CHARLTON COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2011

Earl A. Lawson
Certified Public Accountant
Blackshear, Georgia

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Charlton County, Georgia
Financial Statements
For the Year Ended December 31, 2011

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Introductory Section

CHARLTON COUNTY OFFICIALS

CHAIRMAN
John Meyer

Vice Chairman
Mitchell Crawford

COMMISSIONERS
James E. Everett
Alphya Benefield
Wade Johnson

COUNTY ADMINISTRATOR
Al Crace

COUNTY CLERK
Jenifer Nobles

DEPUTY COUNTY CLERK
Melisa Phillips

CONSTITUTIONAL OFFICERS
Clerk of Court - Kay Carter
Probate Judge - Robert F. Phillips
Sheriff - Ernest Conner
Tax Commissioner - Debra Mizell
Magistrate - Billy Sands

NON-CONSTITUTIONAL OFFICER
County Attorney - Edmund Skorupski
CPA - Don Crews
Chief Appraiser - Elaine Todd

DEPARTMENT HEADS
Public Works & Recreation Director - Richard Brown
Road Superintendent - Jeb Knowles
EMA - Code Enforcement - Bruce Young
EMS - Bernie Restrepo

FINANCIAL SECTION

The financial section includes the independent auditor's report on the financial statement audit, the MD&A which provides a narrative introduction, overview and analysis of the financial statements, the basic financial statements including notes.

Independent Auditor's Report

Earl A. Lawson CERTIFIED PUBLIC ACCOUNTANT

112 N. CENTRAL AVENUE
BLACKSHEAR, GA 31516
TELEPHONE: 912-449-5485
FAX: 912-449-1529

INDEPENDENT AUDITOR'S REPORT

County Commissioners
Charlton County, Georgia

I have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Charlton County,Georgia, as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Charlton County, Georgia's management. My responsibility is to express opinions on theses financial statements based on my audit. I did not audit the financial statements of the Charlton County Health Department. Those financial statements were audited by other auditors whose report thereon has been furnished to me and my opinion insofar as it relates to the amounts included for the Charlton County Health Department, is based on the report of the other auditors.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit and the report of the other auditors provides a reasonable basis for my opinions.

In my opinion, based on my audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Charlton County, Georgia, as of December 31, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated July 8, 2012, on my consideration of the Charlton County, Georgia internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* and should be considered in assessing the results of my audit.

MEMBER:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
GEORGIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

The management's discussion and analysis and budgetary comparison information on pages 11 through 19 and 72 through 74, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Charlton County, Georgia, basic financial statements, the combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic fincncial statements, and in my opinion. Are fairly stated in all material respects in relation to the basic fincancial statements taken as a whole.

Earl A. Lawson. CPA
Blackshear. Georgia
July 3. 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) is a narrative introduction, overview and analysis of the basic financial statements prepared by the County.

Management's Discussion and Analysis

Within this section of Charlton County, Georgia (County) annual financial report, the County's management provides narrative discussion and analysis of the financial activities of the County for the year ended December 31, 2011. The County's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the County's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

FINANCIAL HIGHLIGHTS

The County's total assets exceeded its total liabilities by $19,306,015 (net assets) for the year reported. This compares to the previous year when the total assets exceeded the total liabilities by $14,582,878.

Total net assets are comprised of the following:

1. Capital assets, net of related debt, of $11,454,901 include property and equipment, net of accumulated depreciation, and reduced by outstanding debt related to the purchase and construction of capital assets.
2. Net assets of $3,368,228 are restricted by constraints imposed upon the County by laws and regulations.
3. Unrestricted net assets of $4,482,886 represent the portion available to maintain the County's continuing obligations to citizens and creditors.

The County's governmental funds reported total ending fund balance of $7,563,051 this year. This compares compares to the prior year ending fund balance, of $6,606,317 showing an increase of $956,734 during the current year.

At the end of the current year, unreserved fund balance for the General Fund was $4,367,175, or 37.4% of total General Fund expenditures.

Overall, Charlton County, Georgia, continues to maintain a strong financial position, in spite of a somewhat depressed economy.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities on pages 21 - 22 provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements start on page 23. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

Overview to the Financial Statements

Management's Discussion and Analysis introduces the County's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The County also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The County's annual report includes two government- wide financial statements. These statements provide both long-term and short-term information about the County's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Assets. This is the County-wide statement of position presenting information that includes all of the County's assets and liabilities, with the difference reported as Net Assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County as a whole is improving or deteriorating. Evaluation of the overall health of the County would extend to other nonfinancial factors such as diversification to the taxpayer base or the condition of County infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities which reports how the County's net assets changed during the current year. All current year revenues and expenses are included *regardless of when cash is received or paid. An important purpose of the design of the statement* of activities is to show the financial reliance of the County's distinct activities or functions on revenues provided by the County's taxpayers.

Governmental activities include general government, judicial, public safety, public works, health and welfare, culture and recreation and community development. The County's fiduciary activities simply holds resources temporarily for others and are not included in the government-wide statements since these assets are not available to fund County programs.

The County's financial reporting includes the funds of the County (primary government) and, additionally, organizations for which the County is accountable (component units). These component units operate independently and provide services directly to the citizens, though the County remains accountable for their activities. These component units are governed by a board of directors that the County Commission has appointed. The County Health Department, are reported separately from the primary government though included in the County's overall reporting entity.

The Government-wide financial statements are presented on pages 21 - 22 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The County uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the County's most significant funds rather than the County as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The County has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus Is very different with fund statements providing a distinctive view of the County's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the required supplementary information for the general fund. Budgetary comparison schedules for special revenue funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the County's adopted and final revised budget.

Fiduciary funds (i.e., the agency funds) are reported in the fiduciary fund financial statements, but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund County programs. Fiduciary fund financial statements report similarly to proprietary funds.

The basic fiduciary fund financial statement is presented on page 29 of this report.

Notes to the basic financial statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements are on pages 31 - 69 of this report.

Other information

Major funds and component units are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report on pages 79 - 89.

Financial Analysis of the County as a Whole

The County's combined net assets were $19,306,015 of December 31, 2011. This is a $4,723,137 increase from last year's nets assets of $14,582,878.. The following table provides a a summary of the County's net assets:

Summary of Net Assets

	Governmental Activities		Total		Percentage of Total	
Assets:	2011	2010	2011	2010	2011	2010
Current and other assets	$ 7,978,226	$ 6,999,064	$ 7,978,226	$ 6,999,064	40.47%	40.76%
Capital assets	11,734,026	10,171,362	11,734,026	10,171,362	59.53%	59.24%
Total assets	19,712,252	17,170,426	19,712,252	17,170,426	100.00%	100.00%
Liabilities:						
Current liabilities	142,237	942,834	142,237	942,834	35.01%	37.08%
Long-term liabilities	264,000	1,599,893	264,000	1,599,893	64.99%	62.92%
Total liabilities	406,237	2,542,727	406,237	2,542,727	100.00%	100.00%
Net assets:						
Invested in capital assets net of debt	11,454,901	7,704,140	11,454,901	7,704,140	59.33%	52.67%
Restricted	3,368,228	4,949,875	3,368,228	4,949,875	17.45%	33.84%
Unrestricted (deficit)	4,482,886	1,973,684	4,482,886	1,973,684	23.22%	13.49%
Total net assets	$ 19,306,015	$ 14,627,699	$ 19,306,015	$ 14,627,699	100%	100.00%

The County continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 56.1 to 1. This ratio is strong.

Note that approximately 59.33% of the governmental activities' net assets are tied up in capital (with 16.25% of the capital assets being infrastructure). The County uses these capital assets to provide services to its citizens.

The County reported positive balances in net assets for governmental activities. Net assets increased $4,723,137 for governmental activities.

Summary of Statement of Activities

	Governmental Activities		Total		Percentage of Total	
Revenues:	2011	2010	2011	2010	2011	2010
Program Revenues						
Charges for services	$ 2,488,675	$ 3,428,053	$ 2,488,675	$ 3,428,053	17.23%	33.65%
Operating grants	62,873	-	62,873	-	0.44%	0.00%
Capital grants	583,210	995,915	583,210	995,915	4.04%	9.78%
General Revenues						
Property taxes	8,466,655	3,884,456	8,466,655	3,884,456	58.63%	38.13%
Other taxes	2,481,116	1,635,904	2,481,116	1,635,904	17.18%	16.06%
Grants and entitlements	-	-	-	-	0.00%	0.00%
Other Revenues	358,520	242,914	358,520	242,914	2.48%	2.38%
Total Revenues	$ 14,441,049	$ 10,187,242	$ 14,441,049	$ 10,187,242	100%	100%
Expenses						
General government	1,155,744	1,163,012	1,155,744	1,163,012	11.89%	11.89%
Judicial	887,577	832,979	887,577	832,979	9.13%	8.51%
Public safety	2,957,099	2,907,003	2,957,099	2,907,003	30.43%	29.71%
Public works	2,628,757	2,859,917	2,628,757	2,859,917	27.05%	29.23%
Health and welfare	1,738,145	1,654,340	1,738,145	1,654,340	17.89%	16.91%
Culture and recreation	277,746	259,577	277,746	259,577	2.86%	2.65%
Community development	-	45,169	-	45,169	0.00%	0.46%
Interest	72,844	63,238	72,844	63,238	0.75%	0.65%
Total expense	9,717,912	9,785,235	9,717,912	9,785,235	100%	100%
Excess (deficiency)	4,723,137	402,007	4,723,137	402,007		
Gain on sale of capital assets	-	-	-	-		
Change in net assets	4,723,137	402,007	4,723,137	402,007		
Beginning net assets	14,582,878	14,180,871	14,582,878	14,180,871		
Ending net assets	$ 19,306,015	$ 14,582,878	$ 19,306,015	$ 14,582,878		

Financial Analysis of the County's Funds

Governmental funds

As discussed, governmental funds are reported in the fund statements with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements.

The General Fund is the County's primary operating fund and the largest source of day-to-day service delivery. The governmental funds reported ending fund balances of $7,563,051 of this year-end total, $4,367,175 is unreserved indicating availability for continuing County service requirements.

General Fund Budgetary Highlights

The original budget adopted anticipated a $0.00 increase in its fund balance. The budget was subsequently revised to reflect a increase in its fund balance of $0.00. The actual fund balance increase was $956,734.

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2011, was $11,734,026

	Capital Assets (Net of Accumulated Depreciation)					
	Governmental Activities		Total		Percentage of Total	
	2011	2010	2011	2010	2011	2010
Non-depreciable assets:						
Land	$ 550,000	$ 550,000	$ 550,000	$ 550,000	$ 100.00%	100.00%
Construction in progress	-	-	-	-	0.00%	0.00%
Total non-depreciable	550,000	550,000	550,000	550,000	100.00%	100.00%
Depreciable assets:						
Buildings	6,652,936	4,945,267	6,652,936	4,945,267	38.17%	31.83%
Machinery and equipment	7,471,794	7,542,105	7,471,794	7,542,105	42.87%	48.55%
Infrastructure	3,303,045	3,047,302	3,303,045	844,545	18.37%	18.95%
Total depreciable assets	17,427,775	15,534,674	17,427,775	13,331,917	99.42%	99.3292%
Total Capital Assets	17,977,775	16,084,674	17,977,775	13,881,917		
Less accumulated depreciation	(6,243,749)	(5,913,312)	(6,243,749)	(5,913,312)		
Book value - depreciable assets	11,734,026	$ 10,171,362	$ 11,734,026	$ 7,968,605		

See Note 3-D for addition information about the County's capital assets on page 48.

Long-term debt

At the end of the year, the County had total debt outstanding of $748,104. This total amount is supported by pledged revenues generated primarily by the County's Governmental Activities, and real and personal property.
The County's other long-term debt relates to capital leases and compensated absences.

	Outstanding Debt					
	Governmental Activities		Total		Percentage of Total	
	2011	2010	2011	2010	2011	2010
Notes outstanding	$ -	$ 2,000,000	$ -	$ 2,000,000	0.00%	80.66%
Capital leases	279,125	467,222	279,125	467,222	95.26%	18.84%
Compensated absences	13,883	12,288	13,383	12,288	4.74%	0.50%
Total	$ 293,008	$ 2,479,510	$ 293,008	$ 2,479,510	100.00%	100.00%

See Note 3-G for additional information about the county's long-term debt on pages 53 -59.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Sales taxes revenues decreased in 2011 and sales tax revenues during the first five months of 2012 has decreased slightly over the same five months of 2010.

Charlton County will continue to update its capital assets during the year ended December 31, 2012.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the County's finances, comply with finance-related laws and regulation, and demonstrate the County's commitment of public accountability. If you have questions about this report or would like to request additional information, contact:

Charlton County Board of Commissioners
100 South 3rd St.
Folkston, Georgia 31537
Telephone: (912) 496-2529

Basic Financial Statements

The basic financial statements include the government-wide statement of net assets and government-wide statement of activities which include all of the primary government's governmental activities . In addition, the basic financial statements include the fund financial statements and the notes to the financial statements.

Charlton County, Georgia
Statement of Net Assets
December 31, 2011

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets:				
Current Assets:				
Cash	$ 6,215,089	$ -	$ 6,215,089	$ 375,703
Investments	-	-	-	-
Accounts Receivable	7,553	-	7,553	-
Taxes Receivable	1,476,312	-	1,476,312	-
Due from Other Governments	257,502	-	257,502	25,698
Fines Receivable	21,770	-	21,770	-
Internal Balances	-	-	-	-
Interest receivable	-	-	-	-
Inventory	-	-	-	-
Prepaid Items	-	-	-	-
Noncurrent Assets				
Capital Assets				
Non depreciable Capital Assets	550,000	-	550,000	-
Depreciable Capital Assets, Net	11,184,026	-	11,184,026	8,907
Deferred Charges	-	-	-	-
Total Assets	19,712,252	-	19,712,252	410,308
Liabilities and Net Assets:				
Liabilities:				
Current Liabilities:				
Accounts Payable	58,207	-	58,207	-
Accrued Expenses	4,099	-	4,099	-
Deferred Revenues	-	-	-	-
Due to Other Governments	-	-	-	-
Accrued Interest	2,117	-	2,117	-
Compensated Absences Payable	-	-	-	12,928
Capital Leases Payable	77,814	-	77,814	-
Notes Payable	-	-	-	-
Other Liabilities	-	-	-	-
Liabilities Payable From Restricted Assets	-	-	-	-
Long-Term Liabilities:				
Compensated Absences Payable (net of current portion)	13,883	-	13,883	12,928
Net Pension Obligation	48,806	-	48,806	-
Capital Leases Payable (net of current portion)	201,311	-	201,311	-
Notes Payable (net of current portion)	-	-	-	-
Total Liabilities	406,237	-	357,431	25,856
Net Assets				
Invested in Capital Assets, Net of Related Debt	11,454,901	-	11,454,901	8,907
Restricted for :				
Capital Projects	3,368,228	-	3,368,228	-
Prior Year Program Income	-	-	-	179,599
Special Programs	-	-	-	-
Unrestricted	4,482,886	-	4,482,886	195,946
Total Net Assets	$ 19,306,015	$ -	$ 19,306,015	$ 384,452

See accompanying notes to the basic financial statements

Charlton County, Georgia
Statement of Activities
For the Year Ended December 31, 2011

	Expenses	Program Revenues: Charges for Services & Sales & Fines	Program Revenues: Operating Grants, Contributions and Interest	Program Revenues: Capital Grants & Contributions	Primary Government: Governmental Activities	Primary Government: Business Type Activities	Primary Government: Total	Component Units
PRIMARY GOVERNMENT:								
Governmental Activities:								
General Government	$ 1,155,744	$ 572,874	$ -	$ 442,006	$ (140,864)	$ -	$ (140,864)	$ -
Judicial	887,577	108,057	62,873	-	(716,647)	-	(716,647)	-
Public Safety	2,957,099	314,435	-	72,523	(2,570,141)	-	(2,570,141)	-
Public Works	2,628,757	1,402,814	-		(1,225,943)	-	(1,225,943)	-
Health and Welfare	1,738,145	52,450	-	28,528	(1,657,167)	-	(1,657,167)	-
Culture and Recreation	277,746	38,045	-	40,153	(199,548)	-	(199,548)	-
Community Development	-	-	-	-	-	-	-	-
Interest	72,844	-	-		(72,844)	-	(72,844)	-
Total Governmental Activities	9,717,912	2,488,675	62,873	583,210	(6,583,154)	-	(6,583,154)	-
Business-Type Activities:								
Other Enterprise Funds	-	-	-	-	-	-	-	-
Total Business-Type Activities	-	-	-	-	-	-	-	-
Total - Primary Government	$ 9,717,912	$ 2,488,675	$ 62,873	$ 583,210	$ (6,583,154)	$ -	$ (6,583,154)	$ -
Component Units								
Charlton County Health Department	602,570	179,599	397,193		-	-	-	(25,778)
Total - Component Units	$ 602,570	$ 179,599	$ 397,193	$ -	$ -	$ -	$ -	$ (25,778)
GENERAL REVENUES:								
Taxes								
Property					$ 8,466,655	$ -	$ 8,466,655	$ -
Sales					1,551,326	-	1,551,326	-
Other taxes					929,790	-	929,790	-
Gain on Sale of Capital Assets					-	-	-	-
Interest Earned					358,520	-	358,520	-
Other					-	-	-	-
Total General Revenues					11,306,291	-	11,306,291	-
Transfers					-	-	-	-
Total General Revenues and Transfers					11,306,291	-	11,306,291	-
Change in Net Assets					4,723,137	-	4,723,137	(25,778)
NET ASSETS BEGINNING OF YEAR -					14,582,878		14,582,878	410,230
NET ASSETS END OF YEAR					$ 19,306,015	$ -	$ 19,306,015	$ 384,452

See accompanying notes to the basic financial statements.

Charlton County, Georgia
Balance Sheet
Governmental Funds
December 31, 2011

	General	Capital Project Funds: Jail SPLOST	Capital Project Funds: 2003 SPLOST	Capital Project Funds: 2008 SPLOST	Other Gov't Funds	Total Gov't Funds
Assets:						
Cash	$ 3,037,807	$ 676,651	$ 212,789	$ 2,284,348	$ 3,494	$ 6,215,089
Receivables, (net, where applicable of allowance for uncollectible.)						
Taxes	1,476,312	-	-	-	-	1,476,312
Fines	21,770	-	-	-	-	21,770
Intergovernmental	63,062	-	-	194,440	-	257,502
Accounts	7,553	-	-	-	-	7,553
Interest receivable	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-
Due from Other Governments	-	-	-	-	-	-
Prepaids	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total Assets	$ 4,606,504	$ 676,651	$ 212,789	$ 2,478,788	$ 3,494	$ 7,978,226
Liabilities:						
Accounts Payable	$ 58,207	-	-	$ -	$ -	$ 58,207
Accrued Expenditures	4,099	-	-	-	-	4,099
Due to Other Funds	-	-	-	-	-	-
Payable to Other Governments	-	-	-	-	-	-
Deferred Revenue	177,023	-	-	175,846	-	352,869
Total Liabilities	239,329	-	-	175,846	-	415,175

See Accompanying Notes to the Basic Financial Statements.

Charlton County, Georgia
Balance Sheet
Governmental Funds
December 31, 2011

	General	Capital Project Funds: Jail SPLOST	Capital Project Funds: 2003 SPLOST	Capital Project Funds: 2008 SPLOST	Other Gov't Funds	Total Gov't Funds
Fund Balances						
Unreserved	4,367,175	-	-		-	4,367,175
Reserved for capital improvements	-	676,651	212,789	2,302,942	-	3,192,382
Unreserved, reported in nonmajor:						
Special Revenue Funds	-	-	-		3,494	3,494
Capital Projects Funds	-	-	-		-	-
Total Fund Balances	4,367,175	676,651	212,789	2,302,942	3,494	7,563,051
Total Liabilities and Fund Balances	$ 4,606,504	$ 676,651	$ 212,789	$ 2,478,788	$ 3,494	$ 7,978,226

See Accompanying Notes to the Basic Financial Statements.

Charlton County, Georgia
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities
For The Year Ended December 31, 2011

Total Governmental Fund Balances			$ 7,563,051
Amounts Reported for Governmental Activities in the Statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
	Cost	17,977,775	
	Less accumulated depreciation	(6,243,749)	11,734,026
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds .			
	Property taxes	99,400	
	Sales taxes	232,536	
	Fines	20,933	352,369
Liabilities included notes and capital leases are not due and payable in the funds.			
	Note payable	-	
	Accrued interest	(2,117)	
	Capital leases	(279,125)	
	Net pension obligations	(48,806)	
	Compensated absences	(13,883)	
			(343,931)
Net Assets of Governmental Activities			$ 19,306,015

See Accompanying Notes to the Basic Financial Statements

Charlton County, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For The Year Ended December 31, 2011

		Capital Project Funds				
Revenues:	**General**	**Jail SPLOST**	**2003 SPLOST**	**2008 SPLOST**	**Other Gov't Funds**	**Total Gov't Funds**
Taxes	$ 9,974,508	$ -	$ -	$	$ -	$ 9,974,508
Fees and Fines	242,889	-	-		-	242,889
Licenses and Permits	69,462	-	-		-	69,462
Intergovernmental	646,083	-	-	953,129	-	1,599,212
Charges for Services	1,582,248	-	-		-	1,582,248
Public Safety	-	-	-		-	-
Public Works	-	-	-		-	-
Recreation	-	-	-		38,045	38,045
Interest Earnings	348,294	8,412	1,814		-	358,520
Other Revenue	552,826	-	-		-	552,826
Total Revenues	13,416,310	8,412	1,814	953,129	38,045	14,417,710
EXPENDITURES:						
Current:						
General Government	1,432,411	-	-		-	1,432,411
Judicial	883,390	-	-		-	883,390
Public Safety	2,841,520	-	-		-	2,841,520
Public Works	2,473,113	-	-		-	2,473,113
Health and Welfare	1,215,929	-	-		-	1,215,929
Culture and Recreation	456,144	-	-		38,370	494,514
Community Development	-	-	-		-	-

See Accompanying Notes to the Basic Financial Statements

Charlton County, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For The Year Ended December 31, 2011

		Capital Project Funds				
	General	Jail SPLOST	2003 SPLOST	2008 SPLOST	Other Gov't Funds	Total Gov't Funds
Capital Outlay:						
General Government	-	-	-	-	-	-
Judicial	-	-	1,062,499	567,417	-	1,629,916
Public Safety	-	77,753	-	-	-	77,753
Public Works	-	-	114,215	24,912	-	139,127
Health and Welfare	-	-	-	14,479	-	14,479
Culture and Recreation	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Debt Service:						
Principal	2,316,493	-	-	24,604	-	2,341,097
Interest and Other Charges	69,841	-	-	386	-	70,227
Total Expenditures	11,688,841	77,753	1,176,714	631,798	38,370	13,613,476
***Excess of Revenues Over* (Under) Expenditures**	1,727,469	(69,341)	(1,174,900)	321,331	(325)	804,234

Charlton County, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For The Year Ended December 31, 2011

	General	Capital Project Funds: Jail SPLOST	Capital Project Funds: 2003 SPLOST	Capital Project Funds: 2008 SPLOST	Other Gov't Funds	Total Gov't Funds
Other Financing Sources (Uses):						
Inception of Notes	-	-	-		-	-
Inception of leases	152,500	-	-		-	152,500
Sale of Capital Assets	-	-	-		-	-
Transfers In	-	-	-		-	-
Transfers Out	-	-	-		-	-
Total Other Financing Sources (Uses)	152,500	-	-		-	152,500
Net Change in Fund Balances	1,879,969	(69,341)	(1,174,900)	321,331	(325)	956,734
Fund Balance Beginning of Year	2,487,206	745,992	1,387,689	1,981,611	3,819	6,606,317
Fund Balances - End of Year	$ 4,367,175	$ 676,651	$ 212,789	$ 2,302,942	$ 3,494	$ 7,563,051

See Accompanying Notes to the Basic Financial Statements.

Charlton 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, 2011

Net Changes in Fund Balances - Total Governmental Funds		$ 956,734
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Capital outlay	2,348,442	
Depreciation expense	(785,778)	1,562,664
In the statement of activities, only the gain or loss on the sale or trade in of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the assets sold:		
Cost of assets traded	455,341	
Less: Accumulated Depreciation	(451,341)	
Net book value of assets traded		-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Grants	-	
Taxes	(1,585)	
Sales taxes	21,629	
Fines	2,795	
		22,839
Issuance of long term debt provides current financial resources to governmental funds while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. The issuance of long term debt increases long term liabilities and the repayment of long term debt reduces long term liabilities in the statement of net assets.		
Accrued Interest	(2,117)	
Issuance of capital lease	(152,500)	
Repayment of long term debt	2,341,097	
		2,186,480
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences	(1,595)	
Net Pension Obligation	(3,985)	(5,580)
Change in Net Assets of Governmental Activities		$ 4,723,137

See Accompanying Notes to the Basic Financial Statements

Charlton County, Georgia
Comparative Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2011 and 2010

	December 31	
	2011	2010
Assets:		
Cash	$ 172,719	$ 172,684
Accounts receivable	-	-
Total Assets	$ 172,719	$ 172,684
Liabilities:		
Due to other governments and individuals	172,719	172,684
Total Liabilities	$ 172,719	$ 172,684

See accompanying notes to the basic financial statements

NOTES TO THE FINANCIAL STATEMENTS

The Notes to the financial Statements are a required component of the basic financial statements of the County. The notes present required and essential information for the fair presentation of the statements that have not been disclosed on the face of the financial statements.

Charlton County, Georgia
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Charlton County, Georgia (the County), was incorporated under the laws of the State of Georgia. The County operates under a Commissioner- Chairman form of government. The County is governed by a board of five commissioners elected by the voters of the County.

Note 1- Summary of Significant Accounting Policies

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The County also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its proprietary funds at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements.

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

1-A. Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards and agencies that are not legally separate from the County. For Charlton County, this entity includes all departments and activities that are directly operated by the elected county officials.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organizations; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units also may include organization that are fiscally dependent on the County in that the County approves the budget, levies their taxes or issues their debt.

The Component unit columns included on the government-wide financial statements identifies the financial data of the County's discretely presented component units. They are reported separately to emphasize that they are legally separate from the County.

Note 1- Summary of Significant Accounting Policies (Continued)

Brief descriptions of the discretely presented component units follow:

Charlton County Health Department (Health Department)- The Health Department provides health care services and health education to residents of Charlton County. The Health Department receives financial support from Charlton County, Georgia, the State of Georgia and the Federal Government. The County Commission appoints a majority of the Board of Directors. The Health Department issued separately audited financial statements with a fiscal year ended June 30, 2008 and copies of these financial statements may be obtained from their administrative office at:

Charlton County Health Department
Folkston, Georgia 31533

Other public entities located within the County are not included in the basic financial statements because municipalities and the following independent taxing districts authorized and established by the laws of Georgia.

Charlton County Development Authority
Charlton County Board of Education
Charlton County Board of Family & Children Services

Disbursements to these units by the County are based on contractual agreements, have been budgeted, and expended as part of the regular operations of the County.

The accounting policies of Charlton County, Georgia conform to generally accepted accounting principles, as applicable to governments. The following is a summary of the more significant policies.

1-B. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the 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 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.

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

Note 1- Summary of Significant Accounting Policies (Continued)

1-B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers 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 service, compensated absences, and claims and judgments expenditures are recorded only when payment is due.

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

Government-wide Financial Statements- The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the County as a whole. The primary government and the component units are presented separately within these financial statements with the focus on the primary government. Fiduciary activities are not included at the government-wide reporting level. Individual funds are not displayed but the statements distinguish governmental activities which are generally supported by taxes and County general revenues, from business-type activities which are generally financed in whole or in part with fees charged to external customers.

The statement of net assets presents the financial position of the governmental and business-type activities of the County and its discretely presented component units at year-end.

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

Note 1- Summary of Significant Accounting Policies (Continued)

Government-wide financial statements (continued)

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

Taxes and other revenue sources not properly included with program revenues are reported as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the County.

Fund Financial Statements:

The underlying accounting system of the Government is organized and operated on the basis of separate funds, each of which is considered to be 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. Governmental 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.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and non-major funds in the aggregate for governmental and proprietary funds. The fiduciary fund statements include financial information for the agency funds. These funds represent assets held by the Government in a custodial capacity for individuals or other governments.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

Note 1- Summary of Significant Accounting Policies (Continued)

Governmental Funds:

Governmental funds are used to account for the Government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period. The Government considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term dept which is recognized when due, and accumulated unpaid sick pay which does not vest.

Property tax revenues are considered measurable and available if they are collected during the current period or within sixty days after the end of the period. Property taxes not collected within days are recorded as receivable however the related revenue is deferred and recognized when subsequently collected. Sales tax revenue is considered measurable and available when collected from the customer at the time that a taxable transaction occurs. Expenditure -driven grants are recognized then the qualifying expenditures have been incurred and all other grant requirements are met.

Interest revenue and charges for services revenues, are considered measurable and available if collected during the current period or within twelve months of the end of the period. The Government has determined that fines and forfeitures, in compliance with GASB 22, *Accounting for Taxpayer-Assessed Tax Revenues in Governmental Funds*, are not deemed to be susceptible to accrual as they are not measurable until received in cash.

Governmental fund types include: The General Fund, Special Revenue Funds and Capital Project Funds

Basis of Presentation:

GASB Statement 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category and the governmental and enterprise combined) for the determination of major funds. The County has used GASB 34 minimum criteria for major fund determination. The non-major funds are combined in a column in the fund financial statements and detailed in the combining section of this report.

Note 1- Summary of Significant Accounting Policies (Continued)

Major Governmental Funds:

General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general balance is available to the County for any new purpose, provided it is expanded or transferred according to the general laws of Georgia.

Capital Project Funds:

Special Local Option Sales Tax-To account for the revenue and expenditures of the funds collected from the Special Local Option Sales Tax. The Special Local Option Sales Tax are as follows:

Jail Special Local Option Sales Tax
2003 Special Local Option Sales Tax
2008 Special Local Option Sales Tax

Fiduciary Funds - Fiduciary funds reporting focuses on net assets. The County's fiduciary funds are agency funds. These agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Constitutional officers use these funds to temporarily hold assets.

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

Note 1- Summary of Significant Accounting Policies (Continued)

Revenues- Non-exchange Transactions - Non-exchange transactions in which the County receives value without directly giving equal value in return, include sales tax, property taxes ,grants, and donations. On an accrual basis, revenue from sales tax is recognized in the period in which the taxable sales takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 4-C) Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue form non-exchange transaction also must be available (i.e., collected within 60 days) before it can be recognized.

1-E. Assets, Liabilities and Fund Equity

1-E-1 Cash, Cash Equivalents and Investments

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

Investments are stated at fair value based on quoted market prices.

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

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

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

Note 1- Summary of Significant Accounting Policies (Continued)

1-E-2 Receivables

All trade and property tax receivables are reported net of an allowance for uncollectible.

1-E-3 Interfund Balances

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

1-E-4 Consumable Inventories

On the government-wide financial statements, inventories are presented at the lower of cost of market on a first-in, first-out basis and are expensed when used (i.e., the consumption method).

On the fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as expenditure in the governmental fund types when consumed. Inventories of the proprietary funds are expensed when consumed.

1-E-5 Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2011, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reserved as this amount is not available for general appropriation.

1-E-6 Capital Assets

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

Note 1- Summary of Significant Accounting Policies (Continued)

1-E-6 Capital Assets (Continued)

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

Charlton County is a Phase III Government in regards to the implementation of GASB 34. Therefore, the infrastructure included in these financial statements includes the infrastructure added since the implementation of GASB-34. Infrastructure prior to the implementation of GASB-34 is not included.

All reported capital assets are depreciated except for land, right-of-ways and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Improvements other than buildings	10-60 years	10-60 years
Buildings	40-60 years	40-60 years
Machinery and equipment	3-10 years	3-10 years
Infrastructure	40 years	40 years

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the new present value of future minimum lease payments.

Note 1- Summary of Significant Accounting Policies (Continued)

1-E-7 Compensated Absences

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

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the County's past experience of making termination payments.

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

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

1-E-8 Accrued Liabilities and Long-term Obligations

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

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

1-E-8 Fund Equity

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

Note 1- Summary of Significant Accounting Policies (Continued)

1-E-8 Fund Equity (Continued)

Fund Balance- Generally, fund balance represents the difference between the current assets and current liabilities. The County reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Designations are management's intent to set aside these resources for specific services.

Net Assets- Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors,

grantors or laws or regulations of other governments. All other net assets are reported as unrestricted.

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

1-E-10 Interfund Activity

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

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

1-E-11 Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County and that are either unusual in nature or infrequent in occurrence.

Note 1- Summary of Significant Accounting Policies (Continued)

1-F-12 Estimates

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

Note 2- Stewardship, Compliance and Accountability

2-A. Budgetary Information - Primary Governments

The County adopts an annual operating budget for the General Fund and each Special Revenue Fund. A project budget is adopted for each Capital Projects Fund. The budget resolution reflects the total of each department's appropriation in each fund.

The general fund budget is adopted on a basis consistent with GAAP except that the occurrence of capital lease obligations and the related capital lease expenditures are not budgeted. Budgets for the Special Revenue Funds are adopted on a basis consistent with GAAP. Budgets for Capital Projects funds are adopted one basis consistent with GAAP except the budget period is a project period rather than an annual period. At year-end, no capital project period exceeded the annual.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. Any change in total to a fund or departmental appropriation within a fund requires approval of the Board of Commissioners.

Either the County Chairman or County Administrator may approve budget transfers within departments, except those related to personnel or capital expenditures. The Board of Commissioners must approve transfers of personnel or capital appropriations. During the year, the Board of Commissioners approved budget revisions.

All unexpended annual appropriations lapse at year-end.

2-B. Component Unit

An annual budget is adopted by the entity for the general fund as required by the grant contract. The budget is adopted on a Non-GAAP budgetary basis. The difference between the GAAP and the budgetary basis is that the encumbrances are treated as expenditures and prior year fund balances are shown as current year revenues. The budget can be modified by management at all levels based on the needs of the programs within the limitations of the grant contract specifications and approval by the granting agency.

Note 3 - Detailed Notes on All Funds

3-A. Deposits and Investments

Following is a reconciliation of the County's deposit and investment balances as of December 31, 2011:

The bank balance for the reporting entity totaling $6,215,089 includes $3,368,228 classified as Restricted Assets.

Cash & Investment reconciliation:

	Cash
Fund Reporting Level:	
Governmental Funds - Balance Sheet	$ 6,215,089
Statement of fiduciary Assets and Liabilities	172,719
Total	$ 6,387,808

Any bank deposit in excess of the total of the FDIC insured amount must be secured by an equivalent of 110% of State or U.S. Obligations.

Note 3 - Detailed Notes on All Funds (Continued)

3-B. Receivables

Receivables at December 31, 2011, consisted of taxes, interest, accounts, and intergovernmental receivables arising from grants.

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

Receivables at December 31, 2011, consist of the following:

Primary Government

	Fines	Taxes	Accounts	Due from Other Governments	Net Receivables
General Fund	$ 21,770	$ 1,476,312	$ 7,553	$ 63,062	$ 1,568,697
Other Governmental Funds	-	-	-	194,440	-
Agency Funds	-	-	-	-	-
Total Primary Government	$ 21,770	$ 1,476,312	$ 7,553	$ 257,502	$ 1,568,697
Component Units					
Charlton Co. Health Department	-	-	-	25,698	25,698
Total Component Units	-	-	-	25,698	25,698
Total Reporting Entity	$ 21,770	$ 1,476,312	$ 7,553	$ 283,200	$ 1,594,395

Note 3 - Detailed Notes on All Funds (Continued)

Amounts due from other governments include the following:

Primary Government:	
General Fund	
Georgia Department of Revenue	$ 63,062
Total General Fund	$ 63,062
Capital Project Funds	
Georgia Department of Revenue	$ 194,440
Total Special Revenue	194,440
Total Primary Government	$ 257,502
Component Unit:	
General Fund	
Department of Human Resources	$ 25,698
Local Funds	-
Total Component Unit	$ 25,698

3-C. Property Taxes

The Board of Commissioners levies property taxes by or about August 25th of each year. Property taxes attach as an enforceable lien on property as of January 1. Property taxes are billed on or about September 15th of each year and are payable within sixty days. The county bills and collects its own property taxes and also collects property taxes for the Pierce County Board of Education, and the state of Georgia. Collection of the County's taxes, and for the other government agencies, is the responsibility of the Tax Commissioner's Office, which is accounted for as an Agency Fund. County property tax revenue at the fund reporting level are recognized when levied to the extent that they result in current receivables (i.e., collectible in 60 days). For 2011, property taxes were levied on December 10, 2011, and were due on February 10, 2012.

Note 3 - Detailed Notes on All Funds (Continued)

3-D. Capital Assets

Capital asset activity for the year ended December 31, 2011, was as follows:

	Balance 01/01/11	Additions	Deductions	Balance 12/31/2011
Governmental activities:				
Capital asset not being depreciated:				
Land	$ 550,000	$ -	$ -	$ 550,000
Construction in progress	-	-	-	-
Total capital assets not being depreciated	550,000	-	-	550,000
Other capital assets:				
Buildings	4,945,267	1,707,669	-	6,652,936
Machinery and equipment	7,542,105	385,030	455,341	7,471,794
Infrastructure	3,047,302	255,743	-	3,303,045
Total depreciable capital assets	15,534,674	2,348,442	455,341	17,427,775
Accumulated depreciation:				
Buildings	815,101	208,405	-	1,023,506
Machinery and equipment	4,819,076	495,574	455,341	4,859,309
Infrastructure	279,135	81,799	-	360,934
Total accumulated depreciation	5,913,312	785,778	455,341	6,243,749
Governmental activities capital assets, net	$ 9,621,362	$ 1,562,664	$ -	$ 11,184,026

Governmental activities depreciation expense

	2011
General government	$ 21,738
Judicial	76,434
Public safety	217,794
Public works	404,493
Health and welfare	24,118
Culture and recreation	41,201
Total governmental activities depreciation expense	$ 785,778

Note 3 - Detailed Notes on All Funds (Continued)

3-D. Capital Assets (Continued)

	Balance 01/01/11	Additions	Deductions	Balance 12/31/2011
Business type activities:				
Capital asset not being depreciated:				
Land	$ -	$ -	$ -	$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Other capital assets:				
Buildings	-	-	-	-
Machinery and equipment	-	-	-	-
Infrastructure	-	-	-	-
Total other capital assets	-	-	-	-
Accumulated depreciation:				
Buildings	-	-	-	-
Machinery and equipment	-	-	-	-
Infrastructure	-	-	-	-
Total accumulated depreciation	-	-	-	-
Business type activities capital assets, net	$ -	$ -	$ -	$ -

Business type activities depreciation expense

	2011
Business type activities	$ -
Total Business type activities depreciation expense	$ -

Note 3 - Detailed Notes on All Funds (Continued)

Component Unit

Capital asset activity for the year ended June 30, 2011, was as follows:

	Balance 07/01/10	Additions	Reductions	Balance 06/30/11
Primary Government				
Governmental activities:				
Depreciable capital assets:				
Equipment	$ 50,662	$ 7,625	$ -	$ 58,287
Total depreciable capital assets	50,662	7,625	-	58,287
Less accumulated depreciation for:				
Equipment	48,106	1,274	-	49,380
Total accumulated depreciation	48,106	1,274	-	49,380
Total depreciable capital assets, net	$ 2,556	$ 6,351	$ -	$ 8,907

Note 3 - Detailed Notes on All Funds (Continued)

3-E. Interfund Balances and Transfers

Interfund balances at December 31, 2011, consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The County expects to repay all interfund balances within one year.

	Payable from:			
Payable to:	General fund	Major Governmental funds	Fiduciary funds	Total
General fund	$ -	$ -	$ -	$ -
Major governmental funds	-	-	-	-
Fiduciary funds	-	-	-	-
Total	$ -	$ -	$ -	$ -

Interfund transfers for the year ended December 31, 2011, consisted of the following:

Fund Transferred To:	Fund Transferred From:	Amount	Purpose

There were no transfers during the year ended December 31, 2011

Transfers are used to report revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund which it was originally provided once a project is completed.

All County transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer.

Note 3 - Detailed Notes on All Funds (Continued)

3-F. Compensated Absences - Primary Government

Employees earn sick leave after 3 months of service at a rate of 5 days per year. The maximum accumulation is 45 days. Employees are not entitled to any payment for accrued but unused sick leave at termination.

Employees earn annual leave as follows:

Year of Service	Annual Leave
1 year	5 days
3 years	10 days
10 years	15 days

The maximum accumulation is 45 days. There is no requirement that annual leave be taken annually. At termination employees are paid for any accumulated annual leave.

3-F-1 Component Unit

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the County will compensate the employees for the benefits through paid time off or some other means. The County records a liability for accumulated unused vacation time when earned for all employees up to a maximum of 360 hours.

The entire compensated absences liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

3-F-2 Short Term Debt

There was no short term debt issued during the year ended December 31, 2011.

Note 3 - Detailed Notes on All Funds (Continued)

3-G. Long-term Debt

Primary Government Capital Leases--The County has entered into capital leases for various pieces of equipment. These leases meet the criteria of a capital lease since they transfer benefits and risks of ownership to the lessees at the end of the lease term. Capital lease payments are reflected as debt service expenditures at the governmental fund reporting levels. The equipment acquired by the leases is included in governmental activities general capital assets in the amount of $789,820 (cost of $1,620,825 less accumulated depreciation of $831,005). The outstanding balance of the corresponding liabilities is included in governmental activities general long term debt. Future minimum lease payments are as follows:

	Capital Leases		
Year	Principal	Interest	Total
2012	$ 77,814	$ 9,848	$ 87,662
2013	106,945	5,489	112,434
2014	30,470	3,020	33,490
2015	31,444	2,045	33,489
2016	32,452	1,037	33,489
Totals	$ 279,125	$ 21,439	$ 300,564

Changes in Long-term Debt--Changes in the County's long term obligations consisted of the following for the year ended December 31, 2011.

Primary Government:	Outstanding Balance			Outstanding Balance	Amount Due in	Amount Due in more than
Governmental Activities	Jan. 1, 2011	Additions	Deductions	Dec. 31, 2011	One Year	One Year
Capital lease	28,016	-	28,016	-		-
Capital lease	30,725	-	30,725	-		-
Capital lease	95,597	-	56,577	39,020	39,020	-
Capital lease	93,474	-	93,474	-		-
Capital lease	93,203	-	93,203	-		-
Capital lease	4,158	-	4,158	-		-
Capital lease	97,445	-	9,840	87,605	10,185	77,420
Capital lease	24,604	-	24,604	-		-
Capital lease	-	152,500	-	152,500	28,609	123,891
Note Payable	2,000,000	-	2,000,000	-		-
Total Capital Leases	2,467,222	152,500	2,340,597	279,125	77,814	201,311
Compensated absences	12,288	35,420	33,825	13,883	-	13,883

Note 3 - Detailed Notes on All Funds (Continued)

The liability for the compensated absences will be retired by the General Fund.

Capital leases:

On Nov. 1, 2006, the County entered into a lease agreement with Wachovia Bank through ACCG at an interest rate of 5.81% with an original amount of $136,000 with a maturity date of Nov. 1, 2011 for the purchase of equipment. The future minimum lease payments are as follows:

Year Ended	Principal	Interest	Total
Dec. 31, 12	$ -	$ -	$ -
Dec. 31, 13	-	-	-
Dec. 31, 14	-	-	-
Dec. 31, 15	-	-	-
Dec. 31, 16	-	-	-
Totals	$ -	$ -	$ -

On Dec. 8, 2006, the County entered into a lease agreement with Wachovia Bank through ACCG at an interest rate of 5.90% with an original amount of $161,326 with a maturity date of Dec. 8, 2011 for the purchase of equipment. The future minimum lease payments are as follows:

Year Ended	Principal	Interest	Total
Dec. 31, 12	$ -	$ -	$ -
Dec. 31, 13	-	-	-
Dec. 31, 14	-	-	-
Dec. 31, 15	-	-	-
Dec. 31, 16	-	-	-
Totals	$ -	$ -	$ -

Note 3 - Detailed Notes on All Funds (Continued)

On May 1, 2006, the County entered into a lease agreement with Caterpillar Financial at an interest rate of 5.30% with an original amount of $161,314 with a maturity date of May 1, 2012 for the purchase of equipment. The future minimum lease payments are as follows:

Year Ended	Principal	Interest	Total
Dec. 31, 12	$ 39,020	$ 2,068	$ 41,088
Dec. 31, 13	-	-	-
Dec. 31, 14	-	-	-
Dec. 31, 15	-	-	-
Dec. 31, 16	-	-	-
Totals	$ 39,020	$ 2,068	$ 41,088

On May 1, 2006, the County entered into a lease agreement with Caterpillar Financial at an interest rate of 5.30% with an original amount of $127,214 with a maturity date of May 1, 2011 for the purchase of equipment. The future minimum lease payments are as follows:

Year Ended	Principal	Interest	Total
Dec. 31, 12	$ -	$ -	$ -
Dec. 31, 13	-	-	-
Dec. 31, 14	-	-	-
Dec. 31, 15	-	-	-
Dec. 31, 16	-	-	-
Totals	$ -	$ -	$ -

Note 3 - Detailed Notes on All Funds (Continued)

On May 1, 2006, the County entered into a lease agreement with Caterpillar Financial at an interest rate of 5.30% with an original amount of $166,813 with a maturity date of May 1, 2011 for the purchase of equipment. The future minimum lease payments are as follows:

Year Ended	Principal	Interest	Total
Dec. 31, 12	$ -	$ -	$ -
Dec. 31, 13	-	-	-
Dec. 31, 14	-	-	-
Dec. 31, 15	-	-	-
Dec. 31, 16	-	-	-
Totals	$ -	$ -	$ -

On February 22, 2008, the County entered into a lease agreement with Wachovia Financial at an interest rate of 5.50% with an original amount of $46,347 with a maturity date of February 22, 2011 for the purchase of equipment. The future minimum lease payments are as follows:

Year Ended	Principal	Interest	Total
Dec. 31, 12	$ -	$ -	$ -
Dec. 31, 13	-	-	-
Dec. 31, 14	-	-	-
Dec. 31, 15	-	-	-
Dec. 31, 16	-	-	-
Totals	$ -	$ -	$ -

Note 3 - Detailed Notes on All Funds (Continued)

On June 25, 2008, the County entered into a lease agreement with International Decision Systems, Inc. at an interest rate of 3.45% with an original amount of $120,612 with a maturity date of July 25, 2013 for the purchase of equipment. The future minimum lease payments are as follows:

Year Ended	Principal	Interest	Total
Dec. 31, 12	$ 10,185	$ 2,900	$ 13,085
Dec. 31, 13	77,420	1,524	78,944
Dec. 31, 14	-	-	-
Dec. 31, 15	-	-	-
Dec. 31, 16	-	-	-
Totals	$ 87,605	$ 4,424	$ 92,029

On January 1, 2009, the County entered into a lease agreement with Wachovia Financial Services at an interest rate of 1.85% with an original amount of $153,900 with a maturity date of June 20, 2011 for the purchase of equipment. The future minimum lease payments are as follows:

Year Ended	Principal	Interest	Total
Dec. 31, 12	$ -	$ -	$ -
Dec. 31, 13	-	-	-
Dec. 31, 14	-	-	-
Dec. 31, 15	-	-	-
Dec. 31, 16	-	-	-
Totals	$ -	$ -	$ -

Note 3 - Detailed Notes on All Funds (Continued)

Note 3 - Detailed Notes on All Funds (Continued)

On August 9, 2011, the County entered into a lease agreement with Caterpillar Financial at an interest rate of 3.20% with an original amount of $152,500 with a maturity date of August 9, 2017 for the purchase of equipment. The future minimum lease payments are as follows:

Year Ended	Principal	Interest	Total
Aug. 09, 12	$ 28,609	$ 4,880	$ 33,489
Aug. 09, 13	29,524	3,965	33,489
Aug. 09, 14	30,469	3,020	33,489
Aug. 09, 15	31,444	2,045	33,489
Aug. 09, 16	32,454	1,038	33,492
Totals	$ 152,500	$ 14,948	$ 167,448

On June 1, 2009, the County entered into a Note with Southeastern bank at an interest rate of 4.5% with an original amount of $2,000,000 with a maturity date of January10, 2013. The is secured with the future revenue of the county and is due as follows per the agreement between the County and the Bank. The note is a tax anticipation note. The purpose of the tax anticipation note is to pay current expenditures until the tax revenue is received.

Year Ended	Principal	Interest	Total
Dec. 31, 12	$ -	$ -	$ -
Dec. 31, 13	-	-	-
Dec. 31, 14	-	-	-
Dec. 31, 15	-	-	-
Dec. 31, 16	-	-	-
Totals	$ -	$ -	$ -

Note 4 - Pension Plan - Primary Government

The County sponsors thru the Association of County Commissioners of Georgia (ACCG) Restated Pensiion Plan for Charlton County Employees (The Plan), which is a defined benefit pension plan.

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Plan, through execution of the adoption agreement, is affiliated with the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan, administered by GEBCorp. The ACCG, in its role as plan Sponsor, has the sole authority to amend the provisions of the ACCG Plan, as provided in Section 19:03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of The Plan, as provided by Section 19.02 of the ACCG Plan document. The plan issues a stand alone financial report. A copy of the report can be obtained at the Charlton County Commisioners Office.

Funding Policy: The County is required to contribute an actuarially determined amount annually to the Plan's trust. The contribution amount is determined using actuarial methods and assumptions approved by the ACCG Plan trustees and must satisfy the minimum contribution requirement contained in the State of Georgia statutes. Contributions are not required by active plan members.

A. Financial Statement for the Year Ended December 31, 2011:

1. Statement of Net Plan Assets:

Market value of Assets	$ 2,237,411
Receivables:	
Employer Contributions	256,226
Employee Contributions	-
Due From Insurance Pool	-
Total Plan Assets	2,493,637
Liabilities:	
Administrative Expenses	12,582
Accrued Investment Fee	58
Payable to Insurance Pool	-
Total Liabilities	12,640
Net Assets Held in Trust for Pension Benefits	$ 2,480,997

Note 4 - Pension Plan - Primary Government (continued)

2. Statement of Changes in Net Plan Assets For The Year Ended December 31, 2011

Additions:

Assets Transfer	$ -
Employer Contributions	256,226
Employee Contributions	-
Net Investment Income	21,888
Employee Contributions Buy Back	-
Total Additions	278,114

Deductions:

Administrative Expenses	12,582
Benefit Payments	129,726
Post-Retirement Death Benefit Expense	15,439
Pre-Retirement Death Benefit Expense	20,469
Transfer to Successor Plans	-
Refund of Employee Contributions	-
Total Deductions	178,216
Net Increase in Plan Assets	$ 99,898

Net Assets Held in Trust for Pension Benefits:

Beginning of Year	$ 2,381,099
End of Year	$ 2,480,997

Note 4 - Pension Plan - Primary Government (continued)

B. Summary of Significant Accounting Policies

The plan's financial statements are prepared on accrual basis, modified to include unrealized gains or losses on marketable securities owned by the Plan and incremental changes in the cash value of pre-retirement life insurance policies owned by the trust.

Plan member contributions are recognized in the period in which the contributions are due. County contributions are recognized when due and the County has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable.

Investments in securities are valued at current market prices. The trust fund is invested, approximately, in 60% equities and 40% fixed income securities on a cost basis.

C. Contributions:

The County is required to contribute at an actuarially determined rate. Section 47-20 of the Georgia Code sets forth the minimum funding standards for state and local governmental pension plans. Administrative expenses are based on total covered compensation of active plan participants and are added to the state required annual finding requirements.

The Georgia Constitution enables the governing authority of the County, the Board of Commissioners, to establish, and amend from time-to-time the contribution rates for the County and its plan participants.

The County contributes to the Association County Commissioners of Georgia ("ACCG") Defined Benefit Plan, and agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for the participating counties in Georgia.

The specific benefit provisions of the County's plan were established by an adoption agreement executed by the County Board of Commissioners. The Plan provides for benefits upon retirement, death, disablement, and termination of employment, if eligibility conditions are met. An outline of plan provisions was attached at the end of this year's valuation report.

Note 4 - Pension Plan - Primary Government (continued)

The annual County contribution to the Plan is determined using the actuarial basis described in the annual valuation report. The annual County contribution meets or exceeds the minimum funding requirements of Georgia Statute 47-20.

The information required to comply with GASB 50 is included in this report.

Participant counts as of January 1, 2011 (the most recent actuarial valuation date) and covered compensation (based on covered earnings for the preceding year) are shown below:

Retirees, Beneficiaries and Disables receiving benefits	24
Terminated plan participants entitled to but not yet receiving benefits	26
Active employees participating in the Plan	65
Total number of Plan Participants	115
Covered compensation for active participants	$ 1,924,065

Actuarial Present Value of Accumulated Plan Benefits as of December 31, 2011:

a. Vested:	
Retirees (and others in pay status)	$ 1,151,720
Deferred Vested (former employees)	277,552
Vested Active Participants	1,437,472
Total	2,866,744
b. Nonvested	83,418
Total	$ 2,950,162
Effect of Future Salary Increases	$ 595,079
Total Actuarial Accrued Liability	$ 3,545,241
Net Assets Available for Benefits (including receivables)	$ 2,480,997

Note 4 - Pension Plan - Primary Government (continued)

Net Assets in Excess of Actuarial Present Value of Accumulated Plan Benefits	$ (469,165)
Principal Actuarial Assumptions:	
Investment Return	7.75%
Rate of Future Salary Increases	5.0%-7.5% based on age
(not applicable to Accumulated Plan Benefits calculations)	

Schedule of Employer Contributions

Year Ended Dec. 31	Annual OPEB Cost	Percentage of annual OPEB Contributed	Net OPEB Obligation
2001	43,980	100%	-
2002	66,660	100%	-
2003	98,800	100%	-
2004	125,876	100%	-
2005	136,607	110.5%	(14,344)
2006	144,348	108.6%	(12,414)
2007	168,141	106.1%	(10,527)
2008	187,024	104.0%	(7,480)
2009	218,249	85.8%	31,094
2010	234,479	80.9%	44,821
2011	$ 248,517	103.1%	$ 37,266

Developmment of Minimum Annual Contribution:

Participant Counts	2011	2010
Active	65	65
Retirees and Beneficiaries	26	21
Deferred Vested (former employees)	24	24
Disables in Pay Status	0	0
Total	115	110

Note 4 - Pension Plan - Primary Government (continued)

Fiscal Year Ending	Actuarial Value of Assets (a)		Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded (AAL) (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll c	UAAL as a Percent of Covered Payroll [(b-a)/c]
Dec. 31, 11	$2,599,636	*	$ 3,545,241	$ 945,605	73.3%	$ 1,924,065	49.1%
Dec. 31, 10	2,411,515	*	3,286,472	874,957	73.4%	1,952,873	44.8%
Dec. 31, 09	2,260,756	*	3,032,314	771,558	74.6%	1,886,614	40.9%
Dec. 31, 08	2,082,220	*	2,752,985	670,765	75.6%	1,730,688	38.8%
Dec. 31, 07	2,037,879		2,527,350	489,471	80.6%	1,572,775	31.1%
Dec. 31, 06	1,827,249		2,272,180	444,931	80.4%	1,243,125	35.8%
Dec. 31, 05	1,642,885		2,186,675	543,790	75.1%	1,215,075	44.8%
Dec. 31, 04	1,512,124		1,916,659	404,435	78.9%	1,121,990	36.1%
Dec. 31, 03	1,378,497		1,666,391	287,894	82.7%	1,020,688	28.2%
Dec. 31, 02	1,191,947		1,425,038	233,091	83.6%	959,841	24.3%
Dec. 31, 01	$1,263,735		$ 1,357,398	$ 93,663	93.1%	$ 804,791	11.6%

Analysis of the dollar amounts of actuarial value of assets available for benefits, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of funded status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater the percentage, the stronger the Plan.

Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis so the Plan's progress in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

* Reflects change to asset smoothing adopted by the ACCG Pension Plan and Trust Board of Trustees.

Note 4 - Pension Plan - Primary Government (continued)

The information presented in the required supplementary schedules was determined as part of the actuarial valuation as of January 1, 2010. The following summarizes the actuarial methods and assumptions used in that valuation:

Valuation Date:	January 1, 2011
Actuarial Cost Method:	Projected Unit Credit
Asset Valuation Method:	Market Value
Amortization Method:	Level Percent of Pay (Closed)
Remaining Amortization Period*:	10
Actuarial Assumptions:	
Assumed Rate of Return on Assets	7.75%
Expected Future Salary Increases	5.0%-7.5% (Based on Age)
Expected inflation:	3.00%

* Represents the estimated amortization period for all unfunded liabilities combined into one amortization base.

4-A Pension Plan Component Unit

(A) Plan Description

The Charlton County Board of Health is a member of the State of Georgia Employee's Retirement System, which is cost-sharing multiple-employer Public Employee Retirement System (PERS).

All full-time state merit employees are eligible and must participate in the State PERS. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. A member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 65. A member may retire early and elect to receive reduced retirement benefits after completion of 10 years of creditable service and attainment of age 60, or after completion of 30 years of creditable service regardless of age. (Certain employees can retire having completed 34 or more years of service, regardless of age, and receive the same benefits as if they retired at age 65.) Benefits under the PERS are based on salary, years of service, age and various plan options.

Plan provisions include deferred allowances whereby an employee may terminate his or her employment after accumulating 10 years of service but before reaching age 60. If the employee does not withdraw his or her accumulated contributions, the employee is entitled to all pension benefits as described above upon reaching age 60.

The plan provides employees who have at least 13 years and 4 months of creditable service with certain disability and death benefits.

(B) Contributions Required and Made

Employees are required to pay either 1.25% of gross earnings, for those employees eligible to and who have elected to be treated under an old plan, or .25% of gross earnings for all others, to the plan. The Charlton County Board of Health makes annual contributions to the pension plan equal to the amount required as set by the Board of Trustees of the PERS as determined by the system's actuary. Employer contributions amounted to 5.66% and 10.41% of covered compensation for the rest of the fiscal year for participants in the old and new plan respectively for the year ended June 30, 2011. Employer contributions made for the year ended June 30, 2011 totaled $35,412.

(C) Administration and Funding

A Board of Trustees is responsible for administration of the PERS.

All contributions are paid into the Employee's Retirement Fund for the exclusive benefit of members of the System and their beneficiaries. All benefits are paid out of this fund.

The ability of the fund to meet future obligations is examined each year by an independent actuarial firm which specializes in pension and retirement plans. Based on this examination a yearly evaluation of the System is furnished to the Board of Trustees. Every five years an actuarial experience study is performed. In addition, the PERS has an annual examination by an Independent accounting firm in accordance with generally accepted auditing standards.

Pertinent actuarial and historical information is presented in the State of Georgia Employee's Retirement System Annual Financial Report.

Note 4 - Pension Plan - Primary Government (continued)

Annual OPEB Cost and Net DPEB Obligation. The county's annual postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The County has elected to calculate the ARC and related information using the alternative measurement method permitted by **GASB Statement** 45 for employers in plans with fewer than one hundrd total plan menbers. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over the period not to exceed thirty years.

The following table shows the components of the county's annual OPEB cost for the year, the amount actually contributed to the plan, and the county's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	$ 206,038
Interest on net OPEB obligation	3,887
Adjustment of annual required contribution	(6,546)
Annual OPEB cost (expense)	203,379
Contributions made	(189,568)
Increase in net OPEB obligation	13,811
Neb OPEB obligation---beginning of year-	31,010
Net OPEB obligation----end of year	$ 44,821

Note 5 - Other Notes (Continued)

5-A. Risk Management - Primary Government

The County is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The County has joined the ACCG Interlocal Risk Management Agency (IRMA). The membership allows the County to share liability, crime, motor vehicle and property damage risks. The County is also a part of the ACCG Workers' Compensation Self Insurance Fund.

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 pool's agents and attorneys. To follow loss reduction procedures established by the funds. 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 pool's agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim against the County within the scope of loss protection furnished by the funds.

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

Settled claims in the past three years have not exceeded the coverage's.

5-A-1 Component Unit

Significant losses are covered by commercial insurance for all major risks. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current or any previous year.

5-B. Subsequent Events

No subsequent events came to my attention that are expected to have a material effect on the County's financial statements.

Note 5 - Other Notes (Continued)

5-C. Contingent Liabilities - Primary Government

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement of the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the County believes such disallowances, if any, will be immaterial.

The County is not a defendant in any lawsuits at December 31, 2011. In the opinion of County management, the outcome of these contingencies will not have a material effect on the financial position of the County.

5-C-1 Component Unit

The Health Department participates in federal and state assisted programs subject to problem compliance audits by the grantors or their representatives. It is the Health Department's opinion that no material unrecorded liabilities will arise from audits previously performed or to be performed. Regardless, receipt of these federal and state grant revenues is not assured into the future.

5-D. Joint Ventures

Under Georgia law, the County, in conjunction with other cities and counties in South Georgia , is a member of the Southern Georgia Commission and is required to pay annual dues thereto. During its year ended December 31, 2011, the county paid $14,154 in such dues. Membership in an Southern RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the Southern RC in Georgia, The Southern RC 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 Southern RC. Separate financial statements may be obtained from:

Southern Regional Commission
3395 Harris Road
Waycross, Georgia 31503

5-D-1 Closure and Post Closure Cost

The County entered into an agreement with Chesser Island Road Landfill, Inc., to provide landfill access to the County. Chesser Island Road Landfill, Inc. has assumed all responsibility for closure and post closure expense for the county landfill. Therefore, no liability will be borne by the County and no expense is accrued in the financial statements.

Note 5 - Other Notes (Continued)

5-D-2 Unemployment Claims

The County has elected to provide for unemployment compensation claims on a "self-insured" basis. As such, any claims are processed by the Georgia Department of Labor Employment Security Agency and reimbursement is requested from the County. Based on past experience the claims made against the County have been of an insignificant amount per year. Therefore, no reserve has been set up at December 31, 2011.

Note 7 - Expenditures Over Appropriations

There is no fund that had expenditures over appropriations:

Fund	Actual Expenditures	Final Appropriations	Expenditures Over Appropriations

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

GENERAL FUND

A MAJOR FUND

The General Fund is the principal fund of the County and is used to account for all activities except those required to be accounted for in another fund.

Charlton County, Georgia
Budgetary Comparison Schedule--General Fund
For the Year Ended December 31, 2011

Description:	Budgeted Amounts Original Budget	Budgeted Amounts Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
Revenues:				
General Taxes:				
Property Taxes	$ 5,862,180	$ 5,862,180	$ 8,971,540	$ 3,109,360
Other Taxes	1,060,671	1,060,671	1,002,968	(57,703)
Licenses, Fees and Permits	85,000	85,000	69,462	(15,538)
Charges for Services	1,582,800	1,582,800	1,582,248	(552)
Fines and Forfeitures	440,000	440,000	242,889	(197,111)
Interest	200,000	200,000	348,294	148,294
Intergovernmental	248,150	248,150	646,083	397,933
Other Revenue	31,902	31,902	552,826	520,924
Total Revenue	9,510,703	9,510,703	13,416,310	3,905,607
EXPENDITURES:				
County Commissioner's Office				
Current:				
General government	1,434,188	1,434,188	1,432,411	1,777
Judicial	894,795	894,795	883,390	11,405
Public safety	2,897,338	2,897,338	2,841,520	55,818
Public works	2,491,395	2,491,395	2,473,113	18,282
Health and welfare	1,217,276	1,217,276	1,215,929	1,347
Culture and recreation	456,558	456,558	456,144	414
Contingency	-	-	-	-
Debt Service:				
Principal retirement	199,153	199,153	2,316,493	(2,117,340)
Interest	70,000	70,000	69,841	159
Total Expenditures	9,660,703	9,660,703	11,688,841	(2,028,138)
Excess Revenues Over (Under) Expenditures	(150,000)	(150,000)	1,727,469	1,877,469
Other Financing Sources (Uses)				
Transfers In:	-	-	-	-
Transfers (Out):	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Inception of notes	-	-	-	-
Inceptions of leases:	150,000	150,000	152,500	2,500
Total Other Financing Sources (Uses)	150,000	150,000	152,500	2,500
Net Change in Fund Balance	$ -	$ -	1,879,969	$ 1,879,969
Fund Balance Beginning of Year			2,487,206	
Fund Balance End of Year			4,367,175	

Charlton County, Georgia
Notes to the Budgetary Comparison Schecule
For the Year Ended December 31, 2011

1 Stewardship, Compliance and Accountability:

A. Budgets and Budgetary Accounting:

The annual budget is the financial plan for the operation of Charlton County, Georgia for the ensuing year. The budget process provides for 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 Government. The Government is required to adopt an annual budget no later than sixty (60) days prior to the beginning of each fiscal year. The County Manager, with the assistance of the County Clerk and Department Heads, is required to prepare and submit a budget to the County Commission for review, public hearings and adoption. The Commission may approve, reject, or modify the proposed budget and shall adopt the final budget by ordinance no later than December 31. Upon recommendation of the County Manager and approval of the Chairman and Commission. The Government may make interfund or interdepartmental transfers in the current operating budgets at any regular or special meeting called for such purpose, provided funds are available. The budget is prepared and adopted on a basis consistent with generally accepted accounting principles.

Annual Budgets are adopted for the following funds:

Governmental Funds:

General Fund

Special Revenue Funds:

Recreation Department

Capital Project funds:

Jail SPLOST
2003 SPLOST Fund
2008 SPLOST Fund

Budgetary amounts are formally integrated into the fund general ledgers.

The legal level of budgetary control is the governmental function level within the individual funds. Increases in the total appropriations of a function, whether accomplished through an increase in estimated revenues or through a transfer of appropriations among functions, require the recommendation of the County Manager and approval of the County Commission. The County Manager may authorize transfers of appropriations between line items with any function without Commission approval. Appropriations lapse at year end. Final budget amounts are included on all budget comparisons in this report.

Charlton County, Georgia
Notes to the Budgetary Comparison Schecule
For the Year Ended December 31, 2011

1 Stewardship, Compliance and Accountability:

B. Excess of Expenditures over Appropriations:

Expenditures in excess of appropriations for the year ended December 31, 2011.

General Fund:

	Final Budget	Actual Amounts on Budgetary Basis	Variance with Final Budget
Debt Service	$ 269,153	$ 2,386,334	$ 2,117,181

CAPITAL PROJECT FUNDS

A MAJOR FUND

The Capital Project Fund is to account for all activities associated with the County's Capital Projects.

The Major Capital Project Funds are as Follows:

Jail Special Local Option Sales Tax
2003 Special Local Option Sales Tax
2008 Special Local Option Sales Tax

Charlton County, Georgia
Budgetary Comparison Schedule--Jail SPLOST Fund
For the Year Ended December 31, 2011

Description:	Budgeted Amounts Original Budget	Budgeted Amounts Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
Revenues:				
Sales taxes	$ -	$ -	$ -	$ -
Interest	8,000	8,000	8,412	412
Total Revenue	8,000	8,000	8,412	412
EXPENDITURES:				
County Commissioner's Office				
Current:				
General government	-	-	-	-
Judicial	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital Expenditures:				
General government	-	-	-	-
Judicial	-	-	-	-
Public safety	78,500	78,500	77,753	747
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Debt Service:				-
Principal retirement	-	-	-	-
Interest	-	-	-	-
	-			
Total Expenditures	78,500	78,500	77,753	747
Excess Revenues Over (Under) Expenditures	(70,500)	(70,500)	(69,341)	1,159
Other Financing Sources				
Contingency	70,500	70,500	-	(70,500)
Transfers In:	-	-	-	-
Transfers (Out):	-	-	-	-
Inceptions of Notes:	-	-	-	-
Total Other Financing Sources (Uses)	70,500	70,500	-	(70,500)
Net Change in Fund Balance	$ -	$ -	(69,341)	$ (69,341)
Fund Balance Beginning of Year			745,992	
Fund Balance End of Year			$ 676,651	

Charlton County, Georgia
Budgetary Comparison Schedule--2003 SPLOST Fund
For the Year Ended December 31, 2011

Description:	Budgeted Amounts Original Budget	Budgeted Amounts Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
Revenues:				
Sales taxes	$ -	$ -	$ -	$ -
Interest	1,500	1,500	1,814	314
Total Revenue	1,500	1,500	1,814	314
EXPENDITURES:				
County Commissioner's Office				
Current:				
General government	-	-	-	-
Judicial	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital Expenditures:				
General government	-	-	-	-
Judicial	1,100,000	1,100,000	1,062,499	37,501
Public safety	-	-	-	-
Public works	115,000	115,000	114,215	785
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Debt Service:				-
Principal retirement	-	-	-	-
Interest	-	-	-	-
	-			
Total Expenditures	1,215,000	1,215,000	1,176,714	38,286
Excess Revenues Over (Under) Expenditures	(1,213,500)	(1,213,500)	(1,174,900)	38,600
Other Financing Sources				
Contingency	1,213,500	1,213,500	-	(1,213,500)
Transfers In:	-	-	-	-
Transfers (Out):	-	-	-	-
Inceptions of Notes:	-	-	-	-
Total Other Financing Sources (Uses)	1,213,500	1,213,500	-	(1,213,500)
Net Change in Fund Balance	$ -	$ -	(1,174,900)	$ (1,174,900)
Fund Balance Beginning of Year			1,387,689	
Fund Balance End of Year			$ 212,789	

Charlton County, Georgia
Budgetary Comparison Schedule--2008 SPLOST Fund
For the Year Ended December 31, 2011

Description:	Budgeted Amounts Original Budget	Budgeted Amounts Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
Revenues:				
Intergovernmental	$ 1,000,000	$ 1,000,000	$ 953,129	$ (46,871)
Total Revenue	1,000,000	1,000,000	953,129	(46,871)
EXPENDITURES:				
County Commissioner's Office				
Current:				
General government	-	-	-	-
Judicial	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital Expenditures:				
General government	-	-	-	-
Judicial	575,000	575,000	567,417	7,583
Public works	210,000	210,000	24,912	185,088
Culture and recreation	15,500	15,500	14,479	1,021
Debt Service:				-
Principal retirement	24,604	24,604	24,604	-
Interest	386	386	386	-
	-			
Total Expenditures	825,490	825,490	631,798	193,692
Excess Revenues Over (Under) Expenditures	174,510	174,510	321,331	146,821
Other Financing Sources (Uses)				
Contingency	(174,510)	(174,510)	-	174,510
Transfers In:	-	-	-	-
Transfers (Out):	-	-	-	-
Inceptions of Notes:	-	-	-	-
Total Other Financing Sources (Uses)	(174,510)	(174,510)	-	174,510
Net Change in Fund Balance	$ -	$ -	321,331	$ 321,331
Fund Balance Beginning of Year			1,981,611	
Fund Balance End of Year			$ 2,302,942	

NON-MAJOR SPECIAL REVENUE FUNDS

Account for the proceeds of specific revenue sources (other than those from expendable trusts or for major capital projects) that are restricted legally to expenditures for specified purposes.

The County's Non-major Special Revenue Funds are as follows:

Recreation Department

NON-MAJOR SPECIAL REVENUE FUNDS

Recreation Department: To account for revenue and expenditures of organized sports events conducted by the recreation department.

Charlton County, Georgia
Recreation Department
Balance Sheet
December 31, 2011

Assets:		
Cash	$	3,494
Grant receivable		-
Total Assets	$	3,494
Liabilities and Fund Balance:		
Liabilities		
Deferred grant revenue	$	-
Total Liabilities		-
Fund Balance		
Unreserved, reported in nonmajor		
Special Revenue Funds		3,494
Total Fund Balances		3,494
Total Liabilities and Fund Balances	$	3,494

Charlton County, Georgia
Recreation Department
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
Revenues:				
Charges for services	$ 40,000	$ 40,000	$ 38,045	$ (1,955)
Interest	-	-	-	-
Total Revenues	40,000	40,000	38,045	(1,955)
Expenditures:				
Current:				
Administration	-	-	-	-
Recreation	40,000	40,000	38,370	1,630
Total Expenditures	40,000	40,000	38,370	1,630
Excess (deficiency) of Revenues over (under) Expenditures	-	-	(325)	(325)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other F incncing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	(325)	(325)
Fund Balance Beginning	3	3	3,819	-
Fund Balance Ending	$ 3	$ 3	$ 3,494	$ (325)

FIDUCIARY FUNDS

The Fiduciary Funds are used to account for ASSETS held by the County in a fiduciary capacity.

The County's Fiduciary-Agency Funds are as follows:

Tax Commissioner
Sheriff
Clerk of Court
Magistrate Court
Probate Court

Charlton County, Georgia
Combining Schedule of Fiduciary Assets and Liabilities
All Agency Funds
December 31, 2011

	Tax Commissioner	Sheriff	Clerk of Court	Magistrate Court	Probate Court	Totals
Assets:						
Cash	$ -	$ 10,098	$ 162,579	$ -	$ 42	$ 172,719
Taxes receivable	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total Assets	$ -	$ 10,098	$ 162,579	$ -	$ 42	$ 172,719
Liabilities:						
Due to other funds	$ -	$ -	$ -	$ -	$ -	$ -
Due to other governments and individuals	-	10,098	162,579	-	42	172,719
Total Liabilities	$ -	$ 10,098	$ 162,579	$ -	$ 42	$ 172,719

Charlton County, Georgia
Combining Schedule of Fiduciary Assets and Liabilities
All Agency Funds
December 31, 2011

	Tax Commissioner	Sheriff	Clerk of Court	Magistrate Court	Probate Court	Totals
Assets:						
Cash	$ -	$ 10,098	$ 162,579	$ -	$ 42	$ 172,719
Taxes receivable						-
Accounts receivable	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total Assets	$ -	$ 10,098	$ 162,579	$ -	$ 42	$ 172,719
Liabilities:						
Due to other funds	$ -	$ -	$ -	$ -	$ -	$ -
Due to other governments and individuals	-	10,098	162,579	-	42	172,719
Total Liabilities	$ -	$ 10,098	$ 162,579	$ -	$ 42	$ 172,719

Charlton County, Georgia
Combining Schedule of Changes in Assets and Liabilities
Agency Funds
December 31, 2011

Tax Commissioner	Balance Jan. 1,2011	Additions	Deductions	Balance Dec. 31, 2011
Assets:				
Cash	$ -	$ 17,514,336	$ 17,514,336	$ -
Taxes Receivable	-	-	-	-
Accounts Receivable	-	-	-	-
Total Assets	$ -	$ 17,514,336	$ 17,514,336	$ -
Liabilities:				
Due to Other Funds	$ -	$ 9,177,183	$ 9,177,183	$ -
Due to Other Governments and Individuals	-	8,337,153	8,337,153	-
Total Liabilities	$ -	$ 17,514,336	$ 17,514,336	$ -

Sheriff	Balance Jan. 1,2011	Additions	Deductions	Balance Dec. 31, 2011
Assets:				
Cash	$ 15,076	$ 90,715	$ 95,693	$ 10,098
Total Assets	$ 15,076	$ 90,715	$ 95,693	$ 10,098
Liabilities:				
Due to Other Funds	$ -	$ 65,998	$ 65,998	$ -
Due to Other Governments and Individuals	15,076	24,717	29,695	10,098
Total Liabilities	$ 15,076	$ 90,715	$ 95,693	$ 10,098

Charlton County, Georgia
Combining Schedule of Changes in Assets and Liabilities
Agency Funds
December 31, 2011

Clerk of Court	Balance Jan. 1,2011	Additions	Deductions	Balance Dec. 31, 2011
Assets:				
Cash	$ 150,816	$ 625,060	$ 613,297	$ 162,579
Total Assets	$ 150,816	$ 625,060	$ 613,297	$ 162,579
Liabilities:				
Due to Other Funds	$ -	$ 209,075	$ 209,075	$ -
Due to Other Governments and Individuals	150,816	415,985	404,222	162,579
Total Liabilities	$ 150,816	$ 625,060	$ 613,297	$ 162,579

Magistrate Court	Balance Jan. 1,2011	Additions	Deductions	Balance Dec. 31, 2011
Assets:				
Cash	$ 6,750	$ 93,328	$ 100,078	$ -
Due from Other Funds	-	-	-	-
Total Assets	$ 6,750	$ 93,328	$ 100,078	$ -
Liabilities:				
Due to Other Funds	$ -	$ 15,438	$ 15,438	$ -
Due to Other Governments and Individuals	6,750	77,890	84,640	-
Total Liabilities	$ 6,750	$ 93,328	$ 100,078	$ -

Charlton County, Georgia
Combining Schedule of Changes in Assets and Liabilities
Agency Funds
December 31, 2011

Probate Court	Balance Jan. 1,2011	Additions	Deductions	Balance Dec. 31, 2011
Assets:				
Cash	$ 42	$ 86,028	$ 86,028	$ 42
Total Assets	$ 42	$ 86,028	$ 86,028	$ 42
Liabilities:				
Due to Other Funds	$ -	$ 86,028	$ 86,028	$ -
Due to Other Governments and Individuals	42	-	-	- 42
Total Liabilities	$ 42	$ 86,028	$ 86,028	$ 42

Total all Agencies	Balance Jan. 1,2011	Additions	Deductions	Balance Dec. 31, 2011
Assets:				
Cash	$ 172,684	$ 18,409,467	$ 18,409,432	$ 172,719
Taxes Receivable	-	-	-	-
Accounts Receivable	-	-	-	-
Total Assets	$ 172,684	$ 18,409,467	$ 18,409,432	$ 172,719
Liabilities:				
Due to Other Funds	$ -	$ 9,553,722	$ 9,553,722	$ -
Due to Other Governments and Individuals	172,684	8,855,745	8,855,710	172,719
Total Liabilities	$ 172,684	$ 18,409,467	$ 18,409,432	$ 172,719

CAPITAL ASSETS

USED IN THE OPERATION

OF GOVERNMENTAL FUNDS

The Capital Assets of the County are presented by source, function and activity, and changes by function and activity.

Charlton County, Georgia
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedule by Source
December 31, 2011

	2011	2010
Governmental Funds Capital Assets		
Land	$ 550,000	$ 550,000
Buildings	6,652,936	4,945,267
Machinery and Equipment	7,471,794	7,542,105
Infrastructure	3,303,045	3,047,302
Construction in Progress	-	-
Total Governmental Funds Capital Assets	$ 17,977,775	$ 16,084,674
Investments in Governmental Funds Capital Assets by Source		
General Fund	10,407,217	10,375,391
Special Revenue Funds	-	-
Capital Projects Funds	7,570,558	5,709,283
Total Governmental Funds Capital Assets	$ 17,977,775	$ 16,084,674

Charlton County, Georgia
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2011

Function and Activity	Land	Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General Government	$ 275,000	$ 953,942	$ 79,796	$ -	$ -	$ 1,308,738
Judicial	-	1,829,959	32,925	-	-	1,862,884
Public Safety	50,000	2,480,164	1,980,302	-	-	4,510,466
Public Works	50,000	25,143	4,977,205	3,303,045	-	8,355,393
Health and Welfare	*25,000*	423,345	34,729	-	-	483,074
Culture and Recreation	150,000	940,383	366,837	-	-	1,457,220
Total Governmental Fund Capital Assets	$ 550,000	$ 6,652,936	$ 7,471,794	$ 3,303,045	$ -	$ 17,977,775

Charlton County, Georgia
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2011

Function and Activity	Governmental Funds Capital Assets Jan. 1, 2011	Additions	Deductions	Governmental Funds Capital Assets Dec. 31, 2011
Land	$ 550,000	$ -	$ -	$ 550,000
Buildings	4,945,267	1,707,669	-	6,652,936
Machinery and equipment	7,542,105	385,030	455,341	7,471,794
Infrastructure	3,047,302	255,743	-	3,303,045
Construction in progress	-	-	-	-
	$ 16,084,674	$ 2,348,442	$ 455,341	$ 17,977,775

STATE COMPLIANCE SECTION

SPECIAL REPORTS

The Special Report is applicable to the Special 1 Percent Sales and Use tax required by the State of Georgia.

Earl A. Lawson CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report on the Schedule of Special Purpose Local Option Sales Tax

To The County Commissioners
Charlton County, Georgia

I have audited the accompanying Schedule of Special Purpose Local Option Sales Tax for the Charlton County, Georgia for the year ended December 31, 2011. This schedule is the responsibility of the Charlton County's management. My responsibility is to express an opinion on the Schedule of Special Purpose Local Option Sales Tax based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the Schedule of Special Purpose Local Option Sales Tax if free of material misstatement. An audit includes examining, on a test basis, evidence suppurating the amounts and disclosures in the Schedule of special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule of special Purpose Local Option Sales Tax. I believe that my audit provides a reasonable basis for my opinion.

The accompanying Schedule of Special Purpose Local Option Sales Tax was prepared for the purpose of complying with the Official Code to Georgia Annotated, 48-8-121 on the modified accrual basis of accounting used for the SPLOST schedule as described in Note 1-D and is not intended to be a complete presentation of Charlton County's revenues and expenditures.

In my opinion, the Schedule of Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project in Charlton County's resolution or ordinance calling for the tax for the year ended December 31, 2011, in conformity with accounting principles generally accepted in the United states of America.

Earl A. Lawson
Certified Public Accountant
July 8, 2012

MEMBER:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
GEORGIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Charlton County, Georgia
Jail Projects Constructed With Special Purpose
Local Option Sales Tax Proceeds
For the Year Ended December 31, 2011

Project	Total Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage of Completion
Jail	2,000,000	1,954,241	77,753	2,031,994	101.60%
TOTAL	$ 2,000,000	$ 1,954,241	$ 77,753	$ 2,031,994	

Note (1): Estimated percentage of completion is based on expenditures by the County to date in relation to total estimated expenditures, which have provided by County management.

Charlton County, Georgia
1998 Projects Constructed With Special Purpose
Local Option Sales Tax Proceeds
For the Year Ended December 31, 2011

Project	Total Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage of Completion
Building Improvements	$ 2,216,580	$ 2,216,580	$ -	$ 2,216,580	100.00%
Roads	1,000,000	1,459,407	-	1,459,407	145.94%
	$ 3,216,580	$ 3,675,987	$ -	$ 3,675,987	

Note (1): Estimated percentage of completion is based on expenditures by the County to date in relation to total estimated expenditures, which have provided by County management.

Charlton County, Georgia
2003 Schedule of Projects Constructed With Special Purpose Local Option Sales Tax Proceeds
For the Year Ended December 31, 2011

Project	Total Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage of Completion
Courthouse Renovations	$ 1,398,000	$ 647,780	$ 1,062,499	$ 1,710,279	122.34%
Better and improvements of equipment and facilities of the Charlton Memorial Hospital, to include possible purchase of supplies and equipment.	361,800	388,800	-	388,800	107.46%
Betterment and improvements of Equipment and Resources of the Fire Departments to include possible purchase of supplies and equipment.	535,000	644,414	-	644,414	120.45%
Betterment and improvement of recreational facilities and equipment to include possible puchase of supplies and equipment.				-	
Charlton County	510,000	689,145	-	689,145	135.13%
City of Homeland	25,000	25,000	-	25,000	100.00%
Paving of roads and street Improvements					
Charlton County	830,000	1,456,784	114,215	1,570,999	189.28%
City of Folkston	145,000	145,000	-	145,000	100.00%
City of Homeland	25,000	25,000	-	25,000	100.00%

Charlton County, Georgia
2003 Schedule of Projects Constructed With Special Purpose Local Option Sales Tax Proceeds
For the Year Ended December 31, 2010

Project	Total Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage of Completion
Improvement and expansion of the Library to include possible purchase of supplies and equipment.	271,000	271,000	-	271,000	100.00%
TOTAL	$ 4,100,800	$ 4,292,923	1,176,714	5,469,637	

Note (1): Estimated percentage of completion is based on expenditures by the County to date in relation to total estimated expenditures, which have provided by County management.

Charlton County, Georgia
2008 Schedule of Projects Constructed With Special Purpose Local Option Sales Tax Proceeds
For the Year Ended December 31, 2011

Project	Total Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage of Completion
Courthouse Complex:					
Renovations and expansion	$ 3,000,000	$ 1,393	$ 567,417	$ 568,810	18.96%
Better and improvements of equipment and facilities of the Charlton Memorial Hospital, to include possible purchase of supplies and equipment.	150,000	158,994	-	158,994	106.00%
Better and improvements to the emergency medical service by the purchase of an ambulance	150,000	150,000	-	150,000	100.00%
Better and improvements to the Sheriff's Department by the purchase of new law enforcement vehicles	300,000	138,593	-	138,593	46.20%
Betterment and improvements of Equipment and Resources of the Fire Departments to include possible purchase of supplies and equipment.	300,000	165,901	-	165,901	55.30%
Betterment and improvements of equipment and resources of the Public Works:					
New Trash Truck	100,000	100,000	-	100,000	100.00%
Road Equipment	300,000	234,241	24,912	259,153	86.38%
Paving of roads and street Improvements, betterments, and paving	2,000,000	-	-	-	0.00%

Charlton County, Georgia
2008 Schedule of Projects Constructed With Special Purpose Local Option Sales Tax Proceeds
For the Year Ended December 31, 2011

Project	Total Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage of Completion
Betterment and improvement of recreational facilities and equipment to include possible puchase of supplies and equipment.	200,000	**2,852**	14,479	17,331	8.67%
Betterment and improvements of equipment, resources roads, and drainage:					
Folkston	200,000	200,000	-	200,000	100.00%
Homeland	100,000	100,000	-	100,000	100.00%
Totals	$ 6,800,000	$ 1,251,974	$ 606,808	$ 1,858,782	

Note (1): Estimated percentage of completion is based on expenditures by the County to date in relation to total estimated expenditures, which have provided by County management.

The expenditures shown in the schedule above differ from those reported on page 78 and page 27 by $24,990 which was debt service on projects already accounted for above. The debt service expenditures is shown on page 78 and page 25 as follows:

Debt Service:	
Principal	$ 24,604
Interest	386
Total as above	$ 24,990

FEDERAL PROGRAMS SECTION

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

To The County Commissioners
Charlton County, Georgia

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Charlton County, Georgia, as of and for the year ended December 31, 2011, which collectively, comprise Charlton County, Georgia's, basic financial statements and have issued my report thereon dated July, 8, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. I did not audit the financial statements of the Charlton County Health Department. Those financial statements were audited by other auditors whose repost thereon has been furnished to me and my opinions insofar as it relates to the amounts included for the Charlton County Health Department, is based on the report of the other auditors.

Internal Control Over Financial Reporting

Management of Charlton County, Georgia, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered Charlton County, Georgia's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Charlton County, Georgia's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Charlton County, Georgia's internal control over financial reporting.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

MEMBER:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
GEORGIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Charlton County's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Management of Charlton County, others within Charlton County, and Federal Awarding Agencies and is not intended to be and should not be used by anyone other than these specified parties.

Earl A. Lawson, CPA
Blackshear, Georgia
July 8, 2012