Twiggs County, Georgia

Annual Financial Report

For the Year Ended
December 31, 2014

TWIGGS COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2014

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

TWIGGS COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2014

	Exhibit	Page
INDEPENDENT AUDITORS' REPORT		1
BASIC FINANCIAL STATEMENTS:		
Government-wide Financial Statements:		
Statement of Net Position	1	4
Statement of Activities	2	5
Fund Financial Statements:		
Governmental Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	6
Reconciliation of Net Position - Governmental Funds in the Statement of Net Position to Total Fund Balance - Governmental Funds on the Balance Sheet	4	7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6	9
Proprietary Fund Financial Statements:		
Statement of Net Position – Proprietary Fund	7	10
Statement of Changes in Net Position – Proprietary Fund	8	11
Statement of Cash Flows – Proprietary Fund	9	12
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Assets and Liabilities	10	13
Notes to the Financial Statements		14
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS:		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund	11	37
OTHER SUPPLEMENTARY INFORMATION:		
Budgetary Comparison Schedule – General Fund	12	38
Combining Balance Sheet – Non-major Governmental Funds	13	41
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds	14	42
Combining Balance Sheet – Non-major Special Revenue Funds	15	43
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Special Revenue Funds	16	44
Combining Balance Sheet – Non-major Capital Projects Funds	17	45
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Capital Projects Funds	18	46
Combining Statement of Fiduciary Net Position	19	47

TWIGGS COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2014

	Exhibit	Page
OTHER INFORMATION:		
Schedule of Expenditures of Special Purpose Local Option Sales Tax	20	48
COMPLIANCE INFORMATION:		
Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of the Financial Statements Performed in Accordance With *Government Auditing Standards*		49
Schedule of Findings and Responses		51

Financial Section

NICHOLS, CAULEY & ASSOCIATES, LLC
A Professional Services Firm of:
Certified Public Accountants
Certified Internal Auditors
Certified Financial Planners®
Certified Valuation Analysts

Atlanta • Dublin • Warner Robins
www.nicholscauley.com

REPLY TO:
1300 Bellevue Avenue
Dublin, Georgia 31021-4152
478-275-1163
FAX 478-275-1178
dublin@nicholscauley.com

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, 2014, 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 20 percent, 20 percent, and 22 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, 2014, 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 December 17, 2015 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
December 17, 2015

Basic Financial Statements

TWIGGS COUNTY, GEORGIA

Exhibit 1

STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Health Department
Assets				
Cash and cash equivalents	$ 2,338,130	$ 76,397	$ 2,414,527	$ 251,857
Receivables, net of allowances for uncollectible:				
Taxes	812,184	-	812,184	-
Accounts	-	20,758	20,758	7,022
Due from other governments	57,051	-	57,051	13,375
Notes	20,362	-	20,362	-
Other	42,439	-	42,439	-
Internal balances	193,754	(193,754)	-	-
Prepaid expenditures	64,981	-	64,981	-
Capital assets:				
Land and other non-depreciable assets	4,513,411	6,412	4,519,823	-
Other capital assets, net of depreciation	6,532,292	7,460,153	13,992,445	2,069
Total assets	14,574,604	7,369,966	21,944,570	274,323
Liabilities				
Accounts payable	408,125	210,279	618,404	1,641
Accrued expenses	23,508	386	23,894	-
Customer deposits	-	27,798	27,798	-
Due to other governments	-	-	-	10,655
Long-term obligations:				
Due within one year	506,695	138,061	644,756	3,261
Due in more than one year	1,245,380	1,310,806	2,556,186	21,219
Total liabilities	2,183,708	1,687,330	3,871,038	36,776
Net Position				
Net investment in capital assets	9,609,805	6,022,355	15,632,160	2,069
Restricted for:				
Public Safety	136,504	-	136,504	-
Capital Projects	694,606	-	694,606	-
Economic development	26,447	-	26,447	-
Special Programs	61,049	-	61,049	-
Unrestricted	1,862,485	(339,719)	1,522,766	235,478
Total net position	$ 12,390,896	$ 5,682,636	$ 18,073,532	$ 237,547

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, 2014

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	$ 2,612,698	$ 1,380,225	$ 57,541	$ -	$ (1,174,932)	$ -	$ (1,174,932)	$ -
Judicial	-	8,228	-	-	8,228	-	8,228	-
Public safety	2,887,585	282,311	-	-	(2,605,274)	-	(2,605,274)	-
Public works	1,537,646	-	-	289,070	(1,248,576)	-	(1,248,576)	-
Health and welfare	381,565	-	-	-	(381,565)	-	(381,565)	-
Culture and recreation	41,527	-	-	-	(41,527)	-	(41,527)	-
Housing and development	110,492	-	150,000	8,345	47,853	-	47,853	-
Interest on long-term debt	84,913	-	-	-	(84,913)	-	(84,913)	-
Total governmental activities	7,656,426	1,670,764	207,541	297,415	(5,480,706)	-	(5,480,706)	-
Business-type Activity -								
Water	222,680	107,982	-	164,767	-	50,069	50,069	-
Total primary government	$ 7,879,106	$ 1,778,746	$ 207,541	$ 462,182	$ (5,480,706)	50,069	(5,430,637)	-
Component Unit								
Twiggs County Health Department	$ 298,081	$ 69,408	$ 236,431	$ -	-	-	-	7,758
General revenues:								
Property taxes					4,355,462	-	4,355,462	-
Local option sales tax					564,205	-	564,205	-
Insurance company premium tax					378,369	-	378,369	-
Other taxes					45,216	-	45,216	-
Unrestricted investment earnings					1,634	35	1,669	301
Cancellation of debt					-	428,571	428,571	-
Gain on disposal of capital assets					9,501	-	9,501	-
Miscellaneous					157,291	-	157,291	-
Total general revenues and transfers					5,511,678	428,606	5,940,284	301
Change in net position					30,972	478,675	509,647	8,059
Net position - beginning					12,359,924	5,203,961	17,563,885	229,488
Net position - ending					$ 12,390,896	$ 5,682,636	$ 18,073,532	$ 237,547

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, 2014

	General	Non - Major Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 1,737,738	$ 600,392	$ 2,338,130
Receivables, net of allowances for uncollectibles:			
Taxes	812,184	-	812,184
Due from other governments	57,051	-	57,051
Note	-	20,362	20,362
Other	26,350	16,089	42,439
Due from other funds	194,182	337,507	531,689
Prepaid expenditures	64,981	-	64,981
Total Assets	**$ 2,892,486**	**$ 974,350**	**$ 3,866,836**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 394,970	$ 13,155	$ 408,125
Accrued expenses	23,508	-	23,508
Due to other funds	295,346	42,589	337,935
Total Liabilities	713,824	55,744	769,568
Deferred Inflows of Resources -			
Unavailable revenues	306,334	-	306,334
Fund Balances:			
Nonspendable:			
Prepaid expenditures	64,981	-	64,981
Restricted for:			
Public Safety	-	136,504	136,504
Capital Projects	-	694,606	694,606
Law Library	-	61,049	61,049
Economic development	-	26,447	26,447
Unassigned	1,807,347	-	1,807,347
Total Fund Balances	1,872,328	918,606	2,790,934
Total Liabilities, Deferred Inflows of Resources and Fund Balances	**$ 2,892,486**	**$ 974,350**	**$ 3,866,836**

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, 2014

Fund balance - total governmental funds	$ 2,790,934
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.	11,045,703
Other long - term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	306,334
Some long - term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences	(177,529)
Landfill postclosure costs	(138,648)
Capital leases payable	(335,612)
Bonds payable	(1,100,286)
Net position of governmental activities	$ 12,390,896

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, 2014

	General	Non - Major Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	$ 5,537,925	$ 1,754	$ 5,539,679
Licenses and permits	33,676	-	33,676
Intergovernmental	57,541	297,333	354,874
Charges for services	860,277	130,258	990,535
Fines and forfeitures	486,272	160,281	646,553
Investment income	284	1,432	1,716
Contributions	-	150,000	150,000
Other revenues	121,003	36,288	157,291
Total Revenues	7,096,978	777,346	7,874,324
Expenditures:			
Current:			
General government	2,451,359	18,420	2,469,779
Public safety	2,411,706	286,155	2,697,861
Public works	1,309,307	165,487	1,474,794
Public health and welfare	406,481	-	406,481
Culture and recreation	27,175	1,618	28,793
Economic development	-	98,044	98,044
Debt Service:			
Principle payments	81,935	375,326	457,261
Interest payments	16,800	68,113	84,913
Total Expenditures	6,704,763	1,013,163	7,717,926
Excess (Deficiency) of Revenues Over (Under) Expenditures	392,215	(235,817)	156,398
Other Financing Sources (Uses):			
Transfer in	-	303,434	303,434
Transfer out	(73,956)	(229,478)	(303,434)
Proceeds from sale of capital assets	11,335	-	11,335
Proceeds from capital leases	-	24,599	24,599
Total other financing sources (uses)	(62,621)	98,555	35,934
Net Change in Fund Balances	329,594	(137,262)	192,332
Fund Balances - Beginning	1,542,734	1,055,868	2,598,602
Fund Balances - Ending	$ 1,872,328	$ 918,606	$ 2,790,934

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, 2014

Net change in fund balances - Total Governmental Funds	$	192,332
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		192,225
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		(605,447)
The issuance of long-term debt provides current financial resources to governmental funds but has no effect on net position		(24,599)
The effect of various capital asset transactions, including sales, trade ins and donations.		(1,834)
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		(196,427)
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		139,122
Bonds payable		155,587
Capital leases		162,552
Landfill postclosure costs		23,325
Compensated absences		(5,864)
Change in net position of Governmental Activities	$	30,972

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, 2014

	Enterprise Water Fund
Assets:	
Current Assets:	
Cash	$ 76,397
Accounts receivable, net of allowance	20,758
Due from other funds	42,589
Total Current Assets	139,744
Capital Assets:	
Land	6,412
Distribution System	8,248,315
Total	8,254,727
Less - accumulated depreciation	(788,162)
Total Capital Assets	7,466,565
Total Assets	7,606,309
Liabilities:	
Current Liabilities:	
Accounts payable	210,279
Due to other funds	236,343
Accrued expenses	386
Customer deposits	27,798
Compensated absences payable	4,657
Current portion of long-term debt	133,404
Total Current Liabilities	612,867
Noncurrent Liability-	
Note payable - non-current portion	1,310,806
Total Liabilities	1,923,673
Net Position:	
Net investment in capital assets	6,022,355
Unrestricted	(339,719)
Total Net Position	$ 5,682,636

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, 2014

	Enterprise Water Fund
Operating Revenue - Water and Sewer sales	$ 107,982
Operating Expenses:	
Salaries	34,110
Payroll taxes	2,549
Utilities	1,314
Professional fees	1,700
Dues and subscriptions	410
Repairs and maintenance	13,395
Travel and training	2,126
Permits	1,690
Miscellaneous expense	1,063
Depreciation expense	158,899
Total operating expenses	217,256
Operating Loss	(109,274)
Non-operating Revenue (Expense):	
Interest income	35
Grant income	51,991
Interest expense	(5,424)
Cancellation of debt	428,571
Total non-operating revenue (expense)	475,173
Contributions -	
Contribution revenues	112,776
Change in Net Position	478,675
Total Net Position, Beginning	5,203,961
Total Net Position, Ending	$ 5,682,636

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, 2014

	Enterprise Water Fund
Cash Flows from Operating Activities:	
Receipts from customers	$ 99,981
Receipts from others	34,779
Payments to suppliers	192,020
Payments to employees	(35,329)
Net cash provided by operating activities	291,451
Cash Flows from Noncapital Financing Activities -	
Contribution income	112,776
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets	(330,536)
Grant income	51,991
Proceeds from capital debt	20,673
Principal payments on capital debt	(132,297)
Interest payments on capital debt	(5,424)
Net cash used in capital and related financing activities	(395,593)
Cash Flows from Investing Activities -	
Interest income	35
Net increase in cash and cash equivalents	8,669
Balances - beginning of year	67,728
Balances - end of year	$ 76,397
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	$ (109,274)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Depreciation	158,899
Net change in assets and liabilities attributable to operations:	
Accounts receivable	(8,001)
Accounts payable	209,892
Due to other funds	36,203
Accrued expenses	122
Customer deposits	2,825
Compensated absences payable	785
Net cash provided by operating activities	$ 291,451

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, 2014

	Agency Funds
Asset -	
Cash	$ 360,086
Liability -	
Other liabilities	$ 360,086

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 2014.

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, 2014, are included in the reporting entity's 2014 financial statements. During the year ended June 30, 2014, the primary source of income for the Department was grant income in the amount of $121,005 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 are 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 fund-:

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 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 capital 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 capital 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 Position 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, 2014. 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 capital 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 $90,337. 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.

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 December 31, 2014 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). In prior years the County agreed to pay DCA disallowed costs of $500,000 over a seven year period at annual payments of $71,428. During the year ended December 31, 2014, the debt was forgiven and cancelled by DCA in the amount of $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, 2014.

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	$ 983,068	$ 968,444	$ 14,624
Superior Court	147,554	78,710	68,844
Probate Court	176,115	174,638	1,477
Clerk of Superior Court	250,707	246,592	4,115
Registrars	112,861	112,812	49
General Government Buildings	167,608	130,630	36,978
Magistrate Court	133,639	129,325	4,314
Emergency Management	116,601	100,285	16,316
Highways and Streets	1,014,622	832,475	182,147
Sanitation	294,685	236,196	58,489
Mental Health Appropriation	6,318	5,218	1,100
Department of Family and Children's Services	82,609	81,360	1,249
Transit System	127,443	125,474	1,969
Public Defender Appropriation	50,970	49,735	1,235
Principle payments	81,935	20,172	61,763

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	$ 329,594
Add - New encumbrances - current year	-
Deduct - Prior year encumbrances expended	-
Generally Accepted Accounted Principles (GAAP) Basis	$ 329,594

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Investments – The County owns no investments as of December 31, 2014.

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, 2014, 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 2014 collected during the current year has been recognized as revenue.

Property taxes receivable at December 31, 2014, is composed of the following:

Year of Levy:	
2014	$ 571,089
2013	183,533
2012	115,734
2011	52,466
2010	44,457
Prior to 2010	42,487
Total	1,009,766
Less - allowance for uncollectible	(197,582)
Net receivable	$ 812,184

C. Receivables

Primary Government

Receivables at December 31, 2014 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	Nonmajor Governmental Funds	Total Governmental Total
Receivables:			
Taxes	$ 1,009,766	$ -	$ 1,009,766
Intergovernmental	57,051	-	57,051
Notes	-	20,362	20,362
Other	26,350	16,089	42,439
Gross receivables	1,093,167	36,451	1,129,618
Less: allowance for Uncollectibles	(197,582)	-	(197,582)
Net total receivables	$ 895,585	$ 36,451	$ 932,036

During 2011, the Development Authority accepted a $35,000 note receivable from the purchase 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, 2014 was $20,362.

Business - Type Activities:	Water Fund
Receivables -	
Accounts	$ 35,982
Less: allowance for	
Uncollectibles	(15,224)
Net total receivables	$ 20,758

Discretely Presented Component Unit

Receivables from the Twiggs County Health Department as of December 31, 2014, are as follows:

	Twiggs County Health Department
Receivables:	
Accounts	$ 7,022
Notes	13,375
Gross receivables	20,397
Less: allowance for	
Uncollectibles	-
Net total receivables	$ 20,397

D. Capital Assets

Primary Government

Capital asset activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 3,569,879	$ -	$ -	$ 3,569,879
Land improvements	85,826	-	-	85,826
Construction in progress	857,706	-	-	857,706
Subtotal	4,513,411	-	-	4,513,411
Other capital assets:				
Infrastructure	375,258	-	-	375,258
Buildings	6,820,244	32,738	-	6,852,982
Improvements	145,216	8,145	-	153,361
Machinery and equipment	5,834,146	151,342	34,323	5,951,165
Total other capital assets at historical cost	13,174,864	192,225	34,323	13,332,766
Less accumulated depreciation:				
Infrastructure	(42,466)	(12,509)	-	(54,975)
Buildings	(2,388,260)	(163,649)	-	(2,551,909)
Improvements	(33,278)	(8,630)	-	(41,908)
Machinery and equipment	(3,763,512)	(420,659)	(32,489)	(4,151,682)
Subtotal	(6,227,516)	(605,447)	(32,489)	(6,800,474)
Other capital assets, net	6,947,348	(413,222)	1,834	6,532,292
Governmental activities capital assets, net	$ 11,460,759	$ (413,222)	$ 1,834	$ 11,045,703

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

Governmental activities:	
General government	$ 165,509
Public safety	327,542
Public works	73,372
Health and welfare	5,697
Housing and development	20,593
Culture and recreation	12,734
Total governmental activities depreciation expense	$ 605,447

D. Capital Assets (Continued)

Business-type activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital asset not being depreciated -				
Land	$ 900	$ 5,512	$ -	$ 6,412
Other capital asset -				
Improvements - water system	7,923,291	325,024	-	8,248,315
Less accumulated depreciation -				
Improvements - water system	(629,263)	(158,899)	-	(788,162)
Other capital asset, net	7,294,028	166,125	-	7,460,153
Business activities capital assets, net	$ 7,294,928	$ 171,637	$ -	$ 7,466,565

Capital asset activity for the Twiggs County Health Department for the year ended December 31, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ -	$ -	$ -	$ -
Other capital assets:				
Machinery and equipment	104,233	1,394	-	105,627
Less accumulated depreciation for -				
Machinery and equipment	(103,186)	(372)	-	(103,558)
Other capital assets, net	1,047	1,022	-	2,069
Public Health Center capital assets, net	$ 1,047	$ 1,022	$ -	$ 2,069

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, 2014, is as follows:

	Payable To:				
Payable From:	General Fund	Water Fund	Capital Projects LMIG	Capital Projects SPLOST 09	911 Surcharge
Major Funds:					
General Fund	$ -	$ -	$ 288,988	$ -	$ 6,358
Water Fund	194,182	-	-	42,161	-
Nonmajor Fund -					
SPLOST Fund	-	42,589	-	-	-
	$ 194,182	$ 42,589	$ 288,988	$ 42,161	$ 6,358

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	$ 73,956	$ -
Jail Fund	4,000	7,725
DARE Fund		4,000
911 Surchage Fund	-	66,231
2009 SPLOST	208,661	
Development Authority General Fund	-	225,478
Development Authority Industrial Park Fund	16,817	-
Total transfers	$ 303,434	$ 303,434

F. Due from Other Governments

Amounts due from other Governmental entities at December 31, 2014, are as follows:

	Federal	State	Other	Total
General Fund	$ -	$ 46,495	$ 10,556	$ 57,051

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, 2014, was as follows:

Short-term notes payable

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities	$ -	$ 1,400,000	$ 1,400,000	$ -

H. Long - Term Obligations

Primary Government Long – Term Debt Payable

At December 31, 2014, long-term debt consisted of the following:

Payable from Governmental Activities:	Total	Current	Long-term
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%	$ 1,100,286	$ 163,417	$ 936,869
Capital Lease Obligations:			
$25,225 to Ford Motor Credit for one vehicle; interest at 6.50%; due in annual installments of $9,088 to January 2015	8,534	8,534	-
$113,625 to Ford Motor Credit for four vehicles; interest at 5.95%; due in annual installments of $30,914 to September 2016	56,718	27,540	29,178
$15,367 to Ford Motor Credit for one vehicle; interest at 6.60%; due in annual installments of $4,217 to June 2015	3,956	3,956	-
$24,599 to Ford Motor Credit for one vehicle; interest at 5.50%; due in annual installments of $2,491 to August 2016	4,599	2,491	2,108
$391,780 to Motorola for 911 communications equipment; interest at 3.80%; due in annual installments of $87,708 to October 2015	84,432	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	177,373	15,471	161,902
Total Capital Leases Obligations	335,612	142,424	193,188
Total Governmental Activity Long-Term Debt	$ 1,435,898	$ 305,841	$ 1,130,057

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

Year Ending December 31	Bonds Payable		Capital Leases	
	Principal	Interest	Principal	Interest
2015	$ 163,417	$ 45,244	$ 142,424	$ 12,770
2016	170,676	37,985	193,188	6,506
2017	178,258	30,403	-	-
2018	186,176	22,485	-	-
2019	194,446	14,214	-	-
2020	207,313	5,577	-	-
Total	$ 1,100,286	$ 155,908	$ 335,612	$ 19,276

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.	$ 1,239,888	$ 90,724	$ 1,149,164
$520,000 GEFA note payable; initial interest at 3.03%; due in 239 monthly payments to be determined upon the completion of the water system improvements project.	20,673	-	20,673
$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.	183,649	42,680	140,969
Total Business - Type Activities Long-Term Debt	$ 1,444,210	$ 133,404	$ 1,310,806

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

Year Ending December 31	Notes Payable	
	Principal	Interest
2015	$ 133,404	$ 4,318
2016	155,213	3,182
2017	135,706	2,016
2018	136,903	818
2019	96,717	18
2020-2024	453,620	-
2024-2028	332,647	-
Total	$ 1,444,210	$ 10,352

Changes in Long-term Obligations

Long-term obligation activity for the year ended December 31, 2014, 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	$ 139,122	$ -	$ 139,122	$ -	$ -	$ -
Bonds payable	1,255,873	-	155,587	1,100,286	163,417	936,869
Capital leases payable	473,565	24,599	162,552	335,612	142,424	193,188
Landfill postclosure care costs	161,973	-	23,325	138,648	23,325	115,323
Compensated absences payable	171,665	177,529	171,665	177,529	177,529	-
Total Governmental Activities	$ 2,202,198	$ 202,128	$ 652,251	$ 1,752,075	$ 506,695	$ 1,245,380

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due Within More Than One Year
Business Type Activities						
Notes payable	$ 1,555,834	$ 20,673	$ 132,297	$ 1,444,210	$ 133,404	$ 1,310,806
Compensated absences payable	3,872	4,657	3,872	4,657	4,657	-
Total Business Type Activities	$ 1,559,706	$ 25,330	$ 136,169	$ 1,448,867	$ 138,061	$ 1,310,806

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. These payments are treated as transfers between the 2009 SPLOST Fund and Development Authority General Fund.

Twiggs County Health Department

Long-term obligation activity for the Twiggs County Health Department for the year ended December 31, 2014, 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	$ 21,190	$ 10,989	$ 7,699	$ 24,480	$ 3,261	$ 21,219

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, 2014:

	Governmental Activities
Asset -	
Vehicle	$ 30,786
Less: Accumulated depreciation	(13,341)
Total	$ 17,445

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2014 were as follows:

Year Ending December 31,	Governmental Activities
Mininum lease payment -	
2015	$ 9,088
Less: amount representing interest	(554)
Present value of minimum lease payment	$ 8,534

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, 2014:

	Governmental Activities
Asset -	
Equipment	$ 113,625
Less: Accumulated depreciation	(28,406)
Total	$ 85,219

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2014 were as follows:

Year Ending December 31,	Governmental Activities
Mininum lease payments:	
2015	$ 30,914
2016	30,914
Total	61,828
Less: amount representing interest	(5,110)
Present value of minimum lease payment	$ 56,718

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, 2014:

	Governmental Activities
Asset -	
Vehicle	$ 15,367
Less: Accumulated depreciation	(8,196)
Total	$ 7,171

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2014 were as follows:

Year Ending December 31,	Governmental Activities
Mininum lease payment -	
2015	$ 4,217
Less: amount representing interest	(261)
Present value of minimum lease payment	$ 3,956

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, 2014:

	Governmental Activities
Asset -	
Equipment	$ 391,780
Less: Accumulated depreciation	(166,506)
Total	$ 225,274

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2014 were as follows:

Year Ending December 31,	Governmental Activities
Mininum lease payment -	
2015	$ 87,648
Less: amount representing interest	(3,216)
Present value of minimum lease payment	$ 84,432

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, 2014:

	Governmental Activities
Asset -	
Equipment	$ 245,184
Less: Accumulated depreciation	(50,399)
Total	$ 194,785

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2014 were as follows:

Year Ending December 31,	Governmental Activities
Mininum lease payments:	
2015	$ 20,582
2016	166,542
Total	187,124
Less: amount representing interest	(9,751)
Present value of minimum lease payment	$ 177,373

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, 2014:

	Governmental Activities
Asset -	
Vehicle	$ 24,599
Less: Accumulated depreciation	(1,171)
Total	$ 23,428

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2014 were as follows:

Year Ending December 31,	Governmental Activities
Mininum lease payments:	
2015	$ 2,491
2016	2,491
Total	4,982
Less: amount representing interest	(383)
Present value of minimum lease payment	$ 4,599

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.

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, 2014 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, 2014.

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, 2014 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 $138,648 remains as a liability for post-closure care in the Governmental Activities Statement of Net Position as of December 31, 2014. The landfill closure and post-closure liability for the Highway 80 site was assumed by Wolf Creek Landfill, LLC. Twiggs County received $592,778 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. Contributions to this plan consist of voluntary employee contributions as well as a 1 percent of base pay contribution by the County for eligible employees. During the year ended December 31, 2014, employee contributions amounted to $22,850. In addition, County contributions to the plan amounted to $13,749 during the year ended December 31, 2014.

G. Joint Venture

Under Georgia law, Twiggs County, in conjunction with other cities and counties in the eleven county east Middle Georgia area, is a member of the Middle Georgia Regional Commission (MGRC) and is required to pay annual dues thereto. Membership in a Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the Commission in Georgia. The Commission Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member Governments are liable for any debts or obligations of a Commission. Separate financial statements may be obtained from:

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

H. Subsequent Events

The County performed an evaluation of subsequent events through December 17, 2015, the date upon which the County's financial statements were available for issue. The County has not evaluated subsequent events after this date. No subsequent events were identified that would have required a change to the financial statements or disclosure in the notes to the financial statements.

Required Supplementary Information Other Than Management's Discussion and Analysis

TWIGGS COUNTY, GEORGIA

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, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Taxes	$ 4,950,319	$ 4,950,319	$ 5,537,925	$ 587,606
Licenses and permits	46,000	46,000	33,676	(12,324)
Intergovernmental	26,000	26,000	57,541	31,541
Charges for services	664,300	664,300	860,277	195,977
Fines and forfeitures	654,600	654,600	486,272	(168,328)
Investment income	400	400	284	(116)
Miscellaneous revenues	135,388	135,388	121,003	(14,385)
Total Revenues	6,477,007	6,477,007	7,096,978	619,971
Expenditures:				
General government	2,394,044	2,394,044	2,451,359	(57,315)
Public safety	2,498,612	2,498,612	2,411,706	86,906
Public works	1,068,671	1,068,671	1,309,307	(240,636)
Public health and welfare	405,568	405,568	406,481	(913)
Culture and recreation	28,000	28,000	27,175	825
Debt service	66,112	66,112	98,735	(32,623)
Total Expenditures	6,461,007	6,461,007	6,704,763	(243,756)
Excess of Revenues Over Expenditures	16,000	16,000	392,215	376,215
Other Financing Sources (Uses):				
Transfers out	(28,000)	(28,000)	(73,956)	(45,956)
Proceeds from sale of capital assets	12,000	12,000	11,335	(665)
Total Other Financing Sources (Uses)	(16,000)	(16,000)	(62,621)	(46,621)
Net Change in Fund Balance	-	-	329,594	329,594
Fund Balance, Beginning	1,542,734	1,542,734	1,542,734	-
Fund Balance, Ending	$ 1,542,734	$ 1,542,734	$ 1,872,328	$ 329,594

Other Supplementary Information

TWIGGS COUNTY, GEORGIA

OTHER SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Taxes:				
Ad valorem	$ 3,917,319	$ 3,917,319	$ 4,551,889	$ 634,570
Local option sales tax	540,000	540,000	564,205	24,205
Insurance company premium tax	432,000	432,000	378,369	(53,631)
Alcoholic beverage excise tax	44,000	44,000	30,314	(13,686)
Other taxes	17,000	17,000	13,148	(3,852)
Total taxes	4,950,319	4,950,319	5,537,925	587,606
Licenses and Permits:				
Beer and wine licenses	6,000	6,000	6,836	836
Other licenses, permits and fees	40,000	40,000	26,840	(13,160)
Total licenses and permits	46,000	46,000	33,676	(12,324)
Intergovernmental:				
State grants - hazard mitigation	-	-	15,000	15,000
State grants - various	5,000	5,000	1,500	(3,500)
Federal grants - various	5,000	5,000	35,038	30,038
Payment in lieu of tax	16,000	16,000	6,003	(9,997)
Total intergovernmental	26,000	26,000	57,541	31,541
Charges for Services:				
Magistrate	35,000	35,000	48,387	13,387
Superior Court	48,000	48,000	34,398	(13,602)
Sheriff	48,000	48,000	29,923	(18,077)
Tax Commissioner	8,000	8,000	137,678	129,678
Transit system	29,300	29,300	17,113	(12,187)
Landfill host fees	496,000	496,000	592,778	96,778
Total charges for services	664,300	664,300	860,277	195,977
Fines and Forfeitures:				
Probate court	602,600	602,600	418,244	(184,356)
Superior Court	47,400	47,400	57,691	10,291
Drug surcharges, etc.	4,600	4,600	10,337	5,737
Total fines and forfeitures	654,600	654,600	486,272	(168,328)
Investment Income:				
Interest income	400	400	284	(116)
Total investment income	400	400	284	(116)
Miscellaneous:				
Proceeds from insurance claims	-	-	34,069	34,069
Refunds, reimbursements, etc.	60,000	60,000	49,669	(10,331)
Other	75,388	75,388	37,265	(38,123)
Total miscellaneous	135,388	135,388	121,003	(14,385)
Total Revenues	$ 6,477,007	$ 6,477,007	$ 7,096,978	$ 619,971

TWIGGS COUNTY, GEORGIA

OTHER SUPPLEMENTARY INFORMATION

EXHIBIT 12
PAGE 2 OF 3

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Expenditures:				
General Government:				
Administration	$ 968,444	$ 968,444	$ 983,068	$ (14,624)
Superior Court	78,710	78,710	147,554	(68,844)
Probate Court	174,638	174,638	176,115	(1,477)
Clerk of Superior Court	246,592	246,592	250,707	(4,115)
Juvenile Court	20,187	20,187	6,205	13,982
Tax Commissioner	236,742	236,742	218,722	18,020
County Agent	36,480	36,480	31,130	5,350
Registrars	112,812	112,812	112,861	(49)
Tax Assessors	250,925	250,925	219,811	31,114
General Government Buildings	130,630	130,630	167,608	(36,978)
Board of Equalization	8,559	8,559	3,939	4,620
Magistrate Court	129,325	129,325	133,639	(4,314)
Total General Government	2,394,044	2,394,044	2,451,359	(57,315)
Public Safety:				
Sheriff	2,169,155	2,169,155	2,136,447	32,708
Fire Department	55,564	55,564	20,946	34,618
Rescue	11,760	11,760	6,434	5,326
Coroner	38,809	38,809	36,871	1,938
Emergency Management	100,285	100,285	116,601	(16,316)
Georgia Forestry Appropriation	20,039	20,039	19,615	424
District Attorney Appropriation	103,000	103,000	74,792	28,208
Total Public Safety	2,498,612	2,498,612	2,411,706	86,906
Public Works:				
Highways and Streets	832,475	832,475	1,014,622	(182,147)
Sanitation	236,196	236,196	294,685	(58,489)
Total Public Works	1,068,671	1,068,671	1,309,307	(240,636)
Public Health and Welfare:				
Public Health Appropriation	84,261	84,261	84,261	-
Mental Health Appropriation	5,218	5,218	6,318	(1,100)
Department of Family and Children's Services	81,360	81,360	82,609	(1,249)
Older American's Council	59,520	59,520	54,880	4,640
Transit System	125,474	125,474	127,443	(1,969)
Public Defender Appropriation	49,735	49,735	50,970	(1,235)
Total Public Health and Welfare	405,568	405,568	406,481	(913)

TWIGGS COUNTY, GEORGIA

OTHER SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Culture and Recreation -				
Library Appropriation	$ 28,000	$ 28,000	$ 27,175	$ 825
Debt Service:				
Principle payments	20,172	20,172	81,935	(61,763)
Interest payments	45,940	45,940	16,800	29,140
Total Debt Service	66,112	66,112	98,735	(32,623)
Total Expenditures	6,461,007	6,461,007	6,704,763	(243,756)
Excess of Revenues over Expenditures	16,000	16,000	392,215	376,215
OTHER FINANCING SOURCES (USES):				
Transfers out	(28,000)	(28,000)	(73,956)	(45,956)
Proceeds from sales of capital assets	12,000	12,000	11,335	(665)
Total Other Financing Sources (Uses)	(16,000)	(16,000)	(62,621)	(46,621)
Net Change in Fund Balance	-	-	329,594	329,594
FUND BALANCE, BEGINNING OF YEAR	1,542,734	1,542,734	1,542,734	-
FUND BALANCE, END OF YEAR	$ 1,542,734	$ 1,542,734	$ 1,872,328	$ 329,594

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.

- ***2009 SPLOST –*** To account for the special purpose local option sales tax proceeds collected for the acquisition or construction of major capital projects.
- ***SPLOST –*** To account for the special purpose local option sales tax proceeds collected for the acquisition or construction of major capital projects.
- ***LMIG –*** To account for the accumulation and expenditure of LMIG grant funds.
- ***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.

TWIGGS COUNTY, GEORGIA

EXHIBIT 13

COMBINING BALANCE SHEET
NON - MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	Total Non - Major Special Revenue Governmental Funds	Total Non - Major Capital Projects Governmental Funds	Total Non - Major Governmental Funds
ASSETS			
Cash	$ 194,346	$ 406,046	$ 600,392
Note receivable	20,362	-	20,362
Due from other funds	6,358	331,149	337,507
Receivables - other	16,089	-	16,089
Total Assets	$ 237,155	$ 737,195	$ 974,350
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 13,155	$ -	$ 13,155
Due to other funds	-	42,589	42,589
Total liabilities	13,155	42,589	55,744
Fund Balances:			
Restricted for:			
Public Safety	136,504	-	136,504
Capital projects	-	694,606	694,606
Law Library	61,049	-	61,049
Economic development	26,447	-	26,447
Total fund balances	224,000	694,606	918,606
Total Liabilities and Fund Balances	$ 237,155	$ 737,195	$ 974,350

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, 2014

	Total Non - Major Special Revenue Governmental Funds	Total Non - Major Capital Projects Governmental Funds	Total Non - Major Governmental Funds
Revenues:			
Taxes	$ -	$ 1,754	$ 1,754
Intergovernmental revenue	8,345	288,988	297,333
Charges for services	130,258	-	130,258
Fines and forfeitures	160,281	-	160,281
Investment income	1,191	241	1,432
Contributions	150,000		150,000
Other revenues	36,288	-	36,288
Total revenues	486,363	290,983	777,346
Expenditures:			
Current:			
General government	18,420	-	18,420
Public safety	286,155	-	286,155
Public works	-	165,487	165,487
Culture and recreation	-	1,618	1,618
Economic development	98,044	-	98,044
Debt Service:			
Principle payments	359,040	16,286	375,326
Interest payments	62,102	6,011	68,113
Total expenditures	823,761	189,402	1,013,163
Excess (Deficiency) of Revenues Over (Under) Expenditures	(337,398)	101,581	(235,817)
Other Financing Sources (Uses):			
Proceeds from capital leases	24,599	-	24,599
Transfer in	303,434	-	303,434
Transfer out	(4,000)	(225,478)	(229,478)
Total Other Financing Sources (Uses)	324,033	(225,478)	98,555
Net Change in Fund Balances	(13,365)	(123,897)	(137,262)
Fund Balances, Beginning	237,365	818,503	1,055,868
Fund Balances, Ending	$ 224,000	$ 694,606	$ 918,606

TWIGGS COUNTY, GEORGIA

EXHIBIT 15

COMBINING BALANCE SHEET
NON - MAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2014

	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	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,345	$ 8,345
Charges for services	-	-	130,258	-	-	-	-	-	130,258
Fines and forfeitures	-	-	-	49,823	8,228	39,303	62,927	-	160,281
Interest and dividend income	-	-	38	-	288	19	-	846	1,191
Contributions	-	-	-	-	-	-	-	150,000	150,000
Other revenues	2,936	-	-	15,890	-	-	8,462	9,000	36,288
Total revenues	2,936	-	130,296	65,713	8,516	39,322	71,389	168,191	486,363
Expenditures:									
Current:									
General government	-	-	-	-	10,275	-	-	8,145	18,420
Public safety	3,462	2	111,294	57,760	-	36,666	76,971	-	286,155
Economic development	-	-	-	-	-	-	-	98,044	98,044
Debt Service:									
Principle payments	-	-	81,278	7,271	-	20,000	-	250,491	359,040
Interest payments	-	-	6,430	454	-	-	-	55,218	62,102
Total expenditures	3,462	2	199,002	65,485	10,275	56,666	76,971	411,898	823,761
Excess (Deficiency) of Revenues Over (Under) Expenditures	(526)	(2)	(68,706)	228	(1,759)	(17,344)	(5,582)	(243,707)	(337,398)
Other Financing Source (Use):									
Proceeds from capital leases	-	-	-	-	-	24,599	-	-	24,599
Transfer out	-	-	-	(4,000)	-	-	-	-	(4,000)
Transfer in	-	-	66,231	7,725	-	4,000	-	225,478	303,434
Total Other Financing Sources	-	-	66,231	3,725	-	28,599	-	225,478	324,033
Net Change in Fund Balances	(526)	(2)	(2,475)	3,953	(1,759)	11,255	(5,582)	(18,229)	(13,365)
Fund Balance, Beginning	6,978	2,085	61,188	31,786	62,808	16,722	11,122	44,676	237,365
Fund Balance, Ending	$ 6,452	$ 2,083	$ 58,713	$ 35,739	$ 61,049	$ 27,977	$ 5,540	$ 26,447	$ 224,000

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, 2014

	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	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,345	$ 8,345
Charges for services	-	-	130,258	-	-	-	-	-	130,258
Fines and forfeitures	-	-	-	49,823	8,228	39,303	62,927	-	160,281
Interest and dividend income	-	-	38	-	288	19	-	846	1,191
Contributions	-	-	-	-	-	-	-	150,000	150,000
Other revenues	2,936	-	-	15,890	-	-	8,462	9,000	36,288
Total revenues	2,936	-	130,296	65,713	8,516	39,322	71,389	168,191	486,363
Expenditures:									
Current:									
General government	-	-	-	-	10,275	-	-	8,145	18,420
Public safety	3,462	2	111,294	57,760	-	36,666	76,971	-	286,155
Economic development	-	-	-	-	-	-	-	98,044	98,044
Debt Service:									
Principle payments	-	-	81,278	7,271	-	20,000	-	250,491	359,040
Interest payments	-	-	6,430	454	-	-	-	55,218	62,102
Total expenditures	3,462	2	199,002	65,485	10,275	56,666	76,971	411,898	823,761
Excess (Deficiency) of Revenues Over (Under) Expenditures	(526)	(2)	(68,706)	228	(1,759)	(17,344)	(5,582)	(243,707)	(337,398)
Other Financing Source (Use):									
Proceeds from capital leases	-	-	-	-	-	24,599	-	-	24,599
Transfer out	-	-	-	(4,000)	-	-	-	-	(4,000)
Transfer in	-	-	66,231	7,725	-	4,000	-	225,478	303,434
Total Other Financing Sources	-	-	66,231	3,725	-	28,599	-	225,478	324,033
Net Change in Fund Balances	(526)	(2)	(2,475)	3,953	(1,759)	11,255	(5,582)	(18,229)	(13,365)
Fund Balance, Beginning	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, 2014

	2009 SPLOST	SPLOST	LMIG	Public Library Building	Development Authority Industrial Park Fund	Total Non - Major Capital Projects Governmental Funds
ASSET						
Cash	$ 116,280	$ 93,783	$ -	$ 41,960	$ 154,023	$ 406,046
Due from other funds	42,161	-	288,988	-	-	331,149
Total Assets	$ 158,441	$ 93,783	$ 288,988	$ 41,960	$ 154,023	$ 737,195
LIABILITIES AND FUND BALANCES						
Liability -						
Due to other funds	$ -	$ 42,589	$ -	$ -	$ -	$ 42,589
Fund Balances -						
Capital Projects	158,441	51,194	288,988	41,960	154,023	694,606
Total Liabilities and Fund Balances	$ 158,441	$ 93,783	$ 288,988	$ 41,960	$ 154,023	$ 737,195

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, 2014

	2009 SPLOST	SPLOST	LMIG	Public Library Building	Development Authority Industrial Park Fund	Total Non - Major Capital Projects Governmental Funds
Revenues:						
Taxes	$ 1,754	$ -	$ -	$ -	$ -	$ 1,754
Intergovernmental	-	-	288,988	-	-	288,988
Interest and dividend income	138	82	-	21	-	241
Total revenues	1,892	82	288,988	21	-	290,983
Expenditures:						
Current:						
Public works	63,359	102,128	-	-	-	165,487
Culture and recreation	934	-	-	684	-	1,618
Debt Service:			-			
Principle payments	16,286	-	-	-		16,286
Interest payments	6,011	-	-	-	-	6,011
Total expenditures	86,590	102,128	-	684	-	189,402
Excess (Deficiency) of Revenues Over (Under) Expenditures	(84,698)	(102,046)	288,988	(663)	-	101,581
Other Financing Use -						
Transfer out	(208,661)	-	-	-	(16,817)	(225,478)
Net Change in Fund Balances	(293,359)	(102,046)	288,988	(663)	(16,817)	(123,897)
Fund Balance (Deficit), Beginning	451,800	153,240	-	42,623	170,840	818,503
Fund Balance (Deficit), Ending	$ 158,441	$ 51,194	$ 288,988	$ 41,960	$ 154,023	$ 694,606

Agency Funds

TWIGGS COUNTY, GEORGIA

EXHIBIT 19

AGENCY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2014

	Superior Court	Probate Court	Tax Commissioner	Magistrate Court	Sheriff	Tax Assessor	Emergency Management	Total Agency Funds
Asset -								
Cash	$ 230,633	$ 13,407	$ 8,236	$ 4,040	$ 103,770	$ -	$ -	$ 360,086
Liability -								
Other liabilities	$ 230,633	$ 13,407	$ 8,236	$ 4,040	$ 103,770	$ -	$ -	$ 360,086

Other Information

TWIGGS COUNTY, GEORGIA

EXHIBIT 20

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX
YEAR ENDED DECEMBER 31, 2014

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	$ 102,128	$ 741,046
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	$ 102,128	$ 3,776,326
February 5, 2008 referendum:					
Improving Twiggs County roads			$ 1,401,873	$ 52,710	$ 1,454,583
Retirement of road shops debt, and purchase of other road maintaining equipment as required			579,792	22,297	602,089
Improving the County's water system			8,016	10,649	18,665
Purchase of rescue vehicle			-	-	-
Complete infrastructure and other objectives at County's Industrial Park			1,031,846	208,661	1,240,507
Repair roofs at Courthouse complex			62,166	-	62,166
Recreation and parks			23,311	934	24,245
Total	$ 6,000,000	$ 6,000,000	$ 3,107,004	$ 295,251	$ 3,402,255

Compliance Information

NICHOLS, CAULEY & ASSOCIATES, LLC
A Professional Services Firm of:
Certified Public Accountants
Certified Internal Auditors
Certified Financial Planners®
Certified Valuation Analysts

Atlanta • Dublin • Warner Robins
www.nicholscauley.com

REPLY TO:
1300 Bellevue Avenue
Dublin, Georgia 31021-4152
478-275-1163
FAX 478-275-1178
dublin@nicholscauley.com

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, 2014, and the related notes to the financial statements, which collectively comprise Twiggs County, Georgia's basic financial statements, and have issued our report thereon dated December 17, 2015. 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: 2014-01, 2014-02, 2014-03, 2014-04.

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: 2014-05.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Twiggs County, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and responses as item 2014-06.

We noted certain matters that we have reported to management of Twiggs County, Georgia in a separate letter dated December 17, 2015.

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
December 17, 2015

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, 2014 due to the County having not exceeded the single audit threshold.

SECTION II.
FINANCIAL STATEMENT FINDINGS

Finding 2014-01

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 2014-02

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 2014-03

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 2014-04

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 2014-05

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 several departments.

Cause: County's expenditures exceeded appropriations in several 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 2014-06

Compliance – OCGA 48-8-121

Criteria: The County should remain compliant with all applicable laws and regulations.

Condition: A interfund balance due to the SPLOST 09 Fund from other governmental funds indicates commingling of funds.

Cause: SPLOST proceeds were not maintained in a separate account from any other funds of the County as expenditures for SPLOST projects were paid for out of the Water Fund in a prior year and a due to/from remains recorded in the financial statements.

Effect: The County is not in compliance with OCGA 48-8-121.

Recommendation: The County should take steps to eliminate the interfund balance.

Responsible Official's Response: We concur with the recommendation. This was an oversight and we will strive to correct it in 2015.

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 2014-01.

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 2014-02.

Finding 2011-02

Signature Stamp

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

Update: Resolved during current year. Signature stamps are no longer used. All checks are manually signed by County Commissioners.

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 2014-03.

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 2013-04.

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 2014-05.