



UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2014**



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WEBSTER COUNTY, GEORGIA**

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UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT
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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Unified Government of Webster County, Georgia
Preston, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Unified Government of Webster County, Georgia, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Unified Government of Webster County, Georgia, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

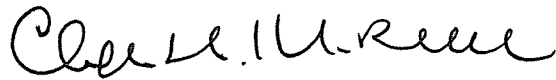
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Unified Government of Webster County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules and schedule of project expenditures with special sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules and schedule of project expenditures with special sales tax proceeds 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, budgetary comparison schedules and schedule of project expenditures with special sales tax proceeds 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 8, 2015 on our consideration of the Unified Government of Webster 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Unified Government of Webster County, Georgia's internal control over financial reporting and compliance.

Macon, Georgia
June 8, 2015



BASIC FINANCIAL STATEMENTS

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UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Board of Health
ASSETS				
Cash and cash equivalents	\$ 1,696,965	\$ 85,666	\$ 1,782,631	\$ 48,581
Certificate of deposit	959,848	-	959,848	-
Receivables, net of allowance				
Taxes	148,873	-	148,873	-
Accounts	900	20,976	21,876	26
Notes receivable	-	7,181	7,181	-
Due from other governments	58,303	-	58,303	-
Interfund	7,107	(7,107)	-	-
Capital Assets				
Non depreciable	297,558	26,634	324,192	-
Depreciable, net	2,874,534	497,898	3,372,432	-
Total Assets	6,044,088	631,248	6,675,336	48,607
LIABILITIES				
Accounts payable	31,883	3,641	35,524	1,258
Accrued salaries and benefits	22,633	705	23,338	-
Customer deposits	-	29,650	29,650	-
Noncurrent liabilities				
Due within one year	37,827	6,266	44,093	2,576
Due in more than one year	118,238	124,920	243,158	-
Total Liabilities	210,581	165,182	375,763	3,834
NET POSITION				
Net investment in capital assets	3,149,351	393,699	3,543,050	-
Restricted for				
Capital outlay	637,525	-	637,525	-
Other restrictions	27,224	30,204	57,428	18,389
Drug awareness	29,397	-	29,397	-
Unrestricted	1,990,010	42,163	2,032,173	26,384
Total Net Position	\$ 5,833,507	\$ 466,066	\$ 6,299,573	\$ 44,773

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

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities				
General government	\$ 670,228	\$ 7,847	\$ -	\$ -
Judiciary	268,381	352,089	-	-
Public safety	686,315	190,400	176,113	45,210
Public works	937,015	-	364,049	-
Health and welfare	84,380	-	-	-
Culture and recreation	40,093	-	-	-
Interest on long-term debt	1,450	-	-	-
Total governmental activities	2,687,862	550,336	540,162	45,210
Business-Type Activities				
Water	131,980	127,099	-	23,201
Revolving loan fund	-	576	-	-
Total business-type activities	131,980	127,675	-	23,201
Total Primary Government	\$ 2,819,842	\$ 677,435	\$ 540,162	\$ 68,411
Component Units:				
Board of Health	\$ 148,455	\$ 28,361	\$ 120,337	\$ -
Total Component Units	\$ 148,455	\$ 28,361	\$ 120,337	\$ -

General Revenues

Property tax

Sales tax

Insurance premium tax

Other tax

Interest revenue

Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning of year, restated

Net Position - End of year

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

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

Net (Expense) Revenue and Changes in Net Position			Component Unit
Primary Government			
Governmental Activities	Business-Type Activities	Total	Board of Health
\$ (662,381)	\$ -	\$ (662,381)	
83,708	-	83,708	
(274,592)	-	(274,592)	
(572,966)	-	(572,966)	
(84,380)	-	(84,380)	
(40,093)	-	(40,093)	
(1,450)	-	(1,450)	
<u>(1,552,154)</u>	<u>-</u>	<u>(1,552,154)</u>	
-	18,320	18,320	
-	576	576	
-	<u>18,896</u>	<u>18,896</u>	
<u>(1,552,154)</u>	<u>18,896</u>	<u>(1,533,258)</u>	
			<u>\$ 243</u>
			<u>243</u>
665,076	-	665,076	-
498,752	-	498,752	-
151,071	-	151,071	-
601,240	-	601,240	-
8,060	26	8,086	30
54,036	-	54,036	-
<u>1,978,235</u>	<u>26</u>	<u>1,978,261</u>	<u>30</u>
426,081	18,922	445,003	273
<u>5,407,426</u>	<u>447,144</u>	<u>5,854,570</u>	<u>44,500</u>
<u>\$ 5,833,507</u>	<u>\$ 466,066</u>	<u>\$ 6,299,573</u>	<u>\$ 44,773</u>

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

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	General Fund	TLOST Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 1,062,981	\$ 359,758	\$ 274,226	\$ 1,696,965
Certificates of deposit	942,253	-	17,595	959,848
Receivables, net of allowance				
Taxes	148,873	-	-	148,873
Accounts	900	-	-	900
Due from other governments	14,908	28,482	14,913	58,303
Due from other funds	7,935	-	-	7,935
Total Assets	\$ 2,177,850	\$ 388,240	\$ 306,734	\$ 2,872,824
Liabilities:				
Accounts payable	\$ 31,883	\$ -	\$ -	\$ 31,883
Accrued expenditures	22,633	-	-	22,633
Due to other funds	-	-	828	828
Total Liabilities	54,516	-	828	55,344
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	74,544	-	-	74,544
Total Deferred Inflows of Resources	74,544	-	-	74,544
Fund Balances:				
Restricted	-	388,240	305,906	694,146
Unassigned	2,048,790	-	-	2,048,790
Total Fund Balances	2,048,790	388,240	305,906	2,742,936
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,177,850	\$ 388,240	\$ 306,734	\$ 2,872,824

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

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
DECEMBER 31, 2014

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

Total Fund Balances - Governmental Funds	\$	2,742,936
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		3,172,092
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		74,544
Long-term liabilities, including capital leases, landfill postclosure costs, and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(156,065)</u>
Net Position of Governmental Activities	\$	<u><u>5,833,507</u></u>

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

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2014

	General Fund	TLOST Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Taxes				
Property tax	\$ 688,947	\$ -	\$ -	\$ 688,947
Sales tax	176,119	322,633	-	498,752
Other taxes	752,311	-	-	752,311
License and permits	7,847	-	-	7,847
Intergovernmental	409,259	-	176,113	585,372
Fines and forfeitures	164,701	-	25,699	190,400
Charges for services	352,089	-	-	352,089
Interest earnings	7,986	-	74	8,060
Other revenues	54,036	-	-	54,036
Total Revenues	2,613,295	322,633	201,886	3,137,814
<u>Expenditures:</u>				
Current:				
General government	648,553	-	-	648,553
Public safety	205,871	-	68,335	274,206
Court system	698,971	-	-	698,971
Roads and bridges	645,252	203,548	-	848,800
Health and welfare	69,934	-	-	69,934
Culture and recreation	40,093	-	-	40,093
Debt Service				
Principal	-	-	22,742	22,742
Interest and fiscal charges	-	-	1,450	1,450
Capital Outlay	-	-	66,425	66,425
Total Expenditures	2,308,674	203,548	158,952	2,671,174
Excess (Deficiency) of Revenues Over (Under) Expenditures	304,621	119,085	42,934	466,640
<u>Other Financing Sources (Uses)</u>				
Transfers from other funds	14,823	-	-	14,823
Transfers to other funds	-	-	(14,823)	(14,823)
Total other financing sources (uses)	14,823	-	(14,823)	-
Net change in fund balances	319,444	119,085	28,111	466,640
Fund Balance - beginning of year	1,729,346	269,155	277,795	2,276,296
Fund Balance - end of year	\$ 2,048,790	\$ 388,240	\$ 305,906	\$ 2,742,936

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

UNIFIED GOVERNMENT OF WEBSTER 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, 2014

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

Net Change in Fund Balances - total governmental funds	\$	466,640
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.		(62,711)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		46,023
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		<u>(23,871)</u>
Change in Net Position of Governmental Activities	\$	<u><u>426,081</u></u>

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

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UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<u>Revenues:</u>				
Taxes	\$ 1,550,562	\$ 1,550,562	\$ 1,617,377	\$ 66,815
Licenses and permits	7,150	7,150	7,847	697
Intergovernmental revenues	5,000	5,000	409,259	404,259
Charges for services	315,565	315,565	352,089	36,524
Fines and forfeitures	279,100	279,100	164,701	(114,399)
Investment earnings	5,500	5,500	7,986	2,486
Miscellaneous revenue	34,850	34,850	54,036	19,186
Total Revenues	2,197,727	2,197,727	2,613,295	415,568
<u>Expenditures:</u>				
Current:				
General government	707,572	659,632	648,553	11,079
Court system	248,843	248,843	205,871	42,972
Public safety	651,471	687,471	698,971	(11,500)
Roads and bridges	507,119	492,119	645,252	(153,133)
Health and welfare	79,611	74,611	69,934	4,677
Culture and recreation	54,989	56,929	40,093	16,836
Total Expenditures	2,249,605	2,219,605	2,308,674	(89,069)
Excess/(Deficiency) of Revenues over Expenditures	(51,878)	(21,878)	304,621	326,499
Other Financing Sources/(Uses)				
Transfers in	-	-	14,823	14,823
Total Other Financing Sources/(Uses)	-	-	14,823	14,823
Net Change in Fund Balance	(51,878)	(21,878)	319,444	341,322
Fund Balance - Beginning of year	1,729,346	1,729,346	1,729,346	-
Fund Balance - End of year	\$ 1,677,468	\$ 1,707,468	\$ 2,048,790	\$ 341,322

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

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2014

	Business-type Activities-		
	Enterprise Funds		
	Water Fund	Non-major	
Revolving		Total	
	Loan Fund		
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	\$ 62,643	\$ 23,023	\$ 85,666
Accounts receivable, net	20,976	-	20,976
Notes receivable	-	7,181	7,181
Total current assets	83,619	30,204	113,823
Long-term assets			
Capital assets:			
Nondepreciable assets	26,634	-	26,634
Depreciable assets, net	497,898	-	497,898
Total capital assets, net	524,532	-	524,532
Total noncurrent assets	524,532	-	524,532
Total Assets	608,151	30,204	638,355
<u>LIABILITIES</u>			
Current liabilities			
Accounts payable	3,641	-	3,641
Salaries payable	705	-	705
Due to other funds	7,107	-	7,107
Customer deposits	29,650	-	29,650
Compensated absences	265	-	265
Notes payable - current	6,001	-	6,001
Total current liabilities	47,369	-	47,369
Non-current liabilities:			
Compensated absences	88	-	88
Notes payable	124,832	-	124,832
Total non-current liabilities	124,920	-	124,920
Total Liabilities	172,289	-	172,289
<u>NET POSITION</u>			
Net Investment in capital assets	393,699	-	393,699
Restricted			
Loans	-	30,204	30,204
Unrestricted	42,163	-	42,163
Total Net Position	\$ 435,862	\$ 30,204	\$ 466,066

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

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Business-type Activities- Enterprise Funds		
	Water Fund	Non-major	
		Revolving Loan Fund	Total
<u>Operating revenues:</u>			
Charges for services	\$ 127,099	\$ 576	\$ 127,675
Total operating revenues	127,099	576	127,675
<u>Operating expenses:</u>			
Personal services	36,787	-	36,787
Contracted services	3,640	-	3,640
Utilities	25,848	-	25,848
Repairs and maintenance	6,115	-	6,115
Other supplies and expenses	12,388	-	12,388
Depreciation	44,521	-	44,521
Total operating expenses	129,299	-	129,299
Operating income (loss)	(2,200)	576	(1,624)
<u>Nonoperating revenues (expenses):</u>			
Interest income	10	16	26
Interest expense	(2,681)	-	(2,681)
Total nonoperating revenues (expenses)	(2,671)	16	(2,655)
Income (loss) before contributions	(4,871)	592	(4,279)
Capital contributions	23,201	-	23,201
Total contributions	23,201	-	23,201
Change in net position	18,330	592	18,922
Net Position - Beginning of year, restated	417,532	29,612	447,144
Net Position - End of year	\$ 435,862	\$ 30,204	\$ 466,066

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

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Business-type Activities		
	Enterprise Funds		
	Water Fund	Non-major	
Revolving Loan Fund		Total	
<u>Cash Flows from Operating Activities:</u>			
Cash received from customers	\$ 129,164	\$ 11,846	\$ 141,010
Cash paid to suppliers for goods and services	(50,830)	-	(50,830)
Cash paid to employees	(38,062)	-	(38,062)
Net Cash Flows Provided by (Used for) Operating Activities	40,272	11,846	52,118
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Interest paid on notes payable	(2,681)	-	(2,681)
Principal paid on notes payable	(5,882)	-	(5,882)
Purchase of capital assets	(29,606)	-	(29,606)
Net Cash Flows Provided by (Used for) Capital and Related Financing Activities	(38,169)	-	(38,169)
<u>Cash Flows from Investing Activities:</u>			
Interest income	10	16	26
Net Cash Flows Provided by (Used for) Investing Activities	10	16	26
Net Increase (Decrease) in Cash and Cash Equivalents	2,113	11,862	13,975
Cash and Cash Equivalents - Beginning of year	60,530	11,161	71,691
Cash and Cash Equivalents - End of year	\$ 62,643	\$ 23,023	\$ 85,666

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

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2014
 (CONTINUED)

	Business-type Activities		
	Enterprise Funds		
	Water Fund	Non-major	
Revolving Loan Fund		Total	
Classified as:			
Cash and cash equivalents	\$ 62,643	\$ 23,023	\$ 85,666
Total Cash and Cash Equivalents, End of Year	\$ 62,643	\$ 23,023	\$ 85,666
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Net Operating Income (Loss)	\$ (2,200)	\$ 576	\$ (1,624)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	44,521	-	44,521
Changes in Assets and Liabilities:			
(Increase) decrease in accounts receivable	(364)	-	(364)
(Increase) decrease in notes receivable	-	11,270	11,270
Increase (decrease) in accounts payable	(2,839)	-	(2,839)
Increase (decrease) in accrued liabilities	(1,275)	-	(1,275)
Increase (decrease) in customer deposits	2,429	-	2,429
Total Adjustments	42,472	11,270	53,742
Net Cash Provided by (Used for) Operating Activities	\$ 40,272	\$ 11,846	\$ 52,118
Noncash investing, capital, and financing activities:			
Contributions of capital assets from government	\$ 23,201	\$ -	\$ 23,201
Total noncash investing, capital, and financing activities	\$ 23,201	\$ -	\$ 23,201

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

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
DECEMBER 31, 2014

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	<u>\$ 760,754</u>
Total Assets	<u><u>\$ 760,754</u></u>
<u>LIABILITIES</u>	
Due to others	\$ 752,175
Due to other-escrow	<u>8,579</u>
Total Liabilities	<u><u>\$ 760,754</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies

Unified Government of Webster County was established on January 1, 2009 pursuant to the provision of Article IX, Section III, Paragraph II(a) of the Constitution of Georgia of 1983, as amended, and an Act establishing the Preston-Weston-Webster County Charter and Unification Commission, approved February 5, 2009. The unification resulted in the creation and establishment of a single county-wide government with powers and jurisdiction throughout the territorial limits of Webster County. The County operates under a county commissioner form of government, and provides the following services as authorized by state law, general administrative services, public safety, roads and bridges, courts and health and welfare.

The accounting policies of Unified Government of Webster County, Georgia conform to generally accepted accounting principles as applicable to governments. The following is a summary of the County's more significant policies applied in the preparation of the accompanying financial statements.

A. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of Unified Government of Webster County (the primary government) and any component units. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The component unit discussed below is included in the County's reporting entity because of the significance of the operational and financial relationships with the County. In conformity with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards No. 14, *The Financial Reporting Entity*, the financial statements of the component unit has been included as a discretely presented component unit. The component unit column in the basic financial statements includes the financial data for the County's component unit, as reflected in their most recent audited financial statements. The financial information for the component units is reported in columns separate from the County's financial information to emphasize that it is legally separate from the County.

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

(CONTINUED)

1. Discretely presented component units

Webster County Board of Health

The Webster County Board of Health 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 Board of Health is governed by the Unified Government of Webster County Board of Health (Board). The County appoints the voting majority of the board. The County provides significant operating subsidies to the department. The Health Department is presented as a governmental fund type. The Webster County Board of Health issued separate financial statements that have a June 30 year-end, as required by state statutes. Complete financial statements of the Webster County Board of Health may be obtained from their administrative office at the following location:

Webster County Board of Health
P.O. Box 12
Preston, GA 31824

2. Joint venture

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

River Valley Regional Commission
P.O. Box 1908
Columbus, Georgia 31902

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. 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.

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

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

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

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

Government-Wide Financial Statements

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

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.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Under 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 County considers revenues to be available if they

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, local option sales taxes, other taxes, intergovernmental revenues, interest, and charges for services associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the County's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The fund financial statements provide more detailed information about the government's most significant funds, not the government as a whole. The activities of the government are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The government reports the following major governmental funds:

General Fund – 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.

TLOST Fund – This fund was established to account for the proceeds of TIA tax monies collected and the projects approved for those funds.

The government reports the following major proprietary funds:

Water Fund – This fund accounts for the operation and maintenance of the water system.

Additionally, the government reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds – Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Business-type / Proprietary Funds).

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

D. Deposits and Investments

The government'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. Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates, and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

E. Receivables

Receivables and Due from Other Governments represent funds to be received from other local governments, state grant-in-aid, state contracts, or federal funds. No allowance is deemed necessary for these receivables.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables, have been reduced to their estimated net realizable value, and are shown net of an allowance for doubtful accounts. Estimated uncollectible amounts are based upon historical experience rates.

F. Inventories

Inventories of expendable supplies held for consumption are not considered material and are recorded as expenditures, or expenses, as appropriate, when purchased.

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items in both government-wide and fund financial statements.

H. Restricted assets

Certain assets are classified as restricted assets when their use is subject to constraints that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

I. Capital Assets

Capital assets, which include property, plant equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items acquired subsequent to October 1, 2003) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Property, plant, and equipment capital assets are defined by the government as assets with an initial, individual cost of more than \$7,500 and an estimated useful life in excess of two years. 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.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Buildings and Improvements	30 years
Vehicles and Equipment	5-10 years
Infrastructure	40 years

J. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide; proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

K. Deferred Inflows / Outflows of Resources

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

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

L. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Fund Equity

In the financial statements, governmental funds report the following classifications of fund balance in accordance with Governmental Accounting Standards Board Statement No. 54:

- Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – amounts are restricted when constraints have been placed on the use of resources by (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2014
 (CONTINUED)

- Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Commissioners through adoption of a resolution. The Commissioners also may modify or rescind the commitment.
- Assigned – amounts that are constrained by the Commission’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Commissioners has authorized the County Manager to assign fund balances.
- Unassigned – amounts that have not been assigned to other funds, and that are not restricted, committed, or assigned to specific purposes within the General Fund.

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

- Committed
- Assigned
- Unassigned

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

The following is a summary of the fund balance classifications as of December 31, 2014:

	General Fund	TLOST Fund	Nonmajor Governmental	Total
Fund Balances				
Restricted for:				
Capital outlay	\$ -	\$ 388,240	\$ 249,285	\$ 637,525
Drug awareness	-	-	29,397	29,397
Law library	-	-	27,224	27,224
Unassigned	2,048,790	-	-	2,048,790
Total fund balances	\$ 2,048,790	\$ 388,240	\$ 305,906	\$ 2,742,936

N. Net Position Flow Assumption

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

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

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

O. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors or omissions. The County purchases commercial insurance for most types of risk. For these risks, settlements have not exceeded coverage's for each of the past three fiscal years. The County had no significant reduction in insurance coverage from coverage in the prior year.

The County has joined together with other municipalities in the state as part of the ACCG Group Self Insurance Workers' Compensation Self Insurance Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments. The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings, which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability. The 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 expenses incurred for investigation, negotiation or defense. For the year ending December 31, 2014, the County's total contribution was \$0 for the Workers Compensation Fund.

The County is a member of the ACCG Interlocal Risk Management Agency (ACCG-IRMA). This agency functions as a risk sharing arrangement among Georgia County governments and is administered by the Association of County Commissioners of Georgia (ACCG). The purpose of ACCG-IRMA is to establish and administer one or more group self-insurance funds; to establish and administer a risk management service; and to prevent or lessen the incidence or severity of casualty and property losses. Each member pays an annual contribution established by the Board of ACCG-IRMA. For the period December 1, 2013 - December 1, 2014, the County's total contribution was \$28,253. ACCG-IRMA may develop and issue such self-insurance coverage descriptions, as it deems necessary. The current coverage provides a \$3,000,000 general liability limit with a \$1,000 per occurrence deductible.

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

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

A. Budget Process

The annual budget document is the financial plan for the operation of Unified Government of Webster County. The budget process exists for the purpose of providing a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the financial posture of the County.

The County prepares a separately issued budget report. An annual operating budget is prepared for the General and Special Revenue Funds. Prior to July, the Chairman submits to the County Commission a proposed operating budget. The operating budget includes proposed expenditures and the means of financing them. The Commission holds two (2) public hearings on the budget, giving notice thereof at least ten days in advance by publication in the official newspaper of Unified Government of Webster County. The budget is revised and adopted by the Commission at the first regular meeting after the public hearings have concluded. The budget so adopted may be revised during the year only by formal action of the Board of Commissioners in a regular meeting and no increase shall be made therein without provision also being made for financing same. Management may transfer appropriations without commission approval.

Formal budgetary integration is employed as a management control device during the year. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). The General Fund is subject to budgetary control on a departmental basis. Budgets are prepared for the Capital Projects Funds on a project basis, which usually covers two or more fiscal years. Budgeted amounts are as originally adopted, or as amended by the Board of Commissioners. Individual amendments are not material in relation to the original appropriations.

B. Budget Not Adopted

Budget was not adopted for the Law Library Fund. The County plans to adopt a budget for this fund in future years.

C. Excess of Expenditures over Appropriations

The following departments had excess of actual expenditures over appropriations for the year ended December 31, 2014.

General Fund	
Public Safety	\$ 11,500
Roads and Bridges	153,133

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2014
 (CONTINUED)

NOTE 3 – DEPOSITS AND INVESTMENTS

A. Custodial Credit Risk – Deposits

The custodial credit risk of deposits is the risk that in the event of the failure of a bank, the government will not be able to recover deposits. State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held. The County does not have a formal policy for custodial credit risk.

The Webster County Board of Health, a discretely presented component unit, bank balances of deposits as of June 30, 2014 are entirely insured or collateralized with securities held by the Board’s agent in the Board’s name. State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

B. Investments

	<u>Maturity</u>	<u>Amount</u>
Certificates of deposit-General Fund	3 months	\$ 129,430
	10 months	812,823
Certificates of deposit-Nonmajor Governmental Fund	1 month	17,595

Custodial credit risk. For an investment, the custodial risk is the risk that in the event of the failure of the counter-party to a transaction, an entity will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Georgia Fund 1 is not required to disclose custodial credit risk. The County had no such investments with such risk as of December 31, 2014.

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

Credit risk. Georgia law allows investments in obligation of the U.S. Treasury, other U.S. Governmental Agencies, State of Georgia, other states, prime banker’s acceptances, repurchase agreements, other political subdivisions of Georgia and the Office of the State Treasurer.

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2014
 (CONTINUED)

NOTE 4 – PROPERTY TAXES

State law requires that property taxes be based on assessed value, which is 40% of market value. All real and personal property (including motor vehicles) is valued as of January 1 of each year and must be returned for tax purposes by April 1. With the exception of motor vehicles and the property of public utilities, which are valued by the State Revenue Department, all assessments are made by the Board of Tax Assessors of Unified Government of Webster County.

Exemptions are permitted for certain inventories. A homestead exemption is allowed for each taxpayer that is a homeowner and resides in the household as of January 1. There are other exemptions provided by state and local laws.

Upon completion of all assessments and tax returns, the information is turned over to the County Tax Commissioner for compilation of the tax digest. The completed tax digest must be submitted to the State Revenue Commissioner for approval. The State Revenue Commissioner must ascertain that real property on the tax digest has been assessed at the state mandated forty percent (40%) of fair market value. The State Revenue Commissioner has the option to withhold certain state funding if the mandated 40% level is not reached.

The Unified Government of Webster County Tax Commissioner distributes tax notices and collects tax payments. Motor vehicle taxes are due based upon the birthday of the owner. The 2014 property taxes were levied on September 9th, and mailed on September 29th, with a due date of December 20th. Property tax receivables have been reduced to their estimated net realizable value. Estimated uncollectible amounts are based upon historical experience rates and result in a direct reduction of the related revenue amount at the end of the period.

NOTE 5 – RECEIVABLES

Receivables at December 31, 2014, consist of the following:

	General Fund	Water	Total
Receivables:			
Taxes	\$ 180,708	\$ -	\$ 180,708
Accounts	900	125,577	126,477
Gross Receivables	<u>181,608</u>	<u>125,577</u>	<u>307,185</u>
Less: Allowance for Uncollectible	<u>(31,835)</u>	<u>(104,601)</u>	<u>(136,436)</u>
Net Total Receivables	<u>\$ 149,773</u>	<u>\$ 20,976</u>	<u>\$ 170,749</u>

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

NOTE 6 – DUE FROM OTHER GOVERNMENTS

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

	<u>State</u>
Fund:	
General	\$ 14,908
TLOST	28,482
Nonmajor governmental	<u>14,913</u>
 Total	 <u>\$ 58,303</u>

The amounts due from state government are primarily for grant funds.

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2014, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor governmental	\$ 828
General Fund	Water Fund	<u>7,107</u>
 Total		 <u>\$ 7,935</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The County expects to repay all interfund balances within one year.

Interfund transfers:

	<u>General Fund</u>
Transfer Out:	
Nonmajor governmental	\$ 14,823

Transfers are used to move unrestricted revenue to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching fund for various grant programs.

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2014
 (CONTINUED)

NOTE 8 – CAPITAL ASSETS

	Beginning Balance, Restated	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 297,558	\$ -	\$ -	\$ 297,558
Total capital assets, not being depreciated	297,558	-	-	297,558
Capital assets, being depreciated:				
Buildings and Improvements	2,189,982	-	-	2,189,982
Machinery, Equipment & Vehicles	2,350,250	110,852	(90,270)	2,370,832
Infrastructure	2,292,448	-	-	2,292,448
Total capital assets, being depreciated	6,832,680	110,852	(90,270)	6,853,262
Less accumulated depreciation for:				
Buildings and Improvements	(1,596,609)	(29,526)	-	(1,626,135)
Machinery, Equipment & Vehicles	(2,057,986)	(81,182)	90,270	(2,048,898)
Infrastructure	(240,840)	(62,855)	-	(303,695)
Total accumulated depreciation	(3,895,435)	(173,563)	90,270	(3,978,728)
Total capital assets, being depreciated, net	2,937,245	(62,711)	-	2,874,534
Governmental activities capital assets, net	\$ 3,234,803	\$ (62,711)	\$ -	3,172,092
			Less related long-term debt outstanding	(22,741)
			Net investment in capital assets	\$ 3,149,351

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

	Beginning Balance, Restated	Increase	Decrease	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 26,634	\$ -	\$ -	\$ 26,634
Total capital assets, not being depreciated	26,634	-	-	26,634
Capital assets, being depreciated:				
Equipment, furniture & vehicles	78,586	-	-	78,586
Buildings and improvements	21,875	-	-	21,875
Infrastructure	1,518,884	52,807	-	1,571,691
Total capital assets, being depreciated	1,619,345	52,807	-	1,672,152
Less accumulated depreciation for:				
Equipment, furniture & vehicles	(78,584)	-	-	(78,584)
Buildings and improvements	(15,372)	(729)	-	(16,101)
Infrastructure	(1,035,777)	(43,792)	-	(1,079,569)
Total accumulated depreciation	(1,129,733)	(44,521)	-	(1,174,254)
Total capital assets, being depreciated, net	489,612	8,286	-	497,898
Business-type activities capital assets, net	\$ 516,246	\$ 8,286	\$ -	524,532
				Less related long-term debt outstanding (130,833)
				Net investment in capital assets \$ 393,699

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

Governmental activities:	
General government	\$ 26,268
Public safety	49,147
Public works	83,702
Health and welfare	14,446
Total depreciation expense - governmental activities	\$ 173,563
Business-type activities:	
Water Fund	\$ 44,521
Total depreciation expense - business-type activities	\$ 44,521

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2014
 (CONTINUED)

Activity for the Board of Health for the year ended June 30, 2014, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, being depreciated:				
Equipment and Vehicles	\$ 28,921	\$ -	\$ -	\$ 28,921
Total capital assets, being depreciated	28,921	-	-	28,921
Less accumulated depreciation for:				
Equipment and Vehicles	(28,921)	-	-	(28,921)
Total accumulated depreciation	(28,921)	-	-	(28,921)
Total capital assets, being depreciated, net	-	-	-	-
Board of health capital assets, net	\$ -	\$ -	\$ -	\$ -

NOTE 9 – LONG-TERM DEBT

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended December 31, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 11,507	\$ 14,628	\$ (19,221)	\$ 6,914	\$ 5,186
Capital lease payable	45,483	-	(22,742)	22,741	22,741
Landfill postclosure costs	145,098	-	(18,688)	126,410	9,900
Total Governmental Activities	\$ 202,088	\$ 14,628	\$ (60,651)	\$ 156,065	\$ 37,827
Business-Type Activities					
Compensated absences	\$ 683	\$ 1,080	\$ (1,410)	\$ 353	\$ 265
Notes payable	136,715	-	(5,882)	130,833	6,001
Total Business-Type Activities	\$ 137,398	\$ 1,080	\$ (7,292)	\$ 131,186	\$ 6,266

For the governmental activities, compensated absences, and landfill postclosure costs are generally liquidated by the General fund. For business-type activities, long-term liabilities are liquidated by the Water enterprise fund.

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

Capital Leases

During 2013, the County obtained a \$68,225 capital lease to finance the purchase of a tractor. The equipment has a ten-year estimated useful life, with \$10,802 in accumulated depreciation. This year, \$6,822 was included in depreciation expense. Total interest paid for 2014 was \$1,450. The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2014 were as follows:

Year Ending December 31st	Governmental Activities	
	Principal	Interest
2015	\$ 22,741	\$ 1,451

Notes Payable

During 2012, the County entered into an agreement with Governmental Environmental Facilities Authority (GEFA) to finance improvements to the water system. The total proceeds for the loan were \$141,050 and is payable in monthly installments of \$714 with interest at 2%. The equipment has a twenty year estimated useful life. This year, \$10,782 was included in depreciation expense. Total interest paid for 2014 was \$2,681. The future minimum notes payable obligations and the net present value of these minimum notes payable payments as of December 31, 2014 are as follows:

Annual debt service requirements to maturity for this note payable are as follows:

Year Ending December 31st	Business-Type Activities	
	Principal	Interest
2015	\$ 6,001	\$ 2,562
2016	6,122	2,441
2017	6,245	2,318
2018	6,371	2,192
2019	6,500	2,062
2020-2024	34,522	8,291
2025-2029	38,150	4,663
2030-2033	26,922	907
	<u>\$ 130,833</u>	<u>\$ 25,436</u>

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

(CONTINUED)

NOTE 10 – COMMITMENTS

Closure and Postclosure Care Cost

The Unified Government of Webster County, Georgia closed its landfill on August 21, 1995 and placed a final cover on the landfill in accordance with state and federal laws and regulations. In addition, state and federal laws and regulations require the County to perform certain maintenance and monitoring functions at the site for thirty years after closure. These maintenance and monitoring functions are estimated to cost \$17,000 per year.

Although the postclosure costs will be paid when the services are performed, the County reports a total liability of \$126,410 as landfill postclosure care liability at December 31, 2014. This amount represents the cumulative amount of landfill postclosure costs based on the 100 percent of the capacity of the landfill. The County has no assets restricted for payment of postclosure care costs. Actual costs may change due to inflation, changes in technology, or changes in regulations.

NOTE 11 – EMPLOYEE RETIREMENT PLANS

A. Pension Plan

By authority of a resolution passed by the Board of Commissioners and state statute, the County has elected to participate in a retirement plan administered by GEBCOR. The plan is a defined contribution (money-purchase) plan in which contributions made by and made for an individual participant are credited to that individual participant's account. The name of the plan is the Unified Government of Webster County Deferred Compensation Plan.

The contribution requirements of plan members and the government are established and may be amended by the Board of Commissioners. Presently, the county allows employees the option of contributing up to 25% of their earnings to the plan. In addition to the employee's contribution, the County will contribute a match of one half of the employee's contribution up to a maximum of 2% of the employee's annual salary.

Benefits depend on the sum of the employee's contributions to the plan with investment earnings and the County-financed contributions to the plan with investment earnings.

Upon retirement or employment termination, employees are entitled to either a lump sum distribution of the employee and employer contributions with investment earnings or the option of receiving monthly, semi-annual or annual payments based on an amount equal to the amount of the employee and employer contributions with investment earnings. Employees are vested immediately in the County-financed contributions to the plan.

The County's total payroll was \$948,107 and the County's contributions were based on a payroll of \$439,523 for the year ending December 31, 2014. Employee contributions to the plan amounted to \$13,922, or 3.17% of the total covered payroll. Employer contributions amounted to \$5,565 to the plan, or 1.27% of the total covered payroll.

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

Employee and employer contributions can only be amended by a resolution passed by the County Commission or by state statute. A total of 16 employees participated in the plan for the year ended December 31, 2014. The County made its required contributions to the plan amounting to \$5,565 to the plan for the year ending December 31, 2014. There were no related-party transactions.

B. Other Retirement Plans

The following plans are in effect for the constitutional officers of Unified Government of Webster County. The County does not contribute directly to the plans. Contributions are made through an increase in the fine amounts. The County exercises no control over these plans.

a. Probate Judges' Retirement Fund of Georgia

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

b. Clerk of Superior Court Retirement Fund

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

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

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

NOTE 12 – CONTINGENT LIABILITIES

A. Litigation

During the course of normal operations of the County, various claims and lawsuits arise. The County attorney has advised that there are no potential liabilities that will impair the position as of the date of this audit report.

B. Federal Grants

The County participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives, and the audits of these programs for or including the year ended December 31, 2014, have not yet been conducted. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount,

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2014
 (CONTINUED)

if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

NOTE 13 – RESTATEMENT

Primary Government / Water Fund

In 2009, Webster County and the City of Preston merged to form the Unified Government of Webster County. In 2014 a complete inventory of the capital assets was performed. Management has determined that at the time of the merger, some of the City of Preston's capital assets were omitted. The effect of this adjustment is as follows:

	Primary Government		Water Fund
	Governmental Activities	Business Type Activities	
Net position December 31, 2013, as previously reported	\$ 5,270,943	\$ 423,514	\$ 393,902
Correction of Capital Assets	136,483	23,630	23,630
Net position December 31, 2013, as restated	<u>\$ 5,407,426</u>	<u>\$ 447,144</u>	<u>\$ 417,532</u>

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Jail Construction and Staffing Fund – This fund accounts for fines restricted by State Law for jail operations and construction.

Law Library Fund – This fund accounts for fines restricted by State Law for Law Library operations.

Drug Abuse Fund – This fund accounts for fines restricted by State Law for drug abuse treatment and educational purposes.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

2012 SPLOST Fund – This fund was established to account for the proceeds of SPLOST tax monies collected and the projects approved for those funds.

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Jail Construction and Staffing	Law Library	Drug Abuse	2012 SPLOST	
<u>ASSETS</u>					
Cash and cash equivalents	\$ 828	\$ 27,224	\$ 11,802	\$ 234,372	\$ 274,226
Certificates of deposit	-	-	17,595	-	17,595
Due from other governments	-	-	-	14,913	14,913
Total Assets	<u>\$ 828</u>	<u>\$ 27,224</u>	<u>\$ 29,397</u>	<u>\$ 249,285</u>	<u>\$ 306,734</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Due to other funds	\$ 828	\$ -	\$ -	\$ -	\$ 828
Total Liabilities	<u>828</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>828</u>
Fund Balances:					
Restricted	-	27,224	29,397	249,285	305,906
Total Fund Balances	<u>-</u>	<u>27,224</u>	<u>29,397</u>	<u>249,285</u>	<u>305,906</u>
Total Liabilities and Fund Balances	<u>\$ 828</u>	<u>\$ 27,224</u>	<u>\$ 29,397</u>	<u>\$ 249,285</u>	<u>\$ 306,734</u>

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Jail Construction and Staffing	Law Library	Drug Abuse	2012 SPLOST	
<u>Revenues:</u>					
Intergovernmental	\$ -	\$ -	\$ -	\$ 176,113	\$ 176,113
Fines	14,823	5,430	5,446	-	25,699
Interest earnings	-	-	-	74	74
Total Revenues	14,823	5,430	5,446	176,187	201,886
<u>Expenditures:</u>					
Current:					
Public safety	-	265	-	68,070	68,335
Capital Outlay	-	-	-	66,425	66,425
Debt Service:					
Principal	-	-	-	22,742	22,742
Interest	-	-	-	1,450	1,450
Total Expenditures	-	265	-	158,687	158,952
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,823	5,165	5,446	17,500	42,934
<u>Other Financing Sources (Uses):</u>					
Transfers to other funds	(14,823)	-	-	-	(14,823)
Total other financing sources (uses)	(14,823)	-	-	-	(14,823)
Net change in fund balances	-	5,165	5,446	17,500	28,111
Fund Balance - Beginning of year	-	22,059	23,951	231,785	277,795
Fund Balance - End of year	\$ -	\$ 27,224	\$ 29,397	\$ 249,285	\$ 305,906

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

JAIL CONSTRUCTION AND STAFFING FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Fines and forfeitures	\$ 26,000	\$ 14,823	\$ (11,177)
Total Revenues	26,000	14,823	(11,177)
<u>Expenditures:</u>			
Current:			
Public safety	-	-	-
Total Expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	26,000	14,823	(11,177)
<u>Other Financing Sources (Uses):</u>			
Transfers to General Fund	-	(14,823)	(14,823)
Total Other Financing Sources (Uses)	-	(14,823)	(14,823)
Net changes in fund balance	26,000	-	(26,000)
Fund Balance - beginning of year	-	-	-
Fund Balance - end of year	\$ 26,000	\$ -	\$ (26,000)

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

LAW LIBRARY FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Fines	\$ -	\$ 5,430	\$ 5,430
Total Revenues	-	5,430	5,430
<u>Expenditures:</u>			
Current:			
Public safety	-	265	(265)
Total Expenditures	-	265	(265)
Net changes in fund balance	-	5,165	5,165
Fund Balance - beginning of year	22,059	22,059	-
Fund Balance - end of year	\$ 22,059	\$ 27,224	\$ 5,165

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UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

DRUG ABUSE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Fines	\$ 1,500	\$ 5,446	\$ 3,946
Total Revenues	1,500	5,446	3,946
<u>Expenditures:</u>			
Current:			
Public safety	-	-	-
Total Expenditures	-	-	-
Net changes in fund balance	1,500	5,446	3,946
Fund Balance - beginning of year	23,951	23,951	-
Fund Balance - end of year	\$ 25,451	\$ 29,397	\$ 3,946

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014
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Tax Commissioner

Assets

Cash and cash equivalents	\$ 319,661	\$ 2,619,141	\$ 2,203,778	\$ 735,024
Total Assets	\$ 319,661	\$ 2,619,141	\$ 2,203,778	\$ 735,024

Liabilities

Due to others	\$ 319,661	\$ 2,619,141	\$ 2,203,778	\$ 735,024
Total Liabilities	\$ 319,661	\$ 2,619,141	\$ 2,203,778	\$ 735,024

Clerk of Superior Court

Assets

Cash and cash equivalents	\$ 18,133	\$ 26,650	\$ 26,540	\$ 18,243
Total Assets	\$ 18,133	\$ 26,650	\$ 26,540	\$ 18,243

Liabilities

Due to others	\$ 9,174	\$ 25,780	\$ 25,290	\$ 9,664
Due to others-escrow	8,959	870	1,250	8,579
Total Liabilities	\$ 18,133	\$ 26,650	\$ 26,540	\$ 18,243

Probate Court

Assets

Cash and cash equivalents	\$ 943	\$ 60,530	\$ 56,526	\$ 4,947
Total Assets	\$ 943	\$ 60,530	\$ 56,526	\$ 4,947

Liabilities

Due to others	\$ 943	\$ 60,530	\$ 56,526	\$ 4,947
Total Liabilities	\$ 943	\$ 60,530	\$ 56,526	\$ 4,947

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED DECEMBER 31, 2014
 (CONTINUED)

	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014
<u>Magistrate Court</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 607	\$ 17,229	\$ 17,101	\$ 735
Total Assets	<u>\$ 607</u>	<u>\$ 17,229</u>	<u>\$ 17,101</u>	<u>\$ 735</u>
<u>Liabilities</u>				
Due to others	\$ 607	\$ 17,229	\$ 17,101	\$ 735
Total Liabilities	<u>\$ 607</u>	<u>\$ 17,229</u>	<u>\$ 17,101</u>	<u>\$ 735</u>
<u>Sheriff's Office</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 542	\$ 9,859	\$ 8,596	\$ 1,805
Total Assets	<u>\$ 542</u>	<u>\$ 9,859</u>	<u>\$ 8,596</u>	<u>\$ 1,805</u>
<u>Liabilities</u>				
Due to others	\$ 542	\$ 9,859	\$ 8,596	\$ 1,805
Total Liabilities	<u>\$ 542</u>	<u>\$ 9,859</u>	<u>\$ 8,596</u>	<u>\$ 1,805</u>
<u>Total Agency Funds</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 339,886	\$ 2,733,409	\$ 2,312,541	\$ 760,754
Total Assets	<u>\$ 339,886</u>	<u>\$ 2,733,409</u>	<u>\$ 2,312,541</u>	<u>\$ 760,754</u>
<u>Liabilities</u>				
Due to others	\$ 330,927	\$ 2,732,539	\$ 2,311,291	\$ 752,175
Due to others-escrow	8,959	870	1,250	8,579
Total Liabilities	<u>\$ 339,886</u>	<u>\$ 2,733,409</u>	<u>\$ 2,312,541</u>	<u>\$ 760,754</u>

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GOVERNMENTAL REPORT

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

SCHEDULE OF PROJECT EXPENDITURES WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2014

Project	Original Budget	Expenditures		Total
		Prior Years	Current Year	
<u>Special Local Option Sales Tax 2012</u>				
Equipment	\$ 350,000	\$ 171,845	\$ 89,885	\$ 261,730
Roads	300,000	-	-	-
Land	25,000	-	-	-
Buildings	250,000	30,743	46,060	76,803
Public Infrastructure	50,000	15,853	-	15,853
Total	<u>\$ 975,000</u>	<u>\$ 218,441</u>	<u>\$ 135,945</u>	<u>\$ 354,386</u>

Note 1: Reconciliation of Special Local Option Sales Tax 2012 schedule to financial statements.

Expenditures from schedule above:	\$ 135,945
Capital lease principal debt service payments:	<u>22,742</u>
Per financial statements:	<u>\$ 158,687</u>

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

Board of Commissioners
of Unified Government of Webster County, Georgia
Preston, Georgia

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Unified Government of Webster County, Georgia as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Unified Government of Webster County, Georgia’s basic financial statements, and have issued our report thereon dated June 8, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 County'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. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. 2014-001, 2014-002, 2014-003, 2014-004, and 2014-005

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Unified Government of Webster 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2014-006, and 2014-007.

Unified Government of Webster County, Georgia's Response to Findings

The Unified Government of Webster County, Georgia's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Unified Government of Webster County, Georgia's response was not subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Macon, Georgia
June 8, 2015



UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014

Financial Statement Findings

Findings noted on the “Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards”:

2014-001 General Ledger Maintenance

CRITERIA

Timely and accurate financial reports are essential in order to perform analysis of the financial condition of the County, review data for accuracy and completeness, monitor compliance with budget appropriations, and to prepare annual financial statements.

CONDITION

During 2014, the County did not record the transactions of the following funds for the year into the accounting system:

Jail Construction and Staffing Fund
Law Library Fund

CONTEXT

Adjusting entries were needed to record the transactions of these funds into the accounting system.

CAUSE

County personnel lacked adequate training to handle the increasing complex requirements of governmental accounting.

EFFECT

Management was not provided with complete and accurate interim financial reports to be used to make fiscal-related decisions. A general ledger was not maintained during the year or available for review by management.

RECOMMENDATION

The County should establish procedures to record all transactions of the County in a timely manner into the general ledger and that monthly reports be prepared and reviewed by management. We also recommend that the County provide the appropriate training to assist personnel in recording all of the fund activity as either a separate fund or department within the accounting system.

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management agrees with the finding on the Jail Construction and Staffing Fund. The County will establish procedures to record all County transactions into the accounting system.

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

2014-002 Segregation of Duties – Agency Funds

CRITERIA

The purpose of internal controls is to safeguard the assets of the County and ensure that errors or other misstatements are detected in a reasonable amount of time.

CONDITION

The following agency funds had inadequate segregation of duties within the cash receipts and disbursements areas: Superior Court, Magistrate Court, Probate Court, and Tax Commissioner.

CONTEXT

We noted various areas involving the internal controls of the County which were ineffective as follows:

- The Clerk of Superior Court is responsible for receiving funds, preparing and making bank deposits, preparing checks for payouts of fines, signing the checks, and preparation of monthly bank reconciliations.
- The Chief Magistrate is responsible for receiving funds, preparing and making bank deposits, preparing checks for payouts of fines, and signing the checks.
- The Probate Court Judge is responsible for receiving funds, preparing and making bank deposits, preparing checks for payouts of fines, and signing the checks.
- The Tax Commissioner is responsible for receiving funds, preparing and making bank deposits, preparing checks for payouts of taxes, signing the checks, and reconciling the bank account.

CAUSE

The County is a small local government where incompatible accounting functions are handled by single individuals.

EFFECT

Internal controls over the elected officials' offices are significantly weakened by individuals performing incompatible functions.

RECOMMENDATION

The County should redesign the internal control system and explore opportunities for separating the duties of receiving the funds, preparing the deposit slip, taking the deposit to the bank, preparing checks for payouts, and signing the checks. The County should also have the monthly bank reconciliations prepared and reviewed by individuals with no other cash responsibilities.

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management agrees with the finding. With the small number of employees assigned to each office, the County will look at possible compensating controls to help mitigate the risks.

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

2014-003 **Capital Assets**

CRITERIA

Accounting and control procedures should be designed to insure that capital asset activity is recorded and reported in the government-wide and proprietary fund financial statements. Capital asset records must be supported by detailed records that include location, department, cost, estimated useful life, depreciation, and other detail supporting documentation.

CONDITION

A complete inventory of all capital assets was performed during 2014. The results of the inventory identified that capital assets were not previously included on the County's capital asset depreciation schedules.

CONTEXT

Management identified \$136,483 of land, \$735,272 of buildings and improvements, and \$735,272 of accumulated depreciation had been omitted in the governmental activities capital asset records. Management also identified \$23,650 of land, \$58,568 of equipment, and \$58,568 of accumulated depreciation had been omitted in the business-type activities and water fund capital asset records.

EFFECT

Prior period adjustments were necessary to correct the County's financial statements.

CAUSE

In 2009, Webster County and the City of Preston merged to form the Unified Government of Webster County. At the time of the merger, some of the City of Preston's capital assets were omitted.

RECOMMENDATION

The County should continue to perform annual inventories of all capital assets each year.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management agrees with the finding. The County will establish procedures to review and update this schedule going forward.

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

2014-004 Accounts Receivable/Revenue

CRITERIA

Accounting procedures should be designed to insure that revenue is accrued and recognized when it becomes both measurable and available to finance expenditures of the period.

CONDITION

Various revenue items were not recorded in the proper period.

CONTEXT

Material audit adjustments were required as follows by fund:

General Fund

- Material audit adjustments were necessary to correctly report the tax commissioner year-end disbursements comprised of entries to reverse out the prior receivable of \$401,348 and to record the current year receivable of \$387,739.
- Material audit adjustments were necessary to properly report property taxes receivables, allowance and deferred revenue accounts of \$138,811.
- Material audit adjustments were necessary to correctly report court's and sheriff's department revenues comprised of entries to reverse out the prior year court receivable of \$13,482 and to record the current year court receivable of \$9,364.
- Material audit adjustments were necessary to correctly report Local Option Sales Taxes revenues comprised of entries to reverse out the prior year LOST receivable of \$16,499 and to record the current year LOST receivable of \$14,908.

2012 SPLOST Fund

- Material audit adjustments were necessary to correctly report the 2012 Special Local Option Sales Taxes revenues comprised of entries to reverse out the prior year SLOST receivable of \$16,513 and to record the current year SLOST receivable of \$14,913.

TLOST Fund

- Material audit adjustments were needed to correctly report the Transportation Local Option Sales Tax revenues comprised of entries to reverse out the prior year TLOST receivable of \$33,527 and to record the current year TLOST receivable of \$28,482.

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

EFFECT

The County produced financial reports, which contained material errors.

CAUSE

The County does not have adequate accounting procedures in place to insure the accrual of revenues in the proper period.

RECOMMENDATION

We recommend that the County develop procedures to insure the recording of revenues when they become measurable and available to finance expenditures of the fiscal period. We also recommend that the County provide training for employees on accrual accounting of revenues and receivables.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management agrees with the finding. The County will develop procedures to record all revenue items in the proper fiscal period.

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

2014-005 Accounts Payable/Expenses

CRITERIA

In accordance with generally accepted accounting principles, expenditures/expenses are classified in the fund where the revenues are generated to finance the expenditures/expenses of the period. Year end procedures are necessary to ensure that expenditures/expenses are recorded in the appropriate fund.

CONDITION

The County does not have adequate accounting procedures to insure that expenditures/expenses are recorded and properly classified when a liability is incurred.

CONTEXT

Material audit adjustments were needed to fairly state and classify expenditures/expenses for the year ended December 31, 2014. The adjustments are summarized by fund as follows:

General Fund

- Material audit adjustments were necessary to correctly report accounts payable comprised of entries to reverse out prior year accounts payable of \$27,329 and to record current year accounts payable of \$13,910.
- Material audit adjustments were necessary to correctly report accrued salaries comprised of entries to reverse out prior year accrued salaries of \$50,952 and to record current year accrued salaries of \$16,051.

Water Fund

- Material audit adjustment was needed to record current year depreciation of \$43,361.
- Material audit adjustment was needed to record the capital contribution of \$23,201 from the SPLOST Fund.

EFFECT

The County produced financial reports, which contained material errors.

CAUSE

The County lacked accounting procedures to insure the recording and proper classification of incurred expenditures/expenses at the end of the fiscal period.

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

RECOMMENDATION

We recommend that the County establish procedures to insure the proper accrual and classification of all liabilities incurred during the fiscal period. We also recommend that the County provide training for employees on accrual accounting of accounts payable and expenditures/expenses.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management agrees with the finding. The County will develop procedures to record all revenue items in the proper fiscal period. The County will also look into potential training opportunities regarding accrual accounting of accounts payable and expenses.

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

Compliance Findings

2014-006 Uniform Chart of Accounts

CRITERIA

State Law (OCGA 36-81-3) requires that governments maintain their accounting records in compliance with the Uniform Chart of Accounts.

CONDITION

The County maintained all of their funds within a single accounting system. Separate accounting funds were not maintained for the following four individual funds as of and for the year ended December 31, 2014:

2012 SPLOST Fund
Drug Abuse Fund
Water Fund

Also, the General Fund chart of accounts does not provide for the appropriate numbering structure as required by the Uniform Chart of Accounts.

CONTEXT

Adjusting entries were required to separate out the activity for the four individual funds recorded within the accounting system.

EFFECT

The County was not in compliance with the Uniform Chart of Accounts as of December 31, 2014. In addition, interim financial reports, which are used by management for fiscal-related decisions, could have been relied upon in error.

CAUSE

Management was not sufficiently aware of the requirement regarding the Uniform Chart of Accounts.

RECOMMENDATION

We recommend that the County modify the accounting system to comply with the Uniform Chart of Accounts to insure that all activity of the County is captured within the accounting system. We also recommend that the County provide the appropriate training to assist personnel in recording all of the fund activity as either a separate fund or department within the accounting system. The County should also begin to report expenditures at the departmental level so that the County can adequately monitor budget performance.

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management agrees with the finding. The County will review changes needed to the accounting system to comply with the Uniform Chart of Accounts and to insure that all activity of the County is being recorded into the accounting system. We will also explore potential training on the Uniform Chart of Accounts.

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

2014-007 Budgetary Controls – Expenditures Exceeding Appropriations–(OCGA 36-81-3)

CRITERIA

In order to comply with applicable legal requirements regarding budgets, procedures must exist to properly monitor compliance with State law. Georgia code (36-81-3b) requires an annual balanced budget for the general fund, each special revenue fund, and each debt service fund. Any increase in appropriation at the legal level of control requires the approval of the governing authority. Such information shall be adopted by ordinance or resolution.

CONDITION

Expenditures exceeded appropriations in the General Fund. In addition, the County did not adopt an annual budget for the Law Library Special Revenue Fund.

CONTEXT

Expenditures were in excess of appropriations for the following:

General Fund

- Public Safety - \$47,500
- Roads and Bridges - \$138,133

Special Revenue Fund

- Law Library Fund - \$265

EFFECT

The County has not complied with budget requirements established by restrictions of policy, regulation, laws and contracts. OCGA 36-81-3(b) requires an annual balanced budget for the general fund, each special revenue fund, and each debt service fund.

CAUSE

The county did not adopt a supplemental budget adjustment to cover expenditures that exceeded appropriations.

RECOMMENDATION

The County needs to adopt future budgets as required by State Law for all Special Revenue Funds. Management should evaluate the effectiveness of the annual budget during 2015, to determine if the County should prepare supplemental budget amendments during the current year.

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management agrees with the finding that expenditures exceeded appropriations in the General Fund. The County will look into potential training opportunities regarding amending the County budget.