TAYLOR COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2013

TAYLOR COUNTY, GEORGIA

FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2013

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MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
of Taylor County, Georgia
Butler, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Taylor County, Georgia (the "County") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Taylor County, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Taylor County Department of Public Health, which represent 5%, 4%, and 59%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Taylor County Department of Public Health, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Emphasis of Matter

As described in Note 1, Taylor County, Georgia implemented Governmental Accounting Standards Board Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and No. 65, *Items Previously Reported as Assets and Liabilities*, effective July 1, 2012. These standards modified terminology and presentation of certain accounts and changed the accounting for bond issuance costs. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 11) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Taylor County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedules of expenditures of special purpose local option sales proceeds, as required by the Official Code of Georgia 48-8-21, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basis financial statements.

The combining and individual nonmajor fund financial statements and schedules 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedules of expenditures of special purpose local option sales tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2013, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Taylor County, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
December 19, 2013

TAYLOR COUNTY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

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, 2013. 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, 2013 by $16,685,111 (net position). Of this amount, $2,666,266 (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors.
- At June 30, 2013, Taylor County's General Fund reports an unassigned fund balance of $2,462,238, an increase of $355,742 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 position and the statement of activities, which are described below.

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

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future 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 12 - 15 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, CDBG Grant Fund, and T-SPLOST). Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, 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 24 - 26 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 27 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 28 - 49 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 $16,685,111 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 63.5% percent of the County's total net position. 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 Position

	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Current and other assets	$ 6,688,345	$ 6,509,241	$ 22,537	$ 26,798	$ 6,710,882	$ 6,536,039
Capital assets	9,068,947	10,395,482	840,651	814,757	9,909,598	11,210,239
Total assets	15,757,292	16,904,723	863,188	841,555	16,620,480	17,746,278
Other liabilities	175,432	496,204	378	1,334	175,810	497,538
Long-term liabilities outstanding	606,656	563,629	-	-	606,656	563,629
Total liabilities	782,088	1,059,833	378	1,334	782,466	1,061,167
Net position:						
Invested in capital assets, net of related debt	8,722,591	9,783,150	840,651	814,757	9,563,242	10,597,907
Restricted	4,106,988	3,420,938	-	-	4,106,988	3,420,938
Unrestricted	2,145,625	2,640,802	22,159	25,464	2,167,784	2,666,266
Total net position	$ 14,975,204	$ 15,844,890	$ 862,810	$ 840,221	$ 15,838,014	$ 16,685,111

Governmental Activities. Governmental activities increased the county's net position by $869,686.

Taylor County's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Revenues:						
Program revenues						
Charges for services	$ 1,883,405	$ 1,959,123	$ 12,824	$ 12,581	$ 1,896,229	$ 1,971,704
Operating grants and contributions	177,901	247,977	-	-	177,901	247,977
Capital grants and contributions	264,029	388,035	-	-	264,029	388,035
General revenues:						
Property taxes	2,005,883	2,067,393	-	-	2,005,883	2,067,393
Sales taxes	1,394,525	1,553,753	-	-	1,394,525	1,553,753
Other taxes	360,793	408,996	-	-	360,793	408,996
Unrestricted investment earnings	6,636	3,236	-	-	6,636	3,236
Total revenues	6,093,172	6,628,513	12,824	12,581	6,105,996	6,641,094
Expenses:						
General government	1,187,747	1,096,269	-	-	1,187,747	1,096,269
Judicial	425,127	454,832	-	-	425,127	454,832
Public safety	1,836,912	2,067,495	-	-	1,836,912	2,067,495
Public works	1,050,769	1,373,833	-	-	1,050,769	1,373,833
Health and welfare	262,974	257,869	-	-	262,974	257,869
Culture and recreation	121,563	84,973	-	-	121,563	84,973
Housing and development	417,824	405,721	-	-	417,824	405,721
Interest on long-term debt	10,876	17,835	-	-	10,876	17,835
Water and sewer	-	-	34,167	35,170	34,167	35,170
Total expenses	5,313,792	5,758,827	34,167	35,170	5,347,959	5,793,997
Change in net position	779,380	869,686	(21,343)	(22,589)	758,037	847,097
Net position, beginning	14,195,824	14,975,204	884,153	862,810	15,079,977	15,838,014
Net position, ending	$ 14,975,204	$ 15,844,890	$ 862,810	$ 840,221	$ 15,838,014	$ 16,685,111

Business-type Activities. Business-type activities decreased the County's net position by $22,589. The County's business-type activity is the Potterville Water and Sewer operation, which generally runs at break even.

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 $6,104,292, a decrease of $261,848 in comparison with the prior year. Approximately 40.3% of this total amount ($2,458,248) 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 ($210,224). The restricted portion is for Judicial, Public Safety, Public Works, and Capital Projects ($3,420,938). The committed portion is for Public Safety ($14,882).

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 $2,462,238, while total fund balance reached $2,672,462. 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 52.1% of total general fund expenditures, while total fund balance represents 56.6% of that same amount.

The fund balance of the County's General Fund increased by $423,611 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 2013 fiscal year, the 2000 SPLOST Capital Projects fund had a fund balance of $13,890, a decrease of $558 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 2013 fiscal year, the 2005 SPLOST Capital Projects fund had a fund balance of $450,657, a decrease of $1,051,594 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 2013 fiscal year, the 2011 SPLOST Capital Projects fund had a fund balance of $956,852, an increase of $376,177 from the prior year.

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 ($290,000) and can be summarized as follows:

- Increase in general government activities - $27,450
- Increase in public safety functions - $93,103, due mainly to an increase in inmate housing, medical and salaries, and ambulance calls
- Increase in public works services - $139,563 due to an increase in roads and bridges costs
- Increase in housing and development functions - $29,784, 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, 2013 amounts to $10,395,782 (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	
	2012	2013	2012	2013	2012	2013
Land	$ 359,372	$ 360,072	$ -	$ -	$ 359,372	$ 360,072
Construction in progress	136,952	131,754	-	-	136,952	131,754
Land improvements	20,463	15,177	-	-	20,463	15,177
Buildings and improvements	4,976,827	5,332,619	5,633	5,113	4,982,460	5,337,732
Machinery and equipment	1,000,184	1,263,226	-	-	1,000,184	1,263,226
Water system	-	-	835,018	809,644	835,018	809,644
Infrastructure	2,575,149	3,292,634	-	-	2,575,149	3,292,634
Total	$ 9,068,947	$ 10,395,482	$ 840,651	$ 814,757	$ 9,909,598	$ 11,210,239

The total increase in governmental capital assets during the year was $1,326,535 primarily due to the paving of several County roads, the construction of the new County jail, and construction of the Law Enforcement Building. 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 12.4%, which is an increase of 3.3% from a rate of 9.1% one year ago. The unemployment rate for the State of Georgia at June 30, 2013 is 8.5%.

During the current fiscal year, unassigned fund balance in the General Fund increased to $2,462,238. No fund balance has been appropriated for spending in the 2014 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 POSITION
JUNE 30, 2013

	Primary Government		
ASSETS	**Governmental Activities**	**Business-type Activities**	**Total**
Cash and cash equivalents	$ 5,578,049	$ 25,812	$ 5,603,861
Receivables, net of allowances			
Taxes receivable	391,530	-	391,530
Accounts receivable	249,390	986	250,376
Due from other governments	79,333	-	79,333
Due from component unit	715	-	715
Inventories	18,417	-	18,417
Prepaid items	191,807	-	191,807
Capital assets, nondepreciable	491,826	-	491,826
Capital assets, depreciable, net of accumulated depreciation	9,903,656	814,757	10,718,413
Total assets	16,904,723	841,555	17,746,278
LIABILITIES			
Accounts payable	108,962	1,334	110,296
Accrued liabilities	101,610	-	101,610
Due to other governments	19,029	-	19,029
Capital leases due within one year	181,023	-	181,023
Capital leases due in more than one year	431,309	-	431,309
Compensated absences due within one year	76,880	-	76,880
Compensated absences due in more than one year	19,220	-	19,220
Landfill postclosure costs due within one year	8,700	-	8,700
Landfill postclosure costs due in more than one year	113,100	-	113,100
Total liabilities	1,059,833	1,334	1,061,167
NET POSITION			
Net investment in capital assets	9,783,150	814,757	10,597,907
Restricted for:			
Judicial	64,336	-	64,336
Public safety	329,544	-	329,544
Public works	1,605,659	-	1,605,659
Capital projects	1,421,399	-	1,421,399
Unrestricted	2,640,802	25,464	2,666,266
Total net position	$ 15,844,890	$ 840,221	$ 16,685,111

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
$ 274,539	$ 7,676	$ 28,911	$ 128,273	$ 40,136
-	-	-	-	-
-	-	-	-	-
-	-	-	47,155	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	99,923	-	1,179,540	-
-	406,799	-	2,305,859	1,184,230
274,539	514,398	28,911	3,660,827	1,224,366
2,071	-	5,296	14,776	1,143
-	-	-	-	-
-	-	715	-	-
-	-	-	-	-
-	-	-	-	-
8,894	-	-	-	-
15,329	-	-	-	-
-	-	-	-	-
-	-	-	-	-
26,294	-	6,011	14,776	1,143
-	506,722	-	3,485,399	1,184,230
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
248,245	7,676	22,900	160,652	38,993
$ 248,245	$ 514,398	$ 22,900	$ 3,646,051	$ 1,223,223

TAYLOR COUNTY, GEORGIA

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 1,096,269	$ 256,941	$ 14,090	$ -
Judicial	454,832	187,994	-	-
Public safety	2,067,495	678,230	128,381	-
Public works	1,373,833	676,150	-	388,035
Health and welfare	257,869	128,632	105,506	-
Culture and recreation	84,973	-	-	-
Housing and development	405,721	31,176	-	-
Interest on long-term debt	17,835	-	-	-
Total governmental activities	5,758,827	1,959,123	247,977	388,035
Business-type activities:				
Water and sewer	35,170	12,581	-	-
Total business-type activities	35,170	12,581	-	-
Total primary government	$ 5,793,997	$ 1,971,704	$ 247,977	$ 388,035
Component units:				
Department of Public Health	$ 353,438	$ 64,492	$ 267,049	$ -
Development Authority	37,323	-	22,910	-
Recreation Commission	137,140	46,008	88,433	-
Airport Authority	75,108	5,005	-	47,280
Building Authority	51,627	16,700	-	-
Total component units	$ 654,636	$ 132,205	$ 378,392	$ 47,280
		General revenues:		
		Property taxes		
		Sales taxes		
		Other taxes		
		Unrestricted investment earnings		
		Total general revenues and transfers		
		Change in net position		
		Net position, beginning of year		
		Net position, end of year		

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

Net (Expenses) Revenues and Changes in Net Position								
Primary Government			Component Units					
Governmental Activities	Business-type Activities	Total	Department of Public Health	Development Authority	Recreation Commission	Airport Authority	Building Authority
$ (825,238)	$ -	$ (825,238)	$ -	$ -	$ -	$ -	$ -
(266,838)	-	(266,838)	-	-	-	-	-
(1,260,884)	-	(1,260,884)	-	-	-	-	-
(309,648)	-	(309,648)	-	-	-	-	-
(23,731)	-	(23,731)	-	-	-	-	-
(84,973)	-	(84,973)	-	-	-	-	-
(374,545)	-	(374,545)	-	-	-	-	-
(17,835)	-	(17,835)	-	-	-	-	-
(3,163,692)	-	(3,163,692)	-	-	-	-	-
-	(22,589)	(22,589)	-	-	-	-	-
-	(22,589)	(22,589)	-	-	-	-	-
$ (3,163,692)	$ (22,589)	$ (3,186,281)	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ (21,897)	$ -	$ -	$ -	$ -
-	-	-	-	(14,413)	-	-	-
-	-	-	-	-	(2,699)	-	-
-	-	-	-	-	-	(22,823)	-
-	-	-	-	-	-	-	(34,927)
$ -	$ -	$ -	$ (21,897)	$ (14,413)	$ (2,699)	$ (22,823)	$ (34,927)
2,067,393	-	2,067,393	-	-	-	-	-
1,553,753	-	1,553,753	-	-	-	-	-
408,996	-	408,996	-	-	-	-	-
3,236	-	3,236	203	-	-	-	-
4,033,378	-	4,033,378	203	-	-	-	-
869,686	(22,589)	847,097	(21,694)	(14,413)	(2,699)	(22,823)	(34,927)
14,975,204	862,810	15,838,014	269,939	528,811	25,599	3,668,874	1,258,150
$ 15,844,890	$ 840,221	$ 16,685,111	$ 248,245	$ 514,398	$ 22,900	$ 3,646,051	$ 1,223,223

TAYLOR COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Solid Waste Surcharge Fund	Capital Projects 2000 SPLOST Fund	Capital Projects 2005 SPLOST Fund
ASSETS				
Cash and cash equivalents	$ 2,283,803	$ 1,283,065	$ 13,890	$ 450,665
Taxes receivable	281,725	-	-	-
Accounts receivable	135,068	109,647	-	-
Due from other governments	57,816	-	-	-
Due from other funds	19,045	47,895	-	-
Due from component units	715	-	-	-
Inventories	18,417	-	-	-
Prepaid items	191,807	-	-	-
Total assets	$ 2,988,396	$ 1,440,607	$ 13,890	$ 450,665
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 37,876	$ 50,980	$ -	$ 8
Accrued liabilities	101,610	-	-	-
Due to other governments	-	-	-	-
Due to other funds	1,100	47,415	-	-
Total liabilities	140,586	98,395	-	8
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	175,348	-	-	-
Total deferred inflows of resources	175,348	-	-	-
FUND BALANCES				
Fund balances:				
Nonspendable for:				
Inventory	18,417	-	-	-
Prepaid items	191,807	-	-	-
Restricted for:				
Judicial	-	-	-	-
Public safety	-	-	-	-
Public works	-	1,342,212	-	-
Capital projects	-	-	13,890	450,657
Committed for:				
Public safety	-	-	-	-
Unassigned	2,462,238	-	-	-
Total fund balances (deficit)	2,672,462	1,342,212	13,890	450,657
Total liabilities, deferred inflows of resources, and fund balances	$ 2,988,396	$ 1,440,607	$ 13,890	$ 450,665

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

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 position of governmental activities

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

Capital Projects 2011 SPLOST Fund	Capital Projects CDBG Fund	Other Governmental Funds	Total Governmental Funds
$ 971,241	$ 2,476	$ 572,909	$ 5,578,049
61,385	-	48,420	391,530
-	-	4,675	249,390
-	13,378	8,139	79,333
-	-	47,415	114,355
-	-	-	715
-	-	-	18,417
-	-	-	191,807
$ 1,032,626	$ 15,854	$ 681,558	$ 6,623,596
$ -	$ 14,749	$ 5,349	$ 108,962
-	-	-	101,610
19,029	-	-	19,029
56,745	5,095	4,000	114,355
75,774	19,844	9,349	343,956
-	-	-	175,348
-	-	-	175,348
-	-	-	18,417
-	-	-	191,807
-	-	64,336	64,336
-	-	329,544	329,544
-	-	263,447	1,605,659
956,852	-	-	1,421,399
-	-	14,882	14,882
-	(3,990)	-	2,458,248
956,852	(3,990)	672,209	6,104,292
$ 1,032,626	$ 15,854	$ 681,558	
			10,395,482
			175,348
			(830,232)
			$ 15,844,890

TAYLOR COUNTY, GEORGIA

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

	General Fund	Solid Waste Surcharge Fund	Capital Projects 2000 SPLOST Fund	Capital Projects 2005 SPLOST Fund
Revenues				
Property taxes	$ 2,041,325	$ -	$ -	$ -
Sales tax	465,246	-	-	-
Other taxes	408,996	-	-	-
Licenses and permits	45,592	-	-	-
Intergovernmental	474,203	38,532	-	-
Fines and forfeitures	156,899	-	-	-
Charges for services	1,036,462	408,880	-	-
Investment income	1,823	1,139	42	2,601
Miscellaneous	232,912	12,983	-	2,500
Total revenues	4,863,458	461,534	42	5,101
Expenditures				
Current:				
General government	937,855	107,783	-	-
Judicial	427,932	18,094	-	-
Public safety	1,672,716	186,077	-	-
Public works	978,218	388,243	-	-
Health and welfare	235,249	1,500	-	-
Culture and recreation	70,753	-	-	-
Housing and development	383,534	4,478	-	-
Intergovernmental	-	-	-	-
Capital outlay	-	-	600	1,056,685
Debt service:				
Principal	14,981	118,759	-	-
Interest	2,609	17,346	-	-
Total expenditures	4,723,847	842,280	600	1,056,685
Excess (deficiency) of revenues over (under) expenditures	139,611	(380,746)	(558)	(1,051,584)
Other financing sources (uses):				
Capital leases	-	355,063	-	-
Transfers in	284,000	-	-	-
Transfers out	-	(200,000)	-	-
Total other financing sources (uses)	284,000	155,063	-	-
Net change in fund balances	423,611	(225,683)	(558)	(1,051,584)
Fund balance (deficit) beginning of year	2,248,851	1,567,895	14,448	1,502,241
Fund balance (deficit), end of year	$ 2,672,462	$ 1,342,212	$ 13,890	$ 450,657

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

Capital Projects 2011 SPLOST Fund	Capital Projects CDBG Fund	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ -	$ 2,041,325
807,069	-	281,438	1,553,753
-	-	-	408,996
-	-	-	45,592
-	93,472	-	606,207
-	-	78,064	234,963
-	-	11,904	1,457,246
74	-	289	5,968
-	-	-	248,395
807,143	93,472	371,695	6,602,445
-	-	-	1,045,638
-	-	4,453	450,479
-	-	49,617	1,908,410
-	-	62,272	1,428,733
-	-	-	236,749
-	-	-	70,753
-	-	-	388,012
250,241	-	-	250,241
180,725	92,902	-	1,330,912
-	-	3,862	137,602
-	-	387	20,342
430,966	92,902	120,591	7,267,871
376,177	570	251,104	(665,426)
-	-	48,515	403,578
-	-	-	284,000
-	-	(84,000)	(284,000)
-	-	(35,485)	403,578
376,177	570	215,619	(261,848)
580,675	(4,560)	456,590	6,366,140
$ 956,852	$ (3,990)	$ 672,209	$ 6,104,292

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, 2013

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	(261,848)
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.		1,326,535
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		26,068
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 position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(251,276)
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.		30,207
Changes in net position - governmental activities	$	869,686

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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 1,975,041	$ 2,000,412	$ 2,041,325	$ 40,913
Sales tax	440,000	440,000	465,246	25,246
Other taxes	379,300	379,300	408,996	29,696
Licenses and permits	39,500	39,500	45,592	6,092
Intergovernmental	111,414	343,249	474,203	130,954
Fines and forfeitures	362,230	362,230	156,899	(205,331)
Charges for services	963,211	963,211	1,036,462	73,251
Investment income	3,500	3,500	1,823	(1,677)
Miscellaneous	56,956	115,121	232,912	117,791
Total revenues	4,331,152	4,646,523	4,863,458	216,935
Expenditures:				
Current:				
General government:				
Governing body	373,116	373,116	307,257	65,859
General administration	150,175	150,175	142,659	7,516
Tax commissioner	151,896	152,896	151,638	1,258
Tax assessor	109,145	111,595	108,898	2,697
Registrar	51,383	51,383	46,944	4,439
Records management	2,000	2,000	83	1,917
Buildings and plant	160,314	184,314	179,139	5,175
Board of equalization	2,885	2,885	1,237	1,648
Total general government	1,000,914	1,028,364	937,855	90,509
Judicial:				
Superior court	247,403	247,403	235,020	12,383
Probate court	185,957	185,957	178,341	7,616
Public defender	15,042	15,042	14,571	471
Total judicial	448,402	448,402	427,932	20,470
Public safety:				
Sheriff	609,892	679,918	672,094	7,824
Jail	564,830	564,830	510,553	54,277
Ambulances	368,020	380,097	372,097	8,000
Emergency management	15,966	15,966	13,984	1,982
Fire	69,267	80,267	77,289	2,978
Coroner	12,030	12,030	9,209	2,821
Emergency communication	20,544	20,544	17,490	3,054
Total public safety	1,660,549	1,753,652	1,672,716	80,936
Public works:				
Roads and bridges	729,374	890,294	718,276	172,018
Garage	81,482	60,125	58,981	1,144
Landfill	216,921	216,921	200,961	15,960
Total public works	1,027,777	1,167,340	978,218	189,122

(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, 2013

	Budget			Variance with
	Original	Final	Actual	Final Budget
Health and welfare:				
Health department	$ 151,207	$ 151,207	$ 149,575	$ 1,632
Family and children services	48,428	48,428	45,529	2,899
Mental retardation	10,616	10,616	10,616	-
Council on aging	28,990	28,990	26,977	2,013
Neighborhood service center	3,650	3,650	2,552	1,098
Total health and welfare	242,891	242,891	235,249	7,642
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	45,847	45,847	43,734	2,113
Planning and zoning	84,187	84,187	76,231	7,956
Transit	171,577	193,045	189,011	4,034
Airport	10,000	10,000	-	10,000
Forestry	23,764	23,764	23,764	-
Soil conservation	27,816	29,814	29,000	814
Industrial development authority	23,578	29,896	21,794	8,102
Total housing and development	386,769	416,553	383,534	33,019
Debt service				
Principal	-	100	14,981	(14,881)
Interest	-	-	2,609	(2,609)
Total debt service	-	100	17,590	(17,490)
Total expenditures	4,838,055	5,128,055	4,723,847	404,208
Excess (deficiency) of revenues over (under) expenditures	(506,903)	(481,532)	139,611	621,143
Other financing sources:				
Transfers in	506,903	481,532	284,000	(197,532)
Total other financing sources	506,903	481,532	284,000	(197,532)
Net change in fund balance	-	-	423,611	423,611
Fund balance, beginning of year	2,248,851	2,248,851	2,248,851	-
Fund balance, end of year	$ 2,248,851	$ 2,248,851	$ 2,672,462	$ 423,611

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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	$ 50,000	$ 50,000	$ 38,532	$ (11,468)
Charges for services	483,500	483,500	408,880	(74,620)
Investment income	1,500	1,500	1,139	(361)
Miscellaneous income	15,000	15,000	12,983	(2,017)
Total revenues	550,000	550,000	461,534	(88,466)
Expenditures:				
Current:				
General government	118,960	118,960	107,783	11,177
Judicial	21,500	21,500	18,094	3,406
Public safety	102,000	102,000	186,077	(84,077)
Public works	403,000	403,000	388,243	14,757
Health and welfare	1,500	1,500	1,500	-
Housing and development	9,140	9,140	4,478	4,662
Debt service:				
Principal	125,000	125,000	118,759	6,241
Interest	18,900	18,900	17,346	1,554
Total expenditures	800,000	800,000	842,280	(50,075)
Deficiency of revenues under expenditures	(250,000)	(250,000)	(380,746)	(130,746)
Other financing sources (uses):				
Capital leases	250,000	250,000	355,063	105,063
Transfers in	200,000	200,000	-	(200,000)
Transfers out	(200,000)	(200,000)	(200,000)	-
Total other financing sources (uses)	250,000	250,000	155,063	(94,937)
Net change in fund balance	-	-	(225,683)	(225,683)
Fund balance, beginning of year	1,567,895	1,567,895	1,567,895	-
Fund balance, end of year	$ 1,567,895	$ 1,567,895	$ 1,342,212	$ (225,683)

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

TAYLOR COUNTY, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Major Enterprise Fund Water and Sewer Fund
ASSETS	
Current assets:	
Cash	$ 25,812
Accounts receivable, net of allowance	986
Total current assets	26,798
Capital assets:	
Capital assets, depreciable, net of accumulated depreciation	814,757
Total assets	841,555
LIABILITIES	
Current liabilities:	
Accounts payable	1,334
NET POSITION	
Investment in capital assets	814,757
Unrestricted	25,464
Total net position	$ 840,221

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

TAYLOR COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Major Enterprise Fund Water and Sewer Fund
Operating revenues:	
Charges for services:	
Water and sewer sales	$ 12,581
Total operating revenues	12,581
Operating expenses:	
Contracted Services	798
Repairs and maintenance	1,865
Utilities	5,038
Dues and supplies	1,575
Depreciation	25,894
Total operating expenses	35,170
Change in net position	(22,589)
Net position, beginning of year	862,810
Net position, end of year	$ 840,221

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, 2013

	Major Enterprise Fund Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 12,802
Payments to suppliers and service providers	(8,320)
Net cash provided by operating activities	4,482
Net increase in cash and cash equivalents	4,482
Cash and cash equivalents:	
Beginning of year	21,330
End of year	$ 25,812
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	$ (22,589)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	25,894
Decrease in accounts receivable	221
Increase in accounts payable	956
Net cash provided by operating activities	$ 4,482

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

TAYLOR COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2013

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 193,967
Taxes receivable	401,832
Total assets	$ 595,799
LIABILITIES	
Due to others	$ 193,967
Uncollected taxes	401,832
Total liabilities	$ 595,799

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 Reporting Entity”, as amended by GASB Statements No. 39 and 61, 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 position 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 ***capital projects fund*** accounts for revenue sources that are to be used for the acquisition and construction of major capital facilities.

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.

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.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit or assign that portion of the applicable appropriation, is not employed by the County.

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. At June 30, 2013, the County has no investments.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 position. Bond premiums and discounts 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.

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. Deferred Outflows / Inflows of Resources

The County implemented GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, as of July 1, 2012. These new standards establish accounting and financial reporting for deferred outflows / inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The County did not have any items that qualified for reporting in this category.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows / Inflows of Resources (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has only one type of these items, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, u*navailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes not received within 60 days after year end. These amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

M. Fund Equity

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

Fund Balance – Generally, fund balance represents the difference between the 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

- ***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.

Net Position – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets 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 position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

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

N. 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 Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. 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 $830,232 difference are as follows:

Capital leases payable	$	(612,332)
Landfill postclosure costs		(121,800)
Compensated absences		(96,100)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(830,232)

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 position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $1,326,535 difference are as follows:

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)

Capital outlay	$	1,838,282
Depreciation expense		(511,747)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position - governmental activities*	$	1,326,535

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 $251,276 difference are as follows:

Debt incurred:		
Capital leases	$	(403,578)
Principal repayments:		
Capital leases		137,602
Landfill postclosure costs		14,700
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position - governmental activities*	$	(251,276)

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 $30,207 difference are as follows:

Compensated absences	$	27,700
Accrued interest expense		2,507
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position - governmental activities*	$	30,207

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. 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 19, 2012 or as amended by the Board of Commissioners. Individual amendments were not material in relation to the original appropriations.

Deficit Fund Balance. The CDBG Fund had a deficit fund balance of $3,990 at June 30, 2013. The County plans to eliminate the deficit balance through future operations.

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, 2013.

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, 2013, 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, 2012. Taxes were levied on August 2, 2012, and payable on or before December 20, 2012. The County bills and collects its own property taxes. Property taxes levied for 2012 are recorded as receivables, net of estimated uncollectibles.

The net receivables collected during the year ended June 30, 2013 and expected to be collected by August 31, 2013, are recognized as revenues in the year ended June 30, 2013. Net receivables estimated to be collectible subsequent to August 31, 2013, 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, 2013:

	General	Solid Waste Surcharge	CDBG	2011 SPLOST
Receivables:				
Taxes	$ 340,174	$ -	$ -	$ 61,385
Accounts	135,068	109,647	-	-
Due from other governments	57,816	-	13,378	-
Gross receivables	533,058	109,647	13,378	61,385
Less allowance	58,449	-	-	-
Net total receivables	$ 474,609	$ 109,647	$ 13,378	$ 61,385

	Water and Sewer Fund	Nonmajor Funds	Total
Receivables:			
Taxes	$ -	$ 48,420	$ 449,979
Accounts	1,361	4,675	250,751
Due from other governments	-	8,139	79,333
Gross receivables	1,361	61,234	780,063
Less allowance	375	-	58,824
Net total receivables	$ 986	$ 61,234	$ 721,239

NOTE 6. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 359,372	$ 700	$ -	$ -	$ 360,072
Construction in progress	136,952	307,260	-	(312,458)	131,754
Total	496,324	307,960	-	(312,458)	491,826
Capital assets, being depreciated:					
Land improvements	94,295	-	-	-	94,295
Buildings and improvements	6,708,370	233,077	-	312,458	7,253,905
Machinery and equipment	5,446,335	514,625	(878,245)	-	5,082,715
Infrastructure	2,829,616	782,620	-	-	3,612,236
Total	15,078,616	1,530,322	(878,245)	312,458	16,043,151
Less accumulated depreciation for:					
Land improvements	73,832	5,286	-	-	79,118
Buildings and improvements	1,731,543	189,743	-	-	1,921,286
Machinery and equipment	4,446,151	251,583	(878,245)	-	3,819,489
Infrastructure	254,467	65,135	-	-	319,602
Total	6,505,993	511,747	(878,245)	-	6,139,495
Total capital assets, being depreciated, net	8,572,623	1,018,575	-	312,458	9,903,656
Governmental activities capital assets, net	$ 9,068,947	$ 1,326,535	$ -	$ -	$ 10,395,482

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	2,167	520	-	-	2,687
Water system	167,748	25,374	-	-	193,122
Total	169,915	25,894	-	-	195,809
Total capital assets, being depreciated, net	840,651	(25,894)	-	-	814,757
Business-type activities capital assets, net	$ 840,651	$ (25,894)	$ -	$ -	$ 814,757

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

Governmental activities	
General government	$ 35,416
Judicial	6,724
Public safety	234,059
Public works	192,708
Health and welfare	21,120
Culture and recreation	3,660
Housing and development	18,060
Total depreciation expense - governmental activities	$ 511,747
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, 2013, 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	265,304	17,686	-	282,990
Total capital assets, being depreciated, net	424,485	(17,686)	-	406,799
Capital assets, net	$ 524,408	$ (17,686)	$ -	$ 506,722

Capital asset activity for the Taylor County Airport Authority for the fiscal year ended June 30, 2013, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 1,130,445	$ -	$ -	$ 1,130,445
Construction in progress	34,796	14,299	-	49,095
Total	1,165,241	14,299	-	1,179,540
Capital assets, being depreciated:				
Equipment	7,209	-	-	7,209
Infrastructure	2,546,775	-	-	2,546,775
Total	2,553,984	-	-	2,553,984
Less accumulated depreciation for:				
Equipment	7,209	-	-	7,209
Infrastructure	175,777	65,139	-	240,916
	182,986	65,139	-	248,125
Total capital assets, being depreciated, net	2,370,998	(65,139)	-	2,305,859
Capital assets, net	$ 3,536,239	$ (50,840)	$ -	$ 3,485,399

NOTE 6. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the Taylor County Building Authority for the fiscal year ended June 30, 2013 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Building	$ 1,551,174	$ -	$ -	$ 1,551,174
Less accumulated depreciation for:				
Building	327,170	39,774	-	366,944
Total capital assets, being depreciated, net	1,224,004	(39,774)	-	1,184,230
Capital assets, net	$ 1,224,004	$ (39,774)	$ -	$ 1,184,230

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, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases	$ 346,356	$ 403,578	$ 137,602	$ 612,332	$ 181,023
Landfill postclosure	136,500	-	14,700	121,800	8,700
Compensated absences	123,800	91,163	118,863	96,100	76,880
Totals	$ 606,656	$ 494,741	$ 271,165	$ 830,232	$ 266,603

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 $848,109 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, 2013:

Fiscal Year Ending June 30,		
2014	$	201,958
2015		212,991
2016		158,551
2017		80,931
Total minimum lease payments		654,431
Less amount representing interest		(42,099)
Present value of future minimum lease payments	$	612,332

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, 2013:

General Fund:		
Debt service - principal	$	14,881
Debt service - interest		2,609
Solid Waste Surcharge Fund:		
Public safety		84,077

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, 2013, is as follows:

Due to/from other funds:

	Due From		
	General Fund	Solid Waste Surcharge	2011 SPLOST Fund
Due To			
General Fund	$ -	$ -	$ 14,845
Solid Waste Surcharge	1,100	-	41,900
Other Govt Funds	-	47,415	-
Total	$ 1,100	$ 47,415	$ 56,745

	CDBG Fund	Other Govt Funds	Total
Due To			
General Fund	$ 200	$ 4,000	$ 19,045
Solid Waste Surcharge	4,895	-	47,895
Other Govt Funds	-	-	47,415
Total	$ 5,095	$ 4,000	$ 114,355

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:

	Transfer From		
	Solid Waste Surcharge	Other Govt Funds	Total
Transfer To			
General Fund	$ 200,000	$ 84,000	$ 284,000

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, 2013 were $79,899.

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 $121,800 over the remaining 14-year period. These costs are based on what it would cost to perform all postclosure care in 2013, 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, 2013, 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 $17,490 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, 2013, the County has contractual commitments on uncompleted contracts of approximately $330,386.

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.

Capital Projects Fund

T-SPLOST Fund - To account for financing and construction of transportation improvements in accordance with a sales tax referendum beginning January 2013 through December 2022.

TAYLOR COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue				
	Jail Fund	Law Library Fund	Special Purpose Drug Fund	Drug Education Fund	Inmate Fund
ASSETS					
Cash	$ 294,204	$ 64,336	$ 5,860	$ 21,877	$ 19,695
Taxes Receivable	-	-	-	-	-
Accounts Receivable	-	-	-	-	-
Due from other governments	7,297	-	-	842	-
Due from other funds	-	-	-	-	-
Total assets	$ 301,501	$ 64,336	$ 5,860	$ 22,719	$ 19,695
LIABILITIES					
Accounts payable	$ -	$ -	$ -	$ 536	$ 4,813
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	536	4,813
FUND BALANCES					
Restricted for:					
Judicial	-	64,336	-	-	-
Public safety	301,501	-	5,860	22,183	-
Public works	-	-	-	-	-
Committed for:					
Public safety	-	-	-	-	14,882
Total fund balances	301,501	64,336	5,860	22,183	14,882
Total liabilities and fund balances	$ 301,501	$ 64,336	$ 5,860	$ 22,719	$ 19,695

Capital Project	T-SPLOST Fund	Totals
	$ 166,937	$ 572,909
	48,420	48,420
	4,675	4,675
	-	8,139
	47,415	47,415
	$ 267,447	$ 681,558
	$ -	$ 5,349
	4,000	4,000
	4,000	9,349
	-	64,336
	-	329,544
	263,447	263,447
	-	14,882
	263,447	672,209
	$ 267,447	$ 681,558

TAYLOR COUNTY, GEORGIA

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

	Special Revenue				
	Jail Fund	Law Library Fund	Special Purpose Drug Fund	Drug Education Fund	Inmate Fund
Revenues:					
Sales tax	$ -	$ -	$ -	$ -	$ -
Fines and forfeitures	39,872	6,853	25,167	6,172	-
Charges for services	-	-	-	-	11,904
Investment income	257	-	-	17	-
Total revenues	40,129	6,853	25,167	6,189	11,904
Expenditures:					
Current:					
Judicial	-	4,453	-	-	-
Public safety	325	-	31,278	6,131	11,883
Public works	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	325	4,453	31,278	6,131	11,883
Other financing sources (uses):					
Capital leases	-	-	-	-	-
Transfers out	(84,000)	-	-	-	-
Total other financing sources (uses)	(84,000)	-	-	-	-
Net change in fund balances	(44,196)	2,400	(6,111)	58	21
Fund balances, beginning of year	345,697	61,936	11,971	22,125	14,861
Fund balances, end of year	$ 301,501	$ 64,336	$ 5,860	$ 22,183	$ 14,882

Capital Project	T-SPLOST Fund	Totals
	$ 281,438	$ 281,438
	-	78,064
	-	11,904
	15	289
	281,453	371,695
	-	4,453
	-	49,617
	62,272	62,272
	3,862	3,862
	387	387
	66,521	120,591
	48,515	48,515
	-	(84,000)
	48,515	(35,485)
	263,447	215,619
	-	456,590
	$ 263,447	$ 672,209

TAYLOR COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 1995 ISSUE FOR THE YEAR ENDED JUNE 30, 2013

Project Description Per SPLOST Referendum	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Construction of Fire Department Building	$ 80,000	$ 80,000	$ 83,810	$ -	$ 83,810
Restoration and Renovation of Historic Properties	878,000	878,000	729,189	600	729,789
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	$ 3,200,369	$ 600	$ 3,200,969

TAYLOR COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2000 ISSUE FOR THE YEAR ENDED JUNE 30, 2013

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	$ 1,495,288	$ -	$ 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	2,558,660	-	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	49,302	-	49,302
	$ 7,000,000	$ 7,000,000	$ 4,689,901	$ -	$ 4,689,901

Total expenditures from 1995 SPLOST Issue	600
Total expenditures reported in 2000 SPLOST Fund	$ 600

TAYLOR COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2005 ISSUE FOR THE YEAR ENDED JUNE 30, 2013

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	$ 1,571,869	$ 254,700	$ 1,826,569
Construction of Recreational Facilities	285,600	285,600	152,464	10,560	163,024
Construction and Repair of Roads, Streets, and Bridges	3,428,800	3,428,800	1,784,551	791,425	2,575,976
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	$ 4,479,415	$ 1,056,685	$ 5,536,100

TAYLOR COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2011 ISSUE FOR THE YEAR ENDED JUNE 30, 2013

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	$ 87,063	$ 101,143
Construction of Recreational Facilities	150,000	150,000	221	-	221
Construction of Public Safety Facilities	100,000	100,000	252	24,936	25,188
Construction of County Communication Equipment	100,000	100,000	2,977	279	3,256
Construction of Fire Protection And Rescue Facilities	650,000	650,000	7,688	68,447	76,135
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	137,227	286,560
City of Reynolds	1,120,000	1,120,000	122,980	113,014	235,994
	$ 8,000,000	$ 8,000,000	$ 297,796	$ 430,966	$ 728,762

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, 2013

ASSETS	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court	Sheriff	Total
Cash	$ 118,650	$ 42,950	$ 19,654	$ 7,023	$ 5,690	$ 193,967
Taxes receivable	401,832	-	-	-	-	401,832
Total assets	$ 520,482	$ 42,950	$ 19,654	$ 7,023	$ 5,690	$ 595,799
LIABILITIES						
Due to others	$ 118,650	$ 42,950	$ 19,654	$ 7,023	$ 5,690	$ 193,967
Uncollected taxes	401,832	-	-	-	-	401,832
Total liabilities	$ 520,482	$ 42,950	$ 19,654	$ 7,023	$ 5,690	$ 595,799

COMPLIANCE SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

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

Board of Commissioners
of Taylor County, Georgia
Butler, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Taylor County, Georgia (the "County"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 19, 2013. Our report includes a reference to other auditors who audited the financial statements of the Taylor County Department of Public Health, as described in our report on the County's financial statements. This report does not include the results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report also includes a reference to the changes in accounting principle resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and No. 65, *Items Previously Reported as Assets and Liabilities*.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2013-1 through 2013-3 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 2013-4 to be a significant deficiency.

Compliance and Other Matters

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

Taylor County, Georgia's Responses to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Mauldin & Jenkins, LLC

Macon, Georgia
December 19, 2013

TAYLOR COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2013

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, 2013 due to the total amount expended being less than $500,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2013-1. 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, 2013.

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 increase due from other funds in the amount of $1,052, increase revenues in the amount of $100,719, increase accounts receivable in the amount of $24,086, decrease deferred revenue in the amount of $57,734, and increase expenditures in the amount of $17,845 were required to be recorded in the General Fund as of June 30, 2013. Additionally, audit adjustments to increase accounts receivable and revenues in the amount of $13,378 were required to be reported in the CDBG Fund as of June 30, 2013. Finally, an audit adjustment to decrease accounts receivable in the amount of $253, decrease revenues in the amount of $221, and decrease the allowance for doubtful accounts in the amount of $32 was required to be recorded in the Water and Sewer Fund (Proprietary).

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

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2013-1. Revenue/Receivables Cycle (Continued)

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.

2013-2. 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 another financing source. The amount reported should equal minimum lease payments at the inception of the capital lease.

Condition: During the year ended June 30, 2013, the County entered into several new capital lease agreements. However, two of these leases were not recorded by the County.

Context/Cause: During our audit of debt, an adjustment was required to record these new capital leases in the Solid Waste Surcharge Fund of the County.

Effect: An audit adjustment to increase other financing sources from capital leases and expenditures in the amount of $111,413 was required to be reported in the Solid Waste Surcharge Fund.

Recommendation: We recommend with all issuance of debt the County carefully review all journal entries to ensure all have been properly recorded.

Views of Responsible Officials and Planned Corrective Action: We concur. When any debt is issued by the County, we will make sure all journal entries have been properly made to record debt.

2013-3. 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, 2013.

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

Effect: An audit adjustment to increase due to other funds in the amount of $33,000, decrease transfers from other funds in the amount of $16,501, and decrease accounts payable in the amount of $16,499 was required to be reported in the 2011 SPLOST Fund as of June 30, 2013.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2013-3. Expenditure/Payable Cycle (Continued)

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.

2013-4. 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.

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, 2013

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.

Auditee Response/Status: Unresolved. See current year finding number 2013-1.

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.

Auditee Response/Status: Unresolved. See current year finding number 2013-3.

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 assets transactions in the Potterville Water and Sewer Fund and the Airport Authority during the year ended June 30, 2012.

Auditee Response/Status: Resolved.

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.

Auditee Response/Status: Unresolved. See current year finding number 2013-4.