems to evaluate and determine the most efficient and effective solution to properly segregate duties among recording, distribution, and reconciliation of accounts to provide reasonable assurance that an individual cannot misappropriate funds without being detected during the normal course of business. All of the offices have made great efforts to improve in this area.

2012-2. Overage of Funds

Criteria: All constitutional officers must properly account for the receipt of funds and timely and properly remit such funds to the appropriate parties in accordance with State of Georgia laws.

Condition: For the fiscal year ending September 30, 2012, we noted that the Sheriff's Office has approximately $41,700 in its bank accounts for which no determination can be made as to who or whom the funds are owed.

Context: There was an excess of approximately $41,700 in the Sheriff's Escrow Account.

Cause: In the past, some of the funds of the Sheriff's Office were commingled with the operating account, and therefore it is hard to determine to whom the excess funds are owed.

Effect: By not reconciling the cash balances on hand to the supporting detail listings of amounts payable, differences could occur and go undetected by the Sheriff's Office.

Recommendation: We recommend the Sheriff's Office make every effort to determine who the proper payee(s) are for these funds and disburse the monies as quickly as possible. If the payee cannot be determined, consultation with the County Attorney is recommended.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will work to determine to whom the excess cash is owed and detail listings will be reconciled to the cash balances on hand.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not Applicable.

PEACH COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

2011-1. Segregation of Duties

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

Condition: Appropriate segregation of duties does not exist among recording, distribution, reconciliation of cash accounts and other operational functions in the various funds maintained by the County. This is especially prominent in the office the Clerk of Superior Court.

Status: Unresolved. See current finding 2012-1.

2011-2. Overage of Sheriff's Office Funds

Criteria: All constitutional officers must have a proper function of receiving funds and timely and properly remitting such funds to the appropriate parties upon their disposition in accordance with State of Georgia laws.

Condition: For the fiscal year ending September 30, 2011, we noted that the Sheriff's Office has approximately $41,700 in its bank accounts for which no determination can be made as to who or whom the funds are owed.

Status: Unresolved. See current year finding 2012-2.