Twiggs County, Georgia

Annual Financial Report

For the Year Ended
December 31, 2012

TWIGGS COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012

Issued by: Ken Fowler, Chairperson of the Board of Commissioners

TWIGGS COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012

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Financial Section

NICHOLS, CAULEY & ASSOCIATES, LLC

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Independent Auditor's Report

To the Honorable Chairman and
Members of the Board of Commissioners
Twiggs County, 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 Twiggs County, Georgia, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Twiggs 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

Opinion

In our opinion, 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 Twiggs County, Georgia, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

The budgetary comparison on pages *38* through 40 are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The County has not presented the Management's Discussion and Analysis. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Twiggs County, Georgia's financial statements. The combining and individual nonmajor fund financial statements, the schedule of special purpose local option sales tax expenditures, other grant schedules and the Schedule of Expenditures of Federal Awards, required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the financial statements. combining and individual nonmajor fund financial statements, the schedule of special purpose local option sales tax expenditures, other grant schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, combining and individual nonmajor fund financial statements, the schedule of special purpose local option sales tax expenditures, other grant schedules and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2013 on our consideration of Twiggs County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Nichols, Cauley & Associates, LLC

Dublin, Georgia
December 17, 2013

Basic Financial Statements

TWIGGS COUNTY, GEORGIA

Exhibit 1

STATEMENT OF NET POSITION
DECEMBER 31, 2012

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Development Authority	Health Department	Total
Assets						
Cash and cash equivalents	$ 1,604,771	$ 155,792	$ 1,760,563	$ 395,791	$ 230,132	$ 2,386,486
Receivables, net of allowances for uncollectible:						
Taxes	926,215	-	926,215	-	-	926,215
Accounts	-	10,974	10,974	-	2,985	13,959
Due from other governments	256,099	485,000	741,099	-	-	741,099
Notes	-	-	-	29,983	-	29,983
Other	125,264	-	125,264	-	-	125,264
Internal balances	33,690	(33,690)	-	-	-	-
Prepaid expenditures	59,154	-	59,154	-	-	59,154
Inventories	37,397	-	37,397	-	-	37,397
Capital assets:						
Land and other non-depreciable assets	1,701,299	900	1,702,199	2,663,886	-	4,366,085
Other capital assets, net of depreciation	7,021,403	7,451,718	14,473,121	-	-	14,473,121
Total assets	11,765,292	8,070,694	19,835,986	3,089,660	233,117	31,229,457
Liabilities						
Accounts payable	187,485	15,264	202,749	1,854	1,794	206,397
Accrued expenses	13,213	6,951	20,164	101	-	20,265
Customer deposits	-	24,273	24,273	-	-	24,273
Due to other governments	-	500,000	500,000	-	-	500,000
Compensated absences payable	188,672	3,211	191,883	-	-	191,883
Landfill postclosure care costs	189,256	-	189,256	-	-	189,256
Long-term debt:						
Due within one year	286,496	595,831	882,327	149,811	3,367	1,035,505
Due in more than one year	390,819	1,555,835	1,946,654	1,254,943	19,102	3,220,699
Total liabilities	1,255,941	2,701,365	3,957,306	1,406,709	24,263	9,345,584
Net Position						
Net investment in capital assets	8,045,387	5,300,952	13,346,339	1,259,132	-	14,605,471
Restricted for:						
Public Safety	133,314	-	133,314	-	-	133,314
Capital Projects	684,548	-	684,548	-	-	684,548
Special Programs	76,103	-	76,103	-	-	76,103
Unrestricted	1,569,999	68,377	1,638,376	423,819	208,854	2,271,049
Total net position	$ 10,509,351	$ 5,369,329	$ 15,878,680	$ 1,682,951	$ 208,854	$ 17,770,485

The Accompanying Notes to the Financial Statements are an integral part of this statement

TWIGGS COUNTY, GEORGIA

EXHIBIT 2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activity	Primary Government: Total	Component Units: Development Authority	Component Units: Health Department
Primary Government									
Governmental Activities:									
General government	$ 2,742,398	$ 1,606,233	$ 193,733	$ 196,056	$ (746,376)	$ -	$ (746,376)	$ -	$ -
Judicial	-	11,126	-	-	11,126	-	11,126	-	-
Public safety	3,218,293	271,044	-	-	(2,947,249)	-	(2,947,249)	-	-
Public works	1,590,640	-	4,032	-	(1,586,608)	-	(1,586,608)	-	-
Health and welfare	418,471	-	-	-	(418,471)	-	(418,471)	-	-
Culture and recreation	66,704	-	-	-	(66,704)	-	(66,704)	-	-
Housing and development	3,765,227	-	-	-	(3,765,227)	-	(3,765,227)	-	-
Interest on long-term debt	66,210	-	-	-	(66,210)	-	(66,210)	-	-
Total governmental activities	11,867,943	1,888,403	197,765	196,056	(9,585,719)	-	(9,585,719)	-	-
Business-type Activity -									
Water	711,568	118,175	-	942,900	-	349,507	349,507	-	-
Total primary government	$ 12,579,511	$ 2,006,578	$ 197,765	$ 1,138,956	$ (9,585,719)	349,507	(9,236,212)	-	-
Component Units									
Twiggs County Development Authority	198,163	5,109	70,100	198,561	-	-	-	75,607	-
Twiggs County Health Department	289,105	75,497	207,595	-	-	-	-	-	(6,013)
Total component units	$ 487,268	$ 80,606	$ 277,695	$ 198,561	-	-	-	75,607	(6,013)
General revenues:									
Property taxes					3,879,249	-	3,879,249	-	-
Local option sales tax					625,989	-	625,989	-	-
Special local option sales tax					818,171	-	818,171	-	-
Insurance company premium tax					344,961	-	344,961	-	-
Other taxes					55,268	-	55,268	-	-
Unrestricted investment earnings					1,781	48	1,829	1,725	3,020
Contribution revenues					-	3,470,410	3,470,410	-	-
Miscellaneous					275,710	-	275,758	-	-
Transfers in					-	42,589	42,589	-	-
Transfers out					(42,589)	-	(42,589)	-	-
Total general revenues and transfers					5,958,540	3,513,047	9,471,587	1,725	3,020
Change in net position					(3,627,179)	3,862,554	235,375	77,332	(2,993)
Net position - beginning					14,136,530	1,506,775	15,643,305	1,605,619	211,847
Net position - ending					$ 10,509,351	$ 5,369,329	$ 15,878,680	$ 1,682,951	$ 208,854

The Accompanying Notes to the Financial Statements are an integral part of this statement

TWIGGS COUNTY, GEORGIA

EXHIBIT 3

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	General	Capital Projects SPLOST 09	Non - major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 739,040	$ 219,637	$ 646,094	$ 1,604,771
Receivables, net of allowances for uncollectibles:				
Taxes	926,215	-	-	926,215
Due from other governments	168,255	87,844	-	256,099
Other	108,849	-	16,415	125,264
Due from other funds	34,118	42,161	-	76,279
Prepaid expenditures	59,154	-	-	59,154
Inventories	37,397	-	-	37,397
Total Assets	**$ 2,073,028**	**$ 349,642**	**$ 662,509**	**$ 3,085,179**
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 111,888	$ 57,663	$ 17,934	$ 187,485
Accrued expenses	13,213	-	-	13,213
Due to other funds	-	-	42,589	42,589
Deferred revenues	485,441	-	-	485,441
Total Liabilities	610,542	57,663	60,523	728,728
Fund Balances:				
Nonspendable:				
Prepaid expenditures	59,154	-	-	59,154
Inventories	37,397	-	-	37,397
Restricted for:				
Public Safety	-	-	133,314	133,314
Capital Projects	-	291,979	392,569	684,548
Law Library	-	-	76,103	76,103
Unassigned	1,365,935	-	-	1,365,935
Total Fund Balances	1,462,486	291,979	601,986	2,356,451
Total Liabilities and Fund Balances	**$ 2,073,028**	**$ 349,642**	**$ 662,509**	**$ 3,085,179**

The Accompanying Notes to the Financial Statements are an integral part of this statement

TWIGGS COUNTY, GEORGIA

EXHIBIT 4

RECONCILIATION OF NET POSITION –GOVERNMENTAL FUNDS IN THE STATEMENT OF NET POSITION TO TOTAL FUND BALANCE – GOVERNMENTAL FUNDS ON THE BALANCE SHEET FOR THE YEAR ENDED DECEMBER 31, 2012

Fund balance - total governmental funds	$ 2,356,451
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.	8,722,702
Other long - term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	485,441
Some long - term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences	(188,672)
Landfill postclosure costs	(189,256)
Capital leases payable	(622,179)
Notes Payable	(55,136)
Net position of governmental activities	$ 10,509,351

The Accompanying Notes to the Financial Statements are an integral part of this statement

TWIGGS COUNTY, GEORGIA

EXHIBIT 5

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	General	Capital Projects SPLOST 09	Non - major Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	$ 5,213,284	$ 818,171	$ -	$ 6,031,455
Licenses and permits	103,738	-	-	103,738
Intergovernmental	193,733	-	200,088	393,821
Charges for services	847,221	-	150,123	997,344
Fines and forfeitures	655,274	-	132,047	787,321
Investment income	973	267	541	1,781
Other revenues	207,693	-	37,747	245,440
Total Revenues	7,221,916	818,438	520,546	8,560,900
Expenditures:				
Current:				
General government	2,492,242	-	44,566	2,536,808
Public safety	2,618,359	-	313,919	2,932,278
Public works	1,019,423	-	-	1,019,423
Public health and welfare	408,125	-	-	408,125
Culture and recreation	33,312	-	-	33,312
Economic development	60,000	-	-	60,000
Debt Service:				
Principle payments	48,832	145,825	81,762	276,419
Interest payments	41,052	11,427	13,731	66,210
Capital outlay	-	870,697	517,051	1,387,748
Total Expenditures	6,721,345	1,027,949	971,029	8,720,323
Excess (Deficiency) of Revenues Over (Under) Expenditures	500,571	(209,511)	(450,483)	(159,423)
Other Financing Sources (Uses):				
Transfer in	24,376	-	165,333	189,709
Transfer out	(165,333)	-	(66,965)	(232,298)
Proceeds from sale of capital assets	30,270	-	-	30,270
Proceeds from capital leases	40,592	-	-	40,592
Total other financing sources (uses)	(70,095)	-	98,368	28,273
Net Change in Fund Balances	430,476	(209,511)	(352,115)	(131,150)
Fund Balances - Beginning	1,032,010	501,490	954,101	2,487,601
Fund Balances - Ending	$ 1,462,486	$ 291,979	$ 601,986	$ 2,356,451

The Accompanying Notes to the Financial Statements are an integral part of this statement

TWIGGS COUNTY, GEORGIA

EXHIBIT 6

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2012

Net change in fund balances - Total Governmental Funds	$ (131,150)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays, reported as expenditures in governmental funds, are shown as capital assets in the Statement of Net Position as follows -	
Capital outlay	398,503
Depreciation expenses on governmental capital assets are included in the governmental activities column in the Statement of Net Activities but are not shown in the governmental funds	(559,359)
Contribution of capital assets from Governmental Activities to the Water Fund.	(3,221,327)
The effect of various capital asset transactions, including sales, trade-ins and donations.	(31,186)
The issuance of long-term debt provides current financial resources to governmental funds but has no effect on net position.	(40,592)
Revenues in the statement of activities that do not provide financial resources are not reported as revenues in the funds. The amount of deferred revenues recognized as revenue in the statement of activities changed as follows -	
Property taxes	(307,817)
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:	
Notes payable	120,570
Capital leases	155,849
Landfill postclosure costs	27,283
Compensated absences	(37,953)
Change in net position of Governmental Activities	$ (3,627,179)

TWIGGS COUNTY, GEORGIA

EXHIBIT 7

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Taxes	$ 5,012,938	$ 5,276,945	$ 5,213,284	$ (63,661)
Licenses and permits	46,000	46,000	103,738	57,738
Intergovernmental	50,000	50,000	193,733	143,733
Fines and forfeitures	628,847	628,847	655,274	26,427
Charges for services	658,053	658,053	847,221	189,168
Investment income	400	400	973	573
Miscellaneous revenues	141,960	141,960	207,693	65,733
Total Revenues	6,538,198	6,802,205	7,221,916	419,711
Expenditures:				
General government	2,553,266	2,629,271	2,492,242	137,029
Public safety	2,437,742	2,547,636	2,618,359	(70,723)
Public works	1,085,691	1,159,299	1,019,423	139,876
Public health and welfare	387,499	391,999	408,125	(16,126)
Culture and recreation	26,000	26,000	33,312	(7,312)
Economic development	60,000	60,000	60,000	-
Debt service	-	-	89,884	(89,884)
Total Expenditures	6,550,198	6,814,205	6,721,345	92,860
Excess (Deficit) of Revenues Over Expenditures	(12,000)	(12,000)	500,571	512,571
Other Financing Sources (Uses):				
Transfers in	-	-	24,376	24,376
Transfers out	-	-	(165,333)	(165,333)
Proceeds from sale of capital assets	12,000	12,000	30,270	18,270
Proceeds from capital leases	-	-	40,592	40,592
Total Other Financing Sources (Uses)	12,000	12,000	(70,095)	(82,095)
Excess of Revenues Over Expenditures and Other Financing Sources (Uses)	-	-	430,476	430,476
Fund Balance, Beginning	1,032,010	1,032,010	1,032,010	-
Fund Balance, Ending	$ 1,032,010	$ 1,032,010	$ 1,462,486	$ 430,476

The Accompanying Notes to the Financial Statements are an integral part of this statement

TWIGGS COUNTY, GEORGIA

EXHIBIT 8

STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2012

	Enterprise Water Fund
Assets:	
Current Assets:	
Cash	$ 155,792
Accounts receivable, net of allowance	10,974
Due from other governments	485,000
Total Current Assets	651,766
Capital Assets:	
Land	900
Distribution System	7,923,291
Total	7,924,191
Less - accumulated depreciation	(471,573)
Total Capital Assets	7,452,618
Total Assets	8,104,384
Liabilities:	
Current Liabilities:	
Accounts payable	15,264
Due to other funds	33,690
Accrued expenses	6,951
Customer deposits	24,273
Due to other governments	500,000
Compensated absences payable	3,211
Current portion of long-term debt	595,831
Total Current Liabilities	1,179,220
Noncurrent Liability-	
Note payable - non-current portion	1,555,835
Total Liabilities	2,735,055
Net Position:	
Net investment in capital assets	5,300,952
Unrestricted	68,377
Total Net Position	$ 5,369,329

The Accompanying Notes to the Financial Statements are an integral part of this statement

TWIGGS COUNTY, GEORGIA

EXHIBIT 9

STATEMENT OF CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Enterprise Water Fund
Operating Revenue - Water and Sewer sales	$ 118,175
Operating Expenses:	
Salaries	35,514
Payroll taxes	2,407
Utilities	1,220
Professional fees	15,000
Dues and subscriptions	200
Repairs and maintenance	13,610
Travel and training	2,512
Supplies	124
GEFA administrative fees	9,900
Contract testing	3,990
Miscellaneous expense	26
Depreciation expense	125,046
Total operating expenses	209,549
Operating Loss	(91,374)
Non-operating Revenue (Expense):	
Interest income	48
Grant income	942,900
Interest expense	(2,019)
Other losses - DCA	(500,000)
Total non-operating revenue (expense)	440,929
Contributions and Transfers:	
Contribution revenues	3,470,410
Transfer in	42,589
Total contributions and transfers	3,512,999
Change in Net Position	3,862,554
Total Net Position, Beginning	1,506,775
Total Net Position, Ending	$ 5,369,329

The Accompanying Notes to the Financial Statements are an integral part of this statement

TWIGGS COUNTY, GEORGIA

EXHIBIT 10

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Enterprise Water Fund
Cash Flows from Operating Activities:	
Receipts from customers	$ 123,285
Receipts from others	15,688
Payments to suppliers	(5,055)
Payments to employees	(34,192)
Payments to others	(485,000)
Net cash used in operating activities	(385,274)
Cash Flows from Noncapital Financing Activities -	-
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets	(1,065,725)
Grant income	942,900
Proceeds from issuance of capital debt	730,330
Principal payments on capital debt	(90,723)
Interest payments on capital debt	(2,019)
Net cash provided by capital and related financing activities	514,763
Cash Flows from Investing Activities -	
Interest income	48
Net increase in cash and cash equivalents	129,537
Balances - beginning of year	26,255
Balances - end of year	$ 155,792
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (91,374)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Depreciation	125,046
Net change in assets and liabilities attributable to operations:	
Accounts receivable	5,110
Due from other funds	-
Due from other governments	(485,000)
Accounts payable	14,115
Due to other funds	33,690
Accrued expenses	6,951
Customer deposits	2,977
Compensated absences payable	3,211
Net cash used in operating activities	$ (385,274)

The Accompanying Notes to the Financial Statements are an integral part of this statement

TWIGGS COUNTY, GEORGIA

EXHIBIT 11

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2012

	Agency Funds
Asset -	
Cash	$ 209,243
Liability -	
Other liabilities	$ 209,243

The Accompanying Notes to the Financial Statements are an integral part of this statement

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Twiggs County, Georgia have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to Government units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements. The more significant accounting policies established in GAAP and used by the County are described below.

A. Reporting Entity

The County is a local municipality governed by an elected five-member board of commissioners. As required by generally accepted accounting principles, these financial statements present the Government and its component units, entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the County's operations and so data from these units are combined with data of the primary government. Currently, the County has no blended component units. The component unit column in the government-wide financial statements (see note below for description) includes the financial data of the County's discretely presented component units. Each discretely presented component unit is reported in a separate column to emphasize it is legally separate from the County.

Component Units and Related Entities

Discretely Presented Component Units:

Development Authority of the City of Jeffersonville and Twiggs County, Georgia – The Development Authority's purpose is to promote trade, commerce, industry, and employment opportunities in the County. The Authority is a legally separate corporation governed by a seven member Board of Directors, four of which are appointed by the Twiggs County Board of Commissioners. The Authority receives a significant portion of its funding from the County government.

The Authority maintains a December 31 fiscal year, and the financial statements as of and for the year ended December 31, 2012, are included in the reporting entity's 2012 financial statements. During the year ended December 31, 2012, the primary source of income for the Authority was received from the County. At December 31, 2012, the County had no liability from the Authority.

Complete financial statements can be obtained at the entity's administrative office.

Development Authority of the City of Jeffersonville and Twiggs County, Georgia
31 Magnolia Street, Suite B
Jeffersonville, Georgia 31044

Twiggs County Health Department - The Twiggs County Health Department (the Department) provides various health services for citizens in Twiggs County under a contract with the Georgia Department of Public Health (DPH). Under this contractual agreement, DPH provides certain administrative and other services to the Department in addition to the grant-in-aid funding. These services are funded through other governmental entities or directly by DPH. Based on the contract with DPH, capital assets cannot be disposed of without approval of DPH. In the event the Department were to dissolve, all capital assets would return to DPH or to the donating agency. Substantially all of the Department's capital assets are titled to DPH.

It is the goal of the Twiggs County Health Department to provide health services for the citizens of Twiggs County within the guidelines established by the Twiggs County Board of Public Health and the Georgia Department of Public Health. The Department is responsible for health programs designed for prevention, early detection, treatment and referral.

The component unit maintains a June 30 fiscal year, and the financial statements as of and for the year ended June 30, 2012, are included in the reporting entity's 2012 financial statements. During the year ended June 30, 2012, the primary source of income for the Department was grant income in the amount of $106,604

received from the Georgia Department of Public Health. Complete financial statements can be obtained at the entity's administrative office.

Twiggs County Health Department
26 Main Street
Jeffersonville, Georgia 31044

Excluded from the reporting entity:

Because they are operated as agencies controlled and/or funded by other government agencies, the Twiggs County Board of Education is not included in the County's reporting entity.

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 primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are supported by taxes and intergovernmental revenues and are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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

C. Measurement Focus, Basis of Accounting and Basis of 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 fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 will be collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period 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, local option sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

The *General Fund* is the general operating fund of Twiggs County, Georgia. It is used to account for all financial resources of the general Government, except those required to be accounted for in another fund.

The *2009 Special Local Option Sales Tax Capital Projects Fund (SPLOST 09)* accounts for the special purpose local option sales tax funds that are legally restricted to expenditure for particular purposes.

The County reports the following major proprietary fund:

The *Water Fund* is used to account for the provision of water and sewer services to businesses and residents of the County. All activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operation, financing and related debt services, and billing and collections.

Additionally, the County reports the following fund types:

The *Special Revenue Funds* account for revenue sources that are legally restricted to expenditure for specific purposes.

The *Capital Projects Funds* account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The *Agency Funds* are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the Government holds for others in an agency capacity.

GASB 34 eliminates the presentation of *Account Groups*, but provides for these records to be maintained and used to account for fixed assets and long-term liabilities that are not reflected on the balance sheet of Governmental type funds due to the current financial resources measurement focus that they use.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

Governmental activities have been consolidated in the government-wide financial statements. Total governmental funds have been combined with internal service balances and general fixed assets and long term liabilities. The effect of interfund activity has been removed from the government-wide financial statements. Due to/from other funds have been eliminated as well as operating transfers between funds. The net operating loss from internal service funds has been charged to the functional expense categories based on employee insurance claims submitted by department.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's internal service funds are employee payroll deductions and the County's matching contributions for employee health insurance. Operating expenses for the internal service funds include the cost of employee health insurance and claims. 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 Government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

1. ***Deposits and Investments*** - Cash includes amounts in both interest-bearing and non-interest-bearing demand deposits. State statutes authorize the Government to invest in obligations of the U.S. Treasury, obligations of the State of Georgia or any other states, obligations fully insured or guaranteed by the United States government or governmental agency, Local Government Investment Pool, commercial paper, corporate bonds, obligations of other political subdivisions of the State of Georgia and repurchase agreements. Any bank deposit in excess of the total FDIC insured amount must be secured by an equivalent amount of State or U.S. obligations.

   For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

2. ***Receivables and Payables*** - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The current portion of these interfund receivables and payables are classified as "due from other funds" or "due to other funds" in the governmental funds.

   Non-current portions of long-term interfund loans receivable/payable are reported as “advances to other funds” or “advances from other funds”. Advances receivable in the Governmental funds are offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation and are not expendable available financial resources.

   Property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to approximately 20 percent of outstanding property taxes at December 31, 2012. Property taxes are levied as of January 1 on property values assessed as of the same date.

3. ***Prepaid Items*** - For prepaid expenditures in the government-wide and fund financial statements, the County reports the expenditures during the benefiting period.

4. ***Inventory*** – The cost of inventories are recorded as expenditures when acquired and are not inventoried at year end due to lack of materiality.

5. ***Capital Assets*** – Capital assets, which include property, plant equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Government as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of two years. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. General infrastructure assets acquired prior to January 1, 2004 are not reported in the basic financial statements.

   The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

   Major outlays for capital assets and improvements are capitalized as projects are constructed. GASB statement 37 prohibits the capitalization of interest on assets constructed for use in governmental activities. However, interest from debt not considered to be general long-term debt may be included as part of the cost of assets constructed for business-type activities. The total interest expense incurred by the County during the current fiscal year was $68,229. None of this amount was included as part of the cost of capital assets under construction in connection with public building construction projects.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Assets	Years	Capitalization Threshold
Buildings	50	$ 15,000
Buildings Improvements	20	5,000
Machinery and equipment	3 - 10	1,000
Water system lines	30 - 50	1,500
Infrastructure	30	10,000

6. ***Compensated Absences*** – Annual leave is awarded as follows:
   - After one (1) year of service – five (5) working days
   - After three (3) years of service – ten (10) working days
   - After eight (8) years of service – fifteen (15) working days
   - After fifteen (15) years of service – twenty (20) working days.

   Funeral leave is available at up to three (3) days for immediate family only. Military leave for military service is allowed but employee shall not be compensated for such absence. Civil leave is allowed with pay for service as a juror, or other duty required by law.

   Sick leave shall be allowed to all eligible employees for employee sickness, disability, or for medical, dental, or eye examination treatment that cannot be scheduled outside of normal working hours. Accrual shall be at the rate of one (1) full day (eight hours) per month, for a total of twelve such days per year. Sick leave can be carried over to a subsequent year at 50% of the total accumulated hours with no limitation. If an employee should retire with the County, the employee's total accrued sick leave may, at the employee's option, be credited to years of service in lieu of receiving 50% cash payment.

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

   In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of 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.

8. ***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 the 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 Board of Commissioners through the adoption of a resolution. Only the Board of Commissioners 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 resolution, the County Commissioners can authorize a designee to assign fund balance.

Unassigned – Fund balances are reported as unassigned 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.

The County uses restricted amounts to be spent first when both restricted and unrestricted fund balances are available, unless there are legal documents/contracts that prohibit the use of restricted fund balances, such as grant agreements that require a dollar match. Additionally, the County would then use committed, assigned and lastly unassigned amounts from the unrestricted fund balance when expending funds.

The County does not have a formal minimum fund balance policy; however, the Board of Commissioners address various targeted reserve positions and the Finance Department calculates targets and actual and reports the results to the Board of Commissioners on an annual basis.

Net Position

Net investment in capital assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction or improvement of the assets.

Restricted net position – This amount is restricted by external creditors, grantors, contributors or laws or regulations of other governments.

Unrestricted net position – This amount is all net position that do not meet the definition of "net investment in capital assets" or "restricted net position."

9. ***Estimates*** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

The annual budget is the financial plan for the operation of Twiggs County, Georgia for the ensuing annual period. The budget process provides for a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the financial posture of the Government. Twiggs County budgets are adopted on a basis generally consistent with GAAP; except that encumbrances are treated as budgeted expenditures in the year the commitment to purchase is incurred. Annual appropriated budgets are adopted for the general fund and the special revenue funds.

All unencumbered appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital projects funds.

The Twiggs County budget process usually begins prior to year end with the department and agency heads submitting their departmental budgets. The County's finance department formulates and remits the budget to the budget committee, which is made up of all members of the Twiggs County Commission. The County Commissioners conduct budget hearings with all departments and agencies. After review by the Commissioners, a final budget is approved when the budget resolution is adopted.

The County Administrator is delegated by authority to transfer sums within departments. No increase in the departmental budget for the County may be made without the approval of the Board of Commissioners and amendment to the budget. Mid-year budget amendments are presented, where necessary, for adoption by the Commissioners. The general fund is subject to budgetary control on a department basis. During the year, the budget was amended by the method described above.

Unencumbered appropriations in the annual operating budget lapse at fiscal year end while encumbered appropriations are paid from reserved fund balances. When the County's expenditures reach the authorization provided by the operating budget, the Board of Commissioners approves supplemental appropriations.

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

B. Budget/GAAP Reconciliation

Prior year encumbrances expended in the current year are not included in the current budget. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund has been prepared on the basis described above. The schedule below reconciles the fund's Excess Revenues and Other Sources Over (Under) Expenditures - GAAP Basis (Exhibit 5) with amounts presented on the Budget Basis (Exhibit 7).

GENERAL FUND:	
Excess Revenue and Other Financial Sources Over (Under) Expenditures and Other Financing Uses:	
Budget Basis	$ 430,476
Add - New encumbrances - current year	-
Deduct - Prior year encumbrances expended	-
Generally Accepted Accounted Principles (GAAP) Basis	$ 430,476

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Investments – The Government owns no investments as of December 31, 2012.

Custodial Credit Risk – Deposits – In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Neither the government nor its components units, have a deposit policy for custodial credit risk. As of December 31, 2012, the County did not have a formal investment policy. Additional disclosures with regards to deposits and investments can be located in the *Summary of Significant Accounting Policies* under the *Assets, Liabilities and Equity* section.

B. Property Taxes

State law requires that property taxes be based on assessed value, which is 40% of fair market value. All real and personal property (including motor vehicles) are valued as of January 1 of each year and must be declared and reported on a return for tax purposes by May 1. With the exception of motor vehicles and the property of public utilities, which are valued by the State Revenue Department, the Board of Tax Assessors of Twiggs County makes all assessments.

Upon completion of all assessments and tax returns, the information is turned over to the Twiggs County Tax Commissioner for compilation of the tax digest. The completed tax digest must be submitted to the State Revenue Commissioner for approval. The State Revenue Commissioner must ascertain that real property on the tax digest has been assessed at the state mandated forty percent (40%) of fair market value. If not, the commissioner may require an across the board percentage adjustment to all real property. The County Tax Commissioner distributes tax notices and collects tax payments. Motor vehicle taxes must be paid by the birth date of the owner of the vehicle. Property taxes are usually levied on or around July 15, of each year. Real and personal property taxes are usually due by November 15 and considered delinquent by November 16. Property taxes are attached as an enforceable lien on the day the taxes become delinquent. The total real and personal property tax levy is recorded as revenue in the fiscal year in which such amounts will be available (collected within 60 days of year-end) as net current assets. In the accompanying financial statements, the portion of the property tax levy for the tax year 2011 collected during the current year has been recognized as revenue.

Property taxes receivable at December 31, 2012, is composed of the following:

Year of Levy:	
2012	$ 591,665
2011	245,251
2010	165,554
2009	87,961
2008	28,090
Prior to 2008	41,800
Total	1,160,321
Less - allowance for uncollectible	(234,106)
Net receivable	$ 926,215

C. Receivables

Primary Government

Receivables at December 31, 2012 for the County's individual major funds and non-major, and fiduciary funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

Governmental Activities:	General	Capital Projects SPLOST 09	Nonmajor Funds	Total
Receivables:				
Taxes	$ 1,160,321	$ -	$ -	$ 1,160,321
Intergovernmental	168,255	87,844	-	256,099
Other	108,849	-	16,415	125,264
Gross receivables	1,437,425	87,844	16,415	1,541,684
Less: allowance for Uncollectibles	(234,106)	-	-	(234,106)
Net total receivables	$ 1,203,319	$ 87,844	$ 16,415	$ 1,307,578

Business - Type Activities:	Water
Receivables:	
Accounts	$ 24,521
Intergovernmental	485,000
Gross receivables	509,521
Less: allowance for Uncollectibles	(13,547)
Net total receivables	$ 495,974

Discretely Presented Component Units

Receivables from the Development Authority and Public Health Center as of December 31, 2012, are as follows:

	Development Authority	Public Health Center	Total
Receivables:			
Accounts	$ -	$ 2,985	$ 2,985
Notes	29,983	-	29,983
Gross receivables	29,983	2,985	32,968
Less: allowance for Uncollectibles	-	-	-
Net total receivables	$ 29,983	$ 2,985	$ 32,968

D. Capital Assets

Primary Government

Capital asset activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 843,593	$ -	$ -	$ 843,593
Construction in progress	2,140,992	-	1,283,286	857,706
Subtotal	2,984,585	-	1,283,286	1,701,299
Other capital assets:				
Infrastructure	2,371,576	-	1,996,318	375,258
Buildings	6,599,539	7,405		6,606,944
Improvements	96,486	9,766	-	106,252
Machinery and equipment	5,230,018	381,332	33,228	5,578,122
Total other capital assets at historical cost	14,297,619	398,503	2,029,546	12,666,576
Less accumulated depreciation:				
Infrastructure	(69,459)	(12,509)	(52,011)	(29,957)
Buildings	(2,071,469)	(155,439)	-	(2,226,908)
Improvements	(24,523)	(2,888)	-	(27,411)
Machinery and equipment	(2,980,682)	(388,523)	(8,308)	(3,360,897)
Subtotal	(5,146,133)	(559,359)	(60,319)	(5,645,173)
Other capital assets, net	9,151,486	(160,856)	1,969,227	7,021,403
Governmental activities capital assets, net	$ 12,136,071	$ (160,856)	$ 3,252,513	$ 8,722,702

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

Governmental activities:	
General government	$ 171,397
Public safety	269,878
Public works	87,304
Health and welfare	8,100
Economic development	10,179
Culture and recreation	12,501
Total governmental activities depreciation expense	$ 559,359

During the year ended December 31, 2012, $3,221,327 of Governmental infrastructure capital assets were transferred to the Water Fund.

D. Capital Assets (Continued)

Business-type activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital asset not being depreciated -				
Land	$ 900	$ -	$ -	$ 900
Other capital asset -				
Improvements - water system	3,344,567	4,578,724	-	7,923,291
Less accumulated depreciation -				
Improvements - water system	(346,527)	(125,046)	-	(471,573)
Other capital asset, net	2,998,040	4,453,678	-	7,451,718
Business activities capital assets, net	$ 2,998,940	$ 4,453,678	$ -	$ 7,452,618

Capital asset activity for the Development Authority for the year ended December 31, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 2,740,671	$ -	$ 76,785	$ 2,663,886
Total capital assets not being depreciated	2,740,671	-	76,785	2,663,886
Other capital assets:				
Machinery and equipment	-	-	-	-
Less accumulated depreciation for:	-	-	-	-
Other capital assets, net	-	-	-	-
Development Authority capital assets, net	$ 2,740,671	$ -	$ 76,785	$ 2,663,886

Capital asset activity for the Public Health Center for the year ended December 31, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ -	$ -	$ -	$ -
Total capital assets not being depreciated	-	-	-	-
Other capital assets:				
Machinery and equipment	103,071	-	-	103,071
Less accumulated depreciation for:	(103,071)	-	-	(103,071)
Other capital assets, net	-	-	-	-
Public Health Center capital assets, net	$ -	$ -	$ -	$ -

E. Interfund Receivables, Payables, and Transfers

Generally, outstanding balances between funds reported as due to/from other funds include outstanding charges by one fund to another for services or goods, subsidy commitments outstanding, and other miscellaneous receivables and payables between funds. Balances to which a fiduciary fund is a party are treated as external receivables and payables. The composition of interfund balances as of December 31, 2012, is as follows:

	Due From	Due To
Major Funds:		
General Fund	$ -	$ 34,118
Water Fund	33,690	-
Capital Projects SPLOST 09	-	42,161
Nonmajor Fund -		
SPLOST Fund	42,589	-
	$ 76,279	$ 76,279

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service. Resources are accumulated in a fund or component unit to support and simplify the administration of various projects or programs.

A reconciliation of transfers in and transfers out is as follows:

	Transfers Out	Transfers In
General Fund	$ 165,333	$ 24,376
Jail Fund	24,376	-
Academy Project Fund	42,589	-
911 Surchage Fund	-	165,333
Water Fund	-	42,589
Total transfers	$ 232,298	$ 232,298

F. Due from Other Governments

Amounts due from other Governmental entities at December 31, 2012, are as follows:

	Federal	State	Other	Total
General Fund	$ 93,886	$ 74,369	$ -	$ 168,255
Capital Projects SPLOST 09	-	87,844	-	87,844
Water Fund	-	485,000	-	485,000
Total	$ 93,886	$ 647,213	$ -	$ 741,099

G. Short Term Notes Payable

The County uses warrants payable to provide operating funds on a short-term basis throughout the year. Short-term notes payable activity for the year ended December 31, 2012, was as follows:

Short-term notes payable

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities	$ -	$ 1,800,000	$ 1,800,000	$ -

H. Long - Term Obligations

Primary Government Long – Term Debt Payable

At December 31, 2012, long-term debt consisted of the following:

Payable from Governmental Activities:	Total	Current	Long-term
Notes Payable -			
$100,000 Note Payable, originated April 7, 2010, for road department building and land, with scheduled renewals annually thereafter; monthly payments of $1,899; interest rate of 4.00%	$ 55,136	$ 55,136	$ -
Capital Lease Obligations:			
$28,146 to Ford Motor Credit for one vehicle; interest at 6.06%; due in annual installments of $7,725 to 2014	14,115	6,844	7,271
$43,129 to Ford Motor Credit for one vehicle; interest at 6.50%; due in annual installments of $15,291 to 2013	14,357	14,357	-
$16,617 to Ford Motor Credit for one vehicle; interest at 6.50%; due in annual installments of $5,891 to 2013	5,532	5,532	-
$25,225 to Ford Motor Credit for one vehicle; interest at 6.50%; due in annual installments of $9,088 to January 2015	25,225	8,678	16,547
$15,367 to Ford Motor Credit for one vehicle; interest at 6.60%; due in annual installments of $4,217 to June 2015	11,149	3,482	7,667
$147,372 to Bancorp South Equipment Finance for road equipment; interest at 3.45%; due in annual installments of $21,489 to August 2013, balloon of $60,000 due in September 2013	78,563	78,563	-
$391,780 to Motorola for 911 communications equipment; interest at 3.80%; due in annual installments of $87,708 to October 2015	243,953	78,242	165,711
$96,419 to Koch Financial Corporation for one vehicle; interest at 4.69%; due in annual installments of $22,079 to August 2013	21,091	21,091	-
$221,141 to Caterpillar Financial for motor grader; interest at 3.00%; due in monthly installments of $1,715 to November 2016, balloon of $147,347 in December 2016	208,194	14,571	193,623
Total Capital Leases Obligations	622,179	231,360	390,819
Total	$ 677,315	$ 286,496	$ 390,819

Long-term debt service requirements to maturity for the governmental activities debt are as follows:

Year Ending	Capital Leases		Notes Payable	
December 31	Principal	Interest	Principal	Interest
2013	$ 231,360	$ 23,232	$ 55,136	$ 184
2014	115,288	14,032	-	-
2015	112,393	9,143	-	-
2016	163,138	4,640	-	-
Total	$ 622,179	$ 51,047	$ 55,136	$ 184

Payable from Business - Type Activities:	Total	Current	Long-term
Notes Payable:			
$1,841,471 GEFA note payable; initial interest at 0.0%; due in monthly payments of $7,560. Transferred from General Fund along with related water system improvements on January 1, 2008. Maturity date is August 1, 2028.	$ 1,421,336	$ 90,724	$ 1,330,612
$730,430 GEFA note payable; interest at 2.63%; one time payment of $474,549, eight monthly payments of $4,549 and 64 monthly payments of $3,916. Maturity date of February 1, 2019.	730,330	505,107	225,223
Total Business - Type Activities	$ 2,151,666	$ 595,831	$ 1,555,835

Long-term debt service requirements to maturity for the business - type activities debt are as follows:

Year Ending	Notes Payable	
December 31	Principal	Interest
2013	$ 595,831	$ 7,974
2014	132,297	5,424
2015	133,404	4,318
2016	134,540	3,182
2017	135,706	2,016
2018-2022	505,792	836
2023-2027	453,620	-
2028	60,476	-
Total	$ 2,151,666	$ 23,750

Changes in Long-term Obligations

Long-term obligation activity for the year ended December 31, 2012, was as follows:

Long-term obligations:	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due Within More Than One Year
Governmental Activities						
Capital leases payable	$ 737,436	$ 40,592	$ 155,849	$ 622,179	$ 231,360	$ 390,819
Notes payable	175,706	-	120,570	55,136	55,136	-
Compensated absences payable	150,719	37,953	-	188,672	188,672	-
Total Governmental Activities	$ 1,063,861	$ 78,545	$ 276,419	$ 865,987	$ 475,168	$ 390,819

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due Within More Than One Year
Business Type Activities						
Notes payable	$ 1,512,059	$ 730,330	$ 90,723	$ 2,151,666	$ 595,831	$ 1,555,835
Compensated absences payable	-	3,211	-	3,211	3,211	-
Total Business Type Activities	$ 1,512,059	$ 733,541	$ 90,723	$ 2,154,877	$ 599,042	$ 1,555,835

Notes payable and compensated absences are generally liquidated by the general fund and are therefore included in the above schedule. Capital lease obligations and certificates of participation will be liquidated primarily by special purpose local option sales tax collected and from transfers from the General Fund.

Long-term obligation activity for the Development Authority for the year ended December 31, 2012, was as follows:

Long-term obligation:	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due Within More Than One Year
Bonds payable	$ 1,547,038	$ -	$ 142,284	$ 1,404,754	$ 149,811	$ 1,254,943

Long-term debt service requirements to maturity for the Development Authority debt are as follows:

Year Ending December 31	Bonds Payable Principal	Bonds Payable Interest
2013	$ 149,811	$ 58,850
2014	156,466	52,195
2015	163,417	45,244
2016	170,676	37,985
2017	178,258	30,403
2018-2022	586,126	42,276
Total	$ 1,404,754	$ 266,953

Bonds payable include the Series 2005 Bonds in the original amount of $2,287,000 for the Industrial Park Project. The Development Authority's source of revenues to pay for the principal and interest of the bonds is an intergovernmental agreement between the Development Authority and the County, whereby the County will make quarterly payments sufficient to meet debt service requirements. Payments of $52,165, including interest of 4.37% are due quarterly through 2020.

Public Health Center

Long-term obligation activity for the Public Health Center for the year ended December 31, 2012, was as follows:

Long-term obligation:	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due Within More Than One Year
Public Health Center						
Compensated absences payable	$ 18,671	$ 13,448	$ 9,650	$ 22,469	$ 3,367	$ 19,102

I. Capital Leases

The County has entered into a lease agreement as lessee for financing the acquisition of a Sheriff Department vehicle. This lease qualifies as a capital lease for accounting purposes (titles transfer at the end of the lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The following is an analysis of the vehicle leased under the capital lease as of December 31, 2012:

	Governmental Activities
Asset -	
Vehicle	$ 28,146
Less: Accumulated depreciation	(8,444)
Total	$ 19,702

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2012 were as follows:

Year Ending June 30,	Governmental Activities
Mininum lease payments:	
2013	$ 7,725
2014	7,725
Total	15,450
Less: amount representing interest	(1,335)
Present value of minimum lease payment	$ 14,115

The County has entered into a lease agreement as lessee for financing the acquisition of a Sheriff Department vehicle. This lease qualifies as a capital lease for accounting purposes (titles transfer at the end of the lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The following is an analysis of the vehicle leased under the capital lease as of December 31, 2012:

	Governmental Activities
Assets -	
Vehicles	$ 68,982
Less: Accumulated depreciation	(27,593)
Total	$ 41,389

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2012 were as follows:

Year Ending June 30,	Governmental Activities
Mininum lease payment -	
2013	$ 15,291
Less: amount representing interest	(934)
Present value of minimum lease payment	$ 14,357

The County has entered into a lease agreement as lessee for financing the acquisition of a Sheriff Department vehicle. This lease qualifies as a capital lease for accounting purposes (titles transfer at the end of the lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The following is an analysis of the vehicle leased under the capital lease as of December 31, 2012:

	Governmental Activities
Asset -	
Vehicle	$ 31,549
Less: Accumulated depreciation	(12,619)
Total	$ 18,930

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2012 were as follows:

Year Ending June 30,	Governmental Activities
Mininum lease payment -	
2013	$ 5,891
Less: amount representing interest	(359)
Present value of minimum lease payment	$ 5,532

The County has entered into a lease agreement as lessee for financing the acquisition of a Sheriff Department vehicle. This lease qualifies as a capital lease for accounting purposes (titles transfer at the end of the lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The following is an analysis of the vehicle leased under the capital lease as of December 31, 2012:

	Governmental Activities
Asset -	
Vehicle	$ 30,786
Less: Accumulated depreciation	(1,026)
Total	$ 29,760

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2012 were as follows:

Year Ending June 30,	Governmental Activities
Mininum lease payments:	
2013	$ 9,088
2014	9,088
2015	9,088
Total	27,264
Less: amount representing interest	(2,039)
Present value of minimum lease payment	$ 25,225

The County has entered into a lease agreement as lessee for financing the acquisition of a Sheriff Department vehicle. This lease qualifies as a capital lease for accounting purposes (titles transfer at the end of the lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The following is an analysis of the vehicle leased under the capital lease as of December 31, 2012:

	Governmental Activities
Asset -	
Vehicle	$ 15,367
Less: Accumulated depreciation	(2,049)
Total	$ 13,318

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2012 were as follows:

Year Ending June 30,	Governmental Activities
Mininum lease payments:	
2013	$ 4,217
2014	4,217
2015	4,217
Total	12,651
Less: amount representing interest	(1,502)
Present value of minimum lease payment	$ 11,149

The County has entered into a lease agreement as lessee for financing the acquisition of public works equipment. This lease qualifies as a capital lease for accounting purposes (titles transfer at the end of the lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The following is an analysis of the equipment leased under the capital lease as of December 31, 2012:

	Governmental Activities
Asset -	
Equipment	$ 147,372
Less: Accumulated depreciation	(44,212)
Total	$ 103,160

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2012 were as follows:

Year Ending June 30,	Governmental Activities
Mininum lease payment -	
2013	$ 81,489
Less: amount representing interest	(2,926)
Present value of minimum lease payment	$ 78,563

The County has entered into a lease agreement as lessee for financing the acquisition of radio equipment. This lease qualifies as a capital lease for accounting purposes (titles transfer at the end of the lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The following is an analysis of the vehicles leased under the capital lease as of December 31, 2012:

	Governmental Activities
Asset -	
Equipment	$ 391,780
Less: Accumulated depreciation	(88,150)
Total	$ 303,630

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2012 were as follows:

Year Ending June 30,	Governmental Activities
Mininum lease payments:	
2013	$ 87,708
2014	87,708
2015	87,648
Total	263,064
Less: amount representing interest	(19,111)
Present value of minimum lease payment	$ 243,953

The County has entered into a lease agreement as lessee for financing the acquisition of public works equipment. This lease qualifies as a capital lease for accounting purposes (titles transfer at the end of the lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The following is an analysis of the equipment leased under the capital lease as of December 31, 2012:

	Governmental Activities
Asset -	
Equipment	$ 96,419
Less: Accumulated depreciation	(83,563)
Total	$ 12,856

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2012 were as follows:

Year Ending June 30,	Governmental Activities
Mininum lease payment -	
2013	$ 22,079
Less: amount representing interest	(988)
Present value of minimum lease payment	$ 21,091

The County has entered into a lease agreement as lessee for financing the acquisition of public works equipment. This lease qualifies as a capital lease for accounting purposes (titles transfer at the end of the lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The following is an analysis of the equipment leased under the capital lease as of December 31, 2012:

	Governmental Activities
Asset -	
Equipment	$ 245,184
Less: Accumulated depreciation	(17,708)
Total	$ 227,476

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2012 were as follows:

Year Ending June 30,	Governmental Activities
Mininum lease payments:	
2013	$ 21,103
2014	20,582
2015	20,582
2016	167,777
Total	230,044
Less: amount representing interest	(21,850)
Present value of minimum lease payment	$ 208,194

IV. OTHER INFORMATION

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Government carries commercial insurance. The County pays for such claims as they become due. There are no unpaid claims as of December 31, 2012.

The County has joined together with other governments in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Association of County Commissioners of Georgia (ACCG) Workers' Compensation Self Insurance Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments. As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the 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 funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The funds are 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.

Settled claims in the current year have not exceeded the coverage.

Claims and Judgments - Description

Significant losses experienced by the County are covered by commercial insurance for all risks except employee health care for which the County retains the risk of loss. For insured risks there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or through prior years.

B. Commitments

Reservations of fund balances of Governmental funds are established to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures. Designations of fund balance represent tentative management plans that are subject to change.

C. Contingent Liabilities

Grant Funds

The County participates in numerous grant programs on the federal and state level. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal Government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Government expects such amounts, if any, to be immaterial.

As of December 31, 2012, the Water Fund was declared in default on a $500,000 grant received from the Georgia Department of Community Affairs due to disallowed costs and the expiration of the grant. A payable in the amount of $500,000 has been recorded in the Water Fund as of December 31, 2012.

Litigation

During the course of normal operations of the County, various claims and lawsuits arise. The County's legal counsel reports various cases pending against the County. Based upon the facts of the cases and the damages claimed, management does not expect potential liabilities as of December 31, 2012 to impair the County's financial position.

D. Landfill Closure and Post-Closure Care Costs

The County's financial statements have not reflected a direct liability for landfill closure and post-closure care costs prior to December 31, 2005, because the County had operated its landfill through a joint venture. The Twiggs-Wilkinson Landfill Commission, Inc. (the Commission) was incorporated on November 23, 1998 as a Georgia Non-Profit Corporation. The Commission was formed by Twiggs County, Georgia and Wilkinson County, Georgia in a joint landfill agreement that was to be effective for ten years to provide a facility for the disposal of solid waste collected by both counties. A three-member board administered the operations of the Highway 80 Landfill currently in operation as well as post-closure care of the Highway 57 Landfill. The Twiggs County and Wilkinson County Board of Commissioners each appointed one member for two-year terms. The two members appointed by the Counties appointed a third independent member for two-year terms. The creation of the Commission did not divest either Twiggs County or Wilkinson County of the responsibility for the Landfill's operation or financial obligations.

During the year ended 1999, the Commission was notified that the Highway 57 Landfill site had been identified as a hazardous waste site. As such, the Commission was required to comply with prescribed procedures regarding clean-up and additional monitoring. The Landfill Agreement between Twiggs and Wilkinson County stated that any corrective action costs for the Highway 57 Landfill would be the responsibility of Twiggs and Wilkinson County.

State and federal laws and regulations require owners to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure costs will be paid only near or after the date that the landfill stops accepting waste, the Commission reports a portion of these closure and post-closure costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

Due to the competitive nature of the market which serves landfill monitoring and care and changes in inflation and technology, the estimated post-closure and closure care costs may fluctuate from year to year.

Under a purchase agreement with Wolf Creek Landfill, LLC, the Twiggs-Wilkinson Landfill Commission, Inc., was sold during August 2005. As of September 30, 2005, the Twiggs-Wilkinson Landfill Commission, Inc. was dissolved. As of September 30, 2005, the landfill post-closure care liability for the Highway 57 site was assumed equally by Wilkinson County and Twiggs County. A total of $189,256 remains as a liability for post-closure care in the Governmental Activities Statement of Net Position as of December 31, 2012. The landfill closure and post-closure liability for the Highway 80 site was assumed by Wolf Creek Landfill, LLC. Twiggs County received $612,760 in host fees from the Landfill during the current year.

E. Deferred Compensation Plan

The County offers its employees a deferred compensation plan, created in accordance with Internal Revenue Code Section 457, the Twiggs County 457 Deferred Compensation Plan, The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Pursuant to changes in Internal Revenue Code Section 457, the plan has been amended to convert the deferred compensation plan to a trust. The plan is administered by GEBCorp. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, all income attributable to those amounts, property, or rights are solely the property and rights of the trust, established for the exclusive benefit of the participants and their beneficiaries. The County has no liability for these assets and they are not subject to the claims of the County's general creditors. All contributions to this plan are voluntary employee contributions.

F. Compliance With Legal Provisions

Deficit Fund Balances – No individual funds had deficit fund balances at December 31, 2012.

Excess of Expenditures over Appropriations in Individual Departments:

The following funds/departments had an excess of expenditures over appropriations:

General Fund:	Expenditures	Appropriations	Expenditures Over Appropriations
Probate Court	$ 178,741	$ 175,621	$ 3,120
Clerk of Superior Court	247,868	243,832	4,036
Juvenile Court	12,564	11,352	1,212
County Agent	36,236	35,722	514
General Government Buildings	214,387	183,336	31,051
Magistrate Court	137,219	135,457	1,762
Sheriff	2,217,875	2,122,084	95,791
Rescue	14,328	9,260	5,068
Emergency Management	107,596	97,427	10,169
District Attorney Appropriation	115,629	103,000	12,629
Department of Family and Children's Services	80,810	79,860	950
Older American's Council	54,555	48,085	6,470
Transit System	131,484	125,500	5,984
Public Defender Appropriation	51,797	49,075	2,722
Library Appropriation	33,312	26,000	7,312
Economic Development	60,000	-	60,000
Principle payments	48,832	-	48,832
Interest payments	41,052	-	41,052
Transfers out	165,333	-	165,333

G. Joint Venture

Under Georgia law, Twiggs County, in conjunction with other cities and counties in the eleven county east Middle Georgia area, is a member of the Middle Georgia Regional Commission (MGRC) and is required to pay annual dues thereto. Membership in a Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the Commission in Georgia. The Commission 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 a Commission. Separate financial statements may be obtained from:

Middle Georgia Regional Commission
175 Emery Highway, Suite C
Macon, Georgia 31217

H. Subsequent Events

The County performed an evaluation of subsequent events through December 17, 2013, the date upon which the County's financial statements were available for issue. The County has not evaluated subsequent events after this date. No subsequent events were identified that would have required a change to the financial statements or disclosure in the notes to the financial statements.

Required Supplementary Information Other Than Management's Discussion and Analysis

TWIGGS COUNTY, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Taxes:				
Ad valorem	$ 3,979,938	$ 4,243,945	$ 4,187,066	$ (56,879)
Local option sales tax	540,000	540,000	625,989	85,989
Insurance company premium tax	432,000	432,000	344,961	(87,039)
Alcoholic beverage excise tax	44,000	44,000	34,710	(9,290)
Other taxes	17,000	17,000	20,558	3,558
Total taxes	5,012,938	5,276,945	5,213,284	(63,661)
Licenses and Permits:				
Beer and wine licenses	6,000	6,000	5,922	(78)
Other licenses, permits and fees	40,000	40,000	97,816	57,816
Total licenses and permits	46,000	46,000	103,738	57,738
Intergovernmental:				
State grants - various	34,000	34,000	182,172	148,172
Payment in lieu of tax	16,000	16,000	11,561	(4,439)
Total intergovernmental	50,000	50,000	193,733	143,733
Fines and Forfeitures:				
Probate court	586,081	586,081	598,972	12,891
Superior Court	41,982	41,982	55,762	13,780
Drug surcharges, etc.	784	784	540	(244)
Total fines and forfeitures	628,847	628,847	655,274	26,427
Charges for Services:				
Magistrate	35,000	35,000	39,907	4,907
Superior Court	49,753	49,753	44,606	(5,147)
Sheriff	48,000	48,000	41,998	(6,002)
Tax Commissioner	-	-	92,402	92,402
Transit system	29,300	29,300	15,548	(13,752)
Landfill host fees	496,000	496,000	612,760	116,760
Total charges for services	658,053	658,053	847,221	189,168
Investment Income:				
Interest income	400	400	973	573
Total investment income	400	400	973	573
Miscellaneous:				
Proceeds from insurance claims	-	-	33,695	33,695
Refunds, reimbursements, etc.	60,000	60,000	80,626	20,626
Other	81,960	81,960	93,372	11,412
Total miscellaneous	141,960	141,960	207,693	65,733
Total Revenues	$ 6,538,198	$ 6,802,205	$ 7,221,916	$ 419,711

TWIGGS COUNTY, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Expenditures:				
General Government:				
Administration	$ 1,069,709	$ 1,072,709	$ 961,574	$ 111,135
Superior Court	87,434	87,434	72,219	15,215
Probate Court	175,621	175,621	178,741	(3,120)
Clerk of Superior Court	243,832	243,832	247,868	(4,036)
Juvenile Court	11,352	11,352	12,564	(1,212)
Tax Commissioner	232,427	232,427	220,186	12,241
County Agent	35,722	35,722	36,236	(514)
Registrars	138,485	138,485	116,767	21,718
Tax Assessors	233,165	233,165	221,081	12,084
General Government Buildings	110,331	183,336	214,387	(31,051)
Board of Equalization	4,600	4,600	2,135	2,465
Magistrate Court	135,457	135,457	137,219	(1,762)
Planning and Zoning	75,131	75,131	71,265	3,866
Total General Government	2,553,266	2,629,271	2,492,242	137,029
Public Safety:				
Sheriff	2,082,832	2,122,084	2,217,875	(95,791)
Fire Department	65,904	136,546	99,183	37,363
Rescue	9,260	9,260	14,328	(5,068)
Coroner	59,280	59,280	43,709	15,571
Emergency Management	97,427	97,427	107,596	(10,169)
Georgia Forestry Appropriation	20,039	20,039	20,039	-
District Attorney Appropriation	103,000	103,000	115,629	(12,629)
Total Public Safety	2,437,742	2,547,636	2,618,359	(70,723)
Public Works:				
Highways and Streets	855,205	928,813	826,235	102,578
Sanitation	230,486	230,486	193,188	37,298
Total Public Works	1,085,691	1,159,299	1,019,423	139,876
Public Health and Welfare:				
Public Health Appropriation	84,261	84,261	84,261	-
Mental Health Appropriation	5,218	5,218	5,218	-
Department of Family and Children's Services	79,860	79,860	80,810	(950)
Older American's Council	48,085	48,085	54,555	(6,470)
Transit System	121,000	125,500	131,484	(5,984)
Public Defender Appropriation	49,075	49,075	51,797	(2,722)
Total Public Health and Welfare	387,499	391,999	408,125	(16,126)

TWIGGS COUNTY, GEORGIA

EXHIBIT 12
PAGE 3 OF 3

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Culture and Recreation -				
Library Appropriation	$ 26,000	$ 26,000	$ 33,312	$ (7,312)
Recreation Appropriation	-	-	-	-
Total Culture and Recreation	26,000	26,000	33,312	(7,312)
Economic Development	60,000	60,000	60,000	-
Debt Service:				
Principle payments	-	-	48,832	(48,832)
Interest payments	-	-	41,052	(41,052)
Total Debt Service	-	-	89,884	(89,884)
Total Expenditures	6,550,198	6,814,205	6,721,345	92,860
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,000)	(12,000)	500,571	512,571
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	24,376	24,376
Transfers out	-	-	(165,333)	(165,333)
Proceeds from sales of capital assets	12,000	12,000	30,270	18,270
Proceeds from capital leases	-	-	40,592	40,592
Total Other Financing Sources (Uses)	12,000	12,000	(70,095)	(82,095)
Net Change in Fund Balance	-	-	430,476	430,476
FUND BALANCE, BEGINNING OF YEAR	1,032,010	1,032,010	1,032,010	-
FUND BALANCE, END OF YEAR	$ 1,032,010	$ 1,032,010	$ 1,462,486	$ 430,476

Other Supplementary Information

Non - major Governmental Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

- ***Sheriff's Commissary*** – To account for the activities of the inmate canteen operated by the Sheriff's Department.
- ***Sheriff's Grant Fund –*** To account for grant funds that are legally restricted to expenditure for particular purposes.
- ***911 Surcharge –*** To account for the activities of the 911 telephone operations center.
- ***Jail Fund –*** To account for activities of the County's jail.
- ***Law Library –*** To account for the law library fees included in all fines which are specifically designated for the County's law library.
- ***DARE Fund –*** To account for DARE funds that are legally restricted to expenditure for particular purposes.
- ***Confiscated Assets –*** To account for the revenues received that are designated for the purpose of enhancing law enforcement or capital outlay.

Capital Projects Funds are used to account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

- ***CDBG*** – To account for the grant funds that are legally restricted for the various capital outlay of the County.
- ***SPLOST –*** To account for the special purpose local option sales tax proceeds collected for the acquisition or construction of major capital projects.
- ***Academy Project*** – To account for the capital outlay and other transactions related to a construction project to serve the Twiggs County Industrial Park.
- ***Public Library Building –*** To account for the capital outlay and other transactions related to the construction of a new local public library building.

TWIGGS COUNTY, GEORGIA

EXHIBIT 13

COMBINING BALANCE SHEET
NON - MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	Total Non - major Special Revenue Governmental Funds	Total Non - major Capital Projects Governmental Funds	Total Non - major Governmental Funds
ASSET			
Cash	$ 203,054	$ 443,040	$ 646,094
Receivables - other	16,415	-	16,415
Total Assets	$ 219,469	$ 443,040	$ 662,509
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 10,052	$ 7,882	$ 17,934
Due to other funds	-	42,589	42,589
Total liabilities	10,052	50,471	60,523
Fund Balances:			
Public Safety	133,314	-	133,314
Capital projects	-	392,569	392,569
Law Library	76,103	-	76,103
Total fund balances	209,417	392,569	601,986
Total Liabilities and Fund Balances	$ 219,469	$ 443,040	$ 662,509

TWIGGS COUNTY, GEORGIA

EXHIBIT 14

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Total Non - major Special Revenue Governmental Funds	Total Non - major Capital Projects Governmental Funds	Total Non - major Governmental Funds
Revenues:			
Intergovernmental revenue	$ 4,032	$ 196,056	$ 200,088
Charges for services	150,123	-	150,123
Fines and forfeitures	132,047	-	132,047
Investment income	55	486	541
Other revenues	37,747	-	37,747
Total revenues	324,004	196,542	520,546
Expenditures:			
Current:			
General government	44,566	-	44,566
Public safety	313,919	-	313,919
Debt Service:			
Principle payments	81,762	-	81,762
Interest payments	13,731	-	13,731
Capital outlay	-	517,051	517,051
Total expenditures	453,978	517,051	971,029
Excess (Deficiency) of Revenues Over (Under) Expenditures	(129,974)	(320,509)	(450,483)
Other Financing Source (Use):			
Transfer out	(24,376)	(42,589)	(66,965)
Transfer in	165,333	-	165,333
Total Other Financing Sources (Uses)	140,957	(42,589)	98,368
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	10,983	(363,098)	(352,115)
Fund Balances, Beginning	198,434	755,667	954,101
Fund Balances, Ending	$ 209,417	$ 392,569	$ 601,986

TWIGGS COUNTY, GEORGIA

EXHIBIT 15

COMBINING BALANCE SHEET
NON - MAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2012

	Sheriff's Commissary	Sheriff's Grant Fund	911 Surcharge	Jail	Law Library	DARE Fund	Confiscated Assets	Total Non - major Special Revenue Governmental Funds
ASSET								
Cash	$ 10,471	$ 2,083	$ 35,883	$ 19,192	$ 77,223	$ 34,490	$ 23,712	$ 203,054
Accounts receivables	-	-	16,396	-	-	-	-	16,396
Other receivables	-	-	-	-	19	-	-	19
Total Assets	$ 10,471	$ 2,083	$ 52,279	$ 19,192	$ 77,242	$ 34,490	$ 23,712	$ 219,469
LIABILITIES AND FUND BALANCES								
Liability -								
Accounts payable	$ 4,769	$ -	$ 806	$ 3,338	$ 1,139	$ -	$ -	$ 10,052
Fund Balances:								
Public safety	5,702	2,083	51,473	15,854	-	34,490	23,712	133,314
Law Library	-	-	-	-	76,103	-	-	76,103
Total fund balances	5,702	2,083	51,473	15,854	76,103	34,490	23,712	209,417
Total Liabilities and Fund Balances	$ 10,471	$ 2,083	$ 52,279	$ 19,192	$ 77,242	$ 34,490	$ 23,712	$ 219,469

TWIGGS COUNTY, GEORGIA

EXHIBIT 16

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON - MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Sheriff's Commissary	Sheriff's Grant Fund	911 Surcharge	Jail	Law Library	DARE Fund	Confiscated Assets	Total Non - major Special Revenue Governmental Funds
Revenues:								
Intergovernmental revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,032	$ 4,032
Charges for services	-	-	150,123	-	-	-	-	150,123
Fines and forfeitures	-	-	-	72,219	11,126	24,550	24,152	132,047
Interest and dividend income	-	-	12	-	21	22	-	55
Other revenues	3,819	-	-	-	-	-	33,928	37,747
Total revenues	3,819	-	150,135	72,219	11,147	24,572	62,112	324,004
Expenditures:								
Current:								
General government	-	-	-	-	44,566	-	-	44,566
Public safety	5,317	8,547	198,910	29,577	-	10,505	61,063	313,919
Debt Service:								
Principle payments	-	-	75,320	6,442	-	-	-	81,762
Interest payments	-	-	12,448	1,283	-	-	-	13,731
Total expenditures	5,317	8,547	286,678	37,302	44,566	10,505	61,063	453,978
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,498)	(8,547)	(136,543)	34,917	(33,419)	14,067	1,049	(129,974)
Other Financing Source (Use):								
Transfer out	-	-	-	(24,376)	-	-	-	(24,376)
Transfer in	-	-	165,333	-	-	-	-	165,333
Total Other Financing Source (Use)	-	-	165,333	(24,376)	-	-	-	140,957
Excess (Deficiency) of Revenues and Other Financing Source Over (Under) Expenditures and Other Financing Use	(1,498)	(8,547)	28,790	10,541	(33,419)	14,067	1,049	10,983
Fund Balance, Beginning	7,200	10,630	22,683	5,313	109,522	20,423	22,663	198,434
Fund Balance, Ending	$ 5,702	$ 2,083	$ 51,473	$ 15,854	$ 76,103	$ 34,490	$ 23,712	$ 209,417

TWIGGS COUNTY, GEORGIA

EXHIBIT 17

COMBINING BALANCE SHEET
NON - MAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2012

	CDBG	SPLOST	Academy Project	Public Library Building	Total Non - major Capital Projects Governmental Funds
ASSET					
Cash	$ -	$ 203,588	$ -	$ 239,452	$ 443,040
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ -	$ 7,882	$ -	$ -	$ 7,882
Due to other funds	-	42,589	-	-	42,589
Total liabilities	-	50,471	-	-	50,471
Fund Balances -					
Capital Projects	-	153,117	-	239,452	392,569
Total Liabilities and Fund Balances	$ -	$ 203,588	$ -	$ 239,452	$ 443,040

TWIGGS COUNTY, GEORGIA

EXHIBIT 18

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON - MAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	CDBG	SPLOST	Academy Project	Public Library Building	Total Non - major Capital Projects Governmental Funds
Revenues:					
Intergovernmental revenue	$ 159,756	$ 36,300	$ -	$ -	$ 196,056
Interest and dividend income	-	233	-	253	486
Total revenues	159,756	36,533	-	253	196,542
Expenditures:					
Capital outlay	160,281	64,424	-	292,346	517,051
Excess (Deficiency) of Revenues Over (Under) Expenditures	(525)	(27,891)	-	(292,093)	(320,509)
Other Financing Sources (Uses) -					
Transfer out	-	-	(42,589)	-	(42,589)
Excess (Deficiency) of Revenues and Other Financing Source Over (Under) Expenditures	(525)	(27,891)	(42,589)	(292,093)	(363,098)
Fund Balance (Deficit), Beginning	525	181,008	42,589	531,545	755,667
Fund Balance (Deficit), Ending	$ -	$ 153,117	$ -	$ 239,452	$ 392,569

Agency Funds

TWIGGS COUNTY, GEORGIA

EXHIBIT 19

AGENCY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2012

	Superior Court	Probate Court	Tax Commissioner	Magistrate Court	Sheriff	Tax Assessor	Emergency Management	Total Agency Funds
Asset -								
Cash	$ 74,239	$ 27,603	$ 10,353	$ 6,961	$ 90,087	$ -	$ -	$ 209,243
Liability -								
Other liabilities	$ 74,239	$ 27,603	$ 10,353	$ 6,961	$ 90,087	$ -	$ -	$ 209,243

Other Information

TWIGGS COUNTY, GEORGIA

EXHIBIT 20

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX
YEAR ENDED DECEMBER 31, 2012

Project Description Per SPLOST Referendum	Estimated Cost Original	Estimated Cost Current	Expenditures Prior Years	Expenditures Current Year	Expenditures Total
Capital Improvement Program -					
September 16, 2003 referendum:					
Improving the County:					
Water System Improvements			$ 574,494	$ 64,424	$ 638,918
Fire Department Equipment			1,136,021	-	1,136,021
Industrial Park			1,358,985	-	1,358,985
Pay debt incurred from finishing the building of the courthouse			540,274	-	540,274
Total	$ 5,000,000	$ 5,000,000	$ 3,609,774	$ 64,424	$ 3,674,198
February 5, 2008 referendum:					
Improving Twiggs County roads			$ 758,436	$ 421,164	$ 1,179,600
Retirement of road shops debt, and purchase of other road maintaining equipment as required			150,398	305,071	455,469
Improving the County's water system			7,748	268	8,016
Purchase of rescue vehicle			-	-	-
Complete infrastructure and other objectives at County's Industrial Park			590,146	233,039	823,185
Repair roofs at Courthouse complex			14,650	47,516	62,166
Recreation and parks			92	20,891	20,983
Total	$ 6,000,000	$ 6,000,000	$ 1,521,470	$ 1,027,949	$ 2,549,419

TWIGGS COUNTY, GEORGIA

EXHIBIT 21

COMMUNITY DEVELOPMENT BLOCK GRANT (#07P-Y-143-1-3328)
SOURCE AND APPLICATION OF FUND SCHEDULE
FOR THE PERIOD OF SEPTEMBER 7, 2007 THROUGH DECEMBER 31, 2012

Total program funds allocated to recipient	$	500,000
Less - Total program funds drawn by recipient		500,000
Funds still available from program resources	$	-
Total program funds drawn down and received by recipient	$	500,000
Less - Funds applied and expended to program costs		500,000
Total program funds held by recipient	$	-

TWIGGS COUNTY, GEORGIA

EXHIBIT 22

COMMUNITY DEVELOPMENT BLOCK GRANT (#07P-Y-143-1-3328)
PROJECT COST SCHEDULE
FOR THE PERIOD OF SEPTEMBER 7, 2007 THROUGH DECEMBER 31, 2012

	Activity Number	Latest Approved Budget CDBG Funds	Accumulated Expenditures to Date CDBG Funds	Accumulated Expenditures to Date Other Funds	Grand Total Expenditures To Date	Questioned Costs
Contingencies	C-022-00	$ 20,000	$ 20,000	$ -	$ 20,000	$ -
Engineering - Water/ Sewer Improvements	T-03J-00	30,000	30,000	-	30,000	-
Water Facilities	P-03J-01	420,000	420,000	-	420,000	-
Administration	A-21A-00	30,000	30,000	-	30,000	-
		$ 500,000	$ 500,000	$ -	$ 500,000	$ -

TWIGGS COUNTY, GEORGIA

EXHIBIT 23

COMMUNITY DEVELOPMENT BLOCK GRANT (#11Q-Y-143-1-5514)
SOURCE AND APPLICATION OF FUND SCHEDULE
FOR THE PERIOD OF SEPTEMBER 6, 2012 THROUGH DECEMBER 31, 2012

Total program funds allocated to recipient	$	500,000
Less - Total program funds drawn by recipient		485,000
Funds still available from program resources	$	15,000
Total program funds drawn down and received by recipient	$	485,000
Less - Funds applied and expended to program costs		485,000
Total program funds held by recipient	$	-

TWIGGS COUNTY, GEORGIA

EXHIBIT 24

COMMUNITY DEVELOPMENT BLOCK GRANT (#11Q-Y-143-1-5514)
PROJECT COST SCHEDULE
FOR THE PERIOD OF SEPTEMBER 6, 2012 THROUGH DECEMBER 31, 2012

	Activity Number	Latest Approved Budget CDBG Funds	Accumulated Expenditures to Date CDBG Funds	Accumulated Expenditures to Date Other Funds	Grand Total Expenditures To Date	Questioned Costs
Construction	C-022-00	$ 470,000	$ 470,000	$ -	$ 470,000	$ -
Administration	A-21A-00	30,000	15,000	-	15,000	-
		$ 500,000	$ 485,000	$ -	$ 485,000	$ -

TWIGGS COUNTY, GEORGIA

EXHIBIT 25

ECONOMIC DEVELOPMENT ADMINISTRATION GRANT (#04-01-05993)
SOURCE AND APPLICATION OF FUND SCHEDULE
FOR THE PERIOD OF DECEMBER 4, 2007 THROUGH DECEMBER 31, 2012

Total program funds allocated to recipient	$ 1,500,000
Less - Total program funds drawn by recipient	1,500,000
Funds still available from program resources	$ -
Total program funds drawn down and received by recipient	$ 1,500,000
Less - Funds applied and expended to program costs	1,500,000
Total program funds held by recipient	$ -

TWIGGS COUNTY, GEORGIA

EXHIBIT 26

ECONOMIC DEVELOPMENT ADMINISTRATION GRANT (#04-01-05993)
PROJECT COST SCHEDULE
FOR THE PERIOD OF DECEMBER 4, 2007 THROUGH DECEMBER 31, 2012

	Latest Approved Budget EDA Funds	Accumulated Expenditures to Date EDA Funds	Accumulated Expenditures to Date Other Funds	Grand Total Expenditures To Date	Questioned Costs
Administration Fees	$ 9,837	$ 9,837	$ -	$ 9,837	$ -
Architectural Engineering Basic Fees	138,728	138,728	-	138,728	-
Otherr Architectural Engineering Fees	9,837	9,837	-	9,837	-
Project Inspection Fees	17,204	17,204	-	17,204	-
Construction and Project Improvement Cost	1,324,394	1,324,394	-	1,324,394	-
	$ 1,500,000	$ 1,500,000	$ -	$ 1,500,000	$ -

Compliance Information

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Commerce -			
Direct Program -			
Economic Development Administration			
Public Works Program/Infrastructure			
Improvements	11.300	N/A	457,900
Department of Justice:			
Passed through State of Georgia -			
Criminal Justice Coordinating Council			
Project Safe Neighborhoods National Training and			
Technical Assistance Program	16.609	M12-8-002	63,530
Edward Byrne Memorial Justice Assistance Grant	16.803	B82-8-048	18,248
Public Works Program/Infrastructure			
Direct Programs:			
Federal Asset Forfeiture Funds	16.000	GA1430000	18,559
Bureau of Justice Assistance:			
Bulletproof Vest Partnership Program	16.607	N/A	4,032
Total U.S. Department of Justice			104,369
Housing and Urban Development:			
Passed through State of Georgia -			
Department of Community Affairs			
Employment Incentive Grant	14.219	11Q-Y-143-1-5514	485,000
Passed through State of Georgia -			
Department of Community Affairs			
CDBG Small Cities Program	14.219	07P-Y-143-1-3328	159,756
Total Housing and Urban Development			644,756
Department of Homeland Security -			
Direct Program -			
Federal Emergency Management Agency			
Assistance to Firefighters Grant	97.044	N/A	70,642
Department of Transportation -			
Direct Program -			
Department of Transportation			
Urban Mass Transportation - Capital and			
Operating Assistance Grant	20.507	GA-18-4029	80,430
Total expenditures of federal awards			$ 1,358,097

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Twiggs County, Georgia, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented, or used in the preparation of, the basic financial statements.

NOTE B – NONMONETARY ASSISTANCE

The County did not receive nonmonetary assistance during the year ended December 31, 2012.

NOTE C – SUBRECIPIENTS

Of the federal expenditures presented in the schedule, no amounts were provided to subrecipients by Twiggs County, Georgia.

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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*

Independent Auditor's Report

To the Honorable Chairman and
Members of the Board of Commissioners
Twiggs County, Georgia

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Twiggs County, Georgia as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Twiggs County, Georgia's basic financial statements, and have issued our report thereon dated December 17, 2013. Our report includes a reference to other auditors who audited the financial statements of the Development Authority of The City of Jeffersonville and Twiggs County, Georgia and the Twiggs County Board of health, as described in our report on Twiggs County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be a material weaknesses: 2006-01, 2011-01, 2011-02, 2012-01, 2012-02.

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 questioned costs to be a significant deficiency 2012-03

Compliance and Other Matters

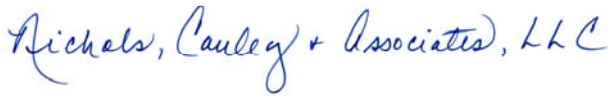
As part of obtaining reasonable assurance about whether Twiggs County, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, and which are described below:

Twiggs County, Georgia received a Community Development Block Grant to improve its water facilities in order to extend its water services to outlining areas. After several extensions the County was unable to find a water source to provide water to the improvements. The County requested another extension from the Department of Community Affairs to gain additional funding in order to complete the project. The Department of Community Affairs denied the request, and deemed the entire project a disallowable cost. The original grant of $500,000 is declared in default. The County has recorded a payable in the Water Fund at December 31, 2012 for this amount.

We noted certain matters that we have reported to management of Twiggs County, Georgia in a separate letter dated December 17, 2013.

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.



Dublin, Georgia
December 17, 2013

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Independent Auditor's Report

To the Honorable Chairman and
Members of the Board of Commissioners
Twiggs County, Georgia

Compliance

We have audited the compliance of Twiggs County, Georgia with the types of compliance requirements described in the U.S. Office of Management and Budget Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012. Twiggs County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the entity's management.

Auditor's Responsibility

Our responsibility is to express an opinion on Twiggs County, Georgia's compliance with the applicable compliance requirements based on our compliance audit.

We conducted our compliance audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and Circular A-133 require that we plan and perform the compliance audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred.

A compliance audit includes examining, on a test basis, evidence about Twiggs County, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our compliance audit provides a reasonable basis for our qualified opinion. Our compliance audit does not provide a legal determination on Twiggs County, Georgia's compliance with those requirements.

Basis for Qualified Opinion

As described in item 2012-4 in the accompanying schedule of finding and questioned costs, the County did not comply with the completion requirements and is in default with 14.219 – CDBG Small Cities Program. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Qualified Opinion

In our opinion, except for the noncompliance described in the preceding paragraph, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2012.

Internal Control over Compliance

The management of Twiggs County, Georgia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our compliance audit, we considered Twiggs County, Georgia's internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis for designing our compliance auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Twiggs County, Georgia's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2012-04 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2008-01 to be a significant deficiency.

Restricted Use

The purpose of this report is solely for the information and use of the Members of the Board of Commissioners, management, others within the County, federal awarding agencies, and pass-through entities and should not be used by anyone other than these parties. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance. Accordingly, this report is not suitable for any other purpose.

Nichols, Cauley & Associates, LLC

Dublin, Georgia
December 17, 2013

SECTION I. SUMMARY OF AUDITOR'S RESULTS:

FINANCIAL STATEMENTS

Type of Auditor's Report issued:	Unqualified
Internal control over financial reporting:	
Material weakness identified?	Yes
Significant deficiency identified not considered to be a material weakness?	Yes
Noncompliance material to financial statement noted?	Yes

FEDERAL AWARDS

Internal Control over major programs:	
Material weakness identified?	Yes
Significant deficiency identified not considered to be material weakness?	None Reported
Type of Auditor's report issued on compliance for major program:	Qualified
Any audit finding disclosed that is required to be reported in Accordance with OMB Circular A-133, Section .510(A)?	Yes

Identification of major programs:

CFDA Number:	11.300
Name of Federal Program:	Economic Development Administration
CDFA Number:	14.219
Name of Federal Program:	Community Development Employment Incentive/Small Cities Grant

Dollar threshold used to distinguish between Type A and Type B programs?	$300,000
Auditee qualified as low risk auditee?	No

SECTION II. FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESSES

2006-01: Criteria	Internal Controls should be in place that provide reasonable assurance that an individual cannot misappropriate funds without being detected during the normal course of business.
Condition	Due to the limited number of personnel, overlapping of duties exists in the County's operations, primarily in the areas of cash receipts and disbursements. This overlapping of duties presents a situation where unauthorized use of assets could occur and not be detected within a timely period.
Context	The primary individual accepting cash, creates the deposit ticket, and enters the deposit into the accounting system.
Effect	Failure to fully segregate duties between recording, processing and reconciliation of accounts can lead to misappropriation of funds that are not detected during the normal course of business.
Cause	Due to the limited number of personnel segregation of duties is not feasible.
Recommendation	Management should continually exercise alert supervision of employees in order to protect the assets of the County and continue to use compensating controls. It is further recommended the County implement an internal audit review to be performed on a quarterly basis. The internal audit would serve to further mitigate the lack of segregation of duties.
2011-01: Criteria	The County should accurately bill and correctly record and maintain customer deposits.
Condition	The County's billing for the water system has been performed using a spreadsheet for several years. In addition, the County's policy on colleting customer deposits has not been enforced as written, and customer deposits that were collected had not been recorded as a liability and properly monitored.
Context	Water system billings are not accurately calculated or recorded as needed.
Effect	The County could be losing revenue due to under billings, and amounts collected as deposits may not be refunded timely.

	Cause	The County purchased software to help accurately calculate water bills and account for customer deposits. The software is not being utilized and the bills are still calculated using a spreadsheet.
	Recommendation	The County utilize a utility billing system to process monthly billing and maintain all water system billing accounts and deposits. The balances per this system and activity posted to the system should be reconciled to the general ledger on a monthly basis.
2011-02:	Criteria	Policies and procedures should be in place regarding access to signature stamp and approval of use.
	Condition	The County uses a check signature stamp for Commissioner's to sign checks. Policies and procedures are not being followed in that access to the stamp is not limited to the signee.
	Context	Commissioner signee stamp is left out unsecured.
	Effect	Unlimited access to the stamp and usage without approval of signee further increases risk as a result of lack of segregation of duties that can lead to misappropriation of funds that are not detected during the normal course of business.
	Cause	The stamp with the Commissioner's signatures is not proper secured.
	Recommendation	The County should implement a policy that requires a review of the invoice or other supporting documentation before the check is signed, and that the checks be personally signed by the Commissioners or stamped by the signee.
2012-01:	Criteria	Internal Control Structure should provide for accurate and consistent books and records of the accounting system. It should also provide a clear and understandable list of position requirements and responsibilities.
	Condition	During the course of our audit we encountered several instances where it would take several hours for the accounting staff to locate the proper records. Other times the accounting staff was not aware of whose job it was to perform procedures.
	Context	Management did not have a reasonable way to store and organize the accounting records. It took several hours to locate invoices and other source documentation. Often the accounting staff would not know who was responsible for certain accounting functions.

Effect	A poor record keeping system could result in misstatements not being corrected in a timely manner. Not having a clear and established list of individual responsibilities could result in an individual incorrectly performing another individuals responsibilities.
Cause	Due to the high turnover of management in the County, and lack of qualified individuals in management, a proper way to store and organize source documentation has not been established nor have individual job responsibilities been laid out.
Recommendation	Policies and procedures should be implemented to correct this deficiency.

2012-02: Criteria	Internal Control Structure should provide adequate documentation for correcting or adjusting journal entries entered into the accounting system
Condition	During the course of our audit several journal entries were entered into the accounting system that did not have proper source documentation.
Context	The Finance Director could not provide source documentation for all adjusting or correcting entries into the accounting system.
Effect	Inaccurate or fraudulent journal entries could be entered into the accounting system.
Cause	Due to the high turnover of management in the County, proper source documentation has not been accounted for.
Recommendation	Policies and procedures should be implemented regarding the posting of entries.

SIGNIFICANT DEFICIENCIES

2012-03: Criteria	The County should use fiscal control and accountability.
Condition	In the County's General Fund, actual expenditures exceeded budget appropriations in three departments.
Context	Expenditures exceeded appropriations in the Public Safety, Public Health and Welfare, and Culture and Recreation departments.
Effect	Fiscal control and accountability over departmental expenditures may be jeopardized.

Cause	County's expenditures exceeded appropriations in three different departments.
Recommendation	The County should monitor the budget and amend it when appropriate.

SECTION III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

MATERIAL WEAKNESS

2012-04: Criteria	The County should have procedures in place to ensure compliance with all federal grants.
Condition	The County was found in default of a Community Development Block Grant(CDBG) received to construct water systems to extend service to the Dry Branch area.
Context	The County did not furnish water service to the Dry Branch area in the allotted grant period.
Effect	The Department of Housing and Urban Development determined that the County is in default of the entire grant amount of $500,000.
Cause	The County must repay the grant amount of $500,000 and may be barred from receipt of any future CDBG funds until the amount is repaid.
Recommendation	The County should establish and implement a set of procedures and guidelines to ensure the County is in compliance with all grant provisions.

SIGNIFICANT DEFICIENCY

2008-01	Segregation of duties finding same as financial statement finding 2006-01.

2006-01: Condition	Due to the limited number of personnel, overlapping of duties exists in the County's operations, primarily in the areas of cash receipts and disbursements. This overlapping of duties presents a situation where unauthorized use of assets could occur and not be detected within a timely period.
Recommendation	To the extent possible, given the availability of personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and related accounting records, or to all phases of the transaction.
Response/Status	The above finding continues to be a finding in the current year.
2011-01: Condition	The County's billing for the water system has been performed using a spreadsheet for several years. Errors were found in the calculation of the bills due to the incorrect usage being billed, formula errors in the calculation of the bill, and transferring amounts to the accounting system. In addition, the County's policy on colleting customer deposits has not been enforced as written, and customer deposits that were collected had not been recorded as a liability and properly monitored.
Recommendation	The County utilize a utility billing system to process monthly billing and maintain all water system billing accounts and deposits. The balances per this system and activity posted to the system should be reconciled to the general ledger on a monthly basis.
Response/Status	The above finding continues to be a finding in the current year.
2011-02: Condition	The County uses a check signature stamp for Commissioner's to sign checks. Policies and procedures are not being followed in that access to the stamp is not limited to the signee.
Recommendation	The County should implement a policy that requires a review of the invoice or other supporting documentation before the check is signed, and that the checks be personally signed by the Commissioners or stamped by the signee.
Response/Status	The above finding continues to be a finding in the current year.