Twiggs County, Georgia

Annual Financial Report

For the Year Ended
December 31, 2013

TWIGGS COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2013

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

TWIGGS COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2013

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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, 2013, 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 did not audit the financial statements of the Development Authority of the City of Jeffersonville and Twiggs County, Georgia which represents 36 percent, 36 percent, and 65 percent, respectively, of the assets, fund balances, and revenues of non-major governmental funds. We did not audit the financial statements of Twiggs County Health Department which represents 100% of the assets, net position and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the Development Authority of the City of Jeffersonville and Twiggs County, Georgia and Twiggs County Health Department, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Twiggs County, Georgia, as of December 31, 2013, 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

Required Supplementary Information

Accounting principles generally accepted in the United States of American require that the budgetary comparison on page 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The 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.

Other 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 budgetary comparison schedule, combining and individual nonmajor fund financial statements, the schedule of special purpose local option sales tax expenditures and other grant schedules, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, the budgetary comparison schedule, combining and individual nonmajor fund financial statements, the schedule of special purpose local option sales tax expenditures and other grant schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2014 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Twiggs County, Georgia's internal control over financial reporting and compliance.

Nichols, Cauley & Associates, LLC

Dublin, Georgia
June 25, 2014

Basic Financial Statements

TWIGGS COUNTY, GEORGIA

Exhibit 1

STATEMENT OF NET POSITION
DECEMBER 31, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Health Department
Assets				
Cash and cash equivalents	$ 2,148,720	$ 67,728	$ 2,216,448	$ 224,069
Receivables, net of allowances for uncollectible:				
Taxes	800,372	-	800,372	-
Accounts	-	12,757	12,757	24,541
Due from other governments	99,827	-	99,827	2,112
Notes	25,322	-	25,322	-
Other	28,909	-	28,909	-
Internal balances	157,551	(157,551)	-	-
Prepaid expenditures	95,823	-	95,823	-
Capital assets:				
Land and other non-depreciable assets	4,513,411	900	4,514,311	-
Other capital assets, net of depreciation	6,947,348	7,294,028	14,241,376	1,048
Total assets	14,817,283	7,217,862	22,035,145	251,770
Liabilities				
Accounts payable	224,015	387	224,402	346
Accrued expenses	22,801	264	23,065	-
Customer deposits	-	24,973	24,973	-
Due to other governments	-	428,571	428,571	746
Unearned revenue	8,345	-	8,345	-
Long-term obligations:				
Due within one year	636,976	136,169	773,145	3,367
Due in more than one year	1,565,222	1,423,537	2,988,759	17,823
Total liabilities	2,457,359	2,013,901	4,471,260	22,282
Net Position				
Net investment in capital assets	9,258,561	5,739,094	14,997,655	1,048
Restricted for:				
Public Safety	129,881	-	129,881	-
Capital Projects	818,503	-	818,503	-
Economic development	44,676	-	44,676	-
Special Programs	62,808	-	62,808	-
Unrestricted	2,045,495	(535,133)	1,510,362	228,440
Total net position	$ 12,359,924	$ 5,203,961	$ 17,563,885	$ 229,488

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, 2013

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 Unit: Health Department
Primary Government								
Governmental Activities:								
General government	$ 2,707,549	$ 1,383,244	$ 291,452	$ -	$ (1,032,853)	$ -	$ (1,032,853)	$ -
Judicial	-	10,639	-	-	10,639	-	10,639	-
Public safety	2,968,346	252,356	-	-	(2,715,990)	-	(2,715,990)	-
Public works	1,428,848	-	403	269	(1,428,176)	-	(1,428,176)	-
Health and welfare	366,145	-	-	-	(366,145)	-	(366,145)	-
Culture and recreation	388,433	-	-	-	(388,433)	-	(388,433)	-
Housing and development	498,749	45,000	-	500,000	46,251	-	46,251	-
Interest on long-term debt	118,201	-	-	-	(118,201)	-	(118,201)	-
Total governmental activities	8,476,271	1,691,239	291,855	500,269	(5,992,908)	-	(5,992,908)	-
Business-type Activity -								
Water	280,444	100,013	-	15,000	-	(165,431)	(165,431)	-
Total primary government	$ 8,756,715	$ 1,791,252	$ 291,855	$ 515,269	$ (5,992,908)	(165,431)	(6,158,339)	-
Component Unit								
Twiggs County Health Department	$ 290,084	$ 83,917	$ 225,639	$ -	-	-	-	19,472
General revenues:								
Property taxes					4,149,816	-	4,149,816	-
Local option sales tax					545,283	-	545,283	-
Special local option sales tax					717,260	-	717,260	-
Insurance company premium tax					358,532	-	358,532	-
Other taxes					77,777	-	77,777	-
Unrestricted investment earnings					2,744	63	2,807	1,162
Insurance proceeds					146,683	-	146,683	-
Miscellaneous					162,435	-	162,435	-
Total general revenues and transfers					6,160,530	63	6,160,593	1,162
Change in net position					167,622	(165,368)	2,254	20,634
Net position - beginning, as restated					12,192,302	5,369,329	17,561,631	208,854
Net position - ending					$ 12,359,924	$ 5,203,961	$ 17,563,885	$ 229,488

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, 2013

	General	Capital Projects SPLOST 09	Non - Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 1,150,161	$ 354,204	$ 644,355	$ 2,148,720
Receivables, net of allowances for uncollectibles:				
Taxes	800,372	-	-	800,372
Due from other governments	44,392	55,435	-	99,827
Note	-	-	25,322	25,322
Other	12,917	-	15,992	28,909
Due from other funds	157,979	42,161	-	200,140
Prepaid expenditures	95,823	-	-	95,823
Total Assets	**$ 2,261,644**	**$ 451,800**	**$ 685,669**	**$ 3,399,113**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 194,169	$ -	$ 29,846	$ 224,015
Accrued expenses	21,980	-	821	22,801
Due to other funds	-	-	42,589	42,589
Unearned revenues	-	-	8,345	8,345
Total Liabilities	216,149	-	81,601	297,750
Deferred Inflows of Resources -				
Unavailable revenues	502,761	-	-	502,761
Fund Balances:				
Nonspendable:				
Prepaid expenditures	95,823	-	-	95,823
Restricted for:				
Public Safety	-	-	129,881	129,881
Capital Projects	-	451,800	366,703	818,503
Law Library	-	-	62,808	62,808
Economic development	-	-	44,676	44,676
Unassigned	1,446,911	-	-	1,446,911
Total Fund Balances	1,542,734	451,800	604,068	2,598,602
Total Liabilities, Deferred Inflows of Resources and Fund Balances	**$ 2,261,644**	**$ 451,800**	**$ 685,669**	**$ 3,399,113**

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, 2013

Fund balance - total governmental funds		$ 2,598,602
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.		11,460,759
Other long - term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		502,761
Some long - term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences		(171,665)
Landfill postclosure costs		(161,973)
Capital leases payable		(473,565)
Bonds payable		(1,255,873)
Notes Payable		(139,122)
	Net position of governmental activities	$ 12,359,924

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, 2013

	General	Capital Projects SPLOST 09	Non - Major Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	$ 5,114,088	$ 717,260	$ -	$ 5,831,348
Licenses and permits	54,380	-	-	54,380
Intergovernmental	291,452	-	500,403	791,855
Charges for services	714,575	-	188,736	903,311
Fines and forfeitures	614,289	-	119,259	733,548
Investment income	985	146	1,882	3,013
Other revenues	112,979	-	48,245	161,224
Total Revenues	6,902,748	717,406	858,525	8,478,679
Expenditures:				
Current:				
General government	2,574,161	-	24,216	2,598,377
Public safety	2,509,942	-	404,256	2,914,198
Public works	1,138,733	222,273	-	1,361,006
Public health and welfare	362,652	-	-	362,652
Culture and recreation	32,160	-	343,578	375,738
Economic development	-	-	597,743	597,743
Debt Service:				
Principle payments	73,881	114,189	239,064	427,134
Interest payments	34,192	10,134	73,875	118,201
Capital outlay	-	2,328	264,489	266,817
Total Expenditures	6,725,721	348,924	1,947,221	9,021,866
Excess (Deficiency) of Revenues Over (Under) Expenditures	177,027	368,482	(1,088,696)	(543,187)
Other Financing Sources (Uses):				
Transfer in	-	-	420,276	420,276
Transfer out	(211,615)	(208,661)	-	(420,276)
Proceeds from sale of capital assets	1,211	-	-	1,211
Insurance proceeds	-	-	146,683	146,683
Proceeds from issuance of debt	-	-	100,000	100,000
Proceeds from capital leases	113,625	-	-	113,625
Total other financing sources (uses)	(96,779)	(208,661)	666,959	361,519
Net Change in Fund Balances	80,248	159,821	(421,737)	(181,668)
Fund Balances - Beginning, as restated	1,462,486	291,979	1,025,805	2,780,270
Fund Balances - Ending	$ 1,542,734	$ 451,800	$ 604,068	$ 2,598,602

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, 2013

Net change in fund balances - Total Governmental Funds	$ (181,668)
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 Position as follows -	
Capital outlay	656,514
Depreciation expenses on governmental capital assets are included in the governmental activities column in the Statement of Activities but are not shown in the governmental funds	(582,343)
The issuance of long-term debt provides current financial resources to governmental funds but has no effect on net position.	(213,625)
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	17,320
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	16,014
Bonds payable	148,881
Capital leases	262,239
Landfill postclosure costs	27,283
Compensated absences	17,007
Change in net position of Governmental Activities	$ 167,622

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

TWIGGS COUNTY, GEORGIA

EXHIBIT 7

STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2013

	Enterprise Water Fund
Assets:	
Current Assets:	
Cash	$ 67,728
Accounts receivable, net of allowance	12,757
Due from other funds	42,589
Total Current Assets	123,074
Capital Assets:	
Land	900
Distribution System	7,923,291
Total	7,924,191
Less - accumulated depreciation	(629,263)
Total Capital Assets	7,294,928
Total Assets	7,418,002
Liabilities:	
Current Liabilities:	
Accounts payable	387
Due to other funds	200,140
Accrued expenses	264
Customer deposits	24,973
Due to other governments	428,571
Compensated absences payable	3,872
Current portion of long-term debt	132,297
Total Current Liabilities	790,504
Noncurrent Liability-	
Note payable - non-current portion	1,423,537
Total Liabilities	2,214,041
Net Position:	
Net investment in capital assets	5,739,094
Unrestricted	(535,133)
Total Net Position	$ 5,203,961

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

TWIGGS COUNTY, GEORGIA

EXHIBIT 8

STATEMENT OF CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Enterprise Water Fund
Operating Revenue - Water and Sewer sales	$ 100,013
Operating Expenses:	
Salaries	35,213
Payroll taxes	2,706
Group insurance	14,508
Utilities	1,050
Professional fees	15,000
Dues and subscriptions	200
Repairs and maintenance	37,710
Travel and training	3,577
Permits	2,640
Miscellaneous expense	355
Depreciation expense	157,690
Total operating expenses	270,649
Operating Loss	(170,636)
Non-operating Revenue (Expense):	
Interest income	63
Grant income	15,000
Interest expense	(9,795)
Total non-operating revenue (expense)	5,268
Change in Net Position	(165,368)
Total Net Position, Beginning	5,369,329
Total Net Position, Ending	$ 5,203,961

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

TWIGGS COUNTY, GEORGIA

EXHIBIT 9

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Enterprise Water Fund
Cash Flows from Operating Activities:	
Receipts from customers	$ 98,230
Receipts from others	143,116
Payments to suppliers	(56,832)
Payments to employees	(52,996)
Payments to others	(71,429)
Payments from others	442,411
Net cash provided by operating activities	502,500
Cash Flows from Noncapital Financing Activities -	-
Cash Flows from Capital and Related Financing Activities:	
Grant income	15,000
Principal payments on capital debt	(595,832)
Interest payments on capital debt	(9,795)
Net cash used in capital and related financing activities	(590,627)
Cash Flows from Investing Activities -	
Interest income	63
Net decrease in cash and cash equivalents	(88,064)
Balances - beginning of year	155,792
Balances - end of year	$ 67,728
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	$ (170,636)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Depreciation	157,690
Net change in assets and liabilities attributable to operations:	
Accounts receivable	(1,783)
Due from other governments	442,411
Accounts payable	(14,877)
Due to other funds	166,450
Accrued expenses	(6,687)
Customer deposits	700
Due to other governments	(71,429)
Compensated absences payable	661
Net cash provided by operating activities	$ 502,500

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

TWIGGS COUNTY, GEORGIA

EXHIBIT 10

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2013

	Agency Funds
Asset -	
Cash	$ 334,702
Liability -	
Other liabilities	$ 334,702

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 (the County) 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 one blended component unit. The component unit column in the government-wide financial statements (see note below for description) includes the financial data of the County's one discretely presented component unit. 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

Blended Component Unit:

Development Authority of the City of Jeffersonville and Twiggs County, Georgia – The Development Authority of the City of Jeffersonville and Twiggs County, Georgia's (the Authority) 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. In 2005, the Authority issued bonds in the amount of $2,287,000 for the Industrial Park Project. As part of the issuance, the County entered into an intergovernmental agreement with the Authority, whereby the County will make quarterly payments sufficient to meet debt service requirements through 2020. The County's commitment to making the payments meets the criteria for inclusion as financial burden so the financial statements of the Authority have been included as a blended component unit for the Fiscal Year 2013 whereas it previously was considered a discretely presented component unit of the County.

Discretely Presented Component Unit -

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, 2013, are included in the reporting entity's 2013 financial statements. During the year ended June 30, 2013, the primary source of income for the Department was grant income in the amount of $116,527 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 and Twiggs County Library 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 County 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 County.

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 *Development Authority of the City of Jeffersonville and Twiggs County, Georgia* was created on November 4, 1975 by joint resolution of the Board of Commissioners of Twiggs County and the Mayor and Council of the City of Jeffersonville pursuant to authority granted by the General Assembly of Georgia under the Official Code of Georgia (OCGA) 36-62.1 and is considered a blended component unit. The Authority has a total of seven appointed directors, four of which are appointed by the Twiggs County Board of Commissioners. The County is paying the majority of the Authority's current existing debt.

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 County 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.

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 transfers between funds.

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. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

D. 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 County 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, 2013. 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 County 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 $64,630. 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 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 recognized as an outflow of resources in the reporting period in which they are incurred.

   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. ***Deferred Outflows/Inflows of Resources*** - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until then. The County has no items that fall under this financial statement element.

   In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County reports one of these items, unavailable revenue, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

9. ***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 Board of 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."

10. ***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. Liquidity Risk

Liquidity risk is the risk of not having sufficient liquid financial resources to meet obligations when they fall due. The County faces significant risks threatening its ability to generate cash from revenues sufficient to pay operating expenditures and debt service. Some of the County's largest revenue streams, property taxes, sales taxes and grants are especially susceptible during times of major economic downturns and period of low growth. In recent years, the County has seen decreases in some of the significant revenues. In addition, the SPLOST renewal failed to get voter approval and the current SPLOST ended on December 31, 2013.

B. Compliance Risk

The County and its component units participate in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs prior to and/or including the year ended June 30, 2013 have not been conducted and/or completed. Accordingly, the funds compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures that may be disallowed by the grant requirements will be established at some future date.

Significant federal grants have been passed through the Georgia Department of Community Health (DCA) from the U.S. Department of Housing and Urban Development (HUD). HUD has not performed procedures regarding compliance with these grant funds as of year-end. As more fully described in IV.B., the County has agreed to pay DCA disallowed costs of $500,000 over a seven year period at annual payments of $71,428. The payable amount at December 31, 2013 was $428,571.

The County is subject to extensive State and Federal supervision and regulation, which are intended primarily for the protection of its citizens and the environment. In addition, the County is subject to changes in Federal and State laws, as well as changes in regulations, governmental policies and laws. The effect of any such potential changes cannot be predicted but could adversely affect the operations, profitability, cash flows, fund balances and liquidity of the County in the future.

The County is also subject to numerous employment laws and regulations. The County contracts with various individuals for services throughout the year. Should it be determined these individuals should be classified as employees at a future date, it could result in significant payroll taxes, penalties and/or interest.

C. 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 County. 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 Board of Commissioners. The Board of Commissioners conduct budget hearings with all departments and agencies. After review by the Board of 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 Board of Commissioners. The general fund is subject to budgetary control on a department basis.

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.

D. Compliance With Legal Provisions

Deficit Fund Balances – No individual funds had deficit fund balances at December 31, 2013.

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
Administration	$ 1,228,855	$ 892,959	$ 335,896
Probate Court	176,298	174,638	1,660
Clerk of Superior Court	260,963	246,592	14,371
General Government Buildings	152,048	130,630	21,418
Magistrate Court	137,209	129,325	7,884
Georgia Forestry Appropriation	20,680	20,039	641
District Attorney Appropriation	141,668	103,000	38,668
Highways and Streets	870,618	832,475	38,143
Sanitation	268,115	236,196	31,919
Transit System	132,842	125,474	7,368
Library Appropriation	31,865	28,000	3,865
Recreation Appropriation	295	-	295
Principle payments	73,881	20,172	53,709
Transfers out	211,615	28,000	183,615

E. 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 11).

GENERAL FUND:		
Excess Revenue and Other Financial Sources Over (Under) Expenditures and Other Financing Uses:		
Budget Basis	$	80,248
Add - New encumbrances - current year		-
Deduct - Prior year encumbrances expended		-
Generally Accepted Accounted Principles (GAAP) Basis	$	80,248

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Investments – The County owns no investments as of December 31, 2013.

Custodial Credit Risk – Deposits – In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. Neither the County nor its components units, have a deposit policy for custodial credit risk. As of December 31, 2013, 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 2012 collected during the current year has been recognized as revenue.

Property taxes receivable at December 31, 2013, is composed of the following:

Year of Levy:	
2013	$ 523,527
2012	207,169
2011	133,388
2010	52,497
2009	45,605
Prior to 2009	44,611
Total	1,006,797
Less - allowance for uncollectible	(206,425)
Net receivable	$ 800,372

C. Receivables

Primary Government

Receivables at December 31, 2013 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 Governmental Funds	Total Governmental Total
Receivables:				
Taxes	$ 1,006,797	$ -	$ -	$ 1,006,797
Intergovernmental	44,392	55,435	-	99,827
Notes	-	-	25,322	25,322
Other	12,917	-	15,992	28,909
Gross receivables	1,064,106	55,435	41,314	1,160,855
Less: allowance for Uncollectibles	(206,425)	-	-	(206,425)
Net total receivables	$ 857,681	$ 55,435	$ 41,314	$ 954,430

During 2011, the Development Authority accepted a $35,000 note receivable from the purchases of a tract of land. The note is to be repaid in quarterly installments of $1,450, including interest at 4.00%. The outstanding balance of the note receivable at December 31, 2013 was $25,322.

Business - Type Activities:	Water Fund
Receivables -	
Accounts	$ 27,981
Less: allowance for	
Uncollectibles	(15,224)
Net total receivables	$ 12,757

Discretely Presented Component Unit

Receivables from the Twiggs County Health Department as of December 31, 2013, are as follows:

	Twiggs County Health Department
Receivables:	
Accounts	$ 24,541
Notes	2,112
Gross receivables	26,653
Less: allowance for	
Uncollectibles	-
Net total receivables	$ 26,653

D. Capital Assets

Primary Government

Capital asset activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 3,507,479	$ 62,400	$ -	$ 3,569,879
Land improvements	-	85,826	-	85,826
Construction in progress	857,706	-	-	857,706
Subtotal	4,365,185	148,226	-	4,513,411
Other capital assets:				
Infrastructure	375,258	-	-	375,258
Buildings	6,606,944	213,300	-	6,820,244
Improvements	106,252	38,964	-	145,216
Machinery and equipment	5,578,122	256,024	-	5,834,146
Total other capital assets at historical cost	12,666,576	508,288	-	13,174,864
Less accumulated depreciation:				
Infrastructure	(29,957)	(12,509)	-	(42,466)
Buildings	(2,226,908)	(161,352)	-	(2,388,260)
Improvements	(27,411)	(5,867)	-	(33,278)
Machinery and equipment	(3,360,897)	(402,615)	-	(3,763,512)
Subtotal	(5,645,173)	(582,343)	-	(6,227,516)
Other capital assets, net	7,021,403	(74,055)	-	6,947,348
Governmental activities capital assets, net	$ 11,386,588	$ 74,171	$ -	$ 11,460,759

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

Governmental activities:	
General government	$ 166,345
Public safety	295,658
Public works	85,792
Health and welfare	4,345
Housing and development	17,508
Culture and recreation	12,695
Total governmental activities depreciation expense	$ 582,343

The beginning balances are restated for the inclusion of the Development Authority as a Governmental Fund, see page 36 for restatement details.

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	7,923,291	-	-	7,923,291
Less accumulated depreciation -				
Improvements - water system	(471,573)	(157,690)	-	(629,263)
Other capital asset, net	7,451,718	(157,690)	-	7,294,028
Business activities capital assets, net	$ 7,452,618	$ (157,690)	$ -	$ 7,294,928

Capital asset activity for the Twiggs County Health Department for the year ended December 31, 2013, 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	1,162	-	104,233
Less accumulated depreciation for -				
Machinery and equipment	(103,069)	(116)	-	(103,185)
Other capital assets, net	2	1,046	-	1,048
Public Health Center capital assets, net	$ 2	$ 1,046	$ -	$ 1,048

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, 2013, is as follows:

	Payable To:		
Payable From:	General Fund	Water Fund	Capital Projects SPLOST 09
Major Fund -			
Water Fund	157,979	-	42,161
Nonmajor Fund -			
SPLOST Fund	-	42,589	-
	$ 157,979	$ 42,589	$ 42,161

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.

The due from other funds in the SPLOST 09 Fund of $42,161 represents qualified SPLOST 09 expenditures which will be reimbursed by the Water Fund in relation to the Academy Project. Management plans to repay the balance due within one year.

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

	Transfers Out	Transfers In
General Fund	$ 211,615	$ -
Jail Fund	-	7,888
911 Surchage Fund	-	203,727
Total transfers	$ 211,615	$ 211,615

F. Due from Other Governments

Amounts due from other Governmental entities at December 31, 2013, are as follows:

	Federal	State	Other	Total
General Fund	$ -	$ 44,392	$ -	$ 44,392
Capital Projects SPLOST 09	-	55,435	-	55,435
Total	$ -	$ 99,827	$ -	$ 99,827

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, 2013, 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, 2013, long-term debt consisted of the following:

Payable from Governmental Activities:	Total	Current	Long-term
Notes Payable:			
$100,000 Development Authority Note Payable, for purchase of land and building, 12 monthly payments of $1,085, with a balloon payment of $92,707 on June 1, 2014	$ 94,904	$ 94,904	$ -
$100,000 Note Payable, originated April 7, 2010, for road department building and land, with scheduled renewals annually thereafter; monthly payments of $845; interest rate of 3.61%	44,218	44,218	-
Total Notes Payable	139,122	139,122	-
Bonds Payable -			
Series 2005 Bonds in the original amount of $2,287,000 for the Industrial Park Project, quarterly payments of $52,165 through 2020, interest at 4.37%	1,255,873	155,589	1,100,284
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	7,271	7,271	-
$25,225 to Ford Motor Credit for one vehicle; interest at 6.50%; due in annual installments of $9,088 to January 2015	16,546	8,013	8,533
$113,625 to Ford Motor Credit for four vehicles; interest at 5.95%; due in annual installments of $30,914 to September 2016	82,711	25,993	56,718
$15,367 to Ford Motor Credit for one vehicle; interest at 6.60%; due in annual installments of $4,217 to June 2015	7,668	3,711	3,957
$391,780 to Motorola for 911 communications equipment; interest at 3.80%; due in annual installments of $87,708 to October 2015	165,710	81,278	84,432
$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	193,659	17,051	176,608
Total Capital Leases Obligations	473,565	143,317	330,248
Total Governmental Activity Long-Term Debt	$ 1,868,560	$ 438,028	$ 1,430,532

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

Year Ending December 31	Bonds Payable		Notes Payable		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	$ 155,589	$ 52,195	$ 171,665	$ -	$ 143,318	$ 19,438
2015	163,417	45,244	-	-	139,933	12,517
2016	170,676	37,985	-	-	190,314	6,376
2017	178,258	30,403	-	-	-	-
2018	186,176	22,485	-	-	-	-
2019-2020	401,757	19,791	-	-	-	-
Total	$ 1,255,873	$ 208,103	$ 171,665	$ -	$ 473,565	$ 38,331

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.	$ 1,330,612	$ 90,724	$ 1,239,888
$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.	225,222	41,573	183,649
Total Business - Type Activities Long-Term Debt	$ 1,555,834	$ 132,297	$ 1,423,537

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

Year Ending December 31	Notes Payable	
	Principal	Interest
2014	$ 132,297	$ 5,125
2015	133,404	4,318
2016	134,540	3,182
2017	135,706	2,016
2018	136,903	818
2019-2023	459,613	18
2024-2028	423,371	-
Total	$ 1,555,834	$ 15,477

Changes in Long-term Obligations

Long-term obligation activity for the year ended December 31, 2013, 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						
Notes payable	$ 55,136	$ 100,000	$ 16,014	$ 139,122	$ 139,122	$ -
Bonds payable	1,404,754	-	148,881	1,255,873	155,589	1,100,284
Capital leases payable	622,179	113,625	262,239	473,565	143,317	330,248
Landfill postclosure care costs	189,256	-	27,283	161,973	27,283	134,690
Compensated absences payable	188,672	171,665	188,672	171,665	171,665	-
Total Governmental Activities	$ 2,459,997	$ 385,290	$ 643,089	$ 2,202,198	$ 636,976	$ 1,565,222

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due Within More Than One Year
Business Type Activities						
Notes payable	$ 2,151,666	$ -	$ 595,832	$ 1,555,834	$ 132,297	$ 1,423,537
Compensated absences payable	3,211	3,872	3,211	3,872	3,872	-
Total Business Type Activities	$ 2,154,877	$ 3,872	$ 599,043	$ 1,559,706	$ 136,169	$ 1,423,537

Notes payable, landfill postclosure care costs 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.

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.

Twiggs County Health Department

Long-term obligation activity for the Twiggs County Health Department for the year ended December 31, 2013, 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	$ 22,469	$ 13,446	$ 14,725	$ 21,190	$ 3,367	$ 17,823

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, 2013:

	Governmental Activities
Asset -	
Vehicle	$ 28,146
Less: Accumulated depreciation	(14,073)
Total	$ 14,073

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2013 were as follows:

Year Ending June 30,	Governmental Activities
Mininum lease payment -	
2014	$ 7,725
Less: amount representing interest	(454)
Present value of minimum lease payment	$ 7,271

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, 2013:

	Governmental Activities
Asset -	
Vehicle	$ 30,786
Less: Accumulated depreciation	(7,183)
Total	$ 23,603

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2013 were as follows:

Year Ending June 30,	Governmental Activities
Mininum lease payments:	
2014	$ 9,088
2015	9,088
Total	18,176
Less: amount representing interest	(1,630)
Present value of minimum lease payment	$ 16,546

The County has entered into a lease agreement as lessee for financing the acquisition of four Sheriff Department vehicles. 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, 2013:

	Governmental Activities
Asset -	
Equipment	$ 113,625
Less: Accumulated depreciation	(5,681)
Total	$ 107,944

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2013 were as follows:

Year Ending June 30,	Governmental Activities
Mininum lease payments:	
2014	$ 30,914
2015	30,914
2016	30,914
Total	92,742
Less: amount representing interest	(10,031)
Present value of minimum lease payment	$ 82,711

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, 2013:

	Governmental Activities
Asset -	
Vehicle	$ 15,367
Less: Accumulated depreciation	(5,122)
Total	$ 10,245

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2013 were as follows:

Year Ending June 30,	Governmental Activities
Mininum lease payments:	
2014	$ 4,217
2015	4,217
Total	8,434
Less: amount representing interest	(766)
Present value of minimum lease payment	$ 7,668

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, 2013:

	Governmental Activities
Asset -	
Equipment	$ 391,780
Less: Accumulated depreciation	(127,328)
Total	$ 264,452

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2013 were as follows:

Year Ending June 30,	Governmental Activities
Mininum lease payments:	
2014	$ 87,708
2015	87,648
Total	175,356
Less: amount representing interest	(9,646)
Present value of minimum lease payment	$ 165,710

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, 2013:

	Governmental Activities
Asset -	
Equipment	$ 245,184
Less: Accumulated depreciation	(34,053)
Total	$ 211,131

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2013 were as follows:

Year Ending June 30,	Governmental Activities
Mininum lease payments:	
2014	$ 21,103
2015	20,582
2016	167,777
Total	209,462
Less: amount representing interest	(15,803)
Present value of minimum lease payment	$ 193,659

The depreciation related with the above capital leases has been included in the depreciation expense reported in Note III D – Capital Assets.

IV. OTHER INFORMATION

A. 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.

B. 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.

Previous to December 31, 2013, 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 $428,571 is outstanding in the Water Fund as of December 31, 2013.

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, 2013 to impair the County's financial position.

C. 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, 2013.

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. 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.

D. Conduit Debt

The Development Authority has issued Industrial Revenue bonds to provide assistance to private-sector industry for the acquisition and construction of commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the facilities. Neither the City of Jeffersonville nor the County is obligated in any manner for repayment of the bonds. The bonds constitute only limited obligations of the Issuer in that they are payable only from the revenues to be derived under Lease Agreements together with all other rents, revenues and receipts arising out of or in connection with the Issuer's ownership of the Project. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. Conduit debt outstanding as of December 31, 2013 was $75,587,243.

E. 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 $161,973 remains as a liability for post-closure care in the Governmental Activities Statement of Net Position as of December 31, 2013. The landfill closure and post-closure liability for the Highway 80 site was assumed by Wolf Creek Landfill, LLC. Twiggs County received $452,170 in host fees from the Landfill during the current year.

F. 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.

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 June 25, 2014, 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.

I. Development Authority Net Position and Fund Balance Restatement

As discussed in Note I A, with the implementation of GASB Statement No. 61, the Financial Reporting Entity, the Development Authority of the City of Jeffersonville and Twiggs County, Georgia, which was previously reported as a discretely presented component unit, will now be presented as a blended component unit. Beginning net position for the governmental activities in the government wide statements increased by $1,682,951 and beginning fund balance in the governmental funds increased by $423,819 in the fund level statements due to the inclusion of the Development Authority as a blended component unit in fiscal year 2013. The Development Authority is shown as major governmental capital projects funds.

Required Supplementary Information Other Than Management's Discussion and Analysis

TWIGGS COUNTY, GEORGIA

EXHIBIT 11

REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2013

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Taxes	$ 4,950,319	$ 4,950,319	$ 5,114,088	$ 163,769
Licenses and permits	46,000	46,000	54,380	8,380
Intergovernmental	26,000	26,000	291,452	265,452
Charges for services	664,300	664,300	714,575	50,275
Fines and forfeitures	654,600	654,600	614,289	(40,311)
Investment income	400	400	985	585
Miscellaneous revenues	135,388	135,388	112,979	(22,409)
Total Revenues	6,477,007	6,477,007	6,902,748	425,741
Expenditures:				
General government	2,394,044	2,394,044	2,574,161	(180,117)
Public safety	2,498,612	2,498,612	2,509,942	(11,330)
Public works	1,068,671	1,068,671	1,138,733	(70,062)
Public health and welfare	405,568	405,568	362,652	42,916
Culture and recreation	28,000	28,000	32,160	(4,160)
Debt service	66,112	66,112	108,073	(41,961)
Total Expenditures	6,461,007	6,461,007	6,725,721	(264,714)
Excess (Deficit) of Revenues Over Expenditures	16,000	16,000	177,027	161,027
Other Financing Sources (Uses):				
Transfers out	(28,000)	(28,000)	(211,615)	(183,615)
Proceeds from sale of capital assets	12,000	12,000	1,211	(10,789)
Proceeds from capital leases	-	-	113,625	113,625
Total Other Financing Sources (Uses)	(16,000)	(16,000)	(96,779)	(80,779)
Excess of Revenues Over Expenditures and Other Financing Sources (Uses)	-	-	80,248	80,248
Fund Balance, Beginning	1,462,486	1,462,486	1,462,486	-
Fund Balance, Ending	$ 1,462,486	$ 1,462,486	$ 1,542,734	$ 80,248

Other Supplementary Information

TWIGGS COUNTY, GEORGIA

OTHER SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2013

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Taxes:				
Ad valorem	$ 3,917,319	$ 3,917,319	$ 4,132,496	$ 215,177
Local option sales tax	540,000	540,000	545,283	5,283
Insurance company premium tax	432,000	432,000	358,532	(73,468)
Alcoholic beverage excise tax	44,000	44,000	37,273	(6,727)
Other taxes	17,000	17,000	40,504	23,504
Total taxes	4,950,319	4,950,319	5,114,088	163,769
Licenses and Permits:				
Beer and wine licenses	6,000	6,000	3,093	(2,907)
Other licenses, permits and fees	40,000	40,000	51,287	11,287
Total licenses and permits	46,000	46,000	54,380	8,380
Intergovernmental:				
State grants - roads	-	-	268,900	268,900
State grants - various	5,000	5,000	11,367	6,367
Federal grants - various	5,000	5,000	-	(5,000)
Payment in lieu of tax	16,000	16,000	11,185	(4,815)
Total intergovernmental	26,000	26,000	291,452	265,452
Charges for Services:				
Magistrate	35,000	35,000	51,843	16,843
Superior Court	48,000	48,000	49,333	1,333
Sheriff	48,000	48,000	28,013	(19,987)
Tax Commissioner	8,000	8,000	108,517	100,517
Transit system	29,300	29,300	24,699	(4,601)
Landfill host fees	496,000	496,000	452,170	(43,830)
Total charges for services	664,300	664,300	714,575	50,275
Fines and Forfeitures:				
Probate court	602,600	602,600	564,134	(38,466)
Superior Court	47,400	47,400	49,328	1,928
Drug surcharges, etc.	4,600	4,600	827	(3,773)
Total fines and forfeitures	654,600	654,600	614,289	(40,311)
Investment Income:				
Interest income	400	400	985	585
Total investment income	400	400	985	585
Miscellaneous:				
Proceeds from insurance claims	-	-	6,988	6,988
Refunds, reimbursements, etc.	60,000	60,000	29,693	(30,307)
Other	75,388	75,388	76,298	910
Total miscellaneous	135,388	135,388	112,979	(22,409)
Total Revenues	$ 6,477,007	$ 6,477,007	$ 6,902,748	$ 425,741

TWIGGS COUNTY, GEORGIA

OTHER SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Expenditures:				
General Government:				
Administration	$ 892,959	$ 892,959	$ 1,228,855	$ (335,896)
Superior Court	78,710	78,710	36,968	41,742
Probate Court	174,638	174,638	176,298	(1,660)
Clerk of Superior Court	246,592	246,592	260,963	(14,371)
Juvenile Court	20,187	20,187	3,612	16,575
Tax Commissioner	236,742	236,742	215,084	21,658
County Agent	36,480	36,480	34,830	1,650
Registrars	112,812	112,812	90,423	22,389
Tax Assessors	250,925	250,925	202,440	48,485
General Government Buildings	130,630	130,630	152,048	(21,418)
Board of Equalization	8,559	8,559	7,230	1,329
Magistrate Court	129,325	129,325	137,209	(7,884)
Planning and Zoning	75,485	75,485	28,201	47,284
Total General Government	2,394,044	2,394,044	2,574,161	(180,117)
Public Safety:				
Sheriff	2,169,155	2,169,155	2,168,033	1,122
Fire Department	55,564	55,564	37,091	18,473
Rescue	11,760	11,760	8,236	3,524
Coroner	38,809	38,809	35,397	3,412
Emergency Management	100,285	100,285	98,837	1,448
Georgia Forestry Appropriation	20,039	20,039	20,680	(641)
District Attorney Appropriation	103,000	103,000	141,668	(38,668)
Total Public Safety	2,498,612	2,498,612	2,509,942	(11,330)
Public Works:				
Highways and Streets	832,475	832,475	870,618	(38,143)
Sanitation	236,196	236,196	268,115	(31,919)
Total Public Works	1,068,671	1,068,671	1,138,733	(70,062)
Public Health and Welfare:				
Public Health Appropriation	84,261	84,261	77,239	7,022
Mental Health Appropriation	5,218	5,218	5,218	-
Department of Family and Children's Services	81,360	81,360	80,810	550
Older American's Council	59,520	59,520	53,183	6,337
Transit System	125,474	125,474	132,842	(7,368)
Public Defender Appropriation	49,735	49,735	13,360	36,375
Total Public Health and Welfare	405,568	405,568	362,652	42,916

TWIGGS COUNTY, GEORGIA

OTHER SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Culture and Recreation -				
Library Appropriation	$ 28,000	$ 28,000	$ 31,865	$ (3,865)
Recreation Appropriation	-	-	295	(295)
Total Culture and Recreation	28,000	28,000	32,160	(4,160)
Debt Service:				
Principle payments	20,172	20,172	73,881	(53,709)
Interest payments	45,940	45,940	34,192	11,748
Total Debt Service	66,112	66,112	108,073	(41,961)
Total Expenditures	6,461,007	6,461,007	6,725,721	(264,714)
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,000	16,000	177,027	161,027
OTHER FINANCING SOURCES (USES):				
Transfers out	(28,000)	(28,000)	(211,615)	(183,615)
Proceeds from sales of capital assets	12,000	12,000	1,211	(10,789)
Proceeds from capital leases	-	-	113,625	113,625
Total Other Financing Sources (Uses)	(16,000)	(16,000)	(96,779)	(80,779)
Net Change in Fund Balance	-	-	80,248	80,248
FUND BALANCE, BEGINNING OF YEAR	1,462,486	1,462,486	1,462,486	-
FUND BALANCE, END OF YEAR	$ 1,462,486	$ 1,462,486	$ 1,542,734	$ 80,248

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.
- ***Development Authority General Fund*** – To account for all of the financial activity of the Development Authority, except activity required to be accounted for in another fund.

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.

- ***SPLOST –*** To account for the special purpose local option sales tax proceeds collected for the acquisition or construction of major capital projects.
- ***Public Library Building –*** To account for the capital outlay and other transactions related to the construction of a new local public library building.
- ***Development Authority – Industrial Park Fund*** – To account for industrial park land acquisition and development.
- ***Development Authority – One Georgia Grant Fund*** – To account for a pass-through grant from the Georgia Department of Community Affairs.

TWIGGS COUNTY, GEORGIA

EXHIBIT 13

COMBINING BALANCE SHEET
NON - MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	Total Non - Major Special Revenue Governmental Funds	Total Non - Major Capital Projects Governmental Funds	Total Non - Major Governmental Funds
ASSETS			
Cash	$ 235,063	$ 409,292	$ 644,355
Note receivable	25,322	-	25,322
Receivables - other	15,992	-	15,992
Total Assets	$ 276,377	$ 409,292	$ 685,669
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 29,846	$ -	$ 29,846
Payroll taxes payable	821	-	821
Due to other funds	-	42,589	42,589
Unearned revenue	8,345	-	8,345
Total liabilities	39,012	42,589	81,601
Fund Balances:			
Restricted for:			
Public Safety	129,881	-	129,881
Capital projects	-	366,703	366,703
Law Library	62,808	-	62,808
Economic development	44,676	-	44,676
Total fund balances	237,365	366,703	604,068
Total Liabilities and Fund Balances	$ 276,377	$ 409,292	$ 685,669

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, 2013

	Total Non - Major Special Revenue Governmental Funds	Total Non - Major Capital Projects Governmental Funds	Total Non - Major Governmental Funds
Revenues:			
Intergovernmental revenue	$ 403	$ 500,000	$ 500,403
Charges for services	188,736	-	188,736
Fines and forfeitures	119,259	-	119,259
Investment income	1,693	189	1,882
Other revenues	48,245	-	48,245
Total revenues	358,336	500,189	858,525
Expenditures:			
Current:			
General government	24,216	-	24,216
Public safety	404,256	-	404,256
Culture and recreation	-	343,578	343,578
Economic development	97,743	500,000	597,743
Debt Service:			
Principle payments	239,064	-	239,064
Interest payments	73,875	-	73,875
Capital outlay	106,629	157,860	264,489
Total expenditures	945,783	1,001,438	1,947,221
Excess (Deficiency) of Revenues Over (Under) Expenditures	(587,447)	(501,249)	(1,088,696)
Other Financing Sources (Uses):			
Transfer in	420,276	-	420,276
Proceeds from issuance of debt	100,000	-	100,000
Insurance proceeds	-	146,683	146,683
Total Other Financing Sources (Uses)	520,276	146,683	666,959
Net Change in Fund Balances	(67,171)	(354,566)	(421,737)
Fund Balances, Beginning , as restated	304,536	721,269	1,025,805
Fund Balances, Ending	$ 237,365	$ 366,703	$ 604,068

TWIGGS COUNTY, GEORGIA

EXHIBIT 15

COMBINING BALANCE SHEET
NON - MAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2013

	Sheriff's Commissary	Sheriff's Grant Fund	911 Surcharge	Jail Fund	Law Library	DARE Fund	Confiscated Assets	Development Authority General Fund	Total Non - Major Special Revenue Governmental Funds
ASSETS									
Cash	$ 12,749	$ 2,085	$ 47,958	$ 32,739	$ 63,124	$ 16,722	$ 11,122	$ 48,564	$ 235,063
Note receivable	-	-	-	-	-	-	-	25,322	25,322
Receivables - other	146	-	15,814	-	32	-	-	-	15,992
Total Assets	$ 12,895	$ 2,085	$ 63,772	$ 32,739	$ 63,156	$ 16,722	$ 11,122	$ 73,886	$ 276,377
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	$ 5,917	$ -	$ 2,584	$ 953	$ 348	$ -	$ -	$ 20,044	$ 29,846
Payroll taxes payable	-	-	-	-	-	-	-	821	821
Unearned revenue	-	-	-	-	-	-	-	8,345	8,345
Total liabilities	5,917	-	2,584	953	348	-	-	29,210	39,012
Fund Balances:									
Restricted for:									
Public safety	6,978	2,085	61,188	31,786	-	16,722	11,122	-	129,881
Law Library	-	-	-	-	62,808	-	-	-	62,808
Economic development	-	-	-	-	-	-	-	44,676	44,676
Total fund balances	6,978	2,085	61,188	31,786	62,808	16,722	11,122	44,676	237,365
Total Liabilities and Fund Balances	$ 12,895	$ 2,085	$ 63,772	$ 32,739	$ 63,156	$ 16,722	$ 11,122	$ 73,886	$ 276,377

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, 2013

	Sheriff's Commissary	Sheriff's Grant Fund	911 Surcharge	Jail Fund	Law Library	DARE Fund	Confiscated Assets	Development Authority General Fund	Total Non - Major Special Revenue Governmental Funds
Revenues:									
Intergovernmental revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ 403	$ -	$ 403
Charges for services	-	-	143,736	-	-	-	-	45,000	188,736
Fines and forfeitures	-	-	-	64,543	10,639	23,287	20,790	-	119,259
Interest and dividend income	-	-	30	-	282	20	-	1,361	1,693
Other revenues	4,467	2	-	-	-	-	27,526	16,250	48,245
Total revenues	4,467	2	143,766	64,543	10,921	23,307	48,719	62,611	358,336
Expenditures:									
Current:									
General government	-	-	-	-	24,216	-	-	-	24,216
Public safety	3,191	-	250,070	48,611	-	41,075	61,309	-	404,256
Economic development	-	-	-	-	-	-	-	97,743	97,743
Debt Service:									
Principle payments	-	-	78,243	6,844	-	-	-	153,977	239,064
Interest payments	-	-	9,465	1,044	-	-	-	63,366	73,875
Capital outlay	-	-	-	-	-	-	-	106,629	106,629
Total expenditures	3,191	-	337,778	56,499	24,216	41,075	61,309	421,715	945,783
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,276	2	(194,012)	8,044	(13,295)	(17,768)	(12,590)	(359,104)	(587,447)
Other Financing Sources:									
Proceeds from issuance of debt	-	-	-	-	-	-	-	100,000	100,000
Transfer in	-	-	203,727	7,888	-	-	-	208,661	420,276
Total Other Financing Sources	-	-	203,727	7,888	-	-	-	308,661	520,276
Net Change in Fund Balances	1,276	2	9,715	15,932	(13,295)	(17,768)	(12,590)	(50,443)	(67,171)
Fund Balance, Beginning , as restated	5,702	2,083	51,473	15,854	76,103	34,490	23,712	95,119	304,536
Fund Balance, Ending	$ 6,978	$ 2,085	$ 61,188	$ 31,786	$ 62,808	$ 16,722	$ 11,122	$ 44,676	$ 237,365

TWIGGS COUNTY, GEORGIA

EXHIBIT 17

COMBINING BALANCE SHEET
NON - MAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2013

	SPLOST	Public Library Building	Development Authority Industrial Park Fund	Development Authority One Georgia Grant Fund	Total Non - Major Capital Projects Governmental Funds
ASSET					
Cash	$ 195,829	$ 42,623	$ 170,840	$ -	$ 409,292
LIABILITIES AND FUND BALANCES					
Liability -					
Due to other funds	$ 42,589	$ -	$ -	$ -	$ 42,589
Fund Balances -					
Capital Projects	153,240	42,623	170,840	-	366,703
Total Liabilities and Fund Balances	$ 195,829	$ 42,623	$ 170,840	$ -	$ 409,292

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, 2013

	SPLOST	Public Library Building	Development Authority Industrial Park Fund	Development Authority One Georgia Grant Fund	Total Non - Major Capital Projects Governmental Funds
Revenues:					
Intergovernmental revenue	$ -	$ -	$ -	$ 500,000	$ 500,000
Interest and dividend income	123	66	-	-	189
Total revenues	123	66	-	500,000	500,189
Expenditures:					
Library expenditures	-	343,578	-	-	343,578
Economic development	-	-	-	500,000	500,000
Capital outlay	-	-	157,860	-	157,860
Total expenditures	-	343,578	157,860	500,000	1,001,438
Excess (Deficiency) of Revenues Over (Under) Expenditures	123	(343,512)	(157,860)	-	(501,249)
Other Financing Sources (Uses) -					
Insurance proceeds	-	146,683	-	-	146,683
Net Change in Fund Balances	123	(196,829)	(157,860)	-	(354,566)
Fund Balance (Deficit), Beginning , as restated	153,117	239,452	328,700	-	721,269
Fund Balance (Deficit), Ending	$ 153,240	$ 42,623	$ 170,840	$ -	$ 366,703

Agency Funds

TWIGGS COUNTY, GEORGIA

EXHIBIT 19

AGENCY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2013

	Superior Court	Probate Court	Tax Commissioner	Magistrate Court	Sheriff	Tax Assessor	Emergency Management	Total Agency Funds
Asset -								
Cash	$ 214,715	$ 24,317	$ 8,530	$ 3,910	$ 83,230	$ -	$ -	$ 334,702
Liability -								
Other liabilities	$ 214,715	$ 24,317	$ 8,530	$ 3,910	$ 83,230	$ -	$ -	$ 334,702

Other Information

TWIGGS COUNTY, GEORGIA

EXHIBIT 20

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX
YEAR ENDED DECEMBER 31, 2013

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			$ 638,918	$ -	$ 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	$ 3,674,198	$ -	$ 3,674,198
February 5, 2008 referendum:					
Improving Twiggs County roads			$ 1,179,600	$ 222,273	$ 1,401,873
Retirement of road shops debt, and purchase of other road maintaining equipment as required			455,469	124,323	579,792
Improving the County's water system			8,016	-	8,016
Purchase of rescue vehicle			-	-	-
Complete infrastructure and other objectives at County's Industrial Park			823,185	208,661	1,031,846
Repair roofs at Courthouse complex			62,166	-	62,166
Recreation and parks			20,983	2,328	23,311
Total	$ 6,000,000	$ 6,000,000	$ 2,549,419	$ 557,585	$ 3,107,004

TWIGGS COUNTY, GEORGIA

EXHIBIT 21

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, 2013

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 (#11Q-Y-143-1-5514)
PROJECT COST SCHEDULE
FOR THE PERIOD OF SEPTEMBER 6, 2012 THROUGH DECEMBER 31, 2013

	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	30,000	-
		$ 500,000	$ 485,000	$ 15,000	$ 500,000	$ -

Compliance Information

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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, 2013, 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 June 25, 2014. 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 responses, 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 material weaknesses: 2013-01, 2013-02, 2013-03, 2013-04, 2013-05.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency: 2013-06.

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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of Twiggs County, Georgia in a separate letter dated June 30, 2013.

Twiggs County's Response to Findings

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

Purpose of this Report

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

Nichols, Cauley & Associates, LLC

Dublin, Georgia
June 25, 2014`

SECTION I.
SUMMARY OF AUDITOR'S RESULTS:

Financial Statements

Type of Auditor's Report issued:	Unmodified
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?	No

Federal Awards

There was not an audit of major federal award programs as of December 31, 2013 due to the County having not exceeded the single audit threshold.

SECTION II.
FINANCIAL STATEMENT FINDINGS

Finding 2013-01

Material Weakness in Internal Control Over Financial Reporting – Control Environment

Criteria: Internal Controls should be in place to reduce the risk of material misstatement and fraud. They include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets, segregation of duties and internal audit.

Condition: The County lacks certain internal controls to reduce the risk of material misstatement or misappropriation of assets.

Cause: The County's limited size and staffing resources have resulted in a lack of internal controls adequately designed or implemented.

Effect or Potential Effect: Failure to fully implement adequate internal controls can lead to misappropriation of assets or misstatements that are not detected during the normal course of business.

Recommendation: Management should perform thorough review of the County's internal control processes.

Responsible Official's Response: We concur with the recommendation. The Twiggs County Board of Commissioners will continue to evaluate, develop and implement improved internal controls in order to reduce the risk of misstatement and misappropriation of assets. These controls will include proper segregation of duties between recording, processing and reconciliation of cash and other general ledger accounts in order to provide reasonable assurance that an individual cannot misappropriate funds without being detected during the normal course of business

Finding 2013-02

Material Weakness in Internal Control Over Financial Reporting – Water System Billings

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 collecting customer deposits has not been enforced as written, and customer deposits that were collected have not been properly monitored. Further, there are no procedures in place to handle the refund of customer deposits.

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.

Effect: The County could be losing revenue due to under billings, and amounts collected as deposits may not be refunded timely.

Recommendation: The County should 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 by someone independent of the billing process.

Responsible Official's Response: We concur with the recommendation. Management is in the process of reviewing various utility billing software packages. In addition, procedures will be reviewed and implemented to strengthen the utility billing system currently in place.

Finding 2013-03

Material Weakness in Internal Control Over Financial Reporting – Signature Stamp

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 a Commissioner to sign checks. Policies and procedures are not being followed in that access to the stamp is not limited to the signee.

Cause: Access to the stamp with the Commissioner's signature is not limited to the signee.

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.

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.

Responsible Official's Response: We concur with the recommendation. The signature stamp has been placed in a secure location which limits access to the stamp.

Finding 2013-04

Material Weakness in Internal Control Over Financial Reporting – Record Keeping

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. Additionally, we noted instances where supporting documentation was not maintained for manual journal entries.

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.

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.

Recommendation: We recommend the County implement policies and procedures to ensure all accounting transactions are properly reviewed and supported by invoices or other source documents.

Responsible Official's Response: At the time of the audit, County accounting staff were new to their position and had assumed multiple roles. The staff is continuing to train on their new roles which should correct this issue.

Finding 2013-05

Material Weakness in Internal Control Over Financial Reporting – Journal Entry Documentation

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.

Cause: Due to the high turnover of management in the County, proper source documentation has not been accounted for.

Effect: Inaccurate or fraudulent journal entries could be entered into the accounting system.

Recommendation: Policies and procedures should be implemented regarding the posting of entries.

Responsible Official's Response: We concur with the recommendation. This was an oversight and we will strive to implement the necessary procedures to correct this finding in future periods.

Finding 2013-06

Significant Deficiency in Internal Control Over Financial Reporting – Budgets

Criteria: The County should use fiscal control and accountability.

Condition: In the County's General Fund, actual expenditures exceeded budget appropriations in three departments.

Cause: County's expenditures exceeded appropriations in three different departments.

Effect: Fiscal control and accountability over departmental expenditures may be jeopardized.

Recommendation: The County should monitor the budget and amend it when appropriate.

Responsible Official's Response: The County will continue to review the budget as the budget year progresses to ensure that the budget is amended for changes that occur during the year.

Finding 2006-01

Inadequate Segregation of Duties

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.

Update: Unresolved. See current year finding 2013-01.

Finding 2011-01

Water System Billings

Criteria: The County should accurately bill and correctly record and maintain customer deposits.

Update: Unresolved. See current year finding 2013-02.

Finding 2011-02

Signature Stamp

Criteria: Policies and procedures should be in place regarding access to signature stamp and approval of use.

Update: Unresolved. See current year finding 2013-03.

Finding 2012-01

Record Keeping

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.

Update: Unresolved. See current year finding 2013-04.

Finding 2012-02

Journal Entry Documentation

Criteria: Internal Control Structure should provide adequate documentation for correcting or adjusting journal entries entered into the accounting system

Update: Unresolved. See current year finding 2013-05.

Finding 2012-03

Significant Deficiency in Internal Control Over Financial Reporting – Record Keeping

Criteria: The County should use fiscal control and accountability.

Update: Unresolved. See current year finding 2013-06.