PIKE COUNTY, GEORGIA

AUDIT REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2013

PIKE COUNTY, GEORGIA

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Pike County, Georgia
Zebulon, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pike County, Georgia as of and for the year ended June 30, 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Pike County Department of Public Health, Pike County J. Joel Edwards Public Library, Pike County Water and Sewer Authority, and the Development Authority of Pike County, which represent 87 percent, 81 percent, and 67 percent, respectively, of the assets, net positions, and revenues of the component units of Pike County, Georgia. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pike County Department of Public Health, Pike County J. Joel Edwards Public Library, Pike County Water and Sewer Authority, and the Development Authority of Pike County is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pike County, Georgia, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4 through 9 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 Pike County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements, the schedule of projects constructed with special sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the schedule of projects constructed with special sales tax proceeds are the responsibility of management and were 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. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of projects constructed with special sales tax proceeds are fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2013, on our consideration of Pike County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pike County, Georgia's internal control over financial reporting and compliance.

Macon, Georgia
December 3, 2013

MANAGEMENT'S DISCUSSION & ANALYSIS

As management of the County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the year ended June 30, 2013.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities as of June 30, 2013, by $9,529,416 (net position).
- As of June 30, 2013, total net position consisted of $6,543,669 net investment in capital assets, $769,484 restricted for capital outlay, $40,299 other restrictions, and $ 2,175,964 unrestricted.
- As of June 30, 2013, the County's governmental funds reported ending fund balance of $3,113,024, an decrease of $1,159,329 in comparison with the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through administrative fees and charges (business-type activities). The governmental activities of the County include general government, public safety, public works, health and welfare, culture and recreation and conservation of natural resources. The County currently has no business-type activities.

Fund Financial Statements

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

Governmental Funds

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

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

For the year ended June 30, 2013, the County had the following governmental funds; the General Fund, five Special Revenue Funds and four Capital Projects Funds.

The County adopts an annual appropriated budget for the General Fund and Special Revenue Funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

Proprietary Funds

The County maintains no proprietary funds.

Fiduciary Funds

Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Individual fund data for the fiduciary funds is provided in the form of both combining statements and individual fund statements elsewhere in this report.

The basic fiduciary fund financial statement can be found on page 23 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by $9,529,416 at the close of the most recent year.

A significant portion of the County's net position reflects its net investment in capital assets. As of June 30, 2013, the investment consists of $16,077,283 in assets, accumulated depreciation of $6,302,744, and related debt long-term debt outstanding of $3,230,871.

An additional portion of the County's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations.

For the year ended June 30, 2013, net capital assets increased $3,260,790. Long-term liabilities increased $794,717 as of June 30, 2013, compared to June 30, 2012. The increase is the result of purchasing of new equipment and vehicles.

	Pike County, Georgia Net Position Governmental Activites	
	6/30/2013	6/30/2012
ASSETS		
Current & Other assets	$ 4,123,646	$ 5,008,659
Capital assets	9,774,540	6,513,750
Total assets	13,898,186	11,522,409
LIABILITIES		
Current & Other liabilities	673,614	405,256
Long Term liabilities	3,695,156	2,900,439
Total liabilities	4,368,770	3,305,695
NET POSITION		
Net investment in capital assets	6,543,669	5,178,743
Restricted- Capital Outlay	769,484	2,421,612
Restricted - Other	40,299	-
Unrestricted	2,175,964	616,359
Total Net position	$ 9,529,416	$ 8,216,714

	Change in Net Position Governmental Activities	
	6/30/2013	6/30/2012
REVENUES		
Program Revenues		
Charges for services	$ 1,106,902	$ 1,159,509
Operating grants & contributions	85,470	159,740
Capital grants & contributions	6,334	29,900
General Revenues		
Property Taxes	5,249,516	5,272,014
Other Taxes	3,634,374	3,529,786
Interest revenue	1,650	2,098
Other	559,951	58,225
Total Revenues	10,644,197	10,211,272
EXPENSES		
General government	1,765,447	1,761,738
Public Safety	3,471,883	3,676,473
Public Works	1,724,261	1,488,020
Courts	1,055,747	1,013,931
Health & Welfare	529,478	539,434
Culture & Recreation	392,665	398,046
Economic Development	283,832	281,327
Interest on Long-term debt	108,182	18,594
Total Expenses	9,331,495	9,177,563
Increase (decrease) in net position	1,312,702	1,033,709
Net position beginning of year	8,216,714	7,183,005
Net position end of year	$ 9,529,416	$ 8,216,714

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. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of June 30, 2013, the County's governmental funds reported ending fund balance of $3,113,024. Of this balance, $12,460 constitutes nonspendable, $810,828 restricted, $34,686 assigned, all of which are not available for spending at the government's discretion. The remainder of fund balance $2,255,050 is unassigned.

The general fund is the operating fund of the County. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 17% of total governmental fund expenditures.

The fund balance of the County's governmental funds decreased $1,159,329 during the current fiscal year. The majority of the decrease to fund balance is the result of completing our Courthouse renovation project. The County adopts a budget for the general fund and special revenue funds each year and works diligently to stay within the annual budget.

GENERAL FUND BUDGETARY HIGHLIGHTS

The County transferred $219,639 from the General Fund to the E911 Fund. Fund balance increased from $1,819,807 to $2,280,028.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets for its governmental activities as of June 30, 2013 amounts to $9,774,540 net of accumulated depreciation. The investment in capital assets consists primarily of automobiles, machinery and equipment. For the current year, the investment in capital assets increased by $3,260,790. The net change is primarily the result of capital acquisitions of $4,191,653 and depreciation expense of $877,749. See Note 8 in the Notes to the Financial Statements for more detail on capital assets.

	Governmental Activites
Land	$ 317,020
Buildings	7,180,300
Furniture and fixtures	5,693
Machinery and equipment	3,874,289
Vehicles	4,075,773
Intangible assets	27,995
Infrastructure	596,213
Total Capital Assets	16,077,283
Accumulated Depreciation	(6,302,743)
Total	$ 9,774,540

Long-Term Debt

As of June 30, 2013, the County's long-term debt consisted of compensated absences, notes payable, landfill postclosure cost and additional capital leases. See Note 9 in the Notes to the Financial Statements for more detail on long-term liabilities.

ECONOMIC FACTORS

During the year 2013, notable events were as follows:

Due to a continued downturn in the economy, revenues such as Local Option Sales Tax, motor vehicle tax and other revenues have been adversely affected. Accordingly, the county worked diligently to reduce expenditures in an attempt to mitigate these circumstances, bringing total expenditures in under budget for the fiscal year-end.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for anyone with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mr. John Hanson, County Manager or Ms. Kay Landers, our Financial Officer, 79 Jackson Street, Zebulon, Ga. 30295.

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BASIC FINANCIAL STATEMENTS

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PIKE COUNTY, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government Governmental Activities	Component Units
ASSETS		
Cash and cash equivalents	$ 3,337,339	$ 592,100
Receivables, net of allowance		
Taxes	417,616	-
Accounts	138,876	17,766
Due from other governments	217,355	-
Inventory	11,927	-
Prepaid items	533	-
Restricted assets:		
Temporary cash investments	-	122,629
Capital assets		
Non depreciable	317,020	2,825,260
Depreciable, net	9,457,520	5,507,423
Total Assets	13,898,186	9,065,178
LIABILITIES		
Accounts payable	215,497	32,212
Accrued salaries and benefits	130,853	6,209
Accrued interest	4,148	-
Unearned revenue	323,116	-
Noncurrent liabilities		
Due within one year	1,126,164	70,022
Due in more than one year	2,568,992	2,977,764
Total Liabilities	4,368,770	3,086,207
NET POSITION		
Net investment in capital assets	6,543,669	5,211,864
Restricted for		
Capital outlay	769,484	-
Other restrictions	40,299	262,539
Unrestricted	2,175,964	504,568
Total Net Position	$ 9,529,416	$ 5,978,971

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

PIKE COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities				
General government	$ 1,765,447	$ 736,449	$ 63,080	$ -
Public safety	3,471,883	369,725	10,206	6,334
Public works	1,724,261	728	12,184	-
Courts	1,055,747	-	-	-
Health and welfare	529,478	-	-	-
Culture and recreation	392,665	-	-	-
Economic development	283,832	-	-	-
Interest on long-term debt	108,182	-	-	-
Total governmental activities	9,331,495	1,106,902	85,470	6,334
Total Primary Government	$ 9,331,495	$ 1,106,902	$ 85,470	$ 6,334
Component Units:				
Pike County Department of Public Health	$ 346,953	$ 162,789	$ 179,673	$ -
Pike County J. Joel Edwards Public Library	93,489	5,108	87,146	-
Pike County Water and Sewerage Authority	347,263	99,827	141,180	-
Pike County Agribusiness Authority	50,936	27,708	12,161	-
Development Authority of Pike County	60,785	-	100,389	-
Pike County Recreation Authority	428,201	86,741	261,337	-
Total Component Units	$ 1,327,627	$ 382,173	$ 781,886	$ -
		General Revenues		
		Property tax		
		Sales tax		
		Motor vehicle tax		
		Other tax		
		Interest revenue		
		Miscellaneous		
		Gain on sale of asset		
		Total General Revenues		
		Change in Net Position		
		Net Position - Beginning of year		
		Net Position - End of year		

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

PIKE COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

Net (Expense) Revenue and Changes in Net Position	
Primary Government	
Governmental Activities	Component Units
$ (965,918)	
(3,085,618)	
(1,711,349)	
(1,055,747)	
(529,478)	
(392,665)	
(283,832)	
(108,182)	
(8,132,789)	
(8,132,789)	
	$ (4,491)
	(1,235)
	(106,256)
	(11,067)
	39,604
	(80,123)
	(163,568)
5,249,516	-
1,816,427	-
628,122	-
1,189,825	-
1,650	4,616
74,511	14,941
485,440	-
9,445,491	19,557
1,312,702	(144,011)
8,216,714	6,122,982
$ 9,529,416	$ 5,978,971

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

PIKE COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	E911 Fund	SPLOST 2011 Fund	LMIG Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$2,006,092	$ 191,759	$ 416,510	$ 335,375	$ 387,603	$ 3,337,339
Receivables, net of allowance						
Taxes	417,616	-	-	-	-	417,616
Other receivables	72,838	66,038	-	-	-	138,876
Due from other governments	140,681	-	76,248	-	426	217,355
Due from other funds	250,264	-	-	-	10,050	260,314
Inventory	11,927	-	-	-	-	11,927
Prepaid items	533	-	-	-	-	533
Total Assets	$2,899,951	$ 257,797	$ 492,758	$ 335,375	$ 398,079	$ 4,383,960
LIABILITIES						
Accounts payable	$ 149,331	$ 1,372	$ 45,167	$ 12,259	$ 7,368	$ 215,497
Accrued payroll deductions	119,386	11,467	-	-	-	130,853
Due to other funds	10,050	244,958	5,306	-	-	260,314
Unearned revenues	-	-	-	323,116	-	323,116
Total Liabilities	278,767	257,797	50,473	335,375	7,368	929,780
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	341,156	-	-	-	-	341,156
Total Deferred Inflows of Resources	341,156	-	-	-	-	341,156
FUND BALANCES						
Nonspendable	12,460	-	-	-	-	12,460
Restricted	-	-	442,285	-	368,543	810,828
Assigned	12,518	-	-	-	22,168	34,686
Unassigned	2,255,050	-	-	-	-	2,255,050
Total Fund Balances	2,280,028	-	442,285	-	390,711	3,113,024
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$2,899,951	$ 257,797	$ 492,758	$ 335,375	$ 398,079	$ 4,383,960

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

PIKE COUNTY, GEORGIA

RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2013

Total Fund Balance per Balance Sheet of Governmental Funds	$	3,113,024
Amounts reported for governmental activities in the Statement of Net Position differ from amounts reported in the Balance Sheet of Governmental Funds due to the following:		
Capital Assets		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost of the assets		16,077,283
Accumulated depreciation		(6,302,743)
Revenues		
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		341,156
Long-term Liabilities		
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities both current and long-term are reported in the Statement of Net Position. Long-term liabilities at year-end consist of the following:		
Capital lease		(1,573,802)
Notes payable		(1,657,069)
Accrued interest		(4,148)
Landfill closure costs		(328,821)
Compensated absences		(135,464)
Total Net Position of Governmental Activities	$	9,529,416

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

PIKE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General Fund	E911 Fund	SPLOST 2011 Fund	LMIG Fund	Non-Major Governmenta Funds	Total Governmental Funds
Revenues:						
Taxes						
Property tax	$ 5,245,624	$ -	$ -	$ -	$ -	$ 5,245,624
Sales tax	774,498	-	1,041,929	-	-	1,816,427
Other taxes	1,817,947	-	-	-	-	1,817,947
License and permits	113,521	-	-	-	32,977	146,498
Intergovernmental	77,815	-	-	12,184	832	90,831
Fines and forfeitures	389,509	-	-	-	45,519	435,028
Charges for services	219,233	306,143	-	-	-	525,376
Interest earnings	1,204	102	973	75	269	2,623
Other revenues	66,392	-	-	-	-	66,392
Total Revenues	8,705,743	306,245	1,042,902	12,259	79,597	10,146,746
Expenditures:						
Current:						
General government	1,565,886	-	50,709	-	-	1,616,595
Public safety	2,697,820	489,918	-	-	30,953	3,218,691
Public works	3,093,172	-	-	-	-	3,093,172
Judicial	1,045,961	-	-	-	-	1,045,961
Health and welfare	529,478	-	-	-	-	529,478
Culture and recreation	367,265	-	-	-	10,414	377,679
Housing and development	283,832	-	-	-	-	283,832
Debt Service						
Principal	129,015	31,499	776,591	-	-	937,105
Interest and fiscal charges	41,617	4,467	64,163	-	-	110,247
Capital Outlay	-	-	1,771,613	12,259	37,606	1,821,478
Total Expenditures	9,754,046	525,884	2,663,076	12,259	78,973	13,034,238
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,048,303)	(219,639)	(1,620,174)	-	624	(2,887,492)
Other Financing Sources (Uses):						
Transfers from other funds	-	219,639	-	-	-	219,639
Transfers to other funds	(219,639)	-	-	-	-	(219,639)
Notes Payable	135,770	-	-	-	-	135,770
Capital Leases	1,584,274	-	-	-	-	1,584,274
Insurance recoveries	8,119	-	-	-	-	8,119
Total other financing sources (uses)	1,508,524	219,639	-	-	-	1,728,163
Net change in fund balances	460,221	-	(1,620,174)	-	624	(1,159,329)
Fund Balance - beginning of year	1,819,807	-	2,062,459	-	390,087	4,272,353
Fund Balance - end of year	$ 2,280,028	$ -	$ 442,285	$ -	$ 390,711	$ 3,113,024

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

PIKE COUNTY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses Per Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances	$ (1,159,329)
Amounts reported for governmental activities in the Statement of Activities differ from amounts reported in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances due to the following:	
Capital Assets	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.	
Total capital outlays	4,191,653
Total depreciation	(877,749)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, trade-ins, and donations) is to increase net position.	(53,114)
Long-term Debt	
The issuance of bonds and similar long-term debt provides current financial resources to governmental funds and thus contributes to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position. The amounts of the items that make up these differences in the treatment of long-term debt and related items are as follows:	
Debt issued or incurred	(1,720,044)
Under the modified accrual basis of accounting used in 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. The adjustments for these items are as follows:	
Capital leases	121,380
Note payable	815,725
Accrued interest	2,066
Landfill closure costs	16,630
Compensated absences	(28,408)
Revenues	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	3,892
Total Adjustments	2,472,031
Change in Net Position of Governmental Activities	$ 1,312,702

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

PIKE COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Taxes:				
General property tax	$ 5,513,361	$ 5,513,361	$ 5,245,624	$ (267,737)
Local option sales tax	660,000	660,000	774,498	114,498
Other:				
Motor vehicle tax	662,500	662,500	860,699	198,199
Intangible tax	50,000	50,000	71,921	21,921
Mobile home tax	15,000	15,000	13,477	(1,523)
Timber taxes	6,100	6,100	7,993	1,893
Insurance premium tax	618,800	618,800	688,939	70,139
Penalties and interest	120,400	120,400	133,353	12,953
Bank tax fee	35,744	35,744	41,379	5,635
Other taxes	-	-	186	186
Total Taxes	7,681,905	7,681,905	7,838,069	156,164
Licenses and Permits:				
Alcohol beverage license	37,700	37,700	42,987	5,287
Business license	32,428	32,428	28,676	(3,752)
Building permits	45,000	45,000	41,808	(3,192)
Other	300	300	50	(250)
Total Licenses and Permits	115,428	115,428	113,521	(1,907)
Intergovernmental Revenues:				
State grants:				
Georgia Department of Transportation	21,000	21,000	-	(21,000)
Georgia Emergency Management Agency	5,361	5,361	5,361	-
Department of Juvenile Justice	8,500	8,500	8,706	206
Other:				
Pre-Trial Diversion Program	5,000	5,000	1,500	(3,500)
City of Griffin	50,000	50,000	50,000	-
Real estate transfer tax	6,000	6,000	12,248	6,248
Total Intergovernmental Revenue	95,861	95,861	77,815	(18,046)

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

PIKE COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Fines and Forfeitures:				
Superior Court fines	$ 116,000	$ 116,000	$ 134,676	$ 18,676
Probate Court fines	139,000	139,000	117,718	(21,282)
Magistrate Court fines	25,000	25,000	48,122	23,122
Sheriff's cost and fees	65,000	65,000	88,993	23,993
Total Fines and Forfeitures	345,000	345,000	389,509	44,509
Charges for Services				
Tax Commissioner - commissions	180,000	180,000	200,442	20,442
Drive way culverts	2,000	2,000	728	(1,272)
Fire fees	-	-	5,849	5,849
Jail inmate housing	15,000	15,000	12,214	(2,786)
Total Charges for Services	197,000	197,000	219,233	22,233
Miscellaneous:				
Interest earnings	1,500	1,500	1,204	(296)
Other reimbursement	2,500	2,500	35,176	32,676
Miscellaneous	23,330	23,330	31,216	7,886
Total Miscellaneous	27,330	27,330	67,596	40,266
Total Revenues	8,462,524	8,462,524	8,705,743	243,219

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

PIKE COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
General Government:				
General Administration	$ 879,274	$ 800,546	$ 780,914	$ 19,632
Tax Commissioner's Office	217,495	217,495	203,505	13,990
Tax Assessors	237,124	237,124	231,425	5,699
Board of Equalization	1,280	1,280	648	632
Voter Registrar	130,008	138,428	117,684	20,744
Cooperative Extension Service	62,448	62,448	56,216	6,232
Code Enforcement Officer	175,845	175,845	175,494	351
Total General Government	1,703,474	1,633,166	1,565,886	67,280
Judicial:				
Judicial Administration	138,986	138,986	138,451	535
Superior Court	289,808	301,087	301,087	-
Probate Court	150,807	151,637	138,709	12,928
Magistrate Court	168,577	208,036	204,027	4,009
Public Defender	181,315	181,315	181,315	-
District Attorney	82,169	82,372	82,372	-
Total Judicial	1,011,662	1,063,433	1,045,961	17,472
Public Safety:				
Sheriff's Office	1,704,934	1,663,434	1,625,641	37,793
Jail Operations	670,452	752,642	752,642	-
Fire Department	303,750	303,750	284,785	18,965
Coroner's Office	35,320	35,320	34,752	568
Total Public Safety	2,714,456	2,755,146	2,697,820	57,326
Public Works:				
Road Department	1,574,628	3,093,172	3,093,172	-

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

PIKE COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Health and Welfare:				
Ambulance Contract	$ 395,000	$ 395,000	$ 395,000	$ -
Emergency Management	7,611	28,357	28,357	-
Senior Center	9,350	9,793	9,793	-
Pike County Board of Health	70,000	70,000	70,000	-
McIntosh Trail RC	24,478	26,328	26,328	-
Total Health and Welfare	506,439	529,478	529,478	-
Culture and Recreation:				
Recreation	257,834	258,837	258,837	-
Library	100,000	100,000	98,884	1,116
Forestry Resources	9,544	9,544	9,544	-
Total Culture and Recreation	367,378	368,381	367,265	1,116
Housing and Development:				
Pike County Agribusiness Authority	10,000	10,039	10,039	-
Pike County Water Authority	141,180	141,180	141,180	-
Soil Conservation	34,724	34,724	32,224	2,500
Development Authority	100,000	100,389	100,389	-
Total Housing and Development	285,904	286,332	283,832	2,500
Debt Service:				
Principal retirement	-	129,015	129,015	-
Interest and fiscal charges	-	41,617	41,617	-
Total Debt Service	-	170,632	170,632	-
Total Expenditures	8,163,941	9,899,740	9,754,046	145,694
Excess Revenue Over (Under) Expenditures	298,583	(1,437,216)	(1,048,303)	388,913

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

PIKE COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Other Financing Sources (Uses):				
Transfer to E911 Fund	(329,583)	(329,583)	(219,639)	109,944
Notes Payable	-	135,770	135,770	-
Capital Leases	-	1,584,274	1,584,274	-
Insurance recoveries	31,000	31,000	8,119	(22,881)
Total Other Financing Sources (Uses)	(298,583)	1,421,461	1,508,524	87,063
Net change in fund balance	-	(15,755)	460,221	475,976
Fund Balance - Beginning of Year	1,819,807	1,819,807	1,819,807	-
Fund Balance - End of Year	$ 1,819,807	$ 1,804,052	$ 2,280,028	$ 475,976

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

PIKE COUNTY, GEORGIA

E-911 FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for services	$ 207,500	$ 306,143	$ 98,643
Interest income	-	102	102
Total Revenues	207,500	306,245	98,745
Expenditures:			
Current:			
Public safety	501,117	489,918	11,199
Debt Service:			
Principal	31,499	31,499	-
Interest	4,467	4,467	-
Total Expenditures	537,083	525,884	11,199
Excess (deficiency) of revenues over (under) expenditures	(329,583)	(219,639)	109,944
Other Financing Sources (Uses):			
Transfers from General Fund	329,583	219,639	(109,944)
Total Other Financing Sources (Uses)	329,583	219,639	(109,944)
Net change in fund balance	-	-	-
Fund balance - beginning of year	-	-	-
Fund balance - end of year	$ -	$ -	$ -

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

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PIKE COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2013

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 232,188
Total Assets	$ 232,188
LIABILITIES	
Due to other governments	$ 121,643
Due to others	110,545
Total Liabilities	$ 232,188

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

PIKE COUNTY, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2013

	Pike County Department of Public Health	Pike County J. Joel Edwards Public Library	Pike County Water and Sewerage Authority	Pike County Agribusiness Authority	Development Authority of Pike County	Pike County Recreation Authority	Total
Assets							
Current:							
Cash and cash equivalents	$ 163,370	$ 100,342	$ 186,930	$ 14,108	$ 106,710	$ 20,640	$ 592,100
Receivables:							
Accounts	7,826	-	9,925	-	-	15	17,766
Non-current:							
Restricted temporary cash investments	-	-	122,629	-	-	-	122,629
Capital Assets:							
Nondepreciable	-	-	-	24,952	2,325,308	475,000	2,825,260
Depreciable capital assets, net	-	-	4,873,372	62,299	4,387	567,365	5,507,423
Total Assets	171,196	100,342	5,192,856	101,359	2,436,405	1,063,020	9,065,178
Liabilities							
Current Liabilities:							
Accounts payable	8,244	1,792	2,316	216	-	19,644	32,212
Accrued liabilities	-	-	1,658	-	-	4,551	6,209
Compensated absences	7,032	-	-	-	-	4,993	12,025
Meter deposit	-	-	21,561	-	-	-	21,561
Notes payable	-	-	31,312	-	-	5,124	36,436
Long-term Liabilities:							
Compensated absences	16,010	-	-	-	-	-	16,010
Notes payable (net of current portion)	-	-	2,444,498	-	511,901	5,355	2,961,754
Total Liabilities	31,286	1,792	2,501,345	216	511,901	39,667	3,086,207
Net Position							
Net investment in capital assets	-	-	2,274,933	87,251	1,817,794	1,031,886	5,211,864
Restricted	139,910	-	122,629	-	-	-	262,539
Unrestricted	-	98,550	293,949	13,892	106,710	(8,533)	504,568
Total Net Position	$ 139,910	$ 98,550	$ 2,691,511	$ 101,143	$ 1,924,504	$ 1,023,353	$ 5,978,971

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

PIKE COUNTY, GEORGIA
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Pike County Department of Public Health	Pike County J. Joel Edwards Public Library	Pike County Water and Sewerage Authority	Pike County Agribusiness Authority	Development Authority of Pike County	Pike County Recreation Authority	Total
Expenses:							
General government	$ -	$ 93,489	$ -	$ 50,936	$ 60,785	$ -	$ 205,210
Health and welfare	346,953	-	-	-	-	-	346,953
Culture and recreation	-	-	-	-	-	427,282	427,282
Water and sewer	-	-	347,263	-	-	-	347,263
Interest on long term debt	-	-	-	-	-	919	919
Total Expenses	346,953	93,489	347,263	50,936	60,785	428,201	1,327,627
Revenues:							
Program revenues:							
Charges for services	162,789	5,108	99,827	27,708	-	86,741	382,173
Operating grants and contributions	179,673	87,146	141,180	12,161	100,389	261,337	781,886
Capital grants and contributions	-	-	-	-	-	-	-
Total Program Revenues	342,462	92,254	241,007	39,869	100,389	348,078	1,164,059
Net Program (Expense)	(4,491)	(1,235)	(106,256)	(11,067)	39,604	(80,123)	(163,568)
General Revenues:							
Interest earnings	129	34	4,365	-	75	13	4,616
Miscellaneous	-	3,369	-	-	-	11,572	14,941
Total General Revenues	129	3,403	4,365	-	75	11,585	19,557
Change in Net Position	(4,362)	2,168	(101,891)	(11,067)	39,679	(68,538)	(144,011)
Net Position - Beginning of year	144,272	96,382	2,793,402	112,210	1,884,825	1,091,891	6,122,982
Net Position - End of year	$ 139,910	$ 98,550	$ 2,691,511	$ 101,143	$ 1,924,504	$ 1,023,353	$ 5,978,971

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

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies

Pike County was established under the provisions of an Act of the General Assembly of Georgia. The County operates under a county commissioner form of government, and provides the following services as authorized by state law, general administrative services, public safety, roads and bridges, tax assessment and collection, culture and recreation, courts and health and welfare.

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

A. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of Pike County (the primary government) and any component units. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationships with the County. In conformity with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards No. 14, *The Financial Reporting Entity*, which was adopted by the County as of November 1, 1995, the financial statements of each component unit has been included as a discretely presented component unit. The component unit columns in the combined financial statements include the financial data for the Pike County Department of Public Health, Pike County Library, Pike County Agribusiness Authority, Development Authority of Pike County, Pike County Water Authority, and the Pike County Recreation Authority, as of June 30, 2013. The financial information for the component units is reported in columns separate from the County's financial information to emphasize that it is legally separate from the County.

Pike County Department of Public Health (Health Department)

The Health Department is charged with determining the health needs and resources of its jurisdiction, developing programs, activities, and facilities responsive to those needs, and enforcing all laws related to health matters unless they fall under the jurisdiction of other agencies. The County appoints the voting majority of the board. The County provides significant operating subsidies to the department. The Health Department is presented as a governmental fund type. Complete financial statements of the Pike County Department of Public Health may be obtained from their administrative office at the following location:

Pike County Department of Public Health
201 Griffin Street
Zebulon, Georgia 30295

Pike County J. Joel Edwards Public Library

The Pike County J. Joel Edwards Public Library provides educational and other reading materials to the citizens of Pike County. The County provides significant operating subsidies to the library. The Pike County J. Joel Edwards Public Library is presented as a governmental fund type and only maintains a General Fund. Separate financial statements may be obtained from their administrative office at the following location:

Pike County J. Joel Edwards Public Library
P.O. Box 574
Zebulon, Georgia 30295

Pike County Agribusiness Authority

The Pike County Agribusiness Authority is a nonprofit 501(c) 3 organization that promotes agriculture in Pike County. The County provides significant operating subsidies to the Authority. The Pike County Agribusiness Authority is presented as a governmental fund type and only maintains a General Fund. The Pike County Agribusiness Authority does not issue separate financial statements.

Development Authority of Pike County

The Development Authority of Pike County promotes new industry and existing industry in Pike County. The County provides significant operating subsidies to the Authority. The Development Authority of Pike County is presented as a governmental fund type. Separate financial statements may be obtained from their administrative office at the following location:

Development Authority of Pike County
P.O. Box 1147
Zebulon, Georgia 30295

Pike County Water and Sewerage Authority

The Pike County Water and Sewerage Authority is responsible for developing necessary infrastructure to provide water and sewerage service to the unincorporated areas of Pike County. The County provides significant operating subsidies to the Authority. The Pike County Water and Sewerage Authority are presented as a governmental fund type. Separate financial statements may be obtained from their administrative office at the following location:

Pike County Water and Sewerage Authority
P.O. Box 948
Zebulon, Georgia 30295

Pike County Recreation Authority

The Pike County Recreation Authority is responsible for developing and promoting recreational needs within the County. The County provides significant operating subsidies to the Authority. The Pike County Recreation Authority is presented as a governmental fund type. Separate financial statements may be obtained from their administrative office at the following location:

Pike County Recreation Authority
P.O. Box 697
Zebulon, Georgia 30295

Under Georgia law, the County, in conjunction with other cities and counties in the five county RC membership, is a member of the Three Rivers Regional Commission (RC) and is required to pay annual dues thereto. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

Three Rivers Regional Commission
P.O. Box 818
Griffin, Georgia 30224

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. 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 and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

Government-Wide Financial Statements

The government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the 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.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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.

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

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, local option sales taxes, other taxes, intergovernmental revenues, interest, and charges for services associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the government.

The fund financial statements provide more detailed information about the government's most significant funds, not the government as a whole. The activities of the government are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The government reports the following major governmental funds:

General Fund – 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.

E911 Fund – This fund accounts for the E-911 fees collected and disbursements for the operation of the E911 call center.

2011 SPLOST Fund – The 2011 SPLOST Fund is used to account for the proceeds and various projects associated with the approved SPLOST.

LMIG Fund – The LMIG Fund is used to account for the proceeds and various projects associated with the Local Maintenance & Improvement Grant.

Additionally, the government reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Project Funds – The Impact Fees Fund is used to account for the proceeds of impact fees collected and the capital projects approved for those funds. The Jail Construction fund is used to account for capital improvements made on the jail.

Agency Funds – Agency Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. 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 reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates, and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

E. Receivables

Receivables and Due from Other Governments represent funds to be received from other local governments, state grant-in-aid, state contracts, or federal funds. No allowance is deemed necessary for these receivables.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables, have been reduced to their estimated net realizable value, and are shown net of an allowance for doubtful accounts. Estimated uncollectible amounts are based upon historical experience rates.

F. Inventories

Inventories of expendable supplies held for consumption are not considered material and are recorded as expenditures, or expenses, as appropriate, when purchased.

G. Prepaid Items

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

H. Capital Assets

Capital assets, which include property, plant equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items acquired subsequent to November 1, 2003) are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the County during the current fiscal year was $110,247. Of this amount, $0 was applicable to construction of capital assets.

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

Building	25-40 years
Equipment	5-20 years
Infrastructure	50 years
Furniture	5 years
Vehicles	5 years
Intangible assets	3-5 years

I. Compensated Absences

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

J. Long-Term Obligations

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

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

K. Deferred Inflows of Resources

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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government only has one item that qualifies for reporting in this category, which arises only under a 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 for property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

L. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the

government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

M. Fund Equity

In the financial statements, governmental funds report the following classifications of fund balance

- Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – amounts are restricted when constraints have been placed on the use of resources by (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners. The Board of Commissioners approves committed resources through a resolution during a voting session of Board meetings.
- Assigned – amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. By resolution, the Board of Commissioners has authorized the County Manager or designee to assign fund balances.
- Unassigned – amounts that have not been assigned to other funds and that are not restricted, committed or assigned to specific purposes within the General Fund.

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

- Committed
- Assigned
- Unassigned

The County does not have a formal minimum fund balance policy.

The following is a summary of the fund balance classifications as of June 30, 2013:

	General Fund	E911 Fund	SPLOST 2011 Fund	LMIG Fund	Nonmajor Governmental	Total
Fund Balances						
Nonspendable:						
Inventory	$ 11,927	$ -	$ -	$ -	$ -	$ 11,927
Prepaids	533	-	-	-	-	533
Restricted for:						
Capital outlay	-	-	442,285	-	298,469	740,754
Law library	-	-	-	-	5,643	5,643
Public safety	-	-	-	-	13,656	13,656
Drug awareness	-	-	-	-	21,000	21,000
Jail construction	-	-	-	-	29,775	29,775
Assigned for:						
Juvenile court	-	-	-	-	22,168	22,168
Fire department	12,518	-	-	-	-	12,518
Unassigned	2,255,050	-	-	-	-	2,255,050
Total fund balances	$ 2,280,028	$ -	$ 442,285	$ -	$ 390,711	$ 3,113,024

N. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors or omissions. The County purchases commercial insurance for most types of risk. For these risks, settlements have not exceeded coverage's for each of the past three fiscal years. The County had no significant reduction in insurance coverage from coverage in the prior year.

The County has joined together with other municipalities in the state as part of the ACCG Group Self Insurance Workers' Compensation Self Insurance Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments. The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings, which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability. The Fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense. For the fiscal year ending June 30, 2013, the County's total contribution was $130,302 for the Workers Compensation Fund.

The County is a member of the ACCG Interlocal Risk Management Agency (ACCG-IRMA). This agency functions as a risk sharing arrangement among Georgia County governments and is administered by the Association of County Commissioners of Georgia (ACCG). The purpose of ACCG-IRMA is to establish and administer one or

more group self-insurance funds; to establish and administer a risk management service; and to prevent or lessen the incidence or severity of casualty and property losses. Each member pays an annual contribution established by the Board of ACCG-IRMA. For the period July 1, 2012 – June 30, 2013, the County's total contribution was $126,626. ACCG-IRMA may develop and issue such self-insurance coverage descriptions, as it deems necessary. The current coverage provides a $1,000,000 general liability limit with a $1,000 per occurrence deductible.

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

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

A. Budget Process

The annual budget document is the financial plan for the operation of Pike County. The budget process exists for the purpose of providing a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the financial posture of the County.

The County prepares a separately issued budget report. An annual operating budget is prepared for the General and Special Revenue funds. Prior to year end the County Manager submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following November 1. The operating budget includes proposed expenditures and the means of financing them. The Board of Commissioners holds a public hearing on the budget, giving notice thereof at least ten days in advance by publication in the official organ of Pike County. The budget is then revised and adopted or amended by the Board of Commissioners at a regular meeting before the year to which it applies. The budget so adopted may be revised during the year only by formal action of the Board of Commissioners in a regular meeting and no increase shall be made therein without provision also being made for financing same. The legal level of control is at the department level.

Formal budgetary integration is employed as a management control device during the year. The budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The General Fund is subject to budgetary control on a departmental basis, while the Special Revenue funds are subject to budgetary control on an individual fund basis. Budgets are prepared for the Capital Projects Funds on a project basis, which usually covers two or more fiscal years.

Budgeted amounts are as originally adopted, or as amended by the Board of Commissioners. Individual amendments are not material in relation to the original appropriations.

B. Encumbrances - reconciliations

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to serve that portion of the applicable appropriation, is not employed by the County. Budget to Generally Accepted Accounting Principal Basis reconciliation's are not required.

NOTE 3 – DEPOSITS

Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the County's deposits may not be recovered.

The County's bank balances of deposits as of June 30, 2013, are entirely insured or collateralized with securities held by the County's agent in the County's name.

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

At June 30, 2013, the carrying amount of deposits for the Pike County Department of Public Health, a discretely presented component unit, was $163,370. All of the bank balance was covered by federal depository insurance or by collateral held.

At June 30, 2013, the carrying amount of deposits for the Pike County Library, a discretely presented component unit, was $100,342. All of the bank balance was covered by federal depository insurance or by collateral held.

At June 30, 2013, the carrying amount of deposits for the Pike County Water and Sewerage Authority, a discretely presented component unit, was $309,559. All of the bank balance was covered by federal depository insurance or by collateral held.

At June 30, 2013, the carrying amount of deposits for the Pike County Agribusiness Authority, a discretely presented component unit, was $14,108. All of the bank balance was covered by federal depository insurance or by collateral held.

At June 30, 2013, the carrying amount of deposits for the Development Authority of Pike County, a discretely presented component unit, was $106,710. All of the bank balance was covered by federal depository insurance or by collateral held.

At June 30, 2013, the carrying amount of deposits for the Pike County Recreation Authority, a discretely presented component unit, was $20,640. All of the bank balance was covered by federal depository insurance or by collateral held.

NOTE 4 – PROPERTY TAXES

The Board of Commissioners levied property taxes on August 30, 2012. Property taxes attached as an enforceable lien on property as of January 1. Property taxes were billed on September 20, 2012 and were payable on December 20, 2012.

NOTE 5 – RECEIVABLES

Receivables at June 30, 2013, consist of the following:

	General Fund	E911 Fund	Total
Receivables:			
Taxes	$ 522,494	$ -	$ 522,494
Accounts	72,838	66,038	138,876
Gross Receivables	595,332	66,038	661,370
Less: Allowance for Uncollectible	(104,878)	-	(104,878)
Net Total Receivables	$ 490,454	$ 66,038	$ 556,492

NOTE 6 – DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 2013, are as follows:

	State	Local	Total
Fund:			
General Fund	$ 56,513	$ 84,168	$ 140,681
SPLOST 2011 Fund	76,248	-	76,248
Nonmajor Governmental Fund	-	426	426
Total	$ 132,761	$ 84,594	$ 217,355

The amounts due from state government are primarily for sales tax and grant funds.

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2013, is as follows:

Due to / from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	E911 Fund	$ 244,958
	SPLOST	5,306
Nonmajor Governmental Fund	General Fund	10,050
Total		$ 260,314

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

Interfund transfers:

	Transfer In:		
	General Fund	E911 Fund	Total
Transfer Out:			
General Fund	$ -	$ 219,639	$ 219,639
Total	$ -	$ 219,639	$ 219,639

Transfers are used to move unrestricted revenue to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsides or matching fund for various grant programs.

NOTE 8 – CAPITAL ASSETS

	Beginning Balance	Increase	Decrease	Transfer	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 317,020	$ -	$ -	$ -	$ 317,020
Construction in progress	1,359,192	-	-	(1,359,192)	-
Total capital assets, not being depreciated	1,676,212	-	-	(1,359,192)	317,020
Capital assets, being depreciated:					
Buildings	4,051,283	1,769,825	-	1,359,192	7,180,300
Furniture and Fixtures	5,693	-	-		5,693
Machinery and equipment	3,097,742	1,991,003	(1,214,456)	-	3,874,289
Vehicles	3,706,448	430,825	(61,500)	-	4,075,773
Intangible assets	27,995	-	-	-	27,995
Infrastructure	596,213	-	-	-	596,213
Total capital assets, being depreciated	11,485,374	4,191,653	(1,275,956)	1,359,192	15,760,263
Less accumulated depreciation for:					
Buildings	(1,265,969)	(108,938)	-	-	(1,374,907)
Furniture and Fixtures	(428)	(813)	-		(1,241)
Machinery and equipment	(2,634,699)	(340,442)	1,161,342	-	(1,813,799)
Vehicles	(2,663,111)	(415,632)	61,500	-	(3,017,243)
Intangible assets	(27,995)	-	-	-	(27,995)
Infrastructure	(55,634)	(11,924)	-	-	(67,558)
Total accumulated depreciation	(6,647,836)	(877,749)	1,222,842	-	(6,302,743)
Total capital assets, being depreciated, net	4,837,538	3,313,904	(53,114)	1,359,192	9,457,520
Governmental activities capital assets, net	$ 6,513,750	$ 3,313,904	$ (53,114)	$ -	9,774,540
				Less related long-term debt outstanding	(3,230,871)
				Net investment in capital assets	$ 6,543,669

In accordance with GASB 51 the County has identified intangible assets which are fully depreciated.

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

Governmental activities:	
General government	$ 85,422
Public safety	450,366
Public works	317,189
Courts	9,786
Culture and recreation	14,986
Total depreciation expense - governmental activities	$ 877,749

Activity for the Pike County Water and Sewerage Authority for the fiscal year ended June 30, 2013 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Discretely presented component units:				
Capital assets, being depreciated:				
Capitalized interest	$ 116,213	$ -	$ -	$ 116,213
Water tower, well and treatment plant	267,375	-	-	267,375
Water and sewer lines	5,416,991	-	-	5,416,991
Vehicle	20,557	-	-	20,557
Storage building	2,700	-	-	2,700
Total capital assets, being depreciated	5,823,836	-	-	5,823,836
Less accumulated depreciation for:				
Capitalized interest	(14,525)	(2,905)	-	(17,430)
Water tower, well and treatment plant	(30,010)	(8,889)	-	(38,899)
Water and sewer lines	(742,348)	(135,602)	-	(877,950)
Vehicle	(11,748)	(2,937)	-	(14,685)
Storage building	(1,200)	(300)	-	(1,500)
Total accumulated depreciation	(799,831)	(150,633)	-	(950,464)
Total capital assets, being depreciated, net	5,024,005	(150,633)	-	4,873,372
Water and sewerage authority capital assets, net	$ 5,024,005	$ (150,633)	$ -	$ 4,873,372

Activity for the Pike County Agribusiness Authority for the fiscal year ended June 30, 2013 was as follows:

	Beginning Balance	Increase	Decrease	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 24,952	$ -	$ -	$ -	$24,952
Total capital assets, not being depreciated	24,952	-	-	-	24,952
Capital assets, being depreciated:					
Building	82,496	-	-	-	82,496
Site improvements	19,050	-	-	-	19,050
Total capital assets, being depreciated	101,546	-	-	-	101,546
Less accumulated depreciation for:					
Building	(27,671)	(5,860)	-	-	(33,531)
Site improvements	(3,810)	(1,906)	-	-	(5,716)
Total accumulated depreciation	(31,481)	(7,766)	-	-	(39,247)
Total capital assets, being depreciated, net	70,065	(7,766)	-	-	62,299
Agribusiness authority capital assets, net	$ 95,017	$ (7,766)	$ -	$ -	$ 87,251

Activity for the Development Authority of Pike County for the fiscal year ended June 30, 2013 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	$ 2,325,308	$ -	$ -	$ 2,325,308
Total capital assets, not being depreciated	2,325,308	-	-	2,325,308
Capital assets, being depreciated:				
Equipment	16,229	-	-	16,229
Total capital assets, being depreciated	16,229	-	-	16,229
Less accumulated depreciation for:				
Equipment	(9,757)	(2,085)	-	(11,842)
Total accumulated depreciation	(9,757)	(2,085)	-	(11,842)
Total capital assets, being depreciated, net	6,472	(2,085)	-	4,387
Development authority capital assets, net	$ 2,331,780	$ (2,085)	$ -	$ 2,329,695

Activity for the Pike County Recreation Authority for the fiscal year ended June 30, 2013 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	$ 475,000	$ -	$ -	$ 475,000
Total capital assets, not being depreciated	475,000	-	-	475,000
Capital assets, being depreciated:				
Building	401,484	-	-	401,484
Furniture, fixture & equipment	466,342	-	-	466,342
Vehicles	15,708	-	-	15,708
Infrastructure	9,780	-	-	9,780
Total capital assets, being depreciated	893,314	-	-	893,314
Less accumulated depreciation for:				
Building	(100,219)	(14,448)	-	(114,667)
Furniture, fixture & equipment	(166,139)	(30,076)	-	(196,215)
Vehicles	(9,425)	(3,142)	-	(12,567)
Infrastructure	(1,848)	(652)	-	(2,500)
Total accumulated depreciation	(277,631)	(48,318)	-	(325,949)
Total capital assets, being depreciated, net	615,683	(48,318)	-	567,365
Recreation authority capital assets, net	$ 1,090,683	$ (48,318)	$ -	$ 1,042,365

NOTE 9 – LONG-TERM DEBT

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes Payables:					
United Bank - Courthouse	$ 2,337,024	$ -	$ (776,590)	$ 1,560,434	$ 802,083
United Bank - Sheriff Cars	-	117,250	(29,857)	87,393	36,757
United Bank - EMA Vehicle	-	18,520	(9,278)	9,242	9,242
Capital Leases:					
AT&T Capital Services	110,907	-	(31,499)	79,408	32,988
Caterpillar #1 - Road Equipment	-	1,106,861	(60,747)	1,046,114	68,331
Caterpillar #2 - Road Equipment	-	221,000	(21,741)	199,259	24,456
John Deere #1 - Road Equipment	-	39,104	(7,392)	31,712	7,425
John Deere #2 - Road Equipment	-	217,309	-	217,309	49,382
Landfill postclosure cost	345,451	-	(16,630)	328,821	15,500
Compensated absences	107,056	108,345	(79,937)	135,464	80,000
Governmental activity Long-term liabilities	$ 2,900,438	$ 1,828,389	$ (1,033,671)	$ 3,695,156	$ 1,126,164

For the governmental activities, compensated absences are generally liquidated by the general fund.

Note Payables

United Bank – Courthouse Loan

During 2012, the County entered into a $2,400,493 note payable with United Bank for the financing of the renovation of the Courthouse. The note is due in monthly installments of $70,063 to May 1, 2015. Interest is at 3.19%. Total interest paid for fiscal year 2013 was $64,163. Annual debt service requirements to maturity for this note payable are as follows:

Year Ending June 30th	Governmental Activities Principal	Interest
2014	$ 802,083	$ 38,670
2015	758,351	12,340
Total	$ 1,560,434	$ 51,010

United Bank – Sheriff Cars

During 2013, the County entered into an $117,250 note payable with United Bank for the financing of four Sheriff cars. The note is due in monthly installments of $3,228 to October 17, 2015. Interest is at 2.80%. Total interest paid for fiscal year 2013 was $2,423. Annual debt service requirements to maturity for this note payable are as follows:

Year Ending June 30th	Governmental Activities	
	Principal	Interest
2014	$ 36,757	$ 1,979
2015	37,800	936
2016	12,836	75
Total	$ 87,393	$ 2,990

United Bank – EMA Vehicle

During 2013, the County entered into an $18,520 note payable with United Bank for the financing of a EMA Vehicle. The note is due in annual installments of $9,500 to December 28, 2013. Interest is at 2.80%. Total interest paid for fiscal year 2013 was $223. Annual debt service requirements to maturity for this note payable are as follows:

Year Ending June 30th	Governmental Activities	
	Principal	Interest
2014	$ 9,242	$ 259
Total	$ 9,242	$ 259

Capital Lease Payables:

AT&T Capital Services, Inc.

The County obtained a $160,280 capital lease from AT&T Capital Services, Inc. for the financing of E911 equipment. Total interest paid for fiscal year 2013 was $4,467. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013 were as follows:

Year Ending June 30th	Governmental Activities	
	Principal	Interest
2014	$ 32,988	$ 2,979
2015	34,546	1,421
2016	11,874	115
Total	$ 79,408	$ 4,515

Caterpillar Financial Services Corporation #1

The County obtained a $1,106,861 capital lease from Caterpillar Financial Services Corporation for the financing of Public Works road equipment. Total interest paid for fiscal year 2013 was $31,662. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013 were as follows:

Year Ending June 30th	Governmental Activities	
	Principal	Interest
2014	$ 68,331	$ 32,479
2015	70,550	30,260
2016	72,841	27,969
2017	75,207	25,604
2018	759,185	2,025
Total	$ 1,046,114	$ 118,337

Caterpillar Financial Services Corporation #2

The County obtained a $221,000 capital lease from Caterpillar Financial Services Corporation for the financing of Public Works road equipment. Total interest paid for fiscal year 2013 was $6,194. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013 were as follows:

Year Ending June 30th	Governmental Activities	
	Principal	Interest
2014	$ 24,456	$ 6,020
2015	25,250	5,226
2016	26,070	4,406
2017	26,916	3,559
2018	96,567	258
Total	$ 199,259	$ 19,469

John Deere Financial #1

The County obtained a $39,104 capital lease from John Deere Financial for the financing of Public Works road equipment. Total interest paid for fiscal year 2013 was $1,114. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013 were as follows:

Year Ending June 30th	Governmental Activities	
	Principal	Interest
2014	$ 7,425	$ 1,081
2015	7,751	755
2016	8,090	416
2017	8,446	61
Total	$ 31,712	$ 2,313

John Deere Financial #2

The County obtained a $217,309 capital lease from John Deere Financial for the financing of Public Works road equipment. Total interest paid for fiscal year 2013 was $0. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013 were as follows:

Year Ending June 30th	Governmental Activities	
	Principal	Interest
2014	$ 49,382	$ 9,571
2015	54,141	4,811
2016	55,955	2,997
2017	57,831	1,123
Total	$ 217,309	$ 18,502

Landfill Closure Costs – In 1994, the County closed its landfill site. State regulations require the County to perform certain maintenance and monitoring functions for thirty years after closure, Under GASB 18, the County is required to disclose the estimated maintenance and monitoring cost of $328,821. The required plan for closure of the landfill was adopted by the County and approved by the State of Georgia. Estimates were outlined in the plan and updated in 2011. These costs are subject to change due to inflation or deflation, technology or applicable laws and regulations. The County is not required to commit current financial resources to guarantee future maintenance and monitoring activities.

Discretely presented component units:

Activity for the Pike County Water and Sewer Authority for the fiscal year ended June 30, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
USDA note payable	$ 2,505,761	$ -	$ (29,951)	$ 2,475,810	$ 31,382
Water and sewer authority long-term liabilities	$ 2,505,761	$ -	$ (29,951)	$ 2,475,810	$ 31,382

Activity for the Development Authority of Pike County for the fiscal year ended June 30, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
United Bank Loan	$ 530,969	$ -	$ (19,068)	$ 511,901	$ -
Development authority long-term liabilities	$ 530,969	$ -	$ (19,068)	$ 511,901	$ -

Activity for the Pike County Recreation Authority for the fiscal year ended June 30, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Note Payable	$ 15,313	$ -	$ (4,834)	$ 10,479	$ 5,124
Recreation authority long-term liabilities	$ 15,313	$ -	$ (4,834)	$ 10,479	$ 5,124

NOTE 10 – EMPLOYEE RETIREMENT PLANS

ACCG Defined Contribution Plan

Plan Description

The County contributes to the Association of County Commissioners of Georgia (ACCG) Defined Contribution Plan 401(a), administered by the Government Employee Benefits Corporation of Georgia (GEBCorp), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for Counties in the State of Georgia. GEBCorp provides retirement and death benefits to plan members and beneficiaries. GEBCorp issues a publicly available financial report that includes financial statements and required supplementary information for the County. That report may be obtained by writing to:

1100 Circle 75 Parkway
Suite 300
Atlanta, Georgia 30339

Funding Policy

County employees are required to contribute to the plan if they are to be members and receive the County match. The required member contribution is equal to 3% of the member's gross salary. The County is required to contribute 1% of the members' gross salary. The Plan provisions are established and may be amended by the Pike County Board of Commissioners and the ACCG Defined Benefit Board of Trustees. The contribution requirements of the plan members are established and may be amended by the ACCG Defined Benefit Board of Trustees. The County's contributions to GEBCorp for the fiscal year ended June 30, 2013 were $9,944. The Member's contributions to GEBCorp for the fiscal year ended June 30, 2013 were $39,252.

NOTE 11 – CONTINGENT LIABILITIES

A. Litigation

During the course of normal operations of the County, various claims and lawsuits arise. The County attorney has advised that there are no potential liabilities that will impair the position as of the date of this audit report.

B. Federal Grants

The County participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives, and the audits of these programs for or including the fiscal year ended June 30, 2013, have not yet been conducted. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

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SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Law Library Fund – This fund accounts for the resources received from the various courts of Pike County and disbursements for the support of a centralized law library.

Law Enforcement Confiscation Fund – This fund accounts for Federal and State condemned funds received and disbursed for Law Enforcement expenditures.

Drug Abuse Treatment Fund – This fund accounts for fines collected as required by State Law for drug abuse treatment and educational purposes.

Juvenile Court Fund – This fund accounts for the supervisory fees collected by Superior Court and disbursed for Council of Juvenile Court Judges.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Impact Fees Fund – The Impact Fees Fund is used to account for the proceeds of impact fees collected and the capital projects approved for those funds.

Jail Construction Fund – This fund accounts for fines collected as required by State Law for jail operations and construction.

PIKE COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue Funds			
	Law Library	Law Enforcement Confiscation	Drug Abuse Treatment	Juvenile Court
ASSETS				
Cash and cash equivalents	$ 5,643	$ 20,004	$ 20,574	$ 23,188
Due from other governments	-	-	426	-
Due from other funds	-	-	-	-
Total Assets	$ 5,643	$ 20,004	$ 21,000	$ 23,188
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ 6,348	$ -	$ 1,020
Total Liabilities	-	6,348	-	1,020
Fund Balances:				
Restricted	5,643	13,656	21,000	-
Assigned	-	-	-	22,168
Total Fund Balances	5,643	13,656	21,000	22,168
Total Liabilities and Fund Balances	$ 5,643	$ 20,004	$ 21,000	$ 23,188

PIKE COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013
(CONTINUED)

Capital Project Funds		Total Nonmajor Governmental Funds
Impact Fees Fund	Jail Construction	
$ 288,419	$ 29,775	$ 387,603
-	-	426
10,050	-	10,050
$ 298,469	$ 29,775	$ 398,079
$ -	$ -	$ 7,368
-	-	7,368
298,469	29,775	368,543
-	-	22,168
298,469	29,775	390,711
$ 298,469	$ 29,775	$ 398,079

PIKE COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Special Revenue Funds			
	Law Library	Law Enforcement Confiscation	Drug Abuse Treatment	Juvenile Court
Revenues:				
Licenses and Permits	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	832
Fines and forfeitures	6,102	15,516	8,515	3,550
Interest earnings	-	3	17	19
Total Revenues	6,102	15,519	8,532	4,401
Expenditures:				
Current:				
Public safety	956	10,469	462	10,916
Culture and recreation	-	-	-	-
Capital Outlay	-	37,606	-	-
Total Expenditures	956	48,075	462	10,916
Net change in fund balances	5,146	(32,556)	8,070	(6,515)
Fund balance, beginning of year	497	46,212	12,930	28,683
Fund balance, end of year	$ 5,643	$ 13,656	$ 21,000	$ 22,168

PIKE COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

Capital Project Funds		Total Nonmajor Governmental Funds
Impact fees Fund	Jail Construction	
$ 32,977	$ -	$ 32,977
-	-	832
-	11,836	45,519
218	12	269
33,195	11,848	79,597
8,150	-	30,953
10,414	-	10,414
-	-	37,606
18,564	-	78,973
14,631	11,848	624
283,838	17,927	390,087
$ 298,469	$ 29,775	$ 390,711

PIKE COUNTY, GEORGIA

LAW LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and forfeitures	$ 956	$ 6,102	$ 5,146
Total Revenues	956	6,102	5,146
Expenditures:			
Current:			
Public safety	956	956	-
Total Expenditures	956	956	-
Net change in fund balance	-	5,146	5,146
Fund balance - beginning of year	497	497	-
Fund balance - end of year	$ 497	$ 5,643	$ 5,146

PIKE COUNTY, GEORGIA

LAW ENFORCEMENT CONFISCATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and forfeitures	$ 48,075	$ 15,516	$ (32,559)
Interest income	-	3	3
Total Revenues	48,075	15,519	(32,556)
Expenditures:			
Current:			
Public safety	10,469	10,469	-
Capital outlay	37,606	37,606	-
Total Expenditures	48,075	48,075	-
Net change in fund balance	-	(32,556)	(32,556)
Fund balance - beginning of year	-	46,212	46,212
Fund balance - end of year	$ -	$ 13,656	$ 13,656

PIKE COUNTY, GEORGIA

DRUG ABUSE TREATMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and forfeitures	$ 11,792	$ 8,515	$ (3,277)
Interest income	-	17	17
Total Revenues	11,792	8,532	(3,260)
Expenditures:			
Current:			
Public safety	11,792	462	11,330
Total Expenditures	11,792	462	11,330
Net change in fund balance	-	8,070	8,070
Fund balance - beginning of year	12,930	12,930	-
Fund balance - end of year	$ 12,930	$ 21,000	$ 8,070

PIKE COUNTY, GEORGIA

JUVENILE COURT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	$ 15,000	$ 832	$ (14,168)
Fines and forfeitures	4,960	3,550	(1,410)
Interest income	40	19	(21)
Total Revenues	20,000	4,401	(15,599)
Expenditures:			
Current:			
Public safety	20,000	10,916	9,084
Total Expenditures	20,000	10,916	9,084
Net change in fund balance	-	(6,515)	(6,515)
Fund balance - beginning of year	28,683	28,683	-
Fund balance - end of year	$ 28,683	$ 22,168	$ (6,515)

PIKE COUNTY, GEORGIA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Total - All Agency Funds				
Assets				
Cash and cash equivalents	$ 168,759	$ 9,539,570	$ 9,476,141	$ 232,188
Total Assets	$ 168,759	$ 9,539,570	$ 9,476,141	$ 232,188
Liabilities				
Due to Board of Education	$ 56,272	$ 7,710,257	$ 7,648,029	$ 118,500
Due to State of Georgia	830	803,061	802,420	1,471
Due to Other Governments	1,055	84,441	83,824	1,672
Other	110,602	941,811	941,868	110,545
Total Liabilities	$ 168,759	$ 9,539,570	$ 9,476,141	$ 232,188

PIKE COUNTY, GEORGIA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Superior Court				
Assets				
Cash and cash equivalents	$ 73,126	$ 225,635	$ 232,744	$ 66,017
Total Assets	$ 73,126	$ 225,635	$ 232,744	$ 66,017
Liabilities				
Other	$ 73,126	$ 225,635	$ 232,744	$ 66,017
Total Liabilities	$ 73,126	$ 225,635	$ 232,744	$ 66,017
Probate Court				
Assets				
Cash and cash equivalents	$ 3,626	$ 73,740	$ 74,265	$ 3,101
Total Assets	$ 3,626	$ 73,740	$ 74,265	$ 3,101
Liabilities				
Other	$ 3,626	$ 73,740	$ 74,265	$ 3,101
Total Liabilities	$ 3,626	$ 73,740	$ 74,265	$ 3,101

PIKE COUNTY, GEORGIA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Magistrate Court				
Assets				
Cash and cash equivalents	$ 3,301	$ 67,293	$ 61,360	$ 9,234
Total Assets	$ 3,301	$ 67,293	$ 61,360	$ 9,234
Liabilities				
Other	$ 3,301	$ 67,293	$ 61,360	$ 9,234
Total Liabilities	$ 3,301	$ 67,293	$ 61,360	$ 9,234
Sheriff's Office				
Assets				
Cash and cash equivalents	$ 18,641	$ 4,325	$ -	$ 22,966
Total Assets	$ 18,641	$ 4,325	$ -	$ 22,966
Liabilities				
Other	$ 18,641	$ 4,325	$ -	$ 22,966
Total Liabilities	$ 18,641	$ 4,325	$ -	$ 22,966

PIKE COUNTY, GEORGIA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Tax Commissioner's Office				
Assets				
Cash and cash equivalents	$ 70,065	$ 9,168,577	$ 9,107,772	$ 130,870
Total Assets	$ 70,065	$ 9,168,577	$ 9,107,772	$ 130,870
Liabilities				
Due to Board of Education	$ 56,272	$ 7,710,257	$ 7,648,029	$ 118,500
Due to State of Georgia	830	803,061	802,420	1,471
Due to Other Governments	1,055	84,441	83,824	1,672
Other	11,908	570,818	573,499	9,227
Total Liabilities	$ 70,065	$ 9,168,577	$ 9,107,772	$ 130,870

PIKE COUNTY, GEORGIA

BALANCE SHEET
PIKE COUNTY AGRIBUSINESS AUTHORITY
COMPONENT UNIT
JUNE 30, 2013

ASSETS		
Cash and cash equivalents	$	14,108
Total Assets	$	14,108
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	$	216
Total Liabilities		216
Fund Balance:		
Unassigned		13,892
Total Fund Balance		13,892
Total Liabilities and Fund Balance	$	14,108

PIKE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
PIKE COUNTY AGRIBUSINESS AUTHORITY
COMPONENT UNIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Revenues:		
Intergovernmental revenue	$	10,039
Interest earnings		17
Other miscellaneous revenues		29,813
Total Revenues		39,869
Expenditures:		
Current:		
General government		43,171
Total Expenditures		43,171
Net change in fund balance		(3,302)
Fund Balance, beginning of year		17,194
Fund Balance, end of year	$	13,892

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GOVERNMENTAL REPORTS

PIKE COUNTY, GEORGIA

SCHEDULE OF PROJECT EXPENDITURES WITH SPECIAL SALES TAX PROCEEDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2013

Project Local Option Sales Tax	Original Estimated Budget	Amended Estimated Budget	Expenditures Restated Prior Years	Expenditures Current Year	Total
Courthouse Renovations	$2,500,000	$3,200,000	$ 1,349,863	$ 1,886,485	$3,236,348
Road, Street and Bridge Projects	2,900,000	2,200,000	-	-	-
Total 2011 SPLOST	$5,400,000	$5,400,000	$ 1,349,863	$ 1,886,485	$3,236,348

Note 1: The difference in SPLOST expenditures by project and the expenditures noted in the SPLOST Fund represents principal debt service payments of $776,591 attributed to repayment of the SPLOST notes payable with United Bank. The expenditures to purchase approved items are already included in the above schedule.

Note 2: During fiscal year 2013, the prior year expenditures were restated to remove the effects of the principal debt services payments made totaling $63,469. The inclusion of these expenditures would cause the project expenditures to be over stated since all of the courthouse renovation expenditures are already included in the above schedule.

CLH&P

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Truman W. Clifton (1902-1989)

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

Board of Commissioners
Pike County, Georgia

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pike County, Georgia as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise Pike County, Georgia's basic financial statements, and have issued our report thereon dated December 3, 2013. Our report includes a reference to other auditors who audited the financial statements of Pike County Department of Public Health, Pike County J. Joel Edwards Public Library, Pike County Water and Sewer Authority, and the Development Authority of Pike County, as described in our report on Pike County, Georgia's financial statements. This report does not include the results of the other auditor's 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 Pike 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 Pike County, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of Pike County, Georgia's internal control.

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

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Phone 478-953-0125 ▪ Fax 478-953-0983

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. 2013-001 and 2013-002

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pike 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*.

Pike County, Georgia's Response to the Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

Macon, Georgia
December 3, 2013

FINANCIAL STATEMENT FINDINGS

Findings noted on the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*:

2013-001 Accounts Receivable / Revenue

CRITERIA
Accounting procedures should be designed to insure that revenues are accrued and recognized when they become both measurable and available to finance expenditures of the fiscal period.

CONDITION
Various revenue items for the General Fund were not recorded in the proper fiscal period. The County incorrectly recorded FY2014 receipts by the Agency Funds as FY2013 revenue.

CONTEXT
Normal year end accounting procedures require that governments accrue the collection of revenues received by the Agency Funds. The County recorded July 2013 collections of the Agency Funds as FY2013 activity. The following General Fund adjustments were necessary to decrease FY2013 revenues:

- Adjustments of $210,808 were necessary to decrease property tax revenues collected by the Tax Commissioner's Office.
- Adjustments of $24,241 were necessary to decrease intangible tax, real estate transfer tax and other revenues collected by the Superior Court.
- Adjustments of $10,474 were necessary to decrease Probate Court revenues.
- Adjustments of $2,118 were necessary to decrease Magistrate Court revenues.
- Adjustments of $3,620 were necessary to decrease Sheriff's Office revenues.

EFFECT
The County's General Fund accounting records contained material errors which were identified and adjusted during the annual audit process.

CAUSE
The County does not have adequate accounting procedures in place to insure the accrual of revenues in the proper fiscal year.

RECOMMENDATION
We recommend that the County develop procedures to insure the recording of revenues when they become both measurable and available to finance expenditures of the fiscal period.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
We agree with the finding. We will take necessary steps to insure that revenue items are recorded in the proper fiscal year.

2013-002 Accounts Payable / Expenditures

CRITERIA
In accordance with generally accepted accounting principles, expenditures are recognized as soon as a liability is incurred. Year-end procedures are necessary to insure that expenditures and accounts payable are recorded in the appropriate period.

CONDITION
The County does not have adequate accounting procedures to insure that expenditures are recorded and properly classified when a liability is incurred.

CONTEXT
The following adjustments were necessary:

- A material adjustment of $45,167 was necessary to record additional expenditures for capital outlay in the SPLOST Fund
- An adjustment of $12,184 was necessary to record the expenditure for capital outlay in the LMIG Fund.
- An adjustment of $12,518 was necessary to reduce expenditures in the General Fund for the Fire Department. The County had not ordered the equipment until after year end. The County has assigned $12,518 of the FY2013 fund balance to be used for this specific purpose.

EFFECT
The County's accounting records contained material errors which were identified and adjusted during the annual audit process.

CAUSE
The County lacked accounting procedures to insure the recording and proper classification of incurred expenditures at the end of the fiscal period.

RECOMMENDATION
The County should establish procedures to insure the proper accrual and classification of all liabilities incurred during the fiscal period.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
We agree with the finding. Financial policies will be amended to insure that expenditures are recorded and properly classified when a liability is incurred.