ANNUAL FINANCIAL REPORT

WARREN COUNTY
GEORGIA

YEAR ENDED JUNE 30, 2013

WARREN COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
JUNE 30, 2013

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Baird & Company, *CPAs, LLC*
CERTIFIED PUBLIC ACCOUNTANTS & FINANCIAL ADVISORS

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Warren County, Georgia

Report on 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 Warren County, Georgia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Warren County, Georgia Department of Health, a discretely presented component unit, whose statements reflect total assets of $103,823 and total net position of $85,055 as of June 30, 2013, and total revenues of $163,504 for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Warren County, Georgia Department of Health, is based on the report of other auditors

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.

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Warren County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements, and the schedules of Special Purpose Local Option Sales Taxes are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedules of Special Purpose Local Option Sales Taxes are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedules of Special Purpose Local Option Sales Taxes are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2014, on our consideration of Warren County Georgia's internal control over financial reporting and on our tests of its compliances 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 Warren County Georgia's internal control over financial reporting and compliance.

Baird & Company, CPAs, LLC

BAIRD & COMPANY, CPAs, LLC
Certified Public Accountants

Augusta, Georgia
August 21, 2014

WARREN COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

The Management's Discussion and Analysis of the Annual Financial Statements of the County of Warren, Georgia (the "County") provides an overall narrative and analysis of the County's financial statements for the fiscal year ended June 30, 2013. This discussion and analysis is designed to look at the County's financial performance as a whole. Readers should also review the complete financial statements, with notes, which follow this narrative, to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for the year ended June 30, 2013 are as follows:

- The County's combined net position totaled $20,597,791.
- As of the close of the current year, the County's Governmental funds reported combined ending fund balances of 3,334,003. 48% of this total amount is available for spending at the County's discretion (Unrestricted fund balance).
- At the end of the current fiscal year, unrestricted fund balance for the General Fund was $1,530,412.
- Combined Operating Revenue totaled $5,447,906, of which governmental activities totaled $5,445,015 and business-type activities totaled $2,891.
- Overall Operating expenses totaled $4,888,178 of which governmental activities totaled $4,759,083 and business-type activities totaled $129,095.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the County.

Basic Financial Statements

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status. They are designed to provide readers with a broad overview of the County of Warren's finances, in a manner similar to a private-sector business.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County of Warren, Georgia's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's non-major governmental funds, all of which are added together in one column on the appropriate basic financial statements.

Government-wide Financial Statements

The Government-wide financial statements provide a broad view of the County's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the County's financial position, which assists in assessing the economic condition at the end of the fiscal year. These statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. This means the statements take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. The government-wide financial statements include the following two statements:

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

The **Statement of Activities** presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave). This statement also presents a comparison between direct expense and program revenues for each function of the County.

The government-wide statements are divided into two categories: 1) governmental activities, and 2) business-type activities. The governmental activities include most of the County's basic services such as general administration, judicial services, public safety, public works, health and welfare, culture and recreation, and housing and development. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those services that the County charges a fee to customers in order to provide. These include the Water and Sewer System.

Fund Financial Statements

A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the County, reporting the County's operations in more detail than the government-wide statements. The funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. These fund categories use different accounting approaches and should be interpreted differently.

Governmental Funds

Most of the basic services provided by the County are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as government activities in the government-wide financial statements. However, unlike the government-wide statements, these funds focus on how assets can readily be converted into cash and the amount of funds left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting, which focuses on current financial resources. Such information may be useful in evaluating the County's short-term financing requirements. These statements provide a detailed short-term view of the County's finances that assists in determining whether that will be adequate financial resources available to meet the County's current needs. The relationship between government activities in the government-wide financial statements and the governmental funds financial statements is described in a reconciliation that is a part of the fund financial statements.

The County has four governmental fund types: the General Fund, Special Revenue Funds, Capital Project Funds and Debt Service Funds. Five individual funds are being considered major funds – the General Fund, SPLOST 2007-2012, SPLOST 2012- 2017, Transportation SPLOST, and Revolving Loan Funds.

Proprietary Funds

The County has one type of proprietary fund used to account for activities that operate similar to commercial enterprises found in the private sector. Funds that charge fees for services provided to outside customers including other local governments are known as Enterprise Funds. These funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds use the accrual basis of accounting, thus there is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The County has one enterprise fund: the Water and Sewer System. The County has no internal service funds. The Water and Sewerage System is the only fund being considered a major fund for presentation purposes.

Government-wide Financial Analysis

The County's Net Position
June 30, 2013

	Governmental Activities		Business-type Activities		Total	Total
	2012	2013	2012	2013	2012	2013
Current and other assets	$3,325,298	$3,863,716	$91,241	$65,840	$3,416,539	$ 3,929,556
Capital Assets	$56,491,728	$14,378,149	$3,468,079	$3,640,897	59,959,807	18,019,046
Total Assets	59,817,026	18,241,865	3,559,320	3,706,737	63,376,346	21,948,602
Long-term liabilities	$186,231	$244,856	$598,365	$598,365	784,596	843,221
Other liabilities	$558,913	$506,603	$26,764	$987	585,677	507,590
Total Liabilities	745,144	751,459	625,129	599,352	1,370,273	1,350,811
Net Position:						
Net invested in capital assets	$56,230,002	$14,133,293	$2,843,937	$3,042,532		
Restricted	$1,433,589	$1,803,591	$90,254	$28,144	1,523,843	1,831,735
Unrestricted	$1,408,291	$1,553,522	-	$36,709	1,408,291	1,590,231
Total Net Position	$59,071,882	$ 17,490,406	$ 2,934,191	$ 3,107,385	$ 2,932,134	$ 3,421,966

Net Position

Net position may serve over time as one useful indicator of a government's financial condition. The assets of the County exceeded liabilities by $20,660,100 as of June 30, 2013, a decrease of $42,716,246 from June 30, 2012, which indicates a decrease in the financial position of the County.

The largest portion of the County's net position, $18,081,355 or 87%, reflects its investment in capital assets such as land, buildings, equipment and infrastructure (roads, sidewalks, water lines and sewer lines) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to its citizens; therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County's Changes in Net Position
June 30, 2013

Revenues:	Governmental Activities 2012	Governmental Activities 2013	Business-Type Activities 2012	Business-Type Activities 2013	Total 2012	Total 2013
Program Revenues						
Charges for Services	$ 827,876	$992,345	$ -	$ -	$ 827,876	$ 992,345
Operating Grants/ Contributions	631	458,564	-	-	631	458,564
Capital Grants/ Contributions	417,849	1,279,418	-	-	417,849	1,279,418
General Revenues						
Property Taxes	1,687,105	2,588,125	-	-	1,687,105	2,588,125
Investment Earnings	-	13	-	35	-	48
Miscellaneous	-	123,659	-	-	-	123,659
Total Revenues	2,933,461	5,442,124	-	35	2,933,461	5,442,159
Expenses:						
General government	(612,565)	(1,366,331)	-	-	(612,565)	(1,366,331)
Judicial	(162,351)	(364,397)	-	-	(162,351)	(364,397)
Public safety	(1,168,223)	(1,425,438)	-	-	(1,168,223)	(1,425,438)
Public works	(830,759)	(1,198,624)	-	-	(830,759)	(1,198,624)
Health and welfare	(216,854)	(196,176)	-	-	(216,854)	(196,176)
Culture and recreation	(156,716)	(64,260)	-	-	(156,716)	(64,260)
Community services	-	(143,857)	-	-	-	(143,857)
Interest and fiscal charges	-	-	-	-	-	-
Water and sewer	-	-	(105,482)	(126,204)	(105,482)	(126,204)
Total Expenses	(3,147,468)	(4,759,083)	(105,482)	(126,204)	(3,252,950)	(4,885,287)
(Decrease) Increase in net assets before transfers	(214,007)	683,041	(105,482)	(126,169)	(319,489)	556,872
Transfers	(336,560)	(25,133)	336,560	25,133	-	-
Capital contributions	-	(274,230)	-	274,230	-	-
Sale of assets	-	11,958	-	-	-	11,958
Change in net position	(460,644)	395,636	231,079	173,194	173,194	568,830
Net position, beginning of year	59,532,526	59,071,882	2,934,191	2,934,191	62,466,717	62,006,073
Prior period adjustment	-	(41,914,803)	-	-	-	(41,914,803)
Net position, beginning of year, restated	59,532,526	17,157,079	2,934,191	2,934,191	62,466,717	20,091,270
Net position, June 30	$ 59,071,882	$ 17,552,715	$ 3,165,270	$ 3,107,385	$ 62,639,911	$ 20,660,100

Financial Analysis of the County's Individual Funds

The County of Warren, Georgia uses fund accounting to demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of usable resources. Such information is useful in assessing the County's financial requirements. In particular, the unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The combined fund balance of all the governmental funds is $3,334,003, of which $1,530,412, or 46%, is spendable and unrestricted. This represents approximately 69% of the Governmental fund's operating expenditures.

General Fund

The General Fund is the primary operating fund of the County. At the end of the current fiscal year, total fund balance of the General Fund was $1,579,923, of which $1,530,412 or 97% was spendable and unrestricted. As a measure of the General Fund's liquidity, it may be useful to compare unrestricted fund balance to total fund expenditures. As of June 30, 2013 total unrestricted fund balance represents 41% of general fund operating expenditures.

General Fund Budgetary Highlights

During the year, the County revised the budget once and did so during the 4th quarter. Generally, budget amendments fall into one of five categories: 1) amendments to appropriate fund balance for encumbrances from the prior year, 2) amendments made to adjust the estimates that are used to prepare the original budget resolution once exact information is available; 3) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; 4) amendments to increase appropriations that become necessary to maintain services; and 5) amendments to transfer appropriations between departments. The fifth category has no effect on the final budget and, therefore, is not addressed in this narrative. All budget changes made accommodated the increase in operating cost for fuel, insurance and general supplies. All of the budget changes fall under category #2.

The actual revenues for the General Fund were more than the original budgeted amount by $260,907. (Increase due to additional grant funds). The individual sources within the revenues fluctuated both positively and negatively. Actual operating expenditures were under the original budgeted amount by $39,351 or 1% of actual expenses, due mostly to cost cutting made by county departments.

Proprietary Funds

The activities of the County that render services to the general public on a user charge basis or that require periodic determination of revenues for public policy are accounted for as Enterprise Funds. The County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position at the end of the year for the Water and Sewer System was $37,696.

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2013 amounts to $17,654,516 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, construction in progress and infrastructure. Infrastructure assets are items that are normally immovable and of value only to the County, such as roads, streets and sidewalks, drainage systems and other similar items.

The County's Capital Assets
(net of depreciation)
June 30, 2012 and 2013

	Governmental Activities 2012	Governmental Activities 2013	Business-type Activities 2012	Business-type Activities 2013	Total 2012	Total 2013
Land	$ 426,839	$ 426,839	$ -	$ -	$ 426,839	$ 426,839
Infrastructure, net	50,422,782	8,109,950	-	-	50,422,782	8,109,950
Construction in Progress	-	-	14,134	-	14,134	-
Buildings & Improvements, net	5,113,294	5,009,202	-	-	5,113,294	5,009,202
Utility Systems, net	-	-	3,453,946	3,640,897	3,453,946	3,640,897
Equipment & Vehicles, net	528,813	894,467	-	-	528,813	894,467
Total Capital Assets	$ 56,491,728	$ 14,440,458	$ 3,468,080	$ 3,640,897	$ 59,959,808	$ 18,081,355

Additional information on the County's capital assets can be found in Note IV of the notes to the financial statements of this report.

Long –Term Debt

As of June 30, 2013 the County had a total of $843,221 in outstanding long-term debt.

The County's Outstanding Debt
General Obligation
June 30, 2012 and 2013

	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
Notes Payable	$ 261,726	$ 244,856	$ 624,142	$ 598,365	$ 885,868	$ 843,221
Total Debt	$ 261,726	$ 244,856	$ 624,142	$ 598,365	$ 885,868	$ 843,221

Additional information on the County's Long Term Debt can be found in Note V of the notes to the financial statements of this report.

Requests for information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be addressed to the Chairman of the Board of Commissioners:

521 Main Street, Warrenton, GA 30828.

BASIC FINANCIAL STATEMENTS

WARREN COUNTY, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Department of Health	Development Authority
Assets					
Cash and investments	$ 3,173,779	$ 65,840	$ 3,239,619	$ 87,224	$ 275,196
Receivables	436,851	-	436,851	16,599	-
Prepaid	49,511	-	49,511	-	-
Due from others	203,575		203,575	-	96,408
Capital assets					
Non-depreciable assets	426,839	-	426,839	-	-
Depreciable assets, net of accumulated depreciation	14,013,619	3,640,897	17,654,516	-	685,083
Total assets	18,304,174	3,706,737	22,010,911	103,823	1,056,687
Liabilities					
Accounts payable	371,925	-	371,925	9,843	-
Accrued liabilities	19,803	-	19,803	-	2,817
Customer deposits	-	987	987	-	-
Due to others	96,408	-	96,408	-	-
Compensated absences	18,467	-	18,467	8,925	-
Long-term liabilities					
Due within one year	95,129	27,157	122,286	-	59,429
Due in more than one year	149,727	571,208	720,935	-	687,176
Total liabilities	751,459	599,352	1,350,811	18,768	749,422
Net Position					
Net invested in capital assets	14,195,602	3,042,532	17,238,134	-	(61,522)
Nonspendable	49,511	-	49,511	-	-
Restricted for:					
Special Revenue	243,314	-	243,314		
Capital projects	956,724	-	956,724		
Debt service	554,042	27,157	581,199	-	-
Health Department	-	-	-	29,411	-
Development Authority	-	-	-	-	58,875
Unrestricted	1,553,522	37,696	1,591,218	55,644	309,912
Total net position	$ 17,552,715	$ 3,107,385	$ 20,660,100	$ 85,055	$ 307,265

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

WARREN COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Assets: Governmental Activities	Net Revenue (Expense) and Changes in Net Assets: Business-type Activities	Net Revenue (Expense) and Changes in Net Assets: Total	Component Units: Department of Health	Component Units: Development Authority
Primary government:									
Governmental activities:									
General government	$ 1,366,331	$ 145,311	$ -	$ -	$ (1,221,020)	$	$ (1,221,020)	$	$
Judicial	364,397	244,898	-	-	(119,499)		(119,499)		
Public safety	1,425,438	365,887	285,057	1,279,418	504,924		504,924		
Public works	1,198,624	213,584	173,507	-	(811,533)		(811,533)		
Health and welfare	196,176	-	-	-	(196,176)		(196,176)		
Culture and recreation	64,260	22,665	-	-	(41,595)		(41,595)		
Community services	143,857	-	-	-	(143,857)		(143,857)		
Total governmental activities	4,759,083	992,345	458,564	1,279,418	(2,028,756)		(2,028,756)		
Business-type activities:									
Water and sewer	129,095	2,891	-	-	-	(126,204)	(126,204)		
Total business-type activities	129,095	2,891	-	-	-	(126,204)	(126,204)		
Total primary government	$ 4,888,178	$ 995,236	$ 458,564	$ 1,279,418	(2,028,756)	(126,204)	(2,154,960)		
Component units:									
Department of Health	$ 153,515	$ 29,410	$ 134,094	$ -				9,989	
Development Authority	157,205	-	171,226	-				-	14,021
Total component units	$ 310,720	$ 29,410	$ 305,320	$ -				9,989	14,021
General revenues:									
Taxes:									
Property taxes, levied for general purposes					2,588,125	-	2,588,125	-	-
Unrestricted investment earnings					13	35	48	-	591
Miscellaneous					123,659	-	123,659	-	-
Total general revenues					2,711,797	35	2,711,832	-	591
Transfers					(25,133)	25,133	-	-	-
Capital contributions					(274,230)	274,230	-	-	-
Sale of assets					11,958	-	11,958	-	-
Change in net position					395,636	173,194	568,830	9,989	14,612
Net position, beginning of year					59,071,882	2,934,191	62,006,073	75,066	292,653
Prior period adjustment					(41,914,803)	-	(41,914,803)	-	-
Net position, beginning of year, restated					17,157,079	2,934,191	20,091,270	75,066	292,653
Net position, end of year					$ 17,552,715	$ 3,107,385	$ 20,660,100	$ 85,055	$ 307,265

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

WARREN COUNTY, GEORGIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2013

	General Fund	SPLOST 2007-2012	SPLOST 2012-2017	Transportation SPLOST	Revolving Loan Fund	Non-major Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	$ 1,108,469	$ 1,051,369	$ -	$ 216,520	$ 504,350	$ 293,071	$ 3,173,779
Receivables, net of allowances	279,748	-	70,006	87,097	-	-	436,851
Prepaid items	49,511	-	-	-	-	-	49,511
Due from other governments	42,223	-	-	-	-	-	42,223
Due from other funds	-	-	401,957	-	-	-	401,957
Due from agency funds	161,352	-	-	-	-	-	161,352
Total assets	1,641,303	1,051,369	471,963	303,617	504,350	293,071	4,265,673
LIABILITIES							
Accounts payable	-	182,095	98,561	91,269	-	-	371,925
Due to other funds	-	401,957	-	-	-	-	401,957
Due to other governments		75,609	20,799	-	-	-	96,408
Accrued liabilities	12,840	-	-	-	-	-	12,840
Customer deposits	-	-	-	-	-	-	-
Total liabilities	12,840	659,661	119,360	91,269	-	-	883,130
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues - property taxes	48,540	-	-	-	-	-	48,540
Total deferred inflows of resources	48,540	-	-	-	-	-	48,540
FUND BALANCES							
Nonspendable	49,511	-	-	-	-	-	49,511
Restricted for							
Special revenue	-	-	-	-	-	243,314	243,314
Capital projects	-	391,708	352,603	212,348	-	65	956,724
Debt service	-	-	-	-	504,350	49,692	554,042
Unassigned	1,530,412	-	-	-	-	-	1,530,412
Total fund balances	1,579,923	391,708	352,603	212,348	504,350	293,071	3,334,003
Total liabilities, deferred inflows of resources, and fund balances	$ 1,641,303	$ 1,051,369	$ 471,963	$ 303,617	$ 504,350	$ 293,071	$ 4,265,673

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

WARREN COUNTY, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Total fund balances - governmental funds		$ 3,334,003
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position		14,440,458
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		48,540
Some liabilites, (such as Notes Payable, Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.		
Notes payable	$ (244,856)	
Accrued interest	(6,963)	
Compensated absences	(18,467)	(270,286)
Net position of governmental activities in the Statement of Net Position		$ 17,552,715

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

WARREN COUNTY, GEORGIA
GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
JUNE 30, 2013

	General Fund	SPLOST 2007-2012	SPLOST 2012-2017	Transportation SPLOST	Revolving Loan Fund	Non-major Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	$ 2,588,125	$ -	$ -	$ -	$ -	$ -	$ 2,588,125
Licenses and permits	12,241	-	-	-	-	-	12,241
Fines and forfeitures	439,230	-	-	-	-	38,122	477,352
Intergovernmental	284,926	-	471,963	529,076	-	278,379	1,564,344
Charges for services	435,762	-	-	-	-	66,990	502,752
Grants	173,507	-	-	-	-	-	173,507
Investment earnings	13	112	-	-	-	19	144
Miscellaneous	118,557	-	-	-	-	5,102	123,659
Total revenues	4,052,361	112	471,963	529,076	-	388,612	5,442,124
EXPENDITURES							
Current:							
General government	1,296,604	-	-	-	-	10,946	1,307,550
Judicial	352,450	-	-	-	-	11,947	364,397
Public safety	1,220,573	-	-	-	-	96,822	1,317,395
Public works	511,060	-	-	-	-		511,060
Health and welfare	185,375	-	-	-	-	-	185,375
Culture and recreation	64,260	-	-	-	-	-	64,260
Community services	121,781	-	-	-	-	-	121,781
Debt service							
Principal	-	47,732	-	-	-	54,150	101,882
Interest	-	4,830	-	-	-	7,554	12,384
Capital outlay							
Public safety	-	-	-	-	-	76,889	76,889
Public works	-	392,002	20,799	225,459	-	-	638,260
Intergovernmental							
Payments to other agencies	-	-	98,561	-	-	-	98,561
Total expenditures	3,752,103	444,564	119,360	225,459	-	258,308	4,799,794
Excess (Deficiency) of revenues over expenditures	300,258	(444,452)	352,603	303,617	-	130,304	642,330
OTHER FINANCING SOURCES (USES)							
Additions to principal	-	62,309	-	-	-	-	62,309
Sale of assets	-	-	-	-	-	11,958	11,958
Capital contributions	-	-	-	-	-	(274,230)	(274,230)
Transfers in	-	-	-	-	-	67,836	67,836
Transfers (out)	(25,133)	(67,836)	-	-	-	-	(92,969)
Total other financing sources (uses)	(25,133)	(5,527)	-	-	-	(194,436)	(225,096)
Net change in fund balances	275,125	(449,979)	352,603	303,617	-	(64,132)	417,234
Fund balances - beginning	1,408,291	1,100,119	-	(91,269)	504,350	54,580	2,976,071
Prior period adjustment	(103,493)	(258,432)	-	-	-	302,623	(59,302)
Fund balances - beginning, restated	1,304,798	841,687	-	(91,269)	504,350	357,203	2,916,769
Fund balances - ending	$ 1,579,923	$ 391,708	$ 352,603	$ 212,348	$ 504,350	$ 293,071	$ 3,334,003

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

WARREN COUNTY, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2013

Net change in fund balances - governmental funds		$ 417,234
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.		
Capital outlay	$ 715,149	
Less: depreciation expense	(791,732)	(76,583)
Long-term debt proceeds provide current financial resouirces to Governmental Funds but issuing debt increase long-term liabilities in the statement of net assets. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The debt repayments were $101,882. Debt proceeds for the year were $62,309.	$ 114,266	
	(62,309)	51,957
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable, available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. An adjustment is required due to a different basis of accounting for:		
Compensated absences		3,028
Change in net position of governmental activities		$ 395,636

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

WARREN COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
JUNE 30, 2013

	Budgeted Amounts			
	Original	Final	Actual	Variance With Final Budget
Revenues				
Taxes	$ 2,244,500	$ 2,336,000	$ 2,588,125	$ 252,125
License and permits	500	500	12,241	11,741
Fines and forfeitures	432,754	443,754	439,230	(4,524)
Intergovernmental revenue	340,000	340,000	284,926	(55,074)
Charges for services	467,920	467,420	435,762	(31,658)
Grants	101,623	110,000	173,507	63,507
Interest	6,000	6,000	13	(5,987)
Miscellaneous	50,000	75,000	118,557	43,557
Use of prior year fund balance	-	12,780	-	(12,780)
Total revenues	3,643,297	3,791,454	4,052,361	260,907
Expenditures				
General government	1,041,774	1,063,773	1,296,604	232,831
Public safety	1,334,311	1,371,706	1,220,573	(151,133)
Judicial	317,783	321,283	352,450	31,167
Public works	522,129	592,729	511,060	(81,669)
Health and welfare	216,577	216,577	185,375	(31,202)
Culture & recreation	69,997	69,996	64,260	(5,736)
Community services	140,726	155,390	121,781	(33,609)
Total expenditures	3,643,297	3,791,454	3,752,103	(39,351)
Revenues over expenditures	-	-	300,258	300,258
Other financing sources (uses)				
Transfers (out)	-	-	(25,133)	(25,133)
Total other financing sources (uses)	-	-	(25,133)	(25,133)
Net change in fund balance	-	-	275,125	275,125
Fund balance, beginning of year	1,408,291	1,408,291	1,408,291	-
Prior period adjustment	-	-	(103,493)	(103,493)
Fund balance, beginning of year, restated	1,408,291	1,408,291	1,304,798	(103,493)
Fund balance, end of year	$ 1,408,291	$ 1,408,291	$ 1,579,923	$ 171,632

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

WARREN COUNTY, GEORGIA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
JUNE 30, 2013

	Water & Sewer Fund
ASSETS	
Current assets:	
Cash and investments	$ 65,840
Total current assets	65,840
Non-current assets:	
Capital assets:	
Depreciable assets, net of accumulated depreciation	3,640,897
Total non-current assets	3,640,897
Total assets	3,706,737
LIABILITIES	
Current liabilities:	
Payable from restricted assets:	
Customer deposits	987
Current portion of bonds	27,157
Total current liabilities	28,144
Non-current liabilities:	
Bonds, notes and loans payable	571,208
Total non-current liabilities	571,208
Total liabilities	599,352
Net position	
Invested in capital assets, net of related debt	3,042,532
Restricted for debt service	27,157
Unrestricted	37,696
Total net position	$ 3,107,385

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

WARREN COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
JUNE 30, 2013

	Water & Sewer Fund
Operating Revenues	
Water sales	$ 2,098
Other	793
Total operating revenues	2,891
Operating Expenses	
Depreciation	101,413
Miscellaneous	509
Total operating expenses	101,922
Operating loss	(99,031)
Nonoperating revenues (expenses)	
Investment income	35
Interest expenses	(27,173)
Total non-operating (expenses)	(27,138)
Income (loss) before contributions and transfers	(126,169)
Transfers in	25,133
Contributions	274,230
Total contributions and transfers	299,363
Change in net assets	173,194
Total net position - beginning	2,934,191
Total net position- ending	$ 3,107,385

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

WARREN COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
JUNE 30, 2013

	Water & Sewer Fund
Cash flows from operating activities:	
Cash received from customers	$ 2,891
Cash payments to suppliers for goods and services	(509)
Net cash provided by operating activities	2,382
Cash flows from non-capital financing activities:	
Transfer in	25,133
Capital contributions	274,230
Capital asset construction	(274,230)
Net cash provided by capital and related financing activities	25,133
Cash flows from capital and related financing activities:	
Principal payments on debt	(25,778)
Interest payments on debt	(27,173)
Net cash used in capital and related financing activities	(52,951)
Cash flows from investing activities:	
Interest earned on cash and investments	35
Net cash provided by investing activities	35
Net decrease in cash and cash equivalents	(25,401)
Cash and cash equivalents, beginning of year	91,241
Cash and cash equivalents, end of year	$ 65,840
Operating loss	$ (99,031)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	101,413
Total adjustments	101,413
Net cash provided by operating activities	$ 2,382

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

WARREN COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILTIES
FIDUCIARY FUNDS
JUNE 30, 2013

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 201,578
Total assets	$ 201,578
LIABILITIES	
Due to others	$ 201,578
Total liabilities	$ 201,578

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the County reflected in the accompanying financial statements conform to accounting principles generally acceptable in the United States of America applicable to state and local governments.

Introduction

Warren County, Georgia (the County) complies with Generally Accepted Accounting Principles (GAAP) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

A. Financial Reporting Entity - Basis of Presentation

Primary Government

Warren County, Georgia (the "County") was created in 1793. The County provides the following services: public safety, streets and highways, public improvements, judicial, health and welfare, culture and recreation, and general and administrative services. The accompanying financial statements present the County's primary government and component units over which the County is financially accountable. Accountability is based primarily on operational or financial relationships (as distinct from legal relationships).

Discretely Presented Component Units

In conformity with generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity as discretely presented component units. The component unit's columns in the combined financial statements include the financial data of the County's two component units. These units are reported in a separate column to emphasize that they are legally separate from the County.

Warren County Development Authority

This Authority was created for the purpose of promoting and developing trade, commerce, industry, and employment opportunities within Warren County, Georgia. The members of its board of directors are appointed by the County and its primary source of revenue is from leasing real estate. The Warren County Development Authority does not issue separate financial statements.

Warren County Board of Health

The Warren County Board of Health receives funding from Warren County. Members of its governing board are appointed by the Warren County Board of Commissioners. Separate financial statements have been issued and are available from the Warren County Board of Health located on Legion Drive in Warrenton, Georgia 30828.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government - Wide and Fund Financial Statements

The **government-wide financial statements** include the statement of net position and statement of activities. Government-wide statements report information on all of the activities of the County. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements if applicable. Governmental activities are supported mainly by taxes and intergovernmental revenues.

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

Separate **fund financial statements** are provided for governmental funds and proprietary funds. Each major fund is reported in separate columns in the fund financial statements. The combined amounts for these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

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

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing and 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 have been met.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if collected within 60 days after the end of the current fiscal period. The grant revenue availability period is generally considered to be one year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is made.

Property taxes, sales taxes, franchise taxes, licenses, 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 are due within the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government reports the following major governmental funds:

The ***General Fund*** is the general operating fund of the County and is always classified as a major fund. The General fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, public works, streets, recreation and capital acquisition.

Special Purpose Local Option Sales Tax Fund 2007-2012 (SPLOST) is used to account for monies received from intergovernmental revenues from the issuance of a 1% sales tax increase between the years of 2007 through 2012 (i.e. Special Purpose Sales Taxes) for various County projects.

Special Purpose Local Option Sales Tax Fund 2012-2017 (SPLOST) is used to account for monies received from intergovernmental revenues from the issuance of a 1% sales tax increase between the years of 2012 through 2017 (i.e. Special Purpose Sales Taxes) for various County projects.

Transportation Special Purpose Local Option Sales Tax Fund (TSPLOST) is used to account for monies received from intergovernmental revenues from the issuance of an increase in sales taxes to be specifically used for transportation projects.

Revolving Loan Fund was created when a grant was received by the County for the purpose of providing funds by way of a loan to encourage industry to locate in the County. This fund accounts for the repayment of the principal and interest on the loan.

The government reports the following non-major governmental funds:

The Debt Service Fund is used to account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds. SPLOST funds are transferred in to pay principal and interest of outstanding debt.

Planning Commission Fund was created when a grant was received by the County for purpose of providing funds by way of a loan to encourage industry to locate in the County. This fund accounts for the repayment of principal and interest on the loan.

Emergency 911 Fund accounts for the 911 fees assessed on landline and cellular telephones used for maintenance and operations of the 911 service.

CDBG Fund is used to account for CDBG grant funds to be used for sewer system improvements.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Jail Fund is used to account for fines charged by the County to be used for jail improvements.

Sheriff Drug Fund is used to account for fines charged by the County and funds donated to the Sheriff's office.

Volunteer Fireman Fund is used to account for funds donated to the fire department.

Drug Abuse and Treatment Fund is used to account for fines charged by the County to be used for drug abuse treatment and prevention.

Law Library is used to account for activity of the Warren County Law Library.

Proprietary Fund Financial Statements are used to account for activities which are similar to those often found in the private sector.

The Proprietary Fund is accounted for using the accrual basis of accounting as follows:

Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred. On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expenses that are not a result of the direct operations of the activity.

The County reports the following proprietary fund:

Water and Sewer Fund to account for construction and maintenance of water and sewerage projects.

Fiduciary Fund Level Financial Statements include agency funds which are used to account for assets held by the County as an agent for individuals, (i.e., pension participants), other governments and other funds. Agency funds do not involve a formal trust agreement. Agency funds are custodial in nature (assets equal liabilities) and do not measure the results of operations.

The County reports the following Agency Funds:

Clerk of Court is used to account for the receipt and disbursement of court ordered fines and fees made on behalf of third parties.

Probate Court is used to account for the receipt and disbursement of funds held on behalf of others and fees for services provided under state law.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Magistrate Court is used to account for the receipt and disbursement of bonds and court ordered fines and fees made on behalf of third parties.

Tax Commissioner is used to account for tax billings, collections, and remittances held by the Tax Commissioner on behalf of other governmental agencies.

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments. State statutes and the County's official Investment Policy authorize the County to invest in obligations of the U.S. Treasury, commercial paper, repurchase agreements, Banker's acceptances, money market mutual funds and direct obligations of the State of Georgia. The County records investments at fair market value in accordance with provisions of GASB Statement No. 31 Accounting and Financial Reporting for Certain Investments and for External Investment Pools. All investment income is recognized as revenue in the appropriate fund's statement of revenues, expenditures and changes in fund balance.

2. Receivables and Payables

Accounts Receivable
Property tax receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectible accounts

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectible accounts.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

3. Deferred Outflows/Inflows of Resources

In addition to liabilities, the balance sheet of the governmental funds reports a separate section for deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represent a consumption of net position that applies to a future period and so will not be recognized as an inflows of resources (revenue) until then. The County reports the deferred inflows of resources ($139,552) for unavailable revenues-property taxes in the governmental funds balance sheet.

4. Inventories and Prepaid Expenses

Inventories of the General Fund and Proprietary Funds are accounted for as expenditures at the time of purchase.

Expenditures for insurance and similar services extending over more than one accounting period are allocated between accounting periods as prepaid expenses. For the year ended June 30, 2013, prepaid expenses in the governmental funds amounted to $49,511.

5. Capital Assets - Primary Government

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial individual cost of more than $2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure acquired prior to June 30, 1980 is not reported.

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

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of proprietary assets is included as part of the capitalized value of the assets constructed. All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

5. Capital Assets - Primary Government (Continued)

Depreciation is computed using the straight-line method over the following useful lives:

Assets	Years
Buildings	40-50
Furniture & Fixtures	5-7
General Equipment	5-10
Infrastructure	20-50
Trucks	4-7
Cars	4-5
Computer Hardware	3-5

6. Compensated Absences and Post Retirement Benefits

It is the County's policy to permit employees to accumulate earned but unused leave benefits. Employees are allowed to accumulate a maximum of 320 hours vacation time; there are no limits on the accumulation of sick time. The County's government-wide and proprietary funds include an accrual for the estimated compensation costs attributable to employee earned but unused leave benefits. Compensated absences are liquidated through the General Fund.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses) until then. The City does not report any deferred outflows of resources.

8. Long - Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

9. Unemployment Compensation Benefits

The County is the reimbursing employer for unemployment compensation benefits. Reimbursements are made on the basis of regular billings received from the Georgia Unemployment Commission.

10. Net Position

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted as described in the fund balance section below.

For the classification of entity-wide Net Position, the County considers an expenditure to be made from the most restrictive first when more than one classification is available. The County would typically use restricted net position first, followed by unrestricted net position but reserve the right to spend unrestricted net position first to defer the use of restricted ne position.

11. Fund Balance

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable - Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form 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 resolution. Only the Board of Commissioners may modify or rescind the commitment.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

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 has authorized the County's Finance Director to assign fund balances.

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

For the classification of Governmental Fund Balances, the County considers an expenditure to be made from the most restrictive first when more than one classification is available. The County would typically use the restricted first, followed by committed resources, and the assigned resources, as appropriate opportunities arrive, but reserve the right to selectively spend unassigned resources first to defer the use of these other classified funds.

12. Use of Estimates

The preparation of basic financial statements in conformance with GAAP requires management to make estimates and assumptions that effect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

E. Stewardship, Compliance, and Accountability Budgetary Information

During the year, preceeding the budget year, the County follows the below administrative and fiscal procedures in establishing the budgetary data reflected in the accompanying financial statements of the General Fund:

During June, the Chairman submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following July 1. The Board of Commissioners hold a public hearing, and during June, the Board of Commissioners adopt the budgets. A balanced budget is required by law. Changes in and amendments to the adopted budget are approved during the course of the year, as long as reserves are available to fund these modifications.

The accompanying Statement of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual, for the General Fund, presents a comparison of the legally adopted budget with actual operating results on a budgetary basis. The County's budget is prepared using GAAP. Encumbrance accounting, under which purchase orders and contracts are recorded in order to reserve that portion of the applicable appropriation, is not used by the County.

NOTE II - DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to the County. The County's investment policy requires deposits in excess of federal depository insurance to be collateralized with securities of the federal government, or its agencies, and held by pledging financial institution's trust department in the County's name. As of June 30, 2013, none of the County's bank balances of $2,061,795 were exposed to custodial credit risk.

Investments

The County had the following investments:

	Maturities	Fair Value	Credit Rating
General Fund			
Certificate of deposit	Average of 180 days	$400,649	AAAm
Jail Fund			
Certificate of deposit	Average of 180 days	$100,162	AAAm

The County has investments subject to its control and jurisdiction in obligations of the United States, bond or certificates of indebtedness of the State of Georgia, certificates of deposits of banks which have deposits insured by the Federal Deposit Insurance Corporation (FDIC), and other legal investments. All investments held by the County are in accordance with policy.

NOTE III - PROPERTY TAXES AND OTHER RECEIVABLES

Receivables

The County's Tax Commissioner bills and collects property taxes, then remits the County its respective share. Property taxes for 2012 were levied on October 19, 2012 and were due December 20, 2012. The unpaid taxes became a lien thirty days after the due date. Unpaid property taxes received within 60 days of the year end are recognized and recorded as revenue.

Property taxes attach as an enforceable lien on property on January 1. Taxes are levied prior to December 20, and are delinquent on that date. The County bills and collects its own property taxes and those for the Warren County Board of Education the County acts only as an intermediary

Receivables as of June 30, 2013 for the governmental activities and business type activities, individual major governmental funds, including the applicable allowances for uncollectible accounts are as follows:

	Governmental Activities
Taxes	$ 91,974
Intergovernmental	157,103
Accounts	233,046
Other	-
Gross receivables	482,123
Less allowance for uncollectible	(45,272)
Total receivables, net	$ 436,851

NOTE IV - CAPITAL ASSETS

General Government

A summary of changes in capital assets follows:

	Beginning Balance	Beginning Balance as, restated	Increases	Decreases	Ending Balance
Governmental activities:					
Non-Depreciable Assets:					
Land	$ 426,839	$ 426,839	$ -	$ -	$ 426,839
Infrastructure	50,422,782	-	-	-	-
	50,849,621	426,839	-	-	426,839
Depreciable Assets:					
Infrastructure	-	8,447,669	225,459	-	8,673,128
Buildings and improvements	6,471,566	6,471,566	-	-	6,471,566
Vehicles & equipment	5,289,042	5,289,042	502,074	(23,500)	5,767,616
	11,760,608	20,208,277	727,533	(23,500)	20,912,310
Accumulated Depreciation:					
Infrastructure	-	-	(563,178)	-	(563,178)
Buildings and improvements	(1,358,272)	(1,358,272)	(104,092)	-	(1,462,364)
Vehicles & equipment	(4,760,229)	(4,760,229)	(124,462)	11,542	(4,873,149)
	(6,118,501)	(6,118,501)	(791,732)	11,542	(6,898,691)
Total capital assets being depreciated, net	5,642,107	14,089,776	(64,199)	(11,958)	14,013,619
Total Governmental Activities:	$ 56,491,728	$ 14,516,615	$ (64,199)	$ (11,958)	$ 14,440,458

Assets with an initial cost of $2,500 or more and an estimated life in excess of two years are capitalized. Additionally, infrastructure has been added to the capital assets balance and depreciated utilizing the straight-line method of depreciation.

NOTE IV - CAPITAL ASSETS (CONTINUED)

General Government (Continued)

Depreciation expense for year ended June 30, 2013 was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 61,809
Public safety	108,043
Community services	22,076
Health and welfare	10,801
Public works	589,003
Total depreciation expense - governmental activities	$ 791,732

Proprietary Fund

A summary of changes in Business-type activities capital assets follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Non-Depreciable Assets:				
Construction in Progress	$ 14,134	$ 274,230	$ (288,364)	$ -
	14,134	274,230	(288,364)	-
Depreciable Assets:				
Utility systems	3,912,353	288,364	-	4,200,717
	3,912,353	288,364	-	4,200,717
Accumulated Depreciation:				
Utility systems	(458,407)	(101,413)	-	(559,820)
	(458,407)	(101,413)	-	(559,820)
Total capital assets being depreciated, net	3,453,946	186,951	-	3,640,897
Total Business-Type Activities	$ 3,468,080	$ 461,181	$ (288,364)	$ 3,640,897

NOTE IV - CAPITAL ASSETS (CONTINUED)

Discretely presented component unit

A summary of changes in capital assets for the discretely presented component unit is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Development Authority				
Depreciable Assets:				
Equipment	$ 1,174,996	$ -	$ -	$ 1,174,996
	1,174,996	-	-	1,174,996
Accumulated Depreciation:				
Equipment	(464,950)	(24,963)	-	(489,913)
	(464,950)	(24,963)	-	(489,913)
Total capital assets being depreciated, net	710,046	(24,963)	-	685,083
Total Development Authority	$ 710,046	$ (24,963)	$ -	$ 685,083

Depreciation expense on capital assets of the Development Authority was $24,693 for the year ended June 30, 2013.

NOTE V - LONG-TERM DEBT

Governmental activities

Debt under governmental activities consists of the following for the year ended June 30, 2013:

	Balance June 30, 2012	Balance June 30, 2012 as restated	Additions	Deletions	Balance June 30, 2013	Due Within One Year
USDA Loan 2006	$ 223,191	$ 223,191	$ -	$ (52,403)	$ 170,788	$ 52,626
John Deere Loan	38,535	38,535	-	(23,033)	15,502	15,502
Stryker Loan	-	-	13,994	(2,164)	11,830	4,526
Ford Motor Credit 2011	-	22,703	-	(11,048)	11,655	11,655
Ford Motor Credit 2012	-	-	48,315	(13,234)	35,081	10,820
Compensated absences	-	15,439	3,028	-	18,467	-
	$ 261,726	$ 299,868	$ 65,337	$ (101,882)	$ 263,323	$ 95,129

The County obtained a loan from USDA Rural Development in the amount of $497,090 for the purpose of purchasing public works equipment and emergency service equipment. The loan is payable in ten annual installments of $61,669 including interest at 4.125% beginning September 26, 2006. Interest expense for 2013 was $9,207.

Principal and interest payments are as follows:

Year Ending June 30,	Principal	Interest	Total Payment
2014	$ 52,626	$ 9,043	$ 61,669
2015	56,880	4,789	61,669
2016	61,282	387	61,669
Total	$ 170,788	$ 14,219	$ 185,007

In December 2010, the County entered into an agreement with John Deere for the purchase of equipment. The interest rate on the loan is 4.55%. Monthly payments are $2,026. Interest expense for 2013 was $1,277.

Principal and interest payments are as follows:

Year Ending June 30,	Principal	Interest	Total Payment
2014	$ 15,502	$ 254	$ 15,756

NOTE V - LONG-TERM DEBT (CONTINUED)

Governmental activities (Continued)

In December 2012, the County entered into an agreement with Stryker Finance for the purchase of equipment. The interest rate is 5.888%. Quarterly payments are $1,281. Interest expense for 2013 was $399.

Principal and interest payments are as follows:

Year Ending June 30,	Principal	Interest	Total Payment
2014	$ 4,526	$ 598	$ 5,124
2015	4,798	326	5,124
2016	2,506	56	2,562
Total	$ 11,830	$ 980	$ 12,810

In October 2011, the County entered into an agreement with Ford Motor Company for the purchase of a vehicle. The interest rate is 5.5%. Annual payments are $12,296. Interest expense for 2013 was $1,249.

Principal and interest payments are as follows:

Year Ending June 30,	Principal	Interest	Total Payment
2014	$ 11,655	$ 641	$ 12,296
Total	$ 11,655	$ 641	$ 12,296

In November 2012, the County entered into an agreement with Ford Motor Company for the purchase of a vehicle. The interest rate is 6.45%. Annual payments are $13,234. Interest expense for 2013 was $2,263.

Principal and interest payments are as follows:

Year Ending June 30,	Principal	Interest	Total Payment
2014	$ 10,820	$ 2,414	$ 13,234
2015	11,679	1,555	13,234
2016	12,582	652	13,234
Total	$ 35,081	$ 4,621	$ 39,702

NOTE V - LONG-TERM DEBT (CONTINUED)

Business-type activities

Debt under business-type activities consists of the following for the year ended June 30, 2013:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013	Due Within One Year
USDA Loan	$ 356,551	$ -	$ (4,998)	$ 351,553	$ 5,228
GEFA loan 2008	80,146	-	(4,615)	75,531	5,139
GEFA Loan 2012	187,445	-	(16,164)	171,281	16,790
	$ 624,142	$ -	$ (25,777)	$ 598,365	$ 27,157

The notes are expected to be paid with resources of the proprietary fund and thus are reported as liabilities of the proprietary fund.

For the USDA Revenue bonds agreement, the County is required to fund and maintain reserve funds while the loan is outstanding. The County is required to deposit in the reserve 10% of the annual principal and interest payments. The interest rate on the loan is 4.5%. Interest expense for 2013 was $16,230.

Principal and interest payments are as follows:

Year Ending June 30,	Principal	Interest	Total Payment
2014	$ 5,228	$ 16,000	$ 21,228
2015	5,468	15,760	21,228
2016	5,719	15,509	21,228
2017	5,930	15,298	21,228
2018	6,256	14,972	21,228
2019-2023	35,869	70,271	106,140
2024-2028	44,903	61,237	106,140
2029-2033	56,208	49,932	106,140
2034-2038	70,363	35,777	106,140
2039-2043	88,084	18,056	106,140
2044-2045	27,525	7,664	35,189
Total	$ 351,553	$ 320,476	$ 672,029

NOTE V - LONG-TERM DEBT (CONTINUED)

Business-type activities

The County obtained a construction loan with the Georgia Environmental Facilities Authority (GEFA). The proceeds are used to pay for improvements to the water and sewer system. The interest rate on the loan is 2.0%. Monthly payments are $549. Interest expense for 2013 was $1,969.

Principal and interest payments are as follows:

Year Ending June 30,	Principal	Interest	Total Payment
2014	$ 5,139	$ 1,445	$ 6,584
2015	5,243	1,341	6,584
2016	5,349	1,235	6,584
2017	5,483	1,101	6,584
2018	5,566	1,018	6,584
2019-2023	30,483	2,437	32,920
2024-2026	18,268	542	18,810
Total	$ 75,531	$ 9,119	$ 84,650

The County obtained a second construction loan with the Georgia Environmental Facilities Authority (GEFA). The proceeds are used to pay for improvements to the water and sewer system. The interest rate on the loan is 3.81%. Monthly payments are $1,918. Interest expense for 2013 was $6,851.

Principal and interest payments are as follows:

Year Ending December 31,	Principal	Interest	Total Payment
2014	$ 16,790	$ 6,225	$ 23,015
2015	17,441	5,574	23,015
2016	18,117	4,898	23,015
2017	18,820	4,195	23,015
2018	19,550	3,465	23,015
2019-2022	80,563	28,759	109,322
Total	$ 171,281	$ 53,116	$ 224,397

NOTE V - LONG-TERM DEBT (CONTINUED)

Discretely presented component unit

Debt under discretely presented component unit activities consist of the following for the year ended June 30, 2013:

Warren County Development Authority:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013	Due Within One Year
2008 Bond	$ 798,160	$ -	$ (51,555)	$ 746,605	$ 59,429
	$ 798,160	$ -	$ (51,555)	$ 746,605	$ 59,429

In May of 2008, the Warren County Development Authority issued revenue bonds in the amount of $1,000,000 for the purpose of building recreation facilities. The interest rate on the bond is 4.827%. Annual payments are $95,217. Interest expense for 2013 was $38,525.

Principal and interest payments are as follows:

Year Ending December 31,	Principal	Interest	Total Payment
2014	$ 59,429	$ 35,788	$ 95,217
2015	62,297	32,920	95,217
2016	65,304	29,913	95,217
2017	68,456	26,761	95,217
2018	71,693	23,524	95,217
2019-2022	419,426	56,659	476,085
Total	$ 746,605	$ 205,565	$ 952,170

Warren County Department of Health

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013	Due Within One Year
Compensated absences	$ 6,973	$ 4,485	$ (2,533)	$ 8,925	$ -
	$ 6,973	$ 4,485	$ (2,533)	$ 8,925	$ -

NOTE VI - INTERFUND RECEIVABLES/TRANSFERS

Interfund receivable and payable balances as of June 30, 2013, are as follows:

	Payable Fund	
Receivable Fund	SPLOST 2007-2012	Total
SPLOST 2012-2017	$ 401,957	$ 401,957

Interfund receivables and payables result from timing differences related to charges for services or reimbursable expenses. The County expects to repay these interfund balances within one year.

Transfers between funds are routine and primarily used to support the operation of the funds receiving transfers.

Interfund transfers as of June 30, 2013, are as follows:

	Transfers Out		
Transfer In	General Fund	SPLOST 2007-2012	Total
Water and Sewer	$ 25,133	$ -	$ 25,133
Debt Service Fund	-	67,836	67,836
	$ 25,133	$ 67,836	$ 92,969

NOTE VII - RISK MANAGEMENT

The County carries property and liability insurance through commercial insurance companies. Annual premiums are based on the amount of coverage and policy deductibles requested by the County.

Risk Pool

The County is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for property and liability insurance and the Worker's Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

NOTE VII - RISK MANAGEMENT (Continued)

As part of their agreement, the County must assist and cooperate in the defense and settlement of claims against the County. The County must furnish full cooperation to the pools' claims adjusters, and any agent or independent contractor of the pools. In addition, the County must 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 claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the County participates.

The fund is to defend and protect the members of the funds against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws 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.

There were no significant reductions in insurance coverage from the prior year, and there have been no settlements that exceed the County's insurance coverage.

NOTE VIII - PENSION PLAN

Plan Description

The County sponsors the Association County Commissioners of Georgia Restated Pension Plan for Warren County Employees (The Plan), which is a defined benefit pension plan. A publicly available financial report that included the financial statement and required supplementary information for WCPP may be obtained by writing to GEB Corp, 400 Galleria Parkway, Atlanta, Georgia 30339, Suite 1250 or by placing a call to (800)736-7166.

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Plan, through execution of the adoption agreement, is affiliated with the Association County-Commissioners of Georgia Restated Defined Benefit Plan (The ACCG Plan), a multiple employer pension plan. The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of the ACCG Plan, as provided in section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provision of The Plan, as provided in section 19.02 of the ACCG Plan document.

Funding Policy

The County is required to contribute an actuarially determined amount annual to the Plan’s trust. The contribution amount is determined using actuarial methods and assumptions approved by the ACCG Plan trustees and must satisfy the minimum contribution requirement contained in the State of Georgia statutes.

NOTE VIII - PENSION PLAN (Continued)

Summary of significant accounting policies – basis of accounting and valuation of investments

The financial statements are prepared using the accrual basis of accounting. Plan members contributions are recognized in the period in which contributions are due. The government's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported in market value. The funding method for the plan is the Projected Unit Credit.

Summary of employer costs and contributions are as follows:

Fiscal Year	Annual Pension Cost	Percentage of Pension Cost Contributed	Actual Contribution	Net Pension Obligation (NPO)
12/31/2012	$ 38,060	100.00%	$ 38,060	$ -
12/31/2011	25,311	100.00%	25,311	-
12/31/2010	20,860	100.00%	20,860	-

The City's annual pension cost and net pension asset for the current year were as follows:

Annual required contribution	$ 38,060
Interest from net pension obligation	-
Adjustment of net pension asset	-
Annual pension cost	38,060
Actual contribution to the plan	38,060
Increase in net pension obligation	-
Net pension obligation as of December 31, 2011	-
Net pension obligation as of December 31, 2012	$ -

Summary of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funds Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll (B-A) / (C)
12/31/2012	$ 771,704	$ 774,837	$ 3,133	99.60%	$ 833,502	0.38%
12/31/2011	725,038	648,421	(76,617)	111.82%	797,599	-9.61%
12/31/2010	577,647	806,110	228,463	71.66%	456,491	50.05%

NOTE VIII - PENSION PLAN (CONTINUED)

Actuarial assumptions and method used to determine actual value of assets are:

Economic assumption:	
Interest rate	7.75%
Annual rate of increase in:	
Salaries	3.5%-6.0%
Future Social Security Wage Base	3.5%-6.0%
Includes inflation at	3.00%
Demographic assumption:	
Mortality	1983 GAM Table
Disability	50% of 1975 SSA Study
Retirement	Employee: 65 with 5 yrs of service Officials: 65
Form of payment:	Life Annuity
Actuarial Methods	Life Annuity
Normal cost and actuarial	
Accrued Liability	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Actuarial value of assets	Smoothed market value with a 5-year smoothing period.

Retirees and beneficiaries currently receiving benefits	4
Terminated employees entitled to benefits but not yet receiving those	2
Active employees particpating in the plan	26
Total number of Plan Particpants	32

NOTE IX - JOINT VENTURE

Under Georgia law, the County, in conjunction with other cities and counties in the thirteen county east central Georgia area, is a member of the CSRA Regional Commission (RC) and is required to pay annual dues thereto. Membership in a RC is required by the Official Code Annotated (O.C.G.A.) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC board membership includes the chief official of each county and municipality of the area. O.C.G.A. 50-8-39.1 provides that the member governments are liable for any debts or obligation of a RC. Separate financial statements may be obtained from:

CSRA Regional Commission
3023 River Watch Parkway
Augusta, Georgia 30907

NOTE X - CONTINGENCIES

Judgments and Claims

As of the report date, the County was not involved in any lawsuit or other pending or threatened litigation. According, no accrual has been recorded related to judgments and claims against the County.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies, principally the Federal and State Governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any of expenditures that may be disallowed by the grantor cannot be determined at the time, although the County expects such amounts, if any, to be immaterial.

NOTE XI - LANDFILL POST CLOSURE COST

Landfill Closure

The County landfill closed April 9, 1994. Currently, the County has a contract with a private waste disposal facility, whereby, all county waste will be transferred and disposed of by the private company. State and Federal regulations require that the County maintain its landfill after closure. The County submitted a post closure plan to the State of Georgia and receive plan approval October 16. 1995. The closure plan requires monitoring of ground water and methane gas wells on a periodic basis and maintenance of the landfill site for a period of five years. Costs incurred for the year ended June 30, 2013, associated with the maintenance of the landfill were approximately $60,000.

Future costs to monitor the wells and adhere to the provisions and conditions of the past closure plane are not expected to be material in amount. However , this estimate is subject to changes, if any, that may be required due to inflation or deflation, technology, or applicable laws or regulations.

NOTE XII – EXPENDITURES IN EXCESS OF BUDGET

The County's financial statements reflect expenditures in excess of budgeted amounts at the department level in the General Fund for the following:

	Final Budget	Actual Expenses	Excess Over Budget
General Government	$1,063,773	$ 1,296,604	$ 232,831
Judicial	321,283	352,450	31,167

The fund deficits above will be funded from future tax receipts.

NOTE XIII - PRIOR PERIOD ADJUSTMENTS

General Fund: The County has determined that a restatement of beginning fund balance of the General Fund is necessary for the following reasons: (1) to record a receivable for Local Option Sales Tax not previously recorded, (2) to remove a Certificate of Deposit that was incorrectly recorded in prior year, (3) to remove an expense recorded in prior year that was actually paid from SPLOST fund, and (4) to remove outstanding payable that had been paid in prior years.. The adjustments were made to restate the beginning fund balances in the General Fund, which is included on the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds.

Fund balance June 30, 2012, as previously reported	$ 1,408,291
To record LOST receivable	29,590
To remove certificate of deposit	(200,000)
To reclassify improper expense	24,670
To remove accounts payable	42,247
Fund balance June 30, 2012, as restated	$ 1,304,798

E-911 Fund: The County has determined that a restatement of beginning fund balance of the E-911 Fund is necessary to remove prior year payable due to General Fund.

Fund balance June 30, 2012, as previously reported	$ (283,972)
To remove payable due to General Fund	302,623
Fund balance June 30, 2012, as restated	$ 18,651

NOTE XIII - PRIOR PERIOD ADJUSTMENTS – (Continued)

SPLOST 2007-2012 Fund: The County has determined that a restatement of beginning fund balance of the SPLOST 2007-2012 Fund is necessary to correctly classify expenditures in the SPLOST 2007-2012 Fund.

Fund balance June 30, 2012, as previously reported	$ 1,100,119
To reclassify expenditures	(258,432)
Fund balance June 30, 2012, as restated	$ 841,687

Governmental Activities: As a result of the adjustments to the fund level balances and adjustments to entity-wide balances, the beginning net position of the governmental activities have been restated from the prior year.

Net position December 31, 2011, as previously reported	$ 59,071,882
Adjustment for infrastructure	(41,975,113)
Adjustment for prior year compensated absences	(15,439)
Adjustments for prior year unrecorded debt	(22,703)
Adjustment to General fund	54,261
Adjustment to E-911 fund	302,623
Adjustment to SPLOST 2007-2012 fund	(258,432)
Net position December 31, 2011, as restated	$ 17,157,079

NOTE XIV – CHANGE IN ACCOUNTING PRINCIPLE

During the current year management has elected to change its method of accounting for infrastructure from that of the modified approach to the straight-line method of depreciation. This election to change from the modified approach to using the straight-line depreciation will allow the County to maintain more accurate records for the value of infrastructure. Management has decided to implement this change due to discovery of infrastructure being overstated by $41,975,113 (the effect to net position is discussed in note XII). The modified approach to infrastructure requires inspections every three years to establish the quality of the roads included in the value of infrastructure. This would place an extra burden on the County, and is unnecessary if utilizing the straight-line method.

NOTE XV - SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to the balance sheet date through the date of the auditor's report, August 21, 2014, for potential recognition or disclosure in the financial statements. Management has not identified any items requiring recognition or disclosures

REQUIRED SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

WARREN COUNTY, GEORGIA
COMBINED BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Capital Projects Funds	Debt Service Funds	Special Revenue Funds							
ASSETS	CDBG Fund	Debt Service Fund	E-911 Fund	Jail Fund	Sheriff Drug Fund	Volunteer Fireman Fund	Drug Treatment Fund	Planning Commission Fund	Law Library Fund	Total
Cash & cash equivalents	$ 65	$ 49,692	$ 354	$ 148,957	$ 9,128	$ 17,680	$ 17,591	$ 613	$ 48,991	$ 293,071
Accounts receivable	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	
Prepaid expenses	-	-	-	-	-	-	-	-	-	-
Due from enterprise fund	-	-	-	-	-	-	-	-	-	-
Due from others	-	-	-	-	-	-	-	-	-	-
Total assets	65	49,692	354	148,957	9,128	17,680	17,591	613	48,991	293,071
LIABILITIES										
Accounts payable	-	-	-	-	-	-	-	-	-	-
Due to enterprise fund	-	-	-	-	-	-	-	-	-	-
Due to others	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-	-
FUND BALANCE										
Restricted for										
Special revenue	-	-	354	148,957	9,128	17,680	17,591	613	48,991	243,314
Capital projects	65	-	-	-	-	-	-	-	-	65
Debt service	-	49,692	-	-	-	-	-	-	-	49,692
Total fund balance	65	49,692	354	148,957	9,128	17,680	17,591	613	48,991	293,071
Total liabilities and fund balance	$ 65	$ 49,692	$ 354	$ 148,957	$ 9,128	$ 17,680	$ 17,591	$ 613	$ 48,991	$ 293,071

WARREN COUNTY, GEORGIA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Capital Projects Funds	Debt Service Funds	Special Revenue Funds							
REVENUE	CDBG Fund	Debt Service Fund	E-911 Fund	Jail Fund	Sheriff Drug Fund	Volunteer Fireman Fund	Drug Treatment Fund	Planning Commission Fund	Law Library Fund	Total
Fines & forfeitures	$ -	$ -	$ -	$ 24,286	$ 3,256	$ -	$ 2,525	$ -	$ 8,055	$ 38,122
Intergovernmental revenue	274,230	-	-	-	-	4,149	-	-	-	278,379
Charges for services	-	-	66,990	-	-	-	-	-	-	66,990
Investment earnings	-	16	-	3	-	-	-	-	-	19
Miscellaneous	-	-	-	-	-	5,102	-	-	-	5,102
Total revenue	274,230	16	66,990	24,289	3,256	9,251	2,525	-	8,055	388,612
EXPENSES										
Current Operating										
General government	-	-	35	-	-	-	-	10,911	-	10,946
Public safety	-	-	85,252	150	922	8,011	2,487	-	-	96,822
Judicial	-	-	-	-	-	-	-	-	11,947	11,947
Debt service										
Principal	-	54,150	-	-	-	-	-	-	-	54,150
Interest	-	7,554	-	-	-	-	-	-	-	7,554
Capital outlay										
Public safety	-	-	-	-	27,800	-	-	49,089	-	76,889
Total expenditures	-	61,704	85,287	150	28,722	8,011	2,487	60,000	11,947	258,308
Excess (deficiency) of revenues over expenditures	274,230	(61,688)	(18,297)	24,139	(25,466)	1,240	38	(60,000)	(3,892)	130,304
OTHER FINANCING SOURCES (USES)										
Sale of assets	-	-	-	-	11,958	-	-	-	-	11,958
Capital contributions	(274,230)	-	-	-	-	-	-	-	-	(274,230)
Transfers in	-	67,836	-	-	-	-	-	-	-	67,836
Total other financing (uses) sources	(274,230)	67,836	-	-	11,958	-	-	-	-	(194,436)
Net change in fund balances	-	6,148	(18,297)	24,139	(13,508)	1,240	38	(60,000)	(3,892)	(64,132)
Fund balance:										
Beginning of the year, as previously reported	65	43,544	(283,972)	124,818	22,636	16,440	17,553	60,613	52,883	54,580
Prior period adjustment	-	-	302,623	-	-	-	-	-	-	302,623
Beginning of the year, as restated	65	43,544	18,651	124,818	22,636	16,440	17,553	60,613	52,883	357,203
End of the year	$ 65	$ 49,692	$ 354	$ 148,957	$ 9,128	$ 17,680	$ 17,591	$ 613	$ 48,991	$ 293,071

WARREN COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
E-911 FUND
JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Charges for services	$ 45,000	$ 45,000	$ 66,990	$ 21,990
Total Revenues	45,000	45,000	66,990	21,990
Expenditures				
General government	-	-	35	35
Public safety	48,000	48,000	85,252	37,252
Total Expenditures	48,000	48,000	85,287	37,287
Net Change in Fund Balance	$ (3,000)	$ (3,000)	(18,297)	$ (15,297)
Fund Balance, beginning of year			(283,972)	
Prior period restatement			302,623	
Fund Balance, beginning of year, as restated			18,651	
Fund Balance, end of year			$ 354	

WARREN COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
JAIL FUND
JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Fines and forfeitures	$ 30,000	$ 30,000	$ 24,286	$ (5,714)
Investment earnings	-	-	3	3
Total Revenues	30,000	30,000	24,289	(5,711)
Expenditures				
Public safety	75,000	75,000	150	(74,850)
Total Expenditures	75,000	75,000	150	(74,850)
Net Change in Fund Balance	$ (45,000)	$ (45,000)	24,139	$ 69,139
Fund Balance, beginning of year			124,818	
Fund Balance, end of year			$ 148,957	

WARREN COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
SHERIFF DRUG FUND
JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Fines and forfeitures	$ 5,000	$ 5,000	$ 3,256	$ (1,744)
Total Revenues	5,000	5,000	3,256	(1,744)
Expenditures				
Capital outlay	-	-	27,800	27,800
Public safety	12,000	12,000	922	(11,078)
Total Expenditures	12,000	12,000	28,722	16,722
(Deficiency) of revenues over expenditures	(7,000)	(7,000)	(25,466)	(18,466)
Other financing sources				
Sale of assets	-	-	11,958	11,958
Total other financing sources	-	-	11,958	11,958
Net Change in Fund Balance	$ (7,000)	$ (7,000)	(13,508)	$ (6,508)
Fund Balance, beginning of year			22,636	
Fund Balance, end of year			$ 9,128	

WARREN COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
VOLUNTEER FIREMAN FUND
JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Intergovernmental	$ 2,000	$ 2,000	$ 4,149	$ 2,149
Miscellaneous	-	-	5,102	5,102
Total Revenues	2,000	2,000	9,251	7,251
Expenditures				
Public safety	15,000	15,000	8,011	(6,989)
Total Expenditures	15,000	15,000	8,011	(6,989)
Net Change in Fund Balance	$ (13,000)	$ (13,000)	1,240	$ 14,240
Fund Balance, beginning of year			16,440	
Fund Balance, end of year			$ 17,680	

WARREN COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
DRUG TREATMENT FUND
JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Fines and forfeitures	$ 1,000	$ 1,000	$ 2,525	$ 1,525
Total Revenues	1,000	1,000	2,525	1,525
Expenditures				
Public safety	16,000	16,000	2,487	(13,513)
Total Expenditures	16,000	16,000	2,487	(13,513)
Net Change in Fund Balance	$ (15,000)	$ (15,000)	38	$ 15,038
Fund Balance, beginning of year			17,553	
Fund Balance, end of year			$ 17,591	

WARREN COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
PLANNING COMMISSION FUND
JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance Over (Under)
Expenditures				
Capital outlay	50,000	50,000	49,089	(911)
General government	-	-	10,911	10,911
Total Expenditures	50,000	50,000	60,000	10,000
Net Change in Fund Balance	$ (50,000)	$ (50,000)	(60,000)	$ (10,000)
Fund Balance, beginning of year			60,613	
Fund Balance, end of year			$ 613	

WARREN COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
LAW LIBRARY FUND
JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Fines and forfeitures	$ 10,000	$ 10,000	$ 8,055	$ (1,945)
Total Revenues	10,000	10,000	8,055	(1,945)
Expenditures				
Judicial	15,000	15,000	11,947	(3,053)
Total Expenditures	15,000	15,000	11,947	(3,053)
Net Change in Fund Balance	$ (5,000)	$ (5,000)	(3,892)	$ 1,108
Fund Balance, beginning of year			52,883	
Fund Balance, end of year			$ 48,991	

WARREN COUNTY, GEORGIA
COMBINING BALANCE SHEET
FIDUCIARY FUNDS
JUNE 30, 2013

	Agency Funds				
	Clerk of Court	Probate Court	Tax Commissioner	Magistrate Court	Total
Assets					
Assets					
Cash	$ 28,461	$ 53,886	$ 112,912	$ 6,319	$ 201,578
Total Assets	$ 28,461	$ 53,886	$ 112,912	$ 6,319	$ 201,578
Liabilities					
Liabilities					
Due to general fund	$ 28,461	$ 53,886	$ 23,695	$ 6,319	$ 112,361
Due to others	-	-	89,217	-	89,217
Total Liabilities	$ 28,461	$ 53,886	$ 112,912	$ 6,319	$ 201,578

WARREN COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGE IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2013

	Agency Funds				
	Clerk of Court	Probate Court	Tax Commissioner	Magistrate Court	Total
Assets					
Cash					
Balance at beginning of year	$ 36,757	$ 34,545	$ 86,684	$ 4,145	$ 162,131
Additions	117,832	391,444	5,209,194	79,864	5,798,334
Deletions	126,128	372,103	5,182,966	77,690	5,758,887
Balance at end of year	28,461	53,886	112,912	6,319	201,578
Total Assets	$ 28,461	$ 53,886	$ 112,912	$ 6,319	$ 201,578
Liabilities					
Due to others					
Balance at beginning of year	$ 36,757	$ 34,545	$ 86,684	$ 4,145	$ 162,131
Additions	117,832	391,444	5,209,194	79,864	5,798,334
Deletions	126,128	372,103	5,182,966	77,690	5,758,887
Balance at end of year	28,461	53,886	112,912	6,319	201,578
Total Liabilities	$ 28,461	$ 53,886	$ 112,912	$ 6,319	$ 201,578

OTHER SUPPLEMENTARY INFORMATION

Baird & Company CPAs, LLC
CERTIFIED PUBLIC ACCOUNTANTS & FINANCIAL ADVISORS

John P. Gillion, Jr., CPA, PFS, CFS, CVA, CFP®
Rep E. Whiddon, CPA, CVA
Brenda F. Carroll, CPA, CFE, CIA, CICA, FCPA, CSEP,PFS

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

Board of Commissioners
Warren County, Georgia

We have audited, in accordance with the 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, each major fund, and the aggregate remaining fund information of Warren County, Georgia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Warren County, Georgia's basic financial statements and have issued our report thereon dated August 21, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Warren 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 Warren County, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of Warren County, Georgia's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control 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 responses to be material weaknesses. 2013-4 through 2013-9

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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 accompany schedule of findings and responses to be a significant deficiency. 2013-1 through 2013-3.

Compliance and Other Matters

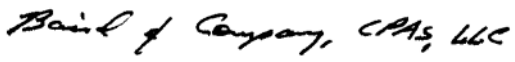
As part of obtaining reasonable assurance about whether Warren County, Georgia 's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct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

Warren County, Georgia's Response to Findings

Warren County, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Warren County, Georgia's response was 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.



BAIRD & COMPANY, CPAs, LLC
Certified Public Accountants

Augusta, Georgia
August 21, 2014

WARREN COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2013

I. SUMMARY OF AUDIT FINDINGS

A. An unmodified opinion was issued on the financial statements of the Warren County, Georgia.

B. Our audit of the financial statements disclosed six (6) material weaknesses and three (3) significant deficiencies in internal controls over financial reporting.

C. Our audit of the financial statements disclosed no instances of noncompliance with laws, regulations and the provisions of contracts and grant agreements that are material to the basic financial statements.

II. FINDINGS RELATED TO THE AUDIT OF THE FINANCIAL STATEMENTS OF THE WARREN COUNTY, GEORGIA

Audit findings reported for the year ended June 30, 2013:

Finding: 2013-1

Significant deficiency

Criteria:
The County should prepare their own financial statements and prepare their related conversion entries.

Condition:
The government did not prepare its financial statements for the year ended June 30, 2013 or its conversion entries related to converting its Fund Financial Statements to the Statement of Net Position and Statement of Activities. The County also did not convert certain balance sheet accounts to the accrual and modified accrual methods of accounting.

Cause:
The government does not have sufficient resources to allow the Government to internally prepare its conversion entries for the Fund Financial Statements to the Government-wide financial statements, in accordance with GAAP. Historically, due to the cost-benefit analysis made by management of internal control over financial reporting, the Government has engaged its auditor to assist in the conversion to GAAP basis and to prepare its financial statements.

Effect:
The financial statements were prepared by the auditor as part of the audit.

Recommendation:
We recommend that management consider the cost-benefit of making the conversion entries and preparation of its financial statements in accordance with GAAP.

Management's Response:
The Board of Commissioners will consider the cost benefit and preparation time for these conversions. We will work to have staff's knowledge of these issues improved with additional training on these type issues.

II. FINDINGS RELATED TO THE AUDIT OF THE FINANCIAL STATEMENTS OF THE WARREN COUNTY, GEORGIA – (Continued)

Finding: 2013-2

Significant deficiency

Criteria:
Expenditures should not exceed appropriations in the General Fund.

Condition:
Budgeted expenditures were exceeded by actual expenditures.

Cause:
Actual expenditures exceeded the total expected by government officials.

Effect:
Budgeted expenditures were exceeded by actual expenditures.

Recommendation:
To improve internal control and operating efficiency, the County should establish policies and procedures to monitor the budget to ensure expenditures do not exceed appropriations,

Management's Response:
All expenditures were properly approved and the county will monitor the budget to ensure proper documentation is made to ensure our expenditures does not exceed our budget.

II. FINDINGS RELATED TO THE AUDIT OF THE FINANCIAL STATEMENTS OF THE WARREN COUNTY, GEORGIA – (Continued)

Finding: 2013-3

Significant deficiency

Criteria:
The accounting department should have adequate separation of duties.

Condition:
There is limited separation of duties in the accounting department of Warren County.

Cause:
The County has a limited number of staff available to properly segregate duties.

Effect:
Initiation, approval, and recording of transactions are not performed by separate individuals.

Recommendation:
Management should adopt policies and procedures that promote adequate segregation of duties. When adequate segregation cannot be obtained due to limited staff size, management should adopt additional approval and oversight controls to mitigate risk of loss or misuse of the County's assets to an acceptable level.

Management's Response:
The Chairman will review these functions weekly. Due to limited staff the Warren County Board of Commissioners will perform certain reviews periodically over our financial operations.

II. FINDINGS RELATED TO THE AUDIT OF THE FINANCIAL STATEMENTS OF THE WARREN COUNTY, GEORGIA – (Continued)

Finding: 2013-4

Material Weakness

Criteria:
The County's valuation of its infrastructure should approximate the fair value of its infrastructure.

Condition:
The County's valuation of infrastructure was overstated due to using the modified approach to depreciate infrastructure.

Cause:
The County did not properly utilize the modified approach to depreciate infrastructure.

Effect:
Infrastructure was overstated due to using the modified approach to depreciate infrastructure.

Recommendation:
Management should establish policies and procedures that allow employees, in the normal course of business, to ensure that the carrying amount for infrastructure approximate the fair value of that infrastructure.

Management's Response:
The Board of Commissioners has worked with our engineer to address these issues. We will have the engineers work with staff for additional training to keep a fair value on all infrastructure.

II. FINDINGS RELATED TO THE AUDIT OF THE FINANCIAL STATEMENTS OF THE WARREN COUNTY, GEORGIA – (Continued)

Finding: 2013-5

Material Weakness

Criteria:
Account transactions should be accurately recorded and posted prior to start of the audit.

Condition:
Certain accounts required adjustment to meet generally accepted accounting principles.

Cause:
Certain prior year audit adjustments we not posted and certain current year transactions were not posted correctly.

Effect:
The financial statements did not accurately report the account balances and activity for the County for the reporting period.

Recommendation:
To improve operating efficiency and internal control, management should establish policies and procedures that will correctly record all transactions and correctly state account balances at the end of each audit period.

Management's Response:
The county will add additional training for staff to assure correct recording of all transactions that provide the correct account balances.

II. FINDINGS RELATED TO THE AUDIT OF THE FINANCIAL STATEMENTS OF THE WARREN COUNTY, GEORGIA – (Continued)

Finding: 2013-6

Material Weakness

Criteria:
The beginning fund balances should be fairly stated according to generally accepted accounting principles.

Condition:
The beginning fund balances were not fairly stated according to generally accepted accounting principles.

Context:
During our audit, several prior period adjustments were identified which resulted in the restatement of certain beginning fund balances.

Cause:
Management did not have internal controls in place for management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

Recommendation:
To improve internal control and operating efficiency, management should establish policies and procedures for management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis

Management's Response:
The county will add additional training for staff to improve on detecting and correcting misstatements timely.

II. FINDINGS RELATED TO THE AUDIT OF THE FINANCIAL STATEMENTS OF THE WARREN COUNTY, GEORGIA – (Continued)

Finding: 2013-7

Material Weakness

Criteria:
Proper internal control requires the preparation and review of reconciliations for balance sheet accounts.

Condition:
We noted errors in the preparation and review of balance sheet accounts.

Cause:
Transactions occurred that were not properly recorded by the County.

Effect:
Adjusting journal entries were required during the course of the audit to adjust the balances of accounts properly.

Recommendation:
To improve operating efficiency and internal control, management should implement a training program for its employees in the reconciliation process.

Management's Response:
The county will add additional training for staff to improve our reconciliation process.

II. FINDINGS RELATED TO THE AUDIT OF THE FINANCIAL STATEMENTS OF THE WARREN COUNTY, GEORGIA – (Continued)

Finding: 2013-8

Material Weakness

Criteria:
State regulations require separate funds for each Special Purpose Local Options Sales Tax Fund and for Transportation Special Purpose Local Option Sales Tax Funds.

Condition:
During our financial statement audit, we noted that the SPLOST 2007-2012, SPLOST 2012-2017, and the T-SPLOST funds were all accounted for in the same fund.

Cause:
All funds were accounted for in a single fund.

Effect:
Adjusting journal entries were required during the course of the audit to adjust the amounts into separate funds as per state regulations.

Recommendation:
To improve operating efficiency and internal control, management should implement a training program for its employees in the normal course of business, establish and maintain separate funds as required by State regulations.

Management's Response:
The Warren County Board of Commissioners is establishing separate funds for SPLOST and T-SPLOST based on discussions with this audit firm and review of state law.

II. FINDINGS RELATED TO THE AUDIT OF THE FINANCIAL STATEMENTS OF THE WARREN COUNTY, GEORGIA – (Continued)

Finding: 2013-9

Material Weakness

Criteria:
Proper internal control requires the preparation of trial balances for all funds before start of the audit.

Condition:
During our financial statement audit, we noted that the Law Library and the Development Authority of Warren County did not have a trial balance prepared prior to the audit.

Cause:
Transactions occurred that were not properly recorded by the County.

Effect:
Adjusting journal entries were required during the course of the audit to adjust the balances of accounts properly.

Recommendation:
To improve operating efficiency and internal control, management should implement a training program for its employees to properly record transactions and in the preparation of trial balances.

Management's Response:
The county will add additional training for staff in the preparation of trail balances.

STATE REPORTING SECTION

DRAFT

WARREN COUNTY, GEORGIA
SCHEDULE OF PROJECT EXPENDITURES WITH SALES TAX PROCEEDS (2007-2012)
JUNE 30, 2013

	Total Estimated Cost	Revised Estimated Cost	Prior Years	Restated Prior Years	Current Year	Total to Date	Percentage of Completion
Warren County:							
Roads & bridges projects	$ 1,216,000	$ 1,094,506	$ 1,637,633	$ 785,767	$ 282,715	$ 1,068,482	98%
Water & sewer projects	349,440	314,526	423,998	20,800	94,562	115,362	37%
Economic development	384,000	345,633	776,012	181,222	13,446	194,668	56%
Emergency services	212,480	191,251	115,796	116,939	46,069	163,008	85%
Total Warren Couty SPLOST expenditures	$ 2,161,920	$ 1,945,916	$ 2,953,439	$ 1,104,728	$ 436,792	$ 1,541,520	
City of Warrenton:							
Roads & bridges projects	38,400	34,563	54,453	34,563	-	34,563	100%
Water & sewer projects	349,440	314,526	81,482	314,526	-	314,526	100%
Emergency services	43,520	39,172	12,702	39,172	-	39,172	100%
Total City of Warrenton SPLOST expenditures	$ 431,360	$ 388,261	$ 148,637	$ 388,261	$ -	$ 388,261	
City of Norwood:							
Roads & bridges projects	12,800	11,521	12,932	11,521	-	11,521	100%
Water & sewer projects	98,560	88,713	103,767	88,713	-	88,713	100%
Total City of Norwood SPLOST expenditures	$ 111,360	$ 100,234	$ 116,699	$ 100,234	$ -	$ 100,234	
Town of Camak:							
Roads & bridges projects	12,800	11,521	12,932	11,521	-	11,521	90%
Water & sewer projects	98,560	88,713	103,767	88,713	-	88,713	90%
Total City of Norwood SPLOST expenditures	$ 111,360	$ 100,234	$ 116,699	$ 100,234	$ -	$ 100,234	
Warren County Development Authority							
Recreation projects	384,000	345,633	679,102	238,034	75,608	313,642	91%
Total Development Authority SPLOST expenditures	$ 384,000	$ 345,633	$ 679,102	$ 238,034	$ 75,608	$ 313,642	
Total project expenditures with sales tax proceeds	$ 2,816,000	$ 2,534,645	$ 3,335,474	$ 1,693,457	$ 512,400	$ 2,205,857	

See Independent Auditors' Report

WARREN COUNTY, GEORGIA
SCHEDULE OF PROJECT EXPENDITURES WITH
SALES TAX PROCEEDS (2011-2016)
JUNE 30, 2013

	Total Estimated Cost	Current Year	Total to Date	Percentage of Completion
Warren County:				
Roads & bridges projects	$ 912,000	$ -	$ -	0%
Water & sewer projects	374,400	-	-	0%
Economic development	320,000	-	-	0%
Emergency services	265,600	-	-	0%
Total Warren Couty SPLOST expenditures	$ 1,872,000	$ -	$ -	
City of Warrenton:				
Roads & bridges projects	28,800	4,126	4,126	14%
Water & sewer projects	374,400	53,637	53,637	14%
Emergency services	54,400	7,793	7,793	14%
Total City of Warrenton SPLOST expenditures	$ 457,600	$ 65,556	$ 65,556	
City of Norwood:				
Roads & bridges projects	9,600	1,374	1,374	14%
Water & sewer projects	105,600	15,128	15,128	14%
Total City of Norwood SPLOST expenditures	$ 115,200	$ 16,502	$ 16,502	
Town of Camak:				
Roads & bridges projects	9,600	1,375	1,375	14%
Water & sewer projects	105,600	15,128	15,128	14%
Total City of Norwood SPLOST expenditures	$ 115,200	$ 16,503	$ 16,503	
Warren County Development Authority				
Recreation projects	640,000	20,799	20,799	3%
Total Development Authority SPLOST expenditures	$ 640,000	$ 20,799	$ 20,799	
Total project expenditures with sales tax proceeds	$ 2,560,000	$ 98,561	$ 98,561	

See Independent Auditors' Report

WARREN COUNTY, GEORGIA
SCHEDULE OF PROJECT EXPENDITURES WITH
CDBG GRANT PROCEEDS
JUNE 30, 2013

Purpose	Original Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage of Completion
Water & Sewer improvements	$ 500,000	$ 65	$ 274,230	$ 274,295	54.9%

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