

TOWNS COUNTY, GEORGIA
HIAWASSEE, GEORGIA

FINANCIAL STATEMENTS
WITH SUPPLEMENTAL MATERIAL

FOR THE YEARS ENDED
DECEMBER 31, 2012 AND 2011

TOWNS COUNTY, GEORGIA
FINANCIAL STATEMENTS
For the Years Ended December 31, 2012 and 2011

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION & ANALYSIS	3-8
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statements of Net Position	9
Statements of Activities	10
Fund Financial Statements:	
Balance Sheet - Governmental Funds	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Fiduciary Net Position - Fiduciary Funds	15
Notes to Financial Statements	16-29
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	30-31
Notes to Required Supplementary Information	32
OTHER SUPPLEMENTARY INFORMATION	
Combining Schedule of Fiduciary Assets and Liabilities - Fiduciary Funds	33
Combining Schedule of Changes in Fiduciary Assets -Fiduciary Funds	34
Combining Balance Sheet - Nonmajor Governmental Funds	35
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	36
Schedule of Projects Constructed with Special Sales Tax Proceeds	37

June 27, 2013

INDEPENDENT AUDITOR'S REPORT

To the Commissioner
Towns County, Georgia
Hiawassee, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Towns County, Georgia, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Towns County Health Department. Other auditors audited those financial statements. They have furnished their report thereon to us and we base our opinion, insofar as it relates to the amounts included for Towns County Health Department, on the report of the other auditors.

Management's Responsibility for the Financial Statements

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

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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Towns County, Georgia, as of December 31, 2012, and the respective changes in financial position, 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 management's discussion and analysis on pages 3 through 8, and budgetary comparison information on pages 30 and 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Towns County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements 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 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 schedule of projects constructed with special sales tax proceeds on page 37, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 27, 2013, on our consideration of Towns County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Towns County, Georgia's internal control over financial reporting and compliance.



Alexander, Almand and Bangs, LLP
Gainesville, Georgia

Towns County, Georgia
Management's Discussion and Analysis
For the Years Ended December 31, 2012 and 2011

Management's discussion and analysis provides an objective and easily readable analysis of the Government's financial activities. The analysis provides summary financial information for Towns County and should be read in conjunction with the Government's financial statements.

FINANCIAL HIGHLIGHTS

- The County's assets exceeded its liabilities at the close of the fiscal year by \$ 20,219,447 (net position).
- The government's total net position increased \$ 1,782,126 for the current year, a 9.66% increase. This increase includes fire department equipment, the purchase and installation of over 150 fire hydrants throughout the county, and the construction of a new senior center funded mostly through a Community-Block grant. The increase occurred due to continued practice of the conservative fiscal policies adopted by the County Commissioner. The county will continue to follow these policies as it faces continued decline in the tax digest as well as other revenue sources such as LOST revenue. The increase can also be contributed to a SPLOST referendum that was passed in 2011 that has provided additional funding for much needed capital expenditures.
- The general fund reported a \$ 608,083 gain due to factors indicated above.
- County general fund, SPLOST fund and non-major funds are in interest bearing bank accounts whenever eligible, earning \$ 52,516 in additional funds for the 2012 year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Government's basic financial statements comprise three components: **1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements.** The **Government-wide financial statements** present an overall picture of the Government's financial position and results of operations. The **Fund financial statements** present financial information for the Government's major funds. This report also contains other supplementary information in addition to the basic financial statements themselves.

The **Government-wide financial statements** are the Statements of Net Position and the Statements of Activities. Emphasis is placed on the net position of governmental activities and the change in net position. Governmental Activities are primarily supported by property taxes, sales taxes, other taxes, and federal and state grants, fines, and charges for services.

The statements of net position present the County's assets, deferred outflows, liabilities, and deferred inflows with the difference reported as net position. Over time the change in net position is an indicator of the improvement (an increase) or deterioration (a decrease) in the County's financial condition.

The statements of activities present the revenues and expenditures of the County. The difference between these is the change in net position for the year.

Both of the government-wide financial statements identify the various functions of Towns County that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through charges and user fees. The governmental activities of Towns County include general government, public safety, court system, health and welfare, recreation and culture, public works, housing and development.

The government-wide financial statements include not only Towns County, Georgia itself (known as the primary government), but also a legally separate Towns County Health Department, a component unit of the County. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Towns County can be divided into two categories: governmental funds and fiduciary funds. These statements provide financial information for the major funds of Towns County. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures) and current available resources.

Towns County, Georgia
Management's Discussion and Analysis
For the Years Ended December 31, 2012 and 2011

Fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all governmental funds. A statement of revenues, expenditures, and changes in fund balances is provided for the Government's General Fund.

Fund financial statements provide more detailed information about the Government's activities. Individual funds are established to track revenues that are restricted to certain uses, comply with legal requirements, or account for the use of state and federal grants.

GOVERNMENT-WIDE FINANCIAL INFORMATION

The government-wide financial statements and the fund financial statements provide different pictures of the Government. The government-wide financial statements provide an overall picture of the Government's financial standing as shown in results for Governmental Activities. These statements are comparable to private-sector companies and give a good understanding of the Government's overall financial health and how the Government paid for the various activities, or functions, provided by the Government.

At December 31, 2012 and 2011 respectively, the County's assets exceeded liabilities by \$ 20,219,447 and \$ 18,437,321. The largest portion of the County's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to citizens and they are not available for future spending. Although the investment in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net Position as of December 31, 2012 and 2011

	Governmental Activities	
	2012	2011
Current and other assets	\$ 15,326,738	\$ 16,503,661
Capital assets	15,420,930	13,438,254
Total assets	<u>30,747,668</u>	<u>29,941,915</u>
Deferred outflow of resources	-	-
Long-term liabilities outstanding	4,200,000	5,215,000
Other liabilities	2,073,688	1,749,661
Total liabilities	<u>6,273,688</u>	<u>6,964,661</u>
Deferred inflow of resources	<u>4,254,533</u>	<u>4,539,933</u>
Net position:		
Net investment in capital assets	10,205,930	7,238,254
Restricted	3,718,394	5,546,466
Unrestricted	6,295,123	5,652,601
Total net position	<u>\$ 20,219,447</u>	<u>\$ 18,437,321</u>

Towns County, Georgia
Management's Discussion and Analysis
For the Years Ended December 31, 2012 and 2011

Changes in Net Position

The County's total revenues before transfers for fiscal year ended December 31, 2012 totaled \$ 12,032,922. Expenditures were \$ 10,250,796 with an overall change in net position of \$ 1,782,126.

Changes in Net Position

	Governmental Activities	
	2012	2011
Revenues:		
Program revenues:		
Charges for services	\$ 2,591,822	\$ 2,666,263
Operating grants and contributions	469,239	515,341
Capital grants and contributions	500,370	303,321
General revenues:		
Property taxes	4,485,544	5,477,063
Sales tax	3,075,519	2,515,552
Other taxes	903,866	901,124
Unrestricted investment earnings	24,977	42,698
Miscellaneous	8,748	31,180
Gain (loss) on sale of capital assets	(27,163)	122
Total Revenues	<u>12,032,922</u>	<u>12,452,664</u>
Expenditures:		
General government	1,639,894	1,381,308
Public safety	4,578,207	4,573,157
Court system	721,169	756,948
Health and welfare	860,060	836,608
Recreation and culture	518,200	540,515
Public works	1,286,646	1,331,561
Housing and development	508,499	791,734
Interest on long-term debt	138,121	88,810
Total Expenditures	<u>10,250,796</u>	<u>10,300,641</u>
Increase in net position before transfers	1,782,126	2,152,023
Transfers	<u>-</u>	<u>-</u>
Change in net position	1,782,126	2,152,023
Net position, January 1	<u>18,437,321</u>	<u>16,285,298</u>
Net position, December 31	<u>\$ 20,219,447</u>	<u>\$ 18,437,321</u>

Towns County, Georgia
Management's Discussion and Analysis
For the Years Ended December 31, 2012 and 2011

FUND FINANCIAL INFORMATION

Major Governmental Funds

General Fund

The General Fund is used to account for all governmental financial resources not restricted by local, state or federal laws. As of December 31, 2012, the General Fund had assets of \$ 11,141,254, liabilities of \$ 472,074, and deferred inflow of resources of \$ 5,256,571.

The final budget for the General Fund increased by \$ 341,801 from fiscal year 2011 to fiscal year 2012 based on final budgeted appropriations.

Splost Fund

On March 15, 2011, the voters passed a 1% Special Purpose Local Option Sales Tax to be imposed in Towns County for a period of time not to exceed 6 years for the raising of an estimated \$ 12,700,000 (\$ 12,545,000 for capital projects and \$ 155,000 for bond issuance costs) for the purpose of funding the acquisition, construction, and equipping of the following capital outlay projects within Towns County: parks and recreation improvements including the acquisition, construction and equipping of a multi-purpose recreational/community building; road and bridge purposes, which purposes may include pedestrian cross-walks, parking and capital equipment thereto; fire department vehicles, equipment, facilities, and fire hydrants; construction and improvements to the public library, water and sewer improvements including solid waste, storm water management, and equipment thereto; ambulances and other public safety vehicles and equipment; and industrial and economic development improvement to include infrastructure and possible land acquisition.

For the City of Hiawassee, the 1% Special Purpose Local Option Sales Tax will be used for parks and recreation improvements including the acquisition, construction and equipping of a park and buildings, equipment and related facilities; road, street, and bridge purposes, which purposes may include sidewalks, bicycle paths, pedestrian cross-walks and turn lanes, and capital equipment related thereto; fire hydrants and improved fire protection facilities and water lines and equipment related thereto; construction and improvements to the Hiawassee Water Treatment Plant and water treatment facilities including water storage; Hiawassee Sewer Plant and sewer treatment facilities, and industrial and economic development projects for downtown development including renovation of the Hiawassee City Square.

For the City of Young Harris, the 1% Special Purpose Local Option Sales Tax will be used for parks and recreation improvements; road, street, and bridge purposes, which purposes may include sidewalks, bicycle paths, pedestrian cross-walks, and capital equipment thereto; and water and sewer improvements including fire hydrants, solid waste, storm water management and equipment.

The tax was imposed beginning July 1, 2011. The voters adopted a bond resolution and a bond placement agreement was signed for the issuance of Towns County General Obligation Sales Tax Bond Series 2011 with a principal amount of \$ 6,200,000 for the capital outlay projects described above. The bond has a fixed interest rate of 2.35%. The bond provides for the pledge of special sales tax proceeds for the payment of the bond, for the collection of the special sales tax, for the placement and sale of the bond, and to declare an official intent to reimburse certain costs from proceeds.

The estimated special purpose sales and use tax revenue shall be divided between and among Towns County, the City of Hiawassee and the City of Young Harris in accordance with an Intergovernmental Agreement which is on file in the office of the County Clerk of the Commissioner of Towns County.

As of December 31, 2012, the Splost Fund had assets of \$ 4,375,734 and liabilities of \$ 803,825. The projects are estimated to be 33% complete as of December 31, 2012.

Further detail of the Splost Fund is provided in the fund financial statements, notes to the financial statements and schedule of projects constructed with special sales tax proceeds.

Towns County, Georgia
Management's Discussion and Analysis
For the Years Ended December 31, 2012 and 2011

CAPITAL ASSETS ACTIVITY

During fiscal year 2012, the County's investment in capital assets grew \$ 1,982,676 net of depreciation. The County spent \$ 3,142,325 in capital outlay (which included \$ 2,449,838 in the Splost fund and \$ 692,487 in general fund), and adjustments for depreciation were \$ 817,599 and \$ 6,844,088 accumulated depreciation for its governmental activities. The County capitalized \$ 2,827,438 and allocated Splost funds of \$ 314,887 to the City of Hiawassee and the City of Young Harris. See the Schedule of Projects Constructed with Special Sales Tax Proceeds for further detail. The County moved \$ 460,393 from Construction in Progress and placed in service as buildings and infrastructure, and disposed of capital assets totaling \$ 261,398, which created a loss of \$ 27,163. Further detail on capital assets is provided in the notes to the financial statements.

Capital Assets at Year-end

	Governmental Activities	
	2012	2011
Land	\$ 4,510,217	\$ 4,510,217
Construction in progress	2,807,385	1,498,737
Land improvements	289,521	289,521
Buildings	8,243,259	7,493,972
Equipment	5,527,474	5,350,383
Infrastructure	887,162	556,148
	<u> </u>	<u> </u>
Total	<u>\$ 22,265,018</u>	<u>\$ 19,698,978</u>

The following reconciliation summarizes the change in Capital Assets:

	Governmental Activities	
	2012	2011
Beginning Balance:	\$ 19,698,978	\$ 17,834,091
Additions:		
Land	-	-
Construction in Progress	1,769,041	1,498,737
Land improvements	-	-
Buildings	749,287	39,042
Equipment	438,489	528,659
Infrastructure	331,014	63,233
Dispositions:		
Land	-	-
Construction in Progress	(460,393)	-
Land improvements	-	-
Buildings	-	(17,760)
Equipment	(261,398)	(247,024)
Infrastructure	-	-
	<u> </u>	<u> </u>
Total Capital Assets at Year-end	<u>\$ 22,265,018</u>	<u>\$ 19,698,978</u>

Towns County, Georgia
Management's Discussion and Analysis
For the Years Ended December 31, 2012 and 2011

LONG-TERM DEBT

The County issued general obligation sales tax bond, 2011 series to fund capital projects. The original bond issue totaled \$ 6,200,000 with a fixed interest rate of 2.35%. Principal payments are due annually beginning September 1, 2012 and will continue through September 1, 2017. Interest payments are due semi-annually beginning September 1, 2011 and will continue through September 1, 2017. As of December 31, 2012 and 2011, the balance of the bond was \$ 5,215,000 and \$ 6,200,000, respectively.

Further detail on long-term debt liability is provided in the notes to the financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund revenues of \$ 9,503,242 did not exceed budgeted revenues of \$ 9,573,848 and budgeted use of surplus reserves of \$ 539,123 in 2012. This resulted from conservative budgeting due to decreasing revenue trends in previous years. The County was under budget resulting in the reserve being left intact.

General Fund expenditures (before transfers) were less than budgeted. With total appropriations of \$ 10,112,971, and budgeted expenditures before transfers of \$ 9,706,371, the County actually spent \$ 8,502,527 or \$ 1,203,844 less than budgeted, for the year ending December 31, 2012. This was achieved through continued implementation of conservative fiscal policies adopted by the Commissioner.

ECONOMIC FACTORS

The issues facing the national economy correlate with the County's local economy. The County plans to maintain a conservative fiscal position while the economic conditions dictate.

Budgets are reviewed on a monthly basis with each department head to determine that expenditures are within the overall adopted budget. The County Commissioner holds department head meetings to discuss any overspending, when necessary, and requires department heads to curtail spending in order to bring their department in line with the budget.

The budget for the general fund 2013 includes \$ 9,386,221 for general operations and equipment and another \$ 472,500 in special earmarked funds including the Department of Justice Grant, hotel/motel tax collected and disbursed, Juvenile Offenders Program grant, and Section 8 Watershed grant for a total of \$ 9,858,721. This is an increase of 1% from the original budget from the previous year. The increase is due to the inclusion of the above named grants that were not included in the original budget for 2012.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Towns County's finances for those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the following:

Towns County Commissioner
48 River St, Suite B
Hiawassee, GA 30546

TOWNS COUNTY, GEORGIA
STATEMENTS OF NET POSITION
December 31, 2012 and 2011

	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES		June 30, 2012 COMPONENT UNIT HEALTH DEPARTMENT
	2012	2011	
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 10,402,410	\$ 11,048,127	\$ 112,960
Receivables, net of uncollectable	4,813,510	5,385,262	23,285
Prepaid Items	110,818	70,272	-
Total Current Assets	15,326,738	16,503,661	136,245
Capital Assets			
Capital assets not being depreciated:			
Land	4,510,217	4,510,217	-
Construction in progress	2,807,385	1,498,737	-
Capital assets being depreciated:			
Land improvements, depreciable	289,521	289,521	-
Buildings and improvements	8,243,259	7,493,972	-
Furniture and equipment	1,741,470	1,695,992	-
Vehicles and heavy equipment	3,786,004	3,654,391	-
Infrastructure	887,162	556,148	-
Accumulated depreciation	(6,844,088)	(6,260,724)	-
Capital Assets, net of depreciation	15,420,930	13,438,254	-
TOTAL ASSETS	\$ 30,747,668	\$ 29,941,915	\$ 136,245
Deferred outflow of resources	-	-	-

The notes to the financial statements are an integral part of these statements.

TOWNS COUNTY, GEORGIA
STATEMENTS OF NET POSITION
December 31, 2012 and 2011

	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES		June 30, 2012 COMPONENT UNIT HEALTH DEPARTMENT
	2012	2011	
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 654,224	\$ 361,742	\$ 2,313
Accrued liabilities	212,089	192,942	-
Accrued interest	40,851	48,567	-
Contingent liabilities	32,000	32,000	-
Compensated absences	119,524	129,410	26,000
Bond payable	1,015,000	985,000	-
Total Current Liabilities	2,073,688	1,749,661	28,313
Noncurrent liabilities			
Compensated absences	-	-	40,365
Bond payable	4,200,000	5,215,000	-
Total Noncurrent Liabilities	4,200,000	5,215,000	40,365
TOTAL LIABILITIES	6,273,688	6,964,661	68,678
Deferred inflow of resources	4,254,533	4,539,933	-
NET POSITION			
Net investment in capital assets	10,205,930	7,238,254	-
Restricted for capital project funds	3,571,909	5,432,052	-
Restricted for special revenue funds	146,485	114,414	-
Unrestricted	6,295,123	5,652,601	67,567
TOTAL NET POSITION	\$ 20,219,447	\$ 18,437,321	\$ 67,567

TOWNS COUNTY, GEORGIA
STATEMENTS OF ACTIVITIES
For the Year Ended December 31, 2012 and 2011

	Expenditures	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 1,639,894	\$ 63,732	\$ 138,001	\$ -
Public safety	4,578,207	645,071	114,757	78,069
Court system	721,169	1,094,430	78,282	-
Health and welfare	860,060	208,987	69,007	394,762
Recreation and culture	518,200	198,724	35,222	27,539
Public works	1,286,646	331,931	33,970	-
Housing and development	508,499	48,947	-	-
Interest and paying agent fees	138,121	-	-	-
Total Primary Government	<u>\$ 10,250,796</u>	<u>\$ 2,591,822</u>	<u>\$ 469,239</u>	<u>\$ 500,370</u>
Component Units:				
Towns County Health Department	\$ 519,433	\$ 180,498	\$ 317,446	\$ -
Total Component Units	<u>\$ 519,433</u>	<u>\$ 180,498</u>	<u>\$ 317,446</u>	<u>\$ -</u>

GENERAL REVENUES:

Taxes

Property taxes

Sales taxes

Other taxes

Investment earnings

Miscellaneous

Gain (loss) on sale of capital assets

Total General Revenues

CHANGE IN NET POSITION

NET POSITION, BEGINNING

NET POSITION, ENDING

The notes to the financial statements are an integral part of these statements.

TOWNS COUNTY, GEORGIA
STATEMENTS OF ACTIVITIES
For the Year Ended December 31, 2012 and 2011

Net (Expenditure) Revenue and Changes in Net Position		June 30, 2012
Primary Government		Component Unit
Governmental Activities	2011 Totals	Towns County Health Dept.
\$ (1,438,161)	\$ (1,189,657)	
(3,740,310)	(3,529,954)	
451,543	405,293	
(187,304)	(456,647)	
(256,715)	(327,395)	
(920,745)	(887,499)	
(459,552)	(741,047)	
(138,121)	(88,810)	
<u>\$ (6,689,365)</u>	<u>\$ (6,815,716)</u>	
		<u>\$ (21,489)</u>
		<u>\$ (21,489)</u>
\$ 4,485,544	\$ 5,477,063	-
3,075,519	2,515,552	-
903,866	901,124	-
24,977	42,698	-
8,748	31,180	-
(27,163)	122	-
<u>8,471,491</u>	<u>8,967,739</u>	<u>-</u>
1,782,126	2,152,023	(21,489)
<u>18,437,321</u>	<u>16,285,298</u>	<u>89,056</u>
<u>\$ 20,219,447</u>	<u>\$ 18,437,321</u>	<u>\$ 67,567</u>

TOWNS COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2012 and 2011

	General	2012 Splost and Bond Construction	Other Nonmajor Governmental Funds	Total Governmental Funds	Total Prior Year Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 6,214,988	\$4,134,361	\$ 53,061	\$ 10,402,410	\$ 11,048,127
Receivables, net	4,527,706	241,373	44,432	4,813,511	5,385,262
Due from other funds	287,742	-	59,435	347,177	228,211
Prepaid items	110,818	-	-	110,818	70,272
TOTAL ASSETS	\$ 11,141,254	\$4,375,734	\$ 156,928	\$ 15,673,916	\$ 16,731,872
Deferred outflow of resources	-	-	-	-	-
LIABILITIES					
Accounts payable	\$ 178,993	\$ 475,232	\$ -	\$ 654,225	\$ 361,741
Accrued liabilities	201,646	-	10,443	212,089	192,942
Accrued interest	-	40,851	-	40,851	48,567
Contingent liabilities	32,000	-	-	32,000	32,000
Due to other funds	59,435	287,742	-	347,177	228,211
Total liabilities	472,074	803,825	10,443	1,286,342	863,461
Deferred inflow of resources	5,256,571	-	-	5,256,571	5,517,419
FUND BALANCE					
Non-spendable:					
Prepaid items	110,818	-	-	110,818	70,272
Restricted:					
Capital project funds	-	3,571,909	-	3,571,909	5,432,052
Special revenue funds	-	-	146,485	146,485	114,414
Unassigned :	5,301,791	-	-	5,301,791	4,734,254
Total fund balances	5,412,609	3,571,909	146,485	9,131,003	10,350,992
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE	\$ 11,141,254	\$4,375,734	\$ 156,928	\$ 15,673,916	\$ 16,731,872

The notes to the financial statements are an integral part of these statements.

TOWNS COUNTY, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
December 31, 2012 and 2011

Amounts reported for governmental activities in the Statement of Net Position are different because:

	<u>2012</u>	<u>2011</u>
Fund balance - total government funds	\$ 9,131,003	\$ 10,350,992
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.	15,420,930	13,438,254
Revenues in the Statement of Activities that do not provide current financial resources are reported as deferred inflow of resources in the funds.	1,002,038	977,486
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(119,524)	
Bond debt	<u>(5,215,000)</u>	(6,329,410)
Rounding	<u>-</u>	<u>(1)</u>
	<u>\$ 20,219,447</u>	<u>\$ 18,437,321</u>

The notes to the financial statements are an integral part of these statements.

TOWNS COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012 and 2011

	General	2012 Splost and Bond Construction	Other Nonmajor Governmental Funds	Total Governmental Funds	Total Prior Year Governmental Funds
REVENUES					
Taxes	\$ 7,103,537	1,685,277	\$ 317,892	\$ 9,106,706	\$ 9,142,490
Licenses and permits	48,947	-	-	48,947	50,687
Fines and forfeitures	287,045	-	41,489	328,534	345,623
Charges for services	1,064,390	-	401,717	1,466,107	1,552,166
Interest income	24,928	27,539	49	52,516	66,611
Intergovernmental	839,893	-	58,326	898,219	760,126
Contributions and donations	22,560	-	-	22,560	47,837
Other	111,942	-	-	111,942	114,914
TOTAL REVENUES	<u>\$ 9,503,242</u>	<u>\$ 1,712,816</u>	<u>\$ 819,473</u>	<u>\$ 12,035,531</u>	<u>\$ 12,080,454</u>
EXPENDITURES					
Current Operating					
General government	\$ 1,317,018	\$ -	-	\$ 1,317,018	\$ 1,226,364
Public safety	3,664,281	-	447,165	4,111,446	4,171,189
Court system	616,204	-	31,522	647,726	686,938
Public works	1,124,881	-	-	1,124,881	1,179,722
Health and welfare	437,175	-	383,452	820,627	796,482
Recreation and culture	432,227	-	-	432,227	450,384
Housing and development	218,254	-	317,895	536,149	821,212
Capital Outlay	692,487	2,134,951	-	2,827,438	2,090,629
Intergovernmental	-	314,887	-	314,887	30,520
Debt Service: Bond issuance costs	-	-	-	-	129,881
Debt Service: Principal	-	985,000	-	985,000	97,986
Debt Service: Interest	-	138,121	-	138,121	88,810
TOTAL EXPENDITURES	<u>8,502,527</u>	<u>3,572,959</u>	<u>1,180,034</u>	<u>13,255,520</u>	<u>11,770,117</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,000,715</u>	<u>(1,860,143)</u>	<u>(360,561)</u>	<u>(1,219,989)</u>	<u>310,337</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	-	-	-	7,500
Proceeds from financing	-	-	-	-	6,200,000
Transfers in (out)	(392,632)	-	392,632	-	-
TOTAL OTHER FINANCING SOURCES	<u>(392,632)</u>	<u>-</u>	<u>392,632</u>	<u>-</u>	<u>6,207,500</u>
NET CHANGE IN FUND BALANCES	608,083	(1,860,143)	32,071	(1,219,989)	6,517,837
FUND BALANCE, BEGINNING	<u>4,804,526</u>	<u>5,432,052</u>	<u>114,414</u>	<u>10,350,992</u>	<u>3,833,155</u>
FUND BALANCE, ENDING	<u>\$ 5,412,609</u>	<u>\$ 3,571,909</u>	<u>\$ 146,485</u>	<u>\$ 9,131,003</u>	<u>\$ 10,350,992</u>

The notes to the financial statements are an integral part of these statements.

TOWNS 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 December 31, 2012 and 2011

Amounts reported for governmental activities in the Statement of Activities are different as a result of:

	<u>2012</u>	<u>2011</u>
Net change in fund balances	\$ (1,219,989)	\$ 6,517,837
Capital outlays, reported as expenditures in governmental funds, are shown as capital assets in the Statement of Activities, in which the cost of assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation in the current period is:		
Capital outlay	2,827,438	
Depreciation expense	<u>(817,599)</u>	1,367,741
Property donated to the county reported as a revenue on the Statement of Activities and shown as capital asset.	-	39,042
Certain liabilities reported in the Statement of Activities do not require the use of current financial resources and therefore, the adjustment to expenditures is not reflected in the fund statements.	9,886	3,749
Some governmental revenues will not be collected for several months after the fiscal year and are deferred in the governmental activities.		
Property Taxes	308,600	
Fines	<u>693,438</u>	977,486
Revenues reported in the funds that relate to prior years are not reported as revenues in the statement of activities.	(977,486)	(644,440)
The difference between the proceeds from the sale or disposition of capital assets and the associated gain/loss are not reflected in the government fund statements.		
Proceeds from sale of assets	-	
Gain (loss) on disposed assets	<u>(27,163)</u>	(7,378)
Repayment of long term debt is reported as an expenditure in governmental funds, but a reduction of long term liabilities in the Statement of Net Position.	985,000	97,986
Revenues reported as proceeds from financing on fund statements are shown as an increase in long term liabilities in the Statement of Net Position.	-	(6,200,000)
Rounding	<u>1</u>	<u>-</u>
	<u>\$ 1,782,126</u>	<u>\$ 2,152,023</u>

The notes to the financial statements are an integral part of these statements.

TOWNS COUNTY, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash	<u>\$ 118,286</u>	<u>\$ 117,957</u>
TOTAL ASSETS	<u><u>\$ 118,286</u></u>	<u><u>\$ 117,957</u></u>
Deferred outflow of resources	<u>-</u>	<u>-</u>
LIABILITIES		
Funds held in trust	<u>\$ 118,286</u>	<u>\$ 117,957</u>
TOTAL LIABILITIES	<u><u>\$ 118,286</u></u>	<u><u>\$ 117,957</u></u>
Deferred inflow of resources	<u>-</u>	<u>-</u>
TOTAL NET POSITION	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of these statements.

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Towns County, Georgia (the "County") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Reporting Entity

Towns County, Georgia is a political subdivision of the State of Georgia governed by an elected commissioner. The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

The component unit columns in the combined financial statements include the financial data of the County's component units which meet the criteria established by governmental accounting standards. The Towns County Health Department issues separate financial statements which have a June 30 year-end as required by state statutes.

A brief description of discretely presented component unit follows:

Towns County Health Department (health department): The health department is charged with determining the health needs and resources of its jurisdiction, developing programs, activities, and facilities responsive to those needs, and enforcing all laws related to health matters unless they fall under the jurisdiction of other agencies. The health department is governed by the Towns County Board of Health (Board). The Board includes seven members representing government, health professions, and the needy. The County appoints the voting majority of the Board. The health department is fiscally dependent on the County since it must have its budget approved by the County. Additionally, the County provides significant operating subsidies to the department.

Complete financial statements of the Towns County Health Department may be obtained from their administrative office at the following location:

Towns County Health Department
41 River Street
Hiawassee, Georgia 30546

Based on the GASB criteria, the following potential component units are not financially accountable to the Commissioner and their operations are not considered component units and are not included in this report because the government does not have the ability to exercise influence over their daily operations, approve budgets or provide funding.

Related Parties

Towns County Board of Family and Children Services – although the Board is appointed by the County, this is considered a State agency with funding and oversight by the State.

Towns County Recreation Authority – the Board is appointed by the County. However, the County has no ability to impose its will, nor does the County have a financial obligation for the Authority.

Other

Towns County Board of Education – has a separately elected Board and provides services to residents of the County.

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for government funds and proprietary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenditures are recorded when a liability is incurred, regardless of 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.

Government 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 property taxes as available if they are collected by the end of the current fiscal period. Revenues susceptible to accrual are considered as available if they are collected within 60 days of the end of the current fiscal period. Intergovernmental grant revenues, entitlements, and contributions are recognized in the year in which all eligibility requirements are met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales tax, franchise taxes, fines, charges for services, 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Basis of Presentation (continued)

The *Splost Fund* is the government's 2011 Special Purpose Local Option Sales Tax capital projects fund that accounts for the receipts and disbursements of (1%) sales currently collected from 2011 through 2017. The primary revenue sources are sales taxes and primary expenditures for the county are parks and recreation improvements and acquisitions, road and bridge improvements, water and sewer improvements, fire department vehicles, fire hydrants and equipment, construction and improvements to the public library, ambulance and other public safety vehicles and equipment, industrial and economic development, improvements and acquisitions.

The estimated special purpose sales and use tax revenue shall be divided between and among Towns County, the City of Hiawassee and the City of Young Harris in accordance with an Intergovernmental Agreement which is on file in the office of the County Clerk of the Commissioner of Towns County.

The non-major governmental funds are combined and reported in a single column in the fund financial statements.

Additionally, the government reports the following fund types:

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others.

Agency funds are custodial in nature and do not represent results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. General revenues include all taxes.

Assets, Liabilities, and Net Position or Equity

Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U.S. Treasury and its agencies and instrumentalities; bonds or certificates of indebtedness of this state and its agencies and instrumentalists; certificates of deposits of banks insured by FDIC.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivable/payable" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Payables (continued)

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable, available financial resources.

Property taxes were levied on November 27, 2012 and were due January 10, 2013. Interest of 1% per month is assessed on taxes not paid by this date. The taxes are subject to lien after January 10, 2013. A penalty of 10% is assessed on taxes not paid by this date.

The County bills and collects its own property taxes and also those for the School Board and the State. Only the County's tax levy is recognized as revenue when levied and uncollected taxes are recorded as deferred revenue in the general fund.

Inventory and Prepaid Items

Inventories of the primary government are not recorded due to a lack of materiality.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, culverts, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial cost of \$ 5,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Roads, bridges and culverts acquired prior to December 31, 2003, have not yet been reported.

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

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40
Building Improvements	10-25
Machinery and Equipment	5-10
Vehicles	5
Infrastructure	10-50

Compensated Absences

Employees earn personal leave at the rate of 10 hours per month for full-time employees. Personal leave cannot be accrued in excess of 480 hours. Upon request, employees can be paid for personal leave up to their accumulated hours. Personal leave benefits are accrued as a liability as the benefits are earned if the employee's 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. The total compensated absence liability is reported on the government-wide financial statements.

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

Management Estimates

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

Fund Balance

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Government Fund Type Definitions, the County classifies government fund balances as follows:

- Non-spendable – includes fund balances that cannot be spent either because it is not in spendable forms or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the County Commissioner.
- Unassigned includes positive fund balance with the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The County doesn't have an official policy; however, the County uses restricted/committed amounts to be spent first when both restricted and unrestricted net position is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the County would first use committed, then assigned, and lastly unassigned amounts of unrestricted net position when expenditures are made.

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (continued)

The County does not have a formal minimum fund balance policy.

A schedule of fund balances is as follows:

	<u>General</u>	<u>Splost</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:				
Non-spendable				
Prepaid items	\$ 110,818	\$ -	\$ -	\$ 110,818
Restricted:				
Capital projects	-	3,571,909	-	3,571,909
Public safety	-	-	128,248	128,248
Court system	-	-	21,677	21,677
Health and welfare	-	-	(3,442)	(3,442)
Housing and development	-	-	2	2
Unassigned:	<u>5,301,791</u>	<u>-</u>	<u>-</u>	<u>5,301,791</u>
Total Fund Balance	<u><u>\$ 5,412,609</u></u>	<u><u>\$ 3,571,909</u></u>	<u><u>\$ 146,485</u></u>	<u><u>\$ 9,131,003</u></u>

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Note 2 – DEPOSITS AND INVESTMENTS

Custodial credit risk – deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government's policy for custodial credit risk is to obtain collateral from financial institutions in accordance with state law. The government's bank balances were insured or collateralized as of December 31, 2012.

The County utilized the direct method and pooled method of securing deposits of public funds as described below.

- Under the direct method, a depository shall secure the deposits of each of these public depositors separately.
- Under the pooled method, a depository shall secure deposits of public bodies which have deposits with it through a pool of collateral established by the depository with a custodian for the benefit of public bodies having deposits with such depository as set forth in code Section 45-8-13.1.

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Note 3 – RECEIVABLES

Receivables as of the year end for the County's individual major funds, nonmajor governmental funds in the aggregate, and enterprise fund including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Splost	Non-Major Governmental Funds	Component Unit TC Health Department
Receivables:				
Property taxes	\$ 3,226,994	\$ -	\$ -	\$ -
Other taxes	204,258	241,373	-	-
Ambulance	243,675	-	-	-
Fines	1,066,829	-	-	-
Other accounts	178,136	-	41,887	23,285
Intergovernmental	79,744	-	2,545	-
Total Gross Receivables	4,999,636	241,373	44,432	23,285
Allowances for uncollectibles	(471,930)	-	-	-
Total Net Receivables	<u>\$ 4,527,706</u>	<u>\$ 241,373</u>	<u>\$ 44,432</u>	<u>\$ 23,285</u>

Government funds report unavailable and unearned revenue as deferred inflow of resources. Unavailable revenue is receivables that are not considered to be available to liquidate liabilities of the current period. Unearned revenue is resources that have been received but not yet earned. Unearned revenues typically involve property taxes received by year end for the subsequent year. The various components of deferred inflow of resources reported in the governmental funds at the end of the current fiscal year were as follows:

	Unavailable	Unearned	Total
General Fund:			
Property tax	\$ 308,600	\$ 4,254,533	\$ 4,563,133
Probation fines	693,438	-	693,438
Total	<u>\$ 1,002,038</u>	<u>\$ 4,254,533</u>	<u>\$ 5,256,571</u>

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Note 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Not being depreciated:				
Land	\$ 4,510,217	\$ -	-	\$ 4,510,217
Construction in progress	1,498,737	1,769,041	460,393	2,807,385
	<u>6,008,954</u>	<u>1,769,041</u>	<u>460,393</u>	<u>7,317,602</u>
Other Capital Assets:				
Land improvements	289,521	-	-	289,521
Buildings	7,493,972	749,287	-	8,243,259
Equipment	5,350,383	438,489	261,398	5,527,474
Infrastructure	556,148	331,014	-	887,162
	<u>13,690,024</u>	<u>1,518,790</u>	<u>261,398</u>	<u>14,947,416</u>
Accumulated Depreciation				
Land improvements	127,479	15,928	-	143,407
Buildings	2,526,895	186,187	-	2,713,082
Equipment	3,446,541	583,298	234,235	3,795,604
Infrastructure	159,809	32,186	-	191,995
	<u>6,260,724</u>	<u>817,599</u>	<u>234,235</u>	<u>6,844,088</u>
Net Capital Assets	<u>\$ 13,438,254</u>	<u>\$ 2,470,232</u>	<u>\$ 487,556</u>	<u>\$ 15,420,930</u>

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

Governmental Activities

General government	\$ 48,275
Public Safety	487,166
Public works	181,205
Health and welfare	43,587
Culture/recreation	57,366
Total	<u>\$ 817,599</u>

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Note 5 – CURRENT AND LONG TERM DEBT

Long-Term Debt

Long-term liability for the year ended December 31, 2012 was as follows:

Description	Beginning Balance	New Debt	Debt Retired	Ending Balance	Amount Due Within 12 Months	Amount Due After 12 Months
Government Activities						
General obligation sales tax bond, 2011 series	\$6,200,000	\$ -	\$ 985,000	\$5,215,000	\$1,000,000	\$ 4,215,000
Compensated absences	129,410	193,337	203,223	119,524	119,524	-
	<u>\$6,329,410</u>	<u>\$ 193,337</u>	<u>\$1,188,223</u>	<u>\$5,334,524</u>	<u>\$1,119,524</u>	<u>\$ 4,215,000</u>

Long-Term Debt Descriptions

General obligation sales tax bond, 2011 series: These bonds were issued to fund capital projects. Principal payments are due annually beginning September 1, 2012 and will continue through September 1, 2017. Interest payments are due semi-annually beginning September 1, 2011 and will continue through September 1, 2017. The bonds bear interest at a fixed rate of 2.35%. The original issue totaled \$ 6,200,000.

The annual payments required on the general obligation sales tax bond at December 31, 2012 are as follows:

Year Ending December 31,	General obligation sales tax bond		
	Principal	Interest	Total
2013	1,000,000	114,719	1,114,719
2014	1,015,000	91,102	1,106,102
2015	1,040,000	67,053	1,107,053
2016	1,065,000	42,418	1,107,418
2017	1,095,000	17,155	1,112,155
	<u>\$ 5,215,000</u>	<u>\$ 332,447</u>	<u>\$ 5,547,447</u>

Compensated absences: These are liquidated in the general fund for the governmental activities; see Note 1 for a further explanation of compensated absences. The County has reported 100% of the compensated absence liability as due in one year, as the County expects to use earned vacation within one year.

Note 6 – CONTINGENCIES

There is a contingent liability related to a legal matter involving the claim of a possible property encroachment. The likelihood of a favorable outcome is very remote and the estimated potential liability is at least \$ 32,000 and up to \$ 150,000. The County has recognized a \$ 32,000 contingent liability due to this legal matter.

The County is a party to several legal proceedings not mentioned above, which normally occur in governmental operations. As of the date of this financial statement, no awards in these cases have been made against the County. The results of any litigation, however, contain elements of uncertainty, and liability, if any, which might result from these proceedings would not, in the opinion of management, have a material adverse effect on the ability of the County to meet its financial obligations.

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Note 6 – CONTINGENCIES (CONTINUED)

The County receives financial assistance from some federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the County at December 31, 2012.

Note 7 – INTERFUND AND COMPONENT UNIT RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances at December 31, 2012, consist of the following amounts and represent cash held in the General Fund for the specified Special Revenue Funds:

<u>Primary Government</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 287,742	\$ 59,435
Capital Projects Fund	-	287,742
Special Revenue Fund		
E-911 Fund	-	-
Drug Fund	57,868	-
Victims Assistance	1,567	-
Totals	<u>\$ 347,177</u>	<u>\$ 347,177</u>

Interfund transfers from the General Fund to support the operations of the Emergency 911 Center and the Child Development Center, for the year ended December 31, 2012, are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Totals</u>
General Fund	\$ -	\$ 392,632	\$ (392,632)
Emergency 911	275,177	-	275,177
Child Development Center	117,455	-	117,455
Totals	<u>\$ 392,632</u>	<u>\$ 392,632</u>	<u>\$ -</u>

Supplements paid to Component Unit:

<u>Fund/Component Unit</u>	<u>Paid From</u>	<u>Paid To</u>	<u>Totals</u>
General Fund	\$ 138,000	\$ -	\$ 138,000
Towns County Health Dept.	-	138,000	(138,000)
Totals	<u>\$ 138,000</u>	<u>\$ 138,000</u>	<u>\$ -</u>

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Note 8 – RETIREMENT PLANS

Defined Contribution Plan

Plan description

Effective April 1, 1999, the County, by signing an adoption agreement, adopted the Towns County Money Purchase Plan, a defined contribution plan sponsored and administered by The Benefit Marketing Group, Inc. This plan allows employees to participate after completing one year of service. The Commissioner has the authority under which the plan provisions or contribution requirements are established or may be amended.

Funding policy

The County contributes ½% of salary as a base contribution. In addition, for each employee who contributes not less than 4.0% of his compensation to the Towns County Public Employee Deferred Compensation Program, the County will contribute 3.5% of that employee's compensation.

Annual pension cost

The contribution for 2012 was \$ 87,054.

Other plans

In addition to the above mentioned pension plan, the following pension and retirement plans cover County employees, but the County is not legally responsible for contributions to those plans. Other governmental entities are legally responsible for these contributions as well as required disclosures.

Georgia Firefighters' Pension Fund

The Georgia Firefighters' Pension Fund is a cost-sharing multiple employer defined benefit pension plan for the purpose of paying retirement benefits to firefighters of the State of Georgia. Any person employed as a firefighter or enrolled as a volunteer firefighter within the State of Georgia is eligible for membership. The County contributes \$ 15 per month for employed and volunteer firefighters to the Georgia Firefighters' Pension Fund.

Probate Judges' Retirement Fund of Georgia

The Probate Judge is covered under a pension plan that 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.

Clerk of Superior Court Retirement Fund

The Clerk of Superior Court is covered under a pension plan that 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.

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 can be remitted by the Probate Judge or Clerk of Superior Court to the pension plans before the payment of any costs or other claims.

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Note 9 – GEORGIA MOUNTAIN REGIONAL COMMISSION

Towns County, in conjunction with other cities and counties in the area are members of the Georgia Mountain Regional Commission (GMRC). Membership in the GMRC is automatic for each municipality and county in the state. *The Official Code of Georgia Annotated (OCGA) Section 50-8-34* (Georgia Planning Act of 1989) provides for the organizational structure of the GMRCs. Each county and municipality in the state is required by law to pay minimum annual dues to the GMRC. The County paid annual dues in the amount of \$ 11,815 to the GMRC for the year ended December 31, 2012.

The GMRC Board membership includes the chief elected official of each county and municipality of the area. 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.

The Georgia Planning Act of 1989 (*OCGA 50-8-34*) defines the GMRCs as “public agencies and instrumentalities of their members.” Georgia laws also provide that the member governments are liable for any debts or obligations of such an agency beyond its resources (*OCGA 50-8-39.1*).

Separate financial statements may be obtained from: Georgia Mountain Regional Development Center, P.O. Box 1720, Gainesville, Georgia 30503-1720.

Note 10 – LANDFILL CLOSURE AND POSTCLOSURE CARE COST

The County landfill is exempt from financial assurance requirements per the Georgia Environmental Protection Division. The Solid Waste Management Rule, section 391-3-4-.13(3), states that local government owners and operators of landfills that were taking less than 100 tons per day that ceased receipt of waste by April 8, 1994 are exempt from financial assurance requirement.

The landfill closed December 31, 2006 and received a closure certificate on August 5, 2008. The County incurred landfill monitoring costs of \$ 13,200 in the current year.

Note 11 – RISK MANAGEMENT

The County is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters.

Workers' Compensation

The County participates in the Association County Commissioners of Georgia (ACCG) Group Self Insurance Workers' Compensation Fund (GSIWCF), a self-insured pool cooperative arrangement among its members to finance workers' compensation coverage. The fund is owned by its members and is managed by a seven member Board of Trustees who are representatives from participating counties. The ACCG-GSIWCF operates under the authority of *OCGA 34-9-150 et seq.* and the Georgia Insurance Commissioner's Office.

The members of ACCG-GSIWCF are assessable if the losses that ACCG must pay exceed the assets of the pool. At December 31, 2012, there was no need for such an assessment. Therefore, no liability for this has been included in these financial statements.

As a part of this risk pool, the County is obligated to pay all contributions and assessments to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by this fund, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents that could require the fund to pay any type of loss. The County is also to allow all the pool's agents and attorneys to represent the County in investigations, settlement discussions, and all levels of litigation arising out of any claims made against the County.

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Note 11 – RISK MANAGEMENT (CONTINUED)

Workers' Compensation (continued)

The fund is to defend and protect the members of the fund against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The fund 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 expenditures incurred for investigation, negotiation or defense.

Other

The County participates in the Association County Commissioners of Georgia (ACCG) Interlocal Risk Management Agency (IRMA), a risk sharing arrangement among Georgia County Governments. The fund exists by authority of *OCGA 36-85-1* et seq. Premium liabilities are based on the estimated ultimate cost of settling the claims, including effects of inflation and other society and economic factors. The IRMA Limits of Liability shall not be charged with the first \$ 5,000 of any loss for law enforcement claims. Losses up to \$ 100,000 per individual claim or \$ 1,000,000 for all claims are paid by IRMA. However, excess losses, if any, are covered by reinsurance and would be paid by the reinsurer. The members of IRMA are assessable if the losses that IRMA must pay exceed the assets of the pool. At December 31, 2012, there was no need for such an assessment. Therefore, no liability for incurred but unreported liabilities is needed.

As a part of this risk pool, the County is obligated to pay all contributions and assessments to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by this fund, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents that could require the fund to pay any type of loss. The County is also to allow all the pool's agents and attorneys to represent the County in investigations, settlements discussions, and all levels of litigation arising out of any claims made against the County.

The fund is to defend and protect the members of the fund against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The fund 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 expenditures incurred for investigation, negotiation or defense.

The County also purchases combined automobile, crime, liability and property insurance coverage from the ACCG-IRMA. A \$ 1,000 deductible applies to each claim. The following is a summary of coverage at December 31, 2012:

Property Losses	\$ 5,000,000	Aggregate
Comprehensive General and Law Enforcement Liability	5,000,000	Per Occurrence
Automobile Liability	5,000,000	Per Occurrence
Errors and Omissions	5,000,000	Per Occurrence
	10,000,000	Aggregate
Crime Coverage	150,000	Per Occurrence

The County has no outstanding claims in excess of coverage for which a liability should be recorded as of December 31, 2012. Settled claims in the past four years have not exceeded the coverage.

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Note 12 – SIGNIFICANT ESTIMATES

As discussed in Note 1, estimates are used in the preparation of these financial statements. Three estimates qualify as significant estimates in that it is reasonably possible that the estimates will change in the near term due to one or more future confirming events and this change will have a material effect on the financial statements. These estimates are as follows:

The estimate for allowance for doubtful accounts related to fines: This estimate is calculated at 35% of the fines due to the County less amounts received in the first 60 days after year end. This estimate will be assessed in future periods and adjusted as necessary based on actual results.

The estimate for allowance for doubtful accounts related to ambulance services: This estimate is calculated at 40.44% based on total insurance adjustments. This estimate will be assessed in future periods based on insurance adjustments.

The estimate for accumulated depreciation on capital assets: This estimate is based on the original or estimated cost of the assets, depreciated over the estimated useful lives using the straight line method.

Note 13 – HOTEL/MOTEL TAX

During the year ended December 31, 2012, the County had receipts of \$ 317,892 based on the tax rate of 5% and spent \$ 317,895 to support the Towns County Tourism Authority as prescribed in an intergovernmental agreement with the Authority. Under *OCGA 48-13-51*, collections over the 3% base are restricted for use to promote tourism, conventions, and trade shows. The Towns County Tourism Authority provides reporting to verify compliance with funding restrictions. Restricted funds totaling more than the required \$ 190,735 were used for the specified purpose. The County complied with the requirements of this law.

Note 14 – JOINT VENTURES

Towns County participates with Union, Banks and Lumpkin Counties in the North Georgia Waste Management Authority. The Authority studied solid waste disposal issues, developed a plan to recycle waste paper and has leased those facilities to private entities. Towns County has an ongoing financial interest and obligation for funding debt service requirements. The participating counties are annually assessed varying amounts to cover the Authority's inability to service its debt. During the year 2012, Towns County paid \$ 19,021 to the Authority. Financial statements for the Authority are available from the Authority at 624 Green Street, Gainesville, Georgia, 30501.

Note 15 – DEFICIT FUND BALANCES

The Daycare Special Revenue Fund had a deficit fund balance at December 31, 2012 of (\$ 3,442). This deficit will be financed through additional funding from the General Fund and a fee increase effective in 2013.

Note 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 27, 2013, the date the financial statements were available to be issued.

TOWNS COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 7,060,980	\$ 7,071,980	\$ 7,103,537	\$ 31,557
Licenses and permits	50,000	50,000	48,947	(1,053)
Fines and forfeitures	282,500	282,500	287,045	4,545
Charges for services	1,034,500	1,033,000	1,064,390	31,390
Interest income	55,000	55,000	24,928	(30,072)
Intergovernmental	548,868	969,868	839,893	(129,975)
Contributions and donations	7,000	7,000	22,560	15,560
Other	104,500	104,500	111,942	7,442
TOTAL REVENUES	9,143,348	9,573,848	9,503,242	(70,606)
EXPENDITURES				
General Government				
General and administrative	927,840	888,409	679,476	208,933
Commissioner	115,850	115,850	101,502	14,348
Tax commissioner	239,650	239,650	232,618	7,032
Tax assessor	210,720	210,720	191,858	18,862
Election	75,000	122,000	121,901	99
Total General Government	1,569,060	1,576,629	1,327,355	249,274
Public Safety				
Regional expenditures	136,300	147,900	147,059	841
Sheriff	1,422,500	1,246,431	1,245,346	1,085
Jail	-	-	-	-
Jail operation	912,000	882,000	835,963	46,037
Fire department	370,000	469,000	462,790	6,210
Ambulance service	1,004,000	1,005,500	952,321	53,179
E.M.A. director	54,720	56,520	55,620	900
E-911 Mapping	95,190	95,190	74,517	20,673
Total Public Safety	3,994,710	3,902,541	3,773,616	128,925
Court System				
Regional expenditures	1,500	1,600	1,539	61
Probate/Magistrate court	239,000	239,000	198,189	40,811
Clerk of court	216,250	216,250	182,387	33,863
Court - other	326,500	326,500	180,234	146,266
District attorney	51,500	55,000	53,854	1,146
Total Court System	834,750	838,350	616,203	222,147

TOWNS COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
For the Year Ended December 31, 2012

(CONTINUED)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Works				
Road department	930,700	930,700	731,284	199,416
Transfer Station/Landfill	430,000	430,000	386,672	43,328
Recycling	26,500	26,500	20,740	5,760
Total Public Works	<u>1,387,200</u>	<u>1,387,200</u>	<u>1,138,696</u>	<u>248,504</u>
Health and Welfare				
Regional expenditures	419,400	923,400	910,429	12,971
Extension service	21,700	21,700	16,931	4,769
Transportation service	102,151	102,151	68,814	33,337
Total Health and Welfare	<u>543,251</u>	<u>1,047,251</u>	<u>996,174</u>	<u>51,077</u>
Recreation and Culture				
Regional expenditures	339,000	345,500	129,419	216,081
Recreation department	294,000	294,000	216,813	77,187
Chatuge campground	89,000	89,000	85,994	3,006
Total Recreation and Culture	<u>722,000</u>	<u>728,500</u>	<u>432,226</u>	<u>296,274</u>
Housing and Development				
Regional expenditures	134,500	135,500	129,976	5,524
Building inspection	70,400	70,400	68,865	1,535
Planning and zoning	20,000	20,000	19,416	584
Total Housing and Development	<u>224,900</u>	<u>225,900</u>	<u>218,257</u>	<u>7,643</u>
TOTAL EXPENDITURES	<u>9,275,871</u>	<u>9,706,371</u>	<u>8,502,527</u>	<u>1,203,844</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(132,523)	(132,523)	1,000,715	
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	
Transfers in / (out)	(406,600)	(406,600)	(392,632)	
Contingencies / surplus reserves	539,123	539,123	-	
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>608,083</u>	
FUND BALANCE, BEGINNING			<u>4,804,526</u>	
FUND BALANCE, ENDING			<u>\$ 5,412,609</u>	

TOWNS COUNTY, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2012

NOTE 1 – BUDGETARY BASIS

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year-end. The County does not formally use encumbrance accounting.

All department heads of the government submit requests for appropriation to the government's sole commissioner so that a budget may be prepared. The budget is prepared by fund, function and activity, and line item, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. The government's sole commissioner holds public hearings and may add to, subtract from, or change appropriations. The commissioner may amend the line item budget within a department's appropriation. However, expenditures may not legally exceed budgeted appropriations at the department level which is the legal level of control.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

During the current year all functions of the County operated within budgeted appropriations.

TOWNS COUNTY, GEORGIA
 COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 December 31, 2012

	<u>Tax Commissioner</u>	<u>Clerk of Superior Court</u>	<u>Probate Court</u>	<u>Magistrate Court</u>	<u>Sheriff</u>	<u>Total</u>
ASSETS						
Cash	<u>\$ 20,459</u>	<u>\$ 24,395</u>	<u>\$ 15,934</u>	<u>\$ 6,042</u>	<u>\$ 51,456</u>	<u>\$ 118,286</u>
TOTAL ASSETS	<u><u>\$ 20,459</u></u>	<u><u>\$ 24,395</u></u>	<u><u>\$ 15,934</u></u>	<u><u>\$ 6,042</u></u>	<u><u>\$ 51,456</u></u>	<u><u>\$ 118,286</u></u>
LIABILITIES						
Funds held in trust	<u>\$ 20,459</u>	<u>\$ 24,395</u>	<u>\$ 15,934</u>	<u>\$ 6,042</u>	<u>\$ 51,456</u>	<u>\$ 118,286</u>
TOTAL LIABILITIES	<u><u>\$ 20,459</u></u>	<u><u>\$ 24,395</u></u>	<u><u>\$ 15,934</u></u>	<u><u>\$ 6,042</u></u>	<u><u>\$ 51,456</u></u>	<u><u>\$ 118,286</u></u>

TOWNS COUNTY, GEORGIA
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS
 FIDUCIARY FUNDS
 For the Year Ended December 31, 2012

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
ASSETS				
Cash	<u>\$ 117,957</u>	<u>\$ 5,973,544</u>	<u>\$ 5,973,215</u>	<u>\$ 118,286</u>
TOTAL ASSETS	<u><u>\$ 117,957</u></u>	<u><u>\$ 5,973,544</u></u>	<u><u>\$ 5,973,215</u></u>	<u><u>\$ 118,286</u></u>
LIABILITIES				
Funds held in trust	<u>\$ 117,957</u>	<u>\$ 5,973,544</u>	<u>\$ 5,973,215</u>	<u>\$ 118,286</u>
TOTAL LIABILITIES	<u><u>\$ 117,957</u></u>	<u><u>\$ 5,973,544</u></u>	<u><u>\$ 5,973,215</u></u>	<u><u>\$ 118,286</u></u>

TOWNS COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2012

	Child Development Center	Emergency 911	Law Library	Drug Fund	Victim's Assistance Fund	Jail Fund	Hotel / Motel Tax Fund	Total
ASSETS								
Cash and cash equivalents	\$ 3,370	\$ 29,579	\$ 20,110	\$ -	\$ -	\$ -	\$ 2	\$ 53,061
Receivables, net	1,086	40,801	-	-	-	-	-	41,887
Intergovernmental	2,545	-	-	-	-	-	-	2,545
Due from other funds	-	-	-	57,868	1,567	-	-	59,435
TOTAL ASSETS	\$ 7,001	\$ 70,380	\$ 20,110	\$ 57,868	\$ 1,567	\$ -	\$ 2	\$ 156,928
Deferred outflow of resources	-	-	-	-	-	-	-	-
LIABILITIES								
Accrued liabilities	\$ 10,443	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,443
Total liabilities	10,443	-	-	-	-	-	-	10,443
Deferred inflow of resources	-	-	-	-	-	-	-	-
FUND BALANCE								
Restricted:								
Special revenue funds	(3,442)	70,380	20,110	57,868	1,567	-	2	146,485
Total fund balances	(3,442)	70,380	20,110	57,868	1,567	-	2	146,485
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,001	\$ 70,380	\$ 20,110	\$ 57,868	\$ 1,567	\$ -	\$ 2	\$ 156,928

TOWNS COUNTY, GEORGIA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012

	Child Development Center	Emergency 911	Law Library	Drug Fund	Victim's Assistance Fund	Jail Fund	Hotel / Motel Tax Fund	Total
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 317,892	\$ 317,892
Fines and forfeitures	-	-	6,480	11,785	9,594	13,630	-	41,489
Charges for services	201,154	200,563	-	-	-	-	-	401,717
Interest income	5	41	-	-	-	-	3	49
Intergovernmental	58,326	-	-	-	-	-	-	58,326
TOTAL REVENUES	<u>\$ 259,485</u>	<u>\$ 200,604</u>	<u>\$ 6,480</u>	<u>\$ 11,785</u>	<u>\$ 9,594</u>	<u>\$ 13,630</u>	<u>\$ 317,895</u>	<u>\$ 819,473</u>
EXPENDITURES								
Current Operating								
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	439,243	-	7,922	-	-	-	447,165
Court system	-	-	6,455	-	11,437	13,630	-	31,522
Public works	-	-	-	-	-	-	-	-
Health and welfare	383,452	-	-	-	-	-	-	383,452
Housing and development	-	-	-	-	-	-	317,895	317,895
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>383,452</u>	<u>439,243</u>	<u>6,455</u>	<u>7,922</u>	<u>11,437</u>	<u>13,630</u>	<u>317,895</u>	<u>1,180,034</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(123,967)</u>	<u>(238,639)</u>	<u>25</u>	<u>3,863</u>	<u>(1,843)</u>	<u>-</u>	<u>-</u>	<u>(360,561)</u>
OTHER FINANCING SOURCES (USES)								
Proceeds from financing	-	-	-	-	-	-	-	-
Transfers in (out)	117,455	275,177	-	-	-	-	-	392,632
TOTAL OTHER FINANCING SOURCES	<u>117,455</u>	<u>275,177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>392,632</u>
NET CHANGE IN FUND BALANCES	(6,512)	36,538	25	3,863	(1,843)	-	-	32,071
FUND BALANCE, BEGINNING	<u>3,070</u>	<u>33,842</u>	<u>20,085</u>	<u>54,005</u>	<u>3,410</u>	<u>-</u>	<u>2</u>	<u>114,414</u>
FUND BALANCE, ENDING	<u>\$ (3,442)</u>	<u>\$ 70,380</u>	<u>\$ 20,110</u>	<u>\$ 57,868</u>	<u>\$ 1,567</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 146,485</u>

TOWNS COUNTY, GEORGIA
SPECIAL LOCAL OPTIONS SALES TAX 2011 SERIES
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
BUDGET AND ACTUAL - PROJECT TO DATE
From Inception Through December 31, 2012

<u>PROJECT</u>	<u>Project Budget</u>	<u>Prior Year Project to Date</u>	<u>Current Year</u>	<u>Total</u>	<u>Percent Complete</u>
Capital Projects:					
Roads and Bridges	\$ 2,359,000	\$ 398,325	\$ 483,532	\$ 881,857	37%
Fire	1,450,000	471,109	342,047	813,156	56%
Park Development/Multipurpose Community Center	4,950,000	720,946	1,285,510	2,006,456	41%
Library	200,000	-	-	-	0%
Economic Development	400,000	-	-	-	0%
Water/Sewer	450,000	-	-	-	0%
Public Safety Vehicles	450,000	6,474	23,862	30,336	7%
Total Capital Projects:	<u>10,259,000</u>	<u>1,596,854</u>	<u>2,134,951</u>	<u>3,731,805</u>	<u>36%</u>
Intergovernmental:					
City of Hiawasse Allocation	1,143,000	15,260	157,444	172,704	15%
City of Young Harris Allocation	<u>1,143,000</u>	<u>15,260</u>	<u>157,443</u>	<u>172,703</u>	<u>15%</u>
Total Intergovernmental:	<u>2,286,000</u>	<u>30,520</u>	<u>314,887</u>	<u>345,407</u>	<u>15%</u>
Debt Service - Bond Issuance Costs	155,000	129,881	-	129,881	84%
Debt Service - Principal	6,200,000	-	985,000	985,000	16%
Debt Service - Interest	<u>557,851</u>	<u>87,420</u>	<u>138,121</u>	<u>225,541</u>	<u>40%</u>
Total	<u>\$ 19,457,851</u>	<u>\$ 1,844,675</u>	<u>\$ 3,572,959</u>	<u>\$ 5,417,634</u>	<u>28%</u>

TOWNS COUNTY, GEORGIA

HIAWASSEE, GEORGIA

SINGLE AUDIT SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED

DECEMBER 31, 2012

TOWNS COUNTY, GEORGIA

HIAWASSEE, GEORGIA

CONTENTS

	<u>Page</u>
SINGLE AUDIT SUPPLEMENTAL INFORMATION	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	38-39
Report on Compliance For Each Major Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133	40-41
Schedule of Expenditures of Federal Awards	42
Notes to the Schedule of Expenditures of Federal Awards	43
Schedule of Findings and Questioned Costs	44

June 27, 2013

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

Independent Auditor's Report

To the Commissioner
Towns County, Georgia
Hiawassee, 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 government activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Towns County, Georgia, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Towns County, Georgia's basic financial statements, and have issued our report thereon dated June 27, 2013. Our report includes a reference to other auditors who audited the financial statements of Towns County Health Department, as described in our report on Towns County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Towns County, Georgia'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 Towns County, Georgia's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Alexander, Almand & Bangs, LLP
Gainesville, Georgia

June 27, 2013

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

Independent Auditor's Report

To the Commissioner
Towns County, Georgia
Hiawassee, Georgia

Report on Compliance for Each Major Federal Program

We have audited Towns 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 Towns County, Georgia's major federal programs for the year ended December 31, 2012. Towns 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 federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Towns 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 Towns 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 Towns County, Georgia's compliance.

Opinion on Each Major Program

In our opinion, Towns 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 programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of Towns County, Georgia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Towns County, Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 Towns 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.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the Towns County, Georgia as of and for the year ended December 31, 2012, and have issued our report thereon dated June 27, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Alexander, Almand & Bangs, LLP
Gainesville, Georgia

TOWNS COUNTY, GEORGIA
Schedule of Expenditures of Federal Awards
For The Year Ended December 31, 2012

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grantors and Pass- Through Grants' Number	Federal Amount Expended
Department of Agriculture			
Passed through Georgia Bright From The Start: Child and Adult Care Food Program	10.558		31,824
Passed through Office of the State Treasurer: Secure Rural Schools and Community Self-Determination Act of 2000	10.665	Title I (Public Roads) & Title III (Firewise Community Program)	31,573
			<u>63,397</u>
Department of Housing and Urban Development			
Passed through Georgia Department of Community Affairs: Community Development Block Grant	14.228	10P-Y-139-1-5249	405,443
Department of Homeland Security			
FY 2011 Assistance to Firefighters Grant	97.044	EMW-2011-FO-01330	76,569
Passed through Georgia Emergency Management Agency: Emergency Management Performance Grant	97.042	EMW-2012-EP-00051-S01	5,000
			<u>487,012</u>
Department of Justice			
ARRA - Sheriff's Initiative to Combat the Manufacture and Growth of Drugs in Towns County	ARRA -16.804	ARRA 2009-SD-B9-0066	91,481
Passed through Council of Juvenile Court Judges of Georgia: Purchase of Services for Juvenile Offenders Program	16.523		4,998
Passed through Appalachian Drug Task Force: 2011 - 2012 Byrne JAG Continuation Grant	16.738		40,045
Passed through Criminal Justice Coordinating Council of Georgia: Victims of Crime Grant	16.575	C12-8-085	33,240
			<u>169,764</u>
Department of Transportation			
Passed through Georgia Department of Transportation: Intermodal Programs	20.509	T003818	33,970
Environmental Protection Agency			
Passed through Georgia Department of Natural Resources: Nonpoint Source Implementation Grant - Lake Chatuge Watershed Action Plan Implementation	66.460	751-1120	35,222
			<u>\$ 789,365</u>

TOWNS COUNTY, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2012

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Towns County, Georgia and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE 2 – SUBRECEIPIENTS

There were no subrecipients of federal awards for the year ended December 31, 2012.

TOWNS COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended December 31, 2012

SECTION I – SUMMARY OF AUDIT RESULTS:

1. The auditors' report expresses an unqualified opinion on the financial statements of Towns County, Georgia.
2. The audit found no significant deficiencies in the design or operation of internal control over financial reporting that we consider a reportable condition.
3. The audit found no instances of non-compliance which are material to the financial statements of Towns County, Georgia.
4. The audit disclosed no reportable conditions required to be reported under Section 510 (a) of OMB Circular A-133.
5. The auditors' report expresses an unqualified opinion on compliance for major programs of Towns County, Georgia.
6. The program identified and tested as major federal programs in accordance with OMB Circular A-133, Section 530:

Community Development Block Grant	CFDA # 14.228
-----------------------------------	---------------
7. The threshold used to distinguish between Type A and Type B programs was \$ 300,000.
8. Towns County, Georgia did not qualify as a low-risk auditee under OMB Circular A-133, Section 530.

SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT (GAGAS):

There were no findings related to the financial statement audit.

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS AUDIT

There were no findings related to the financial statement audit.

Towns County, GA

Certification of 9-1-1 Expenditures

For the Year Ended
December 31, 2011

Line
No.

1 Indicate UCOA Fund Type Used to Account for 9-1-1 Activity (choose one):

☒ Special Revenue Fund ☐ Enterprise Fund

Expenditures (UCOA Activity 3800)

2 Wireless service supplier cost recovery charges
(identify each supplier individually on lines below - attach list, if necessary)

	\$	
	\$	
	\$	

3 Emergency telephone equipment, including necessary computer hardware, software, and data base provisioning, addressing, and nonrecurring costs of establishing a 9-1-1 system:

3a Lease costs \$ 238,922

3b Purchase costs \$ 47,290

3c Maintenance costs \$ 431

4 Rates associated with the service suppliers 9-1-1 service and other service suppliers recurring charges \$ 1,566

5 Employees hired by the local government solely for the operation and maintenance of the emergency 9-1-1 system and employees who work as directors as defined in O.C.G.A. §46-5-138.2

5a Salaries and wages \$ 99,376

5b Employee benefits \$

6 Cost of training of employees who work as dispatchers or directors \$

7 Office supplies of the public safety answering points used directly in providing emergency 9-1-1 system services \$

8 Building used as a public safety answering point:

8a Lease costs \$

8b Purchase costs \$

9 Computer hardware and software used at a public safety answering point, including computer assisted dispatch systems and automatic vehicle location systems:

9a Lease costs \$

9b Purchase costs \$

9c Maintenance costs \$

Towns County, GA

Certification of 9-1-1 Expenditures

For the Year Ended
December 31, 2011

Line No.			
10	Supplies directly related to providing emergency 9-1-1 system services, including the cost of printing emergency 9-1-1 public education materials		\$ _____
11	Logging recorders used at a public safety answering point to record telephone and radio traffic:		
11a	Lease costs		\$ _____
11b	Purchase costs		\$ _____
11c	Maintenance costs		\$ _____
12	Insurance purchased to insure against risks and liability in the operation and maintenance of the 9-1-1 system on behalf of the local government or on behalf of employees hired by the local government solely for the operation and maintenance of the 9-1-1 system and employees who work as directors		\$ _____
13	Mobile communications vehicle and equipment, if the primary purpose and designation of such vehicle is to function as a backup 9-1-1 system center		
13a	Lease costs		\$ _____
13b	Purchase costs		\$ _____
13c	Maintenance costs		\$ _____
14	Allocation of indirect costs associated with supporting the 9-1-1 system center and operations as identified and outlined in an indirect cost allocation plan approved by the local governing authority that is consistent with the costs allocated within the local government to both governmental and business-type activities		\$ _____
15	Mobile public safety voice and data equipment, geo-targeted text messaging alert systems, or towers necessary to carry out the function of 9-1-1 system operations		
15a	Lease costs		\$ _____
15b	Purchase costs		\$ _____
15c	Maintenance costs		\$ _____
16	Public safety voice and data communications systems located in the 9-1-1 system facility that further the legislative intent of providing the highest level of emergency response service on a local, regional, and state-wide basis, including equipment and associated hardware and software that supports the use of public safety wireless voice and data communication systems		
16a	Lease costs		\$ _____
16b	Purchase costs		\$ _____
16c	Maintenance costs		\$ _____

Towns County, GA

Certification of 9-1-1 Expenditures

For the Year Ended
December 31, 2011

Line
No.

- 17 Other expenditures not included in Lines 2 through 16 above.
Identify by object and purpose.

ADVERTISING	\$ 450
BUILDING MAINTENANCE EXPENDITURES	\$ 1,839
TELEPHONE EXPENDITURES	\$ 62,476
OFFICE EXPENDITURES	\$ 4,480
RADIO AND MAPPING EXPENDITURES	\$ 2,330
UTILITIES EXPENDITURES	\$ 14,121
EQUIPMENT MAINTENANCE EXPENDITURES	\$ 40,292
	\$
18 Total Expenditures (total of all amounts reported on Lines 2 through 17 above)	\$ 513,571

Certification of Local Government Officials

I have reviewed the information presented in this report and certify that it is accurate and correct. I further certify that the 9-1-1 funds were expended in compliance with the expenditure requirements specified in the Official Code of Georgia Annotated (OCGA), Section 46-5-134. I understand that, in accordance with OCGA Section 46-5-134(m)(2), any local government which makes expenditures not in compliance with this Code section may be held liable for pro rata reimbursement to telephone and wireless telecommunications subscribers of amounts improperly expended. Further, the noncompliant local government shall be solely financially responsible for the reimbursement and for any costs associated with the reimbursement. Such reimbursement shall be accomplished by the service providers abating the imposition of the 9-1-1 charges and 9-1-1 wireless enhanced charges until such abatement equals the total amount of the rebate.

Signature of Chief Elected Official

Bill Kendall

Date 6/28/2012

Print Name of Chief Elected Official BILL KENDALL

Title of Chief Elected Official COMMISSIONER

Signature of Chief Financial Officer

Andrea Anderson

Date 6/28/2012

Print Name of Chief Financial Officer ANDREA ANDERSON