PICKENS COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT
(WITH INDEPENDENT AUDITORS' REPORT)

Year Ended December 31, 2013

PICKENS COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended December 31, 2013

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INDEPENDENT AUDITORS' REPORT

July 3, 2014

Board of Commissioners
PICKENS COUNTY, GEORGIA
Jasper, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of PICKENS COUNTY, GEORGIA, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the PICKENS COUNTY HEALTH DEPARTMENT, a component unit of the County, as of and for the year then ended December 31, 2013, which statements reflect total assets of $283,918 and $5,648,232, as of December 31, 2013, and total revenues of $540,688 and $872, respectively, for the year then ended. The financial statements of the PICKENS COUNTY HEALTH DEPARTMENT were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for PICKENS COUNTY HEALTH DEPARTMENT, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design

audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of PICKENS COUNTY, GEORGIA, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in NOTE 1 to the financial statements, the County adopted GASB Statement 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement 65, "Items Previously Reported as Assets and Liabilities". Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise PICKENS COUNTY, GEORGIA's basic financial statements. The accompanying supplementary information such as the combining and individual nonmajor fund financial statements, supplemental budgetary comparison schedules, Schedule of Projects Constructed with Special Sales Tax Proceeds which is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-12, and the Schedule of State Contractual Services.

The supplementary information identified above is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us or other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the supplementary information identified above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information identified above has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 3, 2014 on our consideration of PICKENS COUNTY, GEORGIA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PICKENS COUNTY, GEORGIA's internal control over financial reporting and compliance.

Baker Carter : Co, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Pickens County, Georgia (the "County"), we provide this narrative overview and analysis of the financial activities of the County for the year ended December 31, 2013. The County's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

The County's assets exceeded its liabilities by $51,339,393 (net position) for the year reported. This represents an increase of $3,103,985 over the previous year.

Total net position is comprised of the following:

1. Net investment in capital assets equaled $48,937,127.
2. Net position of $776,476 are restricted for debt service, capital outlay, or by other constraints imposed by law or regulations.
3. At the end of fiscal year 2012, unrestricted General Fund balance decreased by $(1,527,874) from $85,103 to $1,612,977.

The County's governmental funds reported total ending fund balance of $4,912,355. This compares to the prior year ending fund balance of $6,610,807 showing a decrease of $(1,698,452) during the current year.

At the end of fiscal year 2013, unassigned fund balance for the County's governmental funds was $4,088,445.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis introduces the County's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the County through the use of government – wide statements and fund financial statements. This report contains other supplemental information that will enhance the reader's understanding of the financial condition of the County.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances and are more comparable to the financial statements of private-sector businesses. The government-wide statements provide both short and long-term information about the County's financial status as a whole. Government-wide statements report the County's net position and how it has changed. Net position is the difference between the County's total assets and total liabilities. Changes in net position indicate the improvement (an increase) or deterioration (a decrease) in the County's financial condition.

The first of these government-wide statements is the *Statement of Net Position.* This statement presents information that includes all of the County's assets and liabilities, with the difference reported as total net position.

The second government-wide statement is the *Statement of Activities* which indicates how the County's net position changed during the current fiscal year. This report is designed to show the financial reliance of the County's activities and functions on revenues provided by County taxpayers.

The government-wide statements are divided into governmental activities, business-type activities, and component units.

Governmental activities include most of the County's basic services such as general administration, public safety, public works, court systems, culture and recreation, health and welfare, and housing and development. Property taxes, sales taxes, and state and federal grants finance most of these activities.

Business type activities are those that the County charges customers to provide. These include water services and the Pickens County Airport.

Component Units for the County include the Development Authority and the Pickens County Department of Public Health.

Fund Financial Statements

Pickens County, like all other governmental entities in Georgia, uses fund accounting to ensure compliance with finance-related laws and regulations. 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. All of the funds of the County can be classified as governmental funds, proprietary funds, or fiduciary funds.

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. These funds focus on how assets can readily be converted into cash and the amount of funds left at year-end that will be available for spending in the next fiscal year. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps determine if there are financial resources available to finance the County's programs. Most of the County's basic services are accounted for in governmental funds.

Proprietary funds are used to report the functions presented as business-type activities in the government-wide financial statements. Pickens County uses enterprise funds to account for the Water Department and the Airport.

Fiduciary Funds are used to account for resources held for the benefit of parties outside the Government. Pickens County's fiduciary funds are considered agency funds.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data presented in both the government-wide and fund financial statements. The notes to the financial statements begin on page 14 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The table below presents the County's condensed *Statement of Net Position.* Comparison analysis is made from the year ended December 31, 2013 to the year ended December 31, 2012 as required by GASB Statement No. 34

PICKENS COUNTY, GEORGIA's Net Position
December 31

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Capital assets (net of depreciation)	$ 46,282,208	$ 41,112,089	$ 19,874,425	$ 20,463,252	$ 66,156,633	$ 61,575,341
Current and other assets	8,349,604	10,977,371	(2,030,738)	(2,047,788)	6,318,866	8,929,583
Total Assets	54,631,812	52,089,460	17,843,687	18,415,464	72,475,499	70,504,924
Long-term liabilities	6,783,430	4,550,947	8,448,673	8,349,525	15,232,103	12,900,472
Other liabilities	1,672,657	4,753,904	4,231,346	4,615,140	5,904,003	9,369,044
Total liabilities	8,456,087	9,304,851	12,680,019	12,964,665	21,136,106	22,269,516
Net Position:						
Net investment in capital assets	41,589,227	37,743,371	7,347,900	7,891,707	48,937,127	45,635,078
Restricted	748,173	2,515,227	41,116	-	789,289	2,515,227
Unrestricted	3,838,325	2,526,011	(2,225,348)	(2,440,908)	1,612,977	85,103
Total net position	$ 46,175,725	$ 42,784,609	$ 5,163,668	$ 5,450,799	$ 51,339,393	$ 48,235,408

Over time, net position serves as a useful indicator of a government's financial position. The County's combined net assets (government and business-type activities) totaled $51,339,393 at December 31, 2013 compared to $48,235,408 at December 31, 2012. The total increase was $3,103,985.

The largest portion of net assets, $48,937,127 (95%), reflects the County's investment in capital assets (land, buildings, machinery and equipment) less accumulated depreciation and any related debt still outstanding that was issued to acquire those assets. The County uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investments in capital assets are reported net of outstanding debt, the resources needed to repay the debt must be provided by other sources as the capital assets cannot be liquidated to pay the liabilities. The County has $789,289 (3%) of restricted net assets that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The remaining portion of net assets represents $1,612,977 (3%) of unrestricted net assets that are available to meet the County's ongoing obligations.

The table below presents the County's condensed *Statement of Activities* for the year ended December 31, 2013 with comparative amounts for the year ended December 31, 2012.

PICKENS COUNTY, GEORGIA's Changes in Net Position
Year Ended December 31

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
REVENUES						
Program revenues						
Charges for Services	$ 4,834,312	$ 4,989,773	$ 2,373,493	$ 2,081,411	$ 7,207,805	$ 7,071,184
Operating Grants and Contributions	2,834,942	2,867,146	-	69,579	2,834,942	2,936,725
Capital Grants and Contributions	-	80,673	-	300,000	-	380,673
Subtotal for Program Revenues	7,669,254	7,937,592	2,373,493	2,450,990	10,042,747	10,388,582
General revenues						
Property Taxes	11,010,792	9,857,351	-	-	11,010,792	9,857,351
Sales Taxes	6,633,643	6,951,031	-	-	6,633,643	6,951,031
Insurance Premium Tax	1,162,534	1,118,532	-	-	1,162,534	1,118,532
Franchise Tax	123,536	130,192	-	-	123,536	130,192
Other Taxes	59,442	219,200	-	-	59,442	219,200
Interest and Investment Earnings	5,367	42,397	56	1,068	5,423	43,465
Other Revenue	344,923	182,096	-	-	344,923	182,096
Subtotal for General Revenues	19,340,237	18,500,799	56	1,068	19,340,293	18,501,867
Total Revenues	27,009,491	26,438,391	2,373,549	2,452,058	29,383,040	28,890,449
EXPENSES						
Program expenses						
General Government	3,388,578	3,769,984	-	-	3,388,578	3,769,984
Judicial	4,211,634	4,368,623	-	-	4,211,634	4,368,623
Public Safety	10,540,018	11,238,865	-	-	10,540,018	11,238,865
Public Works	3,452,723	3,266,120	-	-	3,452,723	3,266,120
Health & Welfare	454,271	396,762	-	-	454,271	396,762
Recreation & Culture	964,045	994,619	-	-	964,045	994,619
Housing and Development	610,611	667,118	-	-	610,611	667,118
Interest and Paying Agent Fees	195,720	139,495	-	-	195,720	139,495
Water	-	-	2,186,264	2,238,386	2,186,264	2,238,386
Airport	-	-	358,828	337,788	358,828	-
Total expenses	23,817,600	24,841,676	2,545,092	2,576,174	26,362,692	27,417,850
Change in Net Position before Transfers	3,191,891	1,596,715	(171,543)	(124,116)	3,020,348	1,472,599
Transfers	60,105	-	(60,105)	-	-	-
Change in Net Position	3,251,996	1,596,715	(231,648)	(124,116)	3,020,348	1,472,599
Net Position, beginning of year	42,784,609	41,187,894	5,450,799	5,574,915	48,235,408	46,762,809
Change in Accounting Principle	-	-	(55,483)	-	(55,483)	-
Prior Period Adjustment	139,120				139,120	
Net Position, beginning as restated	42,923,729	41,187,894	5,395,316	5,574,915	48,319,045	46,762,809
Net Position, end of year	$ 46,175,725	$ 42,784,609	$ 5,163,668	$ 5,450,799	$ 51,339,393	$ 48,235,408

Governmental Activities Revenues increased the County's net position by $3,251,996. Property taxes, insurance premium tax and other taxes, which continue as the main source of revenue for governmental activities totaled $19,340,237 in 2013 compared to $18,500,799 in 2012. This is an increase of 5%.

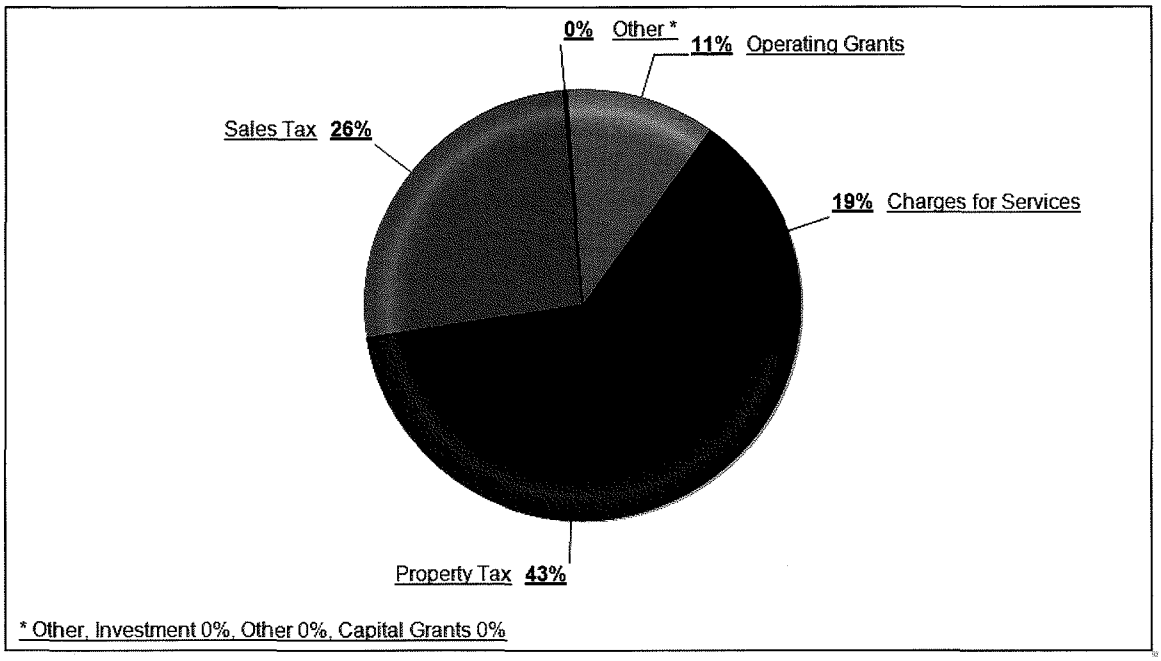
Governmental Activities Expenses by function as reflected in the table above show that during 2013, the County expended 44% for Public Safety, 18% for Judicial, 14% for Public Works, 14% for General Government, 4% for Culture and Recreation, 3% for Housing and Development, 2% for Health and Welfare, and 1% for Interest on Long-term debt.

As a comparative, during fiscal year 2012, the County expended 45% for Public Safety, 17.5% for Judicial, 13% for Public Works, 15% for General Government, 4% for Culture and Recreation, 3% for Housing and Development, 2% for Health and Welfare, and .05% for Interest on Long-term debt.

Business-type activities decreased the County's net position by $(231,648).

Revenues by Source

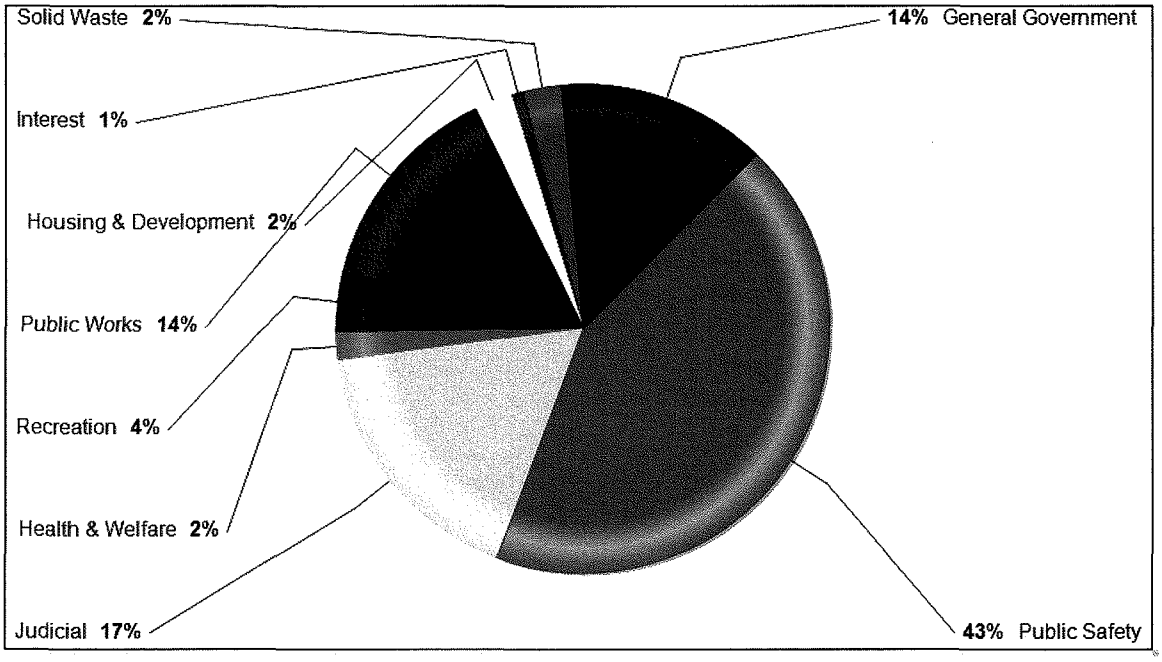
Government-Wide Activities



*Due to rounding, charts may not always equal 100%

Expenses by Function

Government-Wide Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

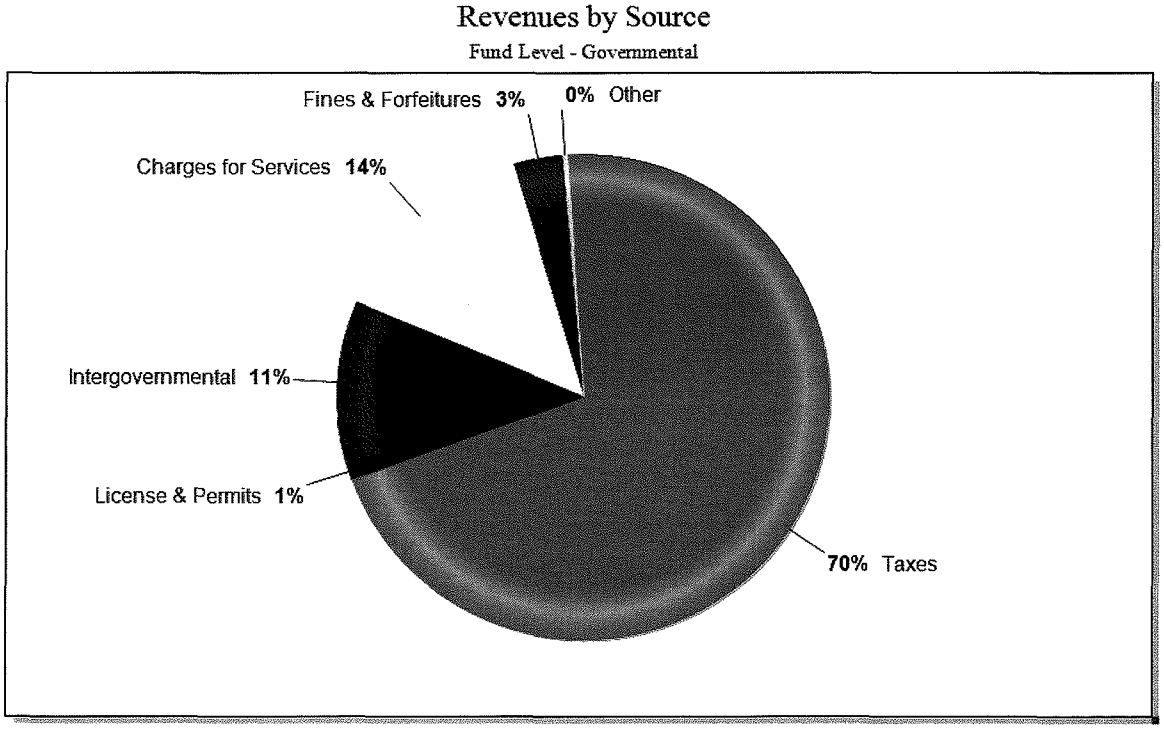
The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. This information is useful in assessing the Government's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The major governmental funds are the General Fund and SPLOST. The General Fund is the chief operating fund of the County. It is used to account for all governmental financial resources not restricted by state or federal laws, local ordinances, or other imposed requirements. The County's total governmental funds reported ending fund balance of $4,912,355. This compares to the prior year ending fund balance of $6,610,807 showing a decrease of $(1,698,452) during the current year. At the end of fiscal year 2013, unassigned fund balance for the County's governmental funds was $4,088,445.

The County's other major governmental fund is the SPLOST fund. The fund balance of the SPLOST fund decreased by $(1,812,181) during the current fiscal year. This is primarily due to the cost of renovation and construction of the new Courthouse. The SPLOST fund has an ending balance of $275,972 which is restricted for capital projects as outlined in the 2008 SPLOST referendum.

In 2013, Governmental Revenues decreased $(1,043,701) from 2012. Taxes (including property and sales tax) decreased $(556,242) due to a slight decrease in the digest and 2008 SPLOST revenue. Contributions and donations decreased in the current year $(93,212) due to a one time cash donation for road repairs received in 2012.



Expenditures in the governmental funds were $29,877,499, a decrease of $(1,517,507) from 2012. Expenditures for the general fund decreased $(2,488,442) to $18,769,653, compared to the previous year. General government, judicial, and public safety expenditures decreased significantly during 2013 to align expenses with revenue. The County expenditures in the SPLOST fund increased $425,386 to $7,731,650, compared to the previous year. The increase is due to the timing of expenditures associated with the renovation and construction of the new Courthouse.

Proprietary funds. The County's proprietary fund statements provide the same type of information presented in the government-wide statements but in more detail.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The County's capital assets for governmental and business-type activities as of December 31, 2013 total $66,156,633 (net of accumulated depreciation). These assets include land, land improvements, infrastructure, buildings, machinery and equipment, furniture and fixtures, vehicles and construction in progress.

Pickens County's Capital Assets
(Net of depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Land and Improvements	$ 4,788,862	$ 3,147,241	$ 2,142,305	$ 1,726,964	$ 6,931,167	$ 4,874,205
Construction in Progress	81,080	8,313,470	5,834,739	6,320,092	5,915,819	14,633,562
Buildings	31,675,755	19,755,213	338,625	844,211	32,014,380	20,599,424
Machinery & Equipment	3,111,984	2,351,405	392,616	374,797	3,504,600	2,726,202
Furniture & Fixtures	-	29,784	-	-	-	29,784
Vehicles	674,469	1,125,412	27,169	-	701,638	1,125,412
Infrastructure	5,950,058	6,389,564	11,138,971	11,197,188	17,089,029	17,586,752
Total Assets	$ 46,282,208	$ 41,112,089	$ 19,874,425	$ 20,463,252	$ 66,156,633	$ 61,575,341

Detailed information on the County's capital assets can be found in Note # 6 of the basic financial statements.

Long-term Debt. During fiscal year 2013 the long-term debt of Pickens County's governmental activities increased $1,167,040. The increase is attributed to draws for the renovation and construction of the courthouse. Other debt categories decreased due to the continual repayment of debt, with the exception of the net OBEP obligation, which increased $347,560. Long-term debt decreased in business-type activities in the amount of $(4,190,613). This decrease was due the $3,966,969 Development Authority note held for capital expenditures on the Airport project being reclassified and grouped as component unit debt in the 2013 Financial Statements. Additional decreases are attributed to continued repayment of debt.

Pickens County's Outstanding Debt
Bonds Payable, Capital Leases, Notes Payable, Claims, and Other Debts

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Bonds Payable	$ 2,000,000	$ 500,000	$ 6,617,970	$ 6,727,042	$ 8,617,970	$ 7,227,042
Capital Leases	346,623	509,062	91,250	-	437,873	509,062
Notes Payable	2,346,358	2,859,656	1,731,557	5,899,983	4,077,915	8,759,639
Landfill Closure/Postclosure	338,810	354,240	-	-	338,810	354,240
Compensated Absences	205,899	191,217	7,896	12,261	213,795	203,478
Net Pension Obligation	56,598	60,633	-	-	56,598	60,633
Net OPEB Obligation	1,489,142	1,141,582	-	-	1,489,142	1,141,582
Totals	$ 6,783,430	$ 5,616,390	$ 8,448,673	$ 12,639,286	$ 15,232,103	$ 18,255,676

Additional information regarding Pickens County's long-term debt can be found in Note 7 on pages 28 through 33 of this report.

ECONOMIC FACTORS AND THE 2014 BUDGET

- The 2013 millage rate was set at 6.687 per $1,000 of valuation, a slight increase from the 6.650 millage rate in 2012; however, net taxes decreased $80,439 due to an overall decrease in the tax digest.

- The fund balance for the County's general fund has decreased over the past several years, mainly due to a relatively low millage rate and substantial capital improvements which were funded by the general fund. In an effort to increase the fund balance, the FY 2013 and 2014 general fund expenditure budgets have been reduced and are closely monitored each month to ensure compliance by departments and elected officials.

- A Financial Management ordinance was established and approved by the Board of Commissioners in 2013 to provide guidelines and procedures for purchasing, to strengthen internal controls associated with the management of the financial assets of Pickens County, and to set the basis for the implementation of policies which provide for better stewardship of the County's finances.

- Pickens County Government structure changed beginning January 1, 2013. A threeperson Board of Commissioners replaced the Sole Commissioner form of government. The Board of Commissioners consists of a Chairperson and two District Commissioners.

Pickens County management continues to monitor revenue collection rates and control budgetary spending in an effort to provide services at or above current levels without further burdening the county taxpayers.

REQUESTS FOR INFORMATION

This report is designed to provide the reader a general overview of the County's finances and demonstrate Management's commitment to public accountability. Questions concerning any of the information found in this report or requests for additional information should be directed to Faye Harvey, Finance Director for Pickens County Board of Commissioners, 1266 East Church Street, Suite 175, Jasper, Georgia 30143.

PICKENS COUNTY, GEORGIA
STATEMENT OF NET POSITION
December 31, 2013

ASSETS	PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT: BUSINESS-TYPE ACTIVITIES	PRIMARY GOVERNMENT: TOTAL	COMPONENT UNITS
Cash	$ 1,565,829	$ 56,240	$ 1,622,069	$ 552,162
Investments	22,031	-	22,031	-
Receivables (net of allowance for uncollectibles)	4,005,095	240,354	4,245,449	1,291,122
Internal balances	2,376,754	(2,376,754)	-	-
Due from primary government	-	-	-	4,085,728
Due from component units	260,220	-	260,220	-
Inventories	42,701	49,422	92,123	825
Prepaid items	38,673	-	38,673	-
Restricted assets:				
Cash	38,301	-	38,301	-
Capital assets:				
Capital assets not being depreciated	4,300,076	7,525,333	11,825,409	-
Capital assets being depreciated	58,768,193	18,834,396	77,602,589	68,894
Less: accumulated depreciation	(16,786,061)	(6,485,304)	(23,271,365)	(66,581)
Capital assets, net of depreciation	46,282,208	19,874,425	66,156,633	2,313
TOTAL ASSETS	54,631,812	17,843,687	72,475,499	5,932,150
LIABILITIES				
Accounts payable	1,309,429	123,865	1,433,294	-
Accrued interest payable	-	14,924	14,924	15,623
Other accrued items	363,228	6,829	370,057	-
Due to primary government	-	-	-	260,220
Due to component units	-	4,085,728	4,085,728	-
Noncurrent liabilities:				
Due within one year				
Compensated absences payable	144,496	5,527	150,023	-
Accrued landfill closure / postclosure	15,430	-	15,430	-
Notes payable	534,764	176,722	711,486	132,495
Capital leases payable	262,800	34,507	297,307	-
General obligation bonds payable	2,000,000	-	2,000,000	-
Revenue bonds payable	-	114,075	114,075	-
Due in more than one year				
Compensated absences payable	61,403	2,369	63,772	22,082
Net pension obligation	56,598	-	56,598	-
Net OPEB obligation	1,489,142	-	1,489,142	-
Accrued landfill closure / postclosure	323,380	-	323,380	-
Notes payable	1,811,594	1,554,835	3,366,429	5,083,680
Capital leases payable	83,823	56,743	140,566	-
Revenue bonds payable	-	6,503,895	6,503,895	-
TOTAL LIABILITIES	8,456,087	12,680,019	21,136,106	5,514,100
NET POSITION				
Net investment in capital assets	41,589,227	7,347,900	48,937,127	2,313
Restricted for:				
Debt service	-	41,116	41,116	
Capital outlay projects	275,972	-	275,972	-
Judicial programs	194,869	-	194,869	-
Public safety programs	264,519	-	264,519	-
Health and welfare programs	-	-	-	6,573
Housing and development programs	12,813	-	12,813	-
Unrestricted	3,838,325	(2,225,348)	1,612,977	409,164
TOTAL NET POSITION	$ 46,175,725	$ 5,163,668	$ 51,339,393	$ 418,050

The accompanying notes are an integral part of this statement.

PICKENS COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) AND CHANGES IN NET POSITION: PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT: BUSINESS-TYPE ACTIVITIES	PRIMARY GOVERNMENT: TOTAL	COMPONENT UNITS
PRIMARY GOVERNMENT								
GOVERNMENTAL ACTIVITIES								
General government	$ 3,388,578	$ 876,930	$ 19,566	$ -	$ (2,492,082)	$ -	$ (2,492,082)	$ -
Judicial	4,211,634	1,262,267	2,023,631	-	(925,736)	-	(925,736)	-
Public safety	10,540,018	2,073,842	577,620	-	(7,888,556)	-	(7,888,556)	-
Public works	3,452,723	302,865	-	-	(3,149,858)	-	(3,149,858)	-
Public health and welfare	454,271	775	214,125	-	(239,371)	-	(239,371)	-
Recreation and culture	964,045	167,695	-	-	(796,350)	-	(796,350)	-
Housing and development	610,611	149,938	-	-	(460,673)	-	(460,673)	-
Interest	195,720	-	-	-	(195,720)	-	(195,720)	-
Total Governmental Activities	23,817,600	4,834,312	2,834,942	-	(16,148,346)	-	(16,148,346)	-
BUSINESS-TYPE ACTIVITIES								
Water	2,186,264	2,044,799	-	-	-	(141,465)	(141,465)	-
Airport	358,828	328,694	-	-	-	(30,134)	(30,134)	-
Total Business-Type Activities	2,545,092	2,373,493	-	-	-	(171,599)	(171,599)	-
TOTAL PRIMARY GOVERNMENT	$ 26,362,692	$ 7,207,805	$ 2,834,942	$ -	(16,148,346)	(171,599)	(16,319,945)	-
COMPONENT UNITS								
Health Department	$ 510,607	$ 226,574	$ 314,114	$ -	-	-	-	30,081
Development Authority	133,037	4,165	-	-	-	-	-	(128,872)
TOTAL COMPONENT UNITS	$ 643,644	$ 230,739	$ 314,114	$ -	-	-	-	(98,791)
GENERAL REVENUES								
Property taxes					11,010,792	-	11,010,792	-
Sales taxes					6,633,643	-	6,633,643	-
Insurance premium taxes					1,162,534	-	1,162,534	-
Real estate recording taxes					182,978	-	182,978	-
Other taxes					344,923	-	344,923	-
Total taxes					19,334,870	-	19,334,870	-
Unrestricted investment earnings					5,367	56	5,423	872
TRANSFERS					60,105	(60,105)	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					19,400,342	(60,049)	19,340,293	872
CHANGES IN NET POSITION					3,251,996	(231,648)	3,020,348	(97,919)
NET POSITION, Beginning					42,784,609	5,450,799	48,235,408	515,969
CHANGE IN ACCOUNTING PRINCIPLE					-	(55,483)	(55,483)	-
PRIOR PERIOD ADJUSTMENT					139,120	-	139,120	-
NET POSITION, Beginning as restated					42,923,729	5,395,316	48,319,045	515,969
NET POSITION, Ending					$ 46,175,725	$ 5,163,668	$ 51,339,393	$ 418,050

The accompanying notes are an integral part of this statement.

PICKENS COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2013

	GENERAL	SPLOST	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash	$ 713,076	$ 562,790	$ 289,949	$ 1,565,815
Investments	-	-	22,031	22,031
Receivables (net of allowance for uncollectibles)	3,314,303	377,417	313,375	4,005,095
Interfund receivables	3,438,786	-	299,491	3,738,277
Due from component units	260,220	-	-	260,220
Prepaid items	36,673	-	2,000	38,673
Inventories	42,701	-	-	42,701
Restricted assets:				
Cash	38,301	-	-	38,301
TOTAL ASSETS	$ 7,844,060	$ 940,207	$ 926,846	$ 9,711,113
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 1,090,678	$ 42,250	$ 176,497	$ 1,309,425
Other accrued items	288,797	-	74,431	363,228
Interfund payables	493,883	621,985	245,655	1,361,523
TOTAL LIABILITIES	1,873,358	664,235	496,583	3,034,176
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	1,764,582	-	-	1,764,582
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	3,637,940	664,235	496,583	4,798,758
FUND BALANCES				
Nonspendable:				
Prepaid expenditure	36,673	-	2,000	38,673
Inventories	42,701	-	-	42,701
Restricted:				
Capital outlay projects	-	275,972	-	275,972
Judicial programs	38,301	-	150,930	189,231
Public safety programs	-	-	264,520	264,520
Housing and development programs	-	-	12,813	12,813
Unassigned:	4,088,445	-	-	4,088,445
TOTAL FUND BALANCES	4,206,120	275,972	430,263	4,912,355
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 7,844,060	$ 940,207	$ 926,846	$ 9,711,113

The accompanying notes are an integral part of this statement.

PICKENS COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
December 31, 2013

Total Fund Balances for Governmental Funds (page 3)		$ 4,912,355
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.		46,282,208
Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenues in the funds.		
Property Taxes	1,764,582	
		1,764,582
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds, net of premium and discounts	(2,000,000)	
Net pension obligation	(56,598)	
Compensated absences	(205,899)	
Capital leases	(346,623)	
Net OPEB obligation	(1,489,142)	
Notes payable	(2,346,358)	
Accrued landfill closure/postclosure	(338,810)	
		(6,783,430)
Rounding		10
Total net position of governmental activities (page 1)		$ 46,175,725

The accompanying notes are an integral part of this statement.

PICKENS COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2013

	GENERAL	SPLOST	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes	$ 14,323,968	$ 3,918,069	$ 30,894	$ 18,272,931
Licenses and permits	281,861	-	-	281,861
Intergovernmental	1,214,735	-	1,607,275	2,822,010
Fines and forfeitures	405,097	-	443,298	848,395
Charges for services	2,800,451	-	826,894	3,627,345
Contributions and donations	3,003	-	9,929	12,932
Investment income	3,238	1,400	728	5,366
Miscellaneous	76,717	-	-	76,717
TOTAL REVENUES	19,109,070	3,919,469	2,919,018	25,947,557
EXPENDITURES				
Current Expenditures				
General government	2,614,114	304,769	-	2,918,883
Judicial	2,286,736	-	1,752,843	4,039,579
Public safety	8,203,513	-	1,110,338	9,313,851
Public works	2,750,613	-	-	2,750,613
Public health and welfare	301,090	-	60,131	361,221
Recreation and culture	854,736	-	-	854,736
Housing and development	573,115	-	1,699	574,814
Intergovernmental	-	-	432,038	432,038
Capital outlay	208,372	6,926,881	19,147	7,154,400
Debt service				
Principal	781,644	500,000	-	1,281,644
Interest	195,720	-	-	195,720
TOTAL EXPENDITURES	18,769,653	7,731,650	3,376,196	29,877,499
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	339,417	(3,812,181)	(457,178)	(3,929,942)
OTHER FINANCING SOURCES (USES)				
Issuance of general obligation bonds	-	2,000,000	-	2,000,000
Captial lease proceeds	98,960	-	-	98,960
Transfers in	60,255	-	491,602	551,857
Transfers out	(491,602)	-	(150)	(491,752)
TOTAL OTHER FINANCING SOURCES (USES)	(332,387)	2,000,000	491,452	2,159,065
NET CHANGE IN FUND BALANCES	7,030	(1,812,181)	34,274	(1,770,877)
FUND BALANCES, Beginning of year	4,585,346	2,088,153	(62,692)	6,610,807
PRIOR PERIOD ADJUSTMENT	(386,256)	-	458,681	72,425
FUND BALANCES, Beginning, as restated	4,199,090	2,088,153	395,989	6,683,232
FUND BALANCES, End of year	$ 4,206,120	$ 275,972	$ 430,263	$ 4,912,355

The accompanying notes are an integral part of this statement.

PICKENS COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

Net change in fund balances (page 5)		$ (1,770,877)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlays	7,154,400	
Depreciation expense	(1,964,772)	
		5,189,628
In the statement of activities, only the gain/loss on the sale of various capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold.		
Net book value of capital assets sold	(86,205)	
		(86,205)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	1,764,582	
		1,764,582
Revenues reported in the funds that relate to prior years are not reported as revenue in the statement of activities.		
Property taxes	(678,103)	
		(678,103)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, where as these amounts are deferred and amortized in the statement of activities. This adjustment combines the net change of two balances.		
Proceeds from borrowing including premiums and discounts	(2,098,960)	
Principal payments on long-term debt	1,274,708	
Accrued landfill closure/postclosure, current year	(338,810)	
Accrued landfill closure/postclosure, prior year	354,240	
		(808,822)
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.		
Compensated absences, current year	(205,899)	
Compensated absences, prior year	191,217	
		(14,682)
Net OPEB obligation is not available during the current period and therefore is not reported in the fu		
End of year	(1,489,142)	
Beginning of year	1,141,582	
		(347,560)
Net pension obligation is not available during the current period and therefore is not reported in the funds.		
End of year	(56,598)	
Beginning of year	60,633	
		4,035
Changes in net position of governmental activities (page 2)		$ 3,251,996

The accompanying notes are an integral part of this statement.

PICKENS COUNTY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2013

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
ASSETS	WATER FUND	AIRPORT AUTHORITY	TOTAL
Current Assets			
Cash	$ 56,240	$ -	$ 56,240
Receivables (net of allowance for uncollectibles)	222,815	17,539	240,354
Interfund receivables	109,254	-	109,254
Inventories	27,401	22,021	49,422
TOTAL CURRENT ASSETS	415,710	39,560	455,270
Noncurrent Assets			
Capital assets			
Capital assets not being depreciated	391,148	7,134,185	7,525,333
Capital assets being depreciated	17,247,308	1,587,088	18,834,396
Less: accumulated depreciation	(5,792,958)	(692,346)	(6,485,304)
TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	11,845,498	8,028,927	19,874,425
TOTAL NONCURRENT ASSETS	11,845,498	8,028,927	19,874,425
TOTAL ASSETS	12,261,208	8,068,487	20,329,695
LIABILITIES			
Current Liabilities			
Accounts payable	119,355	4,510	123,865
Other accrued items	5,901	928	6,829
Interfund payables	2,404,538	81,470	2,486,008
Due to component unit	-	4,085,728	4,085,728
Compensated absences payable	5,527	-	5,527
Notes payable	176,722	-	176,722
Capital lease payable	34,507	-	34,507
Revenue bonds payable	114,075	-	114,075
Accrued interest payable	14,924	-	14,924
TOTAL CURRENT LIABILITIES	2,875,549	4,172,636	7,048,185
Noncurrent Liabilities			
Compensated absences payable	2,369	-	2,369
Notes payable	1,554,835	-	1,554,835
Capital lease payable	56,743	-	56,743
Revenue bonds payable	6,503,895	-	6,503,895
TOTAL NONCURRENT LIABILITIES	8,117,842	-	8,117,842
TOTAL LIABILITIES	10,993,391	4,172,636	15,166,027
NET POSITION			
Net investment in capital assets	3,404,721	3,943,179	7,347,900
Restricted for debt service	41,116	-	41,116
Unrestricted	(2,178,020)	(47,328)	(2,225,348)
TOTAL NET POSITION	$ 1,267,817	$ 3,895,851	$ 5,163,668

The accompanying notes are an integral part of this statement.

PICKENS COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2013

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	WATER FUND	AIRPORT AUTHORITY	TOTAL
OPERATING REVENUES			
Charges for sales and services:			
Pledged as security for revenue bonds:			
Water sales	$ 1,968,001	$ -	$ 1,968,001
Water connection fees	57,870	-	57,870
Other	18,928	4,425	23,353
Charges for services-other	-	324,269	324,269
Total Operating Revenues	2,044,799	328,694	2,373,493
OPERATING EXPENSES			
Salaries and benefits	516,648	70,957	587,605
Other services and charges	713,726	204,749	918,475
Depreciation	556,684	73,096	629,780
Professional fees	-	825	825
Repairs and maintenance	-	9,201	9,201
Total Operating Expenses	1,787,058	358,828	2,145,886
OPERATING INCOME (LOSS)	257,741	(30,134)	227,607
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	56	-	56
Interest expense	(362,839)	-	(362,839)
Gain (loss) on sale of capital assets	(36,367)	-	(36,367)
Total Nonoperating Revenues (Expenses)	(399,150)	-	(399,150)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(141,409)	(30,134)	(171,543)
Transfer out	(60,105)	-	(60,105)
CHANGE IN NET POSITION	(201,514)	(30,134)	(231,648)
TOTAL NET POSITION, Beginning of year	1,524,814	3,925,985	5,450,799
CHANGE IN ACCOUNTING PRINCIPLE	(55,483)	-	(55,483)
TOTAL NET POSITION, Beginning as restated	1,469,331	3,925,985	5,395,316
TOTAL NET POSITION, End of year	$ 1,267,817	$ 3,895,851	$ 5,163,668

The accompanying notes are an integral part of this statement.

PICKENS COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2013

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	WATER FUND	AIRPORT AUTHORITY	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customer	$ 1,981,940	$ 270,023	$2,251,963
Payments to suppliers	(774,025)	(199,994)	(974,019)
Payments to employees	(515,110)	(70,029)	(585,139)
Net cash provided by (used in) operating activities	692,805	-	692,805
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in	(60,105)	-	(60,105)
Net Cash provided (used) by non-capital financing activities	(60,105)	-	(60,105)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(96,772)	-	(96,772)
Proceeds from sale of capital assets	19,454	-	19,454
Proceeds from new loans	98,960	-	98,960
Principal payments on debt	(291,502)	-	(291,502)
Interest paid	(362,840)	-	(362,840)
Net cash provided (used) by capital and related financing activities	(632,700)	-	(632,700)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings	56	-	56
Net cash provided (used) by investing activities	56	-	56
Net increase (decrease) in cash and cash equivalents	56	-	56
CASH, Beginning of year	56,184	-	56,184
CASH, End of year	$ 56,240	$ -	$ 56,240
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	$ 202,258	$ (30,134)	$ 172,124
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	556,684	73,096	629,780
(Increase) decrease in:			
Accounts receivable	(7,376)	(2,151)	(9,527)
Inventory	(4,075)	9,624	5,549
Increase (decrease) in:			
Accounts payable	(32,275)	(76,313)	(108,588)
Compensated absences	(4,363)	-	(4,363)
Retainage payable	(21,761)	-	(21,761)
Other accrued items	5,901	928	6,829
Deferred revenue	-	(56,520)	(56,520)
Interfund payables	(2,188)	81,470	79,282
Net cash provided by (used in) operating activities	$ 692,805	$ -	$ 692,805
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES			
Disposals of capital assets	$ (55,821)	$ -	$ (55,821)

The accompanying notes are an integral part of this statement.

PICKENS COUNTY, GEORGIA
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2013

	AGENCY FUNDS
ASSETS	
Cash	$ 620,127
TOTAL ASSETS	$ 620,127
LIABILITIES	
Amount held in trust	$ 620,127
TOTAL LIABILITIES	$ 620,127

The accompanying notes are an integral part of this statement.

PICKENS COUNTY, GEORGIA
COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
December 31, 2013

	HEALTH DEPARTMENT	DEVELOPMENT AUTHORITY	TOTAL
ASSETS			
Cash	$ 243,429	$ 308,733	$ 552,162
Receivables (net of allowance for uncollectibles)	37,351	1,253,771	1,291,122
Due from primary government	-	4,085,728	4,085,728
Inventories	825	-	825
Restricted assets:			
Non-current assets:			
Capital assets:			
Capital assets being depreciated	68,894	-	68,894
Less: accumulated depreciation	(66,581)	-	(66,581)
Capital assets, net of depreciation	2,313	-	2,313
TOTAL ASSETS	283,918	5,648,232	5,932,150
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	283,918	5,648,232	5,932,150
LIABILITIES			
Accrued interest payable	-	15,623	15,623
Due to primary government	-	260,220	260,220
Noncurrent liabilities:			
Due within one year			
Notes payable	-	132,495	132,495
Due in more than one year			
Compensated absences payable	22,082	-	22,082
Notes payable	-	5,083,680	5,083,680
TOTAL LIABILITIES	22,082	5,492,018	5,514,100
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	22,082	5,492,018	5,514,100
NET POSITION			
Net investment in capital assets	2,313	-	2,313
Restricted for:			
Public health and welfare	6,573	-	6,573
Unrestricted	252,950	156,214	409,164
TOTAL NET POSITION	$ 261,836	$ 156,214	$ 418,050

The accompanying notes are an integral part of this statement.

PICKENS COUNTY, GEORGIA
COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

		.....PROGRAM REVENUES.....			....NET (EXPENSE) AND CHANGES IN NET POSITION....		
FUNCTIONS/PROGRAMS	**EXPENSES**	**CHARGES FOR SERVICES**	**OPERATING GRANTS AND CONTRIBUTIONS**	**CAPITAL GRANTS AND CONTRIBUTIONS**	**HEALTH DEPARTMENT**	**INDUSTRIAL DEVELOPMENT AUTHORITY**	**TOTAL**
COMPONENT UNITS							
GOVERNMENTAL ACTIVITIES							
Health Department	$ 510,607	$ 226,574	$ 314,114	$ -	$ 30,081	$ -	$ 30,081
Development Authority	133,037	4,165	-	-	-	(128,872)	(128,872)
TOTAL COMPONENT UNITS	$ 643,644	$ 230,739	$ 314,114	$ -	30,081	(128,872)	(98,791)
GENERAL REVENUES							
Unrestricted investment earnings					-	872	872
TOTAL GENERAL REVENUES AND TRANSFERS					-	872	872
CHANGES IN NET POSITION					30,081	(128,000)	(97,919)
NET POSITION, Beginning					231,755	284,214	515,969
NET POSITION, Ending					$ 261,836	$ 156,214	$ 418,050

The accompanying notes are an integral part of this statement.

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of PICKENS COUNTY, GEORGIA have been prepared in conformity with generally accepted accounting principles (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 government's accounting policies are described below.

REPORTING ENTITY

The government is a political subdivision of the State of Georgia, located about 60 miles north of Atlanta. The County is governed by three elected Commissioners. In addition, there are four Constitutional Officers; the Tax Commissioner, Probate Court Judge, Sheriff, and Clerk of Superior Court. The Constitutional Officers are elected county wide. The Board of County Commissioners budgets and approves all funding used by the separate Constitutional Officers. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable and for which a financial benefit or burden relationship is present. Each discretely presented component unit is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

Brief descriptions of discretely presented component units follow:

PICKENS COUNTY DEPARTMENT OF PUBLIC HEALTH: The Health Department consists of a seven member board including a County Commissioner, and two members as appointed by the County Board of Commissioners. The County has the authority to modify and approve the Health Department's budget and the ability to approve environmental health services. The Health Department has a June 30 year-end and is presented as a governmental fund type component unit. The Health Department's financial statements can be obtained by writing to the Pickens County Health Department, Northwest Health District, 111 Bryant Crossing, Suite AA, Dalton, Georgia 30720.

INDUSTRIAL DEVELOPMENT AUTHORITY OF PICKENS COUNTY: The Industrial Development Authority is governed by a seven member board, with a voting majority being appointed by the County. The Authority is responsible for promoting industrial and commercial development within Pickens County. Although the County does not have the authority to approve or modify the budget of the Authority, the County does provide financial support. The Authority is reported as a proprietary fund type component unit. Seperate financial statements are not prepared for the Authority.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

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 statement (fiduciary funds use the economic resources measurement focus to indicate that agency funds have no measurement focus.) Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of 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 government considers property taxes as available if they are collected by the end of the current fiscal year. Other revenues susceptible to accrual are considered available if they are collected within 90 days of the end of the current fiscal period for which they are imposed. 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, franchise taxes, charges for services, and interest 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 government.

The government reports the following major governmental funds:

The *General Fund* is the government'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 *SPLOST Capital Projects Fund* accounts for funds received from a local 1% sales tax, passed by the 2003 and 2008 Special Purpose Local Option Sales Tax referendums, which are reserved for construction of various capital projects.

The government reports the following major proprietary funds:

The *Water Fund* accounts for the development, operation, and maintenance of the utility system that provides water services in Pickens County.

The *Airport Fund* accounts for the development, operation, and maintenance of the County airport and its facilities.

Additionally, the government reports the following *fiduciary funds*, which account for assets held by the government in a trustee capacity or as an agent on behalf of others:

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Agency funds are custodial in nature and do not represent results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the Tax Commissioner, Clerk of Court, Probate Court, Magistrate Court, and Sheriff hold for others in an agency capacity.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interfund services provided and used which are not eliminated in the process of consolidation. Elimination of these charges would distort the direct costs and program revenues for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the Water enterprise fund are charges to customers for sales and services. Operating expenses for the Water enterprise fund include the cost of 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 government's policy to use restricted resources first, then unrestricted resources as they are needed.

ASSETS, LIABILITIES AND NET POSITION OR EQUITY

Deposits and Investments

The government's 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.

Investments are recorded at fair value based on quoted market prices as of the balance sheet date. Increases or decreases in fair value during the year are recognized as part of investment income.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable, available financial resources.

All trade and property tax receivables are shown net of an allowance of uncollectibles.

Property taxes attach as an enforceable lien on property as of January 1. The 2013 taxes were levied October 4, 2013, and were due December 4, 2013. Interest and penalties are assessed on taxes not paid by this date. The taxes are subject to lien 90 days after the due date.

The County's property taxes were levied on the assessed values of all real and personal property including mobile homes and motor vehicles located in the County.

Inventories and Prepaid Items

Inventories, consisting of expendable supplies, not held for resale are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

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. The costs of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased.

Bond Premiums and Discounts

Cumulative effect of a change in accounting principle:

Bond and loan issuance costs are expensed as incurred. These previously had been deferred and amortized. During 2013, the County implemented GASB Statement 65 *"Items Previously Reported As Assets and Liabilities,"* $55,483 was written off as the cumulative effect of a change in accounting principle.

Premiums and discounts are deferred and amortized over the lives of the bonds and loans on a straight-line basis, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Restricted Assets

Certain proceeds of the County's capital leases or debt issues are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable lease or debt agreements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e. roads, bridges, sidewalks, culverts, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of $5,000 and an estimated useful life in excess of three years or an aquisition of land at any cost. Roads, bridges and culverts are defined by the County as projects with an individual cost of $5,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Roads, bridges and culverts acquired prior to July 1, 1980 have not been reported.

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.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years	Assets	Years
Buildings	25-50	Vehicles	2-15
Building Improvements	10-25	Infrastructure	10-30
Machinery and Equipment	3-15	Land	N/A
Furniture and Fixtures	5-20	Land improvements	12-15

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item that qualifies for reporting in this category. The item only arises under the modified accrual basis of accounting. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes.

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. In accordance with the provisions of Statement of Governmental Accounting Standards No. 16, "Accounting for Compensated Absences," no liability is reported for unpaid accumulated sick leave because the benefits are paid only upon illness of an employee, and the amount of such payments cannot be reasonably estimated. All vacation pay is accrued when incurred in the government-wide and proprietary financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. In governmental fund types, a liability is recorded only if the liability has matured and is expected to be liquidated with expendable and available financial resources.

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, or proprietary fund type statement of net position.

Fund Equity/Net Position

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

Generally, *fund balance* represents the difference between the current assets and current liabilities. 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:

Fund balances are reported as *nonspendable* when the 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 like inventories and prepaid items) or (b) legally or contractually required to be maintained intact.

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.

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 prior to the end of the fiscal year. In order to modify or rescind the commitment, the Board of Commissioners must adopt another resolution.

Fund balances are reported as *assigned* when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board of Commissioners has authorized the County's finance director to assign fund balances.

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

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt used for the acquisition, construction, or improvement of those assets. In determining the outstanding balance of any borrowing, proceeds of that debt which has not been spent is deducted. Accounts payable for costs related to acquisition, construction, or improvement of those capital assets is considered debt for this calculation. Net position is reported as restricted as described in the fund balance section above. All other net position is reported as unrestricted.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then committed, assigned, and unassigned (or unrestricted) resources as they are needed.

Net Investment in Capital Assets

The "Net investment in capital assets" reported on the government-wide statement of net position as of December 31, 2013 are as follows:

Net invesment in capital assets	Governmental Activities	Business-type Activities
Cost of capital assets	$ 63,068,269	$ 26,359,729
Less accumulated depreciation	(16,786,061)	(6,485,304)
Book value	46,282,208	19,874,425
Less capital related debt	(4,692,981)	(8,440,777)
Less due to component unit	-	(4,085,748)
Net investment in capital assets	$ 41,589,227	$ 7,347,900

Management Estimates

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

NOTE 2 - FUND BALANCE/NET POSITION

The government-wide statement of net position reports $789,289 of restricted net position, of which none is restricted by enabling legislation.

Additional details related to fund balances at the governmental fund level are presented below:

Restricted:		
General Fund		
Judicial Programs - For unspent funds related to court related programs - juvenile court fund, drug abuse fund, crime victims assistance fund, etc.	$	38,301
SPLOST Fund		
Capital outlay projects - For funds received from the imposition of the Special Purpose Local Option Sales Tax (SPLOST) restricted by the voter approved referendum.		275,972
Nonmajor Restricted Progams Funds		
Judicial Programs -		
Law Library - Used to account for surcharges on fines and forfeitures which are for the operation of the County Law Library and other expenditures as restricted by the OCGA-36-15.		37,170
Restricted Programs - Used to account for multiple court administered state reimbursement grants (i.e., adult drug court, mental health court, family drug court, etc.)		113,760
Subtotal - Restricted for Judicial Programs		150,930
Public Safety Programs -		
Emergency E911 Telephone Services Fund - For fund to operate the E911 center as restricted by the OCGA-46-5.		31,084
Drug Task Force - To account for funds received to operate multi-jurisdictional drug enforcement agency that actively pursues all levels of illegal drug activity.		190,266
Sheriff's Special Revenue - to account for funds from seizures to be used for law enforcement activities.		43,170
Subtotal - Restricted for Public Safety Programs		264,520
Housing and Development Programs -		
Hotel/Motel Tax Fund - To account for funds received to promote tourism, conventions, and trade shows.		12,813
Total Restricted Fund Balance	$	742,536

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

The County Commission adopts an annual budget for all governmental fund types, prior to December 31, except for the Capital Projects Funds. The Capital Projects Funds are budgeted by the Board of Commissioners when capital budgets are approved. The operating budget includes proposed expenditures and the means of financing them. The budget is legally enacted at a public meeting.

Prior to October of each year, each department submits a proposed budget to the Board of Commissioners for review. Public hearings are held to discuss the proposed budget and to obtain input from the citizens of Pickens County in December. These hearings are publicized in the local paper at least one week before the first hearing, and the budget document is made available for public inspection during this week.

The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is the department level. Any changes in total departmental expenditures/expenses, personnel benefits, or capital purchases must be approved by the Board of Commissioners or Budget Officer.

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) at the legal level of budgetary control, which is the department, sub-department, or project level. Expenditures may not exceed the appropriations within a fund. Budgets, as reported in the financial statements, are as originally passed by ordinance and subsequently amended. During the year, several supplementary appropriations are made as needed. The results are increases and decreases to the appropriations within the funds. All annual appropriations lapse at year end.

NOTE 4 - DEPOSITS AND INVESTMENTS

PRIMARY GOVERNMENT

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the government's deposits may not be returned. The County's policies permit it to exceed the FDIC insured limit in making deposits in commercial banks and savings and loans institutions if the funds are otherwise adequately secured. As of December 31, 2013, all deposits of the County were insured or collateralized.

State statutes require collateral pledged in the amount of 110% of deposits. Depositories may secure deposits of public funds using the dedicated method or the pooled method as described below:

Under the *dedicated method*, a depository shall secure the deposits of each of its public depositors separately.

Under the *pooled method*, a depository shall secure deposits of public bodies which have deposits with it through a pool of collateral established by the depository with a custodian for the benefit of public bodies having deposits with such depository as set forth in code Section 45-8-13.1.

The County utilized both methods to secure its deposits of public funds.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect an investment's fair value. Since the price of a bond fluctuates with market interest rates, the risk that an investor faces is that the price of a bond held in a portfolio will decline if market interest rates rise. Pickens County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State statutes authorize the government to invest in obligations of the U.S. Treasury and of its agencies and instrumentalities; bonds or certificates of indebtedness of this state or of other states and of its agencies and instrumentalities; certificates of deposits of banks insured by FDIC; the State of Georgia Local Government Investment Pool; repurchase agreements; bonds, debentures, notes or other evidence of indebtedness of any solvent corporation of the United States government. Pickens County does not have an investment policy that would further limit these investment choices.

As of December 31, 2013, the Law Library (a Non-Major Governmental Fund) had the following investments:

Investment Type	Fair Value	Maturity
Certificate of Deposit	$ 22,031	less than 1 year

Concentration of Credit Risk

Pickens County places no limit on the amount it may invest in any one issuer.

Foreign Currency Risk

Pickens County has no investments denominated in a foreign currency.

NOTE 5 - RECEIVABLES

Receivables as of year-end for the County's individual major funds, and nonmajor governmental funds in the aggregate including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	SPLOST	Nonmajor Governmental Funds
Receivables:			
Property Taxes	$ 2,310,122	$ -	$ -
Accounts	2,498,289	377,417	221,303
Intergovernmental	98,099	-	92,072
Total Gross Receivables	4,906,510	377,417	313,375
Less: Allowance for Uncollectibles	(1,592,207)	-	-
Total Net Receivables	$ 3,314,303	$ 377,417	$ 313,375

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	UNAVAILABLE	UNEARNED	TOTAL
Delinquent property taxes receivable (General Fund)	$ 1,764,582	$ -	$ 1,764,582
Total unearned revenue for governmental funds	$ 1,764,582	$ -	$ 1,764,582

Property taxes receivable at December 31, 2013, consist of the following:

DIGEST YEAR	GENERAL FUND
2013	$ 1,350,514
2012	351,476
2011	154,986
2010	102,675
2009	118,876
2008	139,410
2007	92,185
Total	$ 2,310,122

Receivables as of year-end for the County's enterprise funds, including the applicable allowances for uncollectible accounts, are as follows:

	Water Fund	Airport Authority	Total
Receivables:			
Accounts	$ 320,848	$ 17,539	$ 338,387
Total Gross Receivables	320,848	17,539	338,387
Less: Allowance for Uncollectibles	(98,033)	-	(98,033)
Total Net Receivables	$ 222,815	$ 17,539	$ 240,354

Receivables as of year-end for the County's component units, including the applicable allowances for uncollectible accounts, are as follows:

	Health Department	Industrial Development Authority
Receivables:		
Accounts	$ 37,351	$ 1,253,771
Total Gross Receivables	37,351	1,253,771
Less: Allowance for Uncollectibles	-	-
Total Net Receivables	$ 37,351	$ 1,253,771

NOTE 6 - CAPITAL ASSETS

PRIMARY GOVERNMENT

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

Governmental Activities:	Beginning Balance	Prior Period Adjustment	Adjusted Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Non-Depreciable Assets:							
Land and improvements	$ 3,147,241	$ -	$ 3,147,241	$ -	$ (43,750)	$ 1,115,505	$ 4,218,996
Construction in progress	8,313,470	66,695	8,380,165	6,941,286	(20)	(15,240,351)	81,080
Total non-depreciable capital assets	11,460,711	66,695	11,527,406	6,941,286	(43,770)	(14,124,846)	4,300,076
Depreciable Assets:							
Land improvements	1,013,403	-	1,013,403	-	-	-	1,013,403
Buildings and improvements	22,969,340	-	22,969,340	58,705	-	13,057,812	36,085,857
Machinery and equipment	5,424,912	-	5,424,912	135,262	(41,761)	1,067,034	6,585,447
Vehicles	6,875,849	-	6,875,849	19,147	-	-	6,894,996
Infrastructure	8,206,442	-	8,206,442	-	(17,952)	-	8,188,490
Total depreciable capital assets	44,489,946	-	44,489,946	213,114	(59,713)	14,124,846	58,768,193
Less Accumulated Depreciation for:							
Land improvements	411,272	-	411,272	32,266	-	-	443,538
Buildings and improvements	3,816,258	-	3,816,258	593,844	-	-	4,410,102
Machinery and equipment	3,043,723	-	3,043,723	447,018	(17,278)	-	3,473,463
Vehicles	5,750,436	-	5,750,436	470,091	-	-	6,220,527
Infrastructure	1,816,878	-	1,816,878	421,553	-	-	2,238,431
Total accumulated depreciation	14,838,567	-	14,838,567	1,964,772	(17,278)	-	16,786,061
Total depreciable capital assets, net	29,651,379	-	29,651,379	(1,751,658)	(42,435)	14,124,846	41,982,132
Governmental activities capital assets, net	$ 41,112,090	$ 66,695	$ 41,178,785	$ 5,189,628	$ (86,205)	$ -	$ 46,282,208

Additions to governmental activities capital assets for the fiscal year ending December 31, 2013 consist of the following:

Capital Outlay	$ 7,154,400
Total	$ 7,154,400
Non-depreciable capital assets additions	$ 6,941,286
Depreciable capital assets additions	213,114
Total	$ 7,154,400

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

Governmental Activities:	
General Government	$ 330,586
Judicial	28,379
Public Safety	809,367
Public Works	665,325
Public Health and Welfare	18,050
Recreation and Culture	106,385
Housing and Development	6,680
Total depreciation expense-governmental activities	$ 1,964,772

The County has authorized construction projects. The remaining costs are split between the portion of the contracts that have been entered into for which the work had not been done prior to December 31, 2013 and the remainder of the authorized project expenditure for which contracts have not been entered into as of year end. The source of financing for the remaining project cost is noted below:

	Project Authorization	Expended To Date	Contracts in Progress	Authorized Not Obligated	Sources
Governmental Activities:					
Tate Depot Relocation	$ 1,200,000	$ 81,080	$ -	$ 1,118,920	GA DOT Grant
Total	$ 1,200,000	$ 81,080	$ -	$ 1,118,920	

BUSINESS TYPE ACTIVITIES

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Business-type Activities:					
Non-Depreciable Assets:					
Land and improvements	$ 1,726,964	$ -	$ (36,370)	$ -	$ 1,690,594
Construction in progress	6,320,093	-	(19,451)	(465,902)	5,834,739
Total non-depreciable capital assets	8,047,057	-	(55,821)	(465,902)	7,525,333
Depreciable Assets:					
Land improvements	706,470	-	-	-	706,470
Infrastructure	15,837,867	-	-	465,902	16,303,769
Buildings and improvements	629,004	-	-	-	629,004
Machinery and Furniture	847,519	96,772	-	-	944,291
Vehicles	250,862	-	-	-	250,862
Total depreciable capital assets	18,271,722	96,772	-	465,902	18,834,396
Less Accumulated Depreciation for:					
Land improvements	226,501	28,257	-	-	254,759
Infrstructure	4,641,105	523,693	-	-	5,164,798
Buildings & Improvementst	264,763	25,616	-	-	290,379
Machinery & Furniture	510,049	41,626	-	-	551,675
Vehicles	213,106	10,587	-	-	223,693
Total accumulated depreciation	5,855,524	629,779	-	-	6,485,304
Total depreciable capital assets, net	12,416,198	(533,007)	-	465,902	12,349,092
Business-type activities capital assets, net	$20,463,255	$ (533,007)	$ (55,821)	$ -	$19,874,425

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Business-type Activities:	
Water	$ 556,684
Airport	73,095
Total depreciation expense-business type activities	$ 629,779

The Business Type Activity funds have authorized construction projects. The remaining costs are split between the portion of the contracts that have been entered into for which the work had not been done prior to December 31, 2013 and the remainder of the authorized project expenditure for which contracts have not been entered into as of year end. The source of financing for the remaining project cost is noted below:

	Project Authorization	Expended To Date	Contracts in Progress	Authorized Not Obligated	Sources
Business Type Activities:					
Big Canoe Connection	$ 22,000	$ 7,464	$ -	$ 14,536	General Fund
Airport Improvements	5,827,275	5,827,275	-	-	FAA Grant/ DA Bonds
Total	$ 5,849,275	$ 5,834,739	$ -	$ 14,536	

DISCRETELY PRESENTED COMPONENT UNITS

Activity for the *Health Department* for the year ended December 31, 2013, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Depreciable Assets:				
Site Improvements	$ 11,724	$ -	$ -	$ 11,724
Machinery and Equipment	26,129	-	-	26,129
Furniture & Fixtures	11,030	-	-	11,030
Vehicles	20,011	-	-	20,011
Less Accumulated Depreciation	(63,675)	(2,906)	-	(66,581)
Capital Assets, net	$ 5,219	$ (2,906)	$ -	$ 2,313

NOTE 7 - LONG TERM DEBT

Long-term liability activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Governmental Activities:						
General obligation bonds	$ 500,000	$ 2,000,000	$ (500,000)	$ 2,000,000	$ 2,000,000	$ -
Notes Payable	2,859,656	$ -	(513,298)	2,346,358	534,764	1,811,594
Capital leases	509,062	98,960	(261,399)	346,623	262,800	83,823
Net OPEB obligation	1,141,582	352,717	(5,157)	1,489,142	-	1,489,142
Net pension obligation	60,633	547,088	(551,123)	56,598	-	56,598
Landfill postclosure	354,240	-	(15,430)	338,810	15,430	323,380
Compensated absences	191,217	205,899	(191,217)	205,899	144,496	61,403
Governmental activities long-term liabilities	$ 5,616,390	$ 3,204,664	$ (2,037,624)	$ 6,783,430	$ 2,957,490	$ 3,825,940
Business-type Activities:						
Bonds payable	$ 6,727,043	$ -	$ (109,073)	$ 6,617,970	$ 114,075	$ 6,503,895
Notes payable	1,906,275	-	(174,718)	1,731,557	176,722	1,554,835
Capital Leases	-	-	91,250	91,250	34,507	56,743
Compensated absences	12,261	-	(4,365)	7,896	5,527	2,369
Business-type activities long-term liabilities	$ 8,645,579	$ -	$ (196,906)	$ 8,448,673	$ 330,831	$ 8,117,842

GOVERNMENTAL ACTIVITIES

Bonds Payable

The County issued $6,500,000 of 2010 General Obligation Sales Tax bonds with interest at 2.25% for the renovation, repair, remodeling, modification, construction, and equipping of the existing courthouse and new parking facility. During 2010 and 2012, $90,000 and $500,000 were drawn on the bonds, respectively. Both these draws have been paid in full as of December 31, 2013. A total of $2,000,000 was drawn on the bonds in the current year, and the outstanding balance as of December 31, 2013 was $2,000,000. During 2013, the courthouse project was completed; therefore, no subsequent draws will be expected moving forward. As of the audit report date of July 3, 2014, the December 31, 2013 balance of $2,000,000 has been paid in full.

The annual requirements to amortize contracts payable outstanding as of December 31, 2013 are as follows:

December 31,	Principal	Interest	Total
2014	$2,000,000	$ 8,262	$2,008,262
Total	$2,000,000	$ 8,262	$2,008,262

Notes Payable

The County has entered into various agreements with financial institutions to finance the purchase of buildings and equipment, in regards to the Community Center and State Patrol Headquarters, in the original amounts of $4,930,000 with outstanding balances of $2,346,359. These notes have annual payments ranging from $157,679 to $355,486, with interest rates from 3.00% to 5.79% and maturity dates from 2015 to 2019.

The annual requirements to amortize notes payable outstanding as of December 31, 2013 are as follows:

December 31,	Principal	Interest	Total
2014	$ 534,764	$ 76,845	$ 611,609
2015	559,016	54,650	613,666
2016	392,260	35,478	427,738
2017	405,492	22,246	427,738
2018	419,057	8,680	427,737
2019-2023	35,769	99	35,868
Total	$2,346,358	$ 197,998	$2,544,356

Capital Leases

The County has entered into an agreement for the lease of certain equipment. The terms of the agreements meet the criteria of a capital lease as defined by Accounting Standards Codification 840 Leases, which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. The balance of this lease at December 31, 2013 is $346,623 for governmental activities.

The County leases certain equipment under non-cancelable capital leases. The leases relate to equipment and vehicles for EMS, fire, and road. Ownership of the related assets will be transferred to the County at the end of the lease terms. The assets acquired through capital leases are as follows:

	Governmental Activities
Machinery and equipment	$ 96,772
Vehicles	499,103
Less: Accumulated Depreciation	(297,070)
Total	$ 298,805

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2013, were as follows:

Year Ending December 31,	Governmental Activities
2014	$ 270,986
2015	62,760
2016	23,670
Total minimum lease payments	357,416
Less: amount representing interest (6.45%)	(10,793)
Present value of minimum lease payments	$ 346,623

BUSINESS-TYPE ACTIVITIES

Bonds Payable

The County issued $1,462,300 1995A Water and Sewer System bonds and $1,058,700 1995B Water and Sewer System bonds for the acquisition and construction of water-line infrastructure. Bond payments are due in monthly installments of $7,122 and $5,156, respectively, and carry a rate of interest of 5.0%. As of December 31, 2013, the oustanding balances of these bonds are $1,165,073 and $843,596, respectively. These bonds mature in December 2036.

The County issued $4,940,721 Water System Revenue Bond Series 2005 for the the acquisition and construction of water-line infrastructure. Bond payments are due in monthly installments of $21,248 with interest at 4.125%. As of December 31, 2013, the oustanding balance is $4,609,301. This bond will mature in March 2047.

The annual requirements to amortize contracts payable outstanding as of December 31, 2013 are as follows:

December 31,	Principal	Interest	Total
2014	$ 114,075	$ 288,237	$ 402,312
2015	119,308	283,004	402,312
2016	124,784	277,528	402,312
2017	130,514	271,798	402,312
2018	136,509	265,803	402,312
2019-2023	782,673	1,228,887	2,011,560
2024-2028	980,282	1,031,278	2,011,560
2028-2033	1,228,361	783,199	2,011,560
2034-2038	1,221,041	487,092	1,708,133
2038-2043	1,006,140	268,741	1,274,881
2044-2047	774,283	54,389	828,672
Total	$ 6,617,970	$ 5,239,956	$ 11,857,926

Notes Payable

The County entered into promissory notes with the Georgia Environmental Facilities Authority to finance the construction of water lines. As of December 31, 2013, the County had five such loan agreements in the original amounts of $3,204,013 with outstanding balances of $1,731,557. Quarterly installments of principal and interest are due through 2032 with interest rates from 2.00% to 5.30%.

The annual requirements to amortize notes payable outstanding as of December 31, 2013 are as follows:

December 31,	Principal	Interest	Total
2014	$ 176,722	$ 60,902	$ 237,624
2015	178,905	53,190	232,095
2016	186,936	45,159	232,095
2017	118,135	37,769	155,904
2018	95,879	34,184	130,063
2019-2023	532,356	117,980	650,336
2024-2028	292,612	39,877	332,489
2024-2033	150,012	8,220	158,232
Total	$ 1,731,557	$ 397,281	$ 2,128,838

Capital Leases

The County has entered into an agreement for the lease of certain equipment. The terms of the agreements meet the criteria of a capital lease as defined by Accounting Standards Codification 840 Leases, which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. The balance of this lease at December 31, 2013 is $91,250 for business-type activities.

The County leases certain equipment under non-cancelable capital leases. The leases relate to equipment for water operations. Ownership of the related assets will be transferred to the County at the end of the lease terms. The assets acquired through capital leases are as follows:

	Business-type Activities
Machinery and equipment	$ 96,772
Less: Accumulated Depreciation	(3,685)
Total	$ 93,087

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2013, were as follows:

Year Ending December 31,	Governmental Activities
2014	$ 38,096
2015	35,506
2016	23,670
Total minimum lease payments	97,272
Less: amount representing interest (6.45%)	(6,022)
Present value of minimum lease payments	$ 91,250

DISCRETELY PRESENTED COMPONENT UNITS

Long-term debt activity for the *Health Department* for the year ended December 31, 2013, was as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Compensated absences	$ 20,435	$ 1,647	$ -	$ 22,082	$ -	$ 22,082

Long-term debt activity for the *Industrial Development Authority* for the year ended December 31, 2013, was as follows:

Business-type Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Notes payable	$5,276,471	$ -	$ (60,296)	$ 5,216,175	$ 132,495	$ 5,083,680
Total long-term liabilities	$5,276,471	$ -	$ (60,296)	$ 5,216,175	$ 132,495	$ 5,083,680

The County entered into a loan agreement with the Development Authority to finance the construction of an airport taxiway in the original amount of $3,966,969. As of December 31, 2013, the loan has an outstanding balance of $3,966,969, with an interest rate if 3.25%. The agreement is still in the draw down phase. The repayment terms will be determined upon completion of the project when the final draw has been made. As as result, this balance is not included in the debt service requirements.

During 2013, the Development Authority entered into a loan agreement with Restaurant Interiors to finance the purchase of an industrial building in the original amount of $1,249,206. As of December 31, 2013, the loan has an outstanding balance of $1,249,206, with an interest rate of 5.50% and matures in September 2018 with a balloon payment of $1,101,540.

The annual requirements to amortize long-term debt as of December 31, 2013 are as follows:

Year Ending December 31,	Principal	Interest	Total
2014	$ 132,495	$ 75,995	$ 208,490
2015	385,275	186,764	572,039
2016	398,928	173,111	572,039
2017	413,084	158,955	572,039
2018	1,481,842	129,671	1,611,513
2019-2023	2,098,179	277,711	2,375,890
2014	306,372	3,746	310,118
Total	$ 5,216,175	$ 1,005,953	$ 6,222,128

NOTE 8 - INTERFUND BALANCES AND ACTIVITY

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

Due To	Due From					
	General Fund	SPLOST	Other Nonmajor Governmental Funds	Water Fund	Airport Authority	Total Due from Other Funds
General Fund	$ 296,560	$ 621,985	$ 34,233	$ 2,404,538	$ 81,470	$ 3,438,786
Nonmajor Governmental Funds	88,069	-	211,422	-	-	299,491
Water Fund	109,254	-	-	-	-	109,254
Total Due to Other Funds	$ 493,883	$ 621,985	$ 245,655	$ 2,404,538	$ 81,470	$ 3,847,531

These balances resulted from 1) the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, 2) the time lag between the dates that transactions are recorded in the accounting system, 3) the time lag between the dates that payments between funds are made, 4) short-term loans, and 5) to fund capital projects.

Interfund transfers as of the year ended December 31, 2013 are as follows:

Transfers Out	Transfers in		
	General Fund	Other Nonmajor Governmental Funds	Total Transfers Out
General Fund	$ -	$ 491,602	$ 491,602
Nonmajor Governmental Funds	150	-	150
Water Utility Fund	60,105	-	60,105
Total - Transfers in	$ 60,255	$ 491,602	$ 551,857

Transfers are used to 1) supplement operating budgets, 2) help fund construction projects and debt service, 3) reimburse unrestricted revenue, 4) reimburse pension costs, and 5) move the County's matching portion on federal and state grants.

NOTE 9 - RETIREMENT PLANS

DEFINED BENEFIT PENSION PLAN

Plan Description

The County contributes to the Association of County Commissioners of Georgia ("ACCG") Defined Benefit Plan (the "Plan"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating counties in Georgia. The County elected to participate in the Plan as a result of the Board of Commissioners vote and a contract between the County and the ACCG.

The Plan's assets may only be used for the payment of benefits to the members of the Plan, in accordance with the terms of the Plan. (See Note 2 - Summary of Significant Accounting Policies for reporting of investments). The ACCG issues a publically available financial report that includes financial statements and requires supplementary information for the Plan. That report may be obtained by writing to Pension Service Company, 1100 Circle 75 Parkway, Suite 320, Atlanta, Georgia 30339.

All full-time employees are eligible to participate in the Plan after completing three years of service. Benefits vest after five years of service. Participants become eligible to retire with unreduced benefits at age 65 with three years of plan participation. Upon eligibility to retire, participants are entitled to an annual benefit in the amount of 1% of annual average compensation plus $36 for each year of service payable as a life annuity. Compensation is averaged over a five year period prior to retirement or termination. The Plan also provides benefits in the event of death or disability. These benefit provisions were established by an adoption agreement executed by the County Commission.

The County's covered payroll for employees participating in the Plan as of January 1, 2013 (the most recent actuarial valuation date) was $7,234,670 (based on covered earnings for the preceding year).

Funding Policy

The County is required to contribute at an actuarially determined rate. The contribution amount is determined using actuarial methods and assumptions approved by the ACCG Plan trustees and must satisfy the minimum contribution requirement contained in the State of Georgia Statutes. Section 47-20 of the Georgia Code sets forth the funding standards for state and local governmental pension plans.

County employees are not required to contribute to the Plan. Contributions totaling $5,157 ($5,157 employer and $0 employee) were made in accordance with the contribution requirements determined by an actuarial valuation performed as of January 1, 2012. This was more than the minimum required contribution of $547,471.

The current rate is 7.9% of annual covered payroll. The Board of Commissioners provides for the benefits and funding policy through County ordinance and maintains the authority to change the policy.

Annual Pension Cost

The Plan's funding policy provides for actuarily determined periodic contributions at rates that, for individual employees, accumulate funds so that sufficient assets will be available to pay benefits when due. The contribution rate for normal cost is determined using the projected unit credit actuarial funding method. The actuarial value of Pickens County's assets was determined using market value. The unfunded actuarial liability is being amortized as a level percent of projected payroll on a closed basis over a thirty year period. The remaining amortization period at January 1, 2013, was nine years.

The Georgia Constitution enables the governing authority of the County, the Board of Commissioners, to establish and amend, from time to time, the contribution rates for the employer and its plan members.

The County's contributions to the Plan for the years ended December 31, 2013, 2012, and 2011 were $551,123, $519,277, and $481,354 respectively, and were equal to or greater than the required contribution for each year.

Schedule I included in the required supplementary information presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. The data for the most current year are as follows:

Actuarial Date of January 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll [(b-a)/c]
2013	$ 4,351,031	$6,039,377	$ 1,688,346	72.0%	$ 7,234,670	23.3 %

The annual required contribution and percentage contributed for the current year and prior years are as follows:

Fiscal Year December 31,	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation
2013	$ 547,088	$ 551,123	100.7 %	$ 56,598
2012	$ 518,947	$ 519,277	100.1 %	$ 60,633
2011	$ 481,021	$ 481,354	100.1 %	$ 60,963

The information was determined as part of the actuarial valuation as of December 31, 2013. Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2013
Actuarial Cost method	Projected Unit Credit
Asset Valuation method	Market Value
Amortization method	Level Percent of Pay (Closed)
Remaining amortization period	10 years
(This represents the estimated amortization period for all unfunded liabilities combined into one amortization base.)	
Actuarial assumptions:	
Assumed rate of return on assets*	7.75% per annum
Expected future salary increases*	4.0%-6.5% per annum
Cost of Living Adjustments*	0.0% per annum
*Includes inflation at	3.0%

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

Annual required contribution	$ 547,417
Interest on net pension obligation	4,699
Amortization of net pension obligation	(5,028)
Annual pension cost	547,088
Contribution made	(551,123)
Increase (decrease) in Net Pension Obligation	(4,035)
Net pension obligation, December 31, 2012	60,633
Net pension obligation, December 31, 2013	$ 56,598

OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The Pickens County Retiree Insurance Program (the "OPEB Plan") is a single-employer defined benefit post-employment health care plan. Participant counts as of January 1, 2014, the most recent valuation date, are shown below. The Board of Commissioners have the authority under which the obligations of the plan members and the employer are established or may be amended. The OPEB Plan does not issue a stand-alone financial report.

Eligible retirees must be a minimum of age 55 with 15 or more years of consecutive full-time service in order to receive benefits.

The County's covered payroll for employees participating in the OPEB Plan as of January 1, 2014 was $7,234,670 (based on covered earnings for the preceding year).

Funding Policy

Eligible retirees and former employees are offered the same health coverage as active employees. Retirees contribute an average of $533 per month towards the actuarially calculated monthly rates. The County contributes the remainder of the rates. The OPEB Plan is funded on a pay-as-you-go basis.

Annual OPEB Cost

The County's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) by the employer, an amount actuarilly determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize and unfunded actuatial liabilities (or funding excess) over a period not to exceed thirty years.

The Georgia Constitution enables the governing authority of the County, the Board of Commissioners, to establish and amend, from time to time, the contribution rates for the employer and its plan members.

The County's contributions to the OPEB Plan for the years ended December 31, 2013, 2012, and 2011 were $5,157, $51,124, and $34,049 respectively, and were less than the required contribution for each year.

Schedule I included in the required supplementary information presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. The data for the most current year are as follows:

Actuarial Date of January 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll [(b-a)/c]
2013	$ -	$2,346,415	$ 2,346,415	-%	$ 8,445,314	27.8 %

The annual required contribution and percentage contributed for the current year and prior years are as follows:

Fiscal Year December 31,	Annual OPEB Cost (AOC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation
2013	$ 352,717	$ 5,157	1.5 %	$ 1,489,142
2012	$ 402,432	$ 51,124	12.7 %	$ 1,141,582
2011	$ 333,320	$ 34,049	10.2 %	$ 790,274

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 revisions as results are compared to past expectations and new estimates are made about the future. Calculations are based on the substantive plan in effect as of December 31, 2010. The assumptions used in the January 1, 2014 actuarial valuations are as follows:

Valuation date	January 1, 2014
Actuarial Cost method	Projected Unit Credit
Asset Valuation method	Market Value
Amortization method	Level Percent of Pay (Open)
Remaining amortization period	30 years
(This represents the estimated amortization period for all unfunded liabilities combined into one amortization base.)	
Actuarial assumptions:	
Assumed rate of return on assets	4.00% per annum
Medical Cost Rate	7.50% per annum
Ultimate Cost Rate	5.00% per annum
Year of Ultimate Trend Rate	2018
Inflation	3.0%

The County's annual pension cost and net pension obligation for the OPEB Plan for the current year were determined as follows:

Annual required contribution	$ 350,677
Interest on net OPEB obligation	45,663
Amortization of net OPEB obligation	(43,623)
Annual OPEB cost	352,717
Contribution made	(5,157)
Increase (decrease) in Net OPEB Obligation	347,560
Net OPEB obligation, beginning of year	1,141,582
Net OPEB obligation, end of year	$ 1,489,142

NOTE 10 - CONTINGENT LIABILITIES AND COMMITMENTS

The County's encumbrances outstanding at the end of the fiscal year that will be honored in the next fiscal year are not significant for any of the major funds nor for the nonmajor funds in total.

Amounts received or receivable for grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The County is a defendant in several lawsuits. Management intends to contest these open cases vigorously. The County's legal counsel has stated that the outcome of these lawsuits is not presently determinable.

NOTE 11 - RISK MANAGEMENT

The County is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The following are ways the County handles these risks:

WORKERS' COMPENSATION

The County participates in the Association County Commissioners of Georgia (ACCG) Group Self Insurance Workers' Compensation Fund (GSIWCF), a self-insured pool cooperative arrangement among its members to finance workers' compensation coverage. The fund is owned by its members and is managed by a seven member Board of Trustees who are representatives from participating counties. The ACCG-GSIWCF operates under the authority of O.C.G.A. 34-9-150 et seq. and the Georgia Insurance Commissioner's Office. The members of ACCG-Group Self Insurance Workers' Compensation Fund are assessable if the losses that ACCG must pay exceed the assets of the pool. At December 31, 2013, there was no need for such an assessment. Therefore, no liability has been recorded in these financial statements.

OTHER

The County participates in the Association County Commissioners of Georgia Interlocal Risk Management Agency (IRMA), a risk sharing arrangement among Georgia County Governments. The fund exists by authority of O.C.G.A. 36-85-1 et seq. Premium liabilities are based on the estimated ultimate cost of settling the claims, including effects of inflation and other society and economic factors. The IRMA Limits of Liability shall not be charged with the first $2,500 of any loss. IRMA pays losses up to $100,000 per individual claim or $5,000,000 for all claims. However, excess losses, if any, are covered by reinsurance and would be paid by the reinsurer.

The members of IRMA are assessable if the losses that IRMA must pay exceed the assets of the pool. At December 31, 2013, there was no need for such an assessment. Therefore, no liability has been recorded in these financial statements.

As part of these risk pools (IRMA & GSIWCF), the County is obligated to pay all contributions and assessments to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents that could require the funds to pay any type of loss. The County is also to allow all the pools' agents and attorneys to represent the County in investigations, settlement discussions, and all levels of litigation arising out of any claim made against the County.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost 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.

The County also purchases combined automobile, crime, liability and property insurance coverage from OneBeacon Government Risks. The following is a summary of coverage at December 31, 2013:

Property Losses	$	2,193,307	aggregate
Comprehensive General Liability	$	1,000,000	per occurrence
	$	3,000,000	aggregate
Automobile Liability	$	1,000,000	per occurrence
Law Enforcement Liability	$	1,000,000	per occurrence
	$	3,000,000	aggregate
Excess Liability	$	1,000,000	per occurrence
Crime Coverage (theft/fraud)	$	200,000	aggregate

The County has no outstanding claims in excess of coverage for which a liability should be recorded as of December 31, 2013.

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

NOTE 12 - JOINT VENTURE

On January 4, 1995, Pickens County entered into an agreement with Bartow County, Georgia, establishing a Joint Development Authority. The County Commissioner of Pickens County and the County Commissioner of Bartow County signed an agreement whereby the Joint Development Authority of Bartow County and Pickens County was established for the promotion of business development in each county as well as expanding industry, trade and employment opportunities for the citizens of Bartow and Pickens Counties. The Board of Directors of the Joint Development Authority consists of seven members. Three members of the Board are appointed by Bartow County and four members are appointed by Pickens County. As of December 31, 2013, the Joint Development Authority owned no assets and had no liablities. Also, there have been no financial transactions conducted by the Joint Development Authority in 2013. As a result, no balance sheet or income statement is presented in the audited financial statements of Pickens County at December 31, 2013.

NOTE 13 - NORTHWEST GEORGIA REGIONAL COMMISSION

Under Georgia Law, the County, in conjunction with other cities and counties in the northwest Georgia area, is a member of the Northwest Georgia Regional Commission (NWGRC) and is required to pay annual dues thereto. During the year ended December 31, 2013, the County paid $42,198 in such dues. Membership in the NWGRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the Regional Commission in Georgia. The NWGRC Board membership includes the chief elected official in each county and municipality of the area. The County Board members and municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as the nonpublic Board member from a County.

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

Separate financial statements for the NWGRC financial statements can be obtained from NWGRC, P.O. Box 1798, Rome, Georgia 30162.

NOTE 14 - NORTHWEST GEORGIA REGIONAL WATER RESOURCES PARTNERSHIP

The County is a member of the Northwest Georgia Regional Water Resources Partnership. This organization is made up of water withdrawal permit holders, local governments, and other advocacy entities with an interest in water issues. The purpose of the Partnership is a regional organization of water related interest in Northwest Georgia for monitoring and contributing to the development of federal, state, and local policy; educating the citizens on water related issues; funding and managing regional water-related activities; and coordinating the activities for federal, state, and local entities. The County paid annual dues in the amount of $680 for the year ended December 31, 2013.

Seperate financial statements can be obtained from Northwest Georgia Regional Water Resources Partnership, P.O. Box 1793, Rome, Georgia 30162.

NOTE 15 - LANDFILL CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the County to place a final cover on a landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County recognizes a portion of the closure and postclosure care costs in each operating period even though actual payouts will not occur until the landfill is closed. The amount recognized each year is based on the landfill capacity used as of the balance sheet date.

As of December 31, 2013, the County has recorded a liability for its solid waste Landfill of $338,810, which represents the estimated closure and postclosure costs based on 100% of landfill capacity used to date. All estimated liability for these costs has been recognized since the landfill is no longer used.

These amounts are based on what it would cost to perform all closure and postclosure care in 2013. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The County is also required to demonstrate financial assurance that the closure and postclosure care cost can be paid in the future. The County is in compliance at December 31, 2013, based on requirements issued by the EPA.

NOTE 16 - SIGNIFICANT ESTIMATES

As discussed in Note 1, estimates are used in the preparation of these financial statements. Three of the estimates qualify as significant estimates in that it is reasonably possible that the estimates will change in the near term due to one or more future confirming events and this change will have a material effect on the financial statements.

These estimates are as follows:

The liability for landfill closure and postclosure care cost is based on estimates provided by the County's engineering consultants and reduced each year by expenses related to the closure and postclosure of the landfill. These estimates are based on what it would cost to perform closure and postclosure care currently. Actual costs may change due to higher inflation, changes in technology, or changes in regulations.

The estimate for accumulated depreciation on capital assets. This estimate is based on the original or estimated cost of the assets, depreciated over the estimated useful lives using the straight line method and composite method.

The estimate for allowance for doubtful accounts relating to Pickens County EMS accounts receivable qualifies as a significant estimate. The estimate is calculated based on the previous year's collection percentage of accounts greater than one year old.

NOTE 17 - HOTEL/MOTEL TAX

During the year ended December 31, 2013, the County had receipts of $30,894 and spent $23,541 to promote tourism, conventions, and trade shows. The total expenditures represent 76% of the tax receipts to be expended for these purposes under OCGA 48-13-51. The County has complied with the requirements of this law.

NOTE 18 - PRIOR PERIOD ADJUSTMENTS

As of January 1, 2013, this Couty restated its financial statements for the fiscal year ended December 31, 2012. The restatement resulted in a net increase to Governmental fund balance of $72,425 and a net increase to net position in Governmental Activities in the amount of $139,120. The restatement was a result of the following:

General Fund	
Restate 2011 E-911supplement	$ (458,681)
Restate beginning fund balance to include fund 001	72,425
Net decrease in General Fund balance	(386,256)
E-911 Fund (Non Major)	
Restate 2011 E-911 supplement	458,681
Net increase in Non Major Fund balance	458,681
Net increase in Governmental Fund balance	$ 72,425
Governmental Activities	
Record accurate beginning balance for CIP	$ 66,695
Net increase in net position	$ 139,120

PICKENS COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
For the Year Ended December 31, 2013
"Unaudited"

DEFINED BENEFIT PENSION PLAN

Actuarial Valuation Date (1/1)	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Annual Covered Payroll (prior year)	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
2007	$ 1,861,565	$ 2,918,668	63.8 %	$ 1,057,103	$ 4,648,606	22.7 %
2008	$ 2,160,646	$ 3,399,887	63.6 %	$ 1,239,241	$ 5,086,422	24.4 %
2009	$ 2,311,404	$ 3,935,021	58.7 %	$ 1,623,617	$ 5,521,511	29.4 %
2010	$ 2,770,507	$ 4,646,354	59.6 %	$ 1,875,847	$ 6,852,406	27.4 %
2011	$ 3,182,711	$ 5,040,760	63.1 %	$ 1,858,049	$ 6,713,647	27.7 %
2012	$ 3,688,493	$ 5,705,153	64.7 %	$ 2,016,660	$ 7,126,832	28.3 %
2013	$ 4,351,031	$ 6,039,377	72.0 %	$ 1,688,346	$ 7,234,670	23.3 %

Analysis of the dollar amounts of actuarial value of assets available for benefits, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets available for benefits as a percentage of the actuarial accrued liability provides one indication of funding status on a going concern basis. Analysis of this percentage over time indicates whether the system is becoming financial stronger or weaker. Generally, the greater this percentage, the stronger the Plan.

Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the Plan's progress in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the Plan.

OTHER POST-EMPLOYMENT BENEFITS

Actuarial Valuation Date (1/1)	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Annual Covered Payroll (prior year)	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
2010	$ -	$ 1,444,428	0.00 %	$ 1,444,428	$ 9,242,485	15.63 %
2012	$ -	$ 2,073,395	0.00 %	$ 2,073,395	$ 8,530,847	24.30 %
2014	$ -	$ 2,346,415	0.00 %	$ 2,346,415	$ 8,445,314	27.78 %

2010 was the first year that this plan was effective.

PICKENS COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2013
(Required Supplementary Information)

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 4,199,090	$ 4,199,090	$ 4,199,090	$ -
RESOURCES (INFLOWS)				
Taxes	13,851,449	14,235,728	14,323,968	88,240
Licenses and permits	244,104	244,104	281,861	37,757
Intergovernmental	1,152,741	1,152,741	1,214,735	61,994
Fines and forfeitures	403,700	403,700	405,097	1,397
Charges for services	3,251,420	3,251,420	2,800,451	(450,969)
Contributions and donations	1,000	1,000	3,003	2,003
Investment income	27,874	27,874	3,238	(24,636)
Miscellaneous	18,869	18,869	76,717	57,848
Capital lease proceeds	-	-	98,960	98,960
Transfers in	-	-	60,255	60,255
Total Resources (Inflows)	18,951,157	19,335,436	19,268,285	(67,151)
AMOUNTS AVAILABLE FOR APPROPRIATION	23,150,247	23,534,526	23,467,375	(67,151)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
General Government				
Board of commissioners	148,642	151,292	151,243	49
General administration	747,829	340,279	340,032	247
County clerk	113,642	114,942	114,866	76
Elections	201,538	172,538	172,111	427
Finance	148,121	152,321	152,288	33
Accounting	121,880	124,080	124,039	41
Law	125,000	103,000	94,211	8,789
Human resources	62,995	62,995	62,134	861
Tax commissioner	519,493	494,493	493,551	942
Tax assessor	495,209	535,209	534,715	494
Buildings	505,034	527,034	526,080	954
Public information	82,777	83,977	83,949	28
Agencies	30,300	30,300	28,146	2,154
Board of equalization	6,426	9,826	9,799	27
Total General Government	3,308,886	2,902,286	2,887,164	15,122
Judicial				
Judicial Administration	88,966	201,466	201,217	249
Superior court	193,647	182,647	182,308	339
Clerk of Superior court	495,840	511,840	511,807	33
District attorney	389,359	326,359	325,377	982
Magistrate court	248,948	234,948	234,878	70
Probate court	292,975	310,475	310,208	267
Juvenile court	308,737	295,737	295,120	617
Public defender	239,230	225,830	225,821	9
Total Judicial	2,257,702	2,289,302	2,286,736	2,566
Public Safety				
Sheriff	2,702,225	2,609,625	2,609,230	395
Jail operation	1,619,805	1,600,805	1,599,895	910
Court services	562,703	464,703	464,694	9
Fire	1,196,165	1,157,165	1,156,395	770
Emergency medical services	2,128,923	2,082,923	2,082,311	612
Coroner/Medical Examiner	42,412	45,712	45,674	38
E-911/Communications center	19,885	20,185	20,146	39
School resource officers	216,805	216,805	210,660	6,145
Emergency Management Agency	77,365	77,365	70,252	7,113
Animal control	170,770	170,770	157,902	12,868
Total Public Safety	8,737,058	8,446,058	8,417,159	28,899
Public Works				
Street lights	9,800	12,650	12,604	46
Roadways and walkways	1,855,656	2,215,656	2,215,613	43
Traffic engineering	123,328	123,328	112,404	10,924
Solid waste and recycling	482,760	517,760	516,892	868
Maintenance and shop	75,205	89,105	89,076	29
Total Public Works	2,546,749	2,958,499	2,946,589	11,910

PICKENS COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2013
(Required Supplementary Information)

CONTINUED.....

	BUDGET AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
Public Health and Welfare				
Health department	11,611	11,611	8,887	2,724
Public health and welfare	115,352	120,952	120,903	49
Senior citizens center	15,817	18,217	18,165	52
Community Center	-	482,829	482,829	-
Transportation services	71,998	158,998	158,965	33
Total Public Health and Welfare	214,778	792,607	789,749	2,858
Recreation and Culture				
Parks and recreation	577,892	577,892	575,371	2,521
Library	281,656	281,656	279,365	2,291
Total Recreation and Culture	859,548	859,548	854,736	4,812
Housing and development				
Extention office	53,882	53,882	46,502	7,380
Building inspection	114,092	126,792	126,775	17
Planning and zoning	273,367	291,367	291,193	174
County marshall	59,147	70,647	70,557	90
Economic development	52,500	52,500	52,493	7
Total Housing and Development	552,988	595,188	587,520	7,668
Transfers out	491,948	491,948	491,602	346
TOTAL CHARGES TO APPROPRIATIONS	18,969,657	19,335,436	19,261,255	74,181
CHANGE IN FUND BALANCE	(18,500)	-	7,030	7,030
FUND BALANCE, End of year	$ 4,180,590	$ 4,199,090	$ 4,206,120	$ 7,030

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
1. The budgetary basis of accounting used in this schedule is the same as GAAP.

PICKENS COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2013

	SPECIAL REVENUE FUNDS						
	LAW LIBRARY	SHERIFF SPECIAL REVENUE	EMERGENCY 911	DRUG TASK FORCE	HOTEL MOTEL TAX	RESTRICTED PROGRAMS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS							
Cash	$ 16,353	$ 43,170	$ -	$ 69,852	$ 17,183	$ 143,391	$ 289,949
Investments	22,031	-	-	-	-	-	22,031
Receivables (net of allowance for uncollectibles)	-	-	62,481	14,302	2,591	234,001	313,375
Interfund receivables	-	-	-	245,467	-	54,024	299,491
Prepaid items	-	-	-	-	-	2,000	2,000
TOTAL ASSETS	$ 38,384	$ 43,170	$ 62,481	$ 329,621	$ 19,774	$ 433,416	$ 926,846
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	$ 999	$ -	$ 22,132	$ 42,282	$ 6,961	$ 104,123	$ 176,497
Other accrued items	-	-	9,265	51,381	-	13,785	74,431
Interfund payables	215	-	-	45,692	-	199,748	245,655
TOTAL LIABILITIES	1,214	-	31,397	139,355	6,961	317,656	496,583
FUND BALANCES							
Nonspendable:							
Prepaid expenditure	-	-	-	-	-	2,000	2,000
Restricted:							
Judicial programs	37,170	-	-	-	-	113,760	150,930
Public safety programs	-	43,170	31,084	190,266	-	-	264,520
Housing and development programs	-	-	-	-	12,813	-	12,813
TOTAL FUND BALANCES	37,170	43,170	31,084	190,266	12,813	115,760	430,263
TOTAL LIABILITIES AND FUND BALANCES	$ 38,384	$ 43,170	$ 62,481	$ 329,621	$ 19,774	$ 433,416	$ 926,846

PICKENS COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2013

	SPECIAL REVENUE FUNDS						
	LAW LIBRARY	SHERIFF SPECIAL REVENUE	EMERGENCY 911	DRUG TASK FORCE	HOTEL MOTEL TAX	RESTRICTED PROGRAMS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES							
Taxes	$ -	$ -	$ -	$ -	$ 30,894	$ -	$ 30,894
Intergovernmental	-	-	-	246,128	-	1,361,147	1,607,275
Fines and forfeitures	25,633	47,097	-	34,497	-	336,071	443,298
Charges for services	-	32,147	584,185	-	-	210,562	826,894
Contributions and donations	-	7,236	-	-	-	2,693	9,929
Investment income	416	92	-	68	19	133	728
TOTAL REVENUES	26,049	86,572	584,185	280,693	30,913	1,910,606	2,919,018
EXPENDITURES							
Current Expenditures							
Judicial	17,368	-	-	-	-	1,735,475	1,752,843
Public safety	-	44,765	1,014,033	51,540	-	-	1,110,338
Public health and welfare	-	-	-	-	-	60,131	60,131
Housing and development	-	-	-	-	1,699	-	1,699
Intergovernmental	3,302	-	-	256,209	23,541	148,986	432,038
Capital outlay	-	19,147	-	-	-	-	19,147
TOTAL EXPENDITURES	20,670	63,912	1,014,033	307,749	25,240	1,944,592	3,376,196
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	5,379	22,660	(429,848)	(27,056)	5,673	(33,986)	(457,178)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	428,992	43,537	-	19,073	491,602
Transfers out	-	-	-	-	(150)	-	(150)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	428,992	43,537	(150)	19,073	491,452
NET CHANGE IN FUND BALANCES	5,379	22,660	(856)	16,481	5,523	(14,913)	34,274
FUND BALANCES, Beginning of year	31,791	20,510	(426,741)	173,785	7,290	130,673	(62,692)
PRIOR PERIOD ADJUSTMENT	-	-	458,681	-	-	-	458,681
FUND BALANCES, Beginning of year, restated	31,791	20,510	31,940	173,785	7,290	130,673	395,989
FUND BALANCES, End of year	$ 37,170	$ 43,170	$ 31,084	$ 190,266	$ 12,813	$ 115,760	$ 430,263

PICKENS COUNTY, GEORGIA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
ALL AGENCY FUNDS
December 31, 2013

	TAX COMMISSIONER	CLERK OF SUPERIOR COURT	PROBATE COURT	MAGISTRATE COURT	SHERIFF	TOTAL
ASSETS						
Cash	$ 68,376	$ 205,892	$ 268,541	$ 53,984	$ 23,334	$ 620,127
TOTAL ASSETS	$ 68,376	$ 205,892	$ 268,541	$ 53,984	$ 23,334	$ 620,127
LIABILITIES						
Amounts held in trust	$ 68,376	$ 205,892	$ 268,541	$ 53,984	$ 23,334	$ 620,127
TOTAL LIABILITIES	$ 68,376	$ 205,892	$ 268,541	$ 53,984	$ 23,334	$ 620,127

PICKENS COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
Year Ended December 31, 2013

PROJECT	ORIGINAL ESTIMATED COSTS	CURRENT ESTIMATED COSTS	EXPENDITURES PRIOR YEARS	EXPENDITURES CURRENT YEAR
Special Local Option Sales Tax				
2003 Projects:				
Road Improvements	$ 7,550,000	$ 6,242,313	$ 6,242,313	$ -
Capital Improvements				
Fire Department	2,250,000	2,484,658	2,484,658	-
Emergency Medical Services	1,250,000	1,122,100	1,122,100	-
Emergency 911	450,000	724,013	724,194	-
Sheriff Department	6,000,000	12,229,629	12,229,629	-
Water Department	4,500,000	2,465,482	2,465,482	-
Total 2003	$ 22,000,000	$ 25,268,195	$ 25,268,376	$ -
2008 Projects:				
Road Improvements	$ 1,476,356.00	$ 987,514.00	$ -	$ -
Capital Improvements				
Courthouse	17,000,000	17,000,000	8,434,036	7,231,650
Debt Service Admin Building	2,726,000	3,123,649	3,123,649	-
Debt Service Detension Center	3,200,000	3,200,000	3,200,000	-
Parks and Recreation	3,000,000	3,000,000	-	-
Library	2,000,000	2,000,000	-	-
Public Safety	1,500,000	1,500,000	-	-
Water Line Improvements	2,000,000	2,000,000	-	-
Contractual Payments				
City of Jasper	954,889	954,889	-	-
City of Nelson	110,780	110,780	-	-
City of Talking Rock	31,975	31,975	-	-
Total 2008	$ 34,000,000	$ 33,908,807	$ 14,757,685	$ 7,231,650

PICKENS COUNTY, GEORGIA
Reconciliation of Expenditures for SPLOST
12/31/2013

Statement of Revenues, Expenditures and Changes in Fund Balance (page 5)		
	Expenditures	$ 7,731,650
Subtotal		7,731,650
Less items not included as expenditures on SPLOST schedule below:		
Principal Payments on debt		(500,000)
Subtotal of adjustments		(500,000)
Expenditures reported on Splost schedule below		**$ 7,231,650**
Schedule of Projects Constructed With Special Purpose Local Option Sales Tax (page 77)		
	2003 SPLOST	$ -
	2008 SPLOST	7,231,650
Total		$ 7,231,650

PICKENS COUNTY, GEORGIA
SCHEDULE OF STATE CONTRACTUAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2013

State Program Name	Contract Number	Current Year Received	Current Year Expended	Amount Due from (to) State
Family Connections	93-141400098	$ 45,000	$ 45,000	$ 13,641

The above schedule has been prepared on the modified accrual basis of accounting.

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

July 3, 2014

Board of Commissioners
Pickens County, Georgia
Jasper, Georgia

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of PICKENS COUNTY, GEORGIA, as of and for the year ended December 31, 2013, which collectively comprise the PICKENS COUNTY, GEORGIA's basic financial statements and have issued our report thereon dated July 3, 2014. Our report was modified to include 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. Our report includes a reference to other auditors who audited the financial statements of the Pickens County Health Department, as described in our report on PICKENS COUNTY, GEORGIA's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a

deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

CLERK OF COURT

2013-01

Statement of Condition:

During the audit, we received activity reports that included check numbers presented as a range with a subtotal, without any itemized detail. The Clerk of Court maintains its registry list of funds held in trust manually and was unable to provide an accurate listing of receipts for the Registry account or any type of general ledger/transaction summary detail.

Criteria:

A proper system of internal controls requires that accounting records be maintained and properly reconciled.

Effect of Condition:

Without a general ledger or detailed transactions list, there is a greater likelihood for errors or misstatements to occur and not be detected in a timely manner. It is also more difficult to determine amounts owed at any point in time for proper disbursement or reconciliation to cash on hand.

Cause of Condition:

Cause of condition unknown.

Recommendation:

We recommend that all transactions be maintained in some type of accounting software which will more accurately maintain accounting records, including itemized detail of funds held in trust. A reconciliation should be prepared monthly for each bank account which agrees the cash balance to the list of funds held in trust.

Response:

The Clerk of Court will contact her software vendor and will determine a process to maintain and produce system reports with account transaction detail and will generate detailed reports to accompany and support monthly reconciliations.

2013-02 ***Statement of Condition:***

Proper controls over void capabilities do not exist in the Clerk of Court's office. Three (3) checks that were listed in the register as voided were not marked as void or inactive. There were also six (6) checks listed as voided on the account register, but were not available for auditor review.

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.

Effect of Condition:

Failure to monitor and prevent improper voids can lead to misappropriation of funds that is not detected in a timely manner by employees in the normal course of performing their assigned functions.

Cause of Condition:

Cause of condition unknown.

Recommendation:

We recommend that no employee that receipts funds have void capabilities. It is also recommended that a void transaction report is reviewed on a regular basis by management.

Response:

The Clerk of Court is working to improve procedures and controls for voiding transactions involving checks and receipts. The Clerk will maintain a void transaction report and will review void documents on a monthly basis.

2013-03 ***Statement of Condition:***

The Clerk of Court is unable to provide an accurate bank reconciliation. Additionally, an itemized listing of outstanding checks and deposits in transit were missing and not prepared as of December 31, 2013.

Criteria:

To ensure an accurate cash balance in the accounting books, a list of outstanding checks showing the check number, payee, and date of the check should be maintained. Only reconciling items should be listed on the bank reconciliations each month.

Effect of Condition:

The correct cash balance is unknown due to the inability to determine the correct amount of outstanding checks and deposits in transit.

Cause of Condition:

The Clerk of Court does not keep an up-to-date listing of outstanding items

because any checks written or deposits made at the beginning of the month are dated for the last day of the prior month in order to force the ledger balance to zero. Voided and skipped check numbers are also inappropriately included on the bank reconciliation.

Recommendation:
We recommend that the Clerk of Court utilize software such as Excel or an accounting software package to create an accurate account register with the appropriate date listed for each transaction. An accurate and timely bank reconciliation should be generated every month.

Response:
The Clerk of Court will work to resolve issues with the bank reconciliation process. The Clerk will utilize accounting software currently in place to create detailed system reports to accompany and support bank reconciliations.

EMERGENCY MEDICAL SERVICES

2013-04

Statement of Condition:
During the course of our audit, we noted that approximately 94% of the outstanding accounts receivable is overdue by 90 days or more. This is a monetary value of $1,440,926.

Criteria:
Due to the challenges associated with managing EMS revenue. It is important that the process of collection be as efficient as possible.

Effect of Condition:
This situation directly affects the availability of working funds for the County.

Cause of Condition:
Lack of accounts receivable collection policy.

Recommendation:
We recommend that a review of the County's credit and collection policies be made to determine whether additional steps could be made to aid in collection of accounts. We believe that once a receivable is over 90 days old, it becomes increasingly difficult to collect. We recommend that the County implement a write-off procedure policy and adjust accounts receivable accordingly in fiscal year 2014.

Response:
Management concurs with this finding. A review of the County's collection policy will be made, and Management will explore alternatives for increasing the collection rate of delinquent amounts.

Management will also review collection trends and determine a tiered write-off schedule based on average collection percentages for amounts outstanding over various lengths of time (i.e. 0-30 days, 31-60 days, and 90 or more days). Once a write-off policy is established, Management will make regular adjustments throughout the year in order to avoid a significant accumulation of uncollectable amounts in the accounts receivable balance. The timing of such adjustments will be decided once the collection percentages are determined. Once complete, Management will communicate the new policy to the company which provides billing services for the County's emergency medical services.

LANDFILL

2013-05

Statement of Condition:

There is a lack of transaction and receipt documentation regarding cash and checks collected at the landfill.

Criteria:

In order to ensure proper internal controls, detailed records of all receipts should be kept in an itemized and observable format. Additionally, all customers should receive a receipt verifying payment of services provided by the County.

Effect of Condition:

This situation directly affects the availability of working funds for the County and the risk of loss from misplacement or misappropriation increases when adequate records are not maintained and reconciled.

Cause of Condition:

All records are kept manually rather than in some type of accounting software.

Recommendation:

We recommend that the Landfill keep detailed records of all receipts. The best way to account for the intake of cash and checks would be to utilize a form of software that maintains records of customers served on a daily basis and tracks payments made for the services. Additionally, daily transaction reports should be reconciled to agree with the deposit total and signed by landfill management.

Response:

Management agrees with this finding. In FY 2014, management will explore new options for tracking cash collections at the landfill locations. Additionally, Management will consider new methods of collecting revenue for the landfill facilities which will allow for a reduction in the frequency of cash transactions.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether PICKENS COUNTY, GEORGIA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with

which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

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

Bates, Carter & Co, LLP