# *SCREVEN COUNTY, GEORGIA*

## *AUDITED FINANCIAL STATEMENTS*

## *FOR THE FISCAL YEAR ENDED JUNE 30, 2013*

**Screven County, Georgia**
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**For the Year Ended June 30, 2013**


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## INDEPENDENT AUDITORS' REPORT

Honorable Chairman and Members of the
Board of Commissioners of Screven County
Sylvania, 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 Screven County, Georgia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Screven County, Georgia's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

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

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

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

**Opinions**

In our opinion, 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 Screven County, Georgia, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 33 to 35 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.

The management of Screven County, Georgia has elected not to present the management's discussion and analysis as supplementary information as required by the Government Accounting Standards Board. The absence of this supplementary information does not modify our opinion on the basic financial statements referred to above.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Screven County, Georgia's basic financial statements. The combining and individual fund statements and other schedules, including 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 fund statements and the other schedules, including the Schedule of Projects Constructed with Special Sales Tax Proceeds is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Matters**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2013, on our consideration of Screven County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Screven County, Georgia's internal control over financial reporting and compliance.

Caines, Hodges & Company, P.C.

Rincon, Georgia
December 23, 2013

**Screven County, Georgia**
***Statement of Net Position***
***June 30, 2013***

| | Primary Governmental | |
|---|---|---|
| | Governmental Activities | Component Units |
| **Assets and Deferred Outflows of Resources** | | |
| **Current assets** | | |
| Cash and cash equivalents (Note 5) | $ 4,332,673 | $ 1,848,281 |
| Receivables: | | |
| Accounts | 201,293 | 181,146 |
| Property taxes | 619,548 | 32,611 |
| Sales taxes | 175,143 | |
| Intergovernmental | | 4,772 |
| Prepaid items | 89,856 | |
| **Restricted assets - escrowed cash** | | 51,280 |
| **Capital assets** (Note 8) | | |
| Nondepreciable capital assets | 1,333,966 | 1,085,848 |
| Depreciable capital assets, net | 17,361,198 | 32,456 |
| **Deferred outflows of resources** | 18,800 | |
| **Total assets** | 24,132,477 | 3,236,394 |
| **Liabilities** | | |
| **Current liabilities** | | |
| Accounts payable | 755,253 | 174,364 |
| Accrued expenses | 187,059 | |
| Accrued interest payable | 24,669 | |
| Unearned revenues | 506,080 | |
| Compensated absences payable | 108,269 | 2,143 |
| Intergovernmental agreement payable | 90,000 | |
| Capital leases payable | 88,398 | |
| Landfill postclosure care costs payable | 61,882 | |
| **Long-term liabilities:** (Note 10) | | |
| Compensated absences payable (net of current portion) | 123,532 | 17,336 |
| Intergovernmental agreement payable (net of current portion) | 520,000 | |
| Landfill postclosure care costs payable (net of current portion) | 749,305 | |
| **Total liabilities** | 3,214,447 | 193,843 |
| **Net position** | | |
| Net investment in capital assets (Note 14) | 17,996,766 | 1,118,304 |
| Restricted for: | | |
| Capital projects | 717,491 | |
| Program purposes | 306,242 | 156,971 |
| Unrestricted | 1,897,531 | 1,767,276 |
| **Total net assets** | $ 20,918,030 | $ 3,042,551 |

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

**Screven County, Georgia**
***Statement of Activities***
***For the Year Ended June 30, 2013***

| Function/Program | Expenses | Program Revenues: Charges for Services and Fines | Program Revenues: Operating Grants, Contributions and Interest | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Primary Government Governmental Activities | Net (Expense) Revenue and Changes in Net Position: Component Unit |
|---|---|---|---|---|---|---|
| **Primary government** | | | | | | |
| **Governmental activities** | | | | | | |
| General government | $ 1,600,457 | $ 302,544 | | $ 326 | $ (1,297,587) | |
| Judicial | 871,029 | 84,314 | $ 3,733 | | (782,982) | |
| Public safety | 5,459,461 | 2,429,945 | | 101,353 | (2,928,163) | |
| Public works | 3,002,473 | 435,089 | | 1,518 | (2,565,866) | |
| Health and welfare | 116,126 | | 3,308 | | (112,818) | |
| Culture and recreation | 879,933 | 128,522 | | 356 | (751,055) | |
| Housing and development | 264,701 | 29,154 | | | (235,547) | |
| Interest | 69,966 | | | | (69,966) | |
| **Total governmental activities** | $ 12,264,146 | $ 3,409,568 | $ 7,041 | $ 103,553 | (8,743,984) | |
| **Component units** | | | | | | |
| Department of Public Health | $ 418,883 | $ 138,712 | $ 273,206 | | | $ (6,965) |
| Industrial Development Authority | 234,705 | 1,771 | 7,893 | | | (225,041) |
| Hospital Authority | 785,479 | 61,989 | 740,463 | | | 16,973 |
| **Total component units** | $ 1,439,067 | $ 202,472 | $ 1,021,562 | $ 0 | | (215,033) |
| **General revenues** | | | | | | |
| Property taxes levied: | | | | | | |
| General government purposes | | | | | 5,036,414 | |
| Industrial development | | | | | | 338,678 |
| Sales taxes | | | | | 2,178,802 | |
| Insurance premium taxes | | | | | 475,349 | |
| Other taxes | | | | | 404,041 | |
| Gain on disposition of capital assets | | | | | 9,868 | |
| Investment earnings | | | | | 45,994 | 2,684 |
| Miscellaneous | | | | | 60,774 | |
| **Total general revenues** | | | | | 8,211,242 | 341,362 |
| **Change in net position** | | | | | (532,742) | 126,329 |
| **Net position beginning of year** | | | | | | |
| As previously stated | | | | | 21,732,387 | 2,916,222 |
| Prior period adjustment | | | | | (281,615) | |
| As restated | | | | | 21,450,772 | 2,916,222 |
| **Net position end of year** | | | | | $ 20,918,030 | $ 3,042,551 |

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

**Screven County, Georgia**
***Balance Sheet***
***Governmental Funds***
***June 30, 2013***

| | General Fund | SPLOST 4 Fund | 2013 SPLOST Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash | $ 3,186,584 | $ 745,711 | 87,620 | $ 312,758 | $ 4,332,673 |
| Receivables: | | | | | |
| Accounts | 182,314 | | | 18,979 | 201,293 |
| Property taxes | 619,548 | | | | 619,548 |
| Sales taxes | 76,531 | | 98,612 | | 175,143 |
| Interfund | 1,991,250 | | | | 1,991,250 |
| Prepaid items | 89,856 | | | | 89,856 |
| **Total assets** | $ 6,146,083 | $ 745,711 | $ 186,232 | $ 331,737 | $ 7,409,763 |
| **Liabilities, Deferred Inflows of Resources and Fund Balances** | | | | | |
| **Liabilities** | | | | | |
| Accounts payable | $ 695,741 | | $ 59,512 | | $ 755,253 |
| Accrued expenditures | 187,059 | | | | 187,059 |
| Interfund payable | | $ 28,220 | 1,937,535 | $ 25,495 | 1,991,250 |
| Deferred revenue | 506,080 | | | | 506,080 |
| **Total liabilities** | 1,388,880 | 28,220 | 1,997,047 | 25,495 | 3,439,642 |
| **Deferred inflows of resources** | 574,815 | | | | 574,815 |
| **Fund balances** | | | | | |
| Nonspendable - prepaid items | 89,856 | | | | 89,856 |
| Restricted for: | | | | | |
| Landfill closure and post-closure | 811,187 | | | | 811,187 |
| Public safety | | | | 306,242 | 306,242 |
| Capital outlays | | 717,491 | | | 717,491 |
| Unassigned | 3,281,345 | | (1,810,815) | | 1,470,530 |
| **Total fund balances** | 4,182,388 | 717,491 | (1,810,815) | 306,242 | 3,395,306 |
| **Total liabilities, deferred inflows of resources and fund balances** | $ 6,146,083 | $ 745,711 | $ 186,232 | $ 331,737 | $ 7,409,763 |

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

**Screven County, Georgia**
***Reconciliation of the Balance Sheet of Governmental Funds***
***to the Statement of Net Position***
***June 30, 2013***

| | | | |
|---|---|---|---|
| **Total Governmental Fund Balances** | | | $ 3,395,306 |
| **Amounts reported for governmental activities in the statement of net position are different because:** | | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | | |
| Cost | $ 29,584,108 | | |
| Less accumulated depreciation | (10,888,944) | | 18,695,164 |
| Property taxes are deferred in the governmental funds because they are not available but they are reported as revenue on the statement of activities. | | | 574,815 |
| Bond issuance costs are reported as an expenditure at the fund financial reporting level but deferred and amortized at the government-wide financial reporting level. | | | 18,800 |
| Accrued interest on long-term debt is not reported at the fund financial reporting level, but is reported at the government-wide reporting level. | | | (24,669) |
| Liabilities, including bonds and compensated absences are not due and payable in the current period and therefore are not reported in the funds. | | | |
| Capital leases payable | (88,398) | | |
| Intergovernmental agreement payable | (610,000) | | |
| Landfill closure and postclosure care costs | (811,187) | | |
| Compensated absences | (231,801) | | (1,741,386) |
| **Net Position of Governmental Activities** | | | $ 20,918,030 |

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

**Screven County, Georgia**
***Statement of Revenues, Expenditures and Changes in Fund Balances***
***Governmental Funds***
***For the Year Ended June 30, 2013***

| | General Fund | SPLOST 4 Fund | 2013 SPLOST Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| Taxes | $ 6,800,677 | $ 642,067 | $ 584,668 | $ 8,899 | $ 8,036,311 |
| Licenses and permits | 60,747 | | | | 60,747 |
| Intergovernmental | 91,837 | | | 15,603 | 107,440 |
| Charges for services | 2,557,508 | | | 419,633 | 2,977,141 |
| Fines and forfeitures | 289,965 | | | 81,715 | 371,680 |
| Investment earnings | 45,241 | 3,110 | 46 | 751 | 49,148 |
| Miscellaneous | 60,774 | | | | 60,774 |
| **Total revenues** | 9,906,749 | 645,177 | 584,714 | 526,601 | 11,663,241 |
| **Expenditures** | | | | | |
| **Current:** | | | | | |
| General government | 1,557,590 | | | 8,899 | 1,566,489 |
| Judicial | 866,257 | | | 5,442 | 871,699 |
| Public safety | 4,016,200 | | | 1,110,465 | 5,126,665 |
| Public works | 2,432,846 | | | | 2,432,846 |
| Health and welfare | 105,990 | | | | 105,990 |
| Culture and recreation | 709,617 | | | | 709,617 |
| Housing and development | 246,322 | | | | 246,322 |
| **Capital outlay - SPLOST** | | 561,235 | 1,505,576 | | 2,066,811 |
| **Intergovernmental - SPLOST** | | 112,227 | 203,906 | | 316,133 |
| **Debt service:** | | | | | |
| Principal retirement | 12,380 | 136,654 | 586,347 | | 735,381 |
| Interest and fiscal charges | 594 | 37,700 | 31,506 | | 69,800 |
| **Total expenditures** | 9,947,796 | 847,816 | 2,327,335 | 1,124,806 | 14,247,753 |
| **Deficit of revenues to expenses** | (41,047) | (202,639) | (1,742,621) | (598,205) | (2,584,512) |
| **Other financing sources (uses)** | | | | | |
| Proceeds from sales of surplus | 30,346 | | | | 30,346 |
| Transfers | (632,935) | | | 632,935 | 0 |
| **Total other financing sources (uses)** | (602,589) | 0 | 0 | 632,935 | 30,346 |
| **Change in fund balances** | (643,636) | (202,639) | (1,742,621) | 34,730 | (2,554,166) |
| **Fund balance beginning of year** | | | | | |
| **As previously stated** | 5,107,639 | 920,130 | (68,194) | 271,512 | 6,231,087 |
| **Prior period adjustment** | (281,615) | | | | (281,615) |
| **As restated** | 4,826,024 | 920,130 | (68,194) | 271,512 | 5,949,472 |
| **Fund balance end of year** | $ 4,182,388 | $ 717,491 | $ (1,810,815) | $ 306,242 | $ 3,395,306 |

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

**Screven County, Georgia**
***Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities***
***For the Year Ended June 30, 2013***

| | | |
|---|---|---|
| **Net Changes In Fund Balances - Total Governmental Funds** | | $ (2,554,166) |
| **Amounts reported for governmental activities in the statement of activities are different because:** | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period. | | |
| Depreciation expense | $ (1,011,457) | |
| Capital outlay | 2,215,205 | 1,203,748 |
| Property taxes in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Deferred at 6/30/13 | 574,815 | |
| Deferred at 6/30/12 | (516,520) | 58,295 |
| Repayment of general obligation debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. | | 735,381 |
| Bond issuance costs are recognized as expenditures in the governmental funds, however, they are capitalized and amortized over the life of the issuance in the statement of activities. The costs incurred in prior periods are being amortized in the current period in the statement of activities. | | (3,423) |
| Interest expense reported in the statement of activities does not require the use of current financial resources and therefore is not reported as expenditures in governmental funds. | | |
| Liability at 6/30/13 | (24,669) | |
| Liability at 6/30/12 | 24,503 | (166) |
| Landfill closure and post closure care reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. | | |
| Liability at 6/30/13 | (811,187) | |
| Liability at 6/30/12 | 858,139 | 46,952 |
| Compensated absences reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | | |
| Liability at 6/30/13 | (231,801) | |
| Liability at 6/30/12 | 232,916 | 1,115 |
| Total proceeds from disposition of assets reported in governmental funds. However, proceeds net of remaining basis in assets sold are reported in the statement of activities. | | (20,478) |
| **Change In Net Position of Governmental Activities** | | $ (532,742) |

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

**Screven County, Georgia**
***Statement of Fiduciary Net Position***
***Agency Funds***
***June 30, 2013***

| | |
|---|---|
| **Assets** | |
| Cash and cash equivalents | $ 164,398 |
| **Liabilities** | |
| Due to other jurisdictions | $ 164,398 |

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

**Screven County, Georgia**
***Combining Statement of Net Position***
***Component Units***
***June 30, 2013***

| | Department of Public Health | Industrial Development Authority | Hospital Authority | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash | $ 178,390 | $ 1,269,220 | $ 400,671 | $ 1,848,281 |
| Receivables: | | | | |
| Accounts | 40,683 | | 140,463 | 181,146 |
| Taxes | | 32,611 | | 32,611 |
| Intergovernmental | | 4,772 | | 4,772 |
| **Restricted assets - escrowed cash** | | | 51,280 | 51,280 |
| **Capital assets** | | | | |
| Nondepreciable capital assets | | 1,085,848 | | 1,085,848 |
| Depreciable capital assets, net | 15,030 | 17,426 | | 32,456 |
| **Total assets** | 234,103 | 2,409,877 | 592,414 | 3,236,394 |
| **Liabilities** | | | | |
| **Current liabilities** | | | | |
| Accounts payable | 17,031 | 14,281 | 143,052 | 174,364 |
| Compensated absences payable | 2,143 | | | 2,143 |
| **Long-term liabilities** | | | | |
| Compensated absences (net of current portion) | 17,336 | | | 17,336 |
| **Total liabilities** | 36,510 | 14,281 | 143,052 | 193,843 |
| **Net position** | | | | |
| Net investment in capital assets | 15,030 | 1,103,274 | | 1,118,304 |
| Restricted for specific health programs | 105,691 | | 51,280 | 156,971 |
| Unrestricted | 76,872 | 1,292,322 | 398,082 | 1,767,276 |
| **Total net position** | $ 197,593 | $ 2,395,596 | $ 449,362 | $ 3,042,551 |

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

**Screven County, Georgia**
***Combining Statement of Activities***
***Component Units***
***For the Year Ended June 30, 2013***

| | Department of Public Health | Industrial Development Authority | Hospital Authority | Total |
|---|---|---|---|---|
| **Expenses** | | | | |
| Health and welfare | $ 418,883 | | $ 785,479 | $ 1,204,362 |
| General government | | $ 234,033 | | 234,033 |
| Interest | | 672 | | 672 |
| **Total expenses** | 418,883 | 234,705 | 785,479 | 1,439,067 |
| **Revenues** | | | | |
| Program revenues | | | | |
| Charges for services | 138,712 | 1,771 | 61,989 | 202,472 |
| Operating grants and contributions | 273,206 | 7,893 | 740,463 | 1,021,562 |
| **Total program revenues** | 411,918 | 9,664 | 802,452 | 1,224,034 |
| **Net program expense** | (6,965) | (225,041) | 16,973 | (215,033) |
| **General revenues** | | | | |
| Property taxes | | 338,678 | | 338,678 |
| Investment earnings | 430 | 2,254 | | 2,684 |
| **Total general revenues** | 430 | 340,932 | 0 | 341,362 |
| **Change in net position** | (6,535) | 115,891 | 16,973 | 126,329 |
| **Net position beginning of year** | 204,128 | 2,279,705 | 432,389 | 2,916,222 |
| **Net position end of year** | $ 197,593 | $ 2,395,596 | $ 449,362 | $ 3,042,551 |

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

### *Note 1 - Reporting Entity*

Screven County, Georgia, (the County) is a political subdivision of the State of Georgia. The County is governed by a seven-member elected board of commissioners which is governed by state statutes and regulations. There are certain elected officials whose operations are wholly included within the financial records and financial statements of the County. These elected officials include the Sheriff, Tax Commissioner, Probate Court Judge, Magistrate Court Judge and Clerk of Court.

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards and agencies that are not legally separate from the County. For the County, this entity includes the various constitutional officers including the Clerk of Court, the Sheriff, the Probate Court, the Tax Commissioner and the Magistrate Court.

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

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

A brief description of the discretely presented component units follows:

**Screven County Industrial Development Authority** (the Development Authority) - The Development Authority is responsible for encouraging economic development within the County. All of the members of the board of the Development Authority are appointed by the County Commission. The Development Authority is fiscally dependent upon the County due to the fact that the Development Authority has received operating subsidies from the County for several years, and thus a pattern of financial burden upon the County has been established. Separately issued financial statements for the Development Authority may be obtained from its administrative office.

**Screven County Board of Health (the Board of Health)** - The Board of Health works to promote and preserve the health of the citizens of Screven County. The Board consists of seven members, a majority of these board members being appointed by the County Commission. Although the County does not have the authority to approve or modify the Board of Health's budgets, it does have the ability to control the amount of funding it provides to the Board of Health and such funding is significant to the overall operations of the Board of Health. Separately issued financial statements are available from the Health Department's administrative offices.

*Note 1 - Reporting Entity (continued)*

**Screven County Hospital Authority** - (the Hospital Authority) The Hospital Authority is a public corporation that was created on September 23, 1947, by the Board of County Commissioners of Screven County, Georgia, to operate, control, and manage all matters concerning the county's health care functions. Screven County nominates a voting majority of the Authority Board members and one County Commissioner serves as a member of the Hospital Authority. Screven County has also guaranteed certain debt of the Authority. Prior to December 7, 2010, the Hospital Authority operated an acute care hospital, Screven County Hospital, and two physician practices, Screven Medical Associates and Screven County Family Medicine. On December 6, 2010, the Hospital Authority entered an Asset Purchase Agreement to sell substantially all of the assets and liabilities of its operating hospital to Screven County Hospital, LLC, a subsidiary of Optim Healthcare. The agreement became effective at 12:01 AM on the following day. The Hospital Authority retained responsibility of the frozen defined benefit pension plan and the 403(b) pension plan, but did not have any other significant activities subsequent to the effective date of the Asset Purchase Agreement. The Hospital Authority employees were given the option to rollover their 403(b) pension amounts into a new Screven County Hospital, LLC 401(k) pension plan. The defined benefit pension plan paid out lump sum payments of approximately $339,000 to its beneficiaries from the proceeds of the Asset Purchase Agreement. Additionally, the County has agreed to reimburse the new owners for indigent care in an amount up to $600,000 per year. Separately issued financial statements are available from the Hospital Authority's administrative offices.

*Note 2 Summary of Significant Accounting Policies*

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The County also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise funds at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements.

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

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

***Government-wide Financial Statements*** - The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the County as a whole. The primary government and the component unit are presented separately within these financial statements with the focus on the primary government. All funds other than fiduciary activities are included at the government-wide reporting level. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and County's general revenues.

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

*Note 2 Summary of Significant Accounting Policies (continued)*

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

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

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

***Fund Financial Statements*** - During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. Fund financial statements are provided for governmental and fiduciary funds.

Major individual governmental and enterprise funds are reported in separate columns.

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

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

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

*Note 2 Summary of Significant Accounting Policies (continued)*

***Major Capital Projects Fund:***

***SPLOST 4 Fund*** - This fund is used to account for financial resources to be used for the acquisition or construction of capital projects authorized and funded by the 2006 special purpose local option sales tax. This special purpose local option sales tax was approved in August, 2005 and went into effect January 1, 2006.

***2013 SPLOST Fund*** - This fund is used to account for financial resources to be used for the acquisition or construction of capital projects authorized and funded by the 2013 special purpose local option sales tax. This special purpose local option sales tax was approved in November, 2011, and went into effect January 1, 2013.

***Fiduciary Funds*** – The County's fiduciary fund reporting focuses on changes in assets and liabilities. The County's fiduciary funds are all agency funds used by the various constitutional offices to report collections and disbursements of property taxes, fees, and fines.

***Measurement Focus***

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

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

***Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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

*Note 2 Summary of Significant Accounting Policies (continued)*

***Revenues - Non-exchange Transactions*** - Non-exchange transactions in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (Note 7) Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days except sales taxes which must be collected within 30 days) before it can be recognized.

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

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

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (i.e., they are measurable but not available) rather than as revenue.

Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as unearned revenue.

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

***Assets, Liabilities and Fund Equity***

***Cash, Cash Equivalents, and Investments***
Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County.

Investments are stated at fair value based on quoted market prices.

*Note 2 Summary of Significant Accounting Policies (continued)*

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

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

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

***Interfund Balances***
On the fund financial statements, receivables and payables resulting from short term interfund loans are classified as "interfund receivables/interfund payables." These amounts are eliminated in the governmental activities column of the statement of net position.

***Prepaid Items***
Payments made to vendors for services that will benefit periods beyond the current year end, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reserved as this amount is not available for general appropriation. Prepaid items consist of prepayments of insurance. Premiums paid for insurance coverage are allocated between the periods for which coverage is obtained.

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of five thousand dollars or at management's discretion for items less than this threshold. The County capitalizes all infrastructure constructed after July 1, 2003 and it consists of roads and bridges. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

*Note 2 Summary of Significant Accounting Policies (continued)*

| | Governmental Activities | Component Units |
|---|---|---|
| Buildings | 20 - 40 years | 20-40 years |
| Equipment | 5 - 25 years | 7 years |
| Computers and peripherals | 3 - 5 years | |
| Transportation equipment | 5 years | 10 years |
| Roads and infrastructure | 40 -50 years | |

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

***Compensated Absences***

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

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The estimated liability is based on the County's past experience of making termination payments.

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

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

***Accrued Liabilities and Long-term Obligations***

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

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

***Deferred Inflows***

Deferred inflows of resources are an acquisition of net position by the County that is applicable to a future reporting period, and include primarily receivables that will not be collected within the available period.

*Note 2 Summary of Significant Accounting Policies (continued)*

***Debt Premiums, Discounts and Issuance Costs***

On the government-wide statement of net position, bond premiums and discounts are netted against bonds payable and bond issuance costs are reported as deferred charges. On the government-wide statement of activities, bond premiums and discounts and bond issuance costs are deferred and amortized over the life of the bonds using the effective interest method.

At governmental fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as expenditures.

***Fund Equity***

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

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

*Nonspendable fund balance* - amounts that are not in spendable form (such as inventory or prepaid items) or are required to be maintained intact.

*Restricted fund balance* - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.

*Committed fund balance* - amounts constrained to specific purposes by the County itself, using its highest level of decision-making authority (i.e., County Commission). To be reported as committed, amounts cannot be used for any other purpose unless the County takes the same highest level action to remove or change the constraint.

*Assigned fund balance* - amounts the County intends to use for a specific purpose. Intent can be expressed by the County or by an official or body to which the County Commission delegates the authority.

*Unassigned fund balance* - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The County Commission establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by County Commission through adoption or amendment of the budget as intended for specific purposes (such as the purchase of capital assets, construction, debt service, or other purposes.) Additionally, assigned fund balance may reflect management's intended use of resources to be set forth in current or future annual budgets and any amendments thereto.

*Note 2 Summary of Significant Accounting Policies (continued)*

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

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted fund balances are available unless there are legal documents or contracts that prohibit doing this. Additionally, the County would first use committed fund balance, followed by assigned fund balance, then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the "unrestricted" fund balance classifications could be used.

***Interfund Activity***

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

***Estimates***

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

***Comparative Data***

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

*Note 3 – Adjustment to Beginning Net Position*

As of July 1, 2012, net position of the general fund and net position of the governmental activities has been restated to correct an omission of amounts payable under an intergovernmental agreement. The net effect of this adjustment was to increase accounts payable and decrease net position by $281,615.

### *Note 4 – Stewardship, Compliance and Accountability*

***Budgetary Information***

The County is required to adopt an annual operating budget for the general fund and each special revenue fund. A project-length budget is adopted for the capital projects funds (SPLOST #4 Fund and 2013 SPLOST Fund). The County adopted a budget for all required funds. The general fund budget and special revenue funds are adopted on a basis consistent with GAAP. Budgets for capital projects funds are adopted on a basis consistent with GAAP except the budget period is a project period rather than an annual period.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. Any change in total to a fund or departmental appropriation within a fund requires approval of the County Commission. The department director may approve budget transfers within departments, with certain exceptions. For the fiscal year, the County Commission approved budget revisions. All unexpended annual appropriations lapse at year-end.

***Accumulated Fund Deficit***

The County has an accumulated fund deficit in the 2013 SPLOST fund totaling $1,810,815. This fund deficit resulted from beginning qualified projects under the SPLOST referendum after the passage of the referendum but prior to funds being received. The deficit was funded by an interfund loan from the general fund.

### *Note 5 - Cash and Cash Equivalents*

***Custodial Credit Risk*** – Custodial credit risk is the risk that in the event of a financial institution failure, the County will not be able to recover the deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statute requires all deposits (other than federal or state instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties or municipalities. The County is not exposed to custodial credit risk.

### *Note 6 - Receivables*

Receivables at June 30, 2013, consisted of taxes, interest, accounts (billings for user charges), and intergovernmental receivables arising from grants.

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

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### *Note 7 - Property Taxes*

The Board of Commissioners levy property taxes on or about August 15th of each year. Property taxes attach as an enforceable lien on property as of January 1. Property taxes are billed on or about October 15th of each year and are payable within sixty days. The county bills and collects its own property taxes and also collects property taxes for the County Board of Education, the County Hospital Authority, and the County Industrial Development Authority. Collection of the County's taxes and for the other governmental agencies is the responsibility of the Tax Commissioner's Office, which is accounted for in an Agency fund. County property tax revenues at the fund reporting level are recognized when levied to the extent that they result in current receivables (i.e., collectible in 60 days). For 2013 property taxes were levied on August 13, 2012, and were due December 20, 2012.

### *Note 8 - Capital Assets*

Capital asset activity for the year ended June 30, 2013, was as follows:

| | Balance 7/1/2012 | Additions | Disposals | Reclassifications | Balance 6/30/2013 |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| Nondepreciable capital assets | | | | | |
| Land | $ 246,104 | $ 3,561 | | | $ 249,665 |
| Construction in progress | 170,741 | 1,077,625 | | $ (164,065) | 1,084,301 |
| Total nondepreciable capital assets | 416,845 | 1,081,186 | $ 0 | (164,065) | 1,333,966 |
| Other capital assets: | | | | | |
| Buildings | 11,273,699 | 35,750 | | 164,065 | 11,473,514 |
| Transportation equipment | 2,365,042 | 50,945 | 171,080 | | 2,244,907 |
| Equipment | 6,833,796 | 527,285 | 43,500 | | 7,317,581 |
| Computers and peripherals | 162,514 | | | | 162,514 |
| Roads and infrastructure | 6,531,587 | 520,039 | | | 7,051,626 |
| Total other capital assets | 27,166,638 | 1,134,019 | 214,580 | 164,065 | 28,250,142 |
| Total capital assets | 27,583,483 | 2,215,205 | 214,580 | 0 | 29,584,108 |
| Accumulated depreciation: | | | | | |
| Buildings | 2,822,491 | 300,074 | | | 3,122,565 |
| Transportation equipment | 1,969,825 | 137,139 | 150,602 | | 1,956,362 |
| Machinery and equipment | 4,384,513 | 397,088 | 43,500 | | 4,738,101 |
| Computers and peripherals | 144,582 | 12,961 | | | 157,543 |
| Roads and infrastructure | 750,178 | 164,195 | | | 914,373 |
| Total accumulated depreciation | 10,071,589 | 1,011,457 | 194,102 | 0 | 10,888,944 |
| Governmental activities capital assets, net | $ 17,511,894 | $ 1,203,748 | $ 20,478 | $ 0 | $ 18,695,164 |

*Note 8 - Capital Assets (continued)*

| | |
|---|---|
| Governmental activities depreciation expense | |
| General government | $ 34,726 |
| Public safety | 424,679 |
| Public works | 375,053 |
| Health and welfare | 10,136 |
| Culture and recreation | 147,389 |
| Housing and development | 19,474 |
| Total governmental activities depreciation expense | $ 1,011,457 |

| | Balance 7/1/2012 | Additions | Deductions | Balance 6/30/2013 |
|---|---|---|---|---|
| **Component unit:** | | | | |
| Nondepreciable capital assets | | | | |
| Land | $ 1,105,848 | | $ 20,000 | $ 1,085,848 |
| Other capital assets: | | | | |
| Buildings | 261,000 | | 261,000 | 0 |
| Machinery and equipment | 126,465 | | | 126,465 |
| Transportation equipment | 11,646 | | | 11,646 |
| Total other capital assets | 399,111 | $ 0 | 261,000 | 138,111 |
| Total capital assets | 1,504,959 | 0 | 281,000 | 1,223,959 |
| Less accumulated depreciation: | 234,602 | 12,053 | 141,000 | 105,655 |
| Governmental activities capital assets, net | $ 1,270,357 | $ (12,053) | $ 140,000 | $ 1,118,304 |

*Note 9 - Interfund Balances and Transfers*

Interfund balances at June 30, 2013, consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The County expects to repay all interfund balances within one year, except the 2013 SPLOST Fund, which will be repaid as soon as the funds become available from SPLOST collections.

| | Payable from: | | | | |
|---|---|---|---|---|---|
| Payable to: | SPLOST 4 Fund | 2013 SPLOST Fund | E-911 Fund | Jail Fund | Total |
| General Fund | $ 28,220 | $ 1,937,535 | $ 22,050 | $ 3,445 | $ 1,991,250 |

***Note 9 - Interfund Balances and Transfers (continued)***

Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

All County transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer. Transfers from the general fund to the fire district fees fund and the E-911 fund are used to offset the excess operating costs of these funds. For the fiscal year ended June 30, 2013, the general fund transferred $378,053 to the fire district fees fund and $254,882 to the E-911 fund.

***Note 10 - Long-Term Liabilities***

***Governmental Activities***

***Capital Leases*** - The County has entered into capital leases for various pieces of property and equipment. These leases meet the criteria of a capital lease since they transfer benefits and risks of ownership to the lessee at the end of the lease term. Capital lease payments are reflected as debt service expenditures at the governmental fund reporting level.

Capital lease with Motorola, Inc. with an original amount of $536,503, bearing interest at 5.04%, payable in 7 annual installments of approximately $92,853 beginning in May, 2008 through May 2014. This lease was used to purchase E-911 equipment. Annual debt service requirements to amortize this capital lease as of June 30, 2013, follow:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2014 | $ 88,398 | $ 4,457 | $ 92,853 |

**Series 2003 Screven County, Georgia - $2,330,000** - Revenue bonds due in semi-annual installments through September 1, 2018, with annual interest at rates ranging from 1.92% to 5.45%.

Annual debt service requirements to amortize all revenue bonds outstanding as of June 30, 2013, is as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2014 | $ 90,000 | $ 29,218 | $ 119,218 |
| 2015 | 95,000 | 24,730 | 119,730 |
| 2016 | 100,000 | 19,878 | 119,878 |
| 2017 | 100,000 | 14,753 | 114,753 |
| 2018-2019 | 225,000 | 12,343 | 237,343 |
| Total | $ 610,000 | $ 100,922 | $ 710,922 |

*Note 10 - Long-Term Liabilities (continued)*

Changes in Long-term Debt - Changes in the County's long-term obligations consisted of the following for the year ended June 30, 2013:

| | Outstanding 7/1/2011 | Additions | Reductions | Outstanding 6/30/2012 | Amounts Due in One Year |
|---|---|---|---|---|---|
| **Governmental Activities** | | | | | |
| Capital leases | $ 738,779 | | $ 650,381 | $ 88,398 | $ 88,398 |
| Intergovernmental agreement | 695,000 | | 85,000 | 610,000 | 90,000 |
| Landfill postclosure | 858,139 | | 46,952 | 811,187 | 61,882 |
| Compensated absences | 232,916 | $ 150,236 | 151,351 | 231,801 | 108,269 |
| Total Governmental Activities | $ 2,524,834 | $ 150,236 | $ 933,684 | $ 1,741,386 | $ 348,549 |
| **Component Unit:** | | | | | |
| Industrial Development Authority | | | | | |
| Notes payable | $ 85,348 | | $ 85,348 | $ 0 | |
| Health Department | | | | | |
| Compensated absences | 18,740 | $ 15,233 | 14,494 | 19,479 | $ 2,143 |
| | $ 104,088 | $ 15,233 | $ 99,842 | $ 19,479 | $ 2,143 |

The intergovernmental agreement payable will be repaid from proceeds of special purpose local option sales tax (1%). The landfill obligation will be repaid from the general fund. The compensated absences liability is being paid from the general fund from which all of the county employees' salaries are paid.

***Conduit Debt - Component Unit*** - From time to time, the Screven County Industrial Development Authority has issued tax exempt industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. At June 30, 2013, approximately $1.2 million of conduit debt obligations was outstanding. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Development Authority, the County, the State, nor any political subdivision is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

*Note 11 - Landfill Closure and Postclosure Care*

State and federal laws and regulations require the County to place a final cover on its landfill when it stops accepting waste, and to perform certain maintenance and monitoring functions at the landfill for thirty years after closure. Recognition of a liability for landfill closure and postclosure costs is based upon the capacity used to date of the County's landfill. The County's landfill has been closed and 100% of the unexpended postclosure care costs for the landfill are recognized. The liability recognized in the financial statements for estimated postclosure care costs is $811,187.

The estimate of postclosure care activities will be revised on an annual basis, with the total estimated liability reduced as these costs are incurred. The estimated costs are the engineer's best estimate of future costs and could increase or decrease due to changes in inflation or deflation, technology or applicable laws and regulations.

### *Note 12 - Pensions*

The Screven County Board of Commissioners Retirement Savings Plan (the Plan) is a defined contribution plan which was adopted by County ordinance on May 21, 1992 and went into effect on July 1, 1993. The Plan is administered by Nationwide Investment Services Corporation. The Plan is open to all full-time employees with more than one year of service, exclusive of elected officials who are eligible for state provided retirement benefits. The County contributes 3.0% of each eligible employee's salary to a 401(a) plan annually. Employees are 100% vested in the County contribution after five years of service. Employees do not contribute to the 401(a) plan. Plan provisions and contribution requirements are established and may be amended by the County. The current year covered payroll was approximately $2,895,000 and the total current payroll was $4,360,910. The County's required and actual contribution for fiscal year ended June 30, 2013, was $80,246, which was 3% of covered payroll. Employees, at their option, may contribute as much as 25% of their salary to a deferred compensation plan created in accordance with the Internal Revenue Service Code Section 457. The Plan is available to all County employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency. Total employee contributions to the plans for the year ended June 30, 2013, was $61,030.

All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the employees. Investments are managed by the Plan's trustees under one of the investment options or a combination thereof. The choice of investment options is made by the participants.

### *Note 13 - Deferred Inflows of Resources*

Deferred inflows of resources are comprised of property taxes because they are recognized as receivables in excess of the amount collected within the available period and are reported on the General Fund statement of net position as of June 30, 2013, in the amount of $574,815.

### *Note 14 - Net Investment in Capital Assets*

Net position on the Government-wide statement of net position as of June 30, 2013, is as follows:

| | Governmental Activities |
|---|---|
| Cost of capital assets | $ 29,584,108 |
| Less accumulated depreciation | 10,888,944 |
| Book value | 18,695,164 |
| Less capital related debt: | |
| Notes payable and capital leases | 698,398 |
| Investment in capital assets, net of related debt | $ 17,996,766 |

### *Note 15 - 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; and workers compensation for which the County carries the following insurance coverage.

There were no significant reductions of insurance coverage compared to the prior year. Settled claims have not exceeded the commercial excess coverage in any of the past three fiscal years.

The County joined with other counties in the state as part of the Association County Commissioners of Georgia - Interlocal Risk Management Agency (IRMA). Insurance coverage and deductible options for property, casualty and crime under the policy are selected by the County's management based on the anticipated needs. The County is required to pay all premiums, applicable deductibles and assessments billed by IRMA, as well as following loss reduction and prevention procedures established by IRMA. IRMA's responsibility includes paying claims, and representing the County in defense and settlement of claims. IRMA's basis for estimating the liabilities for unpaid claims is "IBNR" established by an actuary. The County has not compiled a record of claims paid up to the applicable deductible for the prior year or the current fiscal year. The County is unaware of any claims for which the County is liable (up to the applicable deductible) which were outstanding and unpaid at June 30, 2013. No provisions have been made in the financial statements for the year ended June 30, 2013, for any estimate of potential unpaid claims.

The County has elected to be a member of the ACCG Group Self Insurance Workers' Compensation Fund (the Fund). As a participant in the Fund, the County has no legal obligation to pay its own workers' compensation claims. The County is required to make an annual contribution to the Fund in an amount that is determined on the basis of actuarial projections of losses. With payment of the County's annual contribution, the County has effectively transferred the risk and responsibility for payment of its workers' compensation claims. However, the enabling statute creating the Fund permits the Fund to levy an assessment upon its members to make up any deficiency the Fund may have in surplus or reserves. No amount has been recorded in the financial statements for this contingency as management believes the likelihood for assessment is remote.

### *Note 16 - Commitments and Contingencies*

***Operating leases*** - The following is a schedule by years of future minimum rental payments under an operating lease which has noncancelable lease terms as of June 30, 2013.

| For the year ended June 30, | |
|---|---|
| 2014 | 22,371 |
| 2015 | 18,115 |
| 2016 | 15,219 |
| 2017 | 15,219 |
| 2018 | 11,901 |
| | $ 82,825 |

Lease expense relating to operating leases was $13,162 for 2013.

*Note 16 - Commitments and Contingencies (continued)*

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

*Note 17 - Joint Ventures*

Under Georgia law, the County in conjunction with other cities and counties in the coastal Georgia area, is a member of the Coastal Regional Commission (CRC) and is required to pay annual dues thereto. Membership in a CRC is required by OCGA Section 5-8-34 which provides for the organizational structure of the CRC in Georgia. The CRC board membership includes the chief elected official of each county or municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the CRC. Separate financial statements may be obtained from Coastal Regional Commission, 127 F Street, Brunswick, Georgia 31520.

*Note 18 - Hotel/Motel Lodging Tax*

Screven County has levied a 5% lodging tax. The County collects the hotel/motel lodging tax and distributes the funds to the Screven County Chamber of Commerce (100%) which uses this to fund tourism promotion and beautification projects. The tax collected for the year ended June 30, 2013, totaled $8,899. The County remitted $8,899 to the Screven County Chamber of Commerce. All expenditures were for the promotion of tourism as required by O.C.G.A. 48-13-51. A summary of the transactions for the year ended June 30, 2013, follows:

| | | |
|---|---|---|
| Balance July 1, 2012 | $ | 0 |
| Lodging tax receipts for current fiscal year | | 8,899 |
| Disbursements to Screven County Chamber of Commerce for tourism/industry promotion | | (8,899) |
| Balance June 30, 2013 | $ | 0 |

*Required Supplementary Information*

**Screven County, Georgia**
***General Fund***
***Schedule of Revenues, Expenditures and***
***Changes in Fund Balance - Budget and Actual***
***For the Year Ended June 30, 2013***

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Taxes | $ 7,641,227 | $ 7,641,227 | $ 6,800,677 | $ (840,550) |
| Licenses and permits | 60,674 | 60,674 | 60,747 | 73 |
| Intergovernmental | 100,054 | 100,054 | 91,837 | (8,217) |
| Charges for services | 2,379,921 | 2,379,921 | 2,557,508 | 177,587 |
| Fines and forfeitures | 288,310 | 288,310 | 289,965 | 1,655 |
| Investment earnings | 90,632 | 90,632 | 45,241 | (45,391) |
| Miscellaneous | 117,414 | 117,414 | 60,774 | (56,640) |
| **Total revenues** | 10,678,232 | 10,678,232 | 9,906,749 | (771,483) |
| **Expenditures** | | | | |
| **Current expenditures** | | | | |
| General government | | | | |
| Board of Commissioners | 356,607 | 356,607 | 329,423 | 27,184 |
| Elections\Registrar | 45,664 | 45,664 | 41,989 | 3,675 |
| Tax commissioner | 243,916 | 243,916 | 243,841 | 75 |
| Tax assessor | 210,380 | 210,380 | 204,215 | 6,165 |
| Buildings and grounds | 167,760 | 167,760 | 160,501 | 7,259 |
| Other general government | 864,885 | 726,483 | 577,621 | 148,862 |
| | 1,889,212 | 1,750,810 | 1,557,590 | 193,220 |
| Judicial | | | | |
| Superior court | 245,147 | 245,147 | 224,533 | 20,614 |
| Clerk of court | 256,802 | 256,802 | 256,797 | 5 |
| State court | 77,692 | 77,692 | 68,556 | 9,136 |
| Magistrate court | 106,116 | 106,116 | 105,082 | 1,034 |
| Probate court | 231,281 | 231,281 | 207,070 | 24,211 |
| Juvenile court | 9,900 | 13,433 | 4,219 | 9,214 |
| Total judicial | 926,938 | 930,471 | 866,257 | 64,214 |
| Public safety | | | | |
| Sheriff and jail | 870,245 | 870,245 | 821,577 | 48,668 |
| Patrol/traffic | 760,670 | 769,220 | 633,990 | 135,230 |
| Correctional institute | 1,340,050 | 1,340,050 | 1,239,810 | 100,240 |
| Emergency medical services | 1,166,685 | 1,247,682 | 1,144,423 | 103,259 |
| Adult probation and parole | 63,646 | 63,646 | 63,583 | 63 |
| Coroner | 14,260 | 14,260 | 11,053 | 3,207 |
| Animal control | 117,546 | 117,546 | 94,378 | 23,168 |
| Civil defense/emergency management | 12,500 | 12,500 | 7,386 | 5,114 |
| Total public safety | 4,345,602 | 4,435,149 | 4,016,200 | 418,949 |
| Public works | | | | |
| Roads and streets | 1,415,943 | 1,415,943 | 1,388,767 | 27,176 |
| Sanitation | 1,063,973 | 1,063,973 | 1,044,079 | 19,894 |
| Total public works | 2,479,916 | 2,479,916 | 2,432,846 | 47,070 |

**Screven County, Georgia**
***General Fund***
***Schedule of Revenues, Expenditures and***
***Changes in Fund Balance - Budget and Actual***
***For the Year Ended June 30, 2013***

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| Health and welfare | | | | |
| Health department | 61,793 | 61,793 | 61,792 | 1 |
| Department of Family and Children's Services | 8,962 | 8,962 | 8,962 | 0 |
| Senior citizens | 9,101 | 22,391 | 22,391 | 0 |
| Keep Screven Beautiful | 14,907 | 15,085 | 10,445 | 4,640 |
| WEE care center | 2,400 | 2,400 | 2,400 | 0 |
| Total health and welfare | 97,163 | 110,631 | 105,990 | 4,641 |
| Culture and recreation | | | | |
| Recreation department | 458,725 | 458,725 | 458,526 | 199 |
| Library | 251,092 | 251,092 | 251,091 | 1 |
| Total culture and recreation | 709,817 | 709,817 | 709,617 | 200 |
| Housing and development | | | | |
| Extension Service - County Agent | 73,948 | 73,948 | 71,833 | 2,115 |
| Coastal Regional Commission | 8,890 | 8,890 | 5,253 | 3,637 |
| Conservation - Forestry | 47,588 | 47,588 | 43,578 | 4,010 |
| Zoning | 124,672 | 124,672 | 122,982 | 1,690 |
| Livestock association | 2,677 | 2,677 | 2,676 | 1 |
| Total housing and development | 257,775 | 257,775 | 246,322 | 11,453 |
| **Debt service** | 12,974 | 12,974 | 12,974 | 0 |
| **Total expenditures** | 10,719,397 | 10,687,543 | 9,947,796 | 739,747 |
| **Deficit of revenues to expenditures** | (41,165) | (9,311) | (41,047) | (31,736) |
| **Other financing uses** | | | | |
| Proceeds from sales of surplus | 1,000 | 1,000 | 30,346 | 29,346 |
| Transfer to fire department | (340,469) | (372,323) | (378,053) | (5,730) |
| Transfer to E-911 | (231,514) | (231,514) | (254,882) | (23,368) |
| **Total other financing uses** | (570,983) | (602,837) | (602,589) | 248 |
| **Net change in fund balance** | $ (612,148) | $ (612,148) | (643,636) | $ (31,488) |
| **Fund balance - beginning of year** | | | | |
| **As previously stated** | | | 5,107,639 | |
| **Prior period adjustment** | | | (281,615) | |
| **As restated** | | | 4,826,024 | |
| **Funds balances end of year** | | | $ 4,182,388 | |

**Screven County, Georgia**
***Note to Required Supplementary Information***
***For the Year Ended June 30, 2013***

The general fund budget was adopted on a basis that is consistent with accounting principles generally accepted in the United States as applied to governments.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for the general fund budget generally is the department level. Any change in total to a departmental appropriation within the general fund requires approval of the County Commission. The department director may approve budget transfers within departments, with certain exceptions. For the fiscal year, the County Commission approved budget revisions. All unexpended annual appropriations lapse at year-end.

# *Other Supplementary Information*

**Screven County, Georgia**
***General Fund***
***Comparative Balance Sheet***
***June 30, 2013 and 2012***

| | 2013 | 2012 as restated |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 3,186,584 | $ 5,019,287 |
| Receivables: | | |
| Accounts | 182,314 | 95,806 |
| Property taxes | 619,548 | 550,765 |
| Sales taxes | 76,531 | 86,502 |
| Interfund | 1,991,250 | 100,841 |
| Prepaid items | 89,856 | 238,664 |
| **Total assets** | $ 6,146,083 | $ 6,091,865 |
| **Liabilities, Deferred Inflows of Resources and Fund Balances** | | |
| **Liabilities** | | |
| Accounts payable | $ 695,741 | $ 508,751 |
| Accrued expenditures | 187,059 | 167,713 |
| Unearned revenue | 506,080 | 72,857 |
| **Total liabilities** | 1,388,880 | 749,321 |
| **Deferred inflows of resources** | 574,815 | 516,520 |
| **Fund balances** | | |
| Nonspendable - prepaid items | 89,856 | 238,664 |
| Restricted for landfill closure and post-closure | 811,187 | 858,139 |
| Unassigned | 3,281,345 | 3,729,221 |
| **Total fund balances** | 4,182,388 | 4,826,024 |
| **Total liabilities, deferred inflows of resources and fund balances** | $ 6,146,083 | $ 6,091,865 |

**Screven County, Georgia**
***General Fund***
***Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances***
***For the Years Ended June 30, 2013 and 2012***

| | 2013 | 2012 - restated |
|---|---|---|
| **Revenues** | | |
| Taxes | $ 6,800,677 | $ 6,631,183 |
| Licenses and permits | 60,747 | 63,750 |
| Intergovernmental | 91,837 | 169,405 |
| Charges for services | 2,557,508 | 2,866,434 |
| Fines and forfeitures | 289,965 | 296,818 |
| Investment earnings | 45,241 | 91,701 |
| Other revenues | 60,774 | 90,667 |
| **Total revenues** | 9,906,749 | 10,209,958 |
| **Expenditures** | | |
| **Current:** | | |
| General government: | 1,557,590 | 1,628,317 |
| Judicial | 866,257 | 806,621 |
| Public safety | 4,016,200 | 3,856,250 |
| Public works | 2,432,846 | 2,218,018 |
| Health and welfare | 105,990 | 90,550 |
| Culture and recreation | 709,617 | 782,583 |
| Housing and development | 246,322 | 237,117 |
| **Debt service:** | | |
| Principal retirement | 12,380 | 11,815 |
| Interest and fiscal charges | 594 | 1,158 |
| **Total expenditures** | 9,947,796 | 9,632,429 |
| **Excess (deficit) of revenues to expenditures** | (41,047) | 577,529 |
| **Other financing uses** | | |
| Proceeds from sales of surplus | 30,346 | |
| Transfers out | (632,935) | (572,237) |
| **Total other financing sources (uses)** | (602,589) | (572,237) |
| **Net change in fund balance** | (643,636) | 5,292 |
| **Fund balances beginning of year** | | |
| **As previously stated** | 4,826,024 | 5,120,732 |
| **Prior period adjustment** | | (300,000) |
| **As restated** | 4,826,024 | 4,820,732 |
| **Funds balances end of year** | $ 4,182,388 | $ 4,826,024 |

**Screven County, Georgia**
***Combining Balance Sheet***
***Non-major Special Revenue Funds***
***June 30, 2013***

| | E-911 | Jail Improvement | Seized Funds | SCCI Telephone | Drug Abuse T & E | Law Library | Total Nonmajor, Special Revenue Funds |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Cash and cash equivalents | $ 7,763 | $ 57,339 | $ 19,419 | $ 86,250 | $ 129,183 | $ 12,804 | $ 312,758 |
| Receivables - accounts | 14,287 | 4,692 | | | | | 18,979 |
| **Total assets** | $ 22,050 | $ 62,031 | $ 19,419 | $ 86,250 | $ 129,183 | $ 12,804 | $ 331,737 |
| **Liabilities and fund balances** | | | | | | | |
| **Liabilities** | | | | | | | |
| Interfund payable | $ 22,050 | $ 3,445 | | | | | $ 25,495 |
| **Fund balances** | | | | | | | |
| Restricted for public safety | | 58,586 | $ 19,419 | $ 86,250 | $ 129,183 | $ 12,804 | 306,242 |
| **Total liabilities and fund balances** | $ 22,050 | $ 62,031 | $ 19,419 | $ 86,250 | $ 129,183 | $ 12,804 | $ 331,737 |

**Screven County, Georgia**
***Combining Schedule of Revenues, Expenditures and Changes in Fund Balances***
***Non-major Special Revenue Funds***
***For the Year Ended June 30, 2013***

| | Fire District Fees | E-911 | Jail Improvement | Seized Funds | SCCI Telephone | Drug Abuse T & E | Law Library | Hotel/ Motel Tax | Total Nonmajor Special Revenue Funds |
|---|---|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | | | |
| Taxes | | | | | | | | $ 8,899 | $ 8,899 |
| Intergovernmental | $ 15,603 | | | | | | | | 15,603 |
| Charges for services | 248,846 | $ 154,334 | | | $ 16,453 | | | | 419,633 |
| Fines and forfeitures | | | $ 56,198 | | | $ 19,744 | $ 5,773 | | 81,715 |
| Investment earnings | | 8 | 97 | | 81 | 565 | | | 751 |
| **Total revenues** | 264,449 | 154,342 | 56,295 | $ 0 | 16,534 | 20,309 | 5,773 | 8,899 | 526,601 |
| **Expenditures** | | | | | | | | | |
| **Current:** | | | | | | | | | |
| General government | | | | | | | | 8,899 | 8,899 |
| Judicial | | | | | | | 5,442 | | 5,442 |
| Public safety | 642,502 | 409,224 | 40,520 | 8,609 | 9,610 | | | | 1,110,465 |
| **Total expenditures** | 642,502 | 409,224 | 40,520 | 8,609 | 9,610 | 0 | 5,442 | 8,899 | 1,124,806 |
| **Excess (deficit) of revenues over expenditures** | (378,053) | (254,882) | 15,775 | (8,609) | 6,924 | 20,309 | 331 | 0 | (598,205) |
| **Other financing sources** | | | | | | | | | |
| Transfers in | 378,053 | 254,882 | | | | | | | 632,935 |
| **Net change in fund balance** | 0 | 0 | 15,775 | (8,609) | 6,924 | 20,309 | 331 | 0 | 34,730 |
| **Fund balances beginning of year** | 0 | 0 | 42,811 | 28,028 | 79,326 | 108,874 | 12,473 | 0 | 271,512 |
| **Funds balances end of year** | $ 0 | $ 0 | $ 58,586 | $ 19,419 | $ 86,250 | $ 129,183 | $ 12,804 | $ 0 | $ 306,242 |

**Screven County, Georgia**
***Fire District Fees Fund***
***Schedule of Revenues, Expenditures and***
***Changes in Fund Balances - Budget and Actual***
***For the Year Ended June 30, 2013***
***(With Comparative Totals For the Year Ended June 30, 2012)***

| | 2013 | | | | 2012 |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | Actual |
| **Revenues** | | | | | |
| Charges for services | $ 250,000 | $ 250,000 | $ 248,846 | $ (1,154) | $ 260,720 |
| Intergovernmental | | 135,000 | 15,603 | (119,397) | 119,397 |
| | 250,000 | 385,000 | 264,449 | (120,551) | 380,117 |
| **Expenditures** | | | | | |
| **Current** | | | | | |
| Public safety | 542,003 | 720,060 | 642,502 | 77,558 | 714,802 |
| **Total expenditures** | 542,003 | 720,060 | 642,502 | 77,558 | 714,802 |
| **Deficit of revenues to expenditures** | (292,003) | (335,060) | (378,053) | (42,993) | (334,685) |
| **Other financing sources** | | | | | |
| Transfers in | 292,003 | 335,060 | 378,053 | 42,993 | 334,685 |
| **Net change in fund balance** | $ 0 | $ 0 | 0 | $ 0 | 0 |
| **Fund balances beginning of year** | | | 0 | | 0 |
| **Funds balances end of year** | | | $ 0 | | $ 0 |

**Screven County, Georgia**
***E-911 Fund***
***Comparative Balance Sheet***
***June 30, 2013 and 2012***

| | 2013 | 2012 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 7,763 | $ 7,904 |
| Accounts receivable | 14,287 | 15,531 |
| **Total assets** | $ 22,050 | $ 23,435 |
| **Liabilities and fund balances** | | |
| **Liabilities** | | |
| Interfund payable | $ 22,050 | $ 23,435 |
| **Fund balances** | | |
| Restricted for public safety | 0 | 0 |
| **Total liabilities and fund balances** | $ 22,050 | $ 23,435 |

**Screven County, Georgia**
***E-911 Fund***
***Schedule of Revenues, Expenditures and***
***Changes in Fund Balances - Budget and Actual***
***For the Year Ended June 30, 2013***
***(With Comparative Totals For the Year Ended June 30, 2012)***

| | 2013 | | | | 2012 |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | Actual |
| **Revenues** | | | | | |
| Charges for services | $ 190,806 | $ 190,806 | $ 154,334 | $ (36,472) | $ 154,982 |
| Investment earnings | 11 | 11 | 8 | (3) | 10 |
| **Total revenues** | 190,817 | 190,817 | 154,342 | (36,475) | 154,992 |
| **Expenditures** | | | | | |
| **Current** | | | | | |
| Public safety | 422,331 | 422,331 | 409,224 | 13,107 | 392,544 |
| **Deficit of revenues to expenditures** | (231,514) | (231,514) | (254,882) | (23,368) | (237,552) |
| **Other financing sources** | | | | | |
| Transfers in | 231,514 | 231,514 | 254,882 | 23,368 | 237,552 |
| **Net change in fund balance** | $ 0 | $ 0 | 0 | $ 0 | 0 |
| **Fund balances beginning of year** | | | 0 | | 0 |
| **Funds balances end of year** | | | $ 0 | | $ 0 |

**Screven County, Georgia**
***Jail Improvement Fund***
***Comparative Balance Sheet***
***June 30, 2013 and 2012***

| | 2013 | 2012 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 57,339 | $ 47,659 |
| Accounts receivables | 4,692 | |
| **Total Assets** | $ 62,031 | $ 47,659 |
| **Liabilities and fund balances** | | |
| **Liabilities** | | |
| Interfund | $ 3,445 | $ 4,848 |
| **Fund balances** | | |
| Restricted for public safety | 58,586 | 42,811 |
| **Total liabilities and fund balances** | $ 62,031 | $ 47,659 |

**Screven County, Georgia**
***Jail Improvement Fund***
***Schedule of Revenues, Expenditures and***
***Changes in Fund Balances - Budget and Actual***
***For the Year Ended June 30, 2013***
***(With Comparative Totals For the Year Ended June 30, 2012)***

| | 2013 | | | | 2012 |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | Actual |
| **Revenues** | | | | | |
| Fines and forfeitures | $ 66,027 | $ 66,027 | $ 56,198 | $ (9,829) | $ 51,530 |
| Investment earnings | 80 | 80 | 97 | 17 | 74 |
| **Total revenues** | 66,107 | 66,107 | 56,295 | (9,812) | 51,604 |
| **Expenditures** | | | | | |
| **Current:** | | | | | |
| Public safety | 66,107 | 66,107 | 40,520 | 25,587 | 49,860 |
| **Net change in fund balance** | $ 0 | $ 0 | 15,775 | $ 15,775 | 1,744 |
| **Fund balances beginning of year** | | | 42,811 | | 41,067 |
| **Funds balances end of year** | | | $ 58,586 | | $ 42,811 |

**Screven County, Georgia**
***Seized Funds Fund***
***Comparative Balance Sheet***
***June 30, 2013 and 2012***

| | 2013 | 2012 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 19,419 | $ 28,028 |
| **Liabilities and fund balances** | | |
| **Fund balances** | | |
| Restricted for public safety | $ 19,419 | $ 28,028 |

**Screven County, Georgia**
***Seized Funds Fund***
***Schedule of Revenues, Expenditures and***
***Changes in Fund Balances - Budget and Actual***
***For the Year Ended June 30, 2013***
***(With Comparative Totals For the Year Ended June 30, 2012)***

| | 2013 | | | | 2012 |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | Actual |
| **Revenues** | | | | | |
| Fines and forfeitures | $ 16,665 | $ 16,665 | $ 0 | $ (16,665) | $ 2,926 |
| **Expenditures** | | | | | |
| **Current** | | | | | |
| Public safety | 16,665 | 16,665 | 8,609 | 8,056 | 3,653 |
| **Net change in fund balance** | $ 0 | $ 0 | (8,609) | $ (24,721) | (727) |
| **Fund balances beginning of year** | | | 28,028 | | 28,755 |
| **Funds balances end of year** | | | $ 19,419 | | $ 28,028 |

**Screven County, Georgia**
***SCCI Telephone Fund***
***Comparative Balance Sheet***
***June 30, 2013 and 2012***

| | 2013 | 2012 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 86,250 | $ 79,326 |
| **Liabilities and fund balances** | | |
| **Fund balances** | | |
| Restricted for public safety | $ 86,250 | $ 79,326 |

**Screven County, Georgia**
***SCCI Telephone Fund***
***Schedule of Revenues, Expenditures and***
***Changes in Fund Balances - Budget and Actual***
***For the Year Ended June 30, 2013***
***(With Comparative Totals For the Year Ended June 30, 2012)***

| | 2013 | | | | 2012 |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | Actual |
| **Revenues** | | | | | |
| Charges for services | $ 14,700 | $ 14,700 | $ 16,453 | $ 1,753 | $ 14,537 |
| Investment earnings | 300 | 300 | 81 | (219) | 75 |
| **Total revenues** | 15,000 | 15,000 | 16,534 | 1,534 | 14,612 |
| **Expenditures** | | | | | |
| Public safety | 15,000 | 15,000 | 9,610 | 5,390 | 7,579 |
| **Net change in fund balance** | $ 0 | $ 0 | 6,924 | $ 6,924 | 7,033 |
| **Fund balances beginning of year** | | | 79,326 | | 72,293 |
| **Funds balances end of year** | | | $ 86,250 | | $ 79,326 |

**Screven County, Georgia**
***Drug Abuse T & E Fund***
***Comparative Balance Sheet***
***June 30, 2013 and 2012***

| | 2013 | 2012 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 129,183 | $ 108,874 |
| **Liabilities and fund balances** | | |
| **Fund balances** | | |
| Restricted for public safety | $ 129,183 | $ 108,874 |

**Screven County, Georgia**
***Drug Abuse T & E Fund***
***Schedule of Revenues, Expenditures and***
***Changes in Fund Balances - Budget and Actual***
***For the Year Ended June 30, 2013***
***(With Comparative Totals For the Year Ended June 30, 2012)***

| | 2013 | | | | 2012 |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | Actual |
| **Revenues** | | | | | |
| Fines and forfeitures | $ 8,807 | $ 8,807 | $ 19,744 | $ 10,937 | $ 5,545 |
| Investment earnings | 997 | 997 | 565 | (432) | 967 |
| **Total revenues** | 9,804 | 9,804 | 20,309 | 10,505 | 6,512 |
| **Expenditures** | | | | | |
| **Current** | | | | | |
| Public safety | 9,804 | 9,157 | | 9,157 | |
| **Net change in fund balance** | $ 0 | $ 647 | 20,309 | $ 19,662 | 6,512 |
| **Fund balances beginning of year** | | | 108,874 | | 102,362 |
| **Funds balances end of year** | | | $ 129,183 | | $ 108,874 |

*Screven County, Georgia*
*Law Library Fund*
*Comparative Balance Sheet*
*June 30, 2013 and 2012*

| | 2013 | 2012 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 12,804 | $ 12,473 |
| **Liabilities and fund balances** | | |
| **Fund balances** | | |
| Restricted for public safety | $ 12,804 | $ 12,473 |

*Screven County, Georgia*
*Law Library Fund*
*Schedule of Revenues, Expenditures and*
*Changes in Fund Balances - Budget and Actual*
*For the Year Ended June 30, 2013*
*(With Comparative Totals For the Year Ended June 30, 2012)*

| | 2013 | | | | 2012 |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | Actual |
| **Revenues** | | | | | |
| Fines and forfeitures | $ 7,471 | $ 7,471 | $ 5,773 | $ (1,698) | $ 5,407 |
| **Expenditures** | | | | | |
| **Current** | | | | | |
| Judicial | 7,471 | 7,471 | 5,442 | 2,029 | 5,973 |
| **Net change in fund balance** | $ 0 | $ 0 | 331 | $ 331 | (566) |
| **Fund balances beginning of year** | | | 12,473 | | 13,039 |
| **Funds balances end of year** | | | $ 12,804 | | $ 12,473 |

**Screven County, Georgia**
***Hotel/Motel Tax Fund***
***Schedule of Revenues, Expenditures and***
***Changes in Fund Balances - Budget and Actual***
***For the Year Ended June 30, 2013***
***(With Comparative Totals For The Year Ended June 30, 2012)***

| | 2013 | | | | 2012 |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | Actual |
| **Revenues** | | | | | |
| Taxes | $ 7,050 | $ 6,800 | $ 8,899 | $ 2,099 | $ 6,237 |
| **Expenditures** | | | | | |
| General government | 7,050 | 6,800 | 8,899 | (2,099) | 6,237 |
| **Net change in fund balance** | $ 0 | $ 0 | 0 | $ 0 | 0 |
| **Fund balances beginning of year** | | | 0 | | 0 |
| **Funds balances end of year** | | | $ 0 | | $ 0 |

**Screven County, Georgia**
***SPLOST 4 Fund***
***Comparative Balance Sheet***
***June 30, 2013 and 2012***

| | 2013 | 2012 |
|---|---|---|
| **Assets** | | |
| Cash | $ 745,711 | $ 851,835 |
| Receivables - sales taxes | | 111,616 |
| **Total assets** | $ 745,711 | $ 963,451 |
| | | |
| **Liabilities and fund balances** | | |
| **Liabilities** | | |
| Accounts payable | | $ 38,957 |
| Interfund payable | $ 28,220 | 4,364 |
| Total liabilities | 28,220 | 43,321 |
| | | |
| **Fund balances** | | |
| Restricted for capital projects | 717,491 | 920,130 |
| | | |
| **Total liabilities and fund balances** | $ 745,711 | $ 963,451 |

**Screven County, Georgia**
***SPLOST 4 Fund***
***Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances***
***For the Years Ended June 30, 2013 and 2012***

| | 2013 | 2012 |
|---|---|---|
| **Revenues** | | |
| Sales tax | $ 642,067 | $ 1,211,990 |
| Investment earnings | 3,110 | 5,560 |
| | 645,177 | 1,217,550 |
| **Expenditures** | | |
| **Capital Outlay** | | |
| General government | 4,755 | 51,344 |
| Public safety | | 632 |
| Public works | 511,785 | 447,546 |
| Culture and recreation | 44,695 | 145,707 |
| **Intergovernmental** | | |
| Sylvania | 77,839 | 176,656 |
| Rocky Ford | 5,409 | 11,295 |
| Newington | 9,368 | 21,261 |
| Hiltonia | 12,252 | 27,805 |
| Oliver | 7,359 | 16,702 |
| **Debt service** | | |
| Principal retirement | 136,654 | 277,370 |
| Interest and fiscal charges | 37,700 | 82,345 |
| **Total expenditures** | 847,816 | 1,258,663 |
| **Net change in fund balance** | (202,639) | (41,113) |
| **Fund balances beginning of year** | 920,130 | 961,243 |
| **Funds balances end of year** | $ 717,491 | $ 920,130 |

**Screven County, Georgia**
***2013 SPLOST Fund***
***Comparative Balance Sheet***
***June 30, 2013 and 2012***

| | 2013 | 2012 |
|---|---|---|
| **Assets** | | |
| Cash | $ 87,620 | |
| Receivables - sales taxes | 98,612 | |
| **Total assets** | $ 186,232 | $ 0 |
| | | |
| **Liabilities and fund balances** | | |
| **Liabilities** | | |
| Accounts payable | $ 59,512 | |
| Interfund payable | 1,937,535 | $ 68,194 |
| Total liabilities | 1,997,047 | 68,194 |
| | | |
| **Fund balances** | | |
| Unassigned | (1,810,815) | (68,194) |
| | | |
| **Total liabilities and fund balances** | $ 186,232 | $ 0 |

**Screven County, Georgia**
***2013 SPLOST Fund***
***Schedule of Revenues, Expenditures and***
***Changes in Fund Balances***
***For the Years Ended June 30, 2013 and 2012***

| | 2013 | 2012 |
|---|---|---|
| **Revenues** | | |
| Sales tax | $ 584,668 | |
| Investment earnings | 46 | |
| | 584,714 | $ 0 |
| **Expenditures** | | |
| **Capital Outlay** | | |
| General government | 1,033,104 | 10,616 |
| Public safety | 472,472 | 57,578 |
| **Intergovernmental** | | |
| Sylvania | 147,385 | |
| Rocky Ford | 8,147 | |
| Newington | 15,502 | |
| Hiltonia | 19,350 | |
| Oliver | 13,522 | |
| **Debt service** | | |
| Principal retirement | 586,347 | |
| Interest and fiscal charges | 31,506 | |
| **Total expenditures** | 2,327,335 | 68,194 |
| **Net change in fund balance** | (1,742,621) | (68,194) |
| **Fund balances beginning of year** | (68,194) | 0 |
| **Funds balances end of year** | $ (1,810,815) | $ (68,194) |

**Screven County, Georgia**
***Combining Statement of Changes in Assets and Liabilities***
***Agency Funds***
***For The Year Ended June 30, 2013***

| Clerk of Court | Balance June 30, 2012 | Additions | Deductions | Balance June 30, 2013 |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash | $ 56,307 | $ 616,189 | $ 617,125 | $ 55,371 |
| **Liabilities** | | | | |
| Due to other funds | $ 0 | $ 350,943 | $ 350,943 | $ 0 |
| Due to others | 56,307 | 265,246 | 266,182 | 55,371 |
| **Total Liabilities** | $ 56,307 | $ 616,189 | $ 617,125 | $ 55,371 |

| Probate Court | Balance June 30, 2012 | Additions | Deductions | Balance June 30, 2013 |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash | $ 0 | $ 50,684 | $ 49,779 | $ 905 |
| **Liabilities** | | | | |
| Due to other funds | $ 0 | $ 43,483 | $ 43,483 | $ 0 |
| Due to others | 0 | 7,201 | 6,296 | 905 |
| **Total Liabilities** | $ 0 | $ 50,684 | $ 49,779 | $ 905 |

| Sheriff's Office | Balance June 30, 2012 | Additions | Deductions | Balance June 30, 2013 |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash | $ 103,690 | $ 125,840 | $ 157,101 | $ 72,429 |
| **Liabilities** | | | | |
| Due to other funds | $ 0 | $ 73,971 | $ 73,971 | $ 0 |
| Due to others | 103,690 | 51,869 | 83,130 | 72,429 |
| **Total Liabilities** | $ 103,690 | $ 125,840 | $ 157,101 | $ 72,429 |

(continued on next page)

**Screven County, Georgia**
***Combining Statement of Changes in Assets and Liabilities***
***Agency Funds***
***For The Year Ended June 30, 2013***

| Magistrate Court | Balance June 30, 2012 | Additions | Deductions | Balance June 30, 2013 |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash | $ 2,000 | $ 176,912 | $ 176,912 | $ 2,000 |
| **Liabilities** | | | | |
| Due to other funds | $ 0 | $ 52,102 | $ 52,102 | $ 0 |
| Due to others | 2,000 | 124,810 | 124,810 | 2,000 |
| **Total Liabilities** | $ 2,000 | $ 176,912 | $ 176,912 | $ 2,000 |

| SCCI Stores Account | Balance June 30, 2012 | Additions | Deductions | Balance June 30, 2013 |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash | $ 31,058 | $ 86,210 | $ 83,575 | $ 33,693 |
| **Liabilities** | | | | |
| Due to others | $ 31,058 | $ 86,210 | $ 83,575 | $ 33,693 |

| Tax Commissioner | Balance June 30, 2012 | Additions | Deductions | Balance June 30, 2013 |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash | $ 0 | $ 12,902,140 | $ 12,902,140 | $ 0 |
| **Liabilities** | | | | |
| Due to other funds | $ 0 | $ 5,963,625 | $ 5,963,625 | $ 0 |
| Due to others | 0 | 6,938,515 | 6,938,515 | 0 |
| **Total Liabilities** | $ 0 | $ 12,902,140 | $ 12,902,140 | $ 0 |

| Total | Balance June 30, 2012 | Additions | Deductions | Balance June 30, 2013 |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash | $ 193,055 | $ 13,957,975 | $ 13,986,632 | $ 164,398 |
| **Liabilities** | | | | |
| Due to other funds | $ 0 | $ 6,484,124 | $ 6,484,124 | $ 0 |
| Due to other governments | 193,055 | 7,473,851 | 7,502,508 | 164,398 |
| **Total Liabilities** | $ 193,055 | $ 13,957,975 | $ 13,986,632 | $ 164,398 |

**Screven County, Georgia**
**Schedule of Projects Constructed**
**With Special Sales Tax Proceeds**
**For the Year Ended June 30, 2013**

| Project | Original Estimated Cost | Revised Estimated Cost | Expenditures | | | Estimated Percentage Complete |
|---|---|---|---|---|---|---|
| | | | Prior Years | Current Period | Total | |
| **2006 Voter Approved Special Sales Tax (SPLOST 4 Fund):** | | | | | | |
| Recreation complex | $ 400,000 | $ 400,000 | $ 265,019 | $ 17,145 | $ 282,164 | 70.5% |
| Road improvements | 3,152,592 | 3,791,915 | 3,116,554 | 565,785 | 3,682,339 | 97.1% |
| Courthouse improvements | 400,000 | 392,834 | 244,099 | 4,755 | 248,854 | 63.3% |
| Public safety - animal shelter | 75,000 | 185,684 | 185,684 | | 185,684 | 100.0% |
| Hospital improvements | 400,000 | 98,333 | 98,333 | | 98,333 | 100.0% |
| Library improvements | 40,000 | 47,166 | 19,616 | 27,550 | 47,166 | 100.0% |
| Public safety - E-911 | | | | | | |
| Debt service - principal | | | 363,949 | | 363,949 | |
| Debt service - interest | | | 99,715 | | 99,715 | |
| Construction costs | | | 118,664 | | 118,664 | |
| Total public safety - E-911 | 325,000 | 675,181 | 582,328 | 0 | 582,328 | 86.2% |
| Public safety complex | | | | | | |
| Intergovernmental payment - principal | | | 535,731 | 85,000 | 620,731 | |
| Intergovernmental payment - interest | | | 233,332 | 35,354 | 268,686 | |
| Total public safety complex | 1,107,733 | 1,107,733 | 769,063 | 120,354 | 889,417 | 80.3% |
| Other municipalities | | | | | | |
| City of Sylvania | 1,027,471 | 1,169,987 | 1,073,804 | 77,839 | 1,151,643 | |
| City of Newington | 123,658 | 140,810 | 123,028 | 9,368 | 132,396 | |
| City of Oliver | 97,143 | 110,617 | 130,187 | 7,359 | 137,546 | |
| City of Hiltonia | 161,688 | 184,115 | 153,857 | 12,252 | 166,109 | |
| Town of Rocky Ford | 71,396 | 81,299 | 75,894 | 5,409 | 81,303 | |
| Total other municipalities | 1,481,356 | 1,686,829 | 1,556,770 | 112,227 | 1,668,997 | 98.9% |
| | $ 7,381,681 | $ 8,385,675 | $ 6,837,466 | $ 847,816 | $ 7,685,282 | |

**Screven County, Georgia**
**Schedule of Projects Constructed**
**With Special Sales Tax Proceeds**
**For the Year Ended June 30, 2013**

| Project | Original Estimated Cost | Revised Estimated Cost | Expenditures | | | Estimated Percentage Complete |
|---|---|---|---|---|---|---|
| | | | Prior Years | Current Period | Total | |
| **2011 Voter Approved Special Sales Tax (2013 SPLOST Fund):** | | | | | | |
| SPLOST Referendum expense | $ 10,816 | $ 10,838 | $ 10,816 | $ 22 | $ 10,838 | 100.0% |
| Courthouse Renovation (level one) | $ 1,500,000 | $ 1,500,000 | | 1,033,082 | $ 1,033,082 | 68.9% |
| Public Safety - fire department equipment | | | 57,378 | 472,472 | 529,850 | |
| Retire debt for new jail, road department and E-911 equipment; recreation complex improvements; narrow band radio equipment; landfill improvements; mental health building roof; construction of fire stations; repairs and improvement to other county buildings; purchase of law enforcement and other county vehicles and equipment; improvements to airport infrastructure; and road construction | | | | 617,853 | 617,853 | |
| | 6,929,357 | 6,929,335 | $ 57,378 | 1,090,325 | 1,147,703 | 16.6% |
| Other municipalities | | | | | | |
| City of Sylvania | 1,645,205 | 1,645,205 | | 147,385 | 147,385 | |
| City of Newington | 173,046 | 123,658 | | 15,502 | 15,502 | |
| City of Oliver | 150,942 | 97,143 | | 13,522 | 13,522 | |
| City of Hiltonia | 215,992 | 161,688 | | 19,350 | 19,350 | |
| Town of Rocky Ford | 90,944 | 71,396 | | 8,147 | 8,147 | |
| Total other municipalities | 2,276,129 | 2,099,090 | 0 | 203,906 | 203,906 | 9.7% |
| | $ 10,716,302 | $ 10,539,263 | $ 68,194 | $ 2,327,335 | $ 2,395,529 | |

# *Other Reporting Requirements*

CAINES, HODGES & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Chairman and Members of the
Board of Commissioners of Screven County
Sylvania, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Screven County, Georgia as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Screven County, Georgia's basic financial statements and have issued our report thereon dated December 23, 2013. We did not audit the financial statements of Screven County Industrial Development Authority or Screven County Health Department, whose financial statements reflect total assets of $2,643,980 as of June 30, 2013, and total revenues of $653,588 for the year then ended. The Screven County Industrial Development Authority and the Screven County Health Department are discretely presented component units included in Screven County's financial statements. Those financial statements referred to above were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it related to the amounts included for those entities for the periods indicated 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.

**Internal Control Over Financial Reporting**

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

Honorable Chairman and Members of the
Board of Commissioners of Screven County
Sylvania, Georgia

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 deficiency 2013-01 in the accompanying schedule of findings and responses to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider deficiency 2013-02 in the accompanying schedule of findings and responses to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Screven 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 test disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and responses as deficiency 2013-3.

**Screven County, Georgia's Response to Findings**

Screven County, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Screven 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Caines, Hodges & Company, P.C.

Rincon, Georgia
December 23, 2013

## SIGNIFICANT DEFICIENCIES

2013-01 Lack of Segregation of Duties (repeat finding)

*Condition:* There is not adequate segregation of duties between recording, processing, distribution and reconciliation of cash accounts and other operational functions in the various funds, departments and offices maintained by the County. This condition exists in several of the constitutionally elected offices of the County.

*Criteria:* The internal control environment of an entity should allow proper segregation of duties so that an employee will not have access to overlapping duties in regards to the receipt and/or disbursements of funds, reconciliation of accounts, posting of accounting records, etc.

*Effect:* An absence of appropriate segregation of duties could increase the risk of misappropriation of assets if other controls are not in place or do not function properly.

*Recommendation:* The County should continue to monitor this situation and use alternative control measures where available to assist in safeguarding County assets.

*Management response:* We are aware of this situation and will continue to evaluate the costs and related benefits of adding additional personnel in certain departments to alleviate this problem. We will continue to use alternative measures where available to assist in safeguarding County assets.

2013-02 Lack of Segregation of Duties (other)

*Condition:* The employee in charge of inputting payroll and processing payroll disbursements also has full access to the employee master list.

*Criteria:* Duties of payroll processing and of maintaining the employee master file, as well as other payroll-related duties, should be segmented between employees.

*Effect:* An absence of appropriate segregation of duties could increase the risk of payroll-related fraud.

*Recommendation:* The County should assign the duty of maintenance of the employee master file to an employee not involved in any other payroll-related functions, including review and approval of payroll transactions and should remove access to employee master file maintenance (read-only would still be appropriate) from all personnel otherwise involved in the payroll function.

*Management response:* We agree with the finding and will re-assign the duty of maintaining the employee master file to an employee otherwise not involved in any aspect of the payroll function and will remove all access to employee master file maintenance from all employees otherwise involved in the payroll function.

## ISSUES OF NON-COMPLIANCE

2013-03 Maintenance of separate bank account

*Condition:* The County does not maintain a separate bank account for juvenile supervision fees.

*Criteria:* Ogeechee Judicial Circuit ruling on August 8, 2005, referencing O.C.G.A. §15-11-71(b)(2) mandates maintenance by the County of a separate bank account for juvenile supervision fees.

*Effect:* Noncompliance with state law.

*Recommendation:* The County should analyze the revenues for judicial supervision fees revenue since October 1, 2005, when the $50 fee per juvenile receiving supervision was instituted, determine appropriations during that time for "discretionary use in providing supplemental community-based services to offenders who are children" (see relevant state law referenced below), and institute a plan for appropriating the difference for such purposes. Note that the Board of Commissioners (BOC) is to maintain control of the cash account and the court is to draw upon the appropriations through the submission of relevant invoices to the BOC. (See Ogeechee Judicial Court ruling and O.C.G.A. §15-11-71.)

*Management response:* We agree with the finding and will ascertain the difference between the juvenile supervision fees collected since October 1, 2005, and appropriations for authorized purposes during that time period, will open a separate bank account with that difference, and will make provisions that all such fees received will be deposited into this account for the Juvenile Court's use through drawing upon appropriations through the submission of relevant invoices to the BOC.