

**UNIFIED GOVERNMENT  
OF  
GEORGETOWN-QUITMAN COUNTY, GEORGIA**

**BASIC FINANCIAL STATEMENTS  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2013**

**UNIFIED GOVERNMENT OF GEORGETOWN-QUITMAN COUNTY**  
**TABLE OF CONTENTS**  
**DECEMBER 31, 2013**

	Page Number
Independent Auditor's Report	1-3
<u>Basic Financial Statements:</u>	
Government-Wide Financial Statements:	
Statement of Net Assets	4
Statement of Activities	5
Fund Financial Statements:	
Balance Sheet- Governmental Funds	6
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	7
Statement of Revenues, Expenditures, and Changes in Fund Balances- Governmental Funds	8
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Revenues, Expenditures, and Changes in Fund Balance- Budget (GAAP Basis) and Actual- General Fund	10
Statement of Net Assets- Proprietary Funds	11
Statement of Revenues, Expenses and Changes in Fund Net Assets- Proprietary Funds	12
Statement of Cash Flows- Proprietary Funds	13-14
Statement of Fiduciary Assets and Liabilities	15
Notes to the Basic Financial Statements	16-34
<u>Supplementary Information:</u>	
Combining Balance Sheet- Nonmajor Governmental Funds	35
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances- Nonmajor Governmental Funds	36
Combining Statement of Net Assets- Nonmajor Proprietary Funds	37
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets- Nonmajor Proprietary Funds	38
Combining Statement of Cash Flows- Nonmajor Proprietary Funds	39-40
Combining Statement of Fiduciary Assets and Liabilities	41
<u>Other Information:</u>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	42-43
Schedule of Findings and Responses	44
Corrective Action Plan	45-46

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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, 2013, 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.

INDEPENDENT AUDITOR'S REPORT  
PAGE 2 of 3

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, 2013, 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, 2013, 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare

the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated August 29, 2014 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.

 CPA, LLC

August 29, 2014

## **BASIC FINANCIAL STATEMENTS**

**UNIFIED GOVERNMENT OF GEORGETOWN-QUITMAN COUNTY**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2013**

	Primary Government				
	Governmental	Business-Type		Component	
	Activities	Activities	Total	Unit	
ASSETS					
Cash and Equivalents	\$ 919,678.47	\$ 604,668.92	\$ 1,524,347.39	\$	26,151.00
Restricted Cash and Equivalents	0.00	49,673.96	49,673.96		0.00
Receivables	1,082,871.01	105,711.46	1,188,582.47		2,032.00
Prepaid Expenses	29,807.51	0.00	29,807.51		0.00
Intergovernmental Receivables	346,254.05	0.00	346,254.05		80.00
Notes Receivable- Current	0.00	31,472.95	31,472.95		0.00
Internal Balances	53,843.95	(53,843.95)	0.00		0.00
Notes Receivable- Noncurrent	0.00	85,587.45	85,587.45		0.00
Bond Issue Expense- Net	0.00	40,043.67	40,043.67		0.00
Deposit on Building	0.00	0.00	0.00		0.00
Capital Assets (Note 1):					
Land and Improvements	26,794.00	328,657.61	355,451.61		0.00
Other Capital Assets- Net of Depreciation	2,365,110.34	9,809,568.29	12,174,678.63		0.00
Total Capital Assets	2,391,904.34	10,138,225.90	12,530,130.24		0.00
Total Assets	\$ 4,824,359.33	\$ 11,001,540.36	\$ 15,825,899.69	\$	28,263.00
LIABILITIES					
Accounts Payable and Accrued Expenses	\$ 52,964.69	\$ 22,514.50	\$ 75,479.19	\$	2,609.00
Unearned Revenue	184,050.68	0.00	184,050.68		0.00
Customer Deposits	0.00	59,239.00	59,239.00		0.00
Bonds and Notes Payable-Current	15,869.81	81,366.71	97,236.52		0.00
Capital Leases Payable- Current	0.00	26,777.64	26,777.64		0.00
Compensated Absences	7,493.43	0.00	7,493.43		419.00
Bonds and Notes Payable- Long Term	273,614.15	2,700,052.17	2,973,666.32		0.00
Capital Leases Payable- Long Term	0.00	74,613.01	74,613.01		0.00
Total Liabilities	\$ 533,992.76	\$ 2,964,563.03	\$ 3,498,555.79	\$	3,028.00
NET POSITION					
Net Investment in Capital Assets	\$ 2,102,420.38	\$ 7,255,416.37	\$ 9,357,836.75	\$	0.00
Restricted for:					
Law Library Expenditures	29,634.87	0.00	29,634.87		0.00
DATE	25,083.71	0.00	25,083.71		0.00
Judicial	37,182.82	0.00	37,182.82		0.00
Public Safety- E-911	8,477.62	0.00	8,477.62		0.00
Health Department Special Use	0.00	0.00	0.00		58.00
Grant Funds	16,867.71	0.00	16,867.71		0.00
SPLOST- Special Purpose	29,184.17	0.00	29,184.17		0.00
Debt Service	3,773.87	49,673.96	53,447.83		0.00
TSPLOST	186,269.28	0.00	186,269.28		0.00
Unassigned (Deficit)	1,851,472.14	731,887.00	2,583,359.14		25,177.00
Total Net Position	\$ 4,290,366.57	\$ 8,036,977.33	\$ 12,327,343.90	\$	25,235.00

See accompanying notes to the basic financial statements.

**UNIFIED GOVERNMENT OF GEORGETOWN-QUITMAN COUNTY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit	
					Governmental Activities	Business-Type Activities		
Primary Government								
Governmental Activities:								
General Government	\$ 766,085.71	\$ 90,143.03	279,788.41	0.00	\$ (396,154.27)	\$ (396,154.27)		
Court Administration	235,773.32	165,610.30	0.00	0.00	(70,163.02)	(70,163.02)		
Public Safety	909,453.97	130,583.52	5,000.00	0.00	(773,870.45)	(773,870.45)		
Public Works	597,862.25	18,082.30	0.00	112,816.79	(466,963.16)	(466,963.16)		
Housing and Development	31,783.20	0.00	0.00	0.00	(31,783.20)	(31,783.20)		
Health and Welfare	55,160.40	0.00	0.00	0.00	(55,160.40)	(55,160.40)		
Culture and Recreation	21,694.53	4,526.00	0.00	64,520.93	47,352.40	47,352.40		
Interest on Debt	11,890.41	0.00	0.00	0.00	(11,890.41)	(11,890.41)		
Total Governmental Activities	2,629,703.79	408,945.15	284,788.41	177,337.72	(1,758,632.51)	(1,758,632.51)		
Business-Type Activities:								
Water Authority	148,834.48	137,747.21	0.00	0.00		(11,087.27)	(11,087.27)	
Solid Waste	232,590.25	300,335.36	0.00	0.00		67,745.11	67,745.11	
City Water & Sewer	500,478.18	341,452.72	0.00	0.00		(159,025.46)	(159,025.46)	
Building Rental	35,616.29	19,905.52	0.00	0.00		(15,710.77)	(15,710.77)	
Revolving Loan	0.00	2,642.88	0.00	0.00		2,642.88	2,642.88	
Total Business-Type Activities	917,519.20	802,083.69	0.00	0.00	(115,435.51)	(115,435.51)		
Total- Primary Government	\$ 3,547,222.99	\$ 1,211,028.84	\$ 284,788.41	\$ 177,337.72	\$ (1,758,632.51)	\$ (1,874,068.02)		
Component Unit:							\$ (2,311.00)	
Quitman County Board of Health	\$ 127,985.00	\$ 13,920.00	\$ 111,754.00	\$ 0.00				
General Revenues:								
Taxes: Local Sales Tax					\$ 162,254.97	\$ 0.00	\$ 162,254.97	
Property Taxes for General Purposes					1,184,734.09	0.00	1,184,734.09	
SPLOST- Roads and Bridges					161,683.93	0.00	161,683.93	
TSPLOST					220,010.67	0.00	220,010.67	
Other Taxes					332,172.87	0.00	332,172.87	
Miscellaneous					3,437.49	0.00	3,437.49	
Gain (Loss) on Disposal of Capital Assets					13,961.98	0.00	13,961.98	
Interest Earnings					265.36	470.10	735.46	
Total General Revenues					2,078,521.36	470.10	2,078,991.46	
Change in Net Position					319,888.85	(114,965.41)	204,923.44	
Net Position- Beginning of Year					3,970,477.72	8,151,942.74	12,122,420.46	
Net Position- End of Year					\$ 4,290,366.57	\$ 8,036,977.33	\$ 12,327,343.90	

See accompanying notes to the basic financial statements.



**UNIFIED GOVERNMENT OF GEORGETOWN-QUITMAN COUNTY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2013**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 578,581.42	\$ 341,097.05	\$ 919,678.47
Receivables	1,076,166.26	6,704.75	1,082,871.01
Prepaid Expenses	29,807.51	0.00	29,807.51
Intergovernmental Receivable	311,859.73	34,394.32	346,254.05
Interfund Receivable	58,241.39	18,750.00	76,991.39
<b>TOTAL ASSETS</b>	<b>\$ 2,054,656.31</b>	<b>\$ 400,946.12</b>	<b>\$ 2,455,602.43</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	\$ 52,964.69	\$ 0.00	\$ 52,964.69
Interfund Payable	22,635.12	512.32	23,147.44
Unearned Revenue	37,182.82	146,867.86	184,050.68
Total Liabilities	112,782.63	147,380.18	260,162.81
Deferred Inflows of Resources:			
Unavailable Revenue- Property Tax	169,048.30	0.00	169,048.30
Unavailable Revenue- FLPG	264,132.41	0.00	264,132.41
Total Deferred Inflows of Resources	433,180.71	0.00	433,180.71
Fund Balances:			
Nonspendable: Prepaid Expenses	29,807.51	0.00	29,807.51
Restricted: DATE Funds	25,083.71	0.00	25,083.71
Probation Funds	37,182.82	0.00	37,182.82
Grant Funds	16,867.71	0.00	16,867.71
Debt Service	3,773.87	0.00	3,773.87
Law Library	0.00	29,634.87	29,634.87
E-911	0.00	8,477.62	8,477.62
SPLOST Projects	0.00	29,184.17	29,184.17
TSPLOST Projects	0.00	186,269.28	186,269.28
Unassigned	1,395,977.35	0.00	1,395,977.35
Total Fund Balances	1,508,692.97	253,565.94	1,762,258.91
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,054,656.31</b>	<b>\$ 400,946.12</b>	<b>\$ 2,455,602.43</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, 2013

Total Governmental Fund Balances		\$ 1,762,258.91
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	\$ 4,298,881.51	
Less Accumulated Depreciation	<u>1,906,977.17</u>	
		2,391,904.34
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.		169,048.30
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.		264,132.41
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:		
Notes Payable	\$ (289,483.96)	
Compensated Absences	<u>(7,493.43)</u>	
		<u>(296,977.39)</u>
Net Position of Governmental Activities		\$ <u>4,290,366.57</u>

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, 2013**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Property Taxes	\$ 1,133,764.65	\$ 0.00	\$ 1,133,764.65
Sales Taxes	162,254.97	381,694.60	543,949.57
Other Taxes	408,149.12	0.00	408,149.12
Licenses and Permits	27,734.75	0.00	27,734.75
Intergovernmental	373,957.09	112,816.79	486,773.88
Charges for Services	237,745.53	35,922.76	273,668.29
Fees and Fines	93,368.94	3,819.00	97,187.94
Rents and Royalties	10,351.05	0.00	10,351.05
Reimbursement for Damages Property	13,961.98	0.00	13,961.98
Miscellaneous Revenues	3,437.49	0.00	3,437.49
Interest Earnings	229.19	39.29	268.48
Total Revenues	<u>2,464,954.76</u>	<u>534,292.44</u>	<u>2,999,247.20</u>
<b>EXPENDITURES</b>			
Current:			
General Government	728,940.15	0.00	728,940.15
Court Administration	235,691.26	0.00	235,691.26
Public Safety	794,246.31	46,346.28	840,592.59
Public Works	300,187.76	259,045.09	559,232.85
Housing and Development	31,783.20	0.00	31,783.20
Health and Welfare	28,807.21	0.00	28,807.21
Culture and Recreation	18,612.37	0.00	18,612.37
Capital Outlay:			
Public Safety	4,450.00	0.00	4,450.00
Culture and Recreation	63,757.32	0.00	63,757.32
Debt Service:			
Principal	33,502.26	0.00	33,502.26
Interest	11,890.41	0.00	11,890.41
Total Expenditures	<u>2,251,868.25</u>	<u>305,391.37</u>	<u>2,557,259.62</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>213,086.51</u>	<u>228,901.07</u>	<u>441,987.58</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In (Out)	23,424.07	(23,424.07)	0.00
Proceeds of Long Term Debt	8,051.00	0.00	8,051.00
Total Other Financing Sources (Uses)	<u>31,475.07</u>	<u>(23,424.07)</u>	<u>8,051.00</u>
NET CHANGE IN FUND BALANCES	244,561.58	205,477.00	450,038.58
FUND BALANCE (DEFICIT)- BEGINNING OF YEAR	<u>1,264,131.39</u>	<u>48,088.94</u>	<u>1,312,220.33</u>
FUND BALANCE (DEFICIT)- ENDING	\$ <u>1,508,692.97</u>	\$ <u>253,565.94</u>	\$ <u>1,762,258.91</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, 2013**

Net Changes in Fund Balances- Total Governmental Funds		\$ 450,038.58
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	\$ (172,492.49)	
Capital Outlay	<u>68,207.32</u>	(104,285.17)
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		16,013.32
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.		50,969.44
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.		(24,647.75)
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 decreased 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.		(8,051.00)
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.		17,488.94
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 increased this period.		<u>(1,661.26)</u>
Change in Net Position of Governmental Activities		<u>\$ 319,888.85</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, 2013**

	BUDGETED AMOUNTS		(BUDGETARY BASIS)	VARIANCE- FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
<b>REVENUES</b>				
Taxes	\$ 1,989,949.00	\$ 1,989,949.00	\$ 1,704,168.74	\$ (285,780.26)
Licenses and Permits	13,000.00	13,000.00	27,734.75	14,734.75
Fines and Forfeitures	65,500.00	65,500.00	93,368.94	27,868.94
Intergovernmental	15,000.00	59,806.93	373,957.09	314,150.16
Charges for Services	173,200.00	189,475.00	237,745.53	48,270.53
Interest Earnings	1,000.00	1,000.00	229.19	(770.81)
Rents and Royalties	9,000.00	9,000.00	10,351.05	1,351.05
Reimbursement for Damaged Property	0.00	0.00	13,961.98	13,961.98
Other Revenues	0.00	0.00	3,437.49	3,437.49
<b>TOTAL REVENUES</b>	<u>2,266,649.00</u>	<u>2,327,730.93</u>	<u>2,464,954.76</u>	<u>137,223.83</u>
<b>EXPENDITURES</b>				
Current:				
General Government	930,596.96	865,877.96	728,940.15	136,937.81
Court Administration	220,254.00	222,036.50	235,691.26	(13,654.76)
Public Safety	848,707.25	830,550.25	794,246.31	36,303.94
Public Works	324,911.79	394,277.29	300,187.76	94,089.53
Housing and Development	48,239.00	48,239.00	31,783.20	16,455.80
Culture and Recreation	20,692.00	18,692.00	18,612.37	79.63
Health and Welfare	25,491.00	25,715.00	28,807.21	(3,092.21)
Capital Outlay:				
Public Works	10,000.00	0.00	0.00	0.00
Public Safety	0.00	0.00	4,450.00	(4,450.00)
Culture and Recreation	0.00	75,108.93	63,757.32	11,351.61
Debt Service:				
Principal	33,757.00	44,914.00	33,502.26	11,411.74
Interest	14,000.00	12,320.00	11,890.41	429.59
<b>TOTAL EXPENDITURES</b>	<u>2,476,649.00</u>	<u>2,537,730.93</u>	<u>2,251,868.25</u>	<u>285,862.68</u>
<b>EXCESS (DEFICIT) REVENUES OVER EXPENDITURES</b>	<u>(210,000.00)</u>	<u>(210,000.00)</u>	<u>213,086.51</u>	<u>423,086.51</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In (Out)	210,000.00	210,000.00	23,424.07	(186,575.93)
Proceeds of Long Term Debt	0.00	0.00	8,051.00	8,051.00
Total Other Financing Sources (Uses)	<u>210,000.00</u>	<u>210,000.00</u>	<u>31,475.07</u>	<u>(178,524.93)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>0.00</u>	<u>0.00</u>	<u>244,561.58</u>	<u>244,561.58</u>
<b>FUND BALANCE - BEGINNING</b>	<u>1,264,131.39</u>	<u>1,264,131.39</u>	<u>1,264,131.39</u>	<u>0.00</u>
<b>FUND BALANCE- ENDING</b>	<u>\$ 1,264,131.39</u>	<u>\$ 1,264,131.39</u>	<u>\$ 1,508,692.97</u>	<u>\$ 244,561.58</u>

See accompanying notes to the basic financial statements.

**UNIFIED GOVERNMENT OF GEORGETOWN-QUITMAN COUNTY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2013**

	Enterprise Funds					
	Water Authority	Solid Waste Authority	City Water & Sewer	Other Enterprise Funds	Total Enterprise Funds	
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents	\$ 65,322.64	\$ 239,625.03	\$ 156,124.37	\$ 143,596.88	\$ 604,668.92	
Restricted Cash and Equivalents	10,501.03	0.00	39,172.93	0.00	49,673.96	
Accounts Receivable- Net	13,159.12	53,263.86	37,563.68	0.00	103,986.66	
Other Receivables	0.00	0.00	0.00	1,724.80	1,724.80	
Notes Receivable- Current	0.00	0.00	0.00	31,472.95	31,472.95	
Interfund Balances	2,216.11	111,246.63	0.00	1,669.01	115,131.75	
Total Current Assets	91,198.90	404,135.52	232,860.98	178,463.64	906,659.04	
Noncurrent Assets:						
Notes Receivable- Noncurrent	0.00	0.00	0.00	85,587.45	85,587.45	
Bond Issue Expense	0.00	0.00	40,043.67	0.00	40,043.67	
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	138,159.65	789,650.00	1,401,016.59	
Less Accumulated Depreciation	(629,956.51)	(160,672.09)	(2,117,525.10)	(244,617.24)	(3,152,770.94)	
Total Noncurrent Assets	2,925,249.01	168,828.11	6,539,159.69	630,620.21	10,263,857.02	
TOTAL ASSETS	\$ 3,016,447.91	\$ 572,963.63	\$ 6,772,020.67	\$ 809,083.85	\$ 11,170,516.06	
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts Payable	\$ 2,060.35	\$ 4,659.97	\$ 6,476.60	\$ 57.00	\$ 13,253.92	
Accrued Expenses	1,494.02	243.14	7,523.42	0.00	9,260.58	
Interfund Balances	84,291.13	5,502.74	79,181.83	0.00	168,975.70	
Deposits Payable	17,000.00	13,610.00	28,629.00	0.00	59,239.00	
Capital Lease Payable	0.00	26,777.64	0.00	0.00	26,777.64	
Bonds and Notes Payable	14,401.24	0.00	66,965.47	0.00	81,366.71	
Total Current Liabilities	119,246.74	50,793.49	188,776.32	57.00	358,873.55	
Noncurrent Liabilities:						
Capital Lease Payable	0.00	74,613.01	0.00	0.00	74,613.01	
Bonds and Notes Payable	704,909.70	0.00	1,995,142.47	0.00	2,700,052.17	
Total Noncurrent Liabilities	704,909.70	74,613.01	1,995,142.47	0.00	2,774,665.18	
TOTAL LIABILITIES	\$ 824,156.44	\$ 125,406.50	\$ 2,183,918.79	\$ 57.00	\$ 3,133,538.73	
<b>NET POSITION</b>						
Net Investment in Capital Assets	\$ 2,205,938.07	\$ 67,437.46	\$ 4,437,008.08	\$ 545,032.76	\$ 7,255,416.37	
Restricted for Debt Service	10,501.03	0.00	39,172.93	0.00	49,673.96	
Unrestricted (Deficit)	(24,147.63)	380,119.67	111,920.87	263,994.09	731,887.00	
TOTAL NET POSITION	\$ 2,192,291.47	\$ 447,557.13	\$ 4,588,101.88	\$ 809,026.85	\$ 8,036,977.33	

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, 2013**

	Enterprise Funds				Total Enterprise Funds
	Water Authority	Solid Waste Authority	City Water & Sewer	Other Enterprise Funds	
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 136,474.41	\$ 300,197.96	\$ 334,107.72	\$ 0.00	\$ 770,780.09
Rentals	0.00	0.00	0.00	19,905.52	19,905.52
Interest on Revolving Loans	0.00	0.00	0.00	2,642.88	2,642.88
Penalties & Other Operating Revenues	1,272.80	137.40	7,345.00	0.00	8,755.20
Total Operating Revenues	<u>137,747.21</u>	<u>300,335.36</u>	<u>341,452.72</u>	<u>22,548.40</u>	<u>802,083.69</u>
<b>OPERATING EXPENSES</b>					
Personal Services	47,561.66	117,708.88	97,634.49	7,318.53	270,223.56
Contractual Services	2,609.28	48,406.50	27,953.50	1,115.00	80,084.28
Utilities	8,561.22	1,005.75	42,458.23	8,127.81	60,153.01
Repairs and Maintenance	60.00	5,782.57	8,990.91	293.29	15,126.77
Supplies and Other Expenses	10,679.92	29,904.00	18,995.57	2,595.33	62,174.82
Amortization	0.00	0.00	1,266.20	0.00	1,266.20
Depreciation	46,671.99	27,019.58	215,731.00	16,166.33	305,588.90
Total Operating Expenses	<u>116,144.07</u>	<u>229,827.28</u>	<u>413,029.90</u>	<u>35,616.29</u>	<u>794,617.54</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<u>21,603.14</u>	<u>70,508.08</u>	<u>(71,577.18)</u>	<u>(13,067.89)</u>	<u>7,466.15</u>
<b>NON OPERATING REVENUES (EXPENSES)</b>					
Interest Income	24.12	48.92	356.50	40.56	470.10
Interest Expense	(32,690.41)	(2,762.97)	(87,448.28)	0.00	(122,901.66)
Total Non Operating Income (Expense)	<u>(32,666.29)</u>	<u>(2,714.05)</u>	<u>(87,091.78)</u>	<u>40.56</u>	<u>(122,431.56)</u>
<b>CHANGE IN NET POSITION</b>	<u>(11,063.15)</u>	<u>67,794.03</u>	<u>(158,668.96)</u>	<u>(13,027.33)</u>	<u>(114,965.41)</u>
<b>NET POSITION (DEFICIT)- BEGINNING</b>	<u>2,203,354.62</u>	<u>379,763.10</u>	<u>4,746,770.84</u>	<u>822,054.18</u>	<u>8,151,942.74</u>
<b>NET POSITION (DEFICIT)- ENDING</b>	<u>\$ 2,192,291.47</u>	<u>\$ 447,557.13</u>	<u>\$ 4,588,101.88</u>	<u>\$ 809,026.85</u>	<u>\$ 8,036,977.33</u>

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, 2013**

	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	\$ 136,384.48	\$ 292,451.50	\$ 340,892.04	19,905.52	789,633.54
Cash Payments for Personnel Expenses	(47,427.53)	(118,047.28)	(97,355.02)	(7,318.53)	(270,148.36)
Cash Payments for Goods and Services	(21,157.93)	(85,612.14)	(95,859.85)	(12,178.93)	(214,808.85)
Internal Activity- Payments (to) from Other Funds	(24,354.12)	(34,570.03)	19,301.34	(2,595.74)	(42,218.55)
Note Receivable Principal Payments Received	0.00	0.00	0.00	25,084.86	25,084.86
Interest Received- Revolving Loan Program	0.00	0.00	0.00	2,652.39	2,652.39
Net Cash Provided by Operating Activities	43,444.90	54,222.05	166,978.51	25,549.57	290,195.03
<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>					
Purchase of Equipment	0.00	0.00	(5,999.00)	0.00	(5,999.00)
Payment of Long Term Debt Principal	(13,770.31)	(26,145.87)	(64,704.49)	0.00	(104,620.67)
Interest Paid	(32,705.69)	(2,762.97)	(87,765.03)	0.00	(123,233.69)
Net Cash Provided (Used) by Capital and Related Financing Activities	(46,476.00)	(28,908.84)	(158,468.52)	0.00	(233,853.36)
<b>Cash Flows from Investing Activities</b>					
Certificates of Deposit Matured	0.00	0.00	51,879.63	0.00	51,879.63
Interest Received	24.12	48.92	380.81	40.56	494.41
Net Cash Provided by Investing Activities	24.12	48.92	52,260.44	40.56	52,374.04
Net Increase (Decrease) in Cash and Cash Equivalents	(3,006.98)	25,362.13	60,770.43	25,590.13	108,715.71
Cash and Cash Equivalents- Beginning of Year	78,830.65	214,262.90	134,526.87	118,006.75	545,627.17
<b>Cash and Cash Equivalents- End of Year</b>	<b>\$ 75,823.67</b>	<b>\$ 239,625.03</b>	<b>\$ 195,297.30</b>	<b>\$ 143,596.88</b>	<b>\$ 654,342.88</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, 2013

Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	Water Authority	Solid Waste	City Water & Sewer	Enterprise Funds	Enterprise Funds
Operating Income (Loss)	\$ 21,603.14	\$ 70,508.08	\$ (71,577.18)	\$ (13,067.89)	\$ 7,466.15
Adjustments:					
Depreciation and Amortization					
(Increase) Decrease in Assets:					
Accounts Receivable	(1,562.73)	(8,553.86)	(95.68)	0.00	(10,212.27)
Other Current Assets	0.00	0.00	0.00	(973.38)	(973.38)
Notes Receivable- Revolving Loan Program	0.00	0.00	0.00	26,067.75	26,067.75
Interfund Receivables	(2,216.11)	(7,906.82)	0.00	(1,669.01)	(11,791.94)
Increase (Decrease) in Liabilities:					
Accounts Payable	752.49	(513.32)	2,538.36	(47.50)	2,730.03
Accrued Expenses	134.13	(338.40)	279.47	0.00	75.20
Customer Deposits	200.00	670.00	(465.00)	0.00	405.00
Interfund Payables	(22,138.01)	(26,663.21)	19,301.34	(926.73)	(30,426.61)
Net Cash Provided by (Used in) Operating Activities	\$ 43,444.90	\$ 54,222.05	\$ 166,978.51	\$ 25,549.57	\$ 290,195.03

See accompanying notes to the basic financial statements.

UNIFIED GOVERNMENT OF GEORGETOWN-QUITMAN COUNTY  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
DECEMBER 31, 2013

	<u>AGENCY FUNDS</u>
ASSETS	
Cash and Cash Equivalents	\$ 1,087,192.43
Receivables	<u>454,900.24</u>
TOTAL ASSETS	<u>1,542,092.67</u>
LIABILITIES	
Liabilities:	
Funds Pending Settlement	\$ <u>1,542,092.67</u>
Total Liabilities	<u>1,542,092.67</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, 2013**

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, 2013. The accompanying financial statements include the financial information for the Board as of and for the year ended June 30, 2013. 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 position 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 is the County's major governmental fund:

**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.

**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, 2013 on property values assessed on January 1, 2012. Tax payments were due on December 20, 2013. 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 notes and 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 note agreements and 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 position 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 position and in the enterprise funds' statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of 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 LMIG 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 December 10, 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	\$ 222,036.50	\$ 235,691.26	\$ 13,654.76
Health and Welfare	25,715.00	28,807.21	3,092.21
	<u>\$ 247,751.50</u>	<u>\$ 264,498.47</u>	<u>\$ 16,746.97</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 \$11,063.15. The shortage was covered by funds on hand at December 31, 2012 and advances from the General Fund and the Solid Waste Fund.

The expenses of the City Water and Sewer enterprise fund exceeded its revenues by \$158,668.96. The shortage was covered by funds on hand at December 31, 2012 and advances from the general Fund and the Solid Waste Fund.

The expenses of the DFACS Building Rental Fund exceeded its revenues by \$13,027.33. The shortage was covered by funds on hand at December 31, 2012.

## 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, 2013, \$46,476.00 should have been deposited to this account whereas \$10,501.03 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, 2013, the balance in the account should be \$67,522.40 whereas the actual balance is \$39,172.93. 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, 2013, the balance in the account should be \$3,773.70. As of December 31, 2013, the account had a balance of \$3,773.87.

## 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, 2013, \$332,529.01 of the County's bank balance of \$2,699,399.94 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, 2013.

#### 3.B. Receivables

Receivables at December 31, 2013, 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 32.173 mill property tax for the 2012 year. The General Fund millage rate was 15.950. These taxes are billed and collected by the County. Taxes for the 2012 year were levied on October 20, 2013 and were due by December 20, 2013. The receivable on the financial statements represents year 2012 and earlier tax payments due as of December 31, 2013 and recognized as revenue on the government-wide financial statements. Receivables in the amount of \$156,491.31 which had not been collected within 60 days after December 31, 2013 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, 2013 is as follows:

	<u>12/31/2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/2013</u>
<b>Governmental Activities:</b>				
Capital Assets not Being Depreciated:				
Land	\$ 26,794.00	\$ 0.00	\$ 0.00	\$ 26,794.00
Construction in Progress	54,729.02	0.00	54,729.02	0.00
Total Capital Assets not Being Depreciated	<u>81,523.02</u>	<u>0.00</u>	<u>54,729.02</u>	<u>26,794.00</u>
Other Capital Assets:				
Buildings	2,634,628.09	0.00	0.00	2,634,628.09
Vehicles, Equipment & Land Improvements	<u>1,545,617.03</u>	<u>122,936.34</u>	<u>31,093.95</u>	<u>1,637,459.42</u>
Total Other Capital Assets	<u>4,180,245.12</u>	<u>122,936.34</u>	<u>31,093.95</u>	<u>4,272,087.51</u>
Accumulated Depreciation:				
Buildings	677,809.53	61,005.85	0.00	738,815.38
Vehicles, Equipment & Land Improvements	<u>1,087,769.10</u>	<u>111,486.64</u>	<u>31,093.95</u>	<u>1,168,161.79</u>
Total Accumulated Depreciation	<u>1,765,578.63</u>	<u>172,492.49</u>	<u>31,093.95</u>	<u>1,906,977.17</u>
Total Other Capital Assets- Net	<u>2,414,666.49</u>	<u>(49,556.15)</u>	<u>0.00</u>	<u>2,365,110.34</u>
Governmental Activities Capital Assets- Net	\$ <u>2,496,189.51</u>	\$ <u>(49,556.15)</u>	\$ <u>54,729.02</u>	\$ <u>2,391,904.34</u>

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

Governmental Activities Depreciation Expense:	
General Government	\$ 36,481.57
Public Safety	68,200.22
Public Works	38,375.35
Health and Welfare	26,353.19
Culture and Recreation	<u>3,082.16</u>
 Total Governmental Activities Depreciation Expense	 \$ <u>172,492.49</u>

	<u>12/31/2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/2013</u>
<b>Business-Type Activities:</b>				
Water Authority				
Capital Assets not Being Depreciated:				
Land	\$ <u>5,500.00</u>	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>5,500.00</u>
Other Capital Assets:				
Buildings and Plant	<u>3,453,796.05</u>	<u>0.00</u>	<u>0.00</u>	<u>3,453,796.05</u>
Vehicles and Equipment	<u>95,909.47</u>	<u>0.00</u>	<u>0.00</u>	<u>95,909.47</u>
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	<u>487,375.05</u>	<u>46,671.99</u>	<u>0.00</u>	<u>534,047.04</u>
Vehicles and Equipment	<u>95,909.47</u>	<u>0.00</u>	<u>0.00</u>	<u>95,909.47</u>
Total Accumulated Depreciation	<u>583,284.52</u>	<u>46,671.99</u>	<u>0.00</u>	<u>629,956.51</u>
Total Other Capital Assets- Net	<u>2,966,421.00</u>	<u>(46,671.99)</u>	<u>0.00</u>	<u>2,919,749.01</u>
Water Authority Capital Assets- Net	<u>2,971,921.00</u>	<u>(46,671.99)</u>	<u>0.00</u>	<u>2,925,249.01</u>
Solid Waste				
Other Capital Assets:				
Buildings	<u>14,373.73</u>	<u>0.00</u>	<u>0.00</u>	<u>14,373.73</u>
Vehicles and Equipment	<u>315,126.47</u>	<u>0.00</u>	<u>0.00</u>	<u>315,126.47</u>
Total Other Capital Assets	<u>329,500.20</u>	<u>0.00</u>	<u>0.00</u>	<u>329,500.20</u>
Accumulated Depreciation:				
Buildings	<u>6,827.55</u>	<u>718.70</u>	<u>0.00</u>	<u>7,546.25</u>
Vehicles and Equipment	<u>126,824.96</u>	<u>26,300.88</u>	<u>0.00</u>	<u>153,125.84</u>
Total Accumulated Depreciation	<u>133,652.51</u>	<u>27,019.58</u>	<u>0.00</u>	<u>160,672.09</u>
Total Other Capital Assets- Net	<u>195,847.69</u>	<u>(27,019.58)</u>	<u>0.00</u>	<u>168,828.11</u>
Solid Waste Capital Assets- Net	<u>195,847.69</u>	<u>(27,019.58)</u>	<u>0.00</u>	<u>168,828.11</u>

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

	<u>12/31/2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/2013</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>5,999.00</u>	<u>0.00</u>	<u>128,601.65</u>
Total Other Capital Assets	<u>8,287,484.51</u>	<u>5,999.00</u>	<u>0.00</u>	<u>8,293,483.51</u>
Accumulated Depreciation:				
Buildings and Plant	<u>1,790,960.11</u>	<u>211,763.32</u>	<u>0.00</u>	<u>2,002,723.43</u>
Vehicles and Equipment	<u>110,833.99</u>	<u>3,967.68</u>	<u>0.00</u>	<u>114,801.67</u>
Total Accumulated Depreciation	<u>1,901,794.10</u>	<u>215,731.00</u>	<u>0.00</u>	<u>2,117,525.10</u>
Total Other Capital Assets- Net	<u>6,385,690.41</u>	<u>(209,732.00)</u>	<u>0.00</u>	<u>6,175,958.41</u>
City Water & Sewer Capital Assets- Net	<u>6,708,848.02</u>	<u>(209,732.00)</u>	<u>0.00</u>	<u>6,499,116.02</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>228,450.91</u>	<u>16,166.33</u>	<u>0.00</u>	<u>244,617.24</u>
Total Accumulated Depreciation	<u>228,450.91</u>	<u>16,166.33</u>	<u>0.00</u>	<u>244,617.24</u>
Total Other Capital Assets- Net	<u>561,199.09</u>	<u>(16,166.33)</u>	<u>0.00</u>	<u>545,032.76</u>
Building Rental Capital Assets- Net	<u>561,199.09</u>	<u>(16,166.33)</u>	<u>0.00</u>	<u>545,032.76</u>
Business-Type Activities Capital Assets- Net	<u>\$ 10,437,815.80</u>	<u>\$ (299,589.90)</u>	<u>\$ 0.00</u>	<u>\$ 10,138,225.90</u>

#### Business-Type Activities Depreciation Expense:

Water Authority	\$ 46,671.99
Solid Waste	27,019.58
City Water & Sewer	215,731.00
Building Rental	<u>16,166.33</u>

Total Business-Type Activities Depreciation Expense      \$ 305,588.90

### 3.E. Interfund Balances and Transfers

Interfund balances at December 31, 2013, 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	\$ 5,502.74	\$
Due from City Water & Sewer	52,226.33	
Due from Nonmajor Governmental Funds	512.32	
Due to Water Authority		2,216.11
Due to Nonmajor Enterprise Funds		20,419.01
Water Authority:		
Due from General Fund	2,216.11	
Due to Solid Waste		84,291.13
Solid Waste:		
Due to General Fund		5,502.74
Due from Water Authority	84,291.13	
Due from City Water & Sewer	26,955.50	
City Water & Sewer:		
Due to General Fund		52,226.33
Due to Solid Waste		26,955.50
Nonmajor Governmental Funds:		
Due from General Fund	20,419.01	
Due to General Fund		512.32
Nonmajor Enterprise Fund:		
Due to General Fund		
Totals	\$ <u>192,123.14</u>	\$ <u>192,123.14</u>

The General Fund made a transfer of \$13,905.33 to the non-major E-911 Fund during the period to help defray the costs of operation. The SPLOST Fund made a transfer of \$37,329.40 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-**

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
12/31/2014	\$ 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>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 101,390.65</u>	<u>\$ 4,608.34</u>	<u>\$ 105,998.99</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 \$8,345.63 was paid on this loan during the year and recorded as expense. The balance of this loan at December 31, 2013 was \$142,353.85.

**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 was paid in full in 2013.

**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 \$239.87 was paid on this loan in 2013 and recorded as expense. The outstanding balance at December 31, 2013 was \$2,722.20.

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 \$239.28 was paid on this loan in 2013 and recorded as expense. The outstanding balance at December 31, 2013 was \$4,064.26.

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. An additional draw was made in January 2013 of \$8,051.00. 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 \$10,783.92 was paid on this loan in 2013 and recorded as expense. The outstanding balance at December 31, 2013 was \$282,697.50.

**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 \$32,705.69 was paid on these bonds during the year and recorded as expense. The outstanding balance at December 31, 2013 was \$719,310.94.

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 \$67,371.05 was paid on this bond during the year and recorded as expense. The balance on this bond at December 31, 2013 was \$1,619,826.20.

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 \$12,048.35 was paid on this bond for the year and recorded as expense. The balance of this bond at December 31, 2013 was \$299,927.89. The debt is now payable to Trustmark Bank which purchased BankTrust in March 2013.

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
12/31/2014	\$ 15,869.81	\$ 10,699.19	\$ 26,569.00	\$ 13,009.98	\$ 7,646.74	\$ 22,813.72
12/31/2015	13,648.64	10,072.36	23,721.00	13,748.56	6,908.16	22,813.72
12/31/2016	12,020.49	9,543.51	21,564.00	14,529.07	6,127.65	20,656.72
12/31/2017	12,479.09	9,084.91	21,564.00	15,353.88	5,302.84	20,656.72
12/31/2018	12,955.19	8,608.81	21,564.00	16,225.53	4,431.19	20,656.72
12/31/2019-2023	72,577.90	35,242.10	107,820.00	69,486.83	7,975.61	77,462.44
12/31/2024-2028	87,520.03	20,299.97	107,820.00	0.00	0.00	0.00
12/31/2029-2031	62,412.81	3,757.55	66,170.36	0.00	0.00	0.00
	<u>\$ 289,483.96</u>	<u>\$ 107,308.40</u>	<u>\$ 396,792.36</u>	<u>\$ 142,353.85</u>	<u>\$ 38,392.19</u>	<u>\$ 185,060.04</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
12/31/2014	\$ 0.00	\$ 0.00	\$ 0.00	\$ 68,356.73	\$ 109,932.07	\$ 178,288.80
12/31/2015	0.00	0.00	0.00	70,588.32	107,700.48	178,288.80
12/31/2016	0.00	0.00	0.00	73,391.60	104,897.20	178,288.80
12/31/2017	0.00	0.00	0.00	76,678.21	101,610.59	178,288.80
12/31/2018	0.00	0.00	0.00	79,921.86	98,366.94	178,288.80
12/31/2019-2023	0.00	0.00	0.00	335,678.56	330,942.79	666,621.35
12/31/2024-2028	0.00	0.00	0.00	309,580.69	383,179.31	692,760.00
12/31/2029-2033	0.00	0.00	0.00	382,845.47	309,914.53	692,760.00
12/31/2034-2038	0.00	0.00	0.00	473,264.05	219,495.95	692,760.00
12/31/2039-2043	0.00	0.00	0.00	585,083.94	107,676.06	692,760.00
12/31/2044-2045	0.00	0.00	0.00	128,843.74	4,591.11	133,434.85
	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 2,584,233.17</u>	<u>\$ 1,878,307.03</u>	<u>\$ 4,462,540.20</u>

**Changes in Long-Term Debt-** Changes in the County's long-term obligations consisted of the following for the year ended December 31, 2013:

DESCRIPTION	BALANCE 12/31/2012	ADDITIONS	RETIRE- MENTS	BALANCE 12/31/2013	DUE WITHIN ONE YEAR
<b>Governmental Funds:</b>					
IBM Note Payable	\$ 707.39	\$ 0.00	\$ 707.39	\$ 0.00	\$ 0.00
USDA Rural Development (Sheriff Vehicles)	5,330.33	0.00	2,608.13	2,722.20	2,722.20
USDA Rural Development (Sheriff Video)	5,981.98	0.00	1,917.72	4,064.26	1,994.38
USDA Rural Development (EMS Building)	285,426.58	8,051.00	10,780.08	282,697.50	11,153.23
Compensated Absences	5,832.17	34,618.95	32,957.69	7,493.43	7,493.43
Capital Leases Obligations Payable	17,488.94	0.00	17,488.94	0.00	0.00
<b>Enterprise Funds:</b>					
Capital Lease Obligations Payable	127,536.52	0.00	26,145.87	101,390.65	26,777.64
USDA Rural Development Revenue Bonds (Water Authority)	733,081.25	0.00	13,770.31	719,310.94	14,401.24
USDA Rural Development Revenue Bonds (City Water & Sewer Department)	1,644,531.15	0.00	24,704.95	1,619,826.20	25,724.47
Trustmark Bank Bond (City Water & Sewer Dept.)	327,616.34	0.00	27,688.45	299,927.89	28,231.02
GEFA Loan (City Water & Sewer Dept.)	154,664.94	0.00	12,311.09	142,353.85	13,009.98
<b>TOTALS</b>	<u>\$ 3,308,197.59</u>	<u>\$ 42,669.95</u>	<u>\$ 171,080.62</u>	<u>\$ 3,179,786.92</u>	<u>\$ 131,507.59</u>

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

#### Short-Term Debt

In January 2013, the General Fund renewed its line of credit with Farmers State Bank. An advance of \$145,150.00 was taken on January 2, 2013 which was repaid on January 10, 2013. Interest of \$148.17 was paid on this loan during the period and expensed. No balance was outstanding at December 31, 2013.

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

### **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, 2013 is 14.20% 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, 2013, the County's pension cost of \$8,706.00 was equal to the County's required and actual contributions. The required contribution was determined as part of the July 1, 2013 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, 10 years for temporary retirement incentive programs, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods. The total amortization must be within a corridor of the 10-year and the 30-year amortization of the unfunded actuarial accrued

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

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
6/30/2011	\$	12,151.00	100%	\$	0.00
6/30/2012		12,216.00	100%		0.00
6/30/2013		8,706.00	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%
7/1/2013	135,285	162,339	27,054	83.33%	54,292	49.83%

### 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 August 29, 2014, 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, 2013, the County paid \$2,488.50 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

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. \$75,407.43 was expended on construction activities in 2013. Total grant award expenditures through December 31, 2013 were \$98,856.00 of which \$74,142.00 was paid to the County in 2013 and the remaining \$28,552.00 was received in 2014.

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 required a 10% match by the County. 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 which was completed in 2013.

In December 2013, the County received an additional \$128,117.86 in LMIG Grant Funds from the Georgia DOT. These funds have not yet been obligated to a specific project.

#### 4.E. 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.F. Subsequent Events

In January 2014, the County executed a lease-purchase agreement with Caterpillar Financial Services Corporation for the lease-purchase of two Caterpillar motor graders for the Road Department. Total amount financed was \$297,804.00 with an interest rate of 2.50053%. Sixty monthly payments of \$1,369.35 will be payable beginning February 2014 and a \$250,000.00 balloon payment will be due January 2019.

On April 29, 2014, the County issued a quit-claim deed to the Quitman County Water and Sewerage Authority for the City Water and Sewer System.

On April 30, 2014, the Quitman County Water and Sewerage Authority issued the Refunding Revenue Series 2014 Bond in the principal amount of \$2,820,000.00. Proceeds of the bond in the amount of \$2,758,104.85 were used to refund the Water and Sewer Authority 2000 Bonds, the City Water and Sewer 2005A Bonds, the City Water and Sewer GEFA loan, and the City Water and Sewer BankTrust loan. Costs of issuance amounted to \$58,500.00. Gross revenues of the Water and Sewerage Authority after payment of operating expenses are pledged to pay the principal and interest on the bond. An intergovernmental contract was entered into April 30, 2014 between the County and the Water and Sewerage Authority whereby the County will be obligated to contribute such amounts as may be required to provide sufficient gross revenues to the authority to pay operating expenses and bond principal and interest payments.

#### 4.G. Special Purpose Local Option Tax

The County has a Special Purpose Local Option Tax issue outstanding as of December 31, 2013. A summary of the receipts and expenditures for the year ended December 31, 2013 of this issue follows:

	Original Estimated	Current Estimated	Prior Periods	Current Period	Total
SPLOST Tax Revenue	\$ 1,800,000.00	1,800,000.00	0.00	161,683.93	161,683.93
Interest Earned	0.00	0.00	0.00	3.12	3.12
Total Revenues	\$ 1,800,000.00	\$ 1,800,000.00	\$ 0.00	\$ 161,687.05	\$ 161,687.05
Expenditures-					
Roads and Bridges	\$ 1,800,000.00	\$ 1,800,000.00	\$ 0.00	\$ 149,794.39	\$ 149,794.39

## **SUPPLEMENTARY INFORMATION**

**UNIFIED GOVERNMENT OF GEORGETOWN-QUITMAN COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2013**

	Special Revenue Funds				Capital Projects Funds		Total
	Law Library	TSPLOST	E-911	Welcome Center	LMIG Fund	SPLOST	Nonmajor Governmental Funds
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 29,634.87	\$ 165,135.57	\$ 1,772.87	\$ 0.00	\$ 128,117.86	\$ 16,435.88	\$ 341,097.05
Intergovernmental Receivable	0.00	21,233.71	0.00	0.00	0.00	13,160.61	34,394.32
Other Receivables	0.00	0.00	6,704.75	0.00	0.00	0.00	6,704.75
Interfund Receivable	0.00	0.00	0.00	18,750.00	0.00	0.00	18,750.00
<b>TOTAL ASSETS</b>	<b>\$ 29,634.87</b>	<b>\$ 186,369.28</b>	<b>\$ 8,477.62</b>	<b>\$ 18,750.00</b>	<b>\$ 128,117.86</b>	<b>\$ 29,596.49</b>	<b>\$ 400,946.12</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
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	18,750.00	128,117.86	0.00	146,867.86
<b>Total Liabilities</b>	<b>0.00</b>	<b>100.00</b>	<b>0.00</b>	<b>18,750.00</b>	<b>128,117.86</b>	<b>412.32</b>	<b>147,380.18</b>
<b>Fund Balances:</b>							
<b>Restricted:</b>							
Law Library	29,634.87	0.00	0.00	0.00	0.00	0.00	29,634.87
E-911	0.00	0.00	8,477.62	0.00	0.00	0.00	8,477.62
TSPLOST	0.00	186,269.28	0.00	0.00	0.00	0.00	186,269.28
SPLOST Projects	0.00	0.00	0.00	0.00	0.00	29,184.17	29,184.17
Assigned	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Fund Balances</b>	<b>29,634.87</b>	<b>186,269.28</b>	<b>8,477.62</b>	<b>0.00</b>	<b>0.00</b>	<b>29,184.17</b>	<b>253,565.94</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 29,634.87</b>	<b>\$ 186,369.28</b>	<b>\$ 8,477.62</b>	<b>\$ 18,750.00</b>	<b>\$ 128,117.86</b>	<b>\$ 29,596.49</b>	<b>\$ 400,946.12</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, 2013**

	Special Revenue Funds					Capital Projects Funds		Total Nonmajor Governmental Funds
	Law Library	TSPLOST	E-911	DCA Welcome Center	LMIG Fund	SPILOST		
<b>REVENUES</b>								
Intergovernmental	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 112,816.79	\$ 0.00	\$	112,816.79
Taxes	0.00	220,010.67	0.00	0.00	0.00	161,683.93		381,694.60
Charges for Services	0.00	0.00	35,922.76	0.00	0.00	0.00		35,922.76
Fees and Fines	3,819.00	0.00	0.00	0.00	0.00	0.00		3,819.00
Interest Earnings	12.69	21.92	1.56	0.00	0.00	3.12		39.29
Total Revenues	3,831.69	220,032.59	35,924.32	0.00	112,816.79	161,687.05		534,292.44
<b>EXPENDITURES</b>								
Current:								
Court Administration	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Health and Welfare	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Public Works	0.00	33,763.31	0.00	0.00	112,816.79	112,464.99		259,045.09
Public Safety	0.00	0.00	46,346.28	0.00	0.00	0.00		46,346.28
Housing and Development	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Total Expenditures	0.00	33,763.31	46,346.28	0.00	112,816.79	112,464.99		305,391.37
<b>EXCESS REVENUES OVER EXPENDITURES</b>	3,831.69	186,269.28	(10,421.96)	0.00	0.00	49,222.06		228,901.07
<b>OTHER FINANCING SOURCES</b>								
Transfers In (Out)	0.00	0.00	13,905.33	0.00	0.00	(37,329.40)		(23,424.07)
Total Other Financing Sources	0.00	0.00	13,905.33	0.00	0.00	(37,329.40)		(23,424.07)
<b>NET CHANGE IN FUND BALANCE</b>	3,831.69	186,269.28	3,483.37	0.00	0.00	11,892.66		205,477.00
<b>FUND BALANCES- BEGINNING</b>	25,803.18	0.00	4,994.25	0.00	0.00	17,291.51		48,088.94
<b>FUND BALANCES- ENDING</b>	\$ 29,634.87	\$ 186,269.28	\$ 8,477.62	\$ 0.00	\$ 0.00	\$ 29,184.17	\$	253,565.94



**UNIFIED GOVERNMENT OF GEORGETOWN-QUITMAN COUNTY**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
**DECEMBER 31, 2013**

	Enterprise Funds		
	Revolving	DFACS	Total
	Loan Fund	Building	Nonmajor
	Activities	Rental	Enterprise Funds
<b>ASSETS</b>			
Cash and Equivalents	\$ 61,178.52	\$ 82,418.36	\$ 143,596.88
Other Receivables	1,724.80	0.00	1,724.80
Interfund Receivable	0.00	1,669.01	1,669.01
Notes Receivable- Current	31,472.95	0.00	31,472.95
Notes Receivable- Noncurrent	85,587.45	0.00	85,587.45
Capital Assets:			
Buildings and Equipment	0.00	789,650.00	789,650.00
Accumulated Depreciation	0.00	(244,617.24)	(244,617.24)
Total Capital Assets	0.00	545,032.76	545,032.76
Total Assets	\$ 179,963.72	\$ 629,120.13	\$ 809,083.85
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses	\$ 0.00	\$ 57.00	\$ 57.00
Interfund Payable	0.00	0.00	0.00
Total Liabilities	\$ 0.00	\$ 57.00	\$ 57.00
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 0.00	\$ 545,032.76	\$ 545,032.76
Unrestricted (Deficit)	179,963.72	84,030.37	263,994.09
Total Net Position	\$ 179,963.72	\$ 629,063.13	\$ 809,026.85

**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, 2013**

	Enterprise Funds		
	Revolving Loan Fund Activities	DFACS Building Rental	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Interest on Revolving Loans	\$ 2,642.88	\$ 0.00	\$ 2,642.88
Rentals	0.00	19,905.52	19,905.52
Total Operating Revenues	2,642.88	19,905.52	22,548.40
OPERATING EXPENSES			
Personal Services	0.00	7,318.53	7,318.53
Purchased/Contracted Services	0.00	1,115.00	1,115.00
Utilities	0.00	8,127.81	8,127.81
Repairs and Maintenance	0.00	293.29	293.29
Supplies and Other Expenses	0.00	2,595.33	2,595.33
Depreciation	0.00	16,166.33	16,166.33
Total Operating Expenses	0.00	35,616.29	35,616.29
INCOME FROM OPERATIONS	2,642.88	(15,710.77)	(13,067.89)
NON OPERATING REVENUES (EXPENSES)			
Interest Income	14.70	25.86	40.56
Total Non Operating Revenues (Expenses)	14.70	25.86	40.56
CHANGE IN NET POSITION	2,657.58	(15,684.91)	(13,027.33)
NET POSITION- BEGINNING	177,306.14	644,748.04	822,054.18
NET POSITION- ENDING	\$ 179,963.72	\$ 629,063.13	\$ 809,026.85

**UNIFIED GOVERNMENT OF GEORGETOWN-QUITMAN COUNTY**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Enterprise Funds		
	Revolving	DFACS	Total
	Loan Fund	Building	Nonmajor
	Activities	Rental	Enterprise Funds
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 0.00	\$ 19,905.52	\$ 19,905.52
Cash Payments for Personnel Expenses	0.00	(7,318.53)	(7,318.53)
Cash Payments for Goods and Services	0.00	(12,178.93)	(12,178.93)
Internal Activity- Payments (to) from Other Funds	0.00	(2,595.74)	(2,595.74)
Revolving Loan Principal Payments Received	25,084.86	0.00	25,084.86
Revolving Loan Interest Payments Received	2,652.39	0.00	2,652.39
Net Cash Provided by Operating Activities	27,737.25	(2,187.68)	25,549.57
<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	14.70	25.86	40.56
Net Cash Provided by Investing Activities	14.70	25.86	40.56
Net Increase in Cash and Cash Equivalents	27,751.95	(2,161.82)	25,590.13
Cash and Cash Equivalents- Beginning of Year	33,426.57	84,580.18	118,006.75
Cash and Cash Equivalents- End of Year	\$ 61,178.52	\$ 82,418.36	\$ 143,596.88

UNIFIED GOVERNMENT OF GEORGETOWN-QUITMAN COUNTY  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR PROPRIETARY FUNDS  
 (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Enterprise Funds		
	Revolving	DFACS	Total
	Loan Fund	Building	Nonmajor
	Activities	Rental	Enterprise Funds
<b>Reconciliation of Operating Income to Net Cash</b>			
<b>    Provided by Operating Activities</b>			
Operating Income	\$ 2,642.88	\$ (15,710.77)	\$ (13,067.89)
Adjustments:			
Depreciation	0.00	16,166.33	16,166.33
(Increase) Decrease in Assets:			
Accrued Interest on Revolving Loan	(973.38)	0.00	(973.38)
Notes Receivable- Revolving Loan Program	26,067.75	0.00	26,067.75
Interfund Receivables	0.00	(1,669.01)	(1,669.01)
Increase (Decrease) in Liabilities:			
Accounts Payable	0.00	(47.50)	(47.50)
Interfund Payables	0.00	(926.73)	(926.73)
Net Cash Provided by Operating Activities	\$ <u>27,737.25</u>	\$ <u>(2,187.68)</u>	\$ <u>25,549.57</u>

UNIFIED GOVERNMENT OF GEORGETOWN-QUITMAN COUNTY  
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
DECEMBER 31, 2013

	Agency Funds						
	Tax Commission	Tax Assessor	Clerk of Superior Court	Probate Office	Magistrate Office	Sheriff Office	Total
ASSETS							
Cash and Cash Equivalents	\$ 1,060,093.59	679.50	22,141.02	4.60	51.13	4,222.59	\$ 1,087,192.43
Receivables	454,900.24	0.00	0.00	0.00	0.00	0.00	454,900.24
TOTAL ASSETS	1,514,993.83	679.50	22,141.02	4.60	51.13	4,222.59	1,542,092.67
LIABILITIES							
Liabilities:							
Funds Pending Settlement	1,514,993.83	679.50	22,141.02	4.60	51.13	4,222.59	1,542,092.67
Total Liabilities	1,514,993.83	679.50	22,141.02	4.60	51.13	4,222.59	1,542,092.67
NET POSITION	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

## OTHER INFORMATION

**DONALD M. HARTZOG CPA, LLC**  
CERTIFIED PUBLIC ACCOUNTANT  
POST OFFICE BOX 986  
EUFULA, ALABAMA 36072-0986

MEMBER:  
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
ALABAMA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS  
DONALD M. HARTZOG, CPA

1656 SOUTH EUFAULA AVENUE  
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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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued my report thereon dated August 29, 2014. 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, 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 Responses to be material weaknesses: Finding 2013-2

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 Responses to be significant deficiencies: Finding 2013-1

#### 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*.

#### Unified Government of Georgetown-Quitman County's Response to Findings

The County's responses to the findings identified in my audit are described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

#### 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 August 29, 2014.

A handwritten signature in black ink, appearing to read "G. M. H. CPA, LLC", is written over the printed text "CPA, LLC".

August 29, 2014



**UNIFIED GOVERNMENT OF GEORGETOWN-QUITMAN COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**DECEMBER 31, 2013**

**FINDING 2013-1**

I noted the following deficiencies in internal control design which could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

1. Absence of appropriate segregation of duties consistent with appropriate control objectives.

**Recommendations:**

1. The cost of providing for adequate segregation of duties would probably exceed the expected benefit to the County. However, I feel it is necessary to report this deficiency to management.

Management agrees with the above finding and has addressed the finding in the corrective action plan on pages 45 through 46.

**FINDING 2013-2**

I noted the following deficiencies in the operation of internal control which could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

1. Evidence of failure to perform tasks that are a part of internal control.

**Recommendations:**

1. The County should require a responsible individual to review transactions, monthly reconciliations, and financial reports for obvious errors.
2. Bank reconciliations should be prepared monthly and reviewed for items which have not cleared within a reasonable amount of time.
3. Accounts receivable of the enterprise funds should be reconciled to the general ledger monthly.
4. Other matters will be addressed in a separate letter to management.

Management agrees with the above finding and has addressed the finding in the corrective action plan on pages 45 through 46.

*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  
Willie H. Bussey, Jr., Commissioner  
David Kinsey, Commissioner  
Carvel Lewis, Commissioner*

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

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August 29, 2014

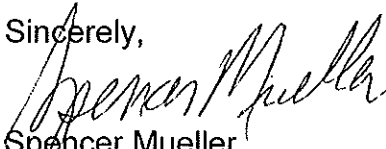
State of Georgia  
Department of Audits and Accounts  
Att: Mr. Edward Blaha  
254 Washington Street, S.W.  
Suite 1-156  
Atlanta, Georgia 30334-8400

Dear Mr. Blaha:

Attached you will find the corrective action plan for the Unified Government of Georgetown-Quitman County based on the December 31, 2013 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, 2013**

The findings from the December 31, 2013 Schedule of Findings and Responses 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, 2013 audit.

Finding 2013-01

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.

Finding 2013-02

We concur with this finding. The unified government has hired a financial officer who has implemented improved controls for the general government. Problems still exist in some of the other County offices which we intend to address through more effective oversight, monitoring, and training.

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: Rates will be more closely analyzed for the Water Authority and City Water Authority. Excluding depreciation, the City Water and Sewer had a positive cash flow and the Water and Sewer Authority had a slightly negative cash flow.

2.D. Revenue Bond Covenants: Due to past excesses of expenses over revenues, we have been unable to accumulate the required balances in the reserve accounts. However, both funds are now making the required monthly deposits.

Note 3 to Financial Statements

3.A. Collateral was adjusted on January 3, 2014 to the required amounts.

Contact Person:  
Teri Odom  
Financial Officer  
Unified Government of Georgetown- Quitman County  
P.O. Box 114  
Georgetown, GA 39854  
(229) 334-0903