**WHEELER COUNTY, GEORGIA**
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
**DECEMBER 31, 2013**




HILLIARD & MILTON, LLC
Certified Public Accountants
Certified Internal Auditors
Certified Government Auditing Professionals

**WHEELER COUNTY, GEORGIA**
**FINANCIAL STATEMENTS**

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**FINANCIAL STATEMENTS**

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# I. FINANCIAL SECTION

- **INDEPENDENT AUDITOR'S REPORT**
- **BASIC FINANCIAL STATEMENTS**

HILLIARD & MILTON, LLC
A Professional Services Firm of:
Certified Public Accountants
Certified Government Auditing Professionals
Certified Internal Auditors

Partners:
David Hilliard, CPA
Chris Milton, CPA, CIA, CGAP

18 S. Third Ave.
McRae, GA 31055

# INDEPENDENT AUDITOR'S REPORT

Wheeler County Board of Commissioners
Wheeler County, Georgia
Alamo, Georgia 30411

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Wheeler County, Georgia, as of and for the year ended December 31, 2013, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

***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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

***Opinions***
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the discretely presented component unit and the aggregate remaining fund information of Wheeler County, Georgia, as of December 31, 2013, and the respective changes in financial position in conformity with accounting principles generally accepted in the United States of America.

***Other Matters***
*Required Supplementary Information*

Wheeler County, Georgia did not present the Management's Discussion and Analysis for the year ended December 31, 2013 required by the Government Accounting Standards Board. The omission of the Management's Discussion and Analysis does not affect the conclusion regarding the fair presentation of the financial statements.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information identified in the Required Supplementary Information section of the accompanying table of contents 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 or economic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wheeler County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and the budgetary schedules presented on pages 30 through 36 are presented for purposes of additional analysis and are not a required part of the basic financial statements. These statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2014, on our consideration of Wheeler County, Georgia's internal control structure over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

In the conduct of our audit, we verified and tested expenditures of each project constructed or under construction, which were identified in the resolution or ordinance calling for imposition of the special sales and use tax authorized by OCGA, Section 48-8-110. The accompanying Schedule of Special Purpose Local Option Sales Tax on page 37 lists each project and contains the information required by OCGA, Section 48-8-121. In our opinion this Schedule presents fairly the original estimated cost of each project, expenditures incurred and the estimated percentage of completion of each project through December 31, 2013 and in our opinion, are fairly stated in all material respects, in relation to the financial statements taken as a whole.

Hilliard & Milton, LLC

McRae, Georgia

June 16, 2014

**WHEELER COUNTY, GEORGIA**
**STATEMENT OF NET POSITION**
**DECEMBER 31, 2013**

| | Primary Government | | Component Unit |
|---|---|---|---|
| | Governmental Activities | Prior Year | Wheeler County Public Health Center |
| **ASSETS** | | | |
| Cash and cash equivalents | $ 1,550,119 | $ 2,039,432 | $ 253,739 |
| Taxes receivable - | | | |
| net of uncollectible accounts | 350,029 | 2,188,698 | - |
| Other receivables | 13,321 | 26,765 | - |
| Capital assets: | | | |
| Nondepreciable | 810,779 | 378,505 | - |
| Depreciable, net | 2,083,567 | 1,995,051 | 528 |
| Total assets | 4,807,815 | 6,628,451 | 254,267 |
| **LIABILITIES** | | | |
| Accounts payable | 52,074 | 36,449 | - |
| Other liabilities | 4,862 | 4,937 | 23,375 |
| Tax anticipation note payable | 340,000 | 540,000 | - |
| Noncurrent liabilities: | | | |
| Due within one year | 137,300 | 133,700 | - |
| Due in more than one year | 433,700 | 571,000 | - |
| Total liabilities | 967,936 | 1,286,086 | 23,375 |
| **NET POSITION** | | | |
| Net investment in capital assets | 2,323,346 | 1,668,856 | 528 |
| Restricted | | | |
| SPLOST | 487,326 | 1,064,823 | - |
| Transportation SPLOST | 200,421 | - | - |
| Multi-grant | 3,067 | 3,067 | - |
| Expendable Trust | 15,860 | 11,217 | - |
| Prior year program income | - | - | 25,629 |
| Unrestricted | 809,859 | 2,594,402 | 204,735 |
| Total net position | $ 3,839,879 | $ 5,342,365 | $ 230,892 |

The accompanying Notes to Financial Statements are an integral part of these statements.

**WHEELER COUNTY, GEORGIA**
**STATEMENT OF ACTIVITIES**
**FOR THE YEAR ENDED DECEMBER 31, 2013**

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions |
|---|---|---|---|
| **Primary government -** | | | |
| Governmental activities: | | | |
| General government | $ 782,951 | $ 34,251 | $ - |
| Judicial | 361,290 | 164,214 | - |
| Public safety | 1,103,679 | 44,275 | 9,766 |
| Public works | 1,067,081 | 41,979 | - |
| Health and welfare | 172,606 | 84,862 | - |
| Culture and recreation | 116,569 | 6,400 | - |
| Housing and development | 93,275 | - | - |
| Interest on long-term debt | 45,331 | - | - |
| Total primary government | $ 3,742,782 | $ 375,981 | $ 9,766 |
| **Component unit -** | | | |
| Wheeler County Public Health Center | $ 273,545 | $ 90,274 | $ 169,372 |
| Total component units | $ 273,545 | $ 90,274 | $ 169,372 |

General revenues:
Property taxes
Transfer taxes
Railroad equipment taxes
Sales taxes
Hotel and motel taxes
Beer and wine taxes
Insurance premium taxes
Intra/inter agency
Other local funds
Interest income

Total general revenues

Change in net position

Net position - beginning

Net position - ending

| Program Revenues | Net (Expense) Revenue and Changes in Net Position | | |
|---|---|---|---|
| | Primary Government | | Component Unit |
| Capital Grants and Contributions | Governmental Activities | Prior Year | Wheeler County Public Health Center |
| $ - | $ (748,700) | $ (530,843) | |
| - | (197,076) | (183,446) | |
| 42,448 | (1,007,190) | (825,022) | |
| - | (1,025,102) | (1,024,951) | |
| - | (87,744) | (143,699) | |
| - | (110,169) | (109,848) | |
| - | (93,275) | (80,492) | |
| - | (45,331) | (23,062) | |
| $ 42,448 | (3,314,587) | (2,921,363) | |
| $ - | | | $ (13,899) |
| $ - | | | (13,899) |
| | 588,603 | 2,175,146 | - |
| | 5,606 | 4,977 | - |
| | 6,559 | 6,638 | - |
| | 999,844 | 788,090 | - |
| | 26,472 | 30,872 | - |
| | 4,469 | 5,344 | - |
| | 178,198 | 171,453 | - |
| | - | - | 52,308 |
| | - | - | 577 |
| | 2,350 | 3,821 | - |
| | 1,812,101 | 3,186,341 | 52,885 |
| | (1,502,486) | 264,978 | 38,986 |
| | 5,342,365 | 5,077,387 | 191,906 |
| | $ 3,839,879 | $ 5,342,365 | $ 230,892 |

The accompanying Notes to Financial Statements are an integral part of these statements.

**WHEELER COUNTY, GEORGIA**
**BALANCE SHEET**
**GOVERNMENTAL FUNDS**
**DECEMBER 31, 2013**

| | General | SPLOST 2011 | Transportation SPLOST | Nonmajor Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and cash equivalents | $ 865,702 | $ 377,166 | $ 181,691 | $ 125,560 | $ 1,550,119 |
| Taxes receivable - net of uncollectible accounts | 295,695 | 35,604 | 18,730 | - | 350,029 |
| Other receivables | 13,321 | - | - | - | 13,321 |
| Due from other funds | 32,077 | - | - | - | 32,077 |
| Total assets | $ 1,206,795 | $ 412,770 | $ 200,421 | $ 125,560 | $ 1,945,546 |
| **LIABILITIES** | | | | | |
| Accounts payable | $ 52,074 | $ - | $ - | $ - | $ 52,074 |
| Other liabilities | 4,862 | - | - | - | 4,862 |
| Due to other funds | - | 32,077 | - | - | 32,077 |
| Tax anticipation note payable | 340,000 | - | - | - | 340,000 |
| Total liabilities | 396,936 | 32,077 | - | - | 429,013 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | |
| Unavailable revenue - property taxes | 314,724 | - | - | - | 314,724 |
| Total deferred inflows of resources | 314,724 | - | - | - | 314,724 |
| **FUND BALANCES** | | | | | |
| Restricted: | | | | | |
| SPLOST | - | 380,693 | - | 106,633 | 487,326 |
| Transportation SPLOST | - | - | 200,421 | - | 200,421 |
| Multipurpose grant | - | - | - | 3,067 | 3,067 |
| Expendable trust | - | - | - | 15,860 | 15,860 |
| Unassigned | 495,135 | - | - | - | 495,135 |
| Total fund balances | 495,135 | 380,693 | 200,421 | 125,560 | 1,201,809 |
| Total liabilities, deferred inflows inflows of resources and fund balances | $ 1,206,795 | $ 412,770 | $ 200,421 | $ 125,560 | $ 1,945,546 |

The accompanying Notes to Financial Statements are an integral part of these statements.

**WHEELER COUNTY, GEORGIA**
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**
**DECEMBER 31, 2013**

| | | |
|---|---|---|
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Total governmental fund balance (page 5) | | $ 1,201,809 |
| Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. | | |
| Cost of capital assets | $ 5,310,333 | |
| Less accumulated depreciation | (2,415,987) | 2,894,346 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds. | | 314,724 |
| Long-term liabilities, such as bonds payable and capital leases are not due and payable in the current period and, therefore, are not reported in the funds. | | |
| Bonds payable | | (571,000) |
| Net position of governmental activities (page 3) | | $ 3,839,879 |

The accompanying Notes to Financial Statements are an integral part of these statements.

**WHEELER COUNTY, GEORGIA**
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**
**GOVERNMENTAL FUNDS**
**FOR THE YEAR ENDED DECEMBER 31, 2013**

| | General | SPLOST 2011 | Transportation SPLOST | Nonmajor Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| General property taxes | $ 1,858,578 | $ - | $ - | $ - | $ 1,858,578 |
| Other taxes | 559,392 | 434,863 | 200,421 | 26,472 | 1,221,148 |
| Licenses and permits | 1,250 | - | - | - | 1,250 |
| Intergovernmental | 107,653 | - | - | - | 107,653 |
| Interest income | 2,350 | - | - | - | 2,350 |
| Other income | 312,892 | - | - | 6,400 | 319,292 |
| Total revenues | 2,842,115 | 434,863 | 200,421 | 32,872 | 3,510,271 |
| **EXPENDITURES** | | | | | |
| Current: | | | | | |
| General government | 756,590 | - | - | 794 | 757,384 |
| Judicial | 360,196 | - | - | - | 360,196 |
| Public safety | 997,819 | - | - | - | 997,819 |
| Public works | 845,733 | - | - | - | 845,733 |
| Health and welfare | 163,396 | - | - | - | 163,396 |
| Culture and recreation | 93,827 | - | - | 1,757 | 95,584 |
| Housing and development | 67,597 | - | - | 25,678 | 93,275 |
| Intergovernmental | - | 162,774 | - | - | 162,774 |
| Debt service: | | | | | |
| Principal | - | 133,700 | - | - | 133,700 |
| Interest | 26,867 | 18,464 | - | - | 45,331 |
| Capital outlay: | | | | | |
| General government | 10,395 | - | - | - | 10,395 |
| Public safety | 20,485 | 678,355 | - | 17,167 | 716,007 |
| Public works | 6,642 | - | - | - | 6,642 |
| Culture and recreation | - | 1,900 | - | - | 1,900 |
| Health and welfare | 7,136 | - | - | - | 7,136 |
| Total expenditures | 3,356,683 | 995,193 | - | 45,396 | 4,397,272 |
| Net change in fund balances | (514,568) | (560,330) | 200,421 | (12,524) | (887,001) |
| Fund balances, beginning | 1,009,703 | 941,023 | - | 138,084 | 2,088,810 |
| Fund balances, ending | $ 495,135 | $ 380,693 | $ 200,421 | $ 125,560 | $ 1,201,809 |

The accompanying Notes to Financial Statements are an integral part of these statements.

**WHEELER COUNTY, GEORGIA**
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
**GOVERNMENTAL FUNDS**
**FOR THE YEAR ENDED DECEMBER 31, 2013**

| | | |
|---|---|---|
| Amounts reported for governmental activities in the statement of activities (page 4) are different because: | | |
| Net change in fund balances - total governmental funds (page 7) | | $ (887,001) |
| 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 and reported as depreciation expense. | | |
| Capital outlay | $ 742,080 | |
| Depreciation expense | (221,290) | 520,790 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Property taxes: | | |
| Unavailable revenue - property taxes at December 31, 2012 | $ (1,584,699) | |
| Unavailable revenue - property taxes at December 31, 2013 | 314,724 | (1,269,975) |
| The issuance of long-term debt (e.g. bonds, leases), provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items. | | |
| Loan proceeds | $ - | |
| Repayment of long-term debt | 133,700 | 133,700 |
| Change in net position of governmental activities (page 4) | | $ (1,502,486) |

The accompanying Notes to Financial Statements are an integral part of these statements.

**WHEELER COUNTY, GEORGIA**
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**
**AGENCY FUNDS**
**DECEMBER 31, 2013**

| | | |
|---|---|---|
| **ASSETS** | | |
| Cash | $ | 141,283 |
| Taxes receivable (net allowance for uncollectible accounts) | | 245,120 |
| Total assets | $ | 386,403 |
| **LIABILITIES** | | |
| Other liabilities | $ | 386,403 |
| Total liabilities | $ | 386,403 |

The accompanying Notes to Financial Statements are an integral part of these statements.

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

### B. Reporting entity

Wheeler County, Georgia (the County), was incorporated August 14, 1912, under provisions of the laws of the State of Georgia. The County operates under a three member board of commissioners form of government and provides the following services in addition to general administrative responsibilities: public safety, construction and maintenance of roads and bridges, health and sanitation.

In evaluating the County as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the County may be financially accountable and, as such, should be included within the County's financial statements. The County (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the County. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The component units are discretely presented and are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

A brief descriptions of the discretely presented component unit follows:

**Wheeler County Board of Health** - Provides for various health services for citizens in Wheeler County under a contract with the Georgia Department of Public Health. The County appoints the majority of the Board of Directors and has a significant relationship with the Board of Health. The Health Department is reported on a June 30, 2013 fiscal year. Complete financial statements for the Health Department may be obtained from its administrative office by calling 912-568-7161.

Governmental accounting standards require reasonable separation between the Primary Government and it's discretely presented component units, both in the financial statements and in the related notes and required supplementary information. Because the discretely presented component unit, although legally separate, have been and are operated as if it is part of the primary government, there are limited instances where special note reference or separation will be required. If no separate note reference or categorization is made, the user should assume that information presented is equally applicable.

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### C. Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities (as applicable) incorporate data from the government's enterprise fund. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the County has one discretely presented component unit. While it is not considered to be a major component unit, it is nevertheless shown in a separate column in the government-wide financial statements.

### D. Basis of presentation – fund financial statements

The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category - governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

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

**SPLOST 2011 Capital Projects Fund** accounts for 1% sales tax proceeds required to be used for capital outlay for equipment and infrastructure enhancement purposes as authorized by local referendum.

**Transportation SPLOST** accounts for the 1% regional sales tax proceeds receive as part of the Transportation Investment Act to be used for capital outlay for highway and street enhancement projects.

Additionally, the County reports the following fund types:

**Capital Projects Funds** - Used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**Special Revenue Funds** - Used to account for the proceeds of revenue sources other than special assessments, or major capital projects that are legally restricted to expenditures for specified purposes.

**Agency Funds** - Used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

During the course of operations the County may have activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity may occur during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, (as applicable) balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

### E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the County.

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The agency funds have no measurement focus but utilizes the *accrual basis of accounting* for reporting their assets and liabilities.

### F. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. ***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.

   State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and investment pools. Investments in non-negotiable certificates of deposit are stated using a cost-based measure.

2. ***Short-term Interfund Receivables/Payables*** - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The purpose of the interfund balances is to account for those transactions that have not been settled as of the financial statement date. These receivables and payables are classified as "due from other funds" or "due to other funds" on the respective fund's balance sheet and as internal balances on the statement of net position. All interfund balances shown are expected to be settled within one year.

3. ***Taxes Receivable and Other Receivables*** - Taxes receivable and other receivables, are shown net of an allowance for uncollectible accounts. The allowance for general government accounts receivable is derived from the age of the individual receivable and consists of a percentage of the receivable, based upon actual historical losses.

4. ***Prepaid Items*** - Payments made to vendors for services that will benefit periods beyond December 31, 2013, are recorded as prepaid items.

5. ***Bond Issuance Costs*** – On the government-wide statement of net assets bond issuance costs are reported as deferred charges. On the government-wide statement of activities, bond issuance costs are deferred and amortized over the life of the bonds using the straight-line method.

   At the government fund reporting level, bond proceeds are reported as other financing sources at the face amount of the bonds issued. Bond issuance costs are reported as debt service expenditures.

6. ***Capital Assets*** - Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized in the government-wide financial statements to the extent the County's capitalization threshold of $1,500 is met. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on capital assets is calculated on the straight-line basis over the estimated useful lives of the respective assets as follows:

| | |
|---|---|
| • Infrastructure | 30 - 40 years |
| • Buildings and plant | 40 years |
| • Machinery and equipment | 5 - 20 years |

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***7. Compensated Absences*** - National Council on Governmental Accounting Statement 4, effective for fiscal years beginning after December 31, 1982, requires that vacation and sick pay benefits be accrued when: 1) the employer's obligation to employees' right to receive compensation for future benefits is attributable to employee's service already rendered; 2) the obligation relates to rights that vest or accumulate; 3) payment of the compensation is probable; and 4) the amount can be reasonably estimated.

The County compensates all employees for unused vacation at fiscal year-end; therefore, no accrual for vacation is necessary at December 31, 2013.

There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amounts when the employees separate from service with the County.

***8. Deferred outflows/inflows of resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The County has no item that qualifies for reporting in this category.

In addition to liabilities, the statement of financial 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 net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

***9. Fund Equity:***

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

**Fund Balance** - Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- **Nonspendable** - fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (ie., 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 Commissioners through the adoption of a resolution. The County Commissioners also may modify or rescind the commitment.

- **Assigned** - fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purpose, but are neither restricted nor committed. Through resolution, the County Commissioners have authorized the Chairman to assign fund balances.

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

### *10. Fund balance flow assumptions*

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

### *11. Net position flow assumption*

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the County's policy to consider restricted – net position to have been depleted before unrestricted - net position is applied.

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *12. Management Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

### G. Revenues and expenditures/expenses

### *1. Program revenues*

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

### *2. Property Taxes*

Property taxes attach as an enforceable lien on property as of January 1. Property taxes for 2013 were not levied by the County until January 2014. The tax rate assessed for 2013 property taxes was $16.776 per $1,000 of assessed taxable property value for the unincorporated areas of Wheeler County, and $18.668 per $1,000 of assessed taxable property value for the incorporated areas. The taxable values for the unincorporated and incorporated areas amounted to $90,606,131 and $37,943,328 respectively.

## II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### A. Budgetary basis of accounting

The County's procedures in establishing, maintaining and revising budgetary data reflected in the financial statements are as follows: Prior to January 1, the Board of Commissioners (the Board) prepares a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and expected means of financing. Public hearings are conducted in the Board's Office to obtain taxpayer comments. Prior to January 1, the budget is legally enacted through approval by the Board. The Board is authorized to transfer budgeted amounts between departments within any fund. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds. Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles. All appropriations lapse at the end of the fiscal year on December 31st.

## II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### B. Encumbrances

Encumbrances accounting, the method by which purchase orders, contracts, and other commitments for expenditures of funds are recorded in order to reserve that portion of the applicable appropriation of expected revenues, is not utilized by the County because it is, at present, not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

### C. Expenditures exceed appropriations

During the year ended December 31, 2013, expenditures exceeded appropriations in the following functions:

| | Expenditures | Appropriations | Variance |
|---|---|---|---|
| General fund: | | | |
| General government - | | | |
| Elections | 38,054 | 13,150 | (24,904) |
| Public safety - | | | |
| Other protection | 159,128 | 137,558 | (21,570) |
| Public works - | | | |
| Highways and streets | 603,850 | 557,977 | (45,873) |
| Solid waste and recycling | 241,883 | 226,569 | (15,314) |
| Culture and recreation | 93,827 | 93,774 | (53) |
| Housing and development - | | | |
| Conservation | 64,798 | 64,213 | (585) |
| Debt service - | | | |
| Interest | 26,867 | - | (26,867) |
| Capital outlay - | | | |
| Health and welfare | 7,136 | 5,000 | (2,136) |

The County absorbed these excesses as a result of expenditures at other department levels not exceeding budgeted totals, revenues and available fund balance.

## III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

### A. Deposits and Investments

A summary of the County's deposits and investments at December 31, 2013 follows:

| Account Balances | |
|---|---|
| Petty cash | $ 400 |
| Demand deposits | 1,746,180 |
| Certificates of deposit | 57,278 |
| | $ 1,803,858 |

| Ownership of Funds | |
|---|---|
| **Primary Government -** | |
| Governmental funds | $ 1,550,119 |
| **Component Unit -** | |
| Wheeler County Public Health Center | 253,739 |
| Total reporting entity | $ 1,803,858 |

**Custodial Credit Risk** is the risk that in the event of a bank failure, the County's deposits (in excess of FDIC insurance) may not be returned to us.

***Deposits**:*

The County's deposits at year-end were entirely covered by federal depository insurance or by collateral held by the County's custodial banks in the County's name.

***Investments:***

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the value of an investment. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk** is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The County has no investment policy that would further limit its investment choices from those authorized and listed in Note I F 1.

## III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

### B. Taxes Receivable and Allowances for Uncollectible Accounts

Taxes receivable and allowances for uncollectible accounts at December 31, 2013 are as follows:

| | Receivable | Allowance | Net |
|---|---|---|---|
| General fund | $ 478,782 | $ (183,087) | $ 295,695 |
| SPLOST 2011 | 35,604 | - | 35,604 |
| Transporation SPLOST | 18,730 | - | 18,730 |
| Total | $ 533,116 | $ (183,087) | $ 350,029 |

Property tax revenues are recognized when they have become available. Available means when due, or past due and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Taxes relating to the current budget and collected within 60 days after the fiscal year end are recognized as revenue currently.

### C. Interfund Receivables and Payables

Generally, outstanding balances between funds reported as due to/from other funds includes outstanding charges by one fund to another for services or goods, subsidy commitments outstanding, and other miscellaneous receivables and payable s between funds. Balances to which a fiduciary fund is a party are treated as external receivables and payables.

The County had no interfund receivables and payables at December 31, 2013.

## III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

### D. Capital Assets

Following is a summary of changes in capital assets:

**Primary Government:**

| | Balance December 31, 2012 | Additions | Transfers/ Retirements | Balance December 31, 2013 |
|---|---|---|---|---|
| Capital assets, not being depreciated - | | | | |
| Land | $ 127,086 | $ - | $ - | $ 127,086 |
| Construction in progress | 251,419 | 677,218 | (244,944) | 683,693 |
| Total capital assets not being depreciated | 378,505 | 677,218 | (244,944) | 810,779 |
| Capital assets, being depreciated: | | | | |
| Infrastructure | 880,686 | - | - | 880,686 |
| Buildings and improvements | 1,206,403 | - | 244,944 | 1,451,347 |
| Machinery and equipment | 2,102,659 | 64,862 | - | 2,167,521 |
| Total capital assets being depreciated | 4,189,748 | 64,862 | 244,944 | 4,499,554 |
| Less accumulated depreciation for: | | | | |
| Infrastructure | 109,768 | 29,356 | - | 139,124 |
| Buildings and improvements | 441,167 | 38,768 | - | 479,935 |
| Machinery and equipment | 1,643,762 | 153,166 | - | 1,796,928 |
| Total accumulated depreciation | 2,194,697 | 221,290 | - | 2,415,987 |
| Total capital assets, being depreciated, net | 1,995,051 | (156,428) | 244,944 | 2,083,567 |
| Governmental activities capital assets, net | $ 2,373,556 | $ 520,790 | $ - | $ 2,894,346 |

Depreciation expense was charged to functions / programs as follows:

| | |
|---|---|
| General government | $ 25,567 |
| Judicial | 1,094 |
| Public safety | 105,860 |
| Public works | 58,574 |
| Health and welfare | 9,210 |
| Culture and recreation | 20,985 |
| Total depreciation expense | $ 221,290 |

## III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

**Component Units:**

| | Balance June 30, 2012 | Additions | Transfers/ Retirements | Balance June 30, 2013 |
|---|---|---|---|---|
| Capital assets, being depreciated: | | | | |
| Equipment and vehicles | $ 44,061 | $ 660 | $ - | $ 44,721 |
| Total capital assets being depreciated | 44,061 | 660 | - | 44,721 |
| Less accumulated depreciation for: | | | | |
| Equipment and vehicles | 43,981 | 212 | - | 44,193 |
| Total accumulated depreciation | 43,981 | 212 | - | 44,193 |
| Governmental activities capital assets, net | $ 80 | $ 448 | $ - | $ 528 |

Depreciation expense was charged to functions / programs as follows:

| | |
|---|---|
| Component unit: | |
| Wheeler County Public Health Center | $ 212 |

### E. Short-Term Obligations

Tax Anticipation Note Payable

During fiscal year 2013 the County issued a tax anticipation note on December 31, 2013 in the amount of $340,000, at an interest rate of 4.00%. The note was issued for cash flow purposes and was retired subsequent to year-end from the 2013 property tax revenues collected during that time.

## III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

### F. Long-Term Obligations

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2013:

| | Beginning Balance | Additions | Payments/ Retirements | Ending Balance | Current Portion | Long-term Portion |
|---|---|---|---|---|---|---|
| **Governmental activities -** | | | | | | |
| General obligation sales tax bond, series 2011 | $ 704,700 | $ - | $ (133,700) | $ 571,000 | $ 137,300 | $ 433,700 |
| Governmental activities - long-term liabilities | $ 704,700 | $ - | $ (133,700) | $ 571,000 | $ 137,300 | $ 433,700 |

General Obligation Sales Tax Bond, Series 2011

During fiscal year 2011 Wheeler County voters passed a one percent special local option sales tax for funding various capital projects. In March 2011, the County issued $835,000 of general obligation sales tax bonds, series 2011. The total proceeds of the bond net of issuance costs totaled $783,000. The bonds were issued to provide immediate funding for one of the capital projects. The bonds are to be repaid from the sales tax proceeds and require that annually, the sales tax be set aside in a sinking fund sufficient to pay that year's debt service before any sales tax proceeds are utilized for capital project expenditures.

Annual debt service requirements as of December 31, 2013 for the General Obligation Sales Tax Bond, Series 2011 are as follows:

| Year Ending December 31, | Principal | Interest | Total Payment |
|---|---|---|---|
| 2014 | $ 137,300 | $ 14,960 | $ 152,260 |
| 2015 | 140,900 | 11,362 | 152,262 |
| 2016 | 144,500 | 7,672 | 152,172 |
| 2017 | 148,300 | 3,886 | 152,186 |
| Total | $ 571,000 | $ 37,880 | $ 608,880 |

## III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

### G. Fund Equity

**Fund Balances:**

- ***Restricted*** – The following fund balances are restricted for:

| | | |
|---|---|---|
| **Capital Projects Fund:** | | |
| ***SPLOST 2011*** – used to account for capital projects financed with SPLOST | $ | 380,693 |
| ***Tranportation SPLOST*** – used to account for capital projects financed with TSPLOST | | 200,421 |
| ***SPLOST 2004*** – used to account for capital projects financed with SPLOST | | 106,633 |
| **Special Revenue Funds:** | | |
| ***Multipurpose Grant*** – used to account for grant proceeds and expenditures to be used for specific purposes as called for in grant agreements | | 3,067 |
| ***Expendable Trust*** – used to provide resources for the operating activities of the law library | | 15,860 |
| | $ | 706,674 |

**Net Position**:

Net Investment in capital assets reported on the government-wide statement of net position as of December 31, 2013 are as follows:

| | Governmental Activities |
|---|---|
| Net investment in capital assets | |
| Cost of capital assets | $ 5,310,333 |
| Less accumulated depreciation | (2,415,987) |
| Book value | 2,894,346 |
| Less capital related debt | (571,000) |
| Net investment in capital assets | $ 2,323,346 |

## III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

### H. Retirement Commitments

The following retirement and pension plans are in effect for County officials but are under control of the State of Georgia, not the County:

A. Probate Judges' Retirement Fund of Georgia

The Probate Judge is covered under a pension plan, which requires that certain sums from marriage licenses and fines or bond forfeitures be remitted to the pension plan before the payment of any costs or other claims.

B. Clerk of Superior Court Retirement Fund

The Clerk of Superior Court is covered under a pension plan, which requires that certain sums from fees and fines or bond forfeitures be remitted to the pension plan before the payment of any costs or other claims.

C. Sheriff's Retirement Fund/Peace Officer's Annuity and Benefit Fund

The Sheriff and sheriff's deputies are covered under separate pension plans, which require that certain sums from fines or bond forfeitures be remitted by the Probate Judge and Clerk of Superior Court to the pension plans before the payment of any costs or other claims.

### I. Commitments and Contingencies

The County receives grant monies for various purposes. All grant monies received by the County are subject to examination and adjustment by the applicable governmental agency or their designee. However, in the opinion of the County officials, adjustments resulting from such examination are not expected to differ materially from amounts reflected in the accompanying financial statements.

There are several lawsuits pending in which the County is involved. The County Attorney has advised that potential claims against the County resulting from such litigation are such that they would not materially affect the financial statements of the County.

## IV. OTHER INFORMATION

### A. Risk Management

The County is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year ending December 31, 2013, the County was covered by general liability insurance with Scottsdale Indemnity General Liability through Stamps-Walker Insurance Agency.

## IV. OTHER INFORMATION

The County is also part of the ACCG Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

As part of this risk pool, the Government is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the fund, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the fund 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 fund.

The responsibilities of the pool are to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability. The pool is 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.

### B. Landfill Closure and Post closure Care Costs

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

The County closed its landfill in 1998 and will continue to monitor functions at the site for the next twenty-five years. As of December 31, 2006, the landfill has reached 100% capacity and recognized $335,490 of the estimated total closure and post-closure costs of $335,490. Actual costs for closure and post-closure may be higher due to inflation, changes in technology, or changes in regulation.

### C. Joint Venture

Wheeler County, in conjunction with cities and counties in the sixteen (16) county Heart of Georgia area are members of the Heart of Georgia Altamaha Regional Commission (RC). Membership in an RC is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RCs. Each county and municipality in the state is required by law to pay minimum annual dues to the RC. The county paid annual dues in the amount of $3,684 to the RC for the year ended December 31, 2013. The RC Board membership includes the chief elected official of each county and the chief elected official of each municipality. The County board members and municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as the nonpublic Board member from a County. Copies of the RC's financial statements may be obtained from the Heart of Georgia Altamaha Regional Commission.

## IV. OTHER INFORMATION

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RCs as "public agencies and instrumentalities of their members". Georgia laws also provide that the member governments are liable for any debts or obligations of a RC beyond its resources. (O.C.G.A. 50-8-39.1)

### D. Hotel/Motel Tax

The County levies a hotel/motel tax under the provisions of O.C.G.A. 48-13-51. The code section provides that the County shall expend for the purpose of promoting tourism, conventions, and trade shows a percentage of the total taxes collected under this Code section which is not less than the percentage of such tax collections expended for such purposes during the immediately preceding fiscal year. During 2013, the County received $26,472 in hotel/motel tax. The County distributed $12,839 to the Wheeler County Chamber of Commerce, $12,839 to the State of Georgia Department of Natural Resources and $794 for general government purposes. The expended amounts total 100% of the amount received by the County.

For the year ended December 31, 2013, the County has complied with the expenditure requirements of code section 48-13-51.

### E. Defined Contribution Plan

The County's defined contribution plan, the Wheeler County Deferred Compensation Plan (the "Plan"), allows employees to contribute pretax to a retirement annuity with a portion matched by the County. Matching portions by the County are determined based on number of years of service for the County. The plan is affiliated with the National Association of Counties and is administered by Nationwide Retirement Solutions, Inc. The Plan was established under the Internal Revenue Service Code Section 457(b) and the County is assigned the authority to establish and amend the provisions of the Plan.

Employees are not required to contribute to the plan but may begin contributing once employed by the County. The County has chosen to match a portion of the amounts contributed by the employees based on number of years experience. Once an employee has reached 2 years of service, the County matches amounts paid by employees up to 2 percent of the employee's gross salary. After 5 years of service, the County matches 3 percent of the employee's gross salary. In the employee's $10^{th}$ year of service, the County matches 4 percent of the employee's gross salary and after 15 years of service, the County matches 5 percent of the employee's gross salary. Five percent is the maximum the County will match.

During 2013, County employees contributed $36,468 and the County matched $18,500.

**WHEELER COUNTY, GEORGIA**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**
**BUDGET AND ACTUAL - GENERAL FUND**
**FOR THE YEAR ENDED DECEMBER 31, 2013**

| | Budgeted Amounts | | | Variance with Final Budget - Over |
|---|---|---|---|---|
| | Original | Final | Actual | (Under) |
| **REVENUES** | | | | |
| General property taxes | $ 2,586,584 | $ 2,586,584 | $ 1,858,578 | $ (728,006) |
| Other taxes | 492,500 | 492,500 | 559,392 | 66,892 |
| Licenses and permits | 2,500 | 2,500 | 1,250 | (1,250) |
| Intergovernmental | 129,500 | 129,500 | 107,653 | (21,847) |
| Interest income | 2,500 | 2,500 | 2,350 | (150) |
| Other income | 280,763 | 280,763 | 312,892 | 32,129 |
| Total revenues | 3,494,347 | 3,494,347 | 2,842,115 | (652,232) |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government: | | | | |
| General government | 383,670 | 383,670 | 359,164 | (24,506) |
| Elections | 13,150 | 13,150 | 38,054 | 24,904 |
| General adminstration | 390,512 | 390,512 | 359,372 | (31,140) |
| Judicial | 374,773 | 374,773 | 360,196 | (14,577) |
| Public safety: | | | | |
| Sheriff | 686,461 | 686,461 | 616,362 | (70,099) |
| Fire | 5,180 | 5,180 | 2,400 | (2,780) |
| Emergency medical services | 210,275 | 210,275 | 209,890 | (385) |
| Coroner / medical examiner | 14,708 | 14,708 | 10,039 | (4,669) |
| Other protection | 137,558 | 137,558 | 159,128 | 21,570 |
| Public works: | | | | |
| Highways and streets | 557,977 | 557,977 | 603,850 | 45,873 |
| Solid waste and recycling | 226,569 | 226,569 | 241,883 | 15,314 |
| Health and welfare: | | | | |
| Health | 55,488 | 55,488 | - | (55,488) |
| Welfare | 2,800 | 2,800 | 2,800 | - |
| Community services | 190,349 | 190,349 | 160,596 | (29,753) |
| Culture and recreation | 93,774 | 93,774 | 93,827 | 53 |
| Housing and development: | | | | |
| Conservation | 64,213 | 64,213 | 64,798 | 585 |
| Economic development and assistance | 34,000 | 34,000 | - | (34,000) |
| Airport | 4,800 | 4,800 | 2,799 | (2,001) |

**WHEELER COUNTY, GEORGIA**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**
**BUDGET AND ACTUAL - GENERAL FUND**
**FOR THE YEAR ENDED DECEMBER 31, 2013**

| | Budgeted Amounts | | | Variance with Final Budget - Over (Under) |
|---|---|---|---|---|
| | Original | Final | Actual | |
| **EXPENDITURES (Continued)** | | | | |
| Debt service - | | | | |
| Interest | - | - | 26,867 | 26,867 |
| Capital outlay: | | | | |
| General government | 17,340 | 17,340 | 10,395 | (6,945) |
| Public safety | 70,100 | 70,100 | 20,485 | (49,615) |
| Public works | 68,600 | 68,600 | 6,642 | (61,958) |
| Health and welfare | 5,000 | 5,000 | 7,136 | 2,136 |
| Total expenditures | 3,607,297 | 3,607,297 | 3,356,683 | (250,614) |
| Net change in fund balances | $ (112,950) | $ (112,950) | (514,568) | $ (401,618) |
| Fund balances, beginning | | | 1,009,703 | |
| Fund balances (deficits), ending | | | $ 495,135 | |

Refer to Independent Auditor's Report.

## 1. Budgetary Policy

The budget is prepared by the Board of Commissioners (the Board) using generally accepted accounting principles. The budget is then adopted by ordinance of the Board, as required by generally accepted accounting principles.

The level of budgetary control (the level at which expenditures may not exceed appropriations) is at the department level with the following provisions:

- The County Clerk may transfer funds from one object or purpose to another within the same department.
- The Board may amend the budget by motion during the fiscal year.

Formal budgetary integration is employed as a management control device during the year for all budgeted funds.

## 2. Excess of Expenditures Over Appropriations in Individual Funds

During the year ended December 31, 2013, expenditures exceeded appropriations in the following functions:

| | Expenditures | Appropriations | Variance |
|---|---|---|---|
| General fund: | | | |
| General government - | | | |
| Elections | 38,054 | 13,150 | (24,904) |
| Public safety - | | | |
| Other protection | 159,128 | 137,558 | (21,570) |
| Public works - | | | |
| Highways and streets | 603,850 | 557,977 | (45,873) |
| Solid waste and recycling | 241,883 | 226,569 | (15,314) |
| Culture and recreation | 93,827 | 93,774 | (53) |
| Housing and development - | | | |
| Conservation | 64,798 | 64,213 | (585) |
| Debt service - | | | |
| Interest | 26,867 | - | (26,867) |
| Capital outlay - | | | |
| Health and welfare | 7,136 | 5,000 | (2,136) |

**WHEELER COUNTY, GEORGIA**
**COMBINING BALANCE SHEET**
**NONMAJOR GOVERNMENTAL FUNDS**
**DECEMBER 31, 2013**

| | Special Revenue | | | Capital Projects | Total Nonmajor |
|---|---|---|---|---|---|
| | Multipurpose Grant | Expendable Trust Fund | Hotel/Motel Tax | SPLOST 2004 | Governmental Funds |
| **ASSETS** | | | | | |
| Cash and cash equivalents | $ 3,067 | $ 15,860 | $ - | $ 106,633 | $ 125,560 |
| Taxes receivable | - | - | - | - | - |
| Total assets | $ 3,067 | $ 15,860 | $ - | $ 106,633 | $ 125,560 |
| **LIABILITIES** | | | | | |
| Total liabilities | $ - | $ - | $ - | $ - | $ - |
| **FUND BALANCES** | | | | | |
| Restricted | 3,067 | 15,860 | - | 106,633 | 125,560 |
| Total fund balances | 3,067 | 15,860 | - | 106,633 | 125,560 |
| Total liabilities and fund balances | $ 3,067 | $ 15,860 | $ - | $ 106,633 | $ 125,560 |

**WHEELER COUNTY, GEORGIA**
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**
**FOR THE YEAR ENDED DECEMBER 31, 2013**

| | Special Revenue | | | Capital Projects | Total Nonmajor |
|---|---|---|---|---|---|
| | Multipurpose Grant | Expendable Trust Fund | Hotel/Motel Tax | SPLOST 2004 | Governmental Funds |
| **REVENUES** | | | | | |
| Intergovernmental | $ - | $ - | $ - | $ - | $ - |
| Other taxes | - | - | 26,472 | - | 26,472 |
| Other income | - | 6,400 | - | - | 6,400 |
| Total revenues | - | 6,400 | 26,472 | - | 32,872 |
| **EXPENDITURES** | | | | | |
| Current: | | | | | |
| General government | - | - | 794 | - | 794 |
| Culture and recreation | - | 1,757 | - | - | 1,757 |
| Housing and development | - | - | 25,678 | - | 25,678 |
| Capital outlay - | | | | | |
| Public safety | - | - | - | 17,167 | 17,167 |
| Total expenditures | - | 1,757 | 26,472 | 17,167 | 45,396 |
| Net change in fund balances | - | 4,643 | - | (17,167) | (12,524) |
| Fund balances, beginning | 3,067 | 11,217 | - | 123,800 | 138,084 |
| Fund balances, ending | $ 3,067 | $ 15,860 | $ - | $ 106,633 | $ 125,560 |

Refer to Independent Auditor's Report.

**WHEELER COUNTY, GEORGIA**
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**
**AGENCY FUNDS**
**DECEMBER 31, 2013**

| | Agency Funds | | | | | |
|---|---|---|---|---|---|---|
| | Clerk of Superior Court | Sheriff | Judge of Probate Court | Tax Commissioner | Magistrate Court | Total Fiduciary Funds |
| **ASSETS** | | | | | | |
| Cash | $ 22,940 | $ 40,784 | $ 4,824 | $ 62,186 | $ 10,549 | $ 141,283 |
| Taxes receivable (net allowance for uncollectible accounts) | - | - | - | 245,120 | - | 245,120 |
| Total assets | $ 22,940 | $ 40,784 | $ 4,824 | $ 307,306 | $ 10,549 | $ 386,403 |
| **LIABILITIES** | | | | | | |
| Other liabilities | $ 22,940 | $ 40,784 | $ 4,824 | $ 307,306 | $ 10,549 | $ 386,403 |
| Total liabilities | $ 22,940 | $ 40,784 | $ 4,824 | $ 307,306 | $ 10,549 | $ 386,403 |

Refer to Independent Auditor's Report.

**WHEELER COUNTY, GEORGIA**
**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**
**AGENCY FUNDS**
**FOR THE YEAR ENDED DECEMBER 31, 2013**

| | Balance December 31, 2012 | Additions | Deductions | Balance December 31, 2013 |
|---|---|---|---|---|
| **Clerk of Superior Court:** | | | | |
| ASSETS | | | | |
| Restricted assets - | | | | |
| Cash | $ 18,975 | $ 105,793 | $ (101,828) | $ 22,940 |
| Total assets | $ 18,975 | $ 105,793 | $ (101,828) | $ 22,940 |
| LIABILITIES | | | | |
| Payable from resticted assets - | | | | |
| Other liabilities | $ 18,975 | $ 105,793 | $ (101,828) | $ 22,940 |
| Total liabilities | $ 18,975 | $ 105,793 | $ (101,828) | $ 22,940 |
| **Sheriff:** | | | | |
| ASSETS | | | | |
| Restricted assets - | | | | |
| Cash | $ 40,835 | $ 43,284 | $ (43,335) | $ 40,784 |
| Total assets | $ 40,835 | $ 43,284 | $ (43,335) | $ 40,784 |
| LIABILITIES | | | | |
| Payable from resticted assets - | | | | |
| Other liabilities | $ 40,835 | $ 43,284 | $ (43,335) | $ 40,784 |
| Total liabilities | $ 40,835 | $ 43,284 | $ (43,335) | $ 40,784 |
| **Judge of Probate Court:** | | | | |
| ASSETS | | | | |
| Restricted assets - | | | | |
| Cash | $ 6,159 | $ 52,164 | $ (53,499) | $ 4,824 |
| Total assets | $ 6,159 | $ 52,164 | $ (53,499) | $ 4,824 |
| LIABILITIES | | | | |
| Payable from resticted assets - | | | | |
| Other liabilities | $ 6,159 | $ 52,164 | $ (53,499) | $ 4,824 |
| Total liabilities | $ 6,159 | $ 52,164 | $ (53,499) | $ 4,824 |

**WHEELER COUNTY, GEORGIA**
**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**
**AGENCY FUNDS**
**FOR THE YEAR ENDED DECEMBER 31, 2013**

| | Balance December 31, 2012 | Additions | Deductions | Balance December 31, 2013 |
|---|---|---|---|---|
| **Tax Commissioner:** | | | | |
| ASSETS | | | | |
| Restricted assets - | | | | |
| Cash | $ 232,185 | $ 3,187,462 | $ (3,357,461) | $ 62,186 |
| Taxes receivable, net | 1,967,534 | 165,189 | (1,887,603) | 245,120 |
| Total assets | $ 2,199,719 | $ 3,352,651 | $ (5,245,064) | $ 307,306 |
| LIABILITIES | | | | |
| Payable from resticted assets - | | | | |
| Other liabilities | $ 2,199,719 | $ 3,352,651 | $ (5,245,064) | $ 307,306 |
| Total liabilities | $ 2,199,719 | $ 3,352,651 | $ (5,245,064) | $ 307,306 |
| **Magistrate Court:** | | | | |
| ASSETS | | | | |
| Restricted assets - | | | | |
| Cash | $ 6,445 | $ 97,509 | $ (93,405) | $ 10,549 |
| Total assets | $ 6,445 | $ 97,509 | $ (93,405) | $ 10,549 |
| LIABILITIES | | | | |
| Payable from resticted assets - | | | | |
| Other liabilities | $ 6,445 | $ 97,509 | $ (93,405) | $ 10,549 |
| Total liabilities | $ 6,445 | $ 97,509 | $ (93,405) | $ 10,549 |

**WHEELER COUNTY, GEORGIA**
**SCHEDULE OF REVENUES AND EXPENDITURES -**
**BUDGET AND ACTUAL - DEPARTMENT OF TRANSPORTATION**
**FOR THE YEAR ENDED DECEMBER 31, 2013**

| | Original and Final Budgeted Amounts | Actual | Variance with Final Budget - Over (Under) |
|---|---|---|---|
| **REVENUES** | | | |
| Georgia Department of Transportation | $ 68,000 | $ 54,107 | $ (13,893) |
| Fares and other | 5,000 | 5,330 | 330 |
| Total revenues | 73,000 | 59,437 | (13,563) |
| **EXPENDITURES** | | | |
| Current: | | | |
| Regular employees | 62,875 | 56,900 | (5,975) |
| Group health insurance | 23,718 | 15,378 | (8,340) |
| Social security contributions | 3,898 | 3,456 | (442) |
| Medicare | 912 | 809 | (103) |
| Unemployment insurance | 566 | 212 | (354) |
| Deferred Comp/Employer Contributions | 1,587 | - | (1,587) |
| Substance abuse program | 350 | 242 | (108) |
| Repairs and maintenance | 2,300 | - | (2,300) |
| Communications services | 1,450 | 1,554 | 104 |
| Advertising | 130 | - | (130) |
| Travel | 700 | 1,434 | 734 |
| Education and training | 300 | - | (300) |
| Other purchased services | 600 | 600 | - |
| Vehicle operation supplies | 1,200 | 1,028 | (172) |
| Repair parts | 1,000 | 155 | (845) |
| General supplies and materials | 350 | 827 | 477 |
| Water and sewer | 300 | 282 | (18) |
| Electricity | 2,000 | 1,165 | (835) |
| Gasoline / diesel | 20,000 | 17,060 | (2,940) |
| Small Equipment | 200 | 1,383 | 1,183 |
| Capital outlay - | | | |
| Machinery and equipment | 3,000 | 7,136 | 4,136 |
| Total expenditures | 127,436 | 109,621 | (17,815) |
| Excess of revenues over (under) expenditures | $ (54,436) | $ (50,184) | $ 4,252 |

Note:

The Department of Transportation is included in the Community Services department of the Statement of Revenues, Expenditures and Changes in Fund Balance.

**WHEELER COUNTY, GEORGIA**
**SCHEDULE OF REVENUES AND EXPENDITURES -**
**BUDGET AND ACTUAL - HEART OF GEORGIA ALTAMAHA RDC**
**FOR THE YEAR ENDED DECEMBER 31, 2013**

| | Original and Final Budgeted Amounts | Actual | Variance with Final Budget - Over (Under) |
|---|---|---|---|
| **REVENUES** | | | |
| Heart of Georgia Altamaha RDC | $ 18,000 | $ 10,372 | $ (7,628) |
| Program income | 3,250 | 3,053 | (197) |
| Total revenues | 21,250 | 13,425 | (7,825) |
| **EXPENDITURES** | | | |
| Current: | | | |
| Salaries | 28,063 | 26,038 | (2,025) |
| Payroll taxes | 2,399 | 2,108 | (291) |
| Group health insurance | 7,906 | 7,668 | (238) |
| Repairs and maintenance | 900 | 1,896 | 996 |
| Communications services | 1,600 | 1,728 | 128 |
| Travel | 1,000 | 582 | (418) |
| Education and training | - | 30 | 30 |
| Contract labor | - | 350 | 350 |
| Other purchased services | 400 | 400 | - |
| Repair parts | 200 | - | (200) |
| General supplies and materials | 900 | 851 | (49) |
| Water and sewer | 400 | 327 | (73) |
| Electricity | 5,000 | 4,335 | (665) |
| Gasoline / diesel | 500 | 447 | (53) |
| Books and periodicals | 120 | - | (120) |
| Small equipment | 200 | - | (200) |
| Capital outlay - | | | |
| Machinery and equipment | 500 | - | (500) |
| Total expenditures | 50,088 | 46,760 | (3,328) |
| Excess of revenues over (under) expenditures | $ (28,838) | $ (33,335) | $ (4,497) |

Note:

The Heart of Georgia Altamaha RDC is included in the Community Services department of the Statement of Revenues, Expenditures and Changes in Fund Balance.

**WHEELER COUNTY, GEORGIA**
**SCHEDULE OF EXPENDITURES OF**
**SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS**
**FOR THE YEAR ENDED DECEMBER 31, 2013**

| Project Description Per SPLOST Referendum | Original Estimated Cost | Amended Estimated Cost | Expenditures | | | Estimated Percentage of Completion |
|---|---|---|---|---|---|---|
| | | | Prior Years | Current Year | Total | |
| **SPLOST 2004:** | | | | | | |
| Wheeler County 911 Emergency Services | | | | | | |
| Law Enforcement, and Sanitation Vehicles | | | | | | |
| and Equipment | | | | | | |
| 911 Emergency Services Equipment | | | $ 165,482 | $ 3,768 | $ 169,250 | |
| Sanitation Vehicles | | | 255,881 | - | 255,881 | |
| Law Enforcement Vehicle | | | 121,915 | 13,399 | 135,314 | |
| Subtotal | $ 576,000 | $ 465,467 | 543,278 | 17,167 | 560,445 | 120.40% |
| Wheeler County Recreation Facilities | 576,000 | 658,435 | 658,435 | - | 658,435 | 100.00% |
| City of Alamo, Georgia | 144,000 | 158,049 | 158,049 | - | 158,049 | 100.00% |
| City of Glenwood, Georgia | 144,000 | 158,049 | 158,049 | - | 158,049 | 100.00% |
| TOTAL | $ 1,440,000 | $ 1,440,000 | $ 1,517,811 | $ 17,167 | $ 1,534,978 | |
| **SPLOST 2011:** | | | | | | |
| Courthouse renovation (1) | | | $ 242,942 | $ - | $ 242,942 | |
| Jail renovation | | | 6,475 | 678,355 | 684,830 | |
| Construction of new EMS facility | | | - | - | - | |
| Road, street and bridge purposes | | | - | - | - | |
| Road department vehicles and equipment | | | - | - | - | |
| Recreation facilities improvements | | | 2,002 | - | 2,002 | |
| Recreation department equipment | | | - | 1,900 | 1,900 | |
| Fire and rescue services equipment | | | - | - | - | |
| Subtotal | $ 1,792,000 | $ 1,792,000 | 251,419 | 680,255 | 931,674 | 51.99% |
| City of Alamo, Georgia | 504,000 | 504,000 | 140,516 | 81,387 | 221,903 | 44.03% |
| City of Glenwood, Georgia | 504,000 | 504,000 | 140,516 | 81,387 | 221,903 | 44.03% |
| Subtotal | 1,008,000 | 1,008,000 | 281,032 | 162,774 | 443,806 | |
| Total | $ 2,800,000 | $ 2,800,000 | $ 532,451 | $ 843,029 | $ 1,375,480 | |

(1) In addition to the expenditures shown above, the County has incurred expenditures to provide advance funding for the above project as follows:

| | | | |
|---|---|---|---|
| Bond issuance costs | $ 52,000 | $ - | $ 52,000 |
| Debt service - interest | 38,286 | 18,464 | 56,750 |
| Debt service - principal | 130,300 | 133,700 | 264,000 |
| Total | $ 220,586 | $ 152,164 | $ 372,750 |

# II. REPORTS REQUIRED BY GOVERNMENTAL AUDITING STANDARDS

HILLIARD & MILTON, LLC
A Professional Services Firm of:
Certified Public Accountants
Certified Government Auditing Professionals
Certified Internal Auditors

Partners:
David Hilliard, CPA
Chris Milton, CPA, CIA, CGAP

18 S. Third Ave.
McRae, GA 31055

**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***

Wheeler County Board of Commissioners
Wheeler County, Georgia
Alamo, Georgia 30411

We have audited the financial statements of the governmental activities, each major fund, the discretely presented component unit and the aggregate remaining fund information of Wheeler County, Georgia, as of and for the year ended December 31, 2013, which collectively comprise Wheeler County, Georgia's basic financial statements and have issued our report thereon dated June 16, 2014. 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.

**Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2013-1 and 2013-2 that we consider to be significant deficiencies.

**Compliance and Other Matters**

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

**Wheeler County, Georgia's Response to Findings**

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

**Purpose of this Report**

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

Hilliard & Milton, LLC

McRae, Georgia

June 16, 2014

**WHEELER COUNTY, GEORGIA**
**SCHEDULE OF FINDINGS AND RESPONSES**
**FOR THE YEAR ENDED DECEMBER 31, 2013**

---

**Section I – Summary of Auditor's Results**

Financial Statements:

| | |
|---|---|
| Type of report issued on the financial statements - | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | No |
| Significant deficiencies identified not considered to be material weaknesses? | Yes |
| Noncompliance material to the financial statements noted? | No |

**Section II – Financial Statement Findings:**

The following conditions were disclosed for the year ended December 31, 2013:

Audit Finding

**2013-1 Lack of segregation of duties**

The audit fieldwork disclosed that the County does not have adequate segregation of duties. It was noted that many of the day to day activities are performed by the same employees.

This overlapping of duties presents a situation where unauthorized use of assets could occur and not be detected on a timely basis.

We recommend management continually exercise alert supervision of employees in order to protect the assets of the County

***Management's Response:***

*We realize that with limited personnel adequate segregation of duties is not possible. Therefore, to mitigate this we exercise alert supervision over all employees.*

**2013-2 Expenditures over appropriations**

The audit fieldwork disclosed that the County over-expended funds in the general government – elections department; public safety – other protection department; public works - highways and streets and solid waste and recycling departments; culture and recreation department; housing and development – conservation department; debt service – interest; and capital outlay – health and welfare. The County lacks budgetary controls to ensure that actual expenditures do not exceed budgeted expenditures.

It is recommended that the County review a budget versus actual on a monthly basis to prevent expenditures in excess of budgeted amounts.

***Management's Response:***

*The County recognizes that maintaining appropriate budgetary controls on its expenditures is important in keeping costs below approved amounts and serves as a management tool in evaluating results of operations. In our efforts to continuously improve and to comply with the highest form of governmental accounting and financial reporting we have implemented a formal review process to compare actual to budgeted amounts on a monthly basis. Expenditures which will cause the County to go over budget will require prior approval of the County Commissioners and an amended budget will be prepared.*

HILLIARD & MILTON, LLC
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Certified Internal Auditors

Partners:
David Hilliard, CPA
Chris Milton, CPA, CIA, CGAP

18 S. Third Ave.
McRae, GA 31055

We have examined management's assertion included in the accompanying State of Georgia Grant Certification Forms about Wheeler County Georgia's compliance during the fiscal year ended December 31, 2013 with the requirement to use grant proceeds solely for the purpose or purposes for which the grant was made for each of the following grant awards:

1) Grant #03-C-L-992 – Local Assistance Grant Wheeler County Recreation
2) Grant #03-C-L-994 – Local Assistance Grant Wheeler County Senior Citizens Grant

Management is responsible for Wheeler County Georgia's compliance with this requirement. Our responsibility is to express an opinion on management's assertion about Wheeler County, Georgia's compliance based on our examination.

Our examination was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Wheeler County, Georgia's compliance with this requirement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Wheeler County, Georgia's compliance with the specified requirement.

In our opinion, management's assertion that Wheeler County, Georgia complied with the aforementioned requirement during the fiscal year ended December 31, 2013 is fairly stated, in all material respects.

This report is intended solely for the information and use of the Georgia Department of Audits and Accounts and the State grantor agency identified on the Grant Certification Form and is not intended to be and should not be used by anyone other than the specified parties.

Hilliard & Milton, LLC

McRae, Georgia

June 16, 2014

# State of Georgia Grant Certification Form
## Local Government Recipient (with no subrecipient)

| LINE | | |
|---|---|---|
| A | Local Government ..... | Wheeler County, Georgia |
| B | State Awarding Agency ..... | Georgia Department of Community Affairs |
| C | Grant Identification Number ..... | 03-C-L-994 |
| D | Grant Title ..... | Local Assistance Grant Wheeler County Senior Citizens Grant |
| E | Grant Award Date ..... | 08/07/02 |
| F | Grant Amount ..... | $4,000.00 |

| G | | COLUMN 1<br>Current Year Activity<br>For the Year Ended:<br>12/31/2013 | COLUMN 2<br>Cumulative Grant Activity<br>Through the Year Ended:<br>12/31/2013 |
|---|---|---|---|
| H | Balance - Prior Year (Cash or Accrued or Deferred Revenue) | $400.00 | |
| I | Grant Receipts or Revenue Recognized | $0.00 | $4,000.00 |
| J | Grant Disbursements or Expenditures EXCLUDING AUDIT FEES | $0.00 | $3,600.00 |
| K | Disbursements or Expenditures for Audit Fees | $0.00 | $0.00 |
| L | Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K] | $400.00 | $400.00 |

**EDIT CHECKS IF FORM COMPLETED ON EXCEL SPREADSHEET:**

**Column 1, Line L equals Column 2, Line L.**
**Grant Receipts/Revenue Does Not Exceed Grant Award.**
**Date Is Provided in Line G, Column 1.**
**Date Is Provided in Line G, Column 2.**
**Year End Dates On Line G Agree.**
**Column 1, Line L Foots Correctly.**
**Column 2, Line L Foots Correctly.**
**NO AUDIT FEES CHARGEABLE TO GRANTS OF $5,000 OR LESS**

**Line A Is Completed.**
**Line B Is Completed.**
**Line C Is Completed.**
**Line D Is Completed.**
**Line E Is Completed.**
**Line F Is Completed.**

## Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made.

Signature of Chief Elected Official _____ Date 6-19-14

Signature of Chief Financial Officer Elaine J. Clark Date 6-19-14

Rev. 8/2006

# State of Georgia Grant Certification Form
## Local Government Recipient (with no subrecipient)

| LINE | | |
|---|---|---|
| A | Local Government ..... | Wheeler County, Georgia |
| B | State Awarding Agency ..... | Georgia Department of Community Affairs |
| C | Grant Identification Number ..... | 03-C-L-992 |
| D | Grant Title ..... | Local Assistance Grant Wheeler County Recreation |
| E | Grant Award Date ..... | 08/07/02 |
| F | Grant Amount ..... | $5,000.00 |

| | | COLUMN 1<br>**Current Year Activity**<br>For the Year Ended: | COLUMN 2<br>**Cumulative Grant Activity**<br>Through the Year Ended: |
|---|---|---|---|
| G | | 12/31/2013 | 12/31/2013 |
| H | Balance - Prior Year (Cash or Accrued or Deferred Revenue) | $1,745.45 | |
| I | Grant Receipts or Revenue Recognized | $0.00 | $5,000.00 |
| J | Grant Disbursements or Expenditures EXCLUDING AUDIT FEES | $0.00 | $0.00 |
| K | Disbursements or Expenditures for Audit Fees | $0.00 | $3,254.55 |
| L | Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K] | $1,745.45 | $1,745.45 |

**EDIT CHECKS IF FORM COMPLETED ON EXCEL SPREADSHEET:**

**Column 1, Line L equals Column 2, Line L.**
**Grant Receipts/Revenue Does Not Exceed Grant Award.**
**Date Is Provided in Line G, Column 1.**
**Date Is Provided in Line G, Column 2.**
**Year End Dates On Line G Agree.**
**Column 1, Line L Foots Correctly.**
**Column 2, Line L Foots Correctly.**
**NO AUDIT FEES CHARGEABLE TO GRANTS OF $5,000 OR LESS**

**Line A Is Completed.**
**Line B Is Completed.**
**Line C Is Completed.**
**Line D Is Completed.**
**Line E Is Completed.**
**Line F Is Completed.**

## Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made.

Signature of Chief Elected Official _____ Date 6-19-14

Signature of Chief Financial Officer Elaine D Clark Date 6-19-14

Rev. 8/2006

Keith E. McNeal
Chairman

Rochelle A. Culver
Vice-Chairman

James W. Cartwright
Commissioner

WHEELER COUNTY
BOARD OF COMMISSIONERS
P.O. Box 181 • 20 West Forest Avenue • Alamo, GA 30411
(912) 568-7135 • FAX: (912) 568-1909

ELAINE T. CLARK, CCC
County Clerk

June 16, 2014

Georgia Department of Audits and Accounts
Local Government Audits
270 Washington Street, S.W., Room 1-156
Atlanta, Georgia 30334-8400

Dear Sir or Madam:

The following is the corrective action plan for Wheeler County, Georgia for the year ended December 31, 2013. We are in concurrence with the findings and/or recommendations noted in the report. With regards to:

***2013-1 – Segregation of Duties:***

The audit field work disclosed that due to a limited number of personnel, overlapping of duties exists in the County's operations, primarily in the area of cash receipts and disbursements. We realize that with limited personnel adequate segregation of duties is not possible. Therefore, to mitigate this we will continue to exercise alert supervision of all employees.

***2013-2 – Expenditures Exceeded Appropriations at the Legal Level of Control:***

The audit fieldwork disclosed that the County over-expended funds in the general government – elections department; public safety – other protection department; public works - highways and streets and solid waste and recycling departments; culture and recreation department; housing and development – conservation department; debt service – interest; and capital outlay – health and welfare for the year ended December 31, 2013. The County recognizes that maintaining appropriate budgetary controls on its expenditures is important in keeping costs below approved amounts and serves as a management tool in evaluating results of operations. In our efforts to continuously improve and to comply with the highest form of governmental accounting and financial reporting we have implemented a formal review process to compare actual to budgeted amounts on a monthly basis. Expenditures which will cause the County to go over budget will require prior approval of the County Commissioners and an amended budget will be prepared.

Sincerely

Elaine J. Clark

Elaine Clark
County Clerk/Finance Officer