

**UNIFIED GOVERNMENT  
OF  
GEORGETOWN-QUITMAN COUNTY, GEORGIA  
BASIC FINANCIAL STATEMENTS  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**UNIFIED GOVERNMENT OF GEORGETOWN-QUITMAN COUNTY**  
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**DECEMBER 31, 2012**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners  
Unified Government of Georgetown-Quitman County Georgia

### **Report on the Financial Statements**

I 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 Georgetown-Quitman County, Georgia (the "County") as of and for the year ending December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***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***

My responsibility is to express opinions on these financial statements based on my audit. I did not audit the financial statements of the Quitman County Health Department, which represent 100 percent of the assets and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to me, and my opinion, insofar as it relates to the amounts included for the Quitman County Health Department in the discretely presented component unit column, is based solely on the report of the other auditors.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### ***Opinions***

In my opinion, based on my audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Unified Government of Georgetown-Quitman County as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year ended December 31, 2012, in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Unified Government of Georgetown-Quitman County's basic financial statements. The combining nonmajor fund financial statements, project cost schedule, source and application of funds schedule, and the schedule of expenditures of federal awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, project cost schedule, source and application of funds schedule, and the schedule of expenditures of federal awards, as required by *Office of*

*Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* are the responsibility of management and were derived from and relates 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 my opinion, the combining nonmajor fund financial statements, project cost schedule, source and application of funds schedule, and the schedule of expenditures of federal awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* is 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*, I have also issued my report dated September 18, 2013 on my consideration of the County's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

 Daniel M. Hartigan CPA, LLC

September 18, 2013

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## **BASIC FINANCIAL STATEMENTS**

**UNIFIED GOVERNMENT OF GEORGETOWN-QUITMAN COUNTY**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2012**

	Primary Government			
	Governmental	Business-Type		Component
	Activities	Activities	Total	Unit
ASSETS				
Cash and Equivalents	\$ 184,492.17	\$ 509,826.18	\$ 694,318.35	\$ 27,546.00
Restricted Cash and Equivalents	0.00	35,800.99	35,800.99	0.00
Certificates of Deposit	0.00	51,879.63	51,879.63	0.00
Receivables	1,133,405.03	94,550.12	1,227,955.15	0.00
Intergovernmental Receivables	556,388.87	0.00	556,388.87	0.00
Notes Receivable- Current	0.00	37,153.15	37,153.15	0.00
Internal Balances	96,062.50	(96,062.50)	0.00	0.00
Notes Receivable- Noncurrent	0.00	105,975.00	105,975.00	0.00
Bond Issue Expense- Net	0.00	41,309.87	41,309.87	0.00
Deposit on Building	0.00	0.00	0.00	0.00
Capital Assets (Note 1):				
Land, Improvements & Construction in Progress	81,523.02	328,657.61	410,180.63	0.00
Other Capital Assets- Net of Depreciation	2,414,666.49	10,109,158.19	12,523,824.68	0.00
Total Capital Assets	2,496,189.51	10,437,815.80	12,934,005.31	0.00
Total Assets	\$ 4,466,538.08	\$ 11,218,248.24	\$ 15,684,786.32	\$ 27,546.00
LIABILITIES				
Bank Overdraft	\$ 58,157.44	\$ 0.00	\$ 58,157.44	\$ 0.00
Accounts Payable and Accrued Expenses	61,006.09	20,041.30	81,047.39	0.00
Unearned Revenue	56,129.44	0.00	56,129.44	0.00
Customer Deposits	0.00	58,834.00	58,834.00	0.00
Bonds and Notes Payable-Current	16,282.34	77,882.32	94,164.66	0.00
Capital Leases Payable- Current	17,488.94	26,145.87	43,634.81	0.00
Compensated Absences	5,832.17	0.00	5,832.17	0.00
Bonds and Notes Payable- Long Term	281,163.94	2,782,011.36	3,063,175.30	0.00
Capital Leases Payable- Long Term	0.00	101,390.65	101,390.65	0.00
Total Liabilities	\$ 496,060.36	\$ 3,066,305.50	\$ 3,562,365.86	\$ 0.00
NET POSITION				
Net Investment in Capital Assets	\$ 2,181,254.29	\$ 7,450,385.60	\$ 9,631,639.89	\$ 0.00
Restricted for:				
Law Library Expenditures	25,803.18	0.00	25,803.18	0.00
DATE	20,952.01	0.00	20,952.01	0.00
Judicial	37,379.44	0.00	37,379.44	0.00
Public Safety- E-911	4,994.25	0.00	4,994.25	0.00
Health Department Special Use	0.00	0.00	0.00	1,950.00
Grant Funds	22,270.63	0.00	22,270.63	0.00
SPLOST- Special Purpose	17,291.51	0.00	17,291.51	0.00
Debt Service	0.00	35,800.99	35,800.99	0.00
Unassigned (Deficit)	1,660,532.41	665,756.15	2,326,288.56	25,596.00
Total Net Position	\$ 3,970,477.72	\$ 8,151,942.74	\$ 12,122,420.46	\$ 27,546.00

See accompanying notes to the basic financial statements.



**UNIFIED GOVERNMENT OF GEORGETOWN-QUITMAN COUNTY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
				Governmental Activities	Business-Type Activities		
Primary Government							
Governmental Activities:							
General Government	\$ 725,007.58	\$ 64,295.04	\$ 304,821.16	\$ 0.00	\$ (355,891.38)	\$ (355,891.38)	
Court Administration	236,310.77	64,636.71	4,825.00	0.00	(166,849.06)	(166,849.06)	
Public Safety	1,043,391.90	226,340.52	55,155.60	0.00	(761,895.78)	(761,895.78)	
Public Works	377,674.99	2,452.61	0.00	0.00	(375,222.38)	(375,222.38)	
Housing and Development	114,554.46	9,791.75	82,399.00	0.00	(22,363.71)	(22,363.71)	
Health and Welfare	58,777.07	0.00	0.00	428,590.79	369,813.72	369,813.72	
Culture and Recreation	21,957.61	5,188.50	6,997.54	34,335.07	24,563.50	24,563.50	
Interest on Debt	13,148.05	0.00	0.00	0.00	(13,148.05)	(13,148.05)	
Total Governmental Activities	2,590,822.43	372,705.13	454,198.30	462,925.86	(1,300,993.14)	(1,300,993.14)	
Business-Type Activities:							
Water Authority	157,179.69	140,314.78	0.00	0.00	(16,864.91)	(16,864.91)	
Solid Waste	223,108.43	293,341.73	0.00	0.00	70,233.30	70,233.30	
City Water & Sewer	496,087.09	353,170.58	0.00	14,262.00	(128,654.51)	(128,654.51)	
Building Rental	35,346.46	24,047.02	0.00	0.00	(11,299.44)	(11,299.44)	
Revolving Loan	0.00	4,468.44	0.00	0.00	4,468.44	4,468.44	
Total Business-Type Activities	911,721.67	815,342.55	0.00	14,262.00	(82,117.12)	(82,117.12)	
Total- Primary Government	\$ 3,502,544.10	\$ 1,188,047.68	\$ 454,198.30	\$ 477,187.86	\$ (1,300,993.14)	\$ (1,383,110.26)	
Component Unit:							
Quitman County Board of Health	\$ 121,129.00	\$ 10,470.00	\$ 113,471.00	\$ 0.00		\$ 2,812.00	
General Revenues:							
Taxes: Local Sales Tax				\$	189,143.00	\$	189,143.00
Property Taxes for General Purposes					1,186,973.61		1,186,973.61
SPLOST- Roads and Bridges					188,684.14		188,684.14
Other Taxes					299,853.92		299,853.92
Miscellaneous					5,290.00		5,290.00
Gain (Loss) on Disposal of Capital Assets					(56,604.95)		(19,341.50)
Transfers					(189,194.38)		0.00
Interest Earnings					440.47		1,365.25
Total General Revenues					1,624,585.81		1,851,968.42
Change in Net Position					323,592.67		468,858.16
Net Position- Beginning of Year					3,646,885.05		11,653,562.30
Net Position- End of Year				\$	3,970,477.72	\$	12,122,420.46

See accompanying notes to the basic financial statements.

**UNIFIED GOVERNMENT OF GEORGETOWN-QUITMAN COUNTY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2012**

	General Fund	10 CDBG Health Center	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 154,750.16	\$ 0.00	\$ 29,742.01	\$ 184,492.17
Receivables	1,129,230.78	0.00	4,174.25	1,133,405.03
Intergovernmental Receivable	541,703.87	0.00	14,685.00	556,388.87
Interfund Receivable	96,574.82	0.00	18,750.00	115,324.82
<b>TOTAL ASSETS</b>	<b>\$ 1,922,259.63</b>	<b>\$ 0.00</b>	<b>\$ 67,351.26</b>	<b>\$ 1,989,610.89</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Bank Overdraft	\$ 58,157.44	\$ 0.00	\$ 0.00	\$ 58,157.44
Accounts Payable	61,006.09	0.00	0.00	61,006.09
Interfund Payable	18,750.00	0.00	512.32	19,262.32
Unearned Revenue	37,379.44	0.00	18,750.00	56,129.44
<b>Total Liabilities</b>	<b>175,292.97</b>	<b>0.00</b>	<b>19,262.32</b>	<b>194,555.29</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable Revenue- Property Tax	118,078.86	0.00	0.00	118,078.86
Unavailable Revenue- FPLG	288,780.16	0.00	0.00	288,780.16
Unavailable Revenue- Electric Franchise	75,976.25	0.00	0.00	75,976.25
<b>Total Deferred Inflows of Resources</b>	<b>482,835.27</b>	<b>0.00</b>	<b>0.00</b>	<b>482,835.27</b>
<b>Fund Balances:</b>				
Restricted: DATE Funds	20,952.01	0.00	0.00	20,952.01
Probation Funds	37,379.44	0.00	0.00	37,379.44
Grant Funds	22,270.63	0.00	0.00	22,270.63
Law Library	0.00	0.00	25,803.18	25,803.18
E-911	0.00	0.00	4,994.25	4,994.25
SPLOST Projects	0.00	0.00	17,291.51	17,291.51
Unassigned	1,183,529.31	0.00	0.00	1,183,529.31
<b>Total Fund Balances</b>	<b>1,264,131.39</b>	<b>0.00</b>	<b>48,088.94</b>	<b>1,312,220.33</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,922,259.63</b>	<b>\$ 0.00</b>	<b>\$ 67,351.26</b>	<b>\$ 1,989,610.89</b>

See accompanying notes to the basic financial statements.

UNIFIED GOVERNMENT OF GEORGETOWN-QUITMAN COUNTY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2012

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Total Governmental Fund Balances \$ 1,312,220.33

Amounts Reported for Governmental Activities in the Statement  
of Net Position Are Different Because:

Capital assets used in governmental activities are not financial  
resources and therefore are not reported in the funds:

Cost	\$ 4,261,768.14	
Less Accumulated Depreciation	<u>1,765,578.63</u>	
		2,496,189.51

Property taxes and railroad taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expen- ditures, and therefore are deferred in the funds.	118,078.86
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The Forest Land Protection Grants will be collected this year, but were not available soon enough to pay for the current period's expen- ditures, and therefore are deferred in the funds.	288,780.16
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Electric utility taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	75,976.25
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Long-term liabilities are not due and payable in the current period  
and therefore are not reported as liabilities in the funds. Long-  
term liabilities at year end consisted of:

Capital Leases Payable	\$ (17,488.94)	
Notes Payable	(297,446.28)	
Compensated Absences	<u>(5,832.17)</u>	
		<u>(320,767.39)</u>

Net Position of Governmental Activities	\$ <u><u>3,970,477.72</u></u>
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See accompanying notes to the basic financial statements.

**UNIFIED GOVERNMENT OF GEORGETOWN-QUITMAN COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	General Fund	10 CDBG Health Center	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 1,168,203.31	\$ 0.00	\$ 0.00	\$ 1,168,203.31
Sales Taxes	189,143.00	0.00	188,684.14	377,827.14
Other Taxes	223,877.67	0.00	0.00	223,877.67
Licenses and Permits	18,385.50	0.00	0.00	18,385.50
Intergovernmental	504,071.97	428,590.79	82,149.00	1,014,811.76
Charges for Services	244,766.48	0.00	27,304.09	272,070.57
Fees and Fines	78,716.91	0.00	3,524.54	82,241.45
Rents and Royalties	4,236.00	0.00	0.00	4,236.00
Donations from Private Sources	14,526.60	0.00	0.00	14,526.60
Miscellaneous Revenues	1,054.00	0.00	0.00	1,054.00
Interest Earnings	407.72	0.00	40.36	448.08
Total Revenues	<u>2,447,389.16</u>	<u>428,590.79</u>	<u>301,702.13</u>	<u>3,177,682.08</u>
<b>EXPENDITURES</b>				
Current:				
General Government	692,887.54	0.00	0.00	692,887.54
Court Administration	231,052.90	0.00	440.71	231,493.61
Public Safety	936,320.24	0.00	40,774.31	977,094.55
Public Works	220,263.40	0.00	117,305.35	337,568.75
Housing and Development	24,925.82	0.00	85,679.60	110,605.42
Health and Welfare	41,698.15	0.00	0.00	41,698.15
Culture and Recreation	20,356.53	0.00	0.00	20,356.53
Capital Outlay:				
Health and Welfare	0.00	451,567.72	0.00	451,567.72
Public Safety	122,397.43	0.00	0.00	122,397.43
Culture and Recreation	45,279.02	0.00	0.00	45,279.02
Debt Service:				
Principal	37,540.97	0.00	0.00	37,540.97
Interest	13,148.05	0.00	0.00	13,148.05
Total Expenditures	<u>2,385,870.05</u>	<u>451,567.72</u>	<u>244,199.97</u>	<u>3,081,637.74</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>61,519.11</u>	<u>(22,976.93)</u>	<u>57,502.16</u>	<u>96,044.34</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In (Out)	(145,200.29)	22,976.93	(66,971.02)	(189,194.38)
Proceeds of Long Term Debt	294,949.00	0.00	0.00	294,949.00
Total Other Financing Sources (Uses)	<u>149,748.71</u>	<u>22,976.93</u>	<u>(66,971.02)</u>	<u>105,754.62</u>
NET CHANGE IN FUND BALANCES	<u>211,267.82</u>	<u>0.00</u>	<u>(9,468.86)</u>	<u>201,798.96</u>
FUND BALANCE (DEFICIT)- BEGINNING OF YEAR	<u>1,052,863.57</u>	<u>0.00</u>	<u>57,557.80</u>	<u>1,110,421.37</u>
FUND BALANCE (DEFICIT)- ENDING	\$ <u>1,264,131.39</u>	\$ <u>0.00</u>	\$ <u>48,088.94</u>	\$ <u>1,312,220.33</u>

See accompanying notes to the basic financial statements.

**UNIFIED GOVERNMENT OF GEORGETOWN-QUITMAN COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Net Changes in Fund Balances- Total Governmental Funds		\$ 201,798.96
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Governmental funds report capital expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation. expense in the current period.		
Depreciation Expense	\$ (167,476.01)	
Capital Outlay	<u>619,244.17</u>	451,768.16
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		16,928.10
Because some property taxes will not be collected for several months after the County's year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased by this amount this period.		18,770.30
Because the Forest Land Protection Grants will not be collected for several months after the County's year ends, they are not considered "available" revenue and are deferred in the governmental funds. This is the amount that the grants decreased this period.		(112,214.20)
Because the electricity franchise taxes will not be collected for several months after the County's year ends, they are not considered "available" revenue and are deferred in the governmental funds. This is the amount that the taxes increased this period.		75,976.25
Issuance of long term debt provides current financial resources to governmental funds, but issuing long term debt increases long-term liabilities in the statement of net position.		(294,949.00)
Repayment of capital leases is an expenditure in the governmental funds, but the repay- ment reduces long-term liabilities in the statement of net position. This is the amount of repayments for the period.		20,612.87
In the statement of activities, compensated absences (vacation pay) does not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the amount that compensated absences decreased this period.		1,506.18
In the statement of activities, the loss on the transfer of the sheriff boat is reported, whereas in the in the governmental funds, the loss is not recorded. This is the amount of the cost of the boat less depreciation.		(23,411.70)
In the statement of activities, the loss on the transfer of the transit vans is reported, whereas in the in the governmental funds, the loss is not recorded. This is the amount of the cost of the vans less depreciation.		<u>(33,193.25)</u>
Change in Net Position of Governmental Activities		\$ <u>323,592.67</u>

See accompanying notes to the basic financial statements.

**UNIFIED GOVERNMENT OF GEORGETOWN-QUITMAN COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	BUDGETED AMOUNTS		(BUDGETARY BASIS)	VARIANCE- FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
<b>REVENUES</b>				
Taxes	\$ 1,852,730.00	\$ 1,852,230.00	\$ 1,581,223.98	\$ (271,006.02)
Licenses and Permits	21,400.00	21,400.00	18,385.50	(3,014.50)
Fines and Forfeitures	121,200.00	121,200.00	78,716.91	(42,483.09)
Intergovernmental	12,000.00	65,376.54	504,071.97	438,695.43
Charges for Services	169,400.00	169,400.00	244,766.48	75,366.48
Interest Earnings	1,000.00	1,000.00	407.72	(592.28)
Rents and Royalties	13,000.00	13,000.00	4,236.00	(8,764.00)
Donatons from Private Sources	0.00	0.00	14,526.60	14,526.60
Other Revenues	0.00	0.00	1,054.00	1,054.00
<b>TOTAL REVENUES</b>	<u>2,190,730.00</u>	<u>2,243,606.54</u>	<u>2,447,389.16</u>	<u>203,782.62</u>
<b>EXPENDITURES</b>				
Current:				
General Government	881,724.61	892,052.61	692,887.54	199,165.07
Court Administration	218,863.25	223,363.25	231,052.90	(7,689.65)
Public Safety	794,689.22	812,018.22	936,320.24	(124,302.02)
Public Works	300,668.00	301,118.00	220,263.40	80,854.60
Housing and Development	29,115.25	28,015.25	24,925.82	3,089.43
Culture and Recreation	14,200.00	21,647.54	20,356.53	1,291.01
Health and Welfare	78,879.00	68,801.00	41,698.15	27,102.85
Capital Outlay:				
Public Safety	0.00	24,000.00	122,397.43	(98,397.43)
Culture and Recreation	0.00	0.00	45,279.02	(45,279.02)
Debt Service:				
Principal	26,090.67	26,090.67	37,540.97	(11,450.30)
Interest	2,500.00	2,500.00	13,148.05	(10,648.05)
<b>TOTAL EXPENDITURES</b>	<u>2,346,730.00</u>	<u>2,399,606.54</u>	<u>2,385,870.05</u>	<u>13,736.49</u>
<b>EXCESS (DEFICIT) REVENUES OVER EXPENDITURES</b>	<u>(156,000.00)</u>	<u>(156,000.00)</u>	<u>61,519.11</u>	<u>217,519.11</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In (Out)	156,000.00	156,000.00	(145,200.29)	(301,200.29)
Proceeds of Long Term Debt	0.00	0.00	294,949.00	294,949.00
Total Other Financing Sources (Uses)	<u>156,000.00</u>	<u>156,000.00</u>	<u>149,748.71</u>	<u>(6,251.29)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>0.00</u>	<u>0.00</u>	<u>211,267.82</u>	<u>211,267.82</u>
<b>FUND BALANCE - BEGINNING</b>	<u>1,052,863.57</u>	<u>1,052,863.57</u>	<u>1,052,863.57</u>	<u>0.00</u>
<b>FUND BALANCE- ENDING</b>	<u>\$ 1,052,863.57</u>	<u>\$ 1,052,863.57</u>	<u>\$ 1,264,131.39</u>	<u>\$ 211,267.82</u>

See accompanying notes to the basic financial statements.

**UNIFIED GOVERNMENT OF GEORGETOWN-QUITMAN COUNTY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2012**

Enterprise Funds						
	Water Authority	Solid Waste Authority	City Water & Sewer	Other Enterprise Funds	Total Enterprise Funds	
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 72,977.22	\$ 214,262.90	\$ 104,579.31	\$ 118,006.75	\$ 509,826.18	
Restricted Cash and Equivalents	5,853.43	0.00	29,947.56	0.00	35,800.99	
Certificate of Deposit	0.00	0.00	51,879.63	0.00	51,879.63	
Accounts Receivable- Net	11,596.39	44,710.00	37,468.00	0.00	93,774.39	
Other Receivables	0.00	0.00	24.31	751.42	775.73	
Notes Receivable- Current	0.00	0.00	0.00	37,153.15	37,153.15	
Interfund Balances	0.00	103,339.81	0.00	0.00	103,339.81	
Total Current Assets	90,427.04	362,312.71	223,898.81	155,911.32	832,549.88	
Noncurrent Assets:						
Notes Receivable- Noncurrent	0.00	0.00	0.00	105,975.00	105,975.00	
Bond Issue Expense	0.00	0.00	41,309.87	0.00	41,309.87	
Capital Assets:						
Land and Improvements	5,500.00	0.00	323,157.61	0.00	328,657.61	
Distribution Systems	3,405,998.78	0.00	8,155,323.86	0.00	11,561,322.64	
Buildings and Equipment	143,706.74	329,500.20	132,160.65	789,650.00	1,395,017.59	
Less Accumulated Depreciation	(583,284.52)	(133,652.51)	(1,901,794.10)	(228,450.91)	(2,847,182.04)	
Total Noncurrent Assets	2,971,921.00	195,847.69	6,750,157.89	667,174.09	10,585,100.67	
TOTAL ASSETS	\$ 3,062,348.04	\$ 558,160.40	\$ 6,974,056.70	\$ 823,085.41	\$ 11,417,650.55	
LIABILITIES						
Current Liabilities:						
Accounts Payable	\$ 1,307.86	\$ 5,173.29	\$ 3,938.24	\$ 104.50	\$ 10,523.89	
Accrued Expenses	1,375.17	581.54	7,560.70	0.00	9,517.41	
Interfund Balances	106,429.14	32,165.95	59,880.49	926.73	199,402.31	
Deposits Payable	16,800.00	12,940.00	29,094.00	0.00	58,834.00	
Capital Lease Payable	0.00	26,145.87	0.00	0.00	26,145.87	
Bonds and Notes Payable	13,768.70	0.00	64,113.62	0.00	77,882.32	
Total Current Liabilities	139,680.87	77,006.65	164,587.05	1,031.23	382,305.80	
Noncurrent Liabilities:						
Capital Lease Payable	0.00	101,390.65	0.00	0.00	101,390.65	
Bonds and Notes Payable	719,312.55	0.00	2,062,698.81	0.00	2,782,011.36	
Total Noncurrent Liabilities	719,312.55	101,390.65	2,062,698.81	0.00	2,883,402.01	
TOTAL LIABILITIES	\$ 858,993.42	\$ 178,397.30	\$ 2,227,285.86	\$ 1,031.23	\$ 3,265,707.81	
NET POSITION						
Net Investment in Capital Assets	\$ 2,238,839.75	\$ 68,311.17	\$ 4,582,035.59	\$ 561,199.09	\$ 7,450,385.60	
Restricted for Debt Service	5,853.43	0.00	29,947.56	0.00	35,800.99	
Unrestricted (Deficit)	(41,338.56)	311,451.93	134,787.69	260,855.09	665,756.15	
TOTAL NET POSITION	\$ 2,203,354.62	\$ 379,763.10	\$ 4,746,770.84	\$ 822,054.18	\$ 8,151,942.74	

See accompanying notes to the basic financial statements.

**UNIFIED GOVERNMENT OF GEORGETOWN-QUITMAN COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Enterprise Funds					Total Enterprise Funds
	Water Authority	Solid Waste Authority	City Water & Sewer	Other Enterprise Funds		
OPERATING REVENUES						
Charges for Services	\$ 135,385.65	\$ 293,341.73	\$ 345,650.58	\$ 0.00	\$	774,377.96
Rentals	0.00	0.00	0.00	24,047.02		24,047.02
Interest on Revolving Loans	0.00	0.00	0.00	4,468.44		4,468.44
Penalties & Other Operating Revenues	4,929.13	0.00	7,520.00	0.00		12,449.13
Total Operating Revenues	140,314.78	293,341.73	353,170.58	28,515.46		815,342.55
OPERATING EXPENSES						
Personal Services	49,027.52	106,687.86	98,789.82	8,368.67		262,873.87
Contractual Services	5,900.96	48,252.09	20,901.22	1,560.00		76,614.27
Utilities	6,364.54	1,185.52	35,486.40	6,834.16		49,870.62
Repairs and Maintenance	1,734.94	22,355.80	10,340.00	678.65		35,109.39
Supplies and Other Expenses	14,183.82	25,271.18	18,830.28	1,738.65		60,023.93
Amortization	0.00	0.00	1,266.20	0.00		1,266.20
Depreciation	46,671.99	17,945.31	215,591.38	16,166.33		296,375.01
Total Operating Expenses	123,883.77	221,697.76	401,205.30	35,346.46		782,133.29
INCOME (LOSS) FROM OPERATIONS	16,431.01	71,643.97	(48,034.72)	(6,831.00)		33,209.26
NON OPERATING REVENUES (EXPENSES)						
Interest Income	49.12	119.66	688.60	67.40		924.78
Gain on Fixed Asset Disposal	0.00	37,263.45	0.00	0.00		37,263.45
Interest Expense	(33,295.92)	(1,410.67)	(94,881.79)	0.00		(129,588.38)
Total Non Operating Income (Expense)	(33,246.80)	35,972.44	(94,193.19)	67.40		(91,400.15)
INCOME BEFORE CONTRIBUTIONS & TRANSFERS	(16,815.79)	107,616.41	(142,227.91)	(6,763.60)		(58,190.89)
CONTRIBUTIONS & TRANSFERS						
USDA Grant	0.00	0.00	14,262.00	0.00		14,262.00
Transfer In	0.00	0.00	189,194.38	0.00		189,194.38
Total Contributions & Transfers	0.00	0.00	203,456.38	0.00		203,456.38
CHANGE IN NET POSITION	(16,815.79)	107,616.41	61,228.47	(6,763.60)		145,265.49
NET POSITION (DEFICIT)- BEGINNING	2,220,170.41	272,146.69	4,685,542.37	828,817.78		8,006,677.25
NET POSITION (DEFICIT)- ENDING	\$ 2,203,354.62	\$ 379,763.10	\$ 4,746,770.84	\$ 822,054.18	\$	8,151,942.74

See accompanying notes to the basic financial statements.



**UNIFIED GOVERNMENT OF GEORGETOWN-QUITMAN COUNTY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Enterprise Funds				Total Enterprise Funds
	Water Authority	Solid Waste Authority	City Water & Sewer	Other Enterprise Funds	
<b>Increase (Decrease) in Cash and Cash Equivalents</b>					
<b>Cash Flows from Operating Activities</b>					
Cash Received from Customers	\$ 141,051.37	\$ 286,414.94	\$ 352,759.68	24,047.02	804,273.01
Cash Payments for Personnel Expenses	(49,914.73)	(106,389.57)	(98,433.34)	(8,368.67)	(263,106.31)
Cash Payments for Goods and Services	(28,228.24)	(97,728.02)	(87,218.40)	(11,365.91)	(224,540.57)
Internal Activity- Payments (to) from Other Funds	258.43	(29,324.20)	(1,055.76)	3,085.59	(27,035.94)
Note Receivable Principal Payments Received	0.00	0.00	0.00	24,460.92	24,460.92
Interest Received- Revolving Loan Program	0.00	0.00	0.00	4,607.40	4,607.40
Net Cash Provided by Operating Activities	63,166.83	52,973.15	166,052.18	36,466.35	318,658.51
<b>Cash Flows from Noncapital Financing Activities</b>					
None	0.00	0.00	0.00	0.00	0.00
Net Cash Provided by Noncapital Financing Activities	0.00	0.00	0.00	0.00	0.00
<b>Cash Flows from Capital and Related Financing Activities</b>					
Proceeds of Equipment Financing	0.00	136,114.00	0.00	0.00	136,114.00
Proceeds from Capital Asset Disposal	0.00	37,263.45	0.00	0.00	37,263.45
Grant Proceeds	0.00	0.00	14,262.00	0.00	14,262.00
Payments for Capital Acquisitions	0.00	(136,114.00)	0.00	0.00	(136,114.00)
Payment of Long Term Debt Principal	(13,165.46)	(27,462.75)	(60,294.81)	0.00	(100,923.02)
Interest Paid	(33,310.54)	(1,410.67)	(95,303.61)	0.00	(130,024.82)
Net Cash Provided (Used) by Capital and Related Financing Activities	(46,476.00)	8,390.03	(141,336.42)	0.00	(179,422.39)
<b>Cash Flows from Investing Activities</b>					
Certificates of Deposit Matured	0.00	0.00	51,338.05	0.00	51,338.05
Certificates of Deposit Purchased	0.00	0.00	(51,879.63)	0.00	(51,879.63)
Interest Received	49.12	119.66	705.98	67.40	942.16
Net Cash Provided by Investing Activities	49.12	119.66	164.40	67.40	400.58
Net Increase (Decrease) in Cash and Cash Equivalents	16,739.95	61,482.84	24,880.16	36,533.75	139,636.70
Cash and Cash Equivalents- Beginning of Year	62,090.70	152,780.06	109,646.71	81,473.00	405,990.47
<b>Cash and Cash Equivalents- End of Year</b>	<b>\$ 78,830.65</b>	<b>\$ 214,262.90</b>	<b>\$ 134,526.87</b>	<b>\$ 118,006.75</b>	<b>\$ 545,627.17</b>

See accompanying notes to the basic financial statements.

UNIFIED GOVERNMENT OF GEORGETOWN-QUITMAN COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2012

Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	Enterprise Funds				Total Enterprise Funds
	Water Authority	Solid Waste	City Water & Sewer	Other Enterprise Funds	
Operating Income (Loss)	\$ 16,431.01	\$ 71,643.97	\$ (48,034.72)	\$ (6,831.00)	\$ 33,209.26
Adjustments:					
Depreciation and Amortization					
(Increase) Decrease in Assets:					
Accounts Receivable	436.59	(7,806.79)	(1,450.90)	0.00	(8,821.10)
Other Current Assets	0.00	0.00	0.00	138.96	138.96
Notes Receivable- Revolving Loan Program	0.00	0.00	0.00	24,460.92	24,460.92
Interfund Receivables	0.00	(690.18)	0.00	2,158.86	1,468.68
Increase (Decrease) in Liabilities:					
Accounts Payable	(43.98)	(663.43)	(1,660.50)	(554.45)	(2,922.36)
Accrued Expenses	(887.21)	298.29	356.48	0.00	(232.44)
Customer Deposits	300.00	880.00	1,040.00	0.00	2,220.00
Interfund Payables	258.43	(28,634.02)	(1,055.76)	926.73	(28,504.62)
Net Cash Provided by (Used in) Operating Activities	\$ 63,166.83	\$ 52,973.15	\$ 166,052.18	\$ 36,466.35	\$ 318,658.51

**Noncash Noncapital Financing Activities:**

\$189,194.38 of interfund debt from the City Water and Sewer Fund to the General Fund was eliminated by a one time transfer.

**Noncash Capital and Related Financing Activities**

A garbage truck was acquired for \$136,114.00 under a capital lease by the Solid Waste Fund.

See accompanying notes to the basic financial statements.

UNIFIED GOVERNMENT OF GEORGETOWN-QUITMAN COUNTY  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
DECEMBER 31, 2012

	AGENCY FUNDS
ASSETS	
Cash and Cash Equivalents	\$ 1,214,813.29
Receivables	498,127.98
TOTAL ASSETS	<u>1,712,941.27</u>
LIABILITIES	
Liabilities:	
Funds Pending Settlement	\$ 1,712,941.27
Total Liabilities	<u>1,712,941.27</u>
NET POSITION	<u>\$ 0.00</u>

See accompanying notes to the basic financial statements.

**Unified Government of Georgetown-Quitman County, Georgia**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**

On April 3, 2007, the government of the City of Georgetown, Georgia and the government of Quitman County, Georgia were unified pursuant to the provisions of Article IX, Section III, Paragraph II(a) of the Constitution of Georgia of 1983, as amended, and an Act establishing the Georgetown-Quitman County Charter and Unification Committee, approved April 7, 2005 (Ga. L. H.B. No. 757, Act 216). The unification resulted in the creation and establishment of a single county-wide government with powers and jurisdiction throughout the territorial limits of Quitman County. The name of the new government is the "Unified Government of Georgetown-Quitman County, Georgia."

**Note 1- Summary of Significant Accounting Policies**

The financial statements of the Unified Government of Georgetown-Quitman County (the "County") have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

The most significant of the County's accounting policies are described below.

**1.A. Reporting Entity**

The Governmental Accounting Standards Board (the "GASB") defines the reporting entity as (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationship with the County.

The Quitman County Water Authority provides water services to the citizens of Quitman County. The Authority is so intertwined with the County that it is, in substance, the same as the County and, therefore, is blended and reported as if it were part of the County. The County appoints a majority of the governing board and the County has guaranteed the Authority's debt. No separate financial statements are issued by the Authority.

The Quitman County Board of Health operates a general health clinic for the benefit of the residents of Quitman County. In addition to the County's financial support, the County appoints a majority of the Board of Health's Board of Directors. The Board's fiscal year ended June 30, 2012. The accompanying financial statements include the financial information for the Board as of and for the year ended June 30, 2012. The Board issues separately audited Component Unit Financial Statements and copies of these statements may be obtained from the Quitman County Board of Health, Main Street, Georgetown, Georgia. The Board of Health is included as a discretely presented component unit.

**1.B. Basis of Presentation**

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

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

The statement of net position presents the financial position of the governmental and business-type activities of the County.

## Note 1- Summary of Significant Accounting Policies (Continued)

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

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

For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function generates the revenue. For *grants and contributions*, the determining factor is to which function the revenues are restricted.

The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the County.

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

Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds. The fiduciary funds are reported by type.

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

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

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

**10 CDBG Health Center Fund-** The 10 CDBG Health Center Fund accounts for the financial resources from a Community Development Block Grant for the construction of a health center.

**Proprietary Funds-** Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial positions and cash flows. The County has the following major enterprise funds:

**Water Authority-** This fund is used for the operation of the County's water system which renders that service to the residents and businesses located within the County.

**Solid Waste Fund-** This fund is used for the operation of the County's solid waste collection and disposal activities which provides service to the residents and businesses located within the County.

## **Note 1- Summary of Significant Accounting Policies (Continued)**

**City Water and Sewer Fund-** This fund accounts for the operation of the former City of Georgetown's water and sewer systems. Services are rendered to residents and businesses located within the former city limits.

**Fiduciary Funds-** Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund or a nonexpendable trust fund is used. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent. The County uses the following fiduciary funds:

**Agency Funds-** The County uses agency funds to account for the activities of the Tax Commissioner, Tax Assessor, Sheriff, Clerk of Superior Court, Probate Office, and Magistrate Court.

### **1.C. Measurement Focus**

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

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

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

### **1.D. Basis of Accounting**

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

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

**Revenues- Non-exchange Transactions-** Non-exchange transactions in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, and donations. On an accrual basis, revenue from sales tax is recognized in the period in which the taxable sale takes place and on the modified accrual basis when the taxable sale takes place and revenue is considered available (i.e., collected within 60 days after year end).

## **Note 1- Summary of Significant Accounting Policies (Continued)**

Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

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

**Deferred Revenue-** Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period are reported as unavailable revenue (i.e., they are measurable but not available) rather than as revenue. Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) are recorded as unearned revenue.

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

### **1.E. Assets, Liabilities and Fund Equity**

#### **Cash, Cash Equivalents, and Investments**

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

Investments are stated at fair value.

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

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

Any investment or deposit in excess of the Federal Deposit Insurance Corporation (FDIC) insured amount must be secured by 110% of an equivalent amount of State or U.S. obligations.

Cash deposits are reported at carrying amount, which reasonably estimates fair value.

#### **Receivables**

Intergovernmental receivables represent funds to be received from other local governments, state grant-in-aid, state contracts, or federal funds. No allowance for uncollectibles is deemed necessary for these receivables.

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable.

## Note 1- Summary of Significant Accounting Policies (Continued)

### Property Tax Calendar

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the County schools and the State of Georgia. The County levied property taxes on October 20, 2012 on property values assessed on January 1, 2011. Tax payments were due on December 20, 2012. Property taxes become a lien on the property on September 1 of the year following levy.

### Prepaid Items

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

### Interfund Balances

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

### Restricted Assets

Certain resources set aside for the repayment of enterprise funds revenue bonds are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

### Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of one thousand dollars for vehicles and equipment. Improvements (i.e., betterments) to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by the enterprise funds is capitalized.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	15 years	15 years
Buildings and Plant	40 to 80 years	40 to 80 years
Vehicles and Equipment	7 to 25 years	5 to 10 years



## **Note 1- Summary of Significant Accounting Policies (Continued)**

### **Compensated Absences**

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

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

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated absence liability. Governmental funds report the compensated absence liability at the fund reporting level only when due for payment.

### **Accrued Liabilities and Long-Term Obligations**

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

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

### **Fund Equity**

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

**Fund Balance-** Generally, fund balance represents the difference between the current assets and current liabilities. Fund balance is reported in governmental funds in the fund financial statements under the following five categories:

- 1) **Nonspendable Fund Balance-** Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Examples include inventories and prepaid items.
- 2) **Restricted Fund Balance-** Consists of amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.
- 3) **Committed Fund Balance-** Consists of amounts that are subject to a purpose constraint imposed by formal action or resolution of the Board, which is the highest level of decision-making authority, before the end of the fiscal year and that require the same level of formal action to remove or modify the constraint.
- 4) **Assigned Fund Balance-** Consists of amounts that are intended to be used by the Board for specific purposes. The Board authorizes the County Manager to make a determination of the assigned amounts of fund balance. Such assignments may not exceed the available fund balance in any particular fund. Assigned fund balance requires the same level of authority to remove the restraint.
- 5) **Unassigned Fund Balance-** Includes all spendable amounts not contained in the other classifications. This portion of the total fund balance in the General Fund is available to finance operating expenditures.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of the Board to consider restricted amounts to have been reduced first. When an expenditure is incurred for the purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the Board that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

**Net Position-** Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when

## **Note 1- Summary of Significant Accounting Policies (Continued)**

there are limitations imposed on their use either through enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws and regulations of other governments. All other net position is reported as unrestricted.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

### **Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activities of the proprietary funds. For the County, these revenues are charges for services for water and solid waste, interest received on the notes issued under the revolving loan program, and rental payments received under the building rental fund. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity. All other activity is considered non-operating.

### **Contributions of Capital**

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction.

### **Interfund Activity**

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

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

### **Estimates**

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

## **Note 2- Stewardship, Compliance and Accountability**

**2.A. Budgetary Information-** The County adopts an annual operating budget for the General Fund and all special revenue funds. A project length budget is adopted for the SPLOST Fund, the CDBG Grant Funds, and other capital grants. The budget resolution of the General Fund reflects the total of each function's appropriation.

The general fund budget was adopted on a basis consistent with generally accepted accounting principles. All unexpended annual appropriations lapse at year-end.

The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is the function level. The County Commission may amend the budget by motion during the fiscal year. The amounts reported as the final budgeted amounts represent the budget which was approved by the Commission on February 12, 2013.

## 2.B. Excess of Expenditures over Appropriations- Governmental Funds

The following functions in the General Fund reported expenditures/expenses over appropriations:

Function	Appropriation	Expenditures	Over Appropriation
Court Administration	\$ 223,363.25	\$ 231,052.90	\$ 7,689.65
Public Safety (Including Capital Outlay)	836,018.22	1,058,717.67	222,699.45
Public Works (Including Capital Outlay)	308,805.00	368,199.62	59,394.62
Culture and Recreation (Including Capital Outlay)	21,647.54	65,635.55	43,988.01
Debt Service	28,590.67	50,589.02	21,998.35
	<u>\$ 1,418,424.68</u>	<u>\$ 1,774,194.76</u>	<u>\$ 355,770.08</u>

These over-expenditures were funded by greater than anticipated revenues, proceeds of long-term debt, and under-expenditures in other departments of the General Fund.

## 2.C. Excess of Expenses over Revenues- Enterprise Funds

The expenses of the Water Authority enterprise fund exceeded its revenues by \$16,815.79. The shortage was covered by funds on hand at December 31, 2011 and advances from the General Fund and the Solid Waste Fund.

The expenses of the DFACS Building Rental Fund exceeded its revenues by \$11,244.16. The shortage was covered by funds on hand at December 31, 2011.

## 2.D. Revenue Bond and Debt Covenants

The U.S.D.A. Rural Development Revenue Bond covenants for the Water Authority bonds required the establishment of a debt reserve account. Beginning October 2002, the County was required to deposit \$387.30 per month into this reserve account until the total of one year's annual payments had been accumulated. As of December 31, 2012, \$42,603.20 should have been deposited to this account whereas \$5,853.43 has been deposited. The Authority began making the required monthly payments in October 2011.

The U.S.D.A. Rural Development Revenue Bond covenants for the City Water and Sewer bonds required the establishment of a debt reserve account. Beginning September 12, 2006, the City was required to deposit \$767.30 into the reserve account until one year's annual payment of \$92,076.00 has been accumulated. As of December 31, 2012, the balance in the account should be \$58,314.80 whereas the actual balance is \$29,947.56. The City has made monthly payments as required but requested and was granted authority by the USDA Rural Development to withdraw \$27,594.69 for system repairs in 2009.

The U.S.D.A. Rural Development EMS Building Loan required the establishment of a debt service reserve account. Beginning April 5, 2012, the County was required to deposit \$179.70 per month into this account until the total of one year's annual payment had been accumulated. As of December 31, 2012, the balance in the account should be \$1,617.30. As of December 31, 2012, the account had not been established.

## 3. Detailed Notes on All Funds

### 3.A. Deposits and Investments

#### Deposits-

*Custodial credit risk* for deposits is the risk that, in the event of a bank failure, the County's deposits may not be returned or the County will not be able to recover collateral securities in the possession of an outside party. The County does not have a deposit policy for custodial credit risk. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities equal to 110% of the deposited funds. As of December 31, 2012, \$94,863.47 of the County's bank balance of \$2,165,380.14 was exposed to custodial credit risk as it was uninsured and uncollateralized.

### 3. Detailed Notes on All Funds (Continued)

#### Investments-

The County had no investments at December 31, 2012.

#### 3.B. Receivables

Receivables at December 31, 2012, consisted of taxes, interest, grants, accounts (billings for user charges), and expense reimbursements.

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

The receivables between the various funds are for the most part expenses paid by one fund for the other fund.

#### 3.C. Property Taxes

The County assessed a 31.562 mill property tax for the 2011 year. The General Fund millage rate was 15.612. These taxes are billed and collected by the County. Taxes for the 2011 year were levied on October 20, 2012 and were due by December 20, 2012. The receivable on the financial statements represents year 2011 and earlier tax payments due as of December 31, 2012 and recognized as revenue on the government-wide financial statements. Receivables in the amount of \$106,112.30 which had not been collected within 60 days after December 31, 2012 are reflected as deferred revenue on the fund financial statements. The lien date for unpaid taxes is September 1 of the year following levy.

Also reflected as deferred revenue on the fund financial statements is \$3,079.67 in property tax receivables of the City of Georgetown from prior years which has yet to be collected.

#### 3.D. Capital Assets

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

	<u>12/31/2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/2012</u>
<b>Governmental Activities:</b>				
Capital Assets not Being Depreciated:				
Land	\$ 26,794.00	\$ 0.00	\$ 0.00	\$ 26,794.00
Construction in Progress	<u>52,509.70</u>	<u>45,279.02</u>	<u>43,059.70</u>	<u>54,729.02</u>
Total Capital Assets not Being Depreciated	<u>79,303.70</u>	<u>45,279.02</u>	<u>43,059.70</u>	<u>81,523.02</u>
 Other Capital Assets:				
Buildings	2,017,603.24	617,024.85	0.00	2,634,628.09
Vehicles, Equipment & Land Improvements	<u>1,762,696.39</u>	<u>0.00</u>	<u>217,079.36</u>	<u>1,545,617.03</u>
Total Other Capital Assets	<u>3,780,299.63</u>	<u>617,024.85</u>	<u>217,079.36</u>	<u>4,180,245.12</u>
 Accumulated Depreciation:				
Buildings	621,092.63	56,716.90	0.00	677,809.53
Vehicles, Equipment & Land Improvements	<u>1,137,484.40</u>	<u>110,759.11</u>	<u>160,474.41</u>	<u>1,087,769.10</u>
Total Accumulated Depreciation	<u>1,758,577.03</u>	<u>167,476.01</u>	<u>160,474.41</u>	<u>1,765,578.63</u>
Total Other Capital Assets- Net	<u>2,021,722.60</u>	<u>449,548.84</u>	<u>56,604.95</u>	<u>2,414,666.49</u>
Governmental Activities Capital Assets- Net	<u>\$ 2,101,026.30</u>	<u>\$ 494,827.86</u>	<u>\$ 99,664.65</u>	<u>\$ 2,496,189.51</u>

### Note 3- Detailed Notes on All Funds (Continued)

Governmental Activities Depreciation Expense:	
General Government	\$ 31,378.85
Court Administration	5,102.72
Public Safety	68,098.65
Public Works	40,266.75
Health and Welfare	17,078.92
Culture and Recreation	1,601.08
Housing and Development	<u>3,949.04</u>
Total Governmental Activities Depreciation Expense	\$ <u>167,476.01</u>

	<u>12/31/2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/2012</u>
<b>Business-Type Activities:</b>				
Water Authority				
Capital Assets not Being Depreciated:				
Land	\$ 5,500.00	\$ 0.00	\$ 0.00	\$ 5,500.00
Other Capital Assets:				
Buildings and Plant	3,453,796.05	0.00	0.00	3,453,796.05
Vehicles and Equipment	95,909.47	0.00	0.00	95,909.47
Total Other Capital Assets	<u>3,549,705.52</u>	<u>0.00</u>	<u>0.00</u>	<u>3,549,705.52</u>
Accumulated Depreciation:				
Buildings and Plant	440,703.06	46,671.99	0.00	487,375.05
Vehicles and Equipment	95,909.47	0.00	0.00	95,909.47
Total Accumulated Depreciation	<u>536,612.53</u>	<u>46,671.99</u>	<u>0.00</u>	<u>583,284.52</u>
Total Other Capital Assets- Net	<u>3,013,092.99</u>	<u>(46,671.99)</u>	<u>0.00</u>	<u>2,966,421.00</u>
Water Authority Capital Assets- Net	<u>3,018,592.99</u>	<u>(46,671.99)</u>	<u>0.00</u>	<u>2,971,921.00</u>
Solid Waste				
Other Capital Assets:				
Buildings	14,373.73	0.00	0.00	14,373.73
Vehicles and Equipment	268,713.47	136,114.00	89,701.00	315,126.47
Total Other Capital Assets	<u>283,087.20</u>	<u>136,114.00</u>	<u>89,701.00</u>	<u>329,500.20</u>
Accumulated Depreciation:				
Buildings	6,108.85	718.70	0.00	6,827.55
Vehicles and Equipment	199,299.35	17,226.61	89,701.00	126,824.96
Total Accumulated Depreciation	<u>205,408.20</u>	<u>17,945.31</u>	<u>89,701.00</u>	<u>133,652.51</u>
Total Other Capital Assets- Net	<u>77,679.00</u>	<u>118,168.69</u>	<u>0.00</u>	<u>195,847.69</u>
Solid Waste Capital Assets- Net	<u>77,679.00</u>	<u>118,168.69</u>	<u>0.00</u>	<u>195,847.69</u>

### Note 3- Detailed Notes on All Funds (Continued)

	<u>12/31/2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/2012</u>
City Water & Sewer				
Capital Assets not Being Depreciated:				
Land	<u>323,157.61</u>	<u>0.00</u>	<u>0.00</u>	<u>323,157.61</u>
Other Capital Assets:				
Buildings and Plant	<u>8,164,881.86</u>	<u>0.00</u>	<u>0.00</u>	<u>8,164,881.86</u>
Vehicles and Equipment	<u>122,602.65</u>	<u>0.00</u>	<u>0.00</u>	<u>122,602.65</u>
Total Other Capital Assets	<u>8,287,484.51</u>	<u>0.00</u>	<u>0.00</u>	<u>8,287,484.51</u>
Accumulated Depreciation:				
Buildings and Plant	<u>1,579,033.91</u>	<u>211,926.20</u>	<u>0.00</u>	<u>1,790,960.11</u>
Vehicles and Equipment	<u>107,168.81</u>	<u>3,665.18</u>	<u>0.00</u>	<u>110,833.99</u>
Total Accumulated Depreciation	<u>1,686,202.72</u>	<u>215,591.38</u>	<u>0.00</u>	<u>1,901,794.10</u>
Total Other Capital Assets- Net	<u>6,601,281.79</u>	<u>(215,591.38)</u>	<u>0.00</u>	<u>6,385,690.41</u>
City Water & Sewer Capital Assets- Net	<u>6,924,439.40</u>	<u>(215,591.38)</u>	<u>0.00</u>	<u>6,708,848.02</u>
Building Rental				
Other Capital Assets:				
Buildings	<u>789,650.00</u>	<u>0.00</u>	<u>0.00</u>	<u>789,650.00</u>
Total Other Capital Assets	<u>789,650.00</u>	<u>0.00</u>	<u>0.00</u>	<u>789,650.00</u>
Accumulated Depreciation:				
Buildings	<u>212,284.58</u>	<u>16,166.33</u>	<u>0.00</u>	<u>228,450.91</u>
Total Accumulated Depreciation	<u>212,284.58</u>	<u>16,166.33</u>	<u>0.00</u>	<u>228,450.91</u>
Total Other Capital Assets- Net	<u>577,365.42</u>	<u>(16,166.33)</u>	<u>0.00</u>	<u>561,199.09</u>
Building Rental Capital Assets- Net	<u>577,365.42</u>	<u>(16,166.33)</u>	<u>0.00</u>	<u>561,199.09</u>
Business-Type Activities Capital Assets- Net	<u>\$ 10,598,076.81</u>	<u>\$ (160,261.01)</u>	<u>\$ 0.00</u>	<u>\$ 10,437,815.80</u>

#### Business-Type Activities Depreciation Expense:

Water Authority	\$ 46,671.99
Solid Waste	17,945.31
City Water & Sewer	215,591.38
Building Rental	<u>16,166.33</u>

Total Business-Type Activities Depreciation Expense      \$ 296,375.01

### 3.E. Interfund Balances and Transfers

Interfund balances at December 31, 2012, consisted of the following amounts and represent reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) reimbursable expenses occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The County expects to repay all interfund balances within one year.

### Note 3- Detailed Notes on All Funds (Continued)

FUND:	DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS
General Fund:		
Due from Solid Waste	\$ 32,165.95	\$
Due from Water Authority	16,294.83	
Due from City Water & Sewer	46,674.99	
Due to Nonmajor Governmental Funds		18,750.00
Due to Nonmajor Enterprise Fund	926.73	
Water Authority:	512.32	
Due to General Fund		16,294.83
Due to Solid Waste		90,134.31
Solid Waste:		
Due to General Fund		32,165.95
Due from Water Authority	90,134.31	
Due from City Water & Sewer	13,205.50	
City Water & Sewer:		
Due to General Fund		46,674.99
Due to Solid Waste		13,205.50
Nonmajor Governmental Funds:		
Due from General Fund	18,750.00	
Due to General Fund		512.32
Nonmajor Enterprise Fund:		
Due to General Fund		926.73
Totals	\$ <u>218,664.63</u>	\$ <u>218,664.63</u>

The General Fund made a transfer of \$14,628.91 to the non-major E-911 Fund during the period to help defray the costs of operation. The General Fund made a transfer of \$22,976.93 during the period to the 10 CDBG Health Center Fund for its matching requirements of the grant. The General Fund made a transfer of \$189,194.38 to the City Water and Sewer Fund to eliminate the interfund balance related to the former City of Georgetown General Fund's payments towards the city sewer system installation. The SPLOST Fund made a transfer of \$81,599.93 to the General Fund to reimburse the General Fund for salaries it paid to the SPLOST Fund employees.

#### 3.F. Compensated Absences

Permanent career employees working full or part-time earn annual leave at the rate from 5 to 15 days per year. Any unused days may be carried over with a maximum accumulation of 120 hours. Upon termination, employees are paid for any accrued annual personal leave. The amount of accrued leave carried forward is recorded as a liability in the government-wide statements.

#### 3.G. Debt

##### Lease Commitments-

##### Capital Leases-

Outstanding capital lease agreements include the acquisition of a of two sheriff patrol cars by the General Fund at a cost of \$50,339.80. The Solid Waste Fund entered into a capital lease in August 2012 for the acquisition of a garbage truck at a cost of \$136,114.00.

### Note 3- Detailed Notes on All Funds (Continued)

Future debt service payments to maturity for capital leases are as follows:

Year(s)	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		
	Principal	Interest	Total	Principal	Interest	Total
12/31/2013	\$ 17,488.94	\$ 627.34	\$ 18,116.28	\$ 26,145.87	\$ 2,762.95	\$ 28,908.82
12/31/2014	0.00	0.00	0.00	26,777.64	2,131.17	28,908.81
12/31/2015	0.00	0.00	0.00	27,424.69	1,484.13	28,908.82
12/31/2016	0.00	0.00	0.00	28,087.36	821.45	28,908.81
12/31/2017	0.00	0.00	0.00	19,100.96	171.59	19,272.55
	<u>\$ 17,488.94</u>	<u>\$ 627.34</u>	<u>\$ 18,116.28</u>	<u>\$ 127,536.52</u>	<u>\$ 7,371.29</u>	<u>\$ 134,907.81</u>

#### Notes Payable-

##### Georgia Environmental Facilities Loan-

The City of Georgetown entered a loan agreement with the Georgia Environmental Facilities Authority for a \$261,690.00 loan for water facility improvements. Once construction was completed in 2002, a permanent loan was established in the amount of \$248,390.01, as the full amount of the loan was not needed for completion of the project. The permanent loan bears an interest rate of 5.56% computed on a 365 day year, simple interest basis and is being repaid on an installment basis over 80 quarters (20 years). Quarterly payments of \$5,164.18 began October 1, 2002 and will continue through July 1, 2022. The note is reflected as a liability of the City Water and Sewer Fund (proprietary fund) as the proceeds were used for water system improvements which are reflected as capital assets of the City Water and Sewer Fund. However, the loan is now a general obligation debt to the Unified Government. Interest in the amount of \$9,007.00 was paid on this loan during the year and recorded as expense. The balance of this loan at December 31, 2012 was \$154,664.94.

##### IBM Note Payable-

The County borrowed funds from IBM Corporation in October 2008 to finance the purchase of computer equipment for the tax commissioner's office. The equipment is pledged as collateral to secure the note. The original amount of the loan was \$35,719.00. Payments of \$711.69 per month for 60 months were scheduled to begin February 1, 2009, however, the County has made lump sum payments each year. The loan carries interest at the rate of 5.67%. The outstanding balance at December 31, 2012 was \$707.39.

##### U.S.D.A. Notes Payable-

The County borrowed funds from the U.S.D.A. in June 2009 which, along with grant funds received from the U.S.D.A., was used to purchase two sheriff's vehicles. The original amount of the loan was \$12,500.00. Payments of \$2,848.00 annually began June 15, 2010. The loan carries interest at the rate of 4.5%. Interest in the amount of \$352.17 was paid on this loan in 2012 and recorded as expense. The outstanding balance at December 31, 2012 was \$5,330.33.

The County borrowed funds from the U.S.D.A. in August 2010 which, along with grant funds received from the U.S.D.A., was used to purchase video/audio equipment for the sheriff's patrol cars. The original amount of the loan was \$9,600.00. Payments of \$2,157.00 annually began August 12, 2011. The loan carries interest at the rate of 4%. Interest in the amount of \$313.03 was paid on this loan in 2012 and recorded as expense. The outstanding balance at December 31, 2012 was \$5,981.98.

The County borrowed funds from the U.S.D.A. throughout 2012 for the purchase and renovation of a building to house the EMS service. The total approved loan was \$303,000.00 and the County had drawn \$294,949.00 through December 31, 2012. Payments of \$1,797.00 per month began April 5, 2012. The loan carries interest at the rate of 3.75%. Interest in the amount of \$6,650.58 was paid on this loan in 2012 and recorded as expense. The outstanding balance at December 31, 2012 was \$285,426.58.

#### Revenue Bonds Payable-

On September 22, 2000, the Quitman County Water Authority (enterprise fund) issued Revenue Bonds Series 2000 through U.S.D.A. Rural Development to finance a portion of the cost of constructing a water well, tank, and distribution



### Note 3- Detailed Notes on All Funds (Continued)

system. The original amount of the bonds was \$843,700.00. Payments of \$3,873.00 are payable monthly through September 22, 2040. The bonds carry interest at the rate of 4.5%. Revenue bonds are collateralized by an irrevocable pledge of income and revenues derived from the operation of the water system. Interest in the amount of \$33,310.54 was paid on these bonds during the year and recorded as expense. The outstanding balance at December 31, 2012 was \$733,081.05.

On August 12, 2006, the City of Georgetown issued Series 2005A Water and Sewer System Revenue Bond through U.S.D.A. Rural Development in the amount of \$1,780,170.00. The bond was issued to fund a portion of the City's construction of a sanitary sewer system and wastewater treatment facility in conjunction with a \$4,000,000.00 grant from Rural Development. The bond has an interest rate of 4.125% per annum and an interest only payment was due on August 12, 2006. Thereafter, monthly payments of principal and interest in the amount of \$7,673.00 will continue through August 12, 2045. The bond is reflected as a liability of the City Water and Sewer Fund (proprietary fund) as the proceeds are being used for sewer system and wastewater treatment additions. Revenue bonds are collateralized by an irrevocable pledge of income and revenues derived from the operation of the sewer system. Interest in the amount of \$68,367.71 was paid on this bond during the year and recorded as expense. The balance on this bond at December 31, 2012 was \$1,644,531.15.

On December 22, 2007, the \$441,158.43 balance of the City of Georgetown's line of credit with BankTrust was converted into Series 2005B Water and Sewer System Revenue Bond through BankTrust. The bond was issued to fund a portion of the City's construction of a sanitary sewer system and wastewater treatment facility in conjunction with a \$4,000,000.00 grant from U.S.D.A. Rural Development. The bond has an interest rate of 5% per annum which is fixed for sixty months. Monthly payments of \$3,503.92 (subject to interest rate adjustment after 60 months) began January 20, 2008 and will continue through November 15, 2012. The bond was renewed on December 15, 2012 with a new monthly interest rate of 4% and new monthly payments of \$3,311.40 for 60 months at which time the interest rate will be adjusted. Revenue bonds are collateralized by an irrevocable pledge of income and revenues derived from the operation of the sewer system. Interest in the amount of \$17,110.24 was paid on this bond for the year and recorded as expense. The balance of this bond at December 31, 2012 was \$327,616.34.

Future debt service payments to maturity for notes payable are as follows:

Year(s)	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		
	Principal	Interest	Total	Principal	Interest	Total
12/31/2013	\$ 16,282.34	\$ 10,998.35	\$ 27,280.69	\$ 12,311.09	\$ 8,345.63	\$ 22,813.72
12/31/2014	16,187.25	10,381.75	26,569.00	13,009.98	7,646.74	22,813.72
12/31/2015	13,978.21	9,742.79	23,721.00	13,748.56	6,908.16	22,813.72
12/31/2016	12,362.60	9,201.40	21,564.00	14,529.07	6,127.65	20,656.72
12/31/2017	12,834.25	8,729.75	21,564.00	15,353.88	5,302.84	20,656.72
12/31/2018-2022	71,900.38	35,919.62	107,820.00	85,712.36	12,406.80	98,119.16
12/31/2023-2027	86,703.05	21,116.95	107,820.00	0.00	0.00	0.00
12/31/2028-2031	67,198.20	4,373.78	71,571.98	0.00	0.00	0.00
	<u>\$ 297,446.28</u>	<u>\$ 110,464.39</u>	<u>\$ 407,910.67</u>	<u>\$ 154,664.94</u>	<u>\$ 46,737.82</u>	<u>\$ 207,873.76</u>

### Note 3- Detailed Notes on All Funds (Continued)

Future debt service payments to maturity for bonds payable are as follows:

Year(s)	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		
	Principal	Interest	Total	Principal	Interest	Total
12/31/2013	\$ 0.00	\$ 0.00	\$ 0.00	\$ 65,581.23	\$ 112,707.57	\$ 178,288.80
12/31/2014	0.00	0.00	0.00	68,356.73	109,932.07	178,288.80
12/31/2015	0.00	0.00	0.00	71,249.91	107,038.89	178,288.80
12/31/2016	0.00	0.00	0.00	74,083.57	104,205.23	178,288.80
12/31/2017	0.00	0.00	0.00	77,401.98	100,886.82	178,288.80
12/31/2018-2022	0.00	0.00	0.00	439,669.53	452,592.62	892,262.15
12/31/2023-2027	0.00	0.00	0.00	320,651.51	372,108.49	692,760.00
12/31/2028-2032	0.00	0.00	0.00	396,606.66	296,153.34	692,760.00
12/31/2033-2037	0.00	0.00	0.00	490,890.64	201,869.36	692,760.00
12/31/2038-2042	0.00	0.00	0.00	487,037.79	97,639.65	584,677.44
12/31/2043-2045	0.00	0.00	0.00	213,699.19	11,811.66	225,510.85
	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 2,705,228.74</u>	<u>\$ 1,966,945.70</u>	<u>\$ 4,672,174.44</u>

**Changes in Long-Term Debt-** Changes in the County's long-term obligations consisted of the following for the year ended December 31, 2012:

DESCRIPTION	BALANCE 12/31/2011	ADDITIONS	RETIRE- MENTS	BALANCE 12/31/2012	DUE WITHIN ONE YEAR
<b>Governmental Funds:</b>					
IBM Note Payable	\$ 3,773.27	\$ 0.00	\$ 3,065.88	\$ 707.39	\$ 707.39
USDA Rural Development (Sheriff Vehicles)	7,826.16	0.00	2,495.83	5,330.33	2,608.14
USDA Rural Development (Sheriff Video)	7,825.95	0.00	1,843.97	5,981.98	1,917.68
USDA Rural Development (EMS Building)	0.00	294,949.00	9,522.42	285,426.58	11,049.13
Compensated Absences	7,338.35	32,204.74	33,710.92	5,832.17	5,832.17
Capital Leases Obligations Payable	38,101.81	0.00	20,612.87	17,488.94	17,488.94
<b>Enterprise Funds:</b>					
Capital Lease Obligations Payable	18,885.27	136,114.00	27,462.75	127,536.52	26,145.87
USDA Rural Development Revenue Bonds (Water Authority)	746,246.71	0.00	13,165.46	733,081.25	13,768.70
USDA Rural Development Revenue Bonds (City Water & Sewer Department)	1,668,239.44	0.00	23,708.29	1,644,531.15	24,686.67
BankTrust Bond (City Water & Sewer Dept.)	352,553.14	0.00	24,936.80	327,616.34	27,125.86
GEFA Loan (City Water & Sewer Dept.)	166,314.66	0.00	11,649.72	154,664.94	12,311.09
<b>TOTALS</b>	<u>\$ 3,017,104.76</u>	<u>\$ 463,267.74</u>	<u>\$ 172,174.91</u>	<u>\$ 3,308,197.59</u>	<u>\$ 143,641.64</u>

Compensated absences have primarily been liquidated by the General Fund in the past.

#### Short-Term Debt

In January 2012, the General Fund renewed its line of credit with Farmers State Bank. Advances of \$645,150.00 were taken in 2012 which were paid back by December 2012. Interest of \$2,807.29 was paid on this loan during the period and expensed.

### **Note 3- Detailed Notes on All Funds (Continued)**

In January 2012, the General Fund borrowed \$11,313.80 from Farmers State Bank to renew the balance on the purchase of a used fire truck. This balance was paid off on December 17, 2012. Interest in the amount of \$572.53 was paid on this loan during the period and expensed.

#### **3.H. Retirement Plans**

The County has no retirement plan for its employees but the following pensions are in effect which are not under the control of the County:

1. Probate Judge Retirement Fund- The Probate Judge is covered under a pension plan which requires that set amounts from marriage licenses and fines and forfeitures be remitted to the plan prior to the payment of any costs or other claims.
2. Clerk of Superior Court Retirement Fund- The Clerk of Superior Court is covered under a pension plan which requires that set amounts from fees and fines and forfeitures be remitted to the plan prior to the payment of any costs or other claims.
3. Sheriff's Retirement Fund- The sheriff and sheriff's deputies are covered under separate pension plans which require that set sums from fines and forfeitures be remitted by the Probate Judge or Clerk of Superior Court to the pension plans prior to payment of any costs or other claims.
4. Tax Commissioner- The Tax Commissioner participates in a state sponsored plan. All contributions are made voluntarily by the Tax Commissioner.

#### **3.I. Pensions- City of Georgetown**

**Plan Description-** The County, for the benefit of the former City of Georgetown employees, contributes to the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer public employees defined benefit pension plan as provided by O.C.G.A. 47-5-1 et seq. This plan provides retirement benefits under the actuarial funding policy adopted by the Board of Trustees of the Georgia Municipal Employee Benefit System and accordingly may be amended as deemed necessary by that Board. The plan issues a stand-alone financial report which can be obtained from the Georgia Municipal Association Employee Benefit Service at 201 Pryor Street SW, Atlanta, Georgia 30303.

Basically, all full time employees (> 20 hours per week) who have completed one year of continuous service are eligible to participate. The period required to vest is ten years. Normal retirement age is 65 with at least five years of service. Benefits are 1.5% of employee's final average earnings multiplied by years of total credited service. All past service is credited. Early retirement benefits are available at age 55 after ten years of service and are calculated as above but reduced on an actuarially equivalent basis. The plan also contains benefit provisions in case of death of the employee. These and other provisions of the plan are included in the ordinance adopted by the City of Georgetown on October 9, 2002 and they may be amended at any time, and from time to time, in whole or in part provided the amendments do not: 1) reduce the benefits of any participant or beneficiary, 2) authorize or permit any part of the Trust Fund to be diverted to purposes other than for the exclusive benefit of participants and beneficiaries, 3) operate to deprive any participant or beneficiary of any rights or benefits irrevocably vested in them under the plan prior to amendment, and 4) become effective until approved by the Board of Trustees of the Georgia Municipal Employees Benefit System.

**Funding Policy-** Employees are not required to contribute to the plan. The County is required to contribute at an actuarially determined rate. The current rate as of July 1, 2012 is 15.41% of annual covered payroll. The contribution requirements of the County are established and may be amended by the GMEBS Board of Trustees.

**Annual Pension Cost-** For the year ended December 31, 2012, the County's pension cost of \$12,216.00 was equal to the County's required and actual contributions. The required contribution was determined as part of the July 1, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return on an on-going basis, (b) projected salary increases of 3.5% plus age and service based merit increases per year, (c) 0.00% per year cost of living adjustments and (d) 3.5% rate of inflation. The actuarial value of plan assets was determined by the sum of actuarial value at the beginning of the year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 50% of market value for 2009, 44% of market value for 2010, 38% of market value for 2011, 32% of market value for 2012, 26% of market value for 2013, and 20% of market value for 2014 and later years. The City's unfunded actuarial accrued liability is being amortized by closed level dollar over 30 years for the initial unfunded accrued liability, 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods. The total amortization must be within a corridor of

### Note 3- Detailed Notes on All Funds (Continued)

the 10-year and the 30-year amortization of the unfunded actuarial accrued liability. In a year when the 10-year or 30-year corridor applies, the following year the prior year bases are combined into one 10-year or 30-year base.

#### THREE YEAR TREND INFORMATION

FISCAL YEAR ENDING		ANNUAL PENSION COST (APC)	PERCENTAGE OF APC CONTRIBUTED		NET PENSION OBLIGATION
6/30/2010	\$	10,282.00	100%	\$	0.00
6/30/2011		12,151.00	100%		0.00
6/30/2012		12,216.00	100%		0.00

#### SCHEDULE OF FUNDING PROGRESS

ACTUARIAL VALUATION DATE		ACTUARIAL VALUE OF PLAN ASSETS		ACTUARIAL ACCRUED LIABILITY (AAL)		UNFUNDED/ (SURPLUS) AAL (UAAL)	FUNDED RATIO		COVERED PAYROLL	UAAL AS % OF COVERED PAYROLL
9/1/2004	\$	47,828	\$	87,338	\$	39,510	54.76%	\$	103,980	38.00%
9/1/2005		59,717		106,912		47,195	55.86%		74,310	63.51%
9/1/2006		69,051		117,023		47,972	59.01%		73,310	65.44%
9/1/2007		78,948		125,278		46,330	63.02%		77,041	60.14%
9/1/2008		88,051		127,978		39,927	68.80%		57,886	68.98%
10/1/2009		94,807		134,884		40,077	70.29%		57,886	69.23%
7/1/2010		102,449		147,570		45,121	69.42%		68,680	65.70%
7/1/2011		112,314		156,692		44,378	71.68%		68,550	64.74%
7/1/2012		123,334		151,450		28,116	81.44%		55,540	50.62%

### Note 4- Other Notes

#### 4.A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has joined together with other local governments in the state as part of the Association County Commissioners of Georgia (ACCG) Interlocal Risk Management Agency and the ACCG Group Self-Insurance Workers Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

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 County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

#### **Note 4- Other Notes (Continued)**

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

There has been no reduction in insurance coverage from coverage in the prior year and settled claims have not exceeded commercial coverage in any of the past three years.

#### **4.B. Contingent Liabilities**

**Litigation:** As of September 18, 2013, the County was party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the County.

**Grant Funds:** The County has received grants from various agencies. These funds are subject to audit by agents of the awarding authority, the purpose of which is to ensure compliance with conditions precedent to the granting of the funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

#### **4.C. Joint Ventures**

Under Georgia law, the County, in conjunction with other cities and counties in the eight county south west Georgia area, is a member of the River Valley Regional Commission and is required to pay annual dues thereto. During the year ended December 31, 2012, the County paid \$2,513.00 in such dues.

Membership in a 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 31902-1908

Under OCGA 46-5-138 of Georgia law, the counties of Clay, Quitman, Randolph and Stewart created the Lower Chattahoochee Regional E-911 Authority in 2006. Each county is required to contribute a prorated share of the total operating expenses (over and above E-911 revenues) for the E-911 call center based on the most recent census data for each county. The authority membership includes two appointed members from each county. These eight members appoint a ninth member who is a resident of any of the four counties.

The authority began operation on October 1, 2006. Separate financial statements can be obtained from:

Lower Chattahoochee Regional E-911 Authority  
P.O. Box 112  
Ft. Gaines, GA 39851

On April 11, 2012 the Governor signed into law House Bill 604 which created the Lower Chattahoochee Regional Transportation Authority consisting of Stewart, Randolph and Quitman counties. The Authority is authorized to acquire, construct, equip, maintain and operate transportation facilities; provide transportation services; and acquire, equip and maintain equipment and materials necessary to maintain all modes of transportation. Each county is required to contribute a prorated share of the total operating expenses (over and above Transit revenues) based on the most recent census data for each county. The Authority membership includes two appointed members from each county and these six members appoint a seventh member who is a resident of any of the three counties. Separate financial statements may be obtained from:

Lower Chattahoochee Regional Transit Authority  
P.O. Box 1908  
Columbus, GA 31902

#### **4.D. Significant Grants**

In 2010, the County was awarded a Community Development Block Grant by the Georgia Department of Community Affairs in the amount of \$500,000.00 for the construction of a public health facility. Administrative activities occurred in 2010 however no funds were expended in 2010. \$42,459.70 was expended in 2011 for architectural and administrative activities and \$452,167.72 was expended for architectural, administrative, and construction activities in 2012. Construction was completed in 2012. In 2012, the County furnished \$22,976.93 in matching funds as required by the grant. Unexpended grant funds of \$28,349.51 were de-obligated in January 2013.

On July 12, 2010, the County was notified that it had been awarded a grant in the amount of \$98,856.00 by the Georgia Department of Natural Resources for the construction of a recreational trail. The grant will require a local match by the County in the amount of \$28,552.00. No activity occurred on this project in 2010. The County paid \$9,450.00 in 2011 as part of its match for engineering/design services. \$34,147.82 was expended on construction activities in 2012. Total grant award expenditures through December 31, 2012 were \$34,335.07 which were paid to the County in January 2013. The balance of the 2012 expenditures were applied to the required match.

In September 2012, the County was notified by the Georgia Department of Transportation that it had been awarded a Local Maintenance and Improvement Grant (LMIG) of \$112,816.79. This grant requires a 10% match by the County. The County intends to use the funds for bridge repairs. No activity occurred during 2012.

#### **4.E. Construction Commitments**

\$83,810.18 was committed to be spent at December 31, 2012 on the recreational trail mentioned in note 4.D. Of this amount, \$64,520.93 will be paid by grant funds and the remaining \$19,289.25 will be paid by the County.

#### **4.F. Landfill Closure and Postclosure Care Costs**

The County stopped accepting solid waste at its landfill. State and federal laws and regulations require the County to perform certain maintenance and monitoring operations at the landfill site for a minimum of five years after official closure. The County has completed this period and is awaiting final inspection. Because of future changes in technology, laws, and/or regulations, additional costs may be incurred. Any additional future expenditures will be reflected in the General Fund.

#### **4.G. T-SPLOST**

The voters of Quitman County approved an additional sales tax in 2012 known as T-SPLOST. These funds are earmarked to be spent on transportation related activities. The tax went into effect January 1, 2013. As of September 5, 2013, collections for 2013 have been \$108,553.18.

#### **4.H. Subsequent Events**

The County General Fund renewed the line of credit mentioned in note 3.G. in January 2013. One advance totaling \$145,150.00 was made January 2, 2013 and was repaid on January 10, 2013. As of September 5, 2013, no additional draws have been taken.

In May 2013, the County executed a contract with Southern Concrete Construction Company, Inc. in the amount of \$138,850.00 to repair bridges and culverts at seven locations in the County. The LMIG grant mentioned in note 4.D. will be used to fund the majority of this project. The County intends to use its T-SPLOST funds to pay the remainder.

#### **4.I. Special Purpose Local Option Tax**

The County has a Special Purpose Local Option Tax issue outstanding as of December 31, 2012. A summary of the receipts and expenditures for the year ended December 31, 2012 of this issue follows:

**Note 4- Other Notes (Continued)**

	Original Estimated	Current Estimated	Prior Periods	Current Period	Total
SPLOST Tax Revenue	\$ 1,500,000.00	1,500,000.00	1,169,997.05	188,684.14	1,358,681.19
Interest Earned	0.00	0.00	1,253.65	7.61	1,261.26
Total Revenues	\$ <u>1,500,000.00</u>	\$ <u>1,500,000.00</u>	\$ <u>1,171,250.70</u>	\$ <u>188,691.75</u>	\$ <u>1,359,942.45</u>
Expenditures- Roads and Bridges	\$ <u>1,500,000.00</u>	\$ <u>1,500,000.00</u>	\$ <u>1,194,193.96</u>	\$ <u>198,905.28</u>	\$ <u>1,393,099.24</u>

## **SUPPLEMENTARY INFORMATION**



**UNIFIED GOVERNMENT OF GEORGETOWN-QUITMAN COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2012**

	Special Revenue Funds					Capital Projects Fund	Total Nonmajor Governmental Funds
	Law Library	TSPLOST	E-911	Transit	DCA Welcome Center	SPLOST	
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 25,803.18	\$ 100.00	\$ 820.00	\$ 0.00	\$ 0.00	\$ 3,018.83	\$ 29,742.01
Intergovernmental Receivable	0.00	0.00	0.00	0.00	0.00	14,685.00	14,685.00
Other Receivables	0.00	0.00	4,174.25	0.00	0.00	0.00	4,174.25
Interfund Receivable	0.00	0.00	0.00	0.00	18,750.00	0.00	18,750.00
<b>TOTAL ASSETS</b>	<b>\$ 25,803.18</b>	<b>\$ 100.00</b>	<b>\$ 4,994.25</b>	<b>\$ 0.00</b>	<b>\$ 18,750.00</b>	<b>\$ 17,703.83</b>	<b>\$ 67,351.26</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts Payable	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Intergovernmental Payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interfund Payable	0.00	100.00	0.00	0.00	0.00	412.32	512.32
Unearned Revenue	0.00	0.00	0.00	0.00	18,750.00	0.00	18,750.00
<b>Total Liabilities</b>	<b>0.00</b>	<b>100.00</b>	<b>0.00</b>	<b>0.00</b>	<b>18,750.00</b>	<b>412.32</b>	<b>19,262.32</b>
Fund Balances:							
Restricted:							
Law Library	25,803.18	0.00	0.00	0.00	0.00	0.00	25,803.18
E-911	0.00	0.00	4,994.25	0.00	0.00	0.00	4,994.25
SPLOST Projects	0.00	0.00	0.00	0.00	0.00	17,291.51	17,291.51
Assigned	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Fund Balances</b>	<b>25,803.18</b>	<b>0.00</b>	<b>4,994.25</b>	<b>0.00</b>	<b>0.00</b>	<b>17,291.51</b>	<b>48,088.94</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 25,803.18</b>	<b>\$ 100.00</b>	<b>\$ 4,994.25</b>	<b>\$ 0.00</b>	<b>\$ 18,750.00</b>	<b>\$ 17,703.83</b>	<b>\$ 67,351.26</b>

**UNIFIED GOVERNMENT OF GEORGETOWN-QUITMAN COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Special Revenue Funds					Capital Projects Fund		Total Nonmajor Governmental Funds
	Law Library	TSPLOST	E-911	Transit	DCA Welcome Center	SPLOST		
<b>REVENUES</b>								
Intergovernmental	\$ 0.00	\$ 0.00	\$ 0.00	\$ 82,149.00	\$ 0.00	\$ 0.00	\$	82,149.00
Taxes	0.00	0.00	0.00	0.00	0.00	188,684.14		188,684.14
Charges for Services	0.00	0.00	27,304.09	0.00	0.00	0.00		27,304.09
Fees and Fines	3,524.54	0.00	0.00	0.00	0.00	0.00		3,524.54
Interest Earnings	27.84	0.00	2.03	2.88	0.00	7.61		40.36
Total Revenues	3,552.38	0.00	27,306.12	82,151.88	0.00	188,691.75		301,702.13
<b>EXPENDITURES</b>								
Current:								
Court Administration	440.71	0.00	0.00	0.00	0.00	0.00		440.71
Health and Welfare	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Public Works	0.00	0.00	0.00	0.00	0.00	117,305.35		117,305.35
Public Safety	0.00	0.00	40,774.31	0.00	0.00	0.00		40,774.31
Housing and Development	0.00	0.00	0.00	85,679.60	0.00	0.00		85,679.60
Total Expenditures	440.71	0.00	40,774.31	85,679.60	0.00	117,305.35		244,199.97
<b>EXCESS REVENUES OVER EXPENDITURES</b>	3,111.67	0.00	(13,468.19)	(3,527.72)	0.00	71,386.40		57,502.16
<b>OTHER FINANCING SOURCES</b>								
Transfers In (Out)	0.00	0.00	14,628.91	0.00	0.00	(81,599.93)		(66,971.02)
Total Other Financing Sources	0.00	0.00	14,628.91	0.00	0.00	(81,599.93)		(66,971.02)
<b>NET CHANGE IN FUND BALANCE</b>	3,111.67	0.00	1,160.72	(3,527.72)	0.00	(10,213.53)		(9,468.86)
<b>FUND BALANCES- BEGINNING</b>	22,691.51	0.00	3,833.53	3,527.72	0.00	27,505.04		57,557.80
<b>FUND BALANCES- ENDING</b>	\$ 25,803.18	\$ 0.00	\$ 4,994.25	\$ 0.00	\$ 0.00	\$ 17,291.51	\$	48,088.94

UNIFIED GOVERNMENT OF GEORGETOWN-QUITMAN COUNTY  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
DECEMBER 31, 2012

	Enterprise Funds		
	Revolving Loan Fund Activities	DFACS Building Rental	Total Nonmajor Enterprise Funds
<b>ASSETS</b>			
Cash and Equivalents	\$ 33,426.57	\$ 84,580.18	\$ 118,006.75
Other Receivables	751.42	0.00	751.42
Notes Receivable- Current	37,153.15	0.00	37,153.15
Notes Receivable- Noncurrent	105,975.00	0.00	105,975.00
Capital Assets:			
Buildings and Equipment	0.00	789,650.00	789,650.00
Accumulated Depreciation	0.00	(228,450.91)	(228,450.91)
Total Capital Assets	0.00	561,199.09	561,199.09
Total Assets	\$ 177,306.14	\$ 645,779.27	\$ 823,085.41
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses	\$ 0.00	\$ 104.50	\$ 104.50
Interfund Payable	0.00	926.73	926.73
Total Liabilities	\$ 0.00	\$ 1,031.23	\$ 1,031.23
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 0.00	\$ 561,199.09	\$ 561,199.09
Unrestricted (Deficit)	177,306.14	83,548.95	260,855.09
Total Net Position	\$ 177,306.14	\$ 644,748.04	\$ 822,054.18

**UNIFIED GOVERNMENT OF GEORGETOWN-QUITMAN COUNTY  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Enterprise Funds		
	Revolving Loan Fund Activities	DFACS Building Rental	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES</b>			
Interest on Revolving Loans	\$ 4,468.44	\$ 0.00	\$ 4,468.44
Rentals	0.00	24,047.02	24,047.02
Total Operating Revenues	4,468.44	24,047.02	28,515.46
<b>OPERATING EXPENSES</b>			
Personal Services	0.00	8,368.67	8,368.67
Purchased/Contracted Services	0.00	1,560.00	1,560.00
Utilities	0.00	6,834.16	6,834.16
Repairs and Maintenance	0.00	678.65	678.65
Supplies and Other Expenses	0.00	1,738.65	1,738.65
Depreciation	0.00	16,166.33	16,166.33
Total Operating Expenses	0.00	35,346.46	35,346.46
<b>INCOME FROM OPERATIONS</b>	4,468.44	(11,299.44)	(6,831.00)
<b>NON OPERATING REVENUES (EXPENSES)</b>			
Interest Income	12.12	55.28	67.40
Total Non Operating Revenues (Expenses)	12.12	55.28	67.40
<b>CHANGE IN NET POSITION</b>	4,480.56	(11,244.16)	(6,763.60)
<b>NET POSITION- BEGINNING</b>	172,825.58	655,992.20	828,817.78
<b>NET POSITION- ENDING</b>	\$ 177,306.14	\$ 644,748.04	\$ 822,054.18

**UNIFIED GOVERNMENT OF GEORGETOWN-QUITMAN COUNTY  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Enterprise Funds		
	Revolving Loan Fund Activities	DFACS Building Rental	Total Nonmajor Enterprise Funds
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 0.00	\$ 24,047.02	\$ 24,047.02
Cash Payments for Personnel Expenses	0.00	(8,368.67)	(8,368.67)
Cash Payments for Goods and Services	0.00	(11,365.91)	(11,365.91)
Internal Activity- Payments (to) from Other Funds	0.00	3,085.59	3,085.59
Revolving Loan Principal Payments Received	24,460.92	0.00	24,460.92
Revolving Loan Interest Payments Received	4,607.40	0.00	4,607.40
Net Cash Provided by Operating Activities	29,068.32	7,398.03	36,466.35
<b>Cash Flows from Noncapital Financing Activities</b>			
None	0.00	0.00	0.00
Net Cash Provided by Noncapital Financing Activities	0.00	0.00	0.00
<b>Cash Flows from Capital &amp; Related Financing Activities</b>			
None	0.00	0.00	0.00
Net Cash Provided (Used) by Capital and Related Financing Activities	0.00	0.00	0.00
<b>Cash Flows from Investing Activities</b>			
Interest Received	12.12	55.28	67.40
Net Cash Provided by Investing Activities	12.12	55.28	67.40
Net Increase in Cash and Cash Equivalents	29,080.44	7,453.31	36,533.75
Cash and Cash Equivalents- Beginning of Year	4,346.13	77,126.87	81,473.00
Cash and Cash Equivalents- End of Year	\$ 33,426.57	\$ 84,580.18	\$ 118,006.75

UNIFIED GOVERNMENT OF GEORGETOWN-QUITMAN COUNTY  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR PROPRIETARY FUNDS  
 (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Enterprise Funds		
	Revolving Loan Fund Activities	DFACS Building Rental	Total Nonmajor Enterprise Funds
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	\$ 4,468.44	\$ (11,299.44)	\$ (6,831.00)
Adjustments:			
Depreciation	0.00	16,166.33	16,166.33
(Increase) Decrease in Assets:			
Accrued Interest on Revolving Loan	138.96	0.00	138.96
Notes Receivable- Revolving Loan Program	24,460.92	0.00	24,460.92
Interfund Receivables	0.00	2,158.86	2,158.86
Increase (Decrease) in Liabilities:			
Accounts Payable	0.00	(554.45)	(554.45)
Interfund Payables	0.00	926.73	926.73
Net Cash Provided by Operating Activities	\$ 29,068.32	\$ 7,398.03	\$ 36,466.35

UNIFIED GOVERNMENT OF GEORGETOWN-QUITMAN COUNTY  
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
DECEMBER 31, 2012

	Agency Funds						
	Tax Commission	Tax Assessor	Clerk of Superior Court	Probate Office	Magistrate Office	Sheriff Office	Total
ASSETS							
Cash and Cash Equivalents	\$ 1,182,810.14	935.75	26,411.31	60.57	15.96	4,579.56	\$ 1,214,813.29
Receivables	498,127.98	0.00	0.00	0.00	0.00	0.00	498,127.98
TOTAL ASSETS	1,680,938.12	935.75	26,411.31	60.57	15.96	4,579.56	1,712,941.27
LIABILITIES							
Liabilities:							
Funds Pending Settlement	1,680,938.12	935.75	26,411.31	60.57	15.96	4,579.56	1,712,941.27
Total Liabilities	1,680,938.12	935.75	26,411.31	60.57	15.96	4,579.56	1,712,941.27
NET POSITION	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

Unified Government of Georgetown-Quitman County  
 Community Development Block Grant  
 Project Cost Schedule  
 Grant 10p-x-118-3-5273  
 Year Ended December 31, 2012

Project Activity	Activity Number	Latest Approved Budget	Accumulated Expenditures		Grand Total Expenditures To Date	Questioned Costs
			CDBG Funds	Other Funds		
Architecture- Health Facilities	S-03P-00	\$ 23,864.00	\$ 23,864.00	\$ 15,020.75	\$ 38,884.75	\$ 0.00
Health Center- Physical	P-03P-02	417,786.49	417,786.49	6,956.18	424,742.67	0.00
Administration	A-21A-00	30,000.00	30,000.00	1,000.00	31,000.00	0.00
TOTALS		\$ 471,650.49	\$ 471,650.49	\$ 22,976.93	\$ 494,627.42	\$ 0.00



**Unified Government of Georgetown-Quitman County  
Community Development Block Grant  
Source and Application of Funds Schedule  
Grant 10p-x-118-3-5273  
Year Ended December 31, 2012**

Total Program Funds Allocated to Recipient	\$ <u>471,650.49</u>
Funds Drawn Down in Prior Years	\$ 43,150.00
Funds Drawn Down in Current Year	<u>428,500.49</u>
Total Funds Drawn Down and Received by Recipient	\$ <u>471,650.49</u>
Funds Disbursed in Prior Years	\$ 42,459.70
Funds Disbursed in Current Year	<u>429,190.79</u>
Total Funds Disbursed by Recipient	\$ <u>471,650.49</u>
Total Program Funds Held by Recipient	\$ <u>0.00</u>

**UNIFIED GOVERNMENT OF GEORGETOWN- QUITMAN COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

Description	Federal CFDA Number	Pass-Through Grantor's Number	Program Or Award Amount	Receipts or Revenue Recognized	Disburse- ments/ Expenditures
<b>U.S. Department of Agriculture</b>					
Community Facilities Loans & Grant	10.78	N/A	\$ 303,000	\$ 294,949	\$ 294,949
Total U.S. Department of Agriculture				294,949	294,949
<b>U.S. Department of Housing &amp; Urban Development</b>					
Passed through GA Department of Community Affairs					
Community Development Block Grant (M)	14.218	10p-x-118-3-5273	471,650	428,591	428,591
Community Development Block Grant (M)	14.218	11i-x-118-3-5427	14,262	14,262	14,262
Total U.S. Department of Housing & Urban Development				442,853	442,853
<b>U.S. Department of the Interior</b>					
Payment in Lieu of Taxes (M)	15.226	N/A	16,041	16,041	16,041
Total Department of the Interior				16,041	16,041
<b>U.S. Department of Justice</b>					
Passed through Council of Juvenile Judges of GA					
Juvenile Accountability Block Grant	16.523	JB-095T-004	6,000	4,825	4,825
Total U.S. Department of Justice				4,825	4,825
<b>U.S. Department of Labor</b>					
Passed through Governor's Office of Workforce Development					
Work Incentive Grant	17.266	AA-20189-10-55-A-13	7,000	6,998	6,998
Total U.S. Department of Labor				6,998	6,998
<b>U.S. Department of Transportation</b>					
Passed through Georgia Department of Transportation					
Section 5311 Formula Grant	20.509	T003862	82,149	82,149	82,149
Passed through Georgia Department of Natural Resources					
Recreational Trails Program	20.219	NRT-08(9)	98,856	34,335	34,335
Total U.S. Department of Transportation				116,484	116,484
<b>U.S. Department of Homeland Security</b>					
Passed through GA Emergency Management Agency					
Hazard Mitigation Grant	97.039	HMGF-1833-0018	3,200	3,200	3,200
Direct Program					
SAFER	97.044	N/A	64,000	32,429	32,429
Total U.S. Department of Homeland Security				35,629	35,629
<b>TOTAL FEDERAL ASSISTANCE</b>				<b>\$ 917,779</b>	<b>\$ 917,779</b>

(M) Major Program

See accountant's report and accompanying notes.

UNIFIED GOVERNMENT OF GEORGETOWN- QUITMAN COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A- Basis of Presentation

The Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

## OTHER INFORMATION

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**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**

To the Board of Commissioners  
Unified Government of Georgetown- Quitman County Georgia

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Unified Government of Georgetown-Quitman County, Georgia (the "County"), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued my report thereon dated September 18, 2013. My report includes a reference to other auditors who audited the financial statements of the Quitman County Board of Health as described in my report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

My consideration of internal control was for the limited purpose described in the preceeding 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 Questioned Costs, I identified certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: Finding 2012-1

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. I consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: Finding 2012-2

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Unified Government of Georgetown-Quitman County's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

I noted certain matters that I reported to management of the County in a separate letter dated September 18, 2013.

The Unified Government of Georgetown-Quitman County's response to the findings identified in my audit is described in the accompanying corrective action plan on pages 53 through 54. I did not audit the County's response and, accordingly, I express no opinion on it.

A handwritten signature in black ink that reads "Daniel M. Huggins, CPA, LLC". The signature is written in a cursive, flowing style.

September 18, 2013

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

To the Board of Commissioners  
Unified Government of Georgetown- Quitman County

**Report on Compliance for Each Major Federal Program**

I have audited the Unified Government of Georgetown- Quitman County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2012. The Unified Government of Georgetown- Quitman County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the Unified Government of Georgetown- Quitman County's compliance with those requirements.

***Opinion on Each Major Federal Program***

In my opinion, the Unified Government of Georgetown- Quitman County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

**Report on Internal Control Over Compliance**

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

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

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

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

A handwritten signature in black ink, reading "David M. Hays, CPA, LLC". The signature is written in a cursive, flowing style.

September 18, 2013



**UNIFIED GOVERNMENT OF GEORGETOWN- QUITMAN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**SECTION I- SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	No

**Identification of Major Programs**

<u>CFDA NO.</u>	<u>Name of Federal Program or Cluster</u>
14-218	Community Development Block Grant
15-226	Payment in Lieu of Taxes

Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
Auditee qualified as low risk auditee?	No

**UNIFIED GOVERNMENT OF GEORGETOWN- QUITMAN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**SECTION II- FINANCIAL STATEMENT FINDINGS**

**FINDING 2012-1**

**CONDITION:** In the General, DFACS Building Rental, Revolving Loan, City Water & Sewer, Water Authority, and Solid Waste Funds, material adjusting entries were required at year end to correct assets, liabilities, fund balances, revenues, expenditures and transfers.

**CRITERIA:** Management is responsible for proper classification and inclusion of all items that could have a material effect on the financial statements.

**CAUSE OF CONDITION:** Accounting personnel do not have adequate training to prepare financial statements in accordance with GAAP. Controls were not in place to capture all necessary adjustments.

**POTENTIAL EFFECT OF CONDITION:** Lack of suitable accounting skills and controls could result in a material misstatement of the financial statements which would not be detected and corrected.

**RECOMMENDATION:** I recommend that the County provide additional training to accounting personnel responsible for financial statement preparation to enable them to prevent, or detect and correct, material misstatements.

**VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION:** Management concurs with the above finding. Training options will be explored.

**FINDING 2012-2**

**CONDITION:** Adequate segregation of duties among individuals responsible for initiating and recording transaction, reconciliation of cash and other accounts, and other operational transactions does not exist within various County departments.

**CRITERIA:** Internal controls should be in place to provide reasonable assurance that an individual cannot misappropriate assets without such actions being detected in the normal course of business.

**CAUSE OF CONDITION:** The County lacks the financial resources necessary to hire additional personnel to adequately segregate duties.

**POTENTIAL EFFECT OF CONDITION:** The lack of segregation of duties presents the opportunity for misappropriation of assets.

**RECOMMENDATION:** Since the County lacks the financial resources to hire additional personnel, I recommend that mitigating controls be adopted with the involvement of senior management or others.

**VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION:** Management concurs with the above finding. Management intends to study additional control procedures to mitigate this condition.

**SECTION III- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

NONE

# *The Commission of Georgetown-Quitman County, Georgia*

25 Old School Road  
Post Office Box 114 Georgetown, Georgia 39854  
(229) 334-0903 FAX (229) 334-2151

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*Richard Morris, Chairman*  
*David Kinsey, Vice Chairman*  
*Willie H. Bussey, Jr., Commissioner*  
*Carvel Lewis, Commissioner*  
*Danny Blackmon, Commissioner*

*Spencer Mueller, County Manager*  
*Carolyn Wilson, County Clerk*

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September 18, 2013

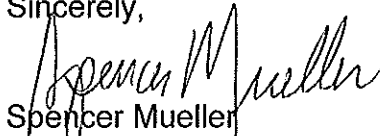
State of Georgia  
Department of Audits and Accounts  
Att: Mr. Edward Blaha  
254 Washington Street, S.W.  
Suite 1-156  
Atlanta, Georgia 30334-8400

Dear Mr. Blaha:

Attached you will find the corrective action plan for the Unified Government of Georgetown-Quitman County based on the December 31, 2012 audit.

Should you need any additional information, please let us know.

Sincerely,



Spencer Mueller  
County Manager

Unified Government of Georgetown- Quitman County

**Unified Government of Georgetown-Quitman County**  
**Corrective Action Plan**  
**Audit Period: Year Ended December 31, 2012**

The findings from the December 31, 2012 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Also addressed are the compliance issues discussed in Notes 2 and 3 of the Notes to the Financial Statements included in the December 31, 2012 audit.

Finding 2012-1

We concur with this finding. Training opportunities are being explored for accounting personnel.

Finding 2012-2

We concur with this finding. Mitigating controls have been implemented to the extent possible to segregate duties. We do not have the financial resources to hire enough personnel to segregate duties to eliminate this finding.

Note 2 to Financial Statements

2.B. Excess Expenditures over Appropriations: We will more closely monitor our budgets during the year and amend as necessary.

2.C. Excess Expenses over Revenues- Enterprise Funds: We have been in the process of performing rate analyses for the Water Authority and City Water Authority. Excluding depreciation, both funds have a positive cash flow.

2.D. Revenue Bond and Other Debt Covenants: Due to past excesses of expenses over revenues, we have been unable to accumulate the required balances in the bond reserve accounts. However, both funds are now making the required monthly deposits. The required account for the EMS building loan will be opened and funded as soon as possible.

3.A. Deposit Collateral: We will contact the financial institution and correct the shortage in the pledged collateral.

Contact Person:

Teri Odom

Financial Officer

Unified Government of Georgetown- Quitman County

P.O. Box 114

Georgetown, GA 39854

(229) 334-0903