WARREN COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended

June 30, 2014

Warren County, Georgia
Annual Financial Report
For The Year Ended June 30, 2014

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INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members of the
Board of Commissioners of Warren County
Warrenton, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Warren County, Georgia (the County), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, 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, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 41 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.

Emphasis of Matter

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

As part of our audit of the financial statements referred to above that collectively comprise Warren County, Georgia's basic financial statements as of and for the year ended June 30, 2014, we also audited the adjustments described in Note 4-E that were applied to restate the financial statements of Warren County, Georgia for the year ended June 30, 3013. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the financial statements of Warren County, Georgia for the year ended June 30, 2013 other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on Warren County, Georgia's financial statements as a whole for the year ended June 30, 2013.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements, the accompanying schedules of projects constructed with special purpose local option sales tax proceeds, the Section 5311 Transportation Program Statement of Revenues and Expenditures, and the Community Development Block Grant Statement of Source and Application of Funds and Statement of

Project Cost are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the accompanying schedules of projects constructed with special purpose local option sales tax proceeds, the Section 5311 Transportation Program Statement of Revenues and Expenditures, the schedule of expenditures of federal awards, and the Community Development Block Grant Statement of Source and Application of Funds and Statement of Project Cost 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, the accompanying schedules of projects constructed with special purpose local option sales tax proceeds, the Section 5311 Transportation Program Statement of Revenues and Expenditures, the schedule of expenditures of federal awards, and the Community Development Block Grant Statement of Source and Application of Funds and Statement of Project Cost 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 June 19, 2015 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Jones, Jones, Davis & Associates

Louisville, Georgia
June 19, 2015

Warren County, Georgia
Statement of Net Position
June 30, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Current Assets				
Cash and cash equivalents	$ 3,709,113	$ 6,169	$ 3,715,282	$ 309,507
Receivables:				
Accounts	9,377	-	9,377	21,871
Property taxes	218,357	-	218,357	-
Intergovernmental	358,842	-	358,842	95,217
Interfund	531	(531)	-	-
Other	71,868	-	71,868	-
Prepaid items	65,166	-	65,166	-
Restricted Assets	-	30,605	30,605	-
Capital Assets				
Nondepreciable capital assets	1,030,816	437,126	1,467,942	144,230
Depreciable capital assets, net	13,305,773	3,535,879	16,841,652	-
Total Assets	18,769,843	4,009,248	22,779,091	570,825
Liabilities				
Current Liabilities				
Accounts payable	217,808	-	217,808	28,513
Accrued expenses	25,559	-	25,559	-
Intergovernmental payable	207,940	-	207,940	-
Other liabilities	101,081	-	101,081	-
Compensated absences payable	6,134	-	6,134	-
Capital leases payable	39,059	-	39,059	-
Notes payable	17,441	5,351	22,792	-
Revenue bonds payable	56,880	5,434	62,314	-
Long-Term Liabilities:				
Compensated absences payable (net of current portion)	18,402	-	18,402	7,098
Capital leases payable (net of current portion)	112,345	-	112,345	-
Notes payable (net of current portion)	136,793	64,410	201,203	-
Revenue bonds payable (net of current portion)	59,222	347,240	406,462	-
Total Liabilities	998,664	422,435	1,421,099	35,611
Net Position				
Net investment in capital assets	13,914,849	3,550,570	17,465,419	144,230
Restricted for:				
Capital projects	706,284	-	706,284	-
Judicial	43,148	-	43,148	-
Public safety	382,737	-	382,737	-
Public works	1,079,338	-	1,079,338	-
Economic development	196,953	-	196,953	-
Health and welfare	-	-	-	19,554
Culture and recreation	15,400	-	15,400	-
Debt service	49,668	30,605	80,273	-
Unrestricted	1,382,802	5,638	1,388,440	371,430
Total Net Position	$ 17,771,179	$ 3,586,813	$21,357,992	$ 535,214

See accompanying notes to the basic financial statements.

Warren County, Georgia
Statement of Activities
For the Year Ended June 30, 2014

Function/Program	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants, Contributions and Interest	Program Revenues: Capital Grants, Contributions and Interest	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units
Primary Government								
Governmental Activities								
General government	$ 1,117,446	$ 106,547	$ -	$ -	$ (1,010,899)	$ -	$ (1,010,899)	$ -
Judicial	335,088	208,479	-	-	(126,609)	-	(126,609)	-
Public safety	1,623,615	693,537	8,773	-	(921,305)	-	(921,305)	-
Public works	1,106,258	-	71,999	951,942	(82,317)	-	(82,317)	-
Health and welfare	205,656	-	123,684	-	(81,972)	-	(81,972)	-
Culture and recreation	216,615	4,050	-	-	(212,565)	-	(212,565)	-
Conservation of natural resources	63,985	-	-	-	(63,985)	-	(63,985)	-
Housing and development	32,043	-	142,316	-	110,273	-	110,273	-
Interest	17,308	-	-	-	(17,308)	-	(17,308)	-
Total Governmental Activities	4,718,014	1,012,613	346,772	951,942	(2,406,687)	-	(2,406,687)	-
Business-Type Activities								
Water and sewer	125,378	887	-	-	-	(124,491)	(124,491)	-
Total Business-Type Activities	125,378	887	-	-	-	(124,491)	(124,491)	-
Total - Primary Government	$ 4,843,392	$ 1,013,500	$ 346,772	$ 951,942	(2,406,687)	(124,491)	(2,531,178)	-
Component Units								
Department of Health	$ 156,509	$ 19,553	$ 135,109	$ -	-	-	-	(1,847)
Development Authority	107,694	-	17,978	-	-	-	-	(89,716)
Total - Component Units	$ 264,203	$ 19,553	$ 153,087	$ -	-	-	-	(91,563)
		General Revenues						
		Property taxes			2,314,733	-	2,314,733	-
		Sales taxes			1,251,405	-	1,251,405	-
		Other taxes and revenues			208,461	-	208,461	-
		Investment earnings			854	5	859	411
		Miscellaneous			22,623	-	22,623	75,000
		Transfers in (out)			(442,533)	442,533	-	-
		Total General Revenues and Transfers			3,355,543	442,538	3,798,081	75,411
		Change in Net Position			948,856	318,047	1,266,903	(16,152)
		Net Position, Beginning of Year			17,552,715	3,107,385	20,660,100	392,320
		Prior Period Adjustment			(730,392)	161,381	(569,011)	159,046
		Net Position, Beginning of Year, Restated			16,822,323	3,268,766	20,091,089	551,366
		Net Position, End of Year			$ 17,771,179	$ 3,586,813	$ 21,357,992	$ 535,214

See accompanying notes to the basic financial statements.

Warren County, Georgia
Balance Sheet
Governmental Funds
For the Year Ended June 30, 2014

	General	SPLOST 2007-2012 Fund	SPLOST 2012-2017 Fund	TSPLOST Discretionary Fund	Revolving Loan Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	$ 1,128,886	$ 574,563	$ 535,765	$ 739,904	$ 234,929	$ 495,066	$ 3,709,113
Receivables:							
Accounts, net	-	-	-	-	-	9,377	9,377
Property taxes	218,357	-	-	-	-	-	218,357
Intergovernmental	120,884	-	37,322	95,529	33,656	71,451	358,842
Interfund	-	531	-	243,292	-	-	243,823
Other	71,868	-	-	-	-	-	71,868
Prepaid items	65,166	-	-	-	-	-	65,166
Total Assets	$ 1,605,161	$ 575,094	$ 573,087	$ 1,078,725	$ 268,585	$ 575,894	$ 4,676,546
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	$ 57,648	$ -	$ -	$ -	$ 71,632	$ 88,528	$ 217,808
Accrued expenses	25,559	-	-	-	-	-	25,559
Intergovernmental payable	9,335	-	198,605	-	-	-	207,940
Interfund payable	-	243,292	-	-	-	-	243,292
Other liabilities	89,881	-	-	-	-	11,200	101,081
Total Liabilities	182,423	243,292	198,605	-	71,632	99,728	795,680
Deferred Inflows of Resources							
Unavailable revenue: property taxes	64,265	-	-	-	-	-	64,265
Total Liabilities and Deferred Inflows of Resources	246,688	243,292	198,605	-	71,632	99,728	859,945
Fund Balances							
Nonspendable	65,166	-	-	-	-	-	65,166
Restricted							
Debt service	-	-	-	-	-	49,668	49,668
Judicial	-	-	-	-	-	43,148	43,148
Public safety	-	-	-	-	-	382,737	382,737
Public works	-	-	-	1,078,725	-	613	1,079,338
Economic development	-	-	-	-	196,953	-	196,953
Capital projects	-	331,802	374,482	-	-	-	706,284
Culture and recreation	15,400	-	-	-	-	-	15,400
Assigned - Fiscal Year 2015 Budget	13,864	-	-	-	-	-	13,864
Unassigned	1,264,043	-	-	-	-	-	1,264,043
Total Fund Balances (Deficits)	1,358,473	331,802	374,482	1,078,725	196,953	476,166	3,816,601
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,605,161	$ 575,094	$ 573,087	$ 1,078,725	$ 268,585	$ 575,894	$ 4,676,546

See accompanying notes to the basic financial statements.

Warren County, Georgia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2014

Total Governmental Fund Balances		$ 3,816,601
Amounts reported for governmental activities in the statement of net position are different because:		
Interfund receivables and payables between governmental funds are reported on the fund balance sheet but eliminated on the government-wide statement of net position:		
Interfund receivables	$ 243,292	
Interfund payables	(243,292)	-
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. However, in the statement of net position the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.		
Cost of capital assets	21,875,473	
Less accumulated depreciation	(7,538,884)	14,336,589
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		64,265
Liabilities, including capital leases, compensated absences and landfill post closure care costs, are not due and payable in the current period and therefore are not reported in the funds:		
Capital leases	(151,404)	
Revenue bonds payable	(116,102)	
Notes payable	(154,234)	
Compensated absences	(24,536)	(446,276)
Net Position of Governmental Activities		$ 17,771,179

See accompanying notes to the basic financial statements.

Warren County, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

Revenues	General	SPLOST 2007-2012 Capital Projects	SPLOST 2012-2017 Capital Projects	TSPLOST Discretionary Fund	Revolving Loan Fund	Other Governmental Funds	Total Governmental Funds
Taxes	$ 2,866,475	$ -	$ 422,082	$ 574,679	$ -	$ -	$ 3,863,236
Intergovernmental	175,634	8,769	-	243,292	296,581	545,442	1,269,718
Charges for services	387,405	-	-	-	-	89,426	476,831
Fines, forfeitures and fees	263,916	-	-	-	-	262,131	526,047
Investment earnings	712	-	174	-	-	142	1,028
Miscellaneous	52,573	-	-	-	-	8,607	61,180
Total Revenues	3,746,715	8,769	422,256	817,971	296,581	905,748	6,198,040
Expenditures							
Current:							
General government	1,108,422	-	-	-	-	101	1,108,523
Judicial	321,468	-	-	-	-	13,306	334,774
Public safety	1,193,300	-	-	-	-	344,020	1,537,320
Public works	560,359	-	-	-	-	-	560,359
Health and welfare	200,000	-	-	-	-	-	200,000
Culture and recreation	74,797	-	-	-	-	-	74,797
Conservation of natural resources	63,985	-	-	-	-	-	63,985
Economic development	25,003	-	-	-	-	-	25,003
Intergovernmental	-	-	95,670	-	-	-	95,670
Capital Outlay	-	44,988	293,760	-	603,978	455,753	1,398,479
Debt Service:							
Principal retirement	16,790	37,590	54,204	-	-	-	108,584
Interest and fiscal charges	6,225	3,941	7,142	-	-	-	17,308
Total Expenditures	3,570,349	86,519	450,776	-	603,978	813,180	5,524,802
Excess (Deficiency) of Revenues Over (Under) Expenditures	176,366	(77,750)	(28,520)	817,971	(307,397)	92,568	673,238
Other Financing Sources (Uses)							
Inception of capital lease obligation	-	-	119,990	-	-	-	119,990
Transfers in (out), net	(90,527)	(5,407)	-	-	-	90,527	(5,407)
Total Other Financing Sources (Uses)	(90,527)	(5,407)	119,990	-	-	90,527	114,583
Net Change in Fund Balances	85,839	(83,157)	91,470	817,971	(307,397)	183,095	787,821
Fund Balances, Beginning	1,579,923	391,708	352,603	212,348	504,350	293,071	3,334,003
Prior Period Adjustment	(307,289)	23,251	(69,591)	48,406	-	-	(305,223)
Fund Balances, Beginning, Restated	1,272,634	414,959	283,012	260,754	504,350	293,071	3,028,780
Fund Balances, Ending	$ 1,358,473	$ 331,802	$ 374,482	$ 1,078,725	$ 196,953	$ 476,166	$ 3,816,601

See accompanying notes to the basic financial statements.

Warren County, Georgia

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2014

Net Changes In Fund Balances - Total Governmental Funds		$ 787,821
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.		
Capital outlay	$ 1,336,760	
Depreciation expense	(635,777)	700,983
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes:		
Deferred, end of year	64,265	
Deferred, beginning of year, restated	(152,902)	(88,637)
The inception of a capital lease payable is reported as an other financing source at the fund reporting level but is reported as a liability on the government-wide statement of net assets		(119,990)
Repayment of general obligation debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		108,584
Certain liabilities are reported in the statement of activities, but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences:		
Liability, end of year	(24,536)	
Liability, beginning of year, restated	21,757	(2,779)
Capital contribution of captial assets purchased in current year from Special Sales Tax Capital Projects Fund and CDBG Grants Fund to the Water and Sewer Fund		(437,126)
Change In Net Position of Governmental Activities		$ 948,856

See accompanying notes to the basic financial statements.

Warren County, Georgia
Statement of Net Position
Proprietary Fund
June 30, 2014

	Water and Sewer Fund
Assets	
Current Assets:	
Cash and cash equivalents	$ 6,169
Restricted Assets:	
Cash and cash equivalents	30,605
Total Current Assets	36,774
Noncurrent Assets:	
Capital Assets:	
Nondepreciable, net	437,126
Depreciable, net	3,535,879
Total Noncurrent Assets	3,973,005
Total Assets	4,009,779
Liabilities	
Current Liabilities:	
Interfund payable	531
Notes payable	5,351
Revenue bonds payable	5,434
Total Current Liabilities	11,316
Long-Term Liabilities:	
Notes payable (net of current portion)	64,410
Revenue bonds payable (net of current portion)	347,240
Total Long-Term Liabilities	411,650
Total Liabilities	422,966
Net Position	
Net investment in capital assets	3,550,570
Restricted for debt service	30,605
Unrestricted	5,638
Total Net Position	$ 3,586,813

See accompanying notes to the basic financial statements.

Warren County, Georgia
Statement of Revenues, Expenses and
Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2014

	Water and Sewer Fund
Operating Revenues	
Charges for services	$ -
Miscellaneous	887
Total Operating Revenues	887
Operating Expenses	
Cost of water	138
Other	2,772
Depreciation	105,018
Total Operating Expenses	107,928
Operating Income (Loss)	(107,041)
Non-Operating Revenues (Expenses)	
Interest and fiscal charges	(17,450)
Investment earnings	5
Total Non-Operating Revenues (Expenses)	(17,445)
Income (Loss) before Transfers and Capital Contributions	(124,486)
Transfers in (out)	5,407
Capital contributions	437,126
Change in Net Position	318,047
Net Position, Beginning of Year	3,107,385
Prior Period Adjustment	161,381
Net Position, Beginning of Year, Restated	3,268,766
Net Position, End of Year	$ 3,586,813

See accompanying notes to the basic financial statements.

Warren County, Georgia
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2014

	Water and Sewer Fund
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash received from customers	$ 887
Cash payments for goods and services	(3,366)
Net Cash Provided by (Used in) Operating Activities	(2,479)
Cash Flows from Noncapital Financing Activities	
Transfers in (out)	5,407
Net Cash Provided by (Used in) Noncapital Financing Activities	5,407
Cash Flows from Capital and Related Financing Activities	
Principal paid on long term debt	(10,362)
Interest paid	(17,450)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(27,812)
Cash Flows from Investing Activities	
Investment earnings	5
Net Increase (Decrease) in Cash and Cash Equivalents	(24,879)
Cash and Cash Equivalents, Beginning of Year, Restated	61,653
Cash and Cash Equivalents, End of Year	$ 36,774
Non-Cash Transactions:	
Costs of sewer system improvements paid for by the Special Sales Tax Capital Projects Fund and the CDBG Grants Fund considered contributions to the Water and Sewer Fund	$ 437,126

See accompanying notes to the basic financial statements.

Warren County, Georgia
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2014

(Continued)

	Water and Sewer Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	
Operating Income (Loss)	$ (107,041)
Adjustments:	
Depreciation	105,018
Increase (Decrease) in Liabilities:	
Customer deposits	(987)
Interfund payable	531
Net Cash Provided by (Used in) Operating Activities	$ (2,479)

See accompanying notes to the basic financial statements.

Warren County, Georgia
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2014

Assets	
Cash and cash equivalents	$ 247,732
Liabilities	
Due to others	$ 247,732
Total Liabilities	$ 247,732

See accompanying notes to the basic financial statements.

Warren County, Georgia
Combining Statement of Net Position
Component Units
June 30, 2014

	Warren County Department of Health	Development Authority of Warren County	Total
Assets			
Current:			
Cash and cash equivalents	$ 78,970	$ 230,537	$ 309,507
Receivables:			
Accounts	21,871	-	21,871
Intergovernmental	-	95,217	95,217
Capital Assets:			
Nondepreciable capital assets	-	144,230	144,230
Total Assets	100,841	469,984	570,825
Liabilities			
Current Liabilities:			
Accounts payable	10,535	17,978	28,513
Long-Term Liabilities: (net of current portion)			
Compensated absences payable	7,098	-	7,098
Total Liabilities	17,633	17,978	35,611
Net Position			
Investment in capital assets	-	144,230	144,230
Restricted:			
Health and welfare	19,554	-	19,554
Unrestricted	63,654	307,776	371,430
Total Net Position	$ 83,208	$ 452,006	$ 535,214

See accompanying notes to the basic financial statements.

Warren County, Georgia
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2014

	Warren County Department of Health	Development Authority of Warren County	Total
Expenses			
Health and welfare	$ 156,509	$ -	$ 156,509
General government	-	107,694	107,694
Total Expenses	156,509	107,694	264,203
Revenues			
Program revenues:			
Charges for services	19,553	-	19,553
Operating grants and contributions	135,109	17,978	153,087
Total Program Revenues	154,662	17,978	172,640
Net Program (Expense)	(1,847)	(89,716)	(91,563)
General Revenues			
Investment earnings	-	411	411
Miscellaneous	-	75,000	75,000
Total General Revenues	-	75,411	75,411
Change in Net Position	(1,847)	(14,305)	(16,152)
Net Position, Beginning of Year	85,055	307,265	392,320
	-	159,046	159,046
Net Position, Beginning of Year, Restated	85,055	466,311	551,366
Net Position, End of Year	$ 83,208	$ 452,006	$ 535,214

See accompanying notes to the basic financial statements.

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Warren County, Georgia (the County) is a political subdivision of the State of Georgia. The County is governed by a three member elected board of county commissioners which is governed by state statutes and regulations. There are certain elected officials whose operations are wholly included within the financial records and financial statements of the County. These elected officials include the Sheriff, Tax Commissioner, Probate Court Judge, Magistrate Court Judge and Clerk of Superior Court. The cost of operations of the Superior Court Judges and the District Attorney, which are elected court functions, is shared with the State of Georgia. Only that portion of the cost for which the County is responsible is reported in the County's financial statements.

Note 1 - Summary of Significant Accounting Policies

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The most significant of the County's accounting policies are described below.

1-A. Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards and agencies that are not legally separate from the County. For the County, this entity includes the various constitutional officers including the Clerk of Court, the Probate Court, the Tax Commissioner and the Magistrate Court.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organizations; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the County in that the County approves the budget, levies their taxes or issues their debt.

The component unit column included on the government-wide financial statements identifies the financial data of the County's discretely presented component units. They are reported separately to emphasize that they are legally separate from the County.

Brief descriptions of the discretely presented component units follow:

Warren County Department of Health (the Health Department) – The Health Department works to promote and preserve the health of the citizens of the County. The Health Department board consists of seven members, four of these members are appointed by the county commission. Although the County does not have the authority to approve or modify the Department of Health's budgets, it does have the ability to control the amount of funding it provides to the Health Department and such funding is significant to the overall operations of the Department of Health. Complete financial statements for the Health Department may be obtained from its administrative office.

Warren County Development Authority (the Development Authority) – The Development Authority is responsible for encouraging economic development within the County. The county commission appoints a majority of the members of the authority board. Complete financial statements may be obtained from its administrative office.

1-B. Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-B. Basis of Presentation (Continued)

Government-wide Financial Statements - The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the County as a whole. All funds other than fiduciary activities are included at the government-wide reporting level. The primary government and the component units are presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and the County's general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of net position presents the financial position of the governmental and business-type activities of the County and its discretely presented component units at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and for each identifiable activity of the business-type activities of the County. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The County does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the County's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted.*

Other revenue sources not properly included with program revenues are reported as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the County.

Fund Financial Statements - During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. Fund financial statements are provided for government and proprietary funds.

Major individual governmental and business-type activities are reported in separate columns.

Fund Accounting - The County uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The County uses three categories of funds: governmental, proprietary and fiduciary.

> ***Governmental Funds*** - Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The County reports the difference between governmental fund assets and liabilities as fund balance. The following are the County's major governmental funds:

Note 1 - Summary of Significant Accounting Policies (Continued)

1-B. Basis of Presentation (Continued)

The General Fund – The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Georgia.

The SPLOST 2007-2012 Capital Projects Fund – This fund accounts for the special purpose local option sales taxes approved in March 2007 and went into effect July 2007. The County is using these taxes for various County projects according to the approved referendum.

The SPLOST 2012-2017 Capital Projects Fund – This fund accounts for the special purpose local option sales taxes approved in March 2012 and went into effect July 2012. The County is using these taxes for various County projects according to the approved referendum.

The TSPLOST Discretionary Fund – This fund is used to account for the discretionary portion of the proceeds and expenditures for transportation expenditures that are non-capital in nature and funded by the special sales tax passed under the Transportation Investment Act of 2010.

The Revolving Loan Fund – This fund is used to account for grants received by the County for the purpose of providing funds by way of a loan to encourage economic development within the County.

Proprietary Fund - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The proprietary fund classified as a major enterprise fund is as follows:

The Water and Sewer Fund – This fund is used to account for the County's water and sewer system.

Fiduciary Funds – Fiduciary fund reporting focuses on changes in assets and liabilities. The County's fiduciary funds are agency funds.

1-C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net position. The statements of revenues, expenses and changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting and fiduciary funds use the accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, the phrase "available for exchange transactions" means expected to be received within 60 days of year-end.

Revenues - Non-exchange Transactions - Non-exchange transactions in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (Note 3-C) Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes and federal and state grants.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred inflows of resources revenue (i.e., they are measurable but not available) rather than as revenue.

Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) are recorded as unearned revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

1-E. Assets, Liabilities and Fund Equity

1-E-1 Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County.

Investments are stated at fair value based on quoted market prices.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-1 Cash, Cash Equivalents and Investments (Continued)

Georgia law authorizes the County to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the United States Government or Government agency
- Obligations of any corporation of the United States Government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

1-E-2 Receivables

All trade and property tax receivables are reported net of an allowance for uncollectible, where applicable. Uncollected and unbilled water/sewer charges and landfill user charges are accrued as receivables and revenue at June 30, 2014.

1-E-3 Interfund Balances

On the fund financial statements, receivables and payables resulting from short term interfund loans are classified as "interfund receivables/interfund payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

1-E-4 Consumable Inventories

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e., the consumption method).

On the fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first in, first out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when consumed. Inventories of the proprietary funds are expensed when consumed.

1-E-5 Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reserved as this amount is not available for general appropriation.

1-E-6 Restricted Assets

Certain resources in the Water and Sewer Enterprise Fund are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond and note covenants. The "USDA debt service" account is used to report resources accumulated for debt service payments over the next twelve months. The "GEFA reserve" account is used to segregate resources accumulated for debt service payments over the next twelve months.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-7 Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The County reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the Government fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the enterprise funds' statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of five thousand dollars. The County's infrastructure consists of roads and bridges. Currently, the County is reporting its infrastructure prospectively beginning with fiscal year 2004. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by the enterprise fund is capitalized.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

	Estimated Lives	
Asset Class	Governmental Activities	Business-type Activities
Buildings	40-50 Years	40 Years
Fixed equipment	5-7 Years	---
Vehicles	5 Years	---
Mobile equipment	15-20 Years	---
Roads and infrastructure	40-50 Years	---
Equipment	---	5-25 Years
Site improvements	---	19-76 Years
Water/sewer system components	---	5-50 Years

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments.

1-E-8 Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the County's past experience of making termination payments.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only "*when due.*"

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-9 Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Bonds and capital leases are recognized as a liability in the governmental fund financial statements when due.

1-E-10 Deferred Outflows/Inflows of Resources

The County implemented GASB Statements No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and No. 65, Items Previously Reported as Assets and Liabilities, as of July 1, 2013. These new standards establish accounting and financial reporting for deferred outflows / inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then.

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

1-E-11 Fund Equity

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

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. 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:

- ***Non-spendable*** – Fund balances are reported as non-spendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the County commission through the adoption of a resolution. By policy, the County has authorized the Chairman of the County Commission to modify or rescind the commitment.
- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. By policy, the County has authorized the Chairman of the County Commission to assign fund balances.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-11 Fund Equity (Continued)

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

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position - Net position represents the difference between assets and liabilities. Net investment in capital assets 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. This net position amount also is adjusted by any bond issuance deferral amounts. Net position 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. All other net position is reported as unrestricted. The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

1-E-12 Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for water and sewer and solid waste. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of each fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

1-E-13 Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

1-E-14 Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business type activities column are eliminated.

1-E-15 Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-16 Comparative Data

Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data may have been restated and reclassified to be consistent with the current year's presentation.

Note 2 – Stewardship, Compliance and Accountability

2-A. Budgetary Information

The County adopts an annual operating budget for the general fund and each special revenue fund. A project budget is adopted for each capital projects fund. The budget resolution reflects the total of each department's appropriation in each fund.

The general fund, special revenue and debt service fund budgets are adopted on a basis consistent with GAAP. Budgets for capital projects funds are adopted on a basis consistent with GAAP except the budget period is a project period rather than an annual period.

Total appropriations for any fund may be increased if, during the year, sources of revenue become available to the County in excess of original anticipations, and these amounts are anticipated by the Finance Committee and subsequently appropriated by the Board of Commissioners. The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. Any change in total to a fund or departmental appropriation within a fund requires approval of the County Commissioners.

Department directors may approve budget transfers within departments, with certain exceptions. During the year, the Board of Commissioners approved budget revisions. All unexpended annual appropriations lapse at year-end.

The following functions overspent the final fiscal year 2014 annual budget:

	Budget	Actual	Variance
General Fund:			
General government	$ 1,058,339	$ 1,108,422	$ (50,083)
Debt service	$ -	$ 23,015	$ (23,015)
E-911 Fund:			
Public safety	$ 241,695	$ 311,792	$ (70,097)
Sheriff Drug Fund			
Public safety	$ 11,500	$ 63,710	$ (52,210)
Volunteer Firemen Fund			
Public safety	$ -	$ 7,371	$ (7,371)
Law Library Fund			
Judicial	$ -	$ 13,306	$ (13,306)

For the year ended June 30, 2014, the County failed to adopt a budget for the Debt Service Fund and the Law Library Fund, as required by state statute. State law requires the adoption of an annual balanced budget for the general fund, each special revenue fund, each debt service fund, and requires a project length budget for each capital projects fund.

Note 3 – Detailed Notes on All Funds

3-A. Deposits and Investments

Custodial Credit Risk - Deposits – Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be recovered. State statutes require all deposits and investments to be collateralized by depository insurance, obligations of the U. S. government, or bonds of public authorities, counties or municipalities. The County's custodial credit risk policy requires all deposits in excess of Federal Deposit Insurance be collateralized by securities equal to at least 110% of the excess deposits.

At June 30, 2014, the County's the bank balances of $ 4,230,088 were exposed to custodial credit risk as follows: $3,469,996 was uninsured and collateralized with securities held by the pledging financial institution, by its trust department or agent, but not in the County's name.

State statutes authorize the County to invest in obligations of, or obligations guaranteed by the U.S. government; obligations of any state; obligations of any political subdivision of any state; certificates of deposit of any national state bank or savings and loan which have deposits insured by the FDIC or FSLIC; prime bankers acceptances; and the Office of State Treasurer.

The County had no other investments that require disclosure as to the basis of valuation other than capital assets, the basis of which are properly disclosed.

At June 30, 2014, the County's component units' bank balances were entirely insured or collateralized with securities held by the financial institution, by its trust department or agency, but not in the component unit's name.

3-B. Receivables

Receivables at June 30, 2014, consisted of taxes, interest, accounts (billings for user charges, including unbilled utility receivables), and intergovernmental receivables arising from grants.

Receivables and payables are recorded on the County's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

3-C. Property Taxes

County property taxes are based on assessments of property values on January 1, assessed by the County Tax Assessors' office. The digest is prepared by the assessor's office and verified by the Georgia Department of Revenue. The Board of Commissioners set the property tax millage rate in September 2013. Property tax bills were mailed on October 4, 2013 and were due by December 30, 2013. Property taxes attach as an enforceable lien on property as of January 1. The County bills and collects its own property taxes and also collects property taxes for the County Board of Education and the State of Georgia. Any taxes not paid by due date are considered delinquent and are subject to a 10% penalty and an interest charge. If taxes remain delinquent by May of the following year, a fifa is issued against the property, and the county can advertise and sell the property at a tax sale.

(Continued on the following page)

Note 3 - Detailed Notes on All Funds (Continued)

3-D. Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	Beginning Balance (Restated)	Additions	Deductions	Ending Balance
GOVERNMENTAL ACTIVITIES:				
Nondepreciable capital assets:				
Land	$ 426,839	$ -	$ -	$ 426,839
Construction in progress	-	1,041,103	437,126	603,977
Total capital assets not being depreciated	426,839	1,041,103	437,126	1,030,816
Depreciable capital assets:				
Buildings and improvements	6,471,566	55,550	-	6,527,116
Infrastructure	8,673,148	58,833	-	8,731,981
Vehicles and equipment	5,404,286	181,274	-	5,585,560
Total depreciable capital assets	20,549,000	295,657	-	20,844,657
Total capital assets	20,975,839	1,336,760	437,126	21,875,473
Accumulated depreciation:				
Buildings and improvements	1,462,364	106,690	-	1,569,054
Infrastructure	563,178	433,656	-	996,834
Vehicles and equipment	4,877,565	95,431	-	4,972,996
Total accumulated depreciation	6,903,107	635,777	-	7,538,884
Governmental activitivties capital assets, net	$ 14,072,732	$ 700,983	$ 437,126	$ 14,336,589

Governmental activities depreciation expense:

General government	$ 61,809
Public safety	88,627
Public works	450,280
Health and welfare	6,727
Culture and recreation	28,334
Total governmental activities depreciation expense	$ 635,777

Note 3 - Detailed Notes on All Funds (Continued)

3-D. Capital Assets (Continued)

	Beginning Balance (Restated)	Additions	Deductions	Ending Balance
BUSINESS-TYPE ACTIVITIES:				
Non-depreciable capital assets:				
Construction in progress	$ -	$ 437,126	$ -	$ 437,126
Total non-depreciable capital assets	-	437,126	-	437,126
Depreciable capital assets:				
Utility systems	4,200,717	-	-	4,200,717
Total depreciable capital assets	4,200,717	-	-	4,200,717
Total capital assets	4,200,717	437,126	-	4,637,843
Accumulated depreciation:				
Utility systems	559,820	105,018		664,838
Total accumulated depreciation	559,820	105,018	-	664,838
Business-type activities capital assets, net	$ 3,640,897	$ 332,108	$ -	$ 3,973,005

	Beginning Balance (Restated)	Additions	Deductions	Ending Balance
COMPONENT UNITS:				
Non-depreciable capital assets:				
Land	$ 144,230	$ -	$ -	$ 144,230
Total non-depreciable capital assets	144,230	-	-	144,230
Buildings and improvements	-	-	-	-
Total depreciable capital assets	-	-	-	-
Total capital assets	144,230	-	-	144,230
Accumulated depreciation:				
Buildings and improvements	-			-
Total accumulated depreciation	-	-	-	-
Component unit capital assets, net	$ 144,230	$ -	$ -	$ 144,230

Note 3 - Detailed Notes on All Funds (Continued)

3-E. Interfund Balances and Transfers

Interfund balances and transfers for the year ended June 30, 2014, consisted of the following:

Interfund Balances

Due to:	Due from: Water and Sewer Fund	SPLOST 2007-2012 Capital Projects Fund	Total
SPLOST 2007-2012 Capital Projects Fund	$ 531	$ -	$ 531
TSPLOST Discretionary Fund	-	243,292	243,292
	$ 531	$ 243,292	$ 243,823

Interfund Transfers

Transfers to:	Transfers From: General Fund	SPLOST 2007-2012 Capital Projects Fund	Non-Major Governmental Fund	Total
Water and Sewer Fund	$ -	$ 39,407	$ 403,126	$ 442,533
Non-Major Governmental Fund	90,527	-	-	90,527
	$ 90,527	$ 39,407	$ 403,126	$ 533,060

The transfers from the general fund to the E-911 fund (non-major governmental fund) are necessary because the costs associated with the fund are more than the operating revenues of the fund.

3-F. Compensated Absences

The following is a breakdown of compensated absences by department for the year ended June 30, 2014:

General administration	$ 3,655
Court system	824
Public safety	17,270
Public works	2,149
Health and welfare	60
Culture and recreation	578
TOTAL	$ 24,536

Note 3 - Detailed Notes on All Funds (Continued)

3-G. Long-term Debt

Changes in Long-Term Debt

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2014:

Governmental Activities	Outstanding 6/30/13 (Restated)	Additions	Reductions	Outstanding 6/30/14	Amounts Due in One Year
USDA Loan 2006	$ 170,728	$ -	$ 54,626	$ 116,102	$ 56,880
John Deere Lease	10,016	-	10,016	-	-
John Deere Lease #2	-	119,990	-	119,990	22,582
Stryker Loan	11,830	-	4,526	7,304	4,798
Ford Motor Credit 2011	11,655	-	11,655	-	-
Ford Motor Credit 2012	35,081	-	10,971	24,110	11,679
GEFA Loan 2012	171,024		16,790	154,234	17,441
Compensated Absences	21,757	28,773	25,994	24,536	6,134
Total Governmental Activities	$ 432,091	$ 148,763	$ 134,578	$ 446,276	$ 119,514
Business-type Activities					
USDA Loan	$ 357,903	$ -	$ 5,229	$ 352,674	$ 5,434
GEFA Loan 2008	74,894	-	5,133	69,761	5,351
Total Business-type Activities	$ 432,797	$ -	$ 10,362	$ 422,435	$ 10,785

All long-term obligations of the County's governmental funds will be financed through future general fund expendable available financial sources as they become due. Principal and interest payments related to the County's water enterprise fund are financed from income derived from the operation of the water system and transfers from other funds.

The compensated absences liability will be paid from the fund from which the employees' salaries are paid. The employees' salaries are paid through the general fund except the enterprise funds. The governmental activities capital lease obligations will be paid from the general fund and the business-type activities capital lease will be paid from the solid waste fund.

Governmental Activities Long-Term Debt

USDA Loan Payable – General Fund – The County obtained a loan from USDA Rural Development for the purpose of purchasing public works equipment and emergency service equipment. The original amount of $497,090 was financed under the loan agreement and bears an interest rate of 4.125%. The maturity date of the loan is September 2015. The following is a schedule of projected payments:

YEAR	PRINCIPAL	INTEREST	TOTALS
2015	$ 56,880	$ 4,789	$ 61,669
2016	59,222	2,447	61,669
Total	$ 116,102	$ 7,236	$ 123,338

Note 3 - Detailed Notes on All Funds (Continued)

3-G. Long-term Debt (Continued)

Stryker Finance Capital Lease – The County entered into a capital lease with Stryker Finance in December 2012 for the purchase of equipment. The original amount of $ 13,993 was financed under the lease agreement with an interest rate of 5.888%. Capital lease payments are reflected as debt service expenditures at the governmental fund reporting level. The equipment acquired by the lease is included in governmental activities general capital assets in the amount of $ 10,994 (cost of 13,993 less accumulated depreciation of $ 2,999). Future minimum lease payments are as follows:

YEAR	PRINCIPAL	INTEREST	TOTALS
2015	$ 4,798	$ 326	$ 5,124
2016	2,506	56	2,562
Total	$ 7,304	$ 382	$ 7,686

Ford Motor Credit Capital Lease – The County entered into a capital lease with Ford Motor Credit in November 2012 for the purchase of a vehicle. The original amount of $ 48,315 was financed under the lease agreement with an interest rate of 6.45%. Capital lease payments are reflected as debt service expenditures at the governmental fund reporting level. The equipment acquired by the lease is included in governmental activities general capital assets in the amount of $ 30,327 (cost of 48,315 less accumulated depreciation of $ 17,988). Future minimum lease payments are as follows:

YEAR	PRINCIPAL	INTEREST	TOTALS
2015	$ 11,679	$ 1,555	$ 13,234
2016	12,431	803	13,234
Total	$ 24,110	$ 2,358	$ 26,468

John Deere Financial Capital Lease #2 – The County entered into a capital lease with John Deere Financial in June 2014 for the purchase of a three utility tractors and rotary cutters. The original amount of $ 119,990 was financed under the lease agreement with an interest rate of 3.00%. Capital lease payments are reflected as debt service expenditures at the governmental fund reporting level. The equipment acquired by the lease is included in governmental activities general capital assets in the amount of $ 119,990 (cost of 119,990 less accumulated depreciation of $0). Future minimum lease payments are as follows:

YEAR	PRINCIPAL	INTEREST	TOTALS
2015	$ 22,582	$ 3,291	$ 25,873
2016	23,269	2,604	25,873
2017	23,976	1,897	25,873
2018	24,706	1,167	25,873
2019	25,457	416	25,873
Total	$ 119,990	$ 9,375	$ 129,365

Note 3 - Detailed Notes on All Funds (Continued)

3-G. Long-term Debt (Continued)

GEFA Loan 2012 – The County obtained a loan with the Georgia Environmental Facilities Authority (GEFA). The proceeds are used to pay for the construction of a solid waste convenience/recycling center. The interest rate on this loan is 3.81%. Monthly payments are $ 1,918.

Annual debt service requirements to amortize the loan payable outstanding, as of June 30, 2014, follow:

YEAR	PRINCIPAL	INTEREST	TOTALS
2015	$ 17,441	$ 5,575	$ 23,016
2016	18,117	4,899	23,016
2017	18,819	4,197	23,016
2018	19,549	3,467	23,016
2019	20,308	2,708	23,016
2020 – 2022	60,000	3,294	63,294
Total	$ 154,234	$ 24,140	$ 178,374

Business-type Activities Long-Term Debt

Business-type Activities Revenue Bonds – In 2004, the County issued $ 389,500 of water and sewerage revenue bonds, Series 2004 at an interest rate of 4.50% with monthly principal and interest maturity installments. Proceeds from this issuance were utilized in the construction, improvement and extension of the water/sewer system. Annual debt service requirements to amortize the revenue bonds outstanding, as of June 30, 2014, follow:

Fiscal Year	Principal	Interest	Total
2015	$ 5,434	$ 15,794	$ 21,228
2016	5,684	15,544	21,228
2017	5,945	15,283	21,228
2018	6,219	15,009	21,228
2019	6,505	14,723	21,228
2020 - 2024	37,301	68,839	106,140
2025 - 2029	46,610	59,530	106,140
2030 - 2034	58,392	47,748	106,140
2035 - 2039	73,247	32,893	106,140
2040 - 2044	91,723	14,417	106,140
2045	15,614	5,614	21,228
Total	$ 352,674	$ 305,394	$ 658,068

Note 3 - Detailed Notes on All Funds (Continued)

3-G. Long-term Debt (Continued)

GEFA Loan 2008 – The County obtained a loan with the Georgia Environmental Facilities Authority (GEFA). The proceeds are used to pay for improvements and expansion of the County's water system. The interest rate on this loan is 2.00%. Monthly payments are $ 549.

Annual debt service requirements to amortize the loan payable outstanding, as of June 30, 2014, follow:

YEAR	PRINCIPAL	INTEREST	TOTALS
2015	$ 5,351	$ 1,233	$ 6,584
2016	5,345	1,239	6,584
2017	5,453	1,131	6,584
2018	5,563	1,021	6,584
2019	5,675	909	6,584
2020 – 2024	30,142	2,780	32,922
2023 – 2026	12,232	243	12,475
Total	$ 69,761	$ 8,556	$ 78,317

COMPONENT UNITS

	Balance 06/30/13 (Restated)	Additions	Deletions	Balance 06/30/14	Due Within One Year
Compensated absences	$ 8,925	$ 3,517	$ (5,344)	$ 7,098	$ -
Revenue bonds*	-	-	-	-	-
	$ 8,925	$ 3,517	$ (5,344)	$ 7,098	$ -

*During the fiscal year's audit, it was determined that the Development Authority had adopted resolutions providing for the issuance of industrial revenue bonds to finance the construction and expansion of recreation facilities within Warren County. These bonds are special limited obligations of the Development Authority, payable solely from and secured by a pledge of rentals to be received from a lease agreement between the Development Authority and the third party entities. These bonds do not constitute a debt or pledge of the faith and credit of the Development Authority, Warren County or the state of Georgia, and accordingly, have not been included in the financial statements of any of these entities. The component unit long-term debt beginning balance at June 30, 2013 shown above has been restated to reflect this conduit debt obligation.

As of June 30, 2014, approximately six hundred eighty seven thousand dollars in conduit debt obligations were outstanding.

3-H. Retirement Benefit Plan

The County sponsors the Association of County Commissioners of Georgia Pension Plan for County Employees (The Plan), which is a defined benefit pension plan. The authority for participation in the plan rests with the County Board of Commissioners.

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Plan, through execution of an adoption agreement, is affiliated with the Association of County Commissioners of Georgia Second Restated Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan administered by Pension Service Company. 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 provisions of The Plan, as provided in Section 19.02 of the ACCG Plan document.

Note 3 - Detailed Notes on All Funds (Continued)

3-H. Retirement Benefit Plan (Continued)

Eligibility - All full-time County employees are eligible to participate in the Plan after completing three years of service. Benefits vest after five years of service. Participants become eligible to retire at age 65 with 3 years of participation in the Plan. Covered earnings of active participants as of December 31, 2013 totaled $ 927,087. Total payroll for all employees totaled $ 1,693,102.

Benefits – Participants become eligible to retire at age 65 with five years of participation in the Plan. Upon eligibility to retire, participants are entitled to an annual compensation of 1% of average annual compensation multiplied by years of credited service after January 1, 2011 plus the accrued benefits as of December 31, 2010.

These benefit provisions were established by an adoption agreement executed by the County Board of Commissioners.

Funding Policy - The County is required to contribute an actuarially determined amount annually 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 statues. County employees are not required to contribute to the Plan. The County contributes the entire cost of the Plan using the actuarial basis described in the annual valuation report.

Annual Pension Cost – The annual pension cost was $ 45,861 and the annual pension cost was fully funded.

Summary of Valuation Results and Basis of Valuation:

• Current actuarial valuation date:	January 1, 2014
• Actuarial funding method:	Projected Unit Credit
• Actuarial value of plan assets:	Market Value
• Annul return on invested plan assets	7.50%
• Projected annul salary increases	3.5%-6.0% based on age
• Expected annual inflation	3%
• Amortization method	Level percent of pay (closed) The weighted-average remaining amortization period as of January 1, 2010 was 10 years.

A copy of the plan's financial report may be obtained from:

Government Employee Benefits Corporation of Georgia
400 Galleria Parkway, Suite 1250
Atlanta, Georgia 30339

Valuation Date	Value of Assets	Accrued Liability (AAL)	Ratio (1)/(2)	AAL/(UAAL) (2)-(1)	Covered Payroll	Covered Payroll
12/31/13	847,437	861,830	98.3%	14,343	927,087	1.5%
12/31/12	771,704	774,837	99.6%	3,133	833,502	0.4%
12/31/11	725,038	648,421	111.8%	(76,617)	797,599	-9.6%

Note 3 - Detailed Notes on All Funds (Continued)

3-H. Retirement Benefit Plan (Continued)

Schedule of Employer Contributions

Fiscal Year Beginning	Annual Pension Cost (APC)	Annual County Contributions	Percentage of APC Contributed	Net Pension Obligation
January 1, 2014	45,861	45,861	100.0%	(1,351)
January 1, 2013	49,593	50,775	102%	(169)
January 1, 2012	38,060	38,229	100%	-

Fiscal Year Beginning	Beginning Net Pension Obligation	Annual Pension Cost for Prior Year	Actual Contributions for Prior Year	Net Pension Obligation
January 1, 2014	(169)	45,861	N/A	(1,351)
January 1, 2013	-	49,593	50,775	(169)
January 1, 2012	-	38,060	38,229	-

Calculation of Annual Pension Cost

Fiscal Year Beginning	Annual Required Contribution	Interest on Net Pension Obligation	Amortization of Net Pension Obligation	Annual Pension Cost
January 1, 2014	45,852	(101)	110	45,861
January 1, 2013	49,592	(13)	14	45,593
January 1, 2012	38,060	-	-	38,060

3-I. Net Investment in Capital Assets

Net investment of capital assets on the government-wide statement of net position as of June 30, 2014, is as follows:

	Governmental Activities	Business Type Activities	Component Units
Cost of capital assets	$ 21,875,473	$ 4,637,843	$ 144,230
Less accumulated depreciation	(7,538,884)	(664,838)	-
Book value	14,336,589	3,973,005	144,230
Less capital related debt	(421,740)	(422,435)	-
Net Investment in Capital Assets	$ 13,914,849	$ 3,550,570	$ 144,230

Note 3 - Detailed Notes on All Funds (Continued)

3-J. Fund Balances

The County's fund balance designations are summarized as follows:

Non-spendable – The following fund balances are non-spendable because they are allocated to:

General Fund:	
Prepaid items	$ 65,166

Restricted –The following fund balances are restricted for:

General Fund:	
Culture and recreation	15,400
Debt Service Fund	
Debt service	49,668
Special Revenue Funds:	
Economic Development	196,953
E-911 Fund	10,831
Jail Fund	157,987
Drug Abuse and Treatment Fund	20,166
Sheriff Drug Fund	174,837
Volunteer Fireman Fund	18,916
Law Library Fund	43,148
Planning Commission Fund	613
TSPLOST Discretionary Fund	1,078,725
Capital Projects Funds:	
SPLOST 2007 - 2012	331,802
SPLOST 2012 – 2017	374,482

Assigned – The following fund balances are assigned to certain functions:

General Fund:	
Fiscal Year 2015 Budget	13,864
Unassigned	1,264,043
Total Fund Balances	$ 3,816,601

Note 4 - Other Notes

4-A. Risk Management

The County is exposed to potential risk of loss in the areas of: theft, damage or destruction of County assets; errors and omission; natural disasters; and injuries to employees. Significant losses in these areas are covered by commercial insurance with the exception of workers' compensation. There have been no significant reductions in the amount of insurance coverage in the past year in any major category of risk. There have been no insurance settlements that exceeded coverage over past year.

Insurance Risk - The County has its property and liability insurance with the ACCG-Inter-local Risk Management Agency, a self-insurance pool and a risk financing mechanism, whereby the members join together to provide a source of coverage for their property, automobiles, general liability, law enforcement liability, public officials liability, crime, and boiler and machinery exposures. The Fund is owned by its members and is managed by a seven-member board of trustees who are representatives from participating counties. The Fund is operated under the authority of OCGA 36-85-20 et seq. The ACCG-IRMA estimates the anticipated losses for its members and self-funds a portion of that exposure. The funds which are allocated for the anticipated losses are deposited and invested until such time that they are needed to pay claims. The ACCG-IRMA purchases appropriate reinsurance coverage to provide for catastrophic losses or for an unanticipated increase in frequency of smaller claims.

Note 4 - Other Notes (Continued)

4-A. Risk Management (Continued)

The County is a member of the Association County Commissioners of Georgia Group Self-Insurance Workers' Compensation Fund, a risk sharing public entity risk pool currently operating as a common risk management and insurance program for member local governments. This fund was created to provide its members with an alternative method in which to finance their workers' compensation coverage. The County pays an annual premium to the fund for its workers' compensation coverage. The fund purchases excess insurance to protect the fund from catastrophic losses and for any unexpected increase in frequency of smaller claims.

As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pool's agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

4-B. Contingent Liabilities

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the County believes such disallowances, if any, will be immaterial.

According to the County attorney, as of the report date, there is no pending or threatened litigation in which the County is involved that will result in material liability to the County.

4-C. Joint Ventures

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

Central Savannah River Area Regional Commission
3023 Riverwatch Parkway, Suite A
Augusta, Georgia 30907

4-D. Landfill Post-closure Care Cost

The County landfill closed in April 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 the County to maintain its landfill after closure. The County submitted a post-closure plan to the State of Georgia and received final approval in October 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 thirty years. Post-closure care costs incurred for the year ended June 30, 2014 were $ 34,676.

Future costs to monitor the wells and adhere to the provisions and conditions of the post-closure plan 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 4 - Other Notes (Continued)

4-E Prior Period Adjustments

General Fund: The County has determined that a restatement of beginning fund balance of the General Fund is necessary. Adjustments were made to restate the beginning fund balance in the General Fund, as indicated on the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds. The prior period adjustments made to the General Fund's beginning fund balance were as follows:

Fund balance, June 30, 2013, as previously reported	$	1,579,923
Prior period adjustments		(307,289)
Fund balance, June 30, 2013, restated	$	1,272,634

SPLOST 2007-2012 Capital Projects Fund: The County has determined that a restatement of beginning fund balance of the SPLOST 2007-2012 Capital Projects Fund is necessary. Adjustments were made to restate the beginning fund balance in the SPLOST 2007-2012 Capital Projects Fund, as indicated on the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds. The prior period adjustments made to the SPLOST 2007-2012 Capital Projects Fund's beginning fund balance were as follows:

Fund balance, June 30, 2013, as previously reported	$	391,708
Prior period adjustments		23,251
Fund balance, June 30, 2013, restated	$	414,959

SPLOST 2012-2017 Capital Projects Fund: The County has determined that a restatement of beginning fund balance of the SPLOST 2012-2017 Capital Projects Fund is necessary. Adjustments were made to restate the beginning fund balance in the SPLOST 2012-2017 Capital Projects Fund, as indicated on the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds. The prior period adjustments made to the SPLOST 2012-2017 Capital Projects Fund's beginning fund balance were as follows:

Fund balance, June 30, 2013, as previously reported	$	352,603
Prior period adjustments		(69,591)
Fund balance, June 30, 2013, restated	$	283,012

TSPLOST Discretionary Fund: The County has determined that a restatement of beginning fund balance of the TSPLOST Discretionary Fund is necessary. Adjustments were made to restate the beginning fund balance in the TSPLOST Discretionary Fund, as indicated on the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds. The prior period adjustments made to the TSPLOST Discretionary Fund's beginning fund balance were as follows:

Fund balance, June 30, 2013, as previously reported	$	212,348
Prior period adjustments		48,406
Fund balance, June 30, 2013, restated	$	260,754

Note 4 - Other Notes (Continued)

4-E Prior Period Adjustments (Continued)

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 has been restated from the prior year as follows:

Net position, June 30, 2013, as previously reported	$	17,552,715
Prior period adjustments		(730,392)
Net position, June 30, 2013, restated	$	16,822,323

Business-Type Activities: The County has determined that a restatement of beginning net position of the business-type activities is necessary. Adjustments were made to restate the beginning net position of the business-type activities as indicated on the government-wide statement of activities. The prior period adjustments made to the business-type activities beginning net position were as follows:

Net position, June 30, 2013, as previously reported	$	3,107,385
Prior period adjustments		161,381
Net position, June 30, 2013, restated	$	3,268,766

Warren County, Georgia
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Taxes	$ 2,584,000	$ 2,584,000	$ 2,866,475	$ 282,475
Intergovernmental	144,500	144,500	175,634	31,134
Charges for services	426,000	426,000	387,405	(38,595)
Fines, forfeitures and fees	270,231	270,231	263,916	(6,315)
Investment earnings	-	-	712	712
Miscellaneous	120,000	120,000	52,573	(67,427)
Total Revenues	3,544,731	3,544,731	3,746,715	201,984
Expenditures				
Current:				
General government	581,730	1,058,339	1,108,422	(50,083)
Judicial	333,099	331,905	321,468	10,437
Public safety	1,186,261	1,228,291	1,193,300	34,991
Public works	536,068	587,268	560,359	26,909
Health and welfare	223,421	226,421	200,000	26,421
Culture and recreation	70,337	74,797	74,797	-
Conservation of natural resources	63,176	63,986	63,985	1
Economic development	25,000	25,003	25,003	-
Debt Service:				
Principal retirement	-	-	16,790	(16,790)
Interest and fiscal charges	-	-	6,225	(6,225)
Total Expenditures	3,019,092	3,596,010	3,570,349	25,661
Excess (Deficiency) of Revenues Over (Under) Expenditures	525,639	(51,279)	176,366	227,645
Other Financing Sources (Uses)				
Transfers in (out)	-	-	(90,527)	(90,527)
Total Other Financing Sources (Uses)	-	-	(90,527)	(90,527)
Net Change in Fund Balances	$ 525,639	$ (51,279)	85,839	$ 137,118
Fund Balance, Beginning of Year			1,579,923	
Prior Period Adjustment			(307,289)	
Fund Balances, Beginning of Year, Restated			1,272,634	
Fund Balances, End of Year			$ 1,358,473	

Note 1 - Budgetary Information

The budget for the general fund is adopted on a basis that is consistent with accounting principles generally accepted in the United States as applied to governments.

The County's financial statements reflect expenditures in excess of budgeted amounts in several expenditure classifications. The expenditures in excess of budget are considered to be material to the financial statements, and have been cited as compliance violations in the accompanying report on compliance with standards contained in Government Auditing Standards.

The following functions overspent the final fiscal year 2014 annual budget:

	Budget	Actual	Variance
General Fund:			
General government	$ 1,058,339	$ 1,108,422	$ (50,083)
Debt service	$ -	$ 23,015	$ (23,015)
E-911 Fund:			
Public safety	$ 241,695	$ 311,792	$ (70,097)
Sheriff Drug Fund			
Public safety	$ 11,500	$ 63,710	$ (52,210)
Volunteer Firemen Fund			
Public safety	$ -	$ 7,371	$ (7,371)
Law Library Fund			
Judicial	$ -	$ 13,306	$ (13,306)

For the year ended June 30, 2014, the County failed to adopt a budget for the Debt Service Fund and the Law Library Fund, as required by state statute. State law requires the adoption of an annual balanced budget for the general fund, each special revenue fund, each debt service fund, and requires a project length budget for each capital projects fund.

Warren County, Georgia
General Fund
Balance Sheet
June 30, 2014

	2014
Assets	
Cash and cash equivalents	$ 1,128,886
Receivables:	
Property taxes, net	218,357
Intergovernmental	120,884
Other	71,868
Prepaid items	65,166
Total Assets	$ 1,605,161
Liabilities, Deferred Inflows of Resources and Fund Balances	
Liabilities	
Accounts payable	$ 57,648
Accrued expenses	25,559
Intergovernmental payable	9,335
Interfund payables	89,881
Total Liabilities	182,423
Deferred Inflows of Resources	
Unavailable revenue: property taxes	64,265
Total Liabilities and Deferred Inflows of Resources	246,688
Fund Balances	
Nonspendable	
Prepaid items	65,166
Restricted	
Culture and recreation	15,400
Assigned	
Fiscal Year 2015 Budget	13,864
Unassigned	1,264,043
Total Fund Balances	1,358,473
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,605,161

Warren County, Georgia
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes				
General property tax	$ 1,895,000	$ 1,895,000	$ 2,053,110	$ 158,110
Vehicle property tax	72,500	72,500	110,053	37,553
Title ad valorem tax	72,500	72,500	115,265	42,765
Mobile home property tax	17,000	17,000	32,244	15,244
Railroad equipment tax	17,000	17,000	41,656	24,656
Timber tax	30,000	30,000	51,022	21,022
Transfer & recording intangible taxes	-	-	20	20
Insurance premium tax	155,000	155,000	163,476	8,476
Local option sales tax	315,000	315,000	254,644	(60,356)
Energy excise tax	-	-	32,320	32,320
Franchise taxes	-	-	903	903
Alcoholic beverage licenses/taxes	10,000	10,000	11,762	1,762
Total Taxes	2,584,000	2,584,000	2,866,475	282,475
Intergovernmental				
Federal grant funds	-	-	45,347	45,347
Columbia County library supplement	60,000	60,000	43,177	(16,823)
Nutrition Program	35,000	35,000	35,854	854
DOT transit program revenues	49,500	49,500	51,256	1,756
Total Intergovernmental	144,500	144,500	175,634	31,134
Charges for Services				
Commissions on tax collections	67,000	67,000	67,010	10
Ambulance fees	292,000	292,000	280,907	(11,093)
Landfill usage fees	20,000	20,000	28,822	8,822
Jail subsidies	40,000	40,000	5,636	(34,364)
Civil defense	6,000	6,000	-	(6,000)
Code enforcement	1,000	1,000	-	(1,000)
Rental income	-	-	980	980
Library fees	-	-	4,050	4,050
Total Charges for Services	426,000	426,000	387,405	(38,595)

Continued

Warren County, Georgia
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended June 30, 2014

Continued

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Fines, Forfeitures and Fees				
State and superior courts	$ 65,000	$ 65,000	$ 55,437	$ (9,563)
Magistrate court	16,000	16,000	18,803	2,803
Probate court	189,231	189,231	189,676	445
Total Fines, Forfeitures and Fees	270,231	270,231	263,916	(6,315)
Investment Earnings	-	-	712	712
Miscellaneous				
Penalties & interest/costs	70,000	70,000	38,557	(31,443)
Sale of surplus property	-	-	587	587
Other	50,000	50,000	13,429	(36,571)
Total Miscellaneous	120,000	120,000	52,573	(67,427)
TOTAL REVENUES	$ 3,544,731	$ 3,544,731	$ 3,746,715	$ 201,984

Warren County, Georgia
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Over (Under)
EXPENDITURES				
General Government				
Board of commissioners	$ 255,852	$ 250,579	$ 224,161	$ 26,418
Administration and accounting	276,400	276,400	279,171	(2,771)
Tax commissioner	-	123,433	118,764	4,669
Tax assessor	-	132,848	115,113	17,735
County buildings	-	217,092	311,445	(94,353)
Elections and registrar	49,478	57,987	59,768	(1,781)
Total General Government	581,730	1,058,339	1,108,422	(50,083)
Judicial				
State and superior courts	193,264	194,864	183,882	10,982
Magistrate court	13,582	30,783	30,778	5
Probate court	126,253	106,258	106,808	(550)
Total Judicial	333,099	331,905	321,468	10,437
Public Safety				
Sheriff	455,596	467,096	479,224	(12,128)
County jail	140,000	140,000	124,052	15,948
Civil division	42,370	42,370	30,492	11,878
Emergency services	407,383	437,913	436,802	1,111
Fire - intergovernmental	60,020	60,020	53,026	6,994
Code enforcement	62,584	62,584	59,809	2,775
Coroner	18,308	18,308	9,895	8,413
Total Public Safety	1,186,261	1,228,291	1,193,300	34,991
Public Works				
Landfill	205,964	205,964	170,070	35,894
Roads department	330,104	381,304	390,289	(8,985)
Total Public Works	536,068	587,268	560,359	26,909

Continued

Warren County, Georgia
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended June 30, 2014

Continued

	Original Budget	Final Budget	Actual	Variance Over (Under)
EXPENDITURES				
Health and Welfare				
Health department	$ 25,000	$ 28,000	$ 27,162	$ 838
Transportation program	99,074	99,074	78,164	20,910
Senior citizens program	93,097	93,097	86,358	6,739
Family and Children Services	6,250	6,250	8,316	(2,066)
Total Health and Welfare	223,421	226,421	200,000	26,421
Culture and Recreation				
Library	70,337	74,797	74,797	-
Total Culture and Recreation	70,337	74,797	74,797	-
Conservation of Natural Resources				
Agriculture resources	47,176	47,989	47,989	-
Forestry resources	16,000	15,997	15,996	1
Total Conservation of Natural Resources	63,176	63,986	63,985	1
Economic Development				
Economic development	25,000	25,003	25,003	-
Total Economic Development	25,000	25,003	25,003	-
Debt Service				
Principal	-	-	16,790	(16,790)
Interest	-	-	6,225	(6,225)
Total Debt Service	-	-	23,015	(23,015)
TOTAL EXPENDITURES	$ 3,019,092	$ 3,596,010	$ 3,570,349	$ 25,661

Warren County, Georgia
SPLOST 2007-2012 Fund
Balance Sheet
June 30, 2014

Assets		
Cash and cash equivalents	$	574,563
Interfund receivable		531
Total Assets	$	575,094
Liabilities and Fund Balances		
Liabilities		
Interfund payable	$	243,292
Total Liabilities		243,292
Fund Balances		
Restricted for capital projects		331,802
Total Fund Balances		331,802
Total Liabilities and Fund Balances	$	575,094

Warren County, Georgia
SPLOST 2007-2012 Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2014

Revenues	
Sales taxes	$ -
Intergovernmental	8,769
Total Revenues	8,769
Expenditures	
Capital outlay	
Public works	34,000
Public safety	3,948
Economic development	7,040
Debt service:	
Principal	37,590
Interest	3,941
Total Expenditures	86,519
(Deficiency) of Revenues (Under) Expenditures	(77,750)
Other Financing Sources	
Transfers in (out)	(5,407)
Net Change in Fund Balance	(83,157)
Fund Balance, Beginning	391,708
Prior Period Adjustment	23,251
Fund Balance, Beginning, Restated	414,959
Fund Balance, End of Year	$ 331,802

Warren County, Georgia
SPLOST 2012-2017 Fund
Balance Sheet
June 30, 2014

Assets		
Cash and cash equivalents	$	535,765
Intergovernmental receivable		37,322
Total Assets	$	573,087
Liabilities and Fund Balances		
Liabilities		
Intergovernmental payable	$	198,605
Total Liabilities		198,605
Fund Balances		
Restricted for capital projects		374,482
Total Fund Balances		374,482
Total Liabilities and Fund Balances	$	573,087

Warren County, Georgia
SPLOST 2012-2017 Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2014

Revenues		
Sales taxes	$	422,082
Investment earnings		174
Total Revenues		422,256
Expenditures		
Intergovernmental		95,670
Capital outlay		
Public works		178,905
Public safety		1,967
Culture and recreation		112,888
Debt service:		
Principal		54,204
Interest		7,142
Total Expenditures		450,776
(Deficiency) of Revenues (Under) Expenditures		(28,520)
Other Financing Sources		
Inception of capital lease obligations		119,990
Net Change in Fund Balance		91,470
Fund Balance, Beginning of Year		352,603
Prior Period Adjustment		(69,591)
Fund Balance, Beginning of Year, Restated		283,012
Fund Balance, End of Year	$	374,482

Warren County, Georgia
TSPLOST Discretionary Fund
Balance Sheet
June 30, 2014

Assets		
Cash and cash equivalents	$	739,904
Intergovernmental receivable		95,529
Interfund receivable		243,292
Total Assets	$	1,078,725
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$	-
Total Liabilities		-
Fund Balances		
Restricted for public works		1,078,725
Total Liabilities and Fund Balances	$	1,078,725

Warren County, Georgia
TSPLOST Discretionary Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Taxes - TSPLOST	$ 650,000	$ 650,000	$ 574,679	$ (75,321)
Intergovernmental - LMIG Funds	-	-	243,292	243,292
Total Revenues	650,000	650,000	817,971	167,971
Expenditures				
Current:				
Public works	850,000	850,000	-	850,000
Net Change in Fund Balances	$ (200,000)	$ (200,000)	817,971	$ 1,017,971
Fund Balances, Beginning of Year			212,348	
Prior Period Adjustment			48,406	
Fund Balances, Beginning of Year, Restated			260,754	
Fund Balances, End of Year			$ 1,078,725	

Warren County, Georgia
Revolving Loan Fund
Balance Sheet
June 30, 2014

Assets		
Cash and cash equivalents	$	234,929
Intergovernmental receivable		33,656
Total Assets	$	268,585
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$	71,632
Total Liabilities		71,632
Fund Balances		
Restricted for program purposes		196,953
Total Liabilities and Fund Balances	$	268,585

Warren County, Georgia
Revolving Loan Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Intergovernmental - Grants	$ 296,581	$ 296,581	$ 296,581	$ -
Total Revenues	296,581	296,581	296,581	-
Expenditures				
Capital Outlay				
Economic development	603,978	603,978	603,978	-
Net Change in Fund Balances	$ (307,397)	$ (307,397)	(307,397)	$ -
Fund Balances, Beginning of Year			504,350	
Fund Balances, End of Year			$ 196,953	

Warren County, Georgia
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2014

	Capital Projects Funds	Debt Service Funds	Special Revenue Funds							
	CDBG Grants Fund	**Debt Service Fund**	**E-911 Fund**	**Jail Fund**	**Sheriff Drug Fund**	**Volunteer Fireman Fund**	**Drug Abuse & Treatment**	**Planning Commission Fund**	**Law Library**	**Total**
Assets										
Cash and cash equivalents	$ -	$ 49,668	$ 7,990	$ 167,220	$ 186,037	$ 18,916	$ 21,474	$ 613	$ 43,148	$ 495,066
Receivables:										
Accounts, net	-	-	9,377	-	-	-	-	-	-	9,377
Intergovernmental	71,451	-	-	-	-	-	-	-	-	71,451
Total Assets	$ 71,451	$ 49,668	$ 17,367	$ 167,220	$ 186,037	$ 18,916	$ 21,474	$ 613	$ 43,148	$ 575,894
Liabilities										
Accounts payable	$ 71,451	$ -	$ 6,536	$ 9,233	$ -	$ -	$ 1,308	$ -	$ -	$ 88,528
Other liabilities	-	-	-	-	11,200	-	-	-	-	11,200
Total Liabilities	71,451	-	6,536	9,233	11,200	-	1,308	-	-	99,728
Fund Balances										
Restricted for program purposes	-	49,668	10,831	157,987	174,837	18,916	20,166	613	43,148	476,166
Total Liabilities and Fund Balances	$ 71,451	$ 49,668	$ 17,367	$ 167,220	$ 186,037	$ 18,916	$ 21,474	$ 613	$ 43,148	$ 575,894

Warren County, Georgia

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-major Governmental Funds

For the Year Ended June 30, 2014

	Capital Projects Funds	Debt Service Funds	Special Revenue Funds							
	CDBG Grants Fund	**Debt Service Funds**	**E-911 Fund**	**Jail Fund**	**Sheriff Drug Fund**	**Volunteer Fireman Fund**	**Drug Abuse & Treatment**	**Planning Commission Fund**	**Law Library**	**Total**
Revenues										
Intergovernmental	$ 403,126	$ -	$ 142,316	$ -	$ -	$ -	$ -	$ -	$ -	$ 545,442
Charges for services	-	-	89,426	-	-	-	-	-	-	89,426
Fines, forfeitures and fees	-	-	-	18,644	229,419	-	6,605	-	7,463	262,131
Investment earnings	-	12	-	130	-	-	-	-	-	142
Miscellaneous	-	-	-	-	-	8,607	-	-	-	8,607
Total Revenues	403,126	12	231,742	18,774	229,419	8,607	6,605	-	7,463	905,748
Expenditures										
Current:										
General government	65	36	-	-	-	-	-	-	-	101
Judicial	-	-	-	-	-	-	-	-	13,306	13,306
Public safety	-	-	311,792	9,744	11,083	7,371	4,030	-	-	344,020
Capital Outlay	403,126	-	-	-	52,627	-	-	-	-	455,753
Total Expenditures	403,191	36	311,792	9,744	63,710	7,371	4,030	-	13,306	813,180
Excess (Deficiency) of Revenues Over (Under) Expenditures	(65)	(24)	(80,050)	9,030	165,709	1,236	2,575	-	(5,843)	92,568
Other Financing (Uses)										
Transfers in (out), net	-	-	90,527	-	-	-	-	-	-	90,527
Net Change in Fund Balances	(65)	(24)	10,477	9,030	165,709	1,236	2,575	-	(5,843)	183,095
Fund Balances, Beginning	65	49,692	354	148,957	9,128	17,680	17,591	613	48,991	293,071
Fund Balances, Ending	$ -	$ 49,668	$ 10,831	$ 157,987	$ 174,837	$ 18,916	$ 20,166	$ 613	$ 43,148	$ 476,166

Warren County, Georgia
CDBG Grants Fund
Balance Sheet
June 30, 2014

Assets	
Cash and cash equivalents	$ -
Intergovernmental receivable	71,451
Total Assets	$ 71,451
Liabilities and Fund Balances	
Liabilities	
Accounts payable	$ 71,451
Total Liabilities	71,451
Fund Balances	
Restricted for capital projects	-
Total Fund Balances	-
Total Liabilities and Fund Balances	$ 71,451

Warren County, Georgia
CDBG Grants Fund
Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended June 30, 2014

Revenues	
Intergovernmental - CDBG Funds	$ 403,126
Total Revenues	403,126
Expenditures	
Current:	
General government	65
Capital outlay	
Public works	403,126
Total Expenditures	403,191
Net Change in Fund Balances	(65)
Fund Balances, Beginning of Year	65
Fund Balances, End of Year	$ -

Warren County, Georgia
Debt Service Fund
Balance Sheet
June 30, 2014

Assets	
Cash and cash equivalents	$ 49,668
Fund Balances	
Restricted for program purposes	$ 49,668

Warren County, Georgia
Debt Service Fund
Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended June 30, 2014

Revenues	
Investment earnings	$ 12
Total Revenues	12
Expenditures	
Current:	
General government	36
Total Expenditures	36
Net Change in Fund Balances	(24)
Fund Balances, Beginning of Year	49,692
Fund Balances, End of Year	$ 49,668

Warren County, Georgia
E-911 Fund
Balance Sheet
June 30, 2014

Assets		
Cash and cash equivalents	$	7,990
Accounts receivable		9,377
Total Assets	$	17,367
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$	6,536
Total Liabilities		6,536
Fund Balances		
Restricted for program purposes		10,831
Total Liabilities and Fund Balances	$	17,367

Warren County, Georgia
E-911 Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Intergovernmental revenue	$ 99,428	$ 99,428	$ 142,316	$ 42,888
Charges for services	45,000	45,000	89,426	44,426
Total Revenues	144,428	144,428	231,742	87,314
Expenditures				
Current:				
Public safety	241,695	241,695	311,792	(70,097)
Total Expenditures	241,695	241,695	311,792	(70,097)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(97,267)	(97,267)	(80,050)	17,217
Other Financing Sources (Uses)				
Transfers in	-	-	90,527	90,527
Net Change in Fund Balances	$ (97,267)	$ (97,267)	10,477	$ 107,744
Fund Balances, Beginning of Year			354	
Fund Balances, End of Year			$ 10,831	

Warren County, Georgia
Jail Fund
Balance Sheet
June 30, 2014

Assets		
Cash and cash equivalents	$	167,220
Total Assets	$	167,220
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$	9,233
Total liabilities		9,233
Fund Balances		
Restricted for program purposes		157,987
Total Liabilities and Fund Balances	$	167,220

Warren County, Georgia
Jail Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Fines, forfeitures and fees	$ 20,000	$ 20,000	$ 18,644	$ (1,356)
Investment earnings	-	-	130	130
Total Revenues	20,000	20,000	18,774	(1,226)
Expenditures				
Current:				
Public safety	115,000	115,000	9,744	105,256
Net Change in Fund Balances	$ (95,000)	$ (95,000)	9,030	$ 104,030
Fund Balances, Beginning of Year			148,957	
Fund Balances, End of Year			$ 157,987	

Warren County, Georgia
Sheriff Drug Fund
Balance Sheet
June 30, 2014

Assets		
Cash and cash equivalents	$	186,037
Total Assets	$	186,037
Liabilities and Fund Balances		
Liabilities		
Other liabilities	$	11,200
Total Liabilities		11,200
Fund Balances		
Restricted for program purposes		174,837
Total Liabilities and Fund Balances	$	186,037

Warren County, Georgia
Sheriff Drug Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Fines, forfeitures and fees	$ 6,000	$ 6,000	$ 229,419	$ 223,419
Total Revenues	6,000	6,000	229,419	223,419
Expenditures				
Current:				
Public safety	-	-	11,083	(11,083)
Capital Outlay:				
Public safety	11,500	11,500	52,627	(41,127)
Total Expenditures	11,500	11,500	63,710	(52,210)
Net Change in Fund Balances	$ (5,500)	$ (5,500)	165,709	$ 171,209
Fund Balances, Beginning of Year			9,128	
Fund Balances, End of Year			$ 174,837	

Warren County, Georgia
Volunteer Firemen Fund
Balance Sheet
June 30, 2014

Assets	
Cash and cash equivalents	$ 18,916
Fund Balances	
Restricted for program purposes	$ 18,916

Warren County, Georgia
Volunteer Firemen Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Miscellaneous	$ 2,000	$ 2,000	$ 8,607	$ 6,607
Total Revenues	2,000	2,000	8,607	6,607
Expenditures				
Current:				
Public safety	-	-	7,371	(7,371)
Net Change in Fund Balances	$ 2,000	$ 2,000	1,236	$ (764)
Fund Balances, Beginning of Year			17,680	
Fund Balances, End of Year			$ 18,916	

Warren County, Georgia
Drug Abuse T&E Fund
Balance Sheet
June 30, 2014

Assets	
Cash and cash equivalents	$ 21,474
Total Assets	$ 21,474
Liabilities and Fund Balances	
Liabilities	
Accounts payable	$ 1,308
Total Liabilities	1,308
Fund Balances	
Restricted for program purposes	20,166
Total Fund Balances	20,166
Total Liabilities and Fund Balances	$ 21,474

Warren County, Georgia
Drug Abuse T&E Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Fines, forfeitures and fees	$ 1,000	$ 1,000	$ 6,605	$ 5,605
Total Revenues	1,000	1,000	6,605	5,605
Expenditures				
Current:				
Public safety	20,000	20,000	4,030	15,970
Net Change in Fund Balances	$ (19,000)	$ (19,000)	2,575	$ 21,575
Fund Balances, Beginning of Year			17,591	
Fund Balances, End of Year			$ 20,166	

Warren County, Georgia
Planning Commission Fund
Balance Sheet
June 30, 2014

Assets	
Cash and cash equivalents	$ 613
Total Assets	$ 613
Fund Balances	
Restricted for program purposes	$ 613
Total Fund Balances	$ 613

Warren County, Georgia
Planning Commission Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Miscellaneous	$ -	$ -	$ -	$ -
Expenditures				
Current:				
Housing and development	-	-	-	-
Net Change in Fund Balances	$ -	$ -	-	$ -
Fund Balances, Beginning of Year			613	
Fund Balances, End of Year			$ 613	

Warren County, Georgia
Law Library Fund
Balance Sheet
June 30, 2014

Assets	
Cash and cash equivalents	$ 43,148
Fund Balance	
Restricted for program purposes	$ 43,148

Warren County, Georgia
Law Library Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2014

Revenues	
Fines, forfeitures and fees	$ 7,463
Expenditures	
Current:	
Judicial	13,306
Net Change in Fund Balance	(5,843)
Fund Balance, Beginning of Year	48,991
Fund Balance, End of Year	$ 43,148

Warren County, Georgia
Water and Sewer Fund
Statement of Net Position
June 30, 2014

ASSETS		
Current Assets:		
Cash and cash equivalents	$	6,169
Restricted assets - cash		30,605
Total Current Assets		36,774
Noncurrent Assets:		
Capital Assets:		
Nondepreciable		437,126
Depreciable, net		3,535,879
Total Noncurrent Assets		3,973,005
TOTAL ASSETS		4,009,779
LIABILITIES		
Current Liabilities:		
Interfund payable		531
Notes payable		5,351
Revenue bond payable		5,434
Total Current Liabilities		11,316
Long-Term Liabilities:		
Notes payable (net of current portion)		64,410
Revenue bond payable (net of current portion)		347,240
Total Long-Term Liabilities		411,650
TOTAL LIABILITIES		422,966
Net Position		
Net investment in capital assets		3,550,570
Restricted for debt service		30,605
Unrestricted		5,638
TOTAL NET POSITION	$	3,586,813

Warren County, Georgia
Water and Sewer Fund
Statement of Revenues,
Expenses and Changes in Net Position
For the Year Ended June 30, 2014

Operating Revenues	
Charges for services	$ -
Miscellaneous	887
Total Operating Revenues	887
Operating Expenses	
Cost of water	138
Other	2,772
Depreciation	105,018
Total Operating Expenses	107,928
Operating Income (Loss)	(107,041)
Non-Operating Revenues (Expenses)	
Interest and fiscal charges	(17,450)
Investment earnings	5
Total Non-Operating Revenues (Expenses)	(17,445)
Income (Loss) Before Transfers and Capital Contributions	(124,486)
Transfers in (out)	5,407
Capital contributions	437,126
Change in Net Position	318,047
Net Position, Beginning of Year	3,107,385
Prior Period Adjustment	161,381
Net Position, Beginning of Year, Restated	3,268,766
Net Position, End of Year	$ 3,586,813

Warren County, Georgia
Combining Statement of Changes in Assets and Liabilities
Fiduciary Funds
For The Year Ended June 30, 2014

Clerk of Court	Beginning Balance (Restated)	Additions	Deductions	Eliminations	Ending Balance
Assets					
Cash	$ 35,912	$ 246,244	$ 240,562	$ 4,300	$ 37,294
Liabilities					
Interfund payable	$ -	$ 66,679	$ 62,379	$ 4,300	$ -
Due to others	35,912	179,565	178,183	-	37,294
Total Liabilities	$ 35,912	$ 246,244	$ 240,562	$ 4,300	$ 37,294

Probate Court	Beginning Balance (Restated)	Additions	Deductions	Eliminations	Ending Balance
Assets					
Cash	$ 53,901	$ 278,276	$ 286,963	$ 18,408	$ 26,806
Liabilities					
Interfund payable	$ -	$ 210,715	$ 192,307	$ 18,408	$ -
Due to others	53,901	67,561	94,656	-	26,806
Total Liabilities	$ 53,901	$ 278,276	$ 286,963	$ 18,408	$ 26,806

Tax Commissioner	Beginning Balance	Additions	Deductions	Eliminations	Ending Balance
Assets					
Cash	$ 112,912	$ 6,097,700	$ 5,660,795	$ 378,021	$ 171,796
Liabilities					
Interfund payable	$ -	$ 2,309,638	$ 1,931,617	$ 378,021	$ -
Due to others	112,912	3,788,062	3,729,178	-	171,796
Total Liabilities	$ 112,912	$ 6,097,700	$ 5,660,795	$ 378,021	$ 171,796

Continued

Warren County, Georgia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For The Year Ended June 30, 2014

Continued

Magistrate Court	Beginning Balance (Restated)	Additions	Deductions	Eliminations	Ending Balance
Assets					
Cash	$ 3,564	$ 68,822	$ 60,245	$ 305	$ 11,836
Liabilities					
Interfund payable	$ -	$ 9,403	$ 9,098	$ 305	$ -
Due to others	3,564	59,419	51,147	-	11,836
Total Liabilities	$ 3,564	$ 68,822	$ 60,245	$ 305	$ 11,836

Total	Beginning Balance	Additions	Deductions	Eliminations	Ending Balance
Assets					
Cash	$ 206,289	$ 6,691,042	$ 6,248,565	$ 401,034	$ 247,732
Liabilities					
Interfund payable	$ -	$ 2,596,435	$ 2,195,401	$ 401,034	$ -
Due to others	206,289	4,094,607	4,053,164	-	247,732
Total Liabilities	$ 206,289	$ 6,691,042	$ 6,248,565	$ 401,034	$ 247,732

Warren County, Georgia
SECTION 5311 TRANSPORTATION PROGRAM
STATEMENT OF REVENUES AND EXPENDITURES
For the Year Ended June 30, 2014

Contract Number T004723
Grant Number GA-18-4033

REVENUES		
Reimbursements received from GA Department of Transportation	$	42,764
Participant contributions		3,140
TOTAL		45,904
EXPENDITURES		
Salaries and Fringe Benefits		
Administrative		14,687
Operating		41,513
Operating Expenditures		
Fuel and operational supplies		17,011
Vehicle maintenance		3,833
Telephone		929
Other operating expenses		647
TOTAL		78,620
Revenues in Excess of (less than) Expenditures	$	(32,716)

* * The revenues and expenditures listed above are actual expenditures for the periods shown. In some instances, these amounts will exceed the amounts reported on the monthly reimbursement requests submitted. This occurs due to the fact that once an expenditure classification exceeds its budget, actual expenditures incurred are no longer included on the reimbursement request.

Warren County, Georgia
Schedule of Projects Funded
with Special Sales Tax Proceeds (2007-2012)
For the Year Ended June 30, 2014

Special Sales Tax Imposed July 1, 2007	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percent Completed
			Prior Years (Restated)	Current Year	Total	
Warren County						
Roads and bridges ***	$ 1,216,000	$ 1,094,506	$ 1,068,482	$ 22,935	$ 1,091,417	99.7%
Water and sewer projects **	349,400	314,526	115,362	39,407	154,769	49.2%
Economic development	384,000	345,633	194,668	7,040	201,708	58.4%
Emergency services ***	212,480	191,251	163,008	22,544	185,552	97.0%
Recreation projects	384,000	345,633	313,642	-	313,642	90.7%
	2,545,880	2,291,549	1,855,162	91,926	1,947,088	
Intergovernmental						
City of Warrenton	431,360	388,261	388,261	-	388,261	100.0%
City of Norwood	111,360	100,234	100,234	-	100,234	100.0%
Town of Camak	111,360	100,234	100,234	-	100,234	100.0%
	654,080	588,729	588,729	-	588,729	
TOTAL	$ 3,199,960	$ 2,880,278	$ 2,443,891	$ 91,926	$ 2,535,817	

** - For for certain projects, expenditures are netted with related grant revenues.

*** - For assets acquired through capital leases, capital acquisition costs are netted with obligations incurred and expenditures are recognized as debt service payments are made.

Warren County, Georgia
Schedule of Projects Funded
with Special Sales Tax Proceeds (2012-2017)
For the Year Ended June 30, 2014

Special Sales Tax Imposed July 1,2012	Original Estimated Cost	Expenditures: Prior Years (Restated)	Expenditures: Current Year	Expenditures: Total	Estimated Percent Completed
Warren County					
Roads and bridges ***	$ 912,000	$ -	$ 120,262	$ 120,262	11.0%
Water and sewer projects	374,400	-	-	-	0.0%
Economic development	320,000	-	-	-	0.0%
Emergency services	265,600	-	1,967	1,967	1.0%
Recreation projects	640,000	20,799	112,887	133,686	38.7%
	2,512,000	20,799	235,116	255,915	
Intergovernmental					
City of Warrenton	457,600	65,556	63,630	129,186	33.3%
City of Norwood	115,200	16,502	16,020	32,522	32.4%
Town of Camak	115,200	16,503	16,020	32,523	32.4%
	688,000	98,561	95,670	194,231	
TOTAL	$ 3,200,000	$ 119,360	$ 330,786	$ 450,146	

*** - For assets acquired through capital leases, capital acquisition costs are netted with obligations incurred and expenditures are recognized as debt service payments are made.

Warren County, Georgia
COMMUNITY DEVELOPMENT BLOCK GRANT
CDBG No. 12p-y-149-1-5462
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
For the Year Ended June 30, 2014

SOURCE OF FUNDS:		
CDBG funds drawn down by recipient and accrued during fiscal year ended June 30, 2014		$ 403,126
APPLICATION OF FUNDS:		
General government	$ 65	
Sewer Facilities	403,126	403,191
SOURCE OF FUNDS IN EXCESS OF (LESS THAN) APPLICATION		$ (65)

Warren County, Georgia
COMMUNITY DEVELOPMENT BLOCK GRANT
CDBG No. 12p-y-149-1-5462
STATEMENT OF PROJECT COST - BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	TOTAL BUDGETED COSTS	PROJECT COSTS PRIOR TO FYE 6/30/2014 (RESTATED)	ACTUAL COSTS FYE 6/30/2014	TOTAL PROJECT COSTS TO DATE	(OVER) UNDER BUDGET
Sewer Improvement Project	$ 500,000	$ 21,534	$ 403,191	$ 424,725	$ 75,275
Total	$ 500,000	$ 21,534	$ 403,191	$ 424,725	$ 75,275

Warren County, Georgia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Identification Number	Expenditures
U. S. Department of Housing and Urban Development			
Passed through Georgia Department of Community Affairs			
CDBG Block Grant – State Administered	14.228	12p-y-149-2-5462	$ 403,126
Redevelopment Fund Program	14.228	11rd-y-149-1-5515	296,581
Total U. S. Department of Housing and Urban Development			**699,707**
U. S. Department of Justice			
Passed through Criminal Justice Coordinating Council			
JAG Program Cluster			
ARRA Edward Byrne Memorial Justice Assistance Grant	16.803	B82-8-403	8,658
Total U. S. Department of Justice			**8,658**
U. S. Department of Transportation			
Passed through Georgia Department of Transportation			
Formula Grants for Rural Areas	20.509	GA-18-4033	42,764
Total U. S. Department of Transportation			**42,764**
U. S. Department of Health and Human Services			
Passed through CSRA RC			
Special Programs for the Aging Title III, Part B	93.045	PSA08-FY14-3010	35,854
Total U. S. Department of Health and Human Services			**35,854**

Warren County, Georgia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Identification Number	Expenditures
U. S. Department of Homeland Security			
Passed through Georgia Emergency Management Agency:			
Disaster Grants-Public Assistance	97.036	FEMA-4165-DR-GA	$ 55,944
Hazard Mitigation Grant	97.039	HMGP-1858-0020	5,108
Emergency Management Performance Grant	97.042	OEM12-151	6,456
Total U. S. Department of Homeland Security			**67,508**
Total Expenditures of Federal Awards			**$ 854,491**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The Schedule of Expenditures of Federal Awards is prepared using the modified accrual basis of accounting.

Measurement Focus – The determination of when an award is expended is based on when the activity related to the award occurs.

Program Type Determination – Type A programs are defined as Federal programs with Federal expenditures in excess of $ 300,000 or three percent of total Federal expenditures. The threshold of $ 300,000 was used in determining between Type A and Type B programs.

Method of Major Program Selection – The risk based approach was used in the selection of Federal programs to be tested as major programs. The County did not qualify as a low-risk auditee for the fiscal year ended June 30, 2014.

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

Honorable Chairman and Members of the
Board of Commissioners of Warren County
Warrenton, 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, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Warren County, Georgia, (the County) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 19, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control 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 over financial reporting that we consider to be material weaknesses.

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 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. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2014-01 through 2014-03 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2014-04 and 2014-05.

We noted certain additional matters that we reported to the management of Warren County, Georgia, in a separate letter dated June 19, 2015.

Warren County, Georgia's Responses to Findings

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

Purpose of this Report

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.

Jones, Jones, Davis & Associates

Louisville, Georgia
June 19, 2015

JONES, JONES, DAVIS & ASSOCIATES

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Honorable Chairman and Members of the
Board of Commissioners of Warren County
Warrenton, Georgia

Report on Compliance for Each Major Federal Program

We have audited Warren County, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Warren County, Georgia's major federal programs for the year ended June 30, 2014. Warren County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Warren County, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Warren County, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Warren County, Georgia's compliance.

Opinion on Each Major Federal Program

In our opinion, Warren County, Georgia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Warren County, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Warren County, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Warren County, Georgia's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Jones, Jones, Davis & Associates

Louisville, Georgia
June 19, 2015

Section 1. – Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Warren County, Georgia.

2. Three deficiencies disclosed during the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. The deficiencies are reported as material weaknesses.

3. Two instances of noncompliance material to the financial statements disclosed during the audit of the financial statements are reported in the 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.*

4. No deficiencies related to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133.

5. The auditor's report on compliance for the major federal award programs for Warren County, Georgia expresses an unmodified opinion on all major federal programs.

6. There were no audit findings relative to major federal award programs for Warren County, Georgia that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.

7. The programs tested as major programs include:

U. S. Department of Housing and Urban Development

CDBG Block Grant – State Administered	14.228
Redevelopment Fund Program	14.228

U. S. Department of Justice

**ARRA - Edward Byrne Memorial Justice Assistance Grant Program	16.803

8. The threshold for distinguishing between type A and type B programs was $ 300,000.

9. Warren County, Georgia did not qualify as a low-risk auditee for the fiscal year ended June 30, 2014.

Section 2. - Financial Statement Findings

Findings - Internal Control

Material Weakness

2014-1 Lack of Segregation of Duties

Condition: There is not adequate segregation of duties between the recording, processing, distribution and reconciliation of cash accounts and other operational functions in the various funds, departments, and offices maintained by the County.

Criteria: A properly designed and effective system of internal control requires that there are a sufficient number of properly trained, skilled personnel to be able to segregate duties and responsibilities among personnel so that individuals initiating, verifying, reviewing, approving, recording or processing financial transactions are not performed by the same individual.

Effect: Errors, intentional or otherwise, and fraud could occur in the processing of financial transactions and the preparation of financial statements.

Cause: The material weakness is the result of the County not having sufficient personnel to provide an optimum level of appropriate segregation of duties and responsibilities between recording, processing, distribution and reconciliation of cash accounts and other operational functions in the various funds, departments, and offices maintained by the County.

Recommendation: Management should adopt policies and procedures to promote segregation of duties. Management should continue to monitor this situation and use alternative control measures where available to assist in safeguarding the County's assets.

Management's Response: Management concurs with the finding. The County will continue to evaluate the costs and related benefits of adding additional personnel to alleviate this issue. Management has implemented compensating controls to the extent practical.

Finding 2014-2 Processing and Recording of Accounting Transactions

Condition: The County did not properly record all cash receipts and payroll-related activity in its accounting records.

Criteria: All funds received and all expenditures incurred by the County should be recorded in the proper fund in the County's accounting records.

Effect: Failure to properly record all transactions in the County's accounting records can result in incorrect financial information being distributed, as well as failure to properly safeguard the County's assets.

Section 2. - Financial Statement Findings (Cont'd)

Recommendation: The County should record the receipt of all funds and all expenditures incurred on a timely basis into the proper fund. Payroll-related activity should be reconciled consistently to the County's accounting records in a timely manner.

Management's Response: Management concurs with the finding. Management will take steps to properly record all funds received and all expenditures incurred, as well as reconcile all payroll activity to our accounting records.

Finding 2014-3 Debt Service Reserve Fund Deficiency

Condition: The County did not adequately establish and maintain debt service funds to meet the requirements set forth in the respective debt agreement or bond indenture.

Criteria: Controls must be in place to ensure that debt service reserve funds are maintained in compliance with debt agreements or bond indentures.

Effect: Failure to properly establish and maintain debt service funds that meet the obligation requirements set forth in debt agreements or bond indentures can result in potential default on the debt, as well as the reporting of incorrect financial information.

Recommendation: The County should review all debt agreements and bond indentures to ensure that it met all required obligations established in the debt agreements or bond indentures, including properly establishing and maintaining adequate debt service reserve funds.

Management's Response: Management concurs with the finding. Management has identified the reserve requirements and will take steps to fund reserve accounts with accordance debt requirements.

Findings - Compliance

2014-04 State Budgetary Requirements

Condition: The County violated state law by expending funds in excess of budgeted amounts at the legal level of authority. The County's legal level of authority is the department level. Expenditures exceeded budgeted amounts in the general fund general government and debt service departments, the E-911 fund public safety department, the sheriff drug fund public safety department. The County failed to adopt a budget for the debt service fund and the law library fund.

Criteria: State law mandates that actual expenditures should not exceed amounts appropriated through the budgeting process at the entity's legal level of control.

Effect: Failure to continually compare actual expenditures to budgeted amounts to ensure that budgeted expenditures are not exceeded can result in expenditures in excess of budgeted amounts.

Section 2. - Financial Statement Findings (Cont'd)

Recommendations: Management should continually monitor actual expenditures to budgeted amounts to ensure that violations of this statue do not occur. Budgets should be amended as necessary to reflect changes in anticipated revenues and expenditures throughout the year.

Management's Response: Management agrees with the finding and will take steps to adopt a budget for all required funds. Additionally, management will monitor budgets more closely and make budget amendments when necessary.

2014-5 Commingling of SPLOST Funds

Criteria: SPLOST proceeds shall be accounted for separately as specified in the resolution calling for imposition of the tax.

Condition: The County failed to adequately account for SPLOST proceeds in separate funds or accounts as specified in the resolution.

Effect: Failure to separately account for SPLOST funds in accordance with the resolution is a violation of state law.

Recommendation: The County should separately account for SPLOST funds as specified in the resolutions.

Management's Response: Management concurs with this finding. Subsequent to year end, the County completed an analysis of funds and took steps to segregate its SPLOST funds accordingly.

Section 3. – Federal Award Findings and Questioned Costs

No findings on questioned costs were noted for the year ended June 30, 2014 that are required to be reported in accordance with OMB Circular A-133 guidance.