



# **UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA**

## **ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2012**





UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2012

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UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

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**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

We were engaged to audit 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 Webster County, Georgia, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the basis for disclaimer of opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the governmental activities. We did not audit the financial statements of the Webster County Board of Health, which represents 100 percent of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Webster County Board of Health, is based solely on the report of the other auditors.

Except as described in the Basis of Disclaimer of Opinion paragraph, we conducted our audit of the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information and the related notes to the financial statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified audit opinion on the financial statements of the business-type activities, the fund financial statements of the governmental funds, each major fund, the aggregate remaining fund information and the related notes to the financial statements. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the governmental activities.

**Basis for Disclaimer of Opinion on Statement of Net Position and Statement of Activities – Governmental Activities**

The County did not maintain capital asset records for the governmental activities. We were unable to satisfy ourselves by other auditing procedures concerning the capital assets on hand at December 31, 2012, which are stated in the statement of net position at \$3,165,034. As a result, we were unable to determine whether any adjustments were necessary relating to the County's capital assets.

**Disclaimer of Opinion on Statement of Net Position and Statement of Activities – Governmental Activities**

Because of the significance of the matter discussed in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the governmental activities. Accordingly we do not express an opinion on the financial statements of the governmental activities.

***Opinions***

In our opinion, based on our 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 funds, the business-type activities, each major fund, and the aggregate remaining fund information of Webster County, Georgia, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.





**Other Matters**

*Required Supplementary Information*

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

*Other Information*

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

The combining and individual nonmajor fund financial statements, budgetary comparison schedules and schedule of projects constructed with special sales tax proceeds are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules and schedule of projects constructed with special sales tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2013 on our consideration of Webster County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Webster County, Georgia’s internal control over financial reporting and compliance.

Macon, Georgia  
May 28, 2013





## **FINANCIAL STATEMENTS**



UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

STATEMENT OF NET POSITION  
DECEMBER 31, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Board of Health
<b>ASSETS</b>				
Cash and cash equivalents	\$ 958,340	\$ 137,890	\$ 1,096,230	\$ 44,294
Certificate of deposit	847,611	-	847,611	-
Receivables, net of allowance				
Taxes	181,982	-	181,982	-
Accounts	-	20,900	20,900	-
Notes receivable	-	28,430	28,430	-
Due from other governments	19,288	86,465	105,753	-
Interfund	(5,618)	5,618	-	-
Capital Assets				
Non depreciable	161,075	3,009	164,084	-
Depreciable, net	3,003,959	531,643	3,535,602	-
Total capital assets	3,165,034	534,652	3,699,686	-
Total Assets	5,166,637	813,955	5,980,592	44,294
<b>LIABILITIES</b>				
Accounts payable	47,910	100,610	148,520	-
Accrued salaries and benefits	44,671	805	45,476	-
Customer deposits	-	24,427	24,427	-
Noncurrent liabilities				
Due within one year	13,026	407	13,433	-
Due in more than one year	142,902	135	143,037	7,510
Total Liabilities	248,509	126,384	374,893	7,510
<b>NET POSITION</b>				
Investment in capital assets	3,165,034	534,652	3,699,686	-
Restricted for				
Capital outlay	160,757	-	160,757	-
Other restrictions	14,589	130,845	145,434	15,335
Public safety	22,203	-	22,203	-
Unrestricted	1,555,545	22,074	1,577,619	21,449
Total Net Position	\$ 4,918,128	\$ 687,571	\$ 5,605,699	\$ 36,784

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

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental Activities</b>				
General government	\$ 687,883	\$ 5,914	\$ 101,976	\$ -
Judiciary	708,727	311,843	-	-
Public safety	398,957	199,349	5,000	36
Public works	524,103	136,621	-	37,708
Health and welfare	136,715	-	34,883	-
Culture and recreation	38,004	-	-	-
Total governmental activities	<u>2,494,389</u>	<u>653,727</u>	<u>141,859</u>	<u>37,744</u>
<b>Business-Type Activities</b>				
Water	141,845	106,401	-	201,500
Revolving loan fund	-	1,346	-	-
Total business-type activities	<u>141,845</u>	<u>107,747</u>	<u>-</u>	<u>201,500</u>
<b>Total Primary Government</b>	<u>\$ 2,636,234</u>	<u>\$ 760,128</u>	<u>\$ 141,859</u>	<u>\$ 239,244</u>
<b>Component Units:</b>				
Board of Health	\$ 131,250	\$ 23,423	\$ 104,789	\$ -
<b>Total Component Units</b>	<u>\$ 131,250</u>	<u>\$ 23,423</u>	<u>\$ 104,789</u>	<u>\$ -</u>

General Revenues

Property tax  
Sales tax  
Insurance premium tax  
Other tax  
Interest revenue  
Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of year, restated

Net Position - End of year

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

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2012  
 (CONTINUED)

Net (Expense) Revenue and Changes in Net Position			Component Unit
Primary Government			
Governmental Activities	Business-Type Activities	Total	Board of Health
\$ (579,993)	\$ -	\$ (579,993)	
(396,884)	-	(396,884)	
(194,572)	-	(194,572)	
(349,774)	-	(349,774)	
(101,832)	-	(101,832)	
(38,004)	-	(38,004)	
<u>(1,661,059)</u>	<u>-</u>	<u>(1,661,059)</u>	
	-	166,056	
	-	1,346	
	-	167,402	
<u>(1,661,059)</u>	<u>167,402</u>	<u>(1,493,657)</u>	
			\$ (3,038)
			<u>(3,038)</u>
695,426	-	695,426	-
442,471	-	442,471	-
139,446	-	139,446	-
282,356	-	282,356	-
4,553	302	4,855	26
55,902	-	55,902	-
<u>1,620,154</u>	<u>302</u>	<u>1,620,456</u>	<u>26</u>
(14,143)	14,143	-	-
<u>1,606,011</u>	<u>14,445</u>	<u>1,620,456</u>	<u>26</u>
(55,048)	181,847	126,799	(3,012)
<u>4,973,176</u>	<u>505,724</u>	<u>5,478,900</u>	<u>39,796</u>
<u>\$ 4,918,128</u>	<u>\$ 687,571</u>	<u>\$ 5,605,699</u>	<u>\$ 36,784</u>

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

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2012

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 777,537	\$ 180,803	\$ 958,340
Certificates of deposit	835,051	12,560	847,611
Receivables, net of allowance			
Taxes	162,677	19,305	181,982
Due from other governments	19,288	-	19,288
Due from other funds	9,501	-	9,501
	<hr/>		
Total Assets	\$ 1,804,054	\$ 212,668	\$ 2,016,722
	<hr/> <hr/>		
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 47,910	\$ -	\$ 47,910
Accrued expenditures	44,671	-	44,671
Due to other funds	-	15,119	15,119
Deferred revenues	77,067	-	77,067
	<hr/>		
Total Liabilities	169,648	15,119	184,767
	<hr/>		
Fund Balances:			
Restricted	-	197,549	197,549
Unassigned	1,634,406	-	1,634,406
	<hr/>		
Total Fund Balances	1,634,406	197,549	1,831,955
	<hr/>		
Total Liabilities and Fund Balances	\$ 1,804,054	\$ 212,668	\$ 2,016,722
	<hr/> <hr/>		

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



UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

RECONCILIATION OF THE BALANCE SHEET  
OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET POSITION  
DECEMBER 31, 2012

Total Fund Equity per Balance Sheet of Governmental Funds	\$ 1,831,955
Amounts reported for governmental activities in the Statement of Net Position differ from amounts reported in the Balance Sheet of Governmental Funds due to the following:	
Capital Assets	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Cost of the assets	6,140,929
Accumulated depreciation	(2,975,895)
Revenues	
Some of the government's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	
	77,067
Long-term Liabilities	
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities both current and long-term are reported in the Statement of Net Position. Long-term liabilities at year-end consist of the following:	
Compensated absences	(4,435)
Landfill postclosure costs	(151,493)
	<hr/>
Total Net Position of Governmental Activities	<u><u>\$ 4,918,128</u></u>

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

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>Revenues:</u>			
Taxes			
Property tax	\$ 803,307	\$ -	\$ 803,307
Sales tax	221,180	221,291	442,471
Other taxes	421,802	-	421,802
License and permits	5,914	-	5,914
Intergovernmental	141,859	37,708	179,567
Fines and forfeitures	301,887	34,083	335,970
Charges for services	311,843	-	311,843
Interest earnings	4,497	92	4,589
Other revenues	55,902	-	55,902
Total Revenues	<u>2,268,191</u>	<u>293,174</u>	<u>2,561,365</u>
<u>Expenditures:</u>			
Current:			
General government	658,066	2,813	660,879
Public safety	677,485	31,242	708,727
Court system	225,037	-	225,037
Roads and bridges	423,608	35,468	459,076
Health and welfare	110,403	-	110,403
Culture and recreation	38,004	-	38,004
Capital Outlay	-	178,571	178,571
Total Expenditures	<u>2,132,603</u>	<u>248,094</u>	<u>2,380,697</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>135,588</u>	<u>45,080</u>	<u>180,668</u>
<u>Other Financing Sources (Uses)</u>			
Transfers from other funds	25,590	-	25,590
Transfers to other funds	(1,418)	(38,315)	(39,733)
Total other financing sources (uses)	<u>24,172</u>	<u>(38,315)</u>	<u>(14,143)</u>
Net change in fund balances	159,760	6,765	166,525
Fund Balance - beginning of year, restated	<u>1,474,646</u>	<u>190,784</u>	<u>1,665,430</u>
Fund Balance - end of year	<u>\$ 1,634,406</u>	<u>\$ 197,549</u>	<u>\$ 1,831,955</u>

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

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2012

Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses Per Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 166,525
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Amounts reported for governmental activities in the Statement of Activities differ from amounts reported in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances due to the following:

Capital Assets

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

Total capital outlays	85,012
Total depreciation	(202,777)

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The adjustments for these items are as follows:

Compensated absences	(4,435)
Landfill postclosure costs	8,508

Revenues

Because some revenues will not be collected for several months after the government's fiscal year end, they are not considered available revenues and are deferred in the governmental funds.

Deferred revenues decreased by this amount during the fiscal year.	<u>(107,881)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ (55,048)</u></u>
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The notes to the financial statements are an integral part of this statement.

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

GENERAL FUND  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Taxes	\$ 1,403,796	\$ 1,403,796	\$ 1,446,289	\$ 42,493
Licenses and permits	7,150	7,150	5,914	(1,236)
Intergovernmental revenues	46,982	46,982	141,859	94,877
Charges for services	357,351	357,351	301,887	(55,464)
Fines and forfeitures	321,731	321,731	311,843	(9,888)
Investment earnings	5,500	5,500	4,497	(1,003)
Miscellaneous revenue	35,000	35,000	55,902	20,902
Total Revenues	2,177,510	2,177,510	2,268,191	90,681
<u>Expenditures:</u>				
Current:				
General government	660,701	660,701	658,066	2,635
Public safety	677,727	677,727	677,485	242
Court system	246,048	246,048	225,037	21,011
Roads and bridges	432,546	432,546	423,608	8,938
Health and welfare	120,893	120,893	110,403	10,490
Culture and recreation	53,410	53,410	38,004	15,406
Total Expenditures	2,191,325	2,191,325	2,132,603	58,722
Excess/(Deficiency) of Revenues over Expenditures	(13,815)	(13,815)	135,588	149,403
Other Financing Sources/(Uses)				
Transfers in	13,889	13,889	25,590	11,701
Transfers out	-	-	(1,418)	(1,418)
Total Other Financing Sources/(Uses)	13,889	13,889	24,172	10,283
Net Change in Fund Balance	74	74	159,760	159,686
Fund Balance - Beginning of year	1,474,646	1,474,646	1,474,646	-
Fund Balance - End of year	\$ 1,474,720	\$ 1,474,720	\$ 1,634,406	\$ 159,686

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

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UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2012

	Business-type Activities- Enterprise Funds		
	Water Fund	Non-major Revolving	
		Loan Fund	Total
<b><u>ASSETS</u></b>			
Current assets			
Cash and cash equivalents	\$ 35,475	\$ 102,415	\$ 137,890
Accounts receivable, net	20,900	-	20,900
Intergovernmental receivable	86,465	-	86,465
Due from other funds	12,725	-	12,725
Notes receivable	-	28,430	28,430
Total current assets	<u>155,565</u>	<u>130,845</u>	<u>286,410</u>
Long-term assets			
Capital assets:			
Nondepreciable assets	3,009	-	3,009
Depreciable assets, net	531,643	-	531,643
Total capital assets, net	<u>534,652</u>	<u>-</u>	<u>534,652</u>
Total noncurrent assets	<u>534,652</u>	<u>-</u>	<u>534,652</u>
Total Assets	<u>690,217</u>	<u>130,845</u>	<u>821,062</u>
<b><u>LIABILITIES</u></b>			
Current liabilities			
Accounts payable	100,610	-	100,610
Salaries payable	805	-	805
Due to other funds	7,107	-	7,107
Customer deposits	24,427	-	24,427
Compensated absences	407	-	407
Total current liabilities	<u>133,356</u>	<u>-</u>	<u>133,356</u>
Non-current liabilities:			
Compensated absences	135	-	135
Total non-current liabilities	<u>135</u>	<u>-</u>	<u>135</u>
Total Liabilities	<u>133,491</u>	<u>-</u>	<u>133,491</u>
<b><u>NET POSITION</u></b>			
Investment in capital assets	534,652	-	534,652
Restricted	-	130,845	130,845
Unrestricted	22,074	-	22,074
Total Net Position	<u>\$ 556,726</u>	<u>\$ 130,845</u>	<u>\$ 687,571</u>

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

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Business-type Activities-		
	Enterprise Funds		
	Water Fund	Non-major	
Revolving Loan Fund		Total	
<u>Operating revenues:</u>			
Charges for services	\$ 106,401	\$ 1,346	\$ 107,747
Total operating revenues	106,401	1,346	107,747
<u>Operating expenses:</u>			
Personal services	35,085	-	35,085
Contracted services	6,480	-	6,480
Utilities	24,912	-	24,912
Repairs and maintenance	19,766	-	19,766
Other supplies and expenses	18,491	-	18,491
Depreciation	37,111	-	37,111
Total operating expenses	141,845	-	141,845
Operating income (loss)	(35,444)	1,346	(34,098)
<u>Nonoperating revenues (expenses):</u>			
Interest income	17	285	302
Total nonoperating revenues (expenses)	17	285	302
Income (loss) before contributions and transfers	(35,427)	1,631	(33,796)
Capital contributions	201,500	-	201,500
Transfers in	14,143	-	14,143
Total contributions and transfers	215,643	-	215,643
Change in net position	180,216	1,631	181,847
Net Position - Beginning of year, restated	376,510	129,214	505,724
Net Position - End of year	\$ 556,726	\$ 130,845	\$ 687,571

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

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Business-type Activities		
	Enterprise Funds		
	Water Fund	Non-major	
Revolving Loan Fund		Total	
<u>Cash Flows from Operating Activities:</u>			
Cash received from customers	\$ 7,616	\$ 10,934	\$ 18,550
Cash paid to suppliers for goods and services	38,068	-	38,068
Cash paid to employees	(33,738)	-	(33,738)
Net Cash Flows Provided by (Used for) Operating Activities	11,946	10,934	22,880
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers	14,143	-	14,143
Net Cash Flows Provided by (Used for) Noncapital Financing Activities	14,143	-	14,143
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Proceeds from debt issuance	201,500	-	201,500
Purchases of capital assets	(215,643)	-	(215,643)
Net Cash Flows Provided by (Used for) Capital and Related Financing Activities	(14,143)	-	(14,143)
<u>Cash Flows from Investing Activities:</u>			
Interest income	17	285	302
Net Cash Flows Provided by (Used for) Investing Activities	17	285	302
Net Increase (Decrease) in Cash and Cash Equivalents	11,963	11,219	23,182
Cash and Cash Equivalents - Beginning of year, restated	23,512	91,196	114,708
Cash and Cash Equivalents - End of year	\$ 35,475	\$ 102,415	\$ 137,890

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



UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2012  
 (CONTINUED)

	Business-type Activities		
	Enterprise Funds		
	Water Fund	Non-major	
Revolving Loan Fund		Total	
Classified as:			
Cash and cash equivalents	\$ 35,475	\$ 102,415	\$ 137,890
Total Cash and Cash Equivalents, End of Year	\$ 35,475	\$ 102,415	\$ 137,890
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Net Operating Income (Loss)	\$ (35,444)	\$ 1,346	\$ (34,098)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	37,111	-	37,111
Changes in Assets and Liabilities:			
(Increase) decrease in accounts receivable	(86,975)	-	(86,975)
(Increase) decrease in due from other funds	(12,725)	-	(12,725)
(Increase) decrease in notes receivable	-	9,588	9,588
Increase (decrease) in accounts payable	100,610	-	100,610
Increase (decrease) in accrued liabilities	1,347	-	1,347
Increase (decrease) in due to other funds	7,107	-	7,107
Increase (decrease) in customer deposits	915	-	915
Total Adjustments	47,390	9,588	56,978
Net Cash Provided by (Used for) Operating Activities	\$ 11,946	\$ 10,934	\$ 22,880

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

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
DECEMBER 31, 2012

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	<u>\$ 717,395</u>
Total Assets	<u><u>\$ 717,395</u></u>
<u>LIABILITIES</u>	
Due to others	<u>\$ 717,395</u>
Total Liabilities	<u><u>\$ 717,395</u></u>

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

## **NOTES TO THE FINANCIAL STATEMENTS**

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Accounting Policies**

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

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

**A. Reporting Entity**

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

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

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(CONTINUED)

**1. Blended component unit**

**Unified Government of Webster County Law Library**

The Unified Government of Webster County Law Library is an entity separate from the County. For financial reporting purposes, the Law Library is reported as if it were a part of the County's operations, because the Law Library primarily serves the courts of the County. The Law Library does not issue separate financial statements. Any capital assets purchased by the Law Library become the property of Unified Government of Webster County.

**2. Discretely presented component units**

**Webster County Board of Health**

The Webster County Board of Health is charged with determining the health needs and resources of its jurisdiction, developing programs, activities, and facilities responsive to those needs, and enforcing all laws related to health matters unless they fall under the jurisdiction of other agencies. The Board of Health is governed by the Unified Government of Webster County Board of Health (Board). The County appoints the voting majority of the board. The County provides significant operating subsidies to the department. The Health Department is presented as a governmental fund type. The Webster County Board of Health issued separate financial statements that have a June 30 year-end, as required by state statutes. Complete financial statements of the Webster County Board of Health may be obtained from their administrative office at the following location:

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

**3. Joint venture**

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

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

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(CONTINUED)

**B. Government-Wide and Fund Financial Statements**

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

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

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

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

**Government-Wide Financial Statements**

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

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

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

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

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(CONTINUED)

**Fund Financial Statements**

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

Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the obligations are expected to be liquidated with expendable available financial resources.

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

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

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

The government reports the following major governmental funds:

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

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(CONTINUED)

The government reports the following major proprietary funds:

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

Additionally, the government reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

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

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

**D. Deposits and Investments**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates, and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

**E. Receivables**

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

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



UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(CONTINUED)

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

**F. Inventories**

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

**G. Prepaid Items**

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

**H. Restricted assets**

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

**I. Capital Assets**

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

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

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

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

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

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(CONTINUED)

**J. Compensated Absences**

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

**K. Long-Term Obligations**

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance cost, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**L. Fund Equity**

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

- Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – amounts are restricted when constraints have been placed on the use of resources by (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Commissioners through adoption of a resolution. The Commissioners also may modify or rescind the commitment.

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2012  
 (CONTINUED)

- Assigned – amounts that are constrained by the Commission’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Commissioners has authorized the County Manager to assign fund balances.
- Unassigned – amounts that have not been assigned to other funds, and that are not restricted, committed, or assigned to specific purposes within the General Fund.

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

- Committed
- Assigned
- Unassigned

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

The following is a summary of the fund balance classifications as of December 31, 2012:

	General Fund	Nonmajor Governmental	Total
<b>Fund Balances</b>			
Restricted for:			
Capital outlay	\$ -	\$ 160,757	\$ 160,757
Public safety	-	22,203	22,203
Law library	-	14,589	14,589
Unassigned	1,634,406	-	1,634,406
Total fund balances	<u>\$ 1,634,406</u>	<u>\$ 197,549</u>	<u>\$ 1,831,955</u>

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(CONTINUED)

**M. Risk Management**

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

The County has joined together with other municipalities in the state as part of the ACCG Group Self Insurance Workers' Compensation Self Insurance Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments. The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings, which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability. The Fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense. For the year ending December 31, 2012, the County's total contribution was \$0 for the Workers Compensation Fund.

The County is a member of the ACCG Interlocal Risk Management Agency (ACCG-IRMA). This agency functions as a risk sharing arrangement among Georgia County governments and is administered by the Association of County Commissioners of Georgia (ACCG). The purpose of ACCG-IRMA is to establish and administer one or more group self-insurance funds; to establish and administer a risk management service; and to prevent or lessen the incidence or severity of casualty and property losses. Each member pays an annual contribution established by the Board of ACCG-IRMA. For the period December 1, 2011 - December 1, 2012, the County's total contribution was \$72,766. ACCG-IRMA may develop and issue such self-insurance coverage descriptions, as it deems necessary. The current coverage provides a \$3,000,000 general liability limit with a \$1,000 per occurrence deductible.

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

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(CONTINUED)

**NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING**

**A. Budget Process**

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

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

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

**B. Encumbrances - reconciliations**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to serve that portion of the applicable appropriation, is not employed by the County. Budget to Generally Accepted Accounting Principal Basis reconciliation's are not required.

**C. Budgets Not Adopted**

Budgets were not adopted for the Jail Construction and Staffing Fund, the Law Library Fund and the Drug Abuse Fund. The County plans to adopt budget for these funds in future years.

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2012  
 (CONTINUED)

**D. Excess of Expenditures over Appropriations**

The following departments had excess of actual expenditures over appropriations for the year ended December 31, 2012.

General Fund	
Transfers Out	\$ 1,418

**NOTE 3 – DEPOSITS AND INVESTMENTS**

**A. Custodial Credit Risk – Deposits**

The custodial credit risk of deposits is the risk that in the event of the failure of a bank, the government will not be able to recover deposits. State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held. The County does not have a formal policy for custodial credit risk. As of December 31, 2012, the County did have three certificates of deposit which were under collateralized by \$643,556 and deposit account which were under collateralized by \$237,664.

The Webster County Board of Health, a discretely presented component unit, bank balances of deposits as of June 30, 2012 are entirely insured or collateralized with securities held by the Board’s agent in the Board’s name. State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

**B. Investments**

	Maturity	Amount
Certificates of deposit-General Fund	12 months	\$ 835,051
Certificates of deposit-Nonmajor Governemntal Fund	12 months	12,560

*Custodial credit risk.* For an investment, the custodial risk is the risk that in the event of the failure of the counter-party to a transaction, an entity will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Georgia Fund 1 is not required to disclose custodial credit risk. The County had no such investments with such risk as of December 31, 2012.

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

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(CONTINUED)

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

**NOTE 4 – PROPERTY TAXES**

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

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

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

The Unified Government of Webster County Tax Commissioner distributes tax notices and collects tax payments. Motor vehicle taxes are due based upon the birthday of the owner. The 2012 property taxes were levied on September 17th, and mailed during September, with a due date of December 20th. Property tax receivables have been reduced to their estimated net realizable value. Estimated uncollectible amounts are based upon historical experience rates and result in a direct reduction of the related revenue amount at the end of the period.

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(CONTINUED)

**NOTE 5 – RECEIVABLES**

Receivables at December 31, 2012, consist of the following:

	General Fund	Non Major Governmental Fund	Water	Total
Receivables:				
Taxes	\$ 188,504	\$ 19,305	\$ -	\$ 207,809
Accounts	-	-	107,063	107,063
Gross Receivables	188,504	19,305	107,063	314,872
Less: Allowance for Uncollectible	(25,827)	-	(86,163)	(111,990)
Net Total Receivables	\$ 162,677	\$ 19,305	\$ 20,900	\$ 202,882

**NOTE 6 – DUE FROM OTHER GOVERNMENTS**

Amounts due from other governments at December 31, 2012, are as follows:

	State	Total
Fund:		
General	\$ 19,288	\$ 19,288
Enterprise	86,465	86,465
Total	\$ 105,753	\$ 105,753

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



UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2012  
 (CONTINUED)

**NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of December 31, 2012, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental	\$ 2,394
General Fund	Water Fund	7,107
Water Fund	Nonmajor governmental	12,725
Total		\$ 22,226

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

Interfund transfers:

	General Fund	Water Fund	Total
Transfer Out:			
General Fund	\$ -	\$ 1,418	\$ 1,418
Nonmajor governmental	25,590	12,725	38,315
Total	\$ 25,590	\$ 14,143	\$ 39,733

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

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(CONTINUED)

**NOTE 8 – CAPITAL ASSETS**

	Beginning Balance	Increase	Decrease	Transfers	Ending Balance
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 161,075	\$ -	\$ -	\$ -	\$ 161,075
Total capital assets, not being depreciated	<u>161,075</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>161,075</u>
Capital assets, being depreciated:					
Buildings and Improvements	1,438,126	9,924	-	6,660	1,454,710
Machinery, Equipment & Vehicles	2,164,268	75,088	-	(6,660)	2,232,696
Infrastructure	2,292,448	-	-	-	2,292,448
Total capital assets, being depreciated	<u>5,894,842</u>	<u>85,012</u>	<u>-</u>	<u>-</u>	<u>5,979,854</u>
Less accumulated depreciation for:					
Buildings and Improvements	(799,717)	(27,894)	-	(6,660)	(834,271)
Machinery, Equipment & Vehicles	(1,858,271)	(112,029)	-	6,660	(1,963,640)
Infrastructure	(115,130)	(62,854)	-	-	(177,984)
Total accumulated depreciation	<u>(2,773,118)</u>	<u>(202,777)</u>	<u>-</u>	<u>-</u>	<u>(2,975,895)</u>
Total capital assets, being depreciated, net	<u>3,121,724</u>	<u>(117,765)</u>	<u>-</u>	<u>-</u>	<u>3,003,959</u>
Governmental activities capital assets, net	<u>\$ 3,282,799</u>	<u>\$ (117,765)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,165,034</u>
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 3,009	\$ -	\$ -	\$ -	\$ 3,009
Total capital assets, not being depreciated	<u>3,009</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,009</u>
Capital assets, being depreciated:					
Equipment, furniture & vehicles	78,586	-	-	-	78,586
Buildings and improvements	21,875	-	-	-	21,875
Infrastructure	1,244,677	215,643	-	-	1,460,320
Total capital assets, being depreciated	<u>1,345,138</u>	<u>215,643</u>	<u>-</u>	<u>-</u>	<u>1,560,781</u>
Less accumulated depreciation for:					
Equipment, furniture & vehicles	(78,592)	-	-	-	(78,592)
Buildings and improvements	(13,914)	(729)	-	-	(14,643)
Infrastructure	(899,521)	(36,382)	-	-	(935,903)
Total accumulated depreciation	<u>(992,027)</u>	<u>(37,111)</u>	<u>-</u>	<u>-</u>	<u>(1,029,138)</u>
Total capital assets, being depreciated, net	<u>353,111</u>	<u>178,532</u>	<u>-</u>	<u>-</u>	<u>531,643</u>
Business-type activities capital assets, net	<u>\$ 356,120</u>	<u>\$ 178,532</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 534,652</u>

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2012  
 (CONTINUED)

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

Governmental activities:

General government	\$ 32,493
Public safety	63,056
Public works	80,916
Health and welfare	<u>26,312</u>

Total depreciation expense - governmental activities \$ 202,777

Business-type activities:

Water Fund	<u>\$ 37,111</u>
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Total depreciation expense - business-type activities \$ 37,111

Activity for the Board of Health for the year ended June 30, 2012, was as follows:

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

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(CONTINUED)

**NOTE 9 – LONG-TERM DEBT**

Changes in long-term liabilities

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

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Compensated absences	\$ -	\$ 20,991	\$ (16,556)	\$ 4,435	\$ 3,326
Landfill postclosure costs	160,001	-	(8,508)	151,493	9,700
<b>Total Governmental Activities</b>	<b>\$ 160,001</b>	<b>\$ 20,991</b>	<b>\$ (25,064)</b>	<b>\$ 155,928</b>	<b>\$ 13,026</b>
<b>Business-Type Activities</b>					
Compensated absences	\$ -	\$ 2,258	\$ (1,716)	\$ 542	\$ 407
<b>Total Business-Type Activities</b>	<b>\$ -</b>	<b>\$ 2,258</b>	<b>\$ (1,716)</b>	<b>\$ 542</b>	<b>\$ 407</b>

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

**NOTE 10 – COMMITMENTS**

Closure and Postclosure Care Cost

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

Although the postclosure costs will be paid when the services are performed, the County reports a total liability of \$151,493 as landfill postclosure care liability at December 31, 2012. This amount represents the cumulative amount of landfill postclosure costs based on the 100 percent of the capacity of the landfill. The County has no assets restricted for payment of postclosure care costs. Actual costs may change due to inflation, changes in technology, or changes in regulations.

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(CONTINUED)

**NOTE 11 – EMPLOYEE RETIREMENT PLANS**

**A. Pension Plan**

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

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

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

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

The County's total payroll was \$948,865 and the County's contributions were based on a payroll of \$350,448 for the year ending December 31, 2012. Employee contributions to the plan amounted to \$11,650, or 3.32% of the total covered payroll. Employer contributions amounted to \$4,228 to the plan, or 1.21% of the total covered payroll. Employee and employer contributions can only be amended by a resolution passed by the County Commission or by state statute. A total of 12 employees participated in the plan for the year ended December 31, 2012. The County made its required contributions to the plan amounting to \$4,228 to the plan for the year ending December 31, 2012. There were no related-party transactions.

**B. Other Retirement Plans**

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

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(CONTINUED)

a. **Probate Judges' Retirement Fund of Georgia**

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

b. **Clerk of Superior Court Retirement Fund**

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

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

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

**NOTE 12 – CONTINGENT LIABILITIES**

A. **Litigation**

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

B. **Federal Grants**

The County participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives, and the audits of these programs for or including the year ended December 31, 2012, have not yet been conducted. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

**NOTE 13 – PRIOR PERIOD ADJUSTMENT**

*Enterprise Funds*

Generally accepted accounting principles state that enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. During 2012, the Revolving Loan Fund was reclassified from a special revenue fund to an enterprise fund. The reclassification required a prior period adjustment to transfer \$129,214 of net assets from governmental activities to business-type activities on the government-wide financial statements.

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(CONTINUED)

*Landfill*

Management recorded a prior period adjustment of \$73,749 to correct the reporting of the landfill postclosure liability.

*Accounts Receivable-Water Fund*

Management has recorded a prior period adjustment of \$20,390 to correct the reporting of the Water Fund accounts receivable which had not been reported in prior years.

*Deferred Revenue*

Management recorded a prior period adjustment of \$37,708 to correct the reporting of deferred revenue for the CDBG Fund.

The effects of these adjustments are as follows:

	Governmental Activities	Business-Type Activities
Net position at December 31, 2011 as previously reported	\$ 5,066,349	\$ 356,120
Reclassify Revolving Loan Fund	(129,214)	129,214
Correct landfill postclosure costs	73,749	-
Correct CDBG deferred revenue	(37,708)	-
Record Water Fund net Accounts Receivable	-	20,390
Net Position at December 31, 2011 as restated	<u>\$ 4,973,176</u>	<u>\$ 505,724</u>

The effects of the adjustments at the fund level are as follows:

Fund balance at December 31, 2011 as previously reported	<u>CDBG Fund</u> \$ 37,708
Correct CDBG deferred revenue	<u>(37,708)</u>
Fund balance at December 31, 2011 as restated	<u>\$ -</u>
Net position at December 31, 2011 as previously reported	<u>Water Fund</u> \$ 356,120
Record net Accounts Receivable	<u>20,390</u>
Net position at December 31, 2011 as restated	<u>\$ 376,510</u>

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**SUPPLEMENTARY INFORMATION**



## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

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

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

Law Library Fund – This fund accounts for fines collected as required by State Law for Law Library operations.

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

### **CAPITAL PROJECTS FUNDS**

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

CDBG Fund – This fund was established to account for the proceeds of CDBG grant money for street improvements.

2006 SPLOST Fund – This fund was established to account for the proceeds of SPLOST tax monies collected and the projects approved for those funds.

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

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2012

	Special Revenue Funds			Capital Project Funds			Total Nonmajor Governmental Funds
	Jail Construction and Staffing	Law Library	Drug Abuse	CDBG Fund	2006 SPLOST	2012 SPLOST	
<b><u>ASSETS</u></b>							
Cash and cash equivalents	\$ 2,394	\$ 14,589	\$ 9,643	\$ -	\$ 1,096	\$ 153,081	\$ 180,803
Certificates of deposit	-	-	12,560	-	-	-	12,560
Taxes receivable	-	-	-	-	-	19,305	19,305
Total Assets	<u>\$ 2,394</u>	<u>\$ 14,589</u>	<u>\$ 22,203</u>	<u>\$ -</u>	<u>\$ 1,096</u>	<u>\$ 172,386</u>	<u>\$ 212,668</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>							
Liabilities:							
Due to other funds	\$ 2,394	\$ -	\$ -	\$ -	\$ -	\$ 12,725	\$ 15,119
Total Liabilities	<u>2,394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,725</u>	<u>15,119</u>
Fund Balances:							
Restricted	-	14,589	22,203	-	1,096	159,661	197,549
Total Fund Balances	<u>-</u>	<u>14,589</u>	<u>22,203</u>	<u>-</u>	<u>1,096</u>	<u>159,661</u>	<u>197,549</u>
Total Liabilities and Fund Balances	<u>\$ 2,394</u>	<u>\$ 14,589</u>	<u>\$ 22,203</u>	<u>\$ -</u>	<u>\$ 1,096</u>	<u>\$ 172,386</u>	<u>\$ 212,668</u>

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012

	Special Revenue Funds			Capital Project Funds			Total Nonmajor Governmental Funds
	Jail Construction and Staffing	Law Library	Drug Abuse	CDBG Fund	2006 SPLOST	2012 SPLOST	
<u>Revenues:</u>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 15,778	\$ 205,513	\$ 221,291
Intergovernmental	-	-	-	37,708	-	-	37,708
Fines	25,590	6,042	2,451	-	-	-	34,083
Interest earnings	-	-	56	-	36	-	92
<b>Total Revenues</b>	<b>25,590</b>	<b>6,042</b>	<b>2,507</b>	<b>37,708</b>	<b>15,814</b>	<b>205,513</b>	<b>293,174</b>
<u>Expenditures:</u>							
Current:							
General government	-	-	-	-	2,813	-	2,813
Public safety	-	528	193	-	30,521	-	31,242
Highways and roads	-	-	-	-	32,340	3,128	35,468
Capital Outlay	-	-	-	37,708	110,864	29,999	178,571
<b>Total Expenditures</b>	<b>-</b>	<b>528</b>	<b>193</b>	<b>37,708</b>	<b>176,538</b>	<b>33,127</b>	<b>248,094</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	25,590	5,514	2,314	-	(160,724)	172,386	45,080
<u>Other Financing Sources (Uses):</u>							
Transfers to other funds	(25,590)	-	-	-	-	(12,725)	(38,315)
<b>Total other financing sources (uses)</b>	<b>(25,590)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,725)</b>	<b>(38,315)</b>
Net change in fund balances	-	5,514	2,314	-	(160,724)	159,661	6,765
Fund Balance - Beginning of year, restated	-	9,075	19,889	-	161,820	-	190,784
<b>Fund Balance - End of year</b>	<b>\$ -</b>	<b>\$ 14,589</b>	<b>\$ 22,203</b>	<b>\$ -</b>	<b>\$ 1,096</b>	<b>\$ 159,661</b>	<b>\$ 197,549</b>

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

JAIL CONSTRUCTION AND STAFFING FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Fines and forfeitures	\$ -	\$ 25,590	\$ 25,590
Total Revenues	-	25,590	25,590
<u>Expenditures:</u>			
Current:			
Public safety	-	-	-
Total Expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	25,590	25,590
<u>Other Financing Sources (Uses):</u>			
Transfers to General Fund	-	(25,590)	(25,590)
Total Other Financing Sources (Uses)	-	(25,590)	(25,590)
Net changes in fund balance	-	-	-
Fund Balance - beginning of year	-	-	-
Fund Balance - end of year	\$ -	\$ -	\$ -

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

LAW LIBRARY FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Fines	\$ -	\$ 6,042	\$ 6,042
Total Revenues	-	6,042	6,042
<u>Expenditures:</u>			
Current:			
Public safety	-	528	(528)
Total Expenditures	-	528	(528)
Net changes in fund balance	-	5,514	5,514
Fund Balance - beginning of year	9,075	9,075	-
Fund Balance - end of year	\$ 9,075	\$ 14,589	\$ 5,514

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

DRUG ABUSE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Fines	\$ -	\$ 2,451	\$ 2,451
Interest earnings	-	56	56
Total Revenues	-	2,507	2,451
<u>Expenditures:</u>			
Current:			
Public safety	-	193	(193)
Total Expenditures	-	193	(193)
Net changes in fund balance	-	2,314	2,258
Fund Balance - beginning of year	19,889	19,889	-
Fund Balance - end of year	\$ 19,889	\$ 22,203	\$ 2,258



UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT

#08P-Y-152-1-5081

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES-BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED DECEMBER 31, 2012

	Prior Years	Current Year	Total to Date	Project Authorization
<u>Revenues:</u>				
Department of Community Affairs	\$ 462,292	\$ 37,708	\$ 500,000	\$ 500,000
Total Revenues	462,292	37,708	500,000	500,000
<u>Expenditures:</u>				
Acquisition of Property	-	-	-	1,500
Street Improvements	390,624	-	390,624	399,569
Engineering	41,668	-	41,668	47,948
General Administration	30,000	-	30,000	31,000
Contingencies	-	37,708	37,708	19,983
Total Expenditures	462,292	37,708	500,000	500,000
Net change in fund balances	-	-	-	-
Fund Balance - beginning of year, restated	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012
<b><u>Tax Commissioner</u></b>				
<u>Assets</u>				
Cash and cash equivalents	\$ 1,278,188	\$ 1,727,819	\$ 2,313,137	\$ 692,870
Uncollected Taxes	505,531	-	505,531	-
<b>Total Assets</b>	<b>\$ 1,783,719</b>	<b>\$ 1,727,819</b>	<b>\$ 2,818,668</b>	<b>\$ 692,870</b>
<u>Liabilities</u>				
Due to others	\$ 1,278,188	\$ 1,727,819	\$ 2,313,137	\$ 692,870
Uncollected Taxes Due Governments	505,531	-	505,531	-
<b>Total Liabilities</b>	<b>\$ 1,783,719</b>	<b>\$ 1,727,819</b>	<b>\$ 2,818,668</b>	<b>\$ 692,870</b>
<b><u>Clerk of Superior Court</u></b>				
<u>Assets</u>				
Cash and cash equivalents	\$ 7,706	\$ 107,074	\$ 102,775	\$ 12,005
<b>Total Assets</b>	<b>\$ 7,706</b>	<b>\$ 107,074</b>	<b>\$ 102,775</b>	<b>\$ 12,005</b>
<u>Liabilities</u>				
Due to others	\$ 5,876	\$ 33,240	\$ 35,837	\$ 3,279
Due to others-escrow	1,830	73,834	66,938	8,726
<b>Total Liabilities</b>	<b>\$ 7,706</b>	<b>\$ 107,074</b>	<b>\$ 102,775</b>	<b>\$ 12,005</b>
<b><u>Probate Court</u></b>				
<u>Assets</u>				
Cash and cash equivalents	\$ -	\$ 102,387	\$ 92,471	\$ 9,916
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 102,387</b>	<b>\$ 92,471</b>	<b>\$ 9,916</b>
<u>Liabilities</u>				
Due to others	\$ -	\$ 102,387	\$ 92,471	\$ 9,916
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 102,387</b>	<b>\$ 92,471</b>	<b>\$ 9,916</b>

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2012  
 (CONTINUED)

	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012
<b><u>Magistrate Court</u></b>				
<u>Assets</u>				
Cash and cash equivalents	\$ -	\$ 18,695	\$ 17,480	\$ 1,215
Total Assets	\$ -	\$ 18,695	\$ 17,480	\$ 1,215
<u>Liabilities</u>				
Due to others	\$ -	\$ 18,695	\$ 17,480	\$ 1,215
Total Liabilities	\$ -	\$ 18,695	\$ 17,480	\$ 1,215
<b><u>Sheriff's Office</u></b>				
<u>Assets</u>				
Cash and cash equivalents	\$ 964	\$ 15,760	\$ 15,335	\$ 1,389
Total Assets	\$ 964	\$ 15,760	\$ 15,335	\$ 1,389
<u>Liabilities</u>				
Due to others	\$ 964	\$ 15,760	\$ 15,335	\$ 1,389
Total Liabilities	\$ 964	\$ 15,760	\$ 15,335	\$ 1,389
<b><u>Total Agency Funds</u></b>				
<u>Assets</u>				
Cash and cash equivalents	\$ 1,286,858	\$ 1,971,735	\$ 2,541,198	\$ 717,395
Uncollected taxes	505,531	-	505,531	-
Total Assets	\$ 1,792,389	\$ 1,971,735	\$ 3,046,729	\$ 717,395
<u>Liabilities</u>				
Due to others	\$ 1,285,028	\$ 1,897,901	\$ 2,474,260	\$ 708,669
Due to others-escrow	1,830	73,834	66,938	8,726
Uncollected taxes due governments	505,531	-	505,531	-
Total Liabilities	\$ 1,792,389	\$ 1,971,735	\$ 3,046,729	\$ 717,395

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## **GOVERNMENTAL REPORTS**

UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

SCHEDULE OF PROJECT EXPENDITURES WITH SPECIAL SALES TAX PROCEEDS  
FOR THE YEAR ENDED DECEMBER 31, 2012

	Original Budget	Expenditures		Total
		Prior Years	Current Year	
<u>Project</u>				
<u>Special Local Option Sales Tax 2006</u>				
Equipment	\$ 300,000	\$ 475,044	\$ 156,969	\$ 632,013
Buildings	200,000	233,690	8,238	241,928
County Road Projects	300,000	197,212	-	197,212
Land Acquisition	50,000	-	-	-
Public Infrastructure	25,000	57,296	11,331	68,627
Total All Projects	<u>\$ 875,000</u>	<u>\$ 963,242</u>	<u>\$ 176,538</u>	<u>\$ 1,139,780</u>
<u>Project</u>				
<u>Special Local Option Sales Tax 2012</u>				
Equipment	\$ 350,000	\$ -	\$ 29,999	\$ 29,999
Roads	300,000	-	-	-
Land	25,000	-	-	-
Buildings	250,000	-	-	-
Public Infrastructure	50,000	-	3,128	3,128
Total	<u>\$ 975,000</u>	<u>\$ -</u>	<u>\$ 33,127</u>	<u>\$ 33,127</u>



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Truman W. Clifton (1902-1989)

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

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Unified Government of Webster County, Georgia as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Unified Government of Webster County, Georgia's basic financial statements and have issued our report thereon dated May 28, 2013. Our report includes a reference to other auditors. Other auditors audited the financial statements of the Webster County Board of Health, as described in our report on the Unified Government of Webster County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses 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 County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. 2012-01, 2012-02, 2012-03, 2012-04, 2012-05, 2012-06, 2012-07, and 2012-08.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Unified Government of Webster County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2012-09, 2012-10 and 2012-11.

### **Unified Government of Webster County, Georgia Response to Findings**

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

### **Purpose of this Report**

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

Macon, Georgia  
May 28, 2013





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UNIFIED GOVERNMENT OF WEBSTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2012

**Financial Statement Findings**

Findings noted on the “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”:

**2012-01 General Ledger Maintenance**

*CRITERIA*

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

*CONDITION*

During 2012, the County did not record the transactions of the following funds for the year into the accounting system:

Jail Construction and Staffing Fund  
Law Library Fund  
CDBG Fund  
Revolving Loan Fund

*CONTEXT*

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

*CAUSE*

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

*EFFECT*

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

*RECOMMENDATION*

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

WEBSTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(CONTINUED)

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

Management agrees with the finding. Beginning in 2013, the County will establish procedures to record all County transactions into the accounting system. The County will explore training opportunities available regarding governmental accounting, specifically fund accounting.

WEBSTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(CONTINUED)

**2012-02 Segregation of Duties – Agency Funds**

*CRITERIA*

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

*CONDITION*

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

*CONTEXT*

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

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

*CAUSE*

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

*EFFECT*

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

*RECOMMENDATION*

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

WEBSTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(CONTINUED)

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

Management agrees with the finding. The County, in conjunction with the various agencies, will review the internal controls in place and try to identify any changes to the controls that could be made to separate out some of the incompatible duties. With the small number of employees assigned to each office, the County will look at possible compensating controls to help mitigate the risks associated with the small number of employees.

WEBSTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(CONTINUED)

**2012-03 Bank Reconciliations**

*CRITERIA*

An effective system of internal controls includes the requirement that all bank accounts are reconciled with the general ledger on a monthly basis and the reconciliations are reviewed by management or another responsible official.

*CONDITION*

Bank reconciliations were not being performed during the year for the Magistrate Court or the Probate Court bank accounts.

*CONTEXT*

During our review of the bank accounts for the Magistrate Court and Probate Court, we noted that the bank accounts were not being reconciled to the subsidiary records.

*EFFECT*

The failure to reconcile bank accounts on a timely basis resulted in incomplete or inaccurate recording of transactions in the County's financial records. As a result, management relied on financial reports which contained material omissions or errors.

*CAUSE*

The Magistrate Court and Probate Court lacked personnel with adequate technical training to perform the bank reconciliations.

*RECOMMENDATION*

We recommend that the bank accounts be reconciled on a timely basis each month by an individual that does not have other cash responsibilities. Additionally, we recommend that the reconciliations be reviewed by a responsible official with adequate training in governmental accounting standards and generally accepted accounting principles.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

Management agrees with the finding. The County, in conjunction with the Courts, will establish monthly bank reconciliation procedures for all Court bank accounts. The County will also look at establishing procedures for the review of all bank reconciliations.



WEBSTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(CONTINUED)

**2012-04 Customer Deposits – Water Fund**

*CRITERIA*

Customer deposits held by the County should be reconciled with the general ledger each month.

*CONDITION*

The County was unable to provide detailed subsidiary records which agree to the general ledger for customer deposits in the Water Fund as of December 31, 2012.

*CONTEXT*

The County has set up a separate bank account to process customer deposits. However, the County never established procedures to maintain a listing of deposits received and any subsequent refunds of deposits held.

*EFFECT*

Incomplete and unreconciled accounting records create an environment where misstatements in the accounting records, either through error or fraud, will not be detected and corrected in a timely manner. In addition, interim financial reports, which are used by management for fiscal-related decisions, could have been relied upon in error.

*CAUSE*

The County never established internal control procedures regarding customer deposits. In addition, other factors include the need to enhance supervision of employees' performance, to provide employees with resources to improve their training and skills in the specific area of their responsibility.

*RECOMMENDATION*

We recommend that the County establish procedures to capture and track customer deposits in the Water Fund. We also recommend that the County look into training opportunities to assist personnel in maintaining subsidiary records and then performing monthly reconciliations between the customer deposit records and the general ledger and clearly identify any differences that occur each month.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

Management agrees with the finding. The County will establish procedures to track customer deposits to include maintaining supporting documentation for new deposits and maintaining detailed subsidiary records. The County will also look into potential training opportunities regarding reconciling customer deposits.

WEBSTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(CONTINUED)

**2012-05 Water Revenue**

*CRITERIA*

Sound accounting procedures specify that revenue is accrued and recognized when it becomes both measurable and available to finance expenditures of the fiscal period.

*CONDITION*

The County was recording revenue on the cash basis of accounting rather than the accrual basis of accounting.

*CONTEXT*

Material audit adjustments totaling \$17,909 were needed to correct the Water revenue accounts for the year ended December 31, 2012.

*EFFECT*

The County is not reporting the proper classification of revenue sources. Subsidiary records were not being maintained and reconciled causing accounting records and financial reports to be unreliable.

*CAUSE*

County personnel lacked adequate training in the proper procedures for the accounting of proprietary fund revenues.

*RECOMMENDATION*

We recommend that the County establish procedures to record the Water revenue on the accrual basis of accounting. We also recommend that the County provide the appropriate training to assist personnel in the proper accounting for Water revenues.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

Management agrees with the finding. The County will establish procedures to record Water revenue on the accrual basis of accounting. The County will also explore potential training opportunities for staff regarding accrual basis of accounting.

WEBSTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(CONTINUED)

**2012-06 Capital Assets**

*CRITERIA*

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

*CONDITION*

The County has not adequately maintained capital asset records for the governmental or business-type activities.

*CONTEXT*

Material audit adjustments were required to record current year activity comprised of entries to record depreciation of \$202,778 and \$37,708 for the governmental activities and proprietary funds respectively and entries to record current year additions of \$85,012 and \$215,643 for the governmental activities and proprietary funds respectively.

*EFFECT*

The County was not able to provide the external auditors with complete and accurate capital asset schedules.

*CAUSE*

County employees have not been adequately trained in capital asset accounting. Furthermore, in prior years the County relied on the external auditor to maintain capital asset records including depreciation schedules.

*RECOMMENDATION*

The County should update and complete the capital assets records accumulated for 2012. A complete inventory of all capital assets should be performed each year on an annual basis. Detailed capital asset records must be maintained on an ongoing basis as a part of the overall accounting system of the County. We further recommend that the County provide additional training for employees and consider other software as needed for capital asset detail records.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

Management agrees with the finding. The County will perform a complete capital asset inventory in 2013 and prepare a capital asset schedule based on that inventory. The County will establish procedures to review and update this schedule going forward for any changes needed for purchases or sale of assets. The County will also look into potential training opportunities regarding capital asset accounting.

WEBSTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(CONTINUED)

**2012-07 Accounts Receivable/Revenue**

*CRITERIA*

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

*CONDITION*

Various revenue items were not recorded in the proper period.

*CONTEXT*

Material audit adjustments were required as follows by fund:

**General Fund**

- Material audit adjustments were necessary to correctly report the tax commissioner receivable comprised of entries to reverse out the prior receivable of \$473,762 and to record the current year receivable of \$444,060.
- Material audit adjustments were necessary to properly report property taxes receivables, allowance and deferred revenue accounts comprised of entries to reverse out the prior year adjustment of \$211,459 and to record the current year adjustment of \$188,504.
- Material audit adjustments were necessary to correctly report court revenues comprised of entries to reverse out the prior year court receivable of \$23,263 and to record the current year court receivable of \$28,865.
- Material adjustments were necessary to correctly report Local Option Sales Taxes accounts receivable comprised of entries to reverse out the prior year receivable of \$19,866 and to record the current year receivable of \$19,288.

**Water Fund**

- Prior period adjustment was necessary to record the Water Fund accounts receivable balance of \$92,698.
- Material audit adjustment was needed to correctly report the accounts receivable and allowance accounts of \$17,909.

**2006 SPLOST Fund**

- Material audit adjustment was needed to correctly report the Special Local Option Sales Tax revenue of \$19,752.

WEBSTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(CONTINUED)

**2012 SPLOST Fund**

- Material audit adjustment was needed to correctly report the Special Local Option Sales Tax revenue of \$19,305.
- Material audit adjustment was needed to record a transfer to the Water Fund of \$12,725.

*EFFECT*

The County produced financial reports, which contained material errors.

*CAUSE*

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

*RECOMMENDATION*

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

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

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

WEBSTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(CONTINUED)

**2012-08 Accounts Payable/Expenses**

*CRITERIA*

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

*CONDITION*

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

*CONTEXT*

Material audit adjustments were needed to fairly state and classify expenses for the year ended December 31, 2012. The adjustments are summarized by fund as follows:

**General Fund**

- Material audit adjustments were necessary to correctly report accounts payable comprise of entries to reverse out prior year accounts payable of \$66,721 and to record current year accounts payable of \$44,817.
- Audit adjustment of \$34,007 was needed to record the current year salary accrual.
- Material audit adjustment was necessary to record prior year audit entries of \$4,285,519.
- Material audit adjustment was necessary to correct cash balance of \$17,013.
- Material adjustment was necessary to correct fund balance of \$22,812.

**Water Fund**

- Material audit adjustment was needed to record current year depreciation of \$37,108.
- Material audit adjustment was needed to record the activity of the GEFA loan of \$316,415.

**2006 SPLOST Fund**

- Material audit adjustment was needed to correct fund balance of \$149,417.

*EFFECT*

The County produced financial reports, which contained material errors.

WEBSTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(CONTINUED)

*CAUSE*

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

*RECOMMENDATION*

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

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

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

WEBSTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(CONTINUED)

**Compliance Findings**

**2012-09 Uniform Chart of Accounts**

*CRITERIA*

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

*CONDITION*

The County maintained all of their funds within a single accounting system. Separate accounting funds were not maintained for the following four individual funds as of and for the year ended December 31, 2012:

2006 SPLOST Fund  
2012 SPLOST Fund  
Drug Abuse Fund  
Water Fund

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

*CONTEXT*

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

*EFFECT*

The County was not in compliance with the Uniform Chart of Accounts as of December 31, 2012. In addition, interim financial reports, which are used by management for fiscal-related decisions, could have been relied upon in error.

*CAUSE*

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

*RECOMMENDATION*

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



WEBSTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(CONTINUED)

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

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

WEBSTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(CONTINUED)

**2012-10 Budgetary Controls – Adoption of Special Revenue Fund Budgets**

*CRITERIA*

In order to comply with applicable legal requirements regarding budgets, procedures must exist to properly monitor compliance with State law. Georgia code (36-81-3b) requires an annual balanced budget for the general fund, each special revenue fund, and each debt service fund.

*CONDITION*

The County did not adopt annual budgets for the Special Revenue Funds: Jail Construction and Staffing, Law Library, and Drug Abuse.

*CONTEXT*

Expenditures in excess of appropriations were as follows:

- Jail Construction and Staffing Fund - \$25,590
- Law Library Fund - \$528
- Drug Abuse Fund - \$193

*EFFECT*

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

*CAUSE*

This condition is the result of a breakdown in internal controls regarding compliance with laws and regulations and the County not being sufficiently aware of the budget requirements.

*RECOMMENDATION*

Management should take a proactive role in monitoring the compliance with laws and regulations. The County needs to adopt future budgets as required by State Law for all Special Revenue Funds. Management should evaluate the effectiveness of the annual budget during 2013, to determine if the County should prepare supplemental budget amendments during the current year.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

Management agrees with the finding. The County will establish procedures to adopt budgets as required for all Special Revenue Funds. The County will determine what, if any, supplemental budget amendments are needed for 2013.

WEBSTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(CONTINUED)

**2012-11 Collateralization of Deposits (OCGA 45-8-12(c))**

*CRITERIA*

The Official Code of Georgia Annotated (OCGA) Section 45-8-12(c) requires public funds to be fully collateralized at 110% or insured.

*CONDITION*

Management has not adequately monitored the level of collateralization provided by the banking institutions.

*CONTEXT*

As of December 31, 2012, the County had three certificates of deposits which were under collateralized by \$643,556 and eight deposit accounts which were under collateralized by \$237,664.

*EFFECT*

The County is not in compliance with the Georgia statute.

*CAUSE*

The bank did not have County accounts designated as public funds, and therefore, did not properly collateralized the County's bank accounts.

*RECOMMENDATION*

Management should regularly monitor collateral levels to insure compliance with State law and safeguard public funds.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

Management agrees with the finding. The County will work with the financial institutions to correct this and prevent this from occurring in the future. The County will review the accounts with all of the financial institutions to verify compliance and reiterate the need to have funds properly collateralized.

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