TAYLOR COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2012

TAYLOR COUNTY, GEORGIA

FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2012

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MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
of Taylor County, Georgia
Butler, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Taylor County, Georgia** as of and for the year ended June 30, 2012, which collectively comprise Taylor County, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Taylor County, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Taylor County Department of Public Health, which statements reflect total assets of $295,716 as of June 30, 2012, and total revenues of $311,164 for the year then ended. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Taylor County Department of Public Health in the component unit columns is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2012 on our consideration of Taylor County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting

and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 3 through 10) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Mauldin & Jenkins, LLC

Macon, Georgia
December 13, 2012

TAYLOR COUNTY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

As management of Taylor County, Georgia, we offer readers of Taylor County financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, the financial statements, and the notes to the financial statements.

Financial Highlights

- The assets of Taylor County exceeded its liabilities at June 30, 2012 by $15,838,014 (net assets). Of this amount, $2,167,784 (unrestricted net assets) may be used to meet the County's ongoing obligations to citizens and creditors.
- At June 30, 2012, Taylor County's General Fund reports an unassigned fund balance of $2,106,496, a decrease of $129,824 from the last fiscal year.

Overview of the Financial Statements

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

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

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

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

The governmental activities of the County include general government, judicial, public safety, public works, health and welfare, culture and recreation, and housing and development.

The government-wide financial statements include not only Taylor County itself (known as the primary government), but also the Taylor County Department of Public Health, the Taylor County Development Authority, the Taylor County Recreation Commission, the Taylor County Airport Authority, and the Taylor County Building Authority. These are legally separate entities that are component units of the County due to the significance of their operational or financial relationship with the County. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 11 - 14 of this report.

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

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

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

Taylor County maintains governmental funds to account for the following activities: General; Special Revenue (Solid Waste Surcharge Fund, Jail Fund, Special Purpose Drug Fund, Law Library Fund, Drug Education Fund, and Inmate Fund); and Capital Projects (2000 SPLOST Fund, 2005 SPLOST Fund, 2011 SPLOST Fund, and CDBG Grant Fund). Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Solid Waste Surcharge Fund, CDBG Grant Fund, 2000 SPLOST Fund, 2005 SPLOST Fund, and 2011 SPLOST Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated column. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. Taylor County adopts an annual appropriated budget for its general, special revenue, and capital projects funds. A budgetary comparison statement has been provided for the General Fund and Solid Waste Surcharge Fund within the basic financial statements.

Proprietary Funds. Taylor County uses an enterprise fund to account for its Potterville Water and Sewer operations. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 23 - 25 of this report.

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

The basic fiduciary fund financial statement can be found on page 26 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on page 27 - 48 of this report.

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

Government-wide financial analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Taylor County, assets exceeded liabilities by $15,838,014 at the close of the most recent fiscal year.

Investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding is 60.4% percent of the County's total net assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Taylor County's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
Current and other assets	$ 8,721,570	$ 6,688,345	$ 18,297	$ 22,537	$ 8,739,867	$ 6,710,882
Capital assets	6,616,313	9,068,947	866,545	840,651	7,482,858	9,909,598
Total assets	15,337,883	15,757,292	884,842	863,188	16,222,725	16,620,480
Other liabilities	649,923	175,432	689	378	650,612	175,810
Long-term liabilities outstanding	492,136	606,656	-	-	492,136	606,656
Total liabilities	1,142,059	782,088	689	378	1,142,748	782,466
Net assets:						
Invested in capital assets, net of related debt	6,402,228	8,722,591	866,545	840,651	7,268,773	9,563,242
Restricted	5,542,830	4,106,988	-	-	5,542,830	4,106,988
Unrestricted	2,250,766	2,145,625	17,608	22,159	2,268,374	2,167,784
Total net assets	$ 14,195,824	$ 14,975,204	$ 884,153	$ 862,810	$ 15,079,977	$ 15,838,014

Governmental Activities. Governmental activities increased the county's net assets by $779,380.

Taylor County's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
Revenues:						
Program revenues						
Charges for services	$ 2,103,491	$ 1,883,405	$ 13,827	$ 12,824	$ 2,117,318	$ 1,896,229
Operating grants and contributions	131,944	177,901	-	-	131,944	177,901
Capital grants and contributions	773,778	264,029	-	-	773,778	264,029
General revenues:						
Property taxes	2,041,678	2,005,883	-	-	2,041,678	2,005,883
Sales taxes	1,251,429	1,394,525	-	-	1,251,429	1,394,525
Other taxes	398,548	360,793	-	-	398,548	360,793
Unrestricted investment earnings	8,371	6,636	13	-	8,384	6,636
Total revenues	6,709,239	6,093,172	13,840	12,824	6,723,079	6,105,996
Expenses:						
General government	1,095,507	1,187,747	-	-	1,095,507	1,187,747
Judicial	438,189	425,127	-	-	438,189	425,127
Public safety	1,716,770	1,836,912	-	-	1,716,770	1,836,912
Public works	1,738,682	1,050,769	-	-	1,738,682	1,050,769
Health and welfare	263,933	262,974	-	-	263,933	262,974
Culture and recreation	73,985	121,563	-	-	73,985	121,563
Housing and development	435,487	417,824	-	-	435,487	417,824
Interest on long-term debt	7,164	10,876	-	-	7,164	10,876
Water and sewer	-	-	34,808	34,167	34,808	34,167
Total expenses	5,769,717	5,313,792	34,808	34,167	5,804,525	5,347,959
Increase (decrease) in net assets before transfers	939,522	779,380	(20,968)	(21,343)	918,554	758,037
Transfers	(368,733)	-	368,773	-	-	-
Change in net assets	570,749	779,380	347,805	(21,343)	918,554	758,037
Net assets, beginning	13,625,075	14,195,824	536,348	884,153	14,161,423	15,079,977
Net assets, ending	$ 14,195,824	$ 14,975,204	$ 884,153	$ 862,810	$ 15,079,977	$ 15,838,014

Business-type Activities. Business-type activities increased the County's net assets by $347,805 in the prior year. The County's business-type activity is the Potterville Water and Sewer operation, which generally runs at break even. The increase in net assets in the previous year was the result of an increase in capital contributions during that year.

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of Taylor County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the County's governmental funds combined ending fund balances were $6,366,140, a decrease of $1,542,167 in comparison with the prior year. Approximately 33.0% of this total amount ($2,101,936) constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is classified as nonspendable, restricted, or committed. The nonspendable portion is for inventory and prepaid items ($142,355). The restricted portion is for Judicial, Public Safety, Public Works, and Capital Projects ($4,106,988). The committed portion is for Public Safety ($14,861).

The General Fund is the chief operating fund of Taylor County. At the end of the current fiscal year, unassigned fund balance of the General Fund was $2,106,496, while total fund balance reached $2,248,851. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund expenditures. Unassigned fund balance represents 42.8% of total general fund expenditures, while total fund balance represents 45.6% of that same amount.

The fund balance of the County's General Fund decreased by $115,512 during the current fiscal year.

The 2000 SPLOST Capital Projects Fund accounts for financial resources provided from the 2000 one percent Special Purpose Local Option Sales Tax. These resources must be used for improvements to parks and recreation facilities, a new jail, roads and bridges projects, and payments to the Cities of Butler and Reynolds. At the end of the 2012 fiscal year, the 2000 SPLOST Capital Projects fund had a fund balance of $14,448, a decrease of $563,443 from the prior year.

The 2005 SPLOST Capital Projects Fund accounts for financial resources provided from the 2005 one percent Special Purpose Local Option Sales Tax. These resources must be used for improvements to parks and recreation facilities, historical buildings, a new jail, a public safety building, a water and sewer project, and roads and bridges projects. At the end of the 2012 fiscal year, the 2005 SPLOST Capital Projects fund had a fund balance of $1,502,250, a decrease of $1,514,920 from the prior year.

The 2011 SPLOST Capital Projects Fund was a new fund during the current fiscal year. This fund accounts for financial resources provided from the 2011 one percent Special Purpose Local Option Sales Tax. These resources must be used for improvements to parks and recreation facilities, the county courthouse, a public safety building, a fire protection and rescue building, communication projects, and roads and bridges projects. At the end of the 2012 fiscal year, the 2011 SPLOST Capital Projects fund had a fund balance of $580,675.

Proprietary funds. Taylor County proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The County's only proprietary fund type is the Potterville Water and Sewer Enterprise Fund.

General Fund Budgetary Highlights

Differences between the expenditures original budget and the final amended budget were ($284,657) and can be summarized as follows:

- Decrease in general government activities - $17,178
- Increase in judicial services - $8,100, due to courthouse security
- Increase in public safety functions - $154,876, due mainly to an increase in inmate housing, medical and salaries, and ambulance calls
- Increase in public works services - $114,309, due to an increase in landfill and garage costs
- Increase in health and welfare - $800
- Increase in housing and development functions - $23,750, due to transit costs

Capital Asset and Debt Administration

Capital assets. Taylor County's investment in capital assets for its governmental activities as of June 30, 2012 amounts to $9,068,947 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, and current year infrastructure (roads, highways, and bridges).

Taylor County's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
Land	$ 359,372	$ 359,372	$ -	$ -	$ 359,372	$ 359,372
Construction in progress	1,474,896	136,952	-	-	1,474,896	136,952
Land improvements	25,749	20,463	-	-	25,749	20,463
Buildings and improvements	1,957,740	4,976,827	6,153	5,633	1,963,893	4,982,460
Machinery and equipment	680,980	1,000,184	-	-	680,980	1,000,184
Water system	-	-	860,392	835,018	860,392	835,018
Infrastructure	2,117,576	2,575,149	-	-	2,117,576	2,575,149
Total	$ 6,616,313	$ 9,068,947	$ 866,545	$ 840,651	$ 7,482,858	$ 9,909,598

The total increase in governmental capital assets during the year was $2,452,634, primarily due to the paving of several County roads and the construction of the new County jail. Business-type capital assets decreased by $25,894 due to deprecation.

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

Capital Asset and Debt Administration (Continued)

Long-term debt. At the end of the current fiscal year, Taylor County did not have any outstanding bonded debt. The County's long-term debt consisted of capital leases, estimated landfill postclosure costs, and compensated absences. Additional information on the County's long-term debt can be found in Note 7 of this report.

Economic Factors and Next Year's Budgets

The unemployment rate for Taylor County is currently 9.1%, which is a decrease of 1.90% from a rate of 11% one year ago. The unemployment rate for the State of Georgia at June 30, 2012 is 8.7%.

During the current fiscal year, unassigned fund balance in the General Fund increased to $2,106,496. No fund balance has been appropriated for spending in the 2013 fiscal year budget.

Request for Information

This financial report is designed to provide a general overview of Taylor County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chairman of Taylor County Board of Commissioners, Taylor County, P.O. Box 278, Butler, Georgia 31006.

BASIC FINANCIAL STATEMENTS

TAYLOR COUNTY, GEORGIA

STATEMENT OF NET ASSETS
JUNE 30, 2012

	Primary Government		
ASSETS	**Governmental Activities**	**Business-type Activities**	**Total**
Cash and cash equivalents	$ 6,085,374	$ 21,330	$ 6,106,704
Receivables, net of allowances			
Taxes receivable	292,179	-	292,179
Accounts receivable	93,207	1,207	94,414
Due from other governments	75,230	-	75,230
Inventories	12,507	-	12,507
Prepaid items	129,848	-	129,848
Capital assets, nondepreciable	496,324	-	496,324
Capital assets, depreciable, net of accumulated depreciation	8,572,623	840,651	9,413,274
Total assets	15,757,292	863,188	16,620,480
LIABILITIES			
Accounts payable	50,732	378	51,110
Accrued liabilities	101,040	-	101,040
Accrued interest	2,507	-	2,507
Due to other governments	21,153	-	21,153
Capital leases due within one year	79,009	-	79,009
Capital leases due in more than one year	267,347	-	267,347
Compensated absences due within one year	99,040	-	99,040
Compensated absences due in more than one year	24,760	-	24,760
Landfill postclosure costs due within one year	9,100	-	9,100
Landfill postclosure costs due in more than one year	127,400	-	127,400
Total liabilities	782,088	378	782,466
NET ASSETS			
Invested in capital assets, net of related debt	8,722,591	840,651	9,563,242
Restricted for:			
Judicial	61,936	-	61,936
Public safety	379,793	-	379,793
Public works	1,567,895	-	1,567,895
Capital projects	2,097,364	-	2,097,364
Unrestricted	2,145,625	22,159	2,167,784
Total net assets	$ 14,975,204	$ 862,810	$ 15,838,014

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

Component Units				
Department of Public Health	Development Authority	Recreation Commission	Airport Authority	Building Authority
$ 295,716	$ 4,403	$ 25,901	$ 142,635	$ 34,161
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	99,923	-	1,165,241	-
-	424,485	-	2,370,998	1,224,004
295,716	528,811	25,901	3,678,874	1,258,165
-	-	302	10,000	15
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
9,878	-	-	-	-
15,899	-	-	-	-
-	-	-	-	-
-	-	-	-	-
25,777	-	302	10,000	15
-	524,408	-	3,536,239	1,224,004
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
269,939	4,403	25,599	132,635	34,146
$ 269,939	$ 528,811	$ 25,599	$ 3,668,874	$ 1,258,150

TAYLOR COUNTY, GEORGIA

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 1,187,747	$ 106,151	$ 6,828	$ -
Judicial	425,127	175,122	-	-
Public safety	1,836,912	667,092	62,647	93,338
Public works	1,050,769	777,609	-	170,691
Health and welfare	262,974	129,738	108,426	-
Culture and recreation	121,563	-	-	-
Housing and development	417,824	27,693	-	-
Interest on long-term debt	10,876	-	-	-
Total governmental activities	5,313,792	1,883,405	177,901	264,029
Business-type activities:				
Water and sewer	34,167	12,824	-	-
Total business-type activities	34,167	12,824	-	-
Total primary government	$ 5,347,959	$ 1,896,229	$ 177,901	$ 264,029
Component units:				
Department of Public Health	$ 352,763	$ 50,495	$ 260,039	$ -
Development Authority	37,632	-	20,050	-
Recreation Commission	142,254	47,073	91,976	-
Airport Authority	72,875	4,727	10,000	88,958
Building Authority	47,520	16,700	-	-
Total component units	$ 653,044	$ 118,995	$ 382,065	$ 88,958
General revenues:				
Property taxes				
Sales taxes				
Other taxes				
Unrestricted investment earnings				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning of year				
Net assets, end of year				

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

Net (Expenses) Revenues and Changes in Net Assets								
Primary Government			Component Units					
Governmental Activities	Business-type Activities	Total	Department of Public Health	Development Authority	Recreation Commission	Airport Authority	Building Authority
$ (1,074,768)	$ -	$ (1,074,768)	$ -	$ -	$ -	$ -	$ -
(250,005)	-	(250,005)	-	-	-	-	-
(1,013,835)	-	(1,013,835)	-	-	-	-	-
(102,469)	-	(102,469)	-	-	-	-	-
(24,810)	-	(24,810)	-	-	-	-	-
(121,563)	-	(121,563)	-	-	-	-	-
(390,131)	-	(390,131)	-	-	-	-	-
(10,876)	-	(10,876)	-	-	-	-	-
(2,988,457)	-	(2,988,457)	-	-	-	-	-
-	(21,343)	(21,343)	-	-	-	-	-
-	(21,343)	(21,343)	-	-	-	-	-
$ (2,988,457)	$ (21,343)	$ (3,009,800)	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ (42,229)	$ -	$ -	$ -	$ -
-	-	-	-	(17,582)	-	-	-
-	-	-	-	-	(3,205)	-	-
-	-	-	-	-	-	30,810	-
-	-	-	-	-	-	-	(30,820)
$ -	$ -	$ -	$ (42,229)	$ (17,582)	$ (3,205)	$ 30,810	$ (30,820)
2,005,883	-	2,005,883	-	-	-	-	-
1,394,525	-	1,394,525	-	-	-	-	-
360,793	-	360,793	-	-	-	-	-
6,636	-	6,636	630	-	-	-	-
-	-	-	-	-	-	-	-
3,767,837	-	3,767,837	630	-	-	-	-
779,380	(21,343)	758,037	(41,599)	(17,582)	(3,205)	30,810	(30,820)
14,195,824	884,153	15,079,977	311,538	546,393	28,804	3,638,064	1,288,970
$ 14,975,204	$ 862,810	$ 15,838,014	$ 269,939	$ 528,811	$ 25,599	$ 3,668,874	$ 1,258,150

TAYLOR COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Solid Waste Surcharge Fund	Capital Projects 2000 SPLOST Fund	Capital Projects 2005 SPLOST Fund	Capital Projects 2011 SPLOST Fund
ASSETS					
Cash and cash equivalents	$ 2,029,143	$ 1,541,388	$ 14,448	$ 1,502,250	$ 536,687
Taxes receivable	223,945	-	-	-	68,234
Accounts receivable	64,382	28,825	-	-	-
Due from other governments	73,258	-	-	-	-
Due from other funds	200	4,912	-	-	-
Inventories	12,507	-	-	-	-
Prepaid items	129,848	-	-	-	-
Total assets	$ 2,533,283	$ 1,575,125	$ 14,448	$ 1,502,250	$ 604,921
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 34,112	$ 7,230	$ -	$ 9	$ 3,093
Accrued liabilities	101,040	-	-	-	-
Deferred revenues	149,280	-	-	-	-
Due to other governments	-	-	-	-	21,153
Due to other funds	-	-	-	-	-
Total liabilities	284,432	7,230	-	9	24,246
FUND BALANCES					
Fund balances:					
Nonspendable for:					
Inventory	12,507	-	-	-	-
Prepaid items	129,848	-	-	-	-
Restricted for:					
Judicial	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	1,567,895	-	-	-
Capital projects	-	-	14,448	1,502,241	580,675
Committed for:					
Public safety	-	-	-	-	-
Unassigned	2,106,496	-	-	-	-
Total fund balances	2,248,851	1,567,895	14,448	1,502,241	580,675
Total liabilities and fund balances	$ 2,533,283	$ 1,575,125	$ 14,448	$ 1,502,250	$ 604,921

Amounts reported for governmental activities in the statement of net assets are different because:
- Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.
- Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.
- Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Net assets of governmental activities

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

Capital Projects CDBG Fund	Other Governmental Funds	Total Governmental Funds
$ 1,942	$ 459,516	$ 6,085,374
-	-	292,179
-	-	93,207
-	1,972	75,230
-	-	5,112
-	-	12,507
-	-	129,848
$ 1,942	$ 461,488	$ 6,693,457
$ 1,390	$ 4,898	$ 50,732
-	-	101,040
-	-	149,280
-	-	21,153
5,112	-	5,112
6,502	4,898	327,317
-	-	12,507
-	-	129,848
-	61,936	61,936
-	379,793	379,793
-	-	1,567,895
-	-	2,097,364
-	14,861	14,861
(4,560)	-	2,101,936
(4,560)	456,590	6,366,140
$ 1,942	$ 461,488	
		9,068,947
		149,280
		(609,163)
		$ 14,975,204

TAYLOR COUNTY, GEORGIA

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

	General Fund	Solid Waste Surcharge Fund	Capital Projects 2000 SPLOST Fund	Capital Projects 2005 SPLOST Fund	Capital Projects 2011 SPLOST Fund
Revenues					
Property taxes	$ 2,021,547	$ -	$ -	$ -	$ -
Sales tax	515,863	-	-	233	878,429
Other taxes	360,793	-	-	-	-
Licenses and permits	35,315	-	-	-	-
Intergovernmental	171,073	-	-	-	-
Fines and forfeitures	177,074	-	-	-	-
Charges for services	1,044,380	479,420	-	-	-
Investment income	2,974	2,926	399	5,249	42
Miscellaneous	68,435	-	-	-	-
Total revenues	4,397,454	482,346	399	5,482	878,471
Expenditures					
Current:					
General government	915,007	22,367	-	-	-
Judicial	409,756	8,564	-	-	-
Public safety	1,684,255	58,398	-	-	-
Public works	1,150,902	101,847	-	-	-
Health and welfare	237,759	4,100	-	-	-
Culture and recreation	70,753	-	-	-	-
Housing and development	398,198	671	-	-	-
Intergovernmental	-	-	-	-	272,313
Capital outlay	-	-	563,842	1,520,402	25,483
Debt service:					
Principal	54,779	27,950	-	-	-
Interest	6,557	3,416	-	-	-
Total expenditures	4,927,966	227,313	563,842	1,520,402	297,796
Excess (deficiency) of revenues over (under) expenditures	(530,512)	255,033	(563,443)	(1,514,920)	580,675
Other financing sources (uses):					
Capital leases	215,000	-	-	-	-
Transfers in	200,000	-	-	-	-
Transfers out	-	(200,000)	-	-	-
Total other financing sources (uses)	415,000	(200,000)	-	-	-
Net change in fund balances	(115,512)	55,033	(563,443)	(1,514,920)	580,675
Fund balance (deficit) beginning of year	2,364,363	1,512,862	577,891	3,017,161	-
Fund balance (deficit), end of year	$ 2,248,851	$ 1,567,895	$ 14,448	$ 1,502,241	$ 580,675

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

Capital Projects CDBG Fund	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ 2,021,547
-	-	1,394,525
-	-	360,793
-	-	35,315
258,339	-	429,412
-	62,600	239,674
-	23,009	1,546,809
-	736	12,326
-	-	68,435
258,339	86,345	6,108,836
-	-	937,374
-	3,969	422,289
-	76,236	1,818,889
-	-	1,252,749
-	-	241,859
-	-	70,753
-	-	398,869
-	-	272,313
248,479	-	2,358,206
-	-	82,729
-	-	9,973
248,479	80,205	7,866,003
9,860	6,140	(1,757,167)
-	-	215,000
-	-	200,000
-	-	(200,000)
-	-	215,000
9,860	6,140	(1,542,167)
(14,420)	450,450	7,908,307
$ (4,560)	$ 456,590	$ 6,366,140

TAYLOR COUNTY, GEORGIA

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

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	(1,542,167)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		2,452,634
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(15,664)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(95,371)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(20,052)
Changes in net assets - governmental activities	$	779,380

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

TAYLOR COUNTY, GEORGIA

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

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 1,975,041	$ 1,966,467	$ 2,021,547	$ 55,080
Sales tax	420,000	420,000	515,863	95,863
Other taxes	397,500	397,500	360,793	(36,707)
Licenses and permits	39,000	39,000	35,315	(3,685)
Intergovernmental	210,938	260,938	171,073	(89,865)
Fines and forfeitures	318,211	318,211	177,074	(141,137)
Charges for services	958,653	986,884	1,044,380	57,496
Investment income	3,500	3,500	2,974	(526)
Miscellaneous	45,754	45,754	68,435	22,681
Total revenues	4,368,597	4,438,254	4,397,454	(40,800)
Expenditures:				
Current:				
General government:				
Governing body	370,068	345,310	309,033	36,277
General administration	155,175	155,175	144,989	10,186
Tax commissioner	148,132	148,132	146,919	1,213
Tax assessor	111,821	108,821	103,962	4,859
Registrar	50,417	50,417	42,465	7,952
Records management	2,000	2,000	20	1,980
Buildings and plant	161,186	171,766	167,309	4,457
Board of equalization	2,500	2,500	310	2,190
Total general government	1,001,299	984,121	915,007	69,114
Judicial:				
Superior court	242,712	242,712	225,856	16,856
Probate court	168,107	168,107	162,276	5,831
Courthouse security	-	8,100	7,942	158
Public defender	13,853	13,853	13,682	171
Total judicial	424,672	432,772	409,756	23,016
Public safety:				
Sheriff	1,079,446	959,992	949,007	10,985
Jail	-	153,460	149,322	4,138
Ambulances	344,744	469,744	473,074	(3,330)
Emergency management	15,432	15,432	13,660	1,772
Fire	68,967	68,967	66,140	2,827
Coroner	12,205	12,205	9,730	2,475
Emergency communication	29,130	25,000	23,322	1,678
Total public safety	1,549,924	1,704,800	1,684,255	20,545
Public works:				
Roads and bridges	754,065	645,165	622,131	23,034
Garage	80,103	101,069	98,569	2,500
Landfill	229,585	431,828	430,202	1,626
Total public works	1,063,753	1,178,062	1,150,902	27,160

(Continued)

TAYLOR COUNTY, GEORGIA

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

	Budget			Variance with
	Original	Final	Actual	Final Budget
Health and welfare:				
Health department	$ 150,580	$ 150,580	$ 149,914	$ 666
Family and children services	47,308	47,308	45,389	1,919
Mental retardation	10,616	10,616	10,616	-
Council on aging	28,248	29,048	28,929	119
Neighborhood service center	3,650	3,650	2,911	739
Total health and welfare	240,402	241,202	237,759	3,443
Culture and recreation:				
Parks	46,974	46,974	46,974	-
Libraries	23,779	23,779	23,779	-
Total culture and recreation	70,753	70,753	70,753	-
Housing and development:				
County agent	46,690	46,690	40,684	6,006
Planning and zoning	82,553	82,553	79,856	2,697
Transit	173,295	194,595	194,022	573
Airport	10,000	10,000	10,000	-
Forestry	23,764	23,764	23,764	-
Soil conservation	26,942	29,392	29,297	95
Industrial development authority	23,578	23,578	20,575	3,003
Total housing and development	386,822	410,572	398,198	12,374
Debt service				
Principal	62,837	62,837	54,779	8,058
Interest	7,764	7,764	6,557	1,207
Total debt service	70,601	70,601	61,336	9,265
Total expenditures	4,808,226	5,092,883	4,927,966	164,917
Deficiency of revenues under expenditures	(439,629)	(654,629)	(530,512)	124,117
Other financing sources:				
Capital leases	-	215,000	215,000	-
Transfers in	439,629	439,629	200,000	(239,629)
Total other financing sources	439,629	654,629	415,000	(239,629)
Net change in fund balance	-	-	(115,512)	(115,512)
Fund balance, beginning of year	2,364,363	2,364,363	2,364,363	-
Fund balance, end of year	$ 2,364,363	$ 2,364,363	$ 2,248,851	$ (115,512)

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

TAYLOR COUNTY, GEORGIA

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

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Charges for services	$ 536,500	$ 536,500	$ 479,420	$ (57,080)
Investment income	3,500	3,500	2,926	(574)
Miscellaneous income	10,000	10,000	-	(10,000)
Total revenues	550,000	550,000	482,346	(67,654)
Expenditures:				
Current:				
General government	28,250	28,250	22,367	5,883
Judicial	16,500	16,500	8,564	7,936
Public safety	112,700	112,700	58,398	54,302
Public works	149,050	149,050	101,847	47,203
Health and welfare	5,000	5,000	4,100	900
Housing and development	5,500	5,500	671	4,829
Debt service:				
Principal	22,000	22,000	27,950	(5,950)
Interest	11,000	11,000	3,416	7,584
Total expenditures	350,000	350,000	227,313	121,053
Excess of revenues over expenditures	200,000	200,000	255,033	55,033
Other financing uses:				
Transfers out	(200,000)	(200,000)	(200,000)	-
Total other financing uses	(200,000)	(200,000)	(200,000)	-
Net change in fund balance	-	-	55,033	55,033
Fund balance, beginning of year	1,512,862	1,512,862	1,512,862	-
Fund balance, end of year	$ 1,512,862	$ 1,512,862	$ 1,567,895	$ 55,033

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

TAYLOR COUNTY, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Major Enterprise Fund Water and Sewer Fund
ASSETS	
Current assets:	
Cash	$ 21,330
Accounts receivable, net of allowance	1,207
Total current assets	22,537
Capital assets:	
Capital assets, depreciable, net of accumulated depreciation	840,651
Total assets	863,188
LIABILITIES	
Current liabilities:	
Accounts payable	378
NET ASSETS	
Invested in capital assets	840,651
Unrestricted	22,159
Total net assets	$ 862,810

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

TAYLOR COUNTY, GEORGIA

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

	Major Enterprise Fund Water and Sewer Fund
Operating revenues:	
Charges for services:	
Water and sewer sales	$ 12,824
Total operating revenues	12,824
Operating expenses:	
Repairs and maintenance	1,742
Utilities	5,300
Dues and supplies	1,231
Depreciation	25,894
Total operating expenses	34,167
Operating loss	(21,343)
Change in net assets	(21,343)
Net assets, beginning of year	884,153
Net assets, end of year	$ 862,810

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

TAYLOR COUNTY, GEORGIA

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

	Major Enterprise Fund Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 12,875
Payments to suppliers and service providers	(8,584)
Net cash provided by operating activities	4,291
Net increase in cash and cash equivalents	4,291
Cash and cash equivalents:	
Beginning of year	17,039
End of year	$ 21,330
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	$ (21,343)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	25,894
Decrease in accounts receivable	51
Decrease in accounts payable	(311)
Net cash provided by operating activities	$ 4,291

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

TAYLOR COUNTY, GEORGIA

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

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 133,621
Taxes receivable	332,957
Total assets	$ 466,578
LIABILITIES	
Due to others	$ 133,621
Uncollected taxes	332,957
Total liabilities	$ 466,578

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The County is governed by an elected five-member Board of Commissioners. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of Taylor County, Georgia (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County. In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board Statement No. 14, the financial statements of the component units are discretely presented in the financial statements.

The Taylor County Airport Authority was established as a legally separate entity in 1994 and given the power to acquire, construct, equip, maintain, operate, own, and improve airports and landing fields for the use of aircraft and related buildings and equipment. The five members of the Airport Authority are appointed by the Board of Commissioners.

The Taylor County Recreation Commission was established as a legally separate entity in 1946. The Commission is governed by a six-member board composed of two members from the County and two from the City of Reynolds and the City of Butler. The County approves the budget of the Commission, and carries out its day-to-day operations.

The Taylor County Building Authority was established as a legally separate entity in 1995 and is responsible for the operations of the Taylor County Multi-Purpose Facility. The five members of the Building Authority are appointed by the Board of Commissioners.

The Taylor County Department of Public Health is governed by a seven-member board, of which four members are appointed by the governing authority of the County. The County approves the required local match portion of the budget requested by the Health Department which is administered by the appointed Board of the Health Department. The Health Department’s financial statements have been presented separately and can be obtained by writing to the Taylor County Department of Public Health, P. O. Box 158, Butler, Georgia 31006.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

The Taylor County Development Authority was established as a legally separate entity in 1984. The seven members of the Development Authority are appointed by the Board of Commissioners.

The Taylor County Development Authority, the Taylor County Airport Authority, the Taylor County Recreation Commission and the Taylor County Building Authority are audited along with the primary government financial statements in accordance with Governmental Accounting Standards Board Statement No. 14. However, separate financial statements are not prepared.

B. Government-wide and Fund Financial Statements

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The format of the fund financial statements has been modified by GASB Statement No. 34. Major individual governmental funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 also requires, as required supplementary information, Management's Discussion and Analysis which includes an analytical overview of the County's financial activity.

The County reports the following major governmental funds:

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

The ***Solid Waste Surcharge Fund*** is a special revenue fund used to account for the funds received from the use of the S.R. 137 landfill in accordance with the Official Code of Georgia (OCGA) Section 12-8-39.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The ***SPLOST 2000 Fund*** is a capital projects fund used to account for the construction and acquisition of major capital facilities financed by 2000 Special Purpose Local Option Sales Tax proceeds.

The ***SPLOST 2005 Fund*** is a capital projects fund used to account for the construction and acquisition of major capital facilities financed by 2005 Special Purpose Local Option Sales Tax proceeds.

The ***SPLOST 2011 Fund*** is a capital projects fund used to account for the construction and acquisition of major capital facilities financed by 2011 Special Purpose Local Option Sales Tax proceeds.

The ***CDBG Fund*** is a capital projects fund used to account for the operations of the Community Development Block Grant program.

The County reports the following major proprietary fund:

The ***Water and Sewer Fund*** accounts for the operation of the water and sewerage system including all revenues from sources applicable to these operations and all expenses of the operation.

Additionally, the County reports the following fund types:

The ***special revenue funds*** account for specific revenues that are legally restricted to expenditures for particular purposes.

The ***agency funds*** are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals. These include the Tax Commissioner, Clerk of Superior Court, Probate Court, Magistrate Court, and Sheriff.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

D. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General Fund and each special revenue fund. Project length budgets are adopted for the capital project funds. All annual appropriations lapse at fiscal year end.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. Encumbrances are not used by Taylor County, Georgia.

E. Deposits and Investments

For purposes of the statement of cash flows, the Water and Sewer Fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchases agreements.

Investments are reported at fair value.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

G. Inventories

Inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

H. Prepaid Items

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

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than $1,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. In accordance with GASB 34, the County has elected not to include infrastructure acquired or constructed prior to July 1, 2003.

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

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

Asset Category	Years
Land improvements	15-20
Buildings and improvements	15-40
Machinery and equipment	5-10
Infrastructure	20-50
Water system	40

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Compensated Absences

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

K. Long-Term Obligations

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

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

L. Fund Equity

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity (Continued)

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

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity (Continued)

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

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

M. Use of Estimates

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

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this $609,163 difference are as follows:

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

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets (Continued)

Capital leases payable	$	(346,356)
Landfill postclosure costs		(136,500)
Compensated absences		(123,800)
Accrued interest expense		(2,507)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at net assets - governmental activities	$	(609,163)

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $2,452,634 difference are as follows:

Capital outlay	$	2,816,653
Depreciation expense		(364,019)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets - governmental activities*	$	2,452,634

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

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

Another element of the reconciliation states that "The issuance of long term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." The details of this $95,371 difference are as follows:

Debt incurred:		
Capital leases	$	(215,000)
Principal repayments:		
Capital leases		82,729
Landfill postclosure costs		36,900
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets - governmental activities*	$	(95,371)

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $20,052 difference are as follows:

Compensated absences	$	(19,149)
Accrued interest expense		(903)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets - governmental activities*	$	(20,052)

NOTE 3. LEGAL COMPLIANCE - BUDGETS

Taylor County, Georgia follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. Prior to May 1, the Department Heads submit to the County Manager proposed operating budgets for the fiscal year commencing the following July 1, for the General Fund and each special revenue fund. The operating budget includes proposed expenditures and the means of financing them. The proposed budgets are then submitted to the Board of Commissioners by the County Manager for study.

2. Public hearings are conducted at the courthouse to obtain taxpayer comments.

3. The budget is legally adopted by the Board of Commissioners.

4. Budgeted amounts can be transferred between departments within any fund; however, any revisions of the budget must be approved by the Board of Commissioners.

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, and each special revenue fund.

6. Budgets for the General Fund and each special revenue fund were adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

Budgeted amounts are as originally adopted on June 16, 2011 or as amended by the Board of Commissioners. Individual amendments were not material in relation to the original appropriations.

NOTE 4. DEPOSITS AND INVESTMENTS

Credit risk. State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The County had no investments as of June 30, 2012.

Interest rate risk. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

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

NOTE 5. RECEIVABLES

Property taxes attach as an enforceable lien on property as of December 21, 2011. Taxes were levied on September 22, 2011, and payable on or before December 20, 2011. The County bills and collects its own property taxes. Property taxes levied for 2011 are recorded as receivables, net of estimated uncollectibles.

The net receivables collected during the year ended June 30, 2012 and expected to be collected by August 31, 2012, are recognized as revenues in the year ended June 30, 2012. Net receivables estimated to be collectible subsequent to August 31, 2012, are recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually.

Receivables consisted of the following at June 30, 2012:

	General	Solid Waste Surcharge	2011 SPLOST
Receivables:			
Taxes	$ 273,705	$ -	$ 68,234
Accounts	64,382	28,825	-
Due from other governments	73,258	-	-
Gross receivables	411,345	28,825	68,234
Less allowance	49,760	-	-
Net total receivables	$ 361,585	$ 28,825	$ 68,234

	Water and Sewer Fund	Nonmajor Funds	Total
Receivables:			
Taxes	$ -	$ -	$ 341,939
Accounts	1,613	-	94,820
Due from other governments	-	1,972	75,230
Gross receivables	1,613	1,972	511,989
Less allowance	406	-	50,166
Net total receivables	$ 1,207	$ 1,972	$ 461,823

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 359,372	$ -	$ -	$ -	$ 359,372
Construction in progress	1,474,896	2,225,090	-	(3,563,034)	136,952
Total	1,834,268	2,225,090	-	(3,563,034)	496,324
Capital assets, being depreciated:					
Land improvements	94,295	-	-	-	94,295
Buildings and improvements	3,592,192	49,052	-	3,067,126	6,708,370
Machinery and equipment	5,041,334	534,320	(129,319)	-	5,446,335
Infrastructure	2,325,517	8,191	-	495,908	2,829,616
Total	11,053,338	591,563	(129,319)	3,563,034	15,078,616
Less accumulated depreciation for:					
Land improvements	68,546	5,286	-	-	73,832
Buildings and improvements	1,634,452	97,091	-	-	1,731,543
Machinery and equipment	4,360,354	215,116	(129,319)	-	4,446,151
Infrastructure	207,941	46,526	-	-	254,467
Total	6,271,293	364,019	(129,319)	-	6,505,993
Total capital assets, being depreciated, net	4,782,045	227,544	-	3,563,034	8,572,623
Governmental activities capital assets, net	$ 6,616,313	$ 2,452,634	$ -	$ -	$ 9,068,947

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, being depreciated:					
Buildings and improvements	$ 7,800	$ -	$ -	$ -	$ 7,800
Water system	1,002,766	-	-	-	1,002,766
Total	1,010,566	-	-	-	1,010,566
Less accumulated depreciation for:					
Buildings and improvements	1,647	520	-	-	2,167
Water system	142,374	25,374	-	-	167,748
Total	144,021	25,894	-	-	169,915
Total capital assets, being depreciated, net	866,545	(25,894)	-	-	840,651
Business-type activities capital assets, net	$ 866,545	$ (25,894)	$ -	$ -	$ 840,651

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

Governmental activities:	
General government	$ 24,686
Judicial	6,724
Public safety	156,752
Public works	133,407
Health and welfare	21,115
Culture and recreation	2,834
Housing and development	18,501
Total depreciation expense - governmental activities	$ 364,019
Business-type activities:	
Water and sewer	$ 25,894
Total depreciation expense - business-type activities	$ 25,894

NOTE 6. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the Taylor County Development Authority for the fiscal year ended June 30, 2012, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 99,923	$ -	$ -	$ 99,923
Capital assets, being depreciated:				
Building	689,789	-	-	689,789
Less accumulated depreciation for:				
Building	247,617	17,687	-	265,304
Total capital assets, being depreciated, net	442,172	(17,687)	-	424,485
Capital assets, net	$ 542,095	$ (17,687)	$ -	$ 524,408

Capital asset activity for the Taylor County Airport Authority for the fiscal year ended June 30, 2012, is as follows:

	Balance	Increases	Decreases	Transfers	Balance
Capital assets, not being depreciated:					
Land	$ 1,130,445	$ -	$ -	$ -	$ 1,130,445
Construction in progress	10,218	24,578	-	-	34,796
Total capital assets, not being depreciated	1,140,663	24,578	-	-	1,165,241
Capital assets, being depreciated:					
Equipment	7,209	-	-	-	7,209
Infrastructure	2,431,468	115,307	-	-	2,546,775
Total	2,438,677	115,307	-	-	2,553,984
Less accumulated depreciation for:					
Equipment	7,209	-	-	-	7,209
Infrastructure	111,406	64,371	-	-	175,777
Total	118,615	64,371	-	-	182,986
Total capital assets, being depreciated, net	2,320,062	50,936	-	-	2,370,998
Capital assets, net	$ 3,460,725	$ 75,514	$ -	$ -	$ 3,536,239

NOTE 6. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the Taylor County Building Authority for the fiscal year ended June 30, 2012 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Building	$ 1,551,174	$ -	$ -	$ 1,551,174
Total	1,551,174	-	-	1,551,174
Less accumulated depreciation for:				
Building	287,396	39,774	-	327,170
Total	287,396	39,774	-	327,170
Total capital assets, being depreciated, net	1,263,778	(39,774)	-	1,224,004
Capital assets, net	$ 1,263,778	$ (39,774)	$ -	$ 1,224,004

NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the primary government for the fiscal year ended June 30, 2012:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases	$ 214,085	$ 215,000	$ 82,729	$ 346,356	$ 79,009
Landfill postclosure	173,400	-	36,900	136,500	9,100
Compensated absences	104,651	91,215	72,066	123,800	99,040
Totals	$ 492,136	$ 306,215	$ 191,695	$ 606,656	$ 187,149

For governmental activities, compensated absences are ordinarily liquidated by the General Fund, while landfill postclosure costs are liquidated by the Solid Waste Surcharge Fund.

NOTE 7. LONG-TERM DEBT (CONTINUED)

Capital Leases. The County has entered into lease agreements as lessee for financing the acquisition of vehicles. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease term) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception. Equipment leased under capital leases totaled $476,328 and is included in capital assets of the governmental funds.

The following is a schedule of future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2012:

Fiscal Year Ending June 30,		
2013	$	91,243
2014		95,087
2015		90,884
2016		65,606
2017		35,705
Total minimum lease payments		378,525
Less amount representing interest		32,169
Present value of future minimum lease payments	$	346,356

NOTE 8. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following General Fund departments and major special revenue funds had an excess of actual expenditures over appropriations for the fiscal year ended June 30, 2012:

General Fund:		
Ambulances	$	3,330
Solid Waste Surcharge Fund:		
Debt service - principal		5,950

The excess in the General Fund was funded through additional revenues. The excess in the Solid Waste Surcharge Fund was funded through underexpenditures in other departments.

NOTE 9. INTERFUND TRANSACTIONS

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

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	CDBG Fund	$ 200
Solid Waste Surcharge	CDBG Fund	4,912
		$ 5,112

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

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Solid Waste Surcharge Fund	$ 200,000

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that the statute or budget requires to expend them, and (2) use of unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 10. RETIREMENT PLAN

A. Plan Description

The Taylor County, Georgia Retirement Plan is a defined contribution plan which was established and may be amended by the County to provide benefits at retirement to general employees of the County. The plan is administered by Nationwide Life Insurance Company. Plan members are not required to contribute to this plan. Taylor County is required to contribute 5% of annual covered payroll. Plan provisions and contribution requirements are established and may be amended by the Taylor County Board of Commissioners. Total contributions made to the plan by Taylor County, Georgia during the fiscal year ended June 30, 2012 were $81,967.

B. Significant Accounting Policies

Basis of Accounting: The Taylor County, Georgia Retirement Plan financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized in the period that the contributions are due.

Methods Used to Value Investments: Plan investments are reported at fair value. Short-term investments are purchased at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair values.

NOTE 11. LANDFILL POSTCLOSURE COSTS

Effective July 16, 1990, the Taylor County Landfill was closed and no additional waste has been accepted. According to state and federal laws and regulations, the County must perform certain maintenance and monitoring functions at the site for a minimum of 30 years. Engineering studies estimate postclosure costs of approximately $136,500 over the remaining 15-year period. These costs are based on what it would cost to perform all postclosure care in 2012, adjusted annually for inflation. Actual costs may be higher due to changes in inflation, changes in technology, or changes in regulations. Should any problems occur during this postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

NOTE 12. RISK MANAGEMENT

The County is exposed to various risks of losses related to: torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County purchases commercial insurance to cover property and liability and professional liability claims.

The County participates in the Association of County Commissioners of Georgia Group Self-Insurance Workers' Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments. As part of this risk pool, the County is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the fund, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pool's agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

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

There have been no significant reductions of insurance coverage from coverage in the prior year, and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 13. JOINT VENTURE

River Valley Regional Commission

Under Georgia law, the County, in conjunction with other cities and counties in the 16-county west central Georgia area, is a member of the River Valley Regional Commission (RC) and is required to pay annual dues thereto. During its year ended June 30, 2012, the County paid $5,848 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia.

The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from: River Valley Regional Commission, 228 West Lamar Street, Americus, Georgia 31709.

Middle Flint Regional E-911 Authority

The Middle Flint Regional E-911 Authority (the "E-911 Authority") is comprised of eight board members: two appointed by the County and the remaining six appointed by the other representative counties. The County allocated to the E-911 Authority $23,322 during the year to assist with general operating expenses. The County governing body does not approve the budget nor does it have any oversight of the day to day operations of the E-911 Authority. The E-911 Authority was established to provide emergency communications services to Dooly, Macon, Marion, Schley, Sumter, Taylor and Webster counties. Separate financial statements may be obtained from: Middle Flint Regional E-911 Authority, 222 Hayes Avenue, Ellaville, Georgia 31806.

NOTE 14. COMMITMENTS AND CONTINGENCIES

Litigation:

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

Contractual Commitments:

In addition to the liabilities enumerated in the balance sheet at June 30, 2012, the County has contractual commitments on uncompleted contracts of approximately $81,563.

Grant Contingencies:

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Jail Fund – To account for revenues collected by the imposition of a 10% add-on fine as provided for by the Georgia Jail Construction and Staffing Act.

Law Library Fund – To account for costs of operating and maintaining the Taylor County Law Library. Financing is provided from a $2 charge added to and collected on all costs in civil and criminal cases.

Special Purpose Drug Fund – To account for monies deemed as forfeited property by courts to Taylor County from cases related to illegal drug activity and the disbursement of these funds for drug prevention activities.

Drug Education Fund – To account for fines collected as required by state law for drug abuse treatment and educational purposes.

Inmate Fund – To account for revenues from telephone commissions at the Sheriff's Office and the disbursement of these funds for items to benefit the inmates.

TAYLOR COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue					
	Jail Fund	Law Library Fund	Special Purpose Drug Fund	Drug Education Fund	Inmate Fund	Totals
ASSETS						
Cash	$ 343,725	$ 61,936	$ 11,971	$ 22,125	$ 19,759	$ 459,516
Due from other governments	1,972	-	-	-	-	1,972
Total assets	$ 345,697	$ 61,936	$ 11,971	$ 22,125	$ 19,759	$ 461,488
LIABILITIES						
Accounts payable	$ -	$ -	$ -	$ -	$ 4,898	$ 4,898
Total liabilities	-	-	-	-	4,898	4,898
FUND BALANCES						
Restricted for:						
Judicial	$ -	$ 61,936	$ -	$ -	$ -	$ 61,936
Public safety	345,697	-	11,971	22,125	-	379,793
Committed for:						
Public safety	-	-	-	-	14,861	14,861
Total fund balances	345,697	61,936	11,971	22,125	14,861	456,590
Total liabilities and fund balances	$ 345,697	$ 61,936	$ 11,971	$ 22,125	$ 19,759	$ 461,488

TAYLOR COUNTY, GEORGIA

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

	Special Revenue					
	Jail Fund	Law Library Fund	Special Purpose Drug Fund	Drug Education Fund	Inmate Fund	Totals
Revenues:						
Fines and forfeitures	$ 33,036	$ 7,703	$ 16,962	$ 4,899	$ -	$ 62,600
Charges for services	-	-	-	-	23,009	23,009
Investment income	704	-	-	32	-	736
Total revenues	33,740	7,703	16,962	4,931	23,009	86,345
Expenditures:						
Current:						
Judicial	-	3,969	-	-	-	3,969
Public safety	7,764	-	41,646	3,144	23,682	76,236
Total expenditures	7,764	3,969	41,646	3,144	23,682	80,205
Net change in fund balances	25,976	3,734	(24,684)	1,787	(673)	6,140
Fund balances, beginning of year	319,721	58,202	36,655	20,338	15,534	450,450
Fund balances, end of year	$ 345,697	$ 61,936	$ 11,971	$ 22,125	$ 14,861	$ 456,590

TAYLOR COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 1995 ISSUE FOR THE YEAR ENDED JUNE 30, 2012

Project Description Per SPLOST Referendum	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Construction of Fire Department Building	$ 80,000	$ 80,000	$ 83,780	$ 30	$ 83,810
Restoration and Renovation of Historic Properties	878,000	878,000	729,189	-	729,189
Construction of Recreational Facilities	224,000	224,000	231,704	-	231,704
Construction of County Administration Building	100,000	100,000	69,914	-	69,914
Construction and Repair of Roads, Streets, and Bridges	1,920,000	1,920,000	2,085,752	-	2,085,752
	$ 3,202,000	$ 3,202,000	$ 3,200,339	$ 30	$ 3,200,369

TAYLOR COUNTY, GEORGIA

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

Project Description Per SPLOST Referendum	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Construction of County Jail	$ 3,000,000	$ 3,000,000	$ 952,042	$ 543,246	$ 1,495,288
Construction of Recreational Facilities	290,000	290,000	302,561	-	302,561
Construction and Repair of Roads, Streets, and Bridges	3,100,000	3,100,000	2,558,655	5	2,558,660
Water and Sewer Project with Butler and Reynolds	510,000	510,000	284,090	-	284,090
Construction of Public Safety Building	100,000	100,000	28,741	20,561	49,302
	$ 7,000,000	$ 7,000,000	$ 4,126,089	$ 563,812	$ 4,689,901

Total expenditures from 1995 SPLOST Issue	30
Total expenditures reported in 2000 SPLOST Fund	$ 563,842

TAYLOR COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2005 ISSUE FOR THE YEAR ENDED JUNE 30, 2012

Project Description Per SPLOST Referendum	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Construction of County Jail	$ 2,785,600	$ 2,785,600	$ 148,742	$ 1,423,127	$ 1,571,869
Construction of Recreational Facilities	285,600	285,600	104,709	47,755	152,464
Construction and Repair of Roads, Streets, and Bridges	3,428,800	3,428,800	1,735,031	49,520	1,784,551
City of Butler	849,600	849,600	553,154	-	553,154
City of Reynolds	650,400	650,400	417,377	-	417,377
	$ 8,000,000	$ 8,000,000	$ 2,959,013	$ 1,520,402	$ 4,479,415

TAYLOR COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2011 ISSUE FOR THE YEAR ENDED JUNE 30, 2012

Project Description Per SPLOST Referendum	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Construction of County Courthouse	$ 500,000	$ 500,000	$ -	$ 14,080	$ 14,080
Construction of Recreational Facilities	150,000	150,000	-	221	221
Construction of Public Safety Facilities	100,000	100,000	-	252	252
Construction of County Communication Equipment	100,000	100,000	-	2,977	2,977
Construction of Fire Protection And Rescue Facilities	650,000	650,000	-	7,688	7,688
Construction and Repair of Roads, Streets, and Bridges	4,020,000	4,020,000	-	265	265
City of Butler	1,360,000	1,360,000	-	149,333	149,333
City of Reynolds	1,120,000	1,120,000	-	122,980	122,980
	$ 8,000,000	$ 8,000,000	$ -	$ 297,796	$ 297,796

AGENCY FUNDS

Tax Commissioner – To account for the collection and payment to Taylor County and other taxing units of the property taxes levied, billed, and collected by the Tax Commissioner on behalf of Taylor County and other taxing units.

Clerk of Superior Court – To account for all monies received by the Clerk of Superior Court on behalf of individuals, private organizations, other governmental units, and other funds.

Probate Court – To account for all monies received by the Probate Court on behalf of individuals, private organizations, other governmental units, and other funds.

Magistrate Court – To account for all monies received by the Magistrate Court on behalf of individuals, private organizations, other governmental units, and other funds.

Sheriff – To account for all monies received by the Sheriff's Department on behalf of individuals, private organizations, other governmental units, and other funds.

TAYLOR COUNTY, GEORGIA

COMBINING BALANCE SHEET
AGENCY FUNDS
JUNE 30, 2012

ASSETS	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court	Sheriff	Total
Cash	$ 51,575	$ 46,133	$ 19,429	$ 13,303	$ 3,181	$ 133,621
Taxes receivable	332,957	-	-	-	-	332,957
Total assets	$ 384,532	$ 46,133	$ 19,429	$ 13,303	$ 3,181	$ 466,578
LIABILITIES						
Due to others	$ 51,575	$ 46,133	$ 19,429	$ 13,303	$ 3,181	$ 133,621
Uncollected taxes	332,957	-	-	-	-	332,957
Total liabilities	$ 384,532	$ 46,133	$ 19,429	$ 13,303	$ 3,181	$ 466,578

COMPLIANCE SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

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

Board of Commissioners
of Taylor County, Georgia
Butler, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Taylor County, Georgia as of and for the year ended June 30, 2012 which collectively comprise Taylor County, Georgia's basic financial statements and have issued our report thereon dated December 13, 2012. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Taylor County Department of Public Health, as described in our report on Taylor County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2012-1 through 2012-3 to be material weaknesses.

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 the deficiency described in the accompanying schedule of findings and responses as item 2012-4 to be a significant deficiency.

Compliance and Other Matters

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

We noted certain matters that we reported to the management of Taylor County, Georgia in a separate letter dated December 13, 2012.

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

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

Mauldin & Jenkins, LLC

Macon, Georgia
December 13, 2012

TAYLOR COUNTY, GEORGIA

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

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

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

Federal Awards

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

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2012-1. Revenue/Receivables Cycle

Criteria: Generally accepted accounting principles require revenues to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Condition: The County did not appropriately record all transactions involving the receivable and revenue accounts during the year ended June 30, 2012.

Context/Cause: During our testing of revenues and receivables, audit adjustments were required to correct various account balances. These adjustments were due to the inclusion of receivables that should not have been recorded at year-end and additional receivables that should have been recorded.

Effect: Audit adjustments to decrease due from other funds in the amount of $3,243, decrease revenues in the amount of $545, decrease accounts receivable in the amount of $4,567, and decrease deferred revenue in the amount of $7,265 were required to be recorded in the General Fund as of June 30, 2012. Additionally, audit adjustments to decrease due to other funds in the amount of $28,822, decrease accounts payable in the amount of $15, and increase revenues in the amount of $28,837 were required to be reported in the 2005 SPLOST Fund as of June 30, 2012.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2012-1. Revenue/Receivables Cycle (Continued)

Recommendation: We recommend the County record the necessary adjustments to reflect the accounts receivable balances at the conclusion of each financial reporting cycle.

Views of Responsible Officials and Planned Corrective Action: We concur. We will take appropriate measures to ensure all receivables are appropriately recorded at year end.

2012-2. Expenditure/Payable Cycle

Criteria: Generally accepted accounting principles require reporting of all current liabilities when the goods have been received or services have been performed, regardless of the timing of related cash flows.

Condition: The County did not appropriately record all transactions involving the payable and expenditure accounts during the year ended June 30, 2012.

Context/Cause: During our testing of accounts payable, adjustments were required to correct year-end balances.

Effect: An audit adjustment to decrease accounts payable and expenditures in the amount of $21,362 was required to be reported in the CDBG Fund as of June 30, 2012. Additionally, an adjustment to decrease accounts payable and expenditures in the amount of $157,287 was required to be reported in the 2000 SPLOST Fund as of June 30, 2012. Additionally, an adjustment to increase accounts payable and expenditures in the amount of $138,303 was required to be reported in the 2005 SPLOST Fund as of June 30, 2012. Finally, an adjustment to decrease accounts payable and due from other funds in the amount of $33,947 was required to be reported in the 2011 SPLOST Fund as of June 30, 2012.

Recommendation: We recommend the County record the necessary adjustments to reflect the accounts payable balances at the conclusion of each financial reporting cycle.

Views of Responsible Officials and Planned Corrective Action: We concur. We will take appropriate measures to ensure all payables are appropriately recorded at year end.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2012-3. Capital Assets

Criteria: Proprietary funds use the economic resources measurement focus, which requires those funds to report all assets and liabilities, including capital assets.

Condition: The County did not appropriately record all capital asset transactions in the Potterville Water and Sewer Fund and the Airport Authority (component unit) during the year ended June 30, 2012.

Context: See above condition.

Effect: An adjustment to increase depreciation expense in the amount of $9,219 was required to be recorded in the Potterville Water and Sewer Fund as of June 30, 2012. Additionally, an adjustment to increase depreciation expense in the amount of $64,371 was required to be recorded in the Airport Authority (component unit) as of June 30, 2012.

Recommendation: We recommend the County record all capital asset transactions, including depreciation expense appropriately as they occur during the year.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will record all capital asset transactions appropriately as they occur during the year.

2012-4. Segregation of Duties

Condition: Appropriate segregation of duties does not exist among recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds possessed by the County.

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

Context: Several instances of overlapping duties were noted during interviews regarding internal control procedures. This was noted in the following offices/departments: Finance, Water, Clerk of Court, Probate/Magistrate Court, Sheriff's Office, Tax Commissioner, and Development Authority.

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

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2012-4. Segregation of Duties (Continued)

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

Views of Responsible Officials and Planned Corrective Action: We concur. The offices are in the process of reviewing their respective systems to evaluate and determine the most efficient and effective solution to properly segregate duties among recording, distribution, and reconciliation of accounts to provide reasonable assurance that an individual cannot misappropriate funds without being detected during the normal course of business.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not Applicable

TAYLOR COUNTY, GEORGIA

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

2011-1. Revenue/Receivables Cycle

Criteria: Generally accepted accounting principles require revenues to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Condition: The County did not appropriately record all transactions involving the receivable and revenue accounts during the year ended June 30, 2011.

Auditee Response/Status: Unresolved. See current year finding number 2012-1.

2011-2. Expenditure/Payable Cycle

Criteria: Generally accepted accounting principles require reporting of all current liabilities when the goods have been received or services have been performed, regardless of the timing of related cash flows.

Condition: The County did not properly reverse an entry made during the prior year to record accounts payable transactions. Additionally, the County did not appropriately record all transactions involving the payable and expenditure accounts during the year ended June 30, 2011.

Auditee Response/Status: Unresolved. See current year finding number 2012-2.

2011-3. Recording of Capital Leases

Criteria: Generally accepted accounting principles require the issuance of long-term debt in a governmental fund, including capital leases, to be treated as an other financing source. The amount reported should equal minimum lease payments at the inception of the capital lease.

Condition: During the year ended June 30, 2011, the County entered into a new capital lease agreement. However, this new lease was recorded as a liability instead of being treated as an other financing source as noted above.

Auditee Response/Status: Unresolved. This finding was corrected during the current year and is not included in the Schedule of Findings and Responses for the year ending June 30, 2012.

2011-4. Capital Assets

Criteria: Proprietary funds use the economic resources measurement focus, which requires those funds to report all assets and liabilities, including capital assets.

Condition: The County did not appropriately record all capital assets transactions in the Potterville Water and Sewer Fund and the Airport Authority during the year ended June 30, 2011.

Auditee Response/Status: Unresolved. See current year finding number 2012-3.

TAYLOR COUNTY, GEORGIA

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

2011-5. Segregation of Duties

Condition: Appropriate segregation of duties does not exist among recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds possessed by the County.

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

Auditee Response/Status: Unresolved. See current year finding number 2012-4.