# CHATTOOGA COUNTY, GEORGIA

## FINANCIAL STATEMENTS

## YEAR ENDED DECEMBER 31, 2011

# CHATTOOGA COUNTY, GEORGIA
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Trion, Georgia

# INDEPENDENT AUDITOR'S REPORT

To the Commissioner
Chattooga County, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Chattooga 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 Chattooga County, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Chattooga County Health Department, which represent 2.1 percent, 2.7 percent, and 5.6 percent, respectively, of the assets, net assets, and revenues of the primary government and component unit. Other auditors whose report thereon has been furnished to us, and in our opinion audited those financial statements, insofar as it relates to the amounts included for Chattooga County Health Department (component unit) is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Chattooga County, Georgia as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended with accounting principles generally accepted in the United States of America.

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**Independent Auditor's Report - Continued**

In accordance with *Government Auditing Standards*, we have also issued a report dated December 1, 2012, on our consideration of internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 11 are not a required part of the basic financial statements but are supplemental information required by the accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Chattooga County, Georgia's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is also not a required part of the basic financial statements of Chattooga County, Georgia. The combining and individual non-major fund financial statements and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Chrysan Thomas
CHRYSAN THOMAS
Certified Public Accountant

Trion, Georgia
December 1, 2012

# CHATTOOGA COUNTY, GEORGIA
# MANAGEMENT'S DISCUSSION AND ANALYSIS
# YEAR ENDED DECEMBER 31, 2011

Our discussion and analysis of Chattooga County, Georgia's financial performance provides an overview of the County's financial activities for the fiscal 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 net assets decreased by $1.6 million as a result of this year's operations. The net assets of our business-type activities increased by $71,000 net while the assets of our governmental activities decreased by $1.687 million.

- During the year, the County had expenses that were $1.6 million more than the $11.7 million generated in tax and other revenues for total governmental programs.

- In the County's business-type activities, revenues decreased to $1.65 million and expenses decreased to $1.57 million. The amount transferred to governmental activities from business-type activities decreased to $13,042.

- Total cost of all of the County's programs was $14.957 million, compared to $14.5 million for 2010, with no new programs added this year.

- The County's governmental activities reported a decrease in net assets this year of $1.687 million.

## Overview of 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 eliminating and/ or reclassifying internal activities.

The first of these government-wide statements is the *Statement of Net Assets*. This statement is the government-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 non-financial factors such as diversification of 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 new 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.

Both government-wide financial statements distinguish governmental activities of the County that are principally supported by taxes and user charges, and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public works, court system, cultural and recreational, sanitation, and health and welfare. Business-type activities include the Chattooga County Water District and the Ambulance Service Fund. The County's fiduciary activities simply hold 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). Component units operate independently or provide services directly to the citizens, though the County remains accountable for their activities. A board of directors that the County has the authority to make all or some of the appointments governs component units. Chattooga County has one component unit, the County Health Department, is reported separately from the primary government though included in the County's overall reporting entity.

**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 three 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 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 balances provide a reconciliation to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the general fund. Budgetary comparison schedules for special revenue funds and the capital project 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.

*Proprietary funds* are reported in the fund financial statements and generally report services for which the County charges customers a fee. There are two kinds of proprietary funds. These are enterprise funds and internal service funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the County organization such as the Chattooga County Water District and the Ambulance Service Fund. Internal service funds provide services and charges fees to customers (i.e., other funds) within the County organization. The County does not have any internal service funds. Proprietary fund statements and statements for discretely presented component units (reporting is similar to proprietary funds) provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statement but with more detail for major enterprise funds and individual component units. Individual fund information for non-major enterprise funds is found in combining and individual fund statements in a later section of this report.

*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.

**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.

**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.

## Financial Analysis of the County as a Whole

As noted previously, net assets may serve over time as a useful indicator of a government's financial positions. The County's combined net assets (governmental and business-type activities) totaled $18.7 million at December 31, 2011.

The following table provides a summary of the County's governmental and business-type net assets for the years 2011 and 2010.

**Table 1**
**Net Assets**

| | Governmental Activities | | Business Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Current and other assets | $ 3,393,751 | $ 3,873,624 | $ 310,828 | $ 857,161 | $ 3,704,579 | $ 4,730,785 |
| Capital assets - net | 9,025,006 | 10,331,332 | 14,583,779 | 11,845,170 | 23,608,785 | 22,176,502 |
| Total Assets | 12,418,757 | 14,204,956 | 14,894,607 | 12,702,331 | 27,313,364 | 26,907,287 |
| Long-term debt outstanding | 2,173 | 23,548 | 7,919,410 | 5,766,010 | 7,921,583 | 5,789,558 |
| Other liabilities | 309,808 | 387,497 | 333,479 | 365,940 | 643,287 | 753,437 |
| Total liabilities | 311,981 | 411,045 | 8,252,889 | 6,131,950 | 8,564,870 | 6,542,995 |
| Net Assets: | | | | | | |
| Invested in capital assets, net of debt | 9,002,366 | 10,249,706 | 6,119,104 | 5,947,167 | 15,121,470 | 16,196,873 |
| Restricted | - | - | 144,959 | 119,053 | 144,959 | 119,053 |
| Unrestricted | 3,104,410 | 3,544,205 | 377,655 | 504,161 | 3,482,065 | 4,048,366 |
| Total Net Assets | $ 12,106,776 | $ 13,793,911 | $ 6,641,718 | $ 6,570,381 | $ 18,748,494 | $ 20,364,292 |

For the year ended December 31, 2011, the County's net assets decreased from 2010. Our analysis focuses on the net assets (Table 1 above) and changes in net assets (Table 2 below) of the County's governmental and business-type activities.

The major infrastructures (roads, streets, and bridges) that the County owns or is responsible for maintaining has been included in the capital assets and net assets of the County for 2011 and 2010. Capital assets are used to provide services to the County's citizens; therefore, are not available for future spending. Although the County's investment in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current year, the County is able to report positive balances in all categories of net assets for both governmental and business-types activities.

## Changes in Net Assets

Governmental and business-type activities decreased the County's net assets by $1.616 million during 2011.

The following table indicates the changes in net assets for governmental and business-type activities during 2011 and 2010.

Table 2

### Changes in Net Assets

| | Governmental Activities | | Business Activities | | Total Primary | |
|---|---|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| **Revenues** | | | | | | |
| Program revenues | | | | | | |
| Charges for services | $ 2,227,170 | $ 2,018,596 | $ 1,078,257 | $ 1,148,190 | $ 3,305,427 | $ 3,166,786 |
| State, local and federal grants | 304,273 | 378,412 | 378,723 | 1,915,278 | 682,996 | 2,293,690 |
| General revenues | | | | | | |
| Property taxes | 6,687,513 | 6,673,261 | - | - | 6,687,513 | 6,673,261 |
| Sales taxes | 2,470,239 | 2,391,872 | - | - | 2,470,239 | 2,391,872 |
| Other revenues | 160 | 8,067 | 194,491 | 10,357 | 194,651 | 18,424 |
| Total revenues | 11,689,355 | 11,470,208 | 1,651,471 | 3,073,825 | 13,340,826 | 14,544,033 |
| **Program expenses** | | | | | | |
| General government | 1,425,005 | 1,419,778 | - | - | 1,425,005 | 1,419,778 |
| Public safety | 4,789,003 | 4,345,214 | - | - | 4,789,003 | 4,345,214 |
| Public works | 3,438,127 | 3,308,992 | - | - | 3,438,127 | 3,308,992 |
| Court system | 1,327,285 | 1,332,456 | - | - | 1,327,285 | 1,332,456 |
| Cultural & recreational | 556,929 | 509,757 | - | - | 556,929 | 509,757 |
| Sanitation | 1,499,462 | 1,421,678 | - | - | 1,499,462 | 1,421,678 |
| Health and welfare | 353,721 | 341,203 | - | - | 353,721 | 341,203 |
| Water and sewer | - | - | 1,175,646 | 894,233 | 1,175,646 | 894,233 |
| Ambulance services | - | - | 391,446 | 935,841 | 391,446 | 935,841 |
| Total expenses | 13,389,532 | 12,679,078 | 1,567,092 | 1,830,074 | 14,956,624 | 14,509,152 |
| **Excess (deficiency) before transfers and other items** | (1,700,177) | (1,208,870) | 84,379 | 1,243,751 | (1,615,798) | 34,881 |
| Transfers-in (Out) | 13,042 | (264,520) | (13,042) | 264,520 | - | - |
| **Increase (decrease) in net assets** | (1,687,135) | (1,473,390) | 71,337 | 1,508,271 | (1,615,798) | 34,881 |
| **Net assets - beginning** | 13,793,911 | 15,267,301 | 6,570,381 | 5,062,110 | 20,364,292 | 20,329,411 |
| **Net assets - ending** | $ 12,106,776 | $ 13,793,911 | $ 6,641,718 | $ 6,570,381 | $ 18,748,494 | $ 20,364,292 |

## Financial Analysis of the County's Funds

### Governmental Activities

To aid in the understanding of the Government-wide Statement of Activities on pages 13 and 14 some additional explanation is given. Of particular interest is the format that is significantly different from a typical Statement of Revenues, Expenses, and Changes in Fund Balance. Expenses are listed in the first column and revenues from that particular program are reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the County's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. All other governmental revenues are reported as general at the bottom of the statement. It is important to note that all taxes are classified as general revenues even if restricted for a specific purpose.

Table 3 presents the cost of each of the County's departments as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the County's taxpayers by each of these functions.

**Table 3**

**Governmental Activities**

| | 2011 | | 2010 | |
|---|---|---|---|---|
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| General Government | $ 1,425,005 | $ 1,201,455 | $ 1,419,778 | $ 1,200,474 |
| Sheriff and Jail, 911 and Fire | 4,789,003 | 3,219,069 | 4,345,214 | 2,786,230 |
| Public Works | 3,438,127 | 3,275,763 | 3,308,992 | 3,148,957 |
| Court System | 1,327,285 | 1,327,285 | 1,332,456 | 1,332,456 |
| Cultural and Recreation | 556,929 | 373,094 | 509,757 | 402,414 |
| Sanitation | 1,499,462 | 1,107,702 | 1,421,678 | 1,070,336 |
| Health and Welfare | 353,721 | 353,721 | 341,203 | 341,203 |
| Total | $ 13,389,532 | $ 10,858,089 | $ 12,679,078 | $ 10,282,070 |

## Business-type Activities

Revenues of the County's business-type activities (see Table 2) decreased by $1.4 million for 2011 over 2010. Expenses decreased by $262,982 for 2011 over 2010. A summary of activity follows in Table 4.

**Table 4**
**Summary of Revenue and Expenses**
**Business-type Activities**

| | Water and Sewer | | Ambulance Services | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| Revenues: | | | | |
| Charges for Services | $ 911,372 | $ 785,220 | $ 166,885 | $ 362,970 |
| Other Revenues | 379,912 | 1,925,415 | 193,302 | 220 |
| Total Revenues | 1,291,284 | 2,710,635 | 360,187 | 363,190 |
| Expenses: | | | | |
| Operating Expenses Other than Depreciation | 608,993 | 574,013 | 334,413 | 880,172 |
| Depreciation | 333,793 | 259,347 | 57,033 | 55,669 |
| Interest Expense | 232,860 | 60,873 | - | - |
| Total Expenses | 1,175,646 | 894,233 | 391,446 | 935,841 |
| Income (Loss) before Transfers | 115,638 | 1,816,402 | (31,259) | (572,651) |
| Transfers-in (Out) | - | - | (13,042) | 264,520 |
| Change in Net Assets | $ 115,638 | $ 1,816,402 | $ (44,301) | $ (308,131) |

## The County's Funds

The County completed the year with its governmental funds (as presented in the balance sheet on page 15) reporting a *combined* fund balance of $2.6 million compared to $2.9 million for 2010.

The County received $2.5 million in SPLOST revenue for various projects of the Cities and County. The amounts paid to the Cities were as follows:

| | | | |
|---|---|---|---|
| **Summerville** | **$ 481,712** | **Menlo** | **$ 54,608** |
| **Trion** | **$ 61,706** | **Lyerly** | **$ 55,051** |

The Cities receive payments from the County government as reimbursement for operations of the fire departments. The amounts paid in 2011 and 2010 were $90,000 and $85,000, respectively.

The Cities also receive payments from the County government to assist in providing recreation. The amounts provided in 2011 and 2010 were $95,000 and $80,500, respectively.

There were no significant variations in budget revenues. The General Fund actual charges (expenditure) were $1,180 over the final budget amounts.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

As of December 31, 2011, the County had $23 million invested in a broad range of capital assets, including police and administrative equipment, buildings, ambulance equipment, water lines, and infrastructure. (See Table 5 below). These amounts include infrastructure cost of the governmental activities and are net of $50.6 million in accumulation depreciation.

**Table 5**
**Capital Assets at Year-End**
**(Net of Depreciation)**

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Primary Government Total | Primary Government Total |
| Land and CIP | $ 499,137 | $ 2,482,699 | $ 2,981,836 | $ 416,972 |
| Buildings | 2,046,704 | 251,923 | 2,298,627 | 2,385,581 |
| Equipment | 1,056,911 | 705,621 | 1,762,532 | 1,928,656 |
| Infrastructure | 5,422,254 | 10,607,275 | 16,029,529 | 17,445,293 |
| Total | $ 9,025,006 | $ 14,047,518 | $ 23,072,524 | $ 22,176,502 |

### Debt

At December 31, 2011, the County had $8 million in bonds and long-term leases payable as presented in Table 6 below. The County issued revenue bonds secured by water revenues to finance the construction of the water expansion project into the Gore-Subligna Community.

**Table 6**
**Outstanding Debt at Year-End**

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Primary Government Total | Primary Government Total |
| Revenue Bonds (secured by specific fee revenues of the water system) | $ - | $ 5,254,817 | $ 5,254,817 | $ 5,358,145 |
| GEFA Loan (secured by water system) | - | 511,193 | 511,193 | 539,858 |
| USDA Loan (construction of water lines) | - | 1,693,703 | 1,693,703 | - |
| GEFA Loan (construction of water lines) | - | 593,809 | 593,809 | - |
| Lease payable secured by equipment | 22,640 | - | 22,640 | 81,626 |
| Total | $ 22,640 | $ 8,053,522 | $ 8,076,162 | $ 5,979,629 |

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County is an average size county for Georgia but it is not located on a major interstate highway. As a result, the County has not experienced any significant change in population or additional industry. The tax base has remained constant with major industries being in the area of textile manufacturing. Major projects have been in the water utility fund. The Gore-Subligna line (Phase I) was completed during 2010. Phase II of additional lines began construction in 2011 in Cloudland and the East and South areas of the County. Funding for these project have been through government loans and grants resulting in little or no change in the operating budgets.

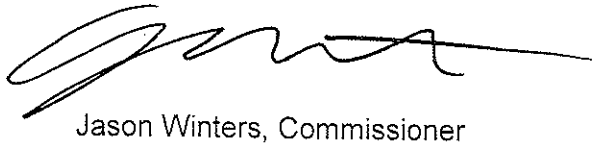
The ambulance emergency medical services was privatized in 2011, which resulted in a decrease of County funding.

## CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or would like to request additional financial information, please contact:

Chattooga County Commissioner's Office
10102 Commerce Street
Summerville, Georgia 30747

Telephone: 706-857-0700
Website: www.chattoogacountyga.com



Jason Winters, Commissioner
Chattooga County, Georgia

## BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

Government Financial Statements

- Statement of Net Assets
- Statement of Activities

Fund Financial Statements

- Governmental Funds
- Proprietary (Enterprise) Funds

Notes to Basic Financial Statements

# CHATTOOGA COUNTY, GEORGIA
## STATEMENT OF NET ASSETS
## December 31, 2011

| | Primary Government | | | Component Unit |
|---|---|---|---|---|
| | chax Activities | Business-Type Activities | Total | |
| **Assets** | | | | |
| Cash and Cash Investments | $ 2,125,656 | $ 173,477 | $ 2,299,133 | $ 498,964 |
| Receivables (Net of Allowance for Doubtful Accounts) | | | | |
| Ad Valorem Taxes | 789,766 | - | 789,766 | - |
| Other Taxes | 232,724 | - | 232,724 | - |
| Accounts | 145,631 | 118,194 | 263,825 | 8,636 |
| Due from Other Governments | - | - | - | 76,829 |
| Inventories | 1,151 | 38,048 | 39,199 | 391 |
| Internal Balances | 28,242 | (28,242) | - | - |
| Prepaid Items | 70,581 | 9,351 | 79,932 | - |
| Restricted Assets | | | | |
| Cash and Cash Investments | - | 411,153 | 411,153 | - |
| Deferred Charges | - | 125,110 | 125,110 | - |
| Capital Assets: | | | | |
| Land | 389,865 | 56,899 | 446,764 | - |
| Projects Under Construction | 109,272 | 2,425,800 | 2,535,072 | - |
| Buildings | 3,356,081 | 347,584 | 3,703,665 | - |
| Equipment | 4,880,535 | 1,310,191 | 6,190,726 | - |
| Infrastructure | 48,124,282 | 12,637,689 | 60,761,971 | - |
| Accumulated Depreciation | (47,835,029) | (2,730,647) | (50,565,676) | - |
| Total Assets | $ 12,418,757 | $ 14,894,607 | $ 27,313,364 | $ 584,820 |
| **Liabilities** | | | | |
| Accounts Payable | $ 289,341 | $ 10,445 | $ 299,786 | $ 853 |
| Due to Other Governments | - | - | - | 18,935 |
| Payable from Restricted Assets | | | | |
| Deposits | - | 178,002 | 178,002 | - |
| Current Portion of Long-term Debt | - | 134,112 | 134,112 | - |
| Accrued Interest | - | 10,920 | 10,920 | - |
| Due within One Year | 20,467 | - | 20,467 | - |
| Non-Current Liabilities | | | | |
| Due in More than One Year | 2,173 | 7,919,410 | 7,921,583 | 47,247 |
| Total Liabilities | 311,981 | 8,252,889 | 8,564,870 | 67,035 |
| **Net Assets** | | | | |
| Invested in Capital Assets, Net of Related Debt | 9,002,366 | 6,119,104 | 15,121,470 | - |
| Restricted for Debt Service | - | 144,959 | 144,959 | - |
| Unrestricted | 3,104,410 | 377,655 | 3,482,065 | 517,785 |
| Total Net Assets | $ 12,106,776 | $ 6,641,718 | $ 18,748,494 | $ 517,785 |

See accompanying notes to basic financial statements.

CHATTOOGA COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
Year Ended December 31, 2011

| Net (Expenses) Revenue and Changes in Net Assets | | | |
|---|---|---|---|
| Governmental Activities | Business-Type Activities | Total | Component Unit |
| $ (1,201,455) | $ - | $ (1,201,455) | |
| (3,214,223) | - | (3,214,223) | |
| (3,275,763) | - | (3,275,763) | |
| (1,327,285) | - | (1,327,285) | |
| (373,094) | - | (373,094) | |
| (1,107,702) | - | (1,107,702) | |
| (353,721) | - | (353,721) | |
| (4,846) | - | (4,846) | |
| (10,858,089) | - | (10,858,089) | |
| - | 114,449 | 114,449 | |
| - | (224,561) | (224,561) | |
| - | (110,112) | (110,112) | |
| $ (10,858,089) | $ (110,112) | $ (10,968,201) | |
| | | | $ (126,976) |
| $ 6,687,513 | $ - | $ 6,687,513 | $ - |
| 2,470,239 | - | 2,470,239 | - |
| - | - | - | 156,932 |
| 160 | 1,716 | 1,876 | 5,237 |
| - | - | - | 2,241 |
| - | 4,200 | 4,200 | - |
| - | 188,575 | 188,575 | |
| 13,042 | (13,042) | - | - |
| 9,170,954 | 181,449 | 9,352,403 | 164,410 |
| (1,687,135) | 71,337 | (1,615,798) | 37,434 |
| 13,793,911 | 6,570,381 | 20,364,292 | 480,351 |
| $ 12,106,776 | $ 6,641,718 | $ 18,748,494 | $ 517,785 |

See accompanying notes to basic financial statements.

CHATTOOGA COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2011

| | General | Capital Project Sales Tax Funds | Other Funds | Total Governmental Funds |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and Cash Investments | $ 333,422 | $ 1,514,271 | $ 277,963 | $ 2,125,656 |
| Receivables (net where applicable of allowance for doubtful accounts) | | | | |
| Ad Valorem Taxes | 789,766 | - | - | 789,766 |
| Other Taxes | - | 232,724 | - | 232,724 |
| Other | 57,962 | - | 87,669 | 145,631 |
| Inventory | - | - | 1,151 | 1,151 |
| Prepaid Items | 49,213 | 7,813 | 13,555 | 70,581 |
| Due from other funds | 28,242 | - | - | 28,242 |
| **Total Assets** | $ 1,258,605 | $ 1,754,808 | $ 380,338 | $ 3,393,751 |
| **Liabilities and Fund Balances** | | | | |
| **Liabilities** | | | | |
| Accounts Payable | $ 223,680 | $ 9,724 | $ 55,937 | $ 289,341 |
| Deferred Revenue | 486,252 | - | - | 486,252 |
| **Total Liabilities** | 709,932 | 9,724 | 55,937 | 775,593 |
| **Fund Balances** | | | | |
| Nonspendable: | | | | |
| Prepaid Items | 49,213 | 7,813 | 13,555 | 70,581 |
| Restricted for: | | | | |
| Construction and capital outlay | - | 1,737,271 | - | 1,737,271 |
| Judicial | - | - | 14,187 | 14,187 |
| Public Safety | - | - | 296,659 | 296,659 |
| Unassigned | 499,460 | - | - | 499,460 |
| **Total Fund Balance** | 548,673 | 1,745,084 | 324,401 | 2,618,158 |
| **Total Liabilties and Fund Balances** | $ 1,258,605 | $ 1,754,808 | $ 380,338 | $ 3,393,751 |

See accompanying notes to basic financial statements.

## CHATTOOGA COUNTY, GEORGIA
## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET ASSETS
## December 31, 2011

| | | |
|---|---|---|
| **Total Governmental Fund Balances** | | $ 2,618,158 |
| Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because: | | |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. | | 9,025,006 |
| Deferred revenue from taxes not collected within 60 days after the end of the fiscal year. | | 486,252 |
| Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet. | | |
| Due within one year | $ (20,467) | |
| Due after one year | (2,173) | |
| | | (22,640) |
| **Net Assets of Governmental Activities** | | $ 12,106,776 |

See accompanying notes to basic financial statements.

CHATTOOGA COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2011

| | General Fund | Capital Project Sales Tax Funds | Other Funds | Total Governmental Funds |
|---|---|---|---|---|
| **Revenues** | | | | |
| Taxes | | | | |
| Ad Valorem | $ 6,801,822 | $ - | $ - | $ 6,801,822 |
| Sales Taxes | - | 2,470,239 | - | 2,470,239 |
| Charges for Services | 610,061 | - | 518,920 | 1,128,981 |
| Licenses and Permits | 16,714 | - | - | 16,714 |
| Investment Income | 137 | 6,805 | 23 | 6,965 |
| Fines and Forfeitures | 621,672 | - | 168,758 | 790,430 |
| Miscellaneous | 171,691 | 21,179 | 98,175 | 291,045 |
| Intergovernmental | 281,218 | - | - | 281,218 |
| Total Revenues | 8,503,315 | 2,498,223 | 785,876 | 11,787,414 |
| **Expenditures** | | | | |
| **Current** | | | | |
| General Government | 1,366,924 | - | - | 1,366,924 |
| Public Safety | 3,725,603 | - | 1,054,371 | 4,779,974 |
| Public Works | 201,855 | 1,930,486 | - | 2,132,341 |
| Sanitation | 806,623 | 20,653 | - | 827,276 |
| Cultural and Recreational | 695,993 | - | - | 695,993 |
| Court System | 1,309,355 | - | 17,229 | 1,326,584 |
| Health and Welfare | 343,773 | - | - | 343,773 |
| **Intergovernmental payments** | - | 653,077 | - | 653,077 |
| **Capital Outlay** | - | - | - | - |
| Total Expenditures | 8,450,126 | 2,604,216 | 1,071,600 | 12,125,942 |
| Excess (Deficiency) of Revenues Over Expenditures | 53,189 | (105,993) | (285,724) | (338,528) |
| **Other Financing Sources (Uses)** | | | | |
| Transfers (Out)/In | (217,438) | - | 230,480 | 13,042 |
| Total Other Financing Sources (Uses) | (217,438) | - | 230,480 | 13,042 |
| Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses | (164,249) | (105,993) | (55,244) | (325,486) |
| **Fund Balances - Beginning** | 712,922 | 1,851,077 | 379,645 | 2,943,644 |
| **Fund Balances - End of Year** | $ 548,673 | $ 1,745,084 | $ 324,401 | $ 2,618,158 |

See accompanying notes to basic financial statements.

# CHATTOOGA COUNTY, GEORGIA
## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
## Year Ended December 31, 2011

| | | |
|---|---|---|
| **Net Changes in Fund Balances - Total Governmental Funds** | $ | (325,486) |
| Amounts Reported for Governmental Activities in the Statement of Activities are Different Because: | | |
| Governmental funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount of capital recorded in the current period. | | 286,520 |
| Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds. | | (1,592,846) |
| The issuance of long-term debt (e.g. bonds) provides current resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net of these differences in the treatment of long-term debt and related items. | | 58,986 |
| Some revenues will not be collected for several months after the County's fiscal year end, they are not considered "available" revenues in the governmental funds. | | (114,309) |
| **Changes In Net Assets of Governmental Activities** | $ | (1,687,135) |

See accompanying notes to basic financial statements.

CHATTOOGA COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2011

| | Original Budget | Final Budget | Actual | Variance With Final Budget Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Taxes | $ 6,842,647 | $ 6,800,000 | $ 6,801,822 | $ 1,822 |
| Intergovernmental | 116,300 | 281,000 | 281,218 | 218 |
| Charges for Services | 538,150 | 610,000 | 610,061 | 61 |
| Licenses and Permits | 3,500 | 16,000 | 16,714 | 714 |
| Investment Income | 5,000 | - | 137 | 137 |
| Fines and Forfeitures | 566,000 | 620,000 | 621,672 | 1,672 |
| Miscellaneous | 95,412 | 171,000 | 171,691 | 691 |
| **Total Revenues** | 8,167,009 | 8,498,000 | 8,503,315 | 5,315 |
| **Expenditures** | | | | |
| General Government | 1,236,982 | 1,366,187 | 1,366,924 | (737) |
| Public Safety | 3,114,851 | 3,726,761 | 3,725,603 | 1,158 |
| Health and Welfare | 341,914 | 344,214 | 343,773 | 441 |
| Sanitation | 652,500 | 803,795 | 806,623 | (2,828) |
| Culture and Recreation | 531,147 | 695,197 | 695,993 | (796) |
| Court System | 1,379,443 | 1,311,508 | 1,309,355 | 2,153 |
| Public Works | 70,784 | 201,284 | 201,855 | (571) |
| **Total Expenditures** | 7,327,621 | 8,448,946 | 8,450,126 | (1,180) |
| **Deficiency of Revenues over Expenditures** | 839,388 | 49,054 | 53,189 | 4,135 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers In | - | 13,000 | 13,042 | 42 |
| Transfers Out | - | (230,000) | (230,480) | (480) |
| **Total Other Financing Sources (Uses)** | - | (217,000) | (217,438) | (438) |
| Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses | 839,388 | (167,946) | (164,249) | 3,697 |
| **Fund Balances - Beginning** | 712,922 | 712,922 | 712,922 | - |
| **Fund Balances - End of Year** | $ 1,552,310 | $ 544,976 | $ 548,673 | $ 3,697 |

See accompanying notes to basic financial statements.

CHATTOOGA COUNTY, GEORGIA
BALANCE SHEET
PROPRIETARY FUNDS
December 31, 2011

| | Business-type Activities - Enterprise Funds | | |
|---|---|---|---|
| | Water Fund | Ambulance | Totals |
| **Assets** | | | |
| **Current Assets** | | | |
| Cash and Cash Investments | $ 116,060 | $ 57,417 | $ 173,477 |
| Receivables (Net Where Applicable of Allowance for Doubtful Accounts) | | | |
| Accounts | 112,923 | 5,271 | 118,194 |
| Inventories | 38,048 | - | 38,048 |
| Prepaid Expenses | 9,351 | - | 9,351 |
| Total Current Assets | 276,382 | 62,688 | 339,070 |
| Current Assets - Restricted | | | |
| Cash and Cash Investments | 411,153 | - | 411,153 |
| **Noncurrent Assets** | | | |
| Deferred Charges | 125,110 | - | 125,110 |
| Capital Assets | | | |
| Land | 56,899 | - | 56,899 |
| Project Under Construction | 2,425,800 | - | 2,425,800 |
| Buildings | 145,810 | 201,774 | 347,584 |
| Equipment | 754,970 | 555,221 | 1,310,191 |
| Infrastructure | 12,637,689 | - | 12,637,689 |
| Accumulated Depreciation | (2,350,254) | (380,393) | (2,730,647) |
| Total Capital Assets Net of Accumulated Depreciation | 13,670,914 | 376,602 | 14,047,516 |
| Total Noncurrent Assets | 13,796,024 | 376,602 | 14,172,626 |
| **Total Assets** | $ 14,483,559 | $ 439,290 | $ 14,922,849 |

See accompanying notes to basic financial statements.

CHATTOOGA COUNTY, GEORGIA
BALANCE SHEET
PROPRIETARY FUNDS
December 31, 2011

| | Business-type Activities - Enterprise Funds | | |
|---|---|---|---|
| | Water Fund | Ambulance | Totals |
| **Liabilities** | | | |
| **Current Liabilities** | | | |
| Accounts Payable | $ 10,445 | $ - | $ 10,445 |
| Due to Other Funds | 28,242 | - | 28,242 |
| Total Current Liabilities | 38,687 | - | 38,687 |
| **Current Liabilities Payable from Restricted Assets** | | | |
| Deposits | 178,002 | - | 178,002 |
| Revenue Bonds Payable | 105,447 | - | 105,447 |
| GEFA Loan Payable | 28,665 | - | 28,665 |
| Accrued Interest | 10,920 | - | 10,920 |
| Total Current Liabilities Payable from Restricted Assets | 323,034 | - | 323,034 |
| **Noncurrent Liabilities** | | | |
| GEFA Loan Payable | 1,076,337 | - | 1,076,337 |
| Revenue Bonds Payable | 6,843,073 | - | 6,843,073 |
| Total Noncurrent Liabilities | 7,919,410 | - | 7,919,410 |
| Total Liabilities Payable from Restricted Assets | 8,242,444 | - | 8,242,444 |
| **Total Liabilities** | 8,281,131 | - | 8,281,131 |
| **Fund Equity** | | | |
| Invested in Capital Assets, net of Related Debt | 5,742,502 | 376,602 | 6,119,104 |
| Restricted for: | | | |
| Revenue Bond Retirement | 144,959 | - | 144,959 |
| Unrestricted | 314,967 | 62,688 | 377,655 |
| **Total Liabilities and Fund Equity** | $ 14,483,559 | $ 439,290 | $ 14,922,849 |

See accompanying notes to basic financial statements.

# CHATTOOGA COUNTY, GEORGIA
# STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
# PROPRIETARY FUNDS
# Year Ended December 31, 2011

| | Business-Type Activities - Enterprise Funds | | |
|---|---|---|---|
| | Water Fund | Ambulance | Total |
| **Operating Revenues** | | | |
| Charges for Services | $ 911,372 | $ 166,885 | $ 1,078,257 |
| Total Operating Revenues | 911,372 | 166,885 | 1,078,257 |
| **Operating Expenses** | | | |
| Personal Services | 363,463 | 238,308 | 601,771 |
| Supplies | 198,998 | 72,608 | 271,606 |
| Contractual Services | 46,532 | 23,497 | 70,029 |
| Depreciation | 333,793 | 57,033 | 390,826 |
| Total Operating Expenses | 942,786 | 391,446 | 1,334,232 |
| Operating Income (Loss) | (31,414) | (224,561) | (255,975) |
| **Nonoperating Revenues (Expenses)** | | | |
| Investment Income | 1,189 | 527 | 1,716 |
| Interest Expense | (232,860) | - | (232,860) |
| Contract Lease income | - | 188,575 | 188,575 |
| Gain on sale of assets | - | 4,200 | 4,200 |
| Donations and Grants | 378,723 | - | 378,723 |
| Total Nonoperating Revenues (Expenses) | 147,052 | 193,302 | 340,354 |
| Income (Loss) Before Transfers | 115,638 | (31,259) | 84,379 |
| Transfers In(out) | - | (13,042) | (13,042) |
| Net Income | 115,638 | (44,301) | 71,337 |
| **Fund Equity - Beginning of Year** | 6,086,790 | 483,591 | 6,570,381 |
| **Fund Equity - End of Year** | $ 6,202,428 | $ 439,290 | $ 6,641,718 |

See accompanying notes to basic financial statements.

CHATTOOGA COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2011

| | Business Type Activities - Enterprise Funds | | |
|---|---|---|---|
| | Water Fund | Ambulance | Total |
| **Cash Flows from Operating Activities** | | | |
| Cash received from customers | $ 904,777 | $ 243,641 | $ 1,148,418 |
| Cash payments to suppliers for goods and services | (239,193) | (118,747) | (357,940) |
| Cash payments to employees for services | (350,248) | (251,969) | (602,217) |
| **Net Cash Provided (Used) by Operating Activities** | 315,336 | (127,075) | 188,261 |
| **Cash Flows from Non-Capital Financing Activities** | | | |
| Transfers - in(out) | - | (13,042) | (13,042) |
| **Net Cash Provided (Used) by Non-Capital Financing Activities** | - | (13,042) | (13,042) |
| **Cash Flows from Capital and Related Financing Activities** | | | |
| Acquisition and construction of capital assets | (2,593,173) | - | (2,593,173) |
| Sale of equipment | - | 4,200 | 4,200 |
| Lease Income | - | 188,575 | 188,575 |
| Reduction of Bond Debt Principal - Net | (131,993) | - | (131,993) |
| Interest Paid on Bonds and Notes | (234,400) | - | (234,400) |
| Intergovernment donations | 378,723 | - | 378,723 |
| Loan costs | (3,960) | - | (3,960) |
| Loan Proceeds | 2,287,512 | - | 2,287,512 |
| **Net Cash Provided (Used) by Capital and Related Financing Activites** | (297,291) | 192,775 | (104,516) |
| **Cash Flows from Investing Activities** | | | |
| Interest on Cash and Cash Investments | 1,189 | 527 | 1,716 |
| **Increase (Decrease) in Cash and Cash Investments** | 19,234 | 53,185 | 72,419 |
| **Cash and Cash Investments - Beginning of Year** | 507,979 | 4,232 | 512,211 |
| **Cash and Cash Investments - End of Year** | $ 527,213 | $ 57,417 | $ 584,630 |

See accompanying notes to the basic financial statements.

CHATTOOGA COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2011

| | Business - Type Activities - Enterprise Funds | | |
|---|---|---|---|
| | Water Fund | Ambulance | Total |
| **Reconciliation of Income (Loss) from operations to net cash provided (used) by operating activities** | | | |
| Operating Income (Loss) | $ (31,414) | $ (224,561) | $ (255,975) |
| Depreciation | 333,793 | 57,033 | 390,826 |
| Amortization | 5,388 | - | 5,388 |
| Change in operating assets and liabilities: | | | |
| (Increase) Decrease in Accounts Receivable | 4,581 | 76,756 | 81,337 |
| Increase (Decrease) in Accounts Payable | 2,484 | (81,078) | (78,594) |
| (Increase) Decrease in Prepaid Expense | 15,748 | 9,844 | 25,592 |
| (Increase) Decrease in Inventory | (4,068) | 34,931 | 30,863 |
| Decrease in Deposits | (11,176) | - | (11,176) |
| Net Cash Provided (Used) by Operating Activities | $ 315,336 | $ (127,075) | $ 188,261 |
| **Reconciliation of Total Cash and Cash Investments:** | | | |
| Current Assets - Cash and Cash Investments | $ 116,060 | $ 57,417 | $ 173,477 |
| Restricted Assets - Cash and Cash Investments | 411,153 | - | 411,153 |
| Total Cash and Cash Investments | $ 527,213 | $ 57,417 | $ 584,630 |

See accompanying notes to the basic financial statements.

CHATTOOGA COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2011

| | AGENCY FUNDS |
|---|---|
| **ASSETS** | |
| Cash and Cash Equivalents | $ 505,900 |
| Receivables | |
| Taxes | 867,305 |
| Total Assets | $ 1,373,205 |
| **LIABILITIES** | |
| Accounts Payable | $ 265,687 |
| Due to Other Governments | 1,107,518 |
| Total Liabilities | $ 1,373,205 |

See accompanying notes to basic financial statements.

## 1. Summary of Significant Accounting Policies

### A. General Statement

The accounting and reporting policies of Chattooga County, Georgia relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the County has elected not to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The County implemented the new financial reporting requirements of GASB Statement Nos. 33 and 34 in 2003, except that dealing with infrastructure assets of the Governmental Activities Fund, which was implemented in 2005. The more significant accounting policies of the County are described below.

### B. Financial Reporting Entity

Chattooga County, Georgia (the primary government) operates under a Single Commissioner form of government and provides the following services: public safety, highway and streets, sanitation, health and social services, culture-recreation, and general administrative services.

The County's basic financial statements include the accounts of all County operations. The criteria for including organizations as component units within the County's reporting entity, as set forth in section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the County holds the corporate powers of the organization
- the County appoints a voting majority of the organization's board
- the County is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- there is fiscal dependency by the organization on the County

Based on the aforementioned criteria the Industrial Development Authority, Hospital Authority, Board of Education, Library, and Department of Family and Children's Services did not meet the criteria for inclusion in these financial statements. The State of Georgia has concluded that the Department of Health should be included as a discretely presented component unit of the primary government.

1. Summary of Significant Accounting Policies - continued

C. Basis of Presentation

**Government-wide Financial Statements**

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the County. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

**Fund Financial Statements**

The County segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources. The County has presented the following major governmental funds:

**General Fund -**

General Fund is the main operating fund of the County. The fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

**Capital Projects Fund - Sales Tax**

The Sales Tax Fund is used to account for funds received and expended for the construction and renovation of roads and bridges and special projects financed through Special Purpose Sales Tax revenue.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income financial position and cash flow. All assets and liabilities are included on the Statement of Net Assets. The County has presented the following major proprietary funds:

1. Summary of Significant Accounting Policies - continued

**Fund Financial Statements – Continued**

**Water Fund -**

The Water Fund is used to account for the provision of water services to the residents of the County. Activities of the fund include administration, operations, and maintenance of the water system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water debt. All costs are financed through charges to utility customers with rates reviewed and adjusted if necessary to ensure integrity of the funds.

**Ambulance Services Fund -**

The Ambulance Fund is used to account for operations of the County's ambulance operations.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Fiduciary Fund (Not included in Government-wide statements)**

Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, and other governmental units.

**Agency Funds -**

Agency funds account for assets held by the County in a purely custodial capacity. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations. The agency funds are as follows:

**Tax Commissioner** - Collects and remits taxes collected for other governments and the County. The portion collected for the County is included in the County's General Fund.

**Clerk of Court** - Collects and remits fines and forfeitures authorized by the Courts for other governments, individuals, entities, and the County. The portion collected for the County is included in the County's General Fund.

**Probate Court** - Collects charges for various licenses and death certificates issued to the citizens of the County and remits them to other government agencies and the County. The portion collected for the County is included in the County's General Fund.

**Magistrate Court** - Collects fines and forfeitures authorized by the Court and remits them to other governments, individuals, entities, and the County. The portion collected for the County is included in the County's General Fund.

1. **Summary of Significant Accounting Policies - continued**

**Fund Financial Statements – Continued**

**Major and Non-major Funds**

The funds are further classified as major or non-major as follows:

**Major Funds** (See above for descriptions)

| Fund | Description |
|---|---|
| Capital Projects Fund - Sales Tax | |
| Proprietary Fund - Water | |
| Proprietary Fund - Ambulance | |

**Non-major Funds**:

| | |
|---|---|
| Special Revenue Funds | Used for accounting for revenues and expenditures of contracts and special projects. |

**D. Measurement Focus and Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

**Measurement Focus**

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services, which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e. when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income, and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

1. **Summary of Significant Accounting Policies - continued**

D. **Measurement Focus and Basis of Accounting – continued**

**Basis of Accounting**

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds and agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Proprietary fund types utilize the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Unbilled water funds utility service receivables are accrued at year-end by prorating actual subsequent billings.

The government reports deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

The **discretely presented component unit (County Health Department)** uses the accrual basis of accounting for government-wide financial statements. At the fund reporting level, governmental funds use the modified accrual basis of accounting. The account group records acquisition cost of all capital assets owned by the Health Department as of the reporting period. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. The fiscal year used by the component unit ends June 30. The fiscal year ended June 30, 2011 is included in these financial statements. Copies of the audited financial statements can be obtained at the regional office in Rome, Georgia.

1. **Summary of Significant Accounting Policies - continued**

## E. Budgetary Control

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

a. Prior to October 1, the department heads submit to the County Commissioner a proposed operating budget for the year commencing the following January 1. The operating budget identifies the proposed expenditures for each department.

b. After receipt of the department operating budgets, the Commissioner develops the County's budget. The County's budget includes proposed expenditures and the means of financing them.

c. The budget is published in the local newspaper two weeks prior to a public hearing.

d. Public hearing is conducted to obtain taxpayer comments.

e. The budget is formally adopted after the public hearing.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is at the department level.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Capital Projects Funds, and Special Revenue Funds. Formal budgets are also adopted for the Water District and Ambulance Service. Budgets for the General, Capital Projects, and Special Revenue Funds are adopted on the modified accrual (or GAAP) basis.

Budgeted amounts are as originally adopted, or as amended, by the Commissioner. Individual amendments were not material in relation to the original appropriations, which were amended. Unencumbered appropriations lapse at year-end.

The County does not employ encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

There were no material supplementary appropriations made during the year.

The actual results of operations as compared with the budget are presented in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis).

## F. Cash and Cash Equivalents

Cash and cash equivalents, as authorized by statutes 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, stated at cost. The County has no custodial or foreign risk policy other than the requirement that deposits should be in federally insured depositories.

1. **Summary of Significant Accounting Policies – continued**

G. **Inventory**

Enterprise Fund inventory consists of supplies and is stated at the lower of cost or market using the FIFO (first-in, first-out) method.

H. **Prepaid Items**

Prepaid balances are for payments made by the County in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

I. **Interfund Receivables and Payables**

Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances."

J. **Transactions Between Funds**

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds as follows:

| FUNDS | | Amount | |
|---|---|---|---|
| Ambulance Fund to General Fund | $ | 13,042 | (For Operations) |
| General Fund to E-911 Emergency | $ | 195,502 | (For Operations) |
| General Fund to Special Revenue | $ | 34,978 | (For Operations) |

K. **Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment. See Note 1-O for the deferral method of reporting infrastructure assets (roads, bridges, etc.) for the governmental activities fund.

Assets capitalized, not including infrastructure assets, have an original cost of $1,000 or more and over three years of useful life. Infrastructure assets capitalized have an original cost of $5,000 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

| | |
|---|---|
| Buildings and Improvements | 20 - 50 Years |
| Water and Sewer System | 30 - 50 Years |
| Infrastructure | 20 - 40 Years |
| Machinery and Equipment | 5 - 10 Years |

1. **Summary of Significant Accounting Policies - continued**

L. **Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts**

National Council on Governmental Accounting Statement 4, "Accounting and Financial Reporting Principles for claims and Judgments and Compensated Absences," concludes that vacation and sick pay costs (and other employee benefit amounts) should be accrued. All material amounts of employee benefits including compensated absences have been paid during the year negating any requirement for accruals.

M. **Fund Equity**

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

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. Amounts are classified as nonspendable, restricted, committed, assigned, or unassigned. The nonspendable fund balance includes amounts that are not available to fund expenditures such as inventories and prepaid amounts. The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource provider, or through enabling legislation. The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes, but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purpose for which amounts have been restricted, committed, or assigned.

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 balances of any borrowing used for the acquisition construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

N. **Implementation of New Accounting Principles**

The County elected to utilize the infrastructure transition option in the implementation of GASB Statement No. 34 (GASB 34), "Basis Financial Statements – Management's Discussion and Analysis – for State and Local Governments" and in fiscal year 2003 began capitalizing major infrastructure networks completed during the year. The County implemented infrastructure assets already in place at January 1, 2003 in 2005. In the absence of actual cost information, the County used a weighted average age calculation for estimating the historical cost of these infrastructure networks. See Note 21 regarding implementation of the infrastructure in place at January 1, 2003.

## 2. Cash and Cash Equivalents

Deposits consist of cash and short-term certificates of deposit and money market accounts. The county's policy and state statutes require all deposits be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of December 31, 2011, all of the County's deposits were insured or collateralized. The County has no foreign risk or interest rate risk policies.

## 3. Property Tax

Property taxes attach as an enforceable lien on property 30 days after the due date. Property taxes are billed on or about October 20 of each year and are payable in sixty days. The property taxes for 2011 were levied on September 1, 2011, billed on October 20, 2011 with a due date of December 20, 2011. Liens can be attached on January 20, 2012.

The County bills and collects its own taxes and collects various taxes for the Chattooga County Board of Education, the City of Summerville, City of Trion, City of Menlo, City of Lyerly, and the State of Georgia. Collection of the taxes for the County and the other government agencies is the responsibility of the Tax Commissioner's office, which is accounted for in the Agency Fund. County property tax revenues are recognized when levied to the extent that they result in current receivables in accordance with Interpretation #3 issued by the National Council on Government Accounting. Current receivables include those property tax receivables expected to be collected within sixty days after year-end.

The following is a summary of the estimated amount of property, and utility taxes for all governments collectible at December 31, 2011:

| TAX YEAR | TOTAL UNCOLLECTED | RESERVE FOR UNCOLLECTIBLE | ESTIMATED COLLECTIBLE |
|---|---|---|---|
| 2011 | $ 1,548,514 | $ 338,208 | $ 1,210,306 |
| 2010 | 269,810 | 39,797 | 230,013 |
| 2009 | 85,696 | 12,640 | 73,056 |
| 2008 | 62,687 | 9,246 | 53,441 |
| 2007 | 47,782 | 7,048 | 40,734 |
| 2006 | 32,584 | 4,806 | 27,778 |
| 2005 | 39,790 | 5,869 | 33,921 |
| 2004 | 29,712 | 29,712 | - |
| 2003 | 26,299 | 26,299 | - |
| 2002 | 13,381 | 13,381 | - |
| 2001 | 8,732 | 8,732 | - |
| 2000 | 4,811 | 4,811 | - |
| 1999 | 3,978 | 3,978 | - |
| 1998 | 3,407 | 3,407 | - |
| 1997 | 1,193 | 1,193 | - |
| 1993 | 323 | 323 | - |
| 1992 | 55 | 55 | - |
| TOTAL | $ 2,178,754 | $ 509,505 | $ 1,669,249 |

## 4. Restricted Assets

Restricted assets represent monies and other assets which are restricted for use by legal or contractual requirements, amounts used in prior years for operating expenditures out of customer deposits, and amounts deposited into the reserve account from unrestricted assets as required by the bond ordinances (Note 8).

Restricted assets were composed of the following at December 31, 2011:

| | | |
|---|---|---|
| Proprietary Funds: | | |
| Cash: | | |
| Customer Deposits | $ 200,274 | |
| Sinking Account | 47,385 | |
| Reserve Account | 163,494 | |
| Total | | $ 411,153 |

The County's policy regarding whether to apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available is to apply unrestricted resources first.

## 5. Contingent Liabilities and Landfill Closure

Legal proceedings and possible claims are pending or may be asserted in the future against the County. The County's insurance carrier is defending the proceedings where coverage is afforded. At this time, neither the County nor the County's legal counsel can estimate the outcome of the cases. However, they consider the likelihood of negative consequences to be minimal.

The County closed its only sanitation landfill in 1992 and the closure was completed in 1999. After closure, the site is required by state law to be monitored for a minimum of 25 years at an expected cost of $25,000 per year. The estimated balance for future costs is $500,000 over 20 years. The estimated remaining cost of closure and yearly cost of landfill monitoring is based on current effective rates. Future closure and monitoring costs are to be paid from revenues derived from the 1% special local option sales tax. The actual cost of closure and future monitoring is subject to change due to changes in inflation, technology, or applicable landfill laws and regulations. The County presently contracts with an independent company to transport its waste to another site operated by another municipality.

## 6. Capital Assets

Capital assets acquired prior to January 1, 1986 are shown at the fair market value as determined by the County Tax Assessors. Assets acquired after January 1, 1986 are recorded at cost.

## 6. Capital Assets – continued

A summary of changes in Capital Assets is as follows:

Governmental Activities:

| | Balance January 1 | Additions | Retirements | Balance December 31 |
|---|---|---|---|---|
| Capital Assets not being Depreciated: | | | | |
| Construction in Progress | $ 95,220 | $ 14,052 | $ - | $ 109,272 |
| Land | 264,853 | 125,012 | - | 389,865 |
| Total | 360,073 | 139,064 | - | 499,137 |
| Capital Assets being Depreciated: | | | | |
| Buildings | 3,339,831 | 16,250 | - | 3,356,081 |
| Equipment | 4,754,621 | 125,914 | - | 4,880,535 |
| Infrastructure | 48,118,990 | 5,292 | - | 48,124,282 |
| Total | 56,213,442 | 147,456 | - | 56,360,898 |
| Less Accumulated Depreciation: | | | | |
| Buildings | 1,216,473 | 92,904 | - | 1,309,377 |
| Equipment | 3,533,394 | 290,230 | - | 3,823,624 |
| Infrastructure | 41,492,316 | 1,209,712 | - | 42,702,028 |
| Total | 46,242,183 | 1,592,846 | - | 47,835,029 |
| Total Capital Assets being Depreciated, Net | 9,971,259 | (1,445,390) | - | 8,525,869 |
| Total Governmental Activities, Capital Assets, Net | $ 10,331,332 | $ (1,306,326) | $ - | $ 9,025,006 |

| Business-type Activities: | Balance January 1 | Additions | Retirements | Balance December 31 |
|---|---|---|---|---|
| Capital Assets not being Depreciated: | | | | |
| Projects Under Construction | $ - | $ 2,425,800 | $ - | $ 2,425,800 |
| Land | 56,899 | - | - | 56,899 |
| Total | 56,899 | 2,425,800 | - | 2,482,699 |
| Capital Assets being Depreciated: | | | | |
| Buildings | 347,584 | - | - | 347,584 |
| Equipment | 1,190,352 | 124,050 | 4,210 | 1,310,192 |
| Infrastructure | 12,594,366 | 43,323 | - | 12,637,689 |
| Total | 14,132,302 | 167,373 | 4,210 | 14,295,465 |
| Less Accumulated Depreciation: | | | | |
| Buildings | 85,361 | 10,300 | - | 95,661 |
| Equipment | 482,923 | 125,858 | 4,210 | 604,571 |
| Infrastructure | 1,775,747 | 254,667 | - | 2,030,414 |
| Total | 2,344,031 | 390,825 | 4,210 | 2,730,646 |
| Total Capital Assets being Depreciated, Net | 11,788,271 | (223,452) | - | 11,564,819 |
| Total Business-type Activities Capital Assets, Net | $ 11,845,170 | $ 2,202,348 | $ - | $ 14,047,518 |

## 6. Capital Assets - continued

Depreciation for the year by functions was as follows:

| | | |
|---|---|---|
| General Government | $ 58,081 | |
| Public Safety | 193,929 | |
| Courts | 701 | |
| Roads and Bridges | 1,311,078 | |
| Health and Welfare | 9,948 | |
| Sanitation | 19,109 | |
| Total Government Activities | | $ 1,592,846 |
| Water | 333,793 | |
| Ambulance | 57,033 | |
| Total Business-Type Activities | | 390,826 |
| Total Depreciation | | $ 1,983,672 |

## 7. Leases

The County has entered into lease transactions for equipment. The leases payable are capitalized and included in the liabilities. Following is a schedule of changes in capital lease agreements:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Lease payable with imputed interest at 6.25%, payable $4,215 monthly secured by equipment | $ 56,750 | $ - | $ 48,384 | $ 8,366 | $ 8,366 |
| Lease payable with imputed interest at 14.6%, payable monthly at $1,104 secured by equipment | 24,876 | - | 10,602 | 14,274 | 12,101 |
| Total | $ 81,626 | $ - | $ 58,986 | $ 22,640 | $ 20,467 |

7. **Leases – continued**

The annual requirements to amortize the above leases over the five-year period succeeding December 31, 2011, including interest payments, is as follows:

| YEAR | | PRINCIPAL | | INTEREST | | TOTAL PAYMENT |
|---|---|---|---|---|---|---|
| 2012 | $ | 19,398 | $ | 1,147 | $ | 20,545 |
| 2013 | | 3,242 | | 71 | | 3,313 |
| TOTAL | $ | 22,640 | $ | 1,218 | $ | 23,858 |

The assets acquired through capital leases are as follows:

| | | |
|---|---|---|
| Governmental Activities: | | |
| Asset: | | |
| Equipment | $ | 246,294 |
| Less Accumulated Depreciation | | 120,579 |
| Net Book Value | $ | 125,715 |

Future minimum lease payments together with the net present value of minimum lease payments at December 31, 2011 is as follows:

| | | AMOUNT |
|---|---|---|
| Minimum lease payments for capital Lease | $ | 23,858 |
| Less amount representing interest at the County's incremental borrowing rate | | 1,218 |
| Present value of minimum lease Payments | $ | 22,640 |

8. **Water Revenue Bonds**

During the year ended December 31, 1997, Farmer's Home Administration requested the Water Districts refinance its outstanding water revenue bonds through a private lender. Accordingly, the Series 1970, 1979, and 1991 bonds were refinanced through the issuance of a Series 1997 Water and Sewerage Revenue Bond Issue. These bonds are due in varying installments through 7/1/2017 with interest at 5.6% and are secured by revenues derived from operations of the water system.

During 2008, the Water District received a loan from the Georgia Environmental Facilities Authority (GEFA) for $573,300 to finance the construction of a water expansion project in the Cloudland and the Gore-Subligna area. The loan is payable over 20 years at $2,388.75 monthly at zero interest beginning November 2009.

8. **Water Revenue Bonds – Continued**

On October 15, 2009, the County issued Chattooga County, Georgia Water System Revenue Bond, Series 2008B. The principal face amount is $4,921,000, with monthly payments of $21,554 including interest at 4.375% with the first payment due November 2010. This bond was issued for the purpose of refinancing the costs of the additions, extensions, and improvements to the existing water system of the County in the Gore/Subligna area. The bond was purchased by Rural Development, United States Department of Agriculture. This bond is secured by the revenues derived from operations of the water system.

In September 2011, the Water District received another GEFA loan in the amount of $1,314,500 to help fund the construction of additional water lines to the Cloudland area. Construction was in process at year end on this project and the final closing will take place during 2012.

During 2011, the Water District began construction on Phase 2 of the water expansion project in the east and south areas of the County. The county received a USDA loan in the amount of $2,801,000 to assist with this project. Interim financing in place at year end was provided by United Community Bank at 3.9%. Repayment on debt is scheduled to begin in 2013.

| | Balance 12/31/2010 | Increase | Decrease | Balance 12/31/2011 | Due Within One Year |
|---|---|---|---|---|---|
| Revenue Bonds Series 1997 | $ 445,000 | $ - | $ 55,000 | $ 390,000 | $ 55,000 |
| Revenue Bonds Series 2008B | 4,913,145 | - | 48,328 | 4,864,817 | 50,447 |
| GEFA Loan 2008 | 539,858 | - | 28,665 | 511,193 | 28,665 |
| GEFA Loan 2011 | - | 593,809 | - | 593,809 | - |
| USDA Loan | - | 1,693,703 | - | 1,693,703 | - |
| Total Due | $ 5,898,003 | $ 2,287,512 | $ 131,993 | $ 8,053,522 | $ 134,112 |

The 1997 series bond requires a monthly sinking account deposit of one-sixth the semi-annual bond payment and requires a reserve account to be maintained in an amount equal to the debt service requirement for the subsequent twelve month period. Also required is a renewal and extension fund in an amount equal to ten percent of total system revenues for the preceding fiscal year.

As of December 31, 2011 and 2010, the sinking fund account and the reserve fund account were under funded by $17,028 and over funded by $2,393, respectively.

The series 2008B required a reserve account with monthly deposits beginning November 2010 of $2,155 to be made until the fund reaches an equivalent of 10% of the annual payments. As of December 31, 2011 this fund had been established at $25,865.

The annual requirements to amortize the long-term debt as of December 31, 2011, including interest payments, are as follows:

| | REVENUE BONDS | | GEFA LOAN | |
|---|---|---|---|---|
| YEAR | PRINCIPAL | INTEREST | PRINCIPAL | INTEREST |
| 2012 | $ 105,447 | $ 229,341 | $ 28,665 | $ |
| 2013 | 112,660 | 223,908 | 28,665 | - |
| 2014 | 119,969 | 218,099 | 28,665 | - |
| 2015 | 122,380 | 212,188 | 28,665 | - |
| 2016 | 129,897 | 205,891 | 28,665 | - |
| 2017-2021 | 416,269 | 995,051 | 143,325 | - |
| 2022-2026 | 422,965 | 870,276 | 143,325 | - |
| 2027-2031 | 524,215 | 769,025 | 81,218 | - |
| 2032-2036 | 649,705 | 643,534 | - | - |
| 2037-2041 | 805,236 | 488,004 | - | - |
| 2042-2046 | 997,998 | 295,242 | - | - |
| 2047-2050 | 848,076 | 67,722 | - | - |
| TOTAL | $ 5,254,817 | $ 5,178,281 | $ 511,193 | $ - |

## 9. Reserve Per Bond Indentures

Amounts restricted for payment of bonds from restricted accounts as required by the bond indentures, fewer liabilities payable from the restricted accounts and not offset against capital assets, if any, have been reserved in fund equity in the amount of $144,959 for 2011 and $119,053 for 2010.

Advanced water deposits from customers are restricted for payment to customers when they leave the system. The restricted cash and the water deposit liability are equal.

## 10. Projects Under Construction

Chattooga County has committed to building additional water lines to its infrastructure that will provide water to residents that are not presently on the system. Phase II of the expansion project began in the spring of 2011. The cost of this project is $4,992,000. It is being funded by a USDA Rural Development loan of $2,801,000 and a grant of $2,191,000. This project is approximately 44 miles of water lines that will service the Cloudland, Chattoogaville, Holland, Gore and Subligna areas of the county. Completion is expected by fall of 2012.

## 11. Profit Sharing Plan

The Water District employees participate in a profit sharing plan. This plan is maintained by a private insurance carrier and complies with requirements under ERISA and U.S. Department of Labor. Benefits under the Plan are provided through insurance. The contributions to the Plan were $ 13,215 and $ 10,157 for 2011 and 2010, respectively. Contributions to the Plan are allocated to employees based on salary. Employees are fully vested in the Plan after six years of service. The Water District makes all contributions.

## 12. Notes Payable

There were no notes payable owed by the General Fund as of December 31, 2011 and 2010. The County finances its operations for the first ten months of the year through the issuance of TAN obligations. The obligation is paid by December from taxes collected. The amount borrowed and paid for the year was $1,970,000.

## 13. Risk Management/Self-Insurance Fund

The County is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County purchases insurance coverage from GIRMA to cover its risk of loss for all areas except workers' compensation claims. For workers' compensation coverage, the County participates in the Association of County Commissioners of Georgia Group Self-Insurance Workers' Compensation Fund, and for other general insurance, the County participates in the Interlock Risk Management Agency risk pool, public entity risk pools currently operating as a common risk management and insurance program for member local governments.

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

The funds are to defend and protect the members of the fund against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation laws 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.

Payments are made into these funds based on actuarial estimates needed to pay prior and current year claims. Insurance premiums are assessed the County to cover liabilities and property damages. There were no unpaid claims at the end of the current year, which would require accrual on the balance sheet. Also, settlement amounts have not exceeded coverage's in any of the last three years for either fund.

## 14. Joint Venture

Under Georgia law, the County, in conjunction with other cities and counties in the Northwest area, is Member of the Northwest Georgia Regional Commission (NWGRC). Membership in NWGRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the NWGRC. Membership in the NWGRC includes the chief elected official of each county and municipality of the area. OCGA Section 50-8-39.1 provides that the member governments are liable for obligations of the NWGRC. During the year, the County paid $26,015 in dues to the NWGRC. The financial requirements of the County related to the NWGRC are limited to the amount of its annual dues. Separate financial statements may be obtained from the NWGRC, Jackson Hill, Rome, GA 30161.

## 15. Interfund Receivable/Payables

All interfund receivables and payables have been eliminated in the financial statements, except those between the governmental funds and the proprietary funds as follows:

| FUND | INTERFUND RECEIVABLES | INTERFUND PAYABLES |
|---|---|---|
| General Fund | $ 28,242 | $ - |
| Proprietary Fund: | | |
| Water Revenue Fund | - | 28,242 |
| Total | $ 28,242 | $ 28,242 |

The purpose for the receivables and payables is to assist in payment from one account with the balance to be repaid to the General Fund within the year.

## 16. Retirement Benefits

The following pension and retirement plans are in effect but are not under the direct control of the County:

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

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

Sheriff's Retirement Fund/Peace Officer's Annuity and Benefit Fund - The Sheriff and sheriff deputies are covered under separate pension plans which require that certain sums from fines or bond forfeitures be remitted by the Probate Judge or Clerk of Superior Court to the pension plans before the payment of any costs or other claims.

The County sponsors a defined contribution plan, which is administered by Principal Financial Group. This plan covers substantially all of the County's employees in its various departments. Employer contributions are not required but when made are based on a percentage of covered payroll as determined by the County Commissioner. Covered employees may elect to make voluntary contributions as well. Authority for the Plan is found in the minutes of the Commissioner. The contribution rate used for 2011 was 3% of covered payroll.

A defined contribution retirement plan is also sponsored by the County whereby the employee elects to contribute to the Plan. The county does not participate in this Plan. Each employee determines the amount to be paid into the Plan (up to the amount allowed by law) through payroll withholdings. All amounts contributed are 100% vested with the employee. The following information is provided for the year ended December 31, 2011:

| | Employer/Employee Plan | Employee Plan |
|---|---|---|
| Employer Contributions | $ 94,615 | $ - |
| Employee Contributions | - | 15,772 |
| Covered Payroll | 3,153,844 | N/A |
| Total Payroll | 4,840,122 | 4,840,122 |
| Investment Expenses Paid | 9,827 | - |

## 17. Deficits of Fund Balances/Net Assets

There were no deficits in fund balances or net assets at December 31, 2011.

## 18. Subsequent Event

Bonds were issued in April 2012 for $2,801,000 to finance the payoff of interim financing provided by United Community Bank for the construction discussed in Note 8. The USDA purchased the bonds.

# Combining Financial Statements

## Non-Major Governmental Funds

CHATTOOGA COUNTY, GEORGIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
December 31, 2011

| | Special Revenue | | | |
|---|---|---|---|---|
| | Drug Confiscation | Jail Improvement | Date | E-911 |
| **Assets** | | | | |
| Cash and Cash Investments | $ 22,150 | $ 45,810 | $ 122,100 | $ 2,245 |
| Accounts Receivable - Other | - | - | - | 87,669 |
| Prepaid Expenses | - | - | - | 13,555 |
| Inventory | - | - | - | - |
| **Total Assets** | $ 22,150 | $ 45,810 | $ 122,100 | $ 103,469 |
| Liabilities and Fund Balances | | | | |
| **Liabilities** | | | | |
| Accounts Payable | $ - | $ - | $ - | $ 11,149 |
| **Total Liabilities** | - | - | - | 11,149 |
| **Fund Balances** | | | | |
| Nonspendable | - | - | - | 13,555 |
| Restricted for: | | | | |
| Public Safety | 22,150 | 45,810 | 122,100 | 78,765 |
| Judicial | - | - | - | - |
| **Total Fund Balances** | 22,150 | 45,810 | 122,100 | 92,320 |
| **Total Liabilities and Fund Balances** | $ 22,150 | $ 45,810 | $ 122,100 | $ 103,469 |

CHATTOOGA COUNTY, GEORGIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
December 31, 2011

| | Special Revenue | | |
|---|---|---|---|
| | Housing Prisoners | Law Library | Total Other Governmental Funds |
| | $ 70,748 | $ 14,910 | $ 277,963 |
| | - | - | 87,669 |
| | - | - | 13,555 |
| | 1,151 | - | 1,151 |
| | $ 71,899 | $ 14,910 | $ 380,338 |
| | $ 44,065 | $ 723 | $ 55,937 |
| | 44,065 | 723 | 55,937 |
| | - | - | 13,555 |
| | 27,834 | - | 296,659 |
| | - | 14,187 | 14,187 |
| | 27,834 | 14,187 | 324,401 |
| | $ 71,899 | $ 14,910 | $ 380,338 |

CHATTOOGA COUNTY, GEORGIA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2011

| | Special Revenue | | | |
|---|---|---|---|---|
| | Drug Confiscation | Jail Improvement | Date Fund | E-911 |
| **Revenues** | | | | |
| Investment Income | $ - | $ - | $ - | $ - |
| Fines and Forfeiture | 50,009 | 52,515 | 51,538 | - |
| Miscellaneous | - | - | - | 518,920 |
| Total Revenues | 50,009 | 52,515 | 51,538 | 518,920 |
| **Expenditures** | | | | |
| Current | | | | |
| Public Safety | 72,363 | 78,127 | 99,992 | 713,764 |
| Courts | - | - | - | - |
| Total Expenditures | 72,363 | 78,127 | 99,992 | 713,764 |
| Excess (Deficiency) of Revenues over Expenditures | (22,354) | (25,512) | (48,454) | (194,844) |
| **Other Financing Sources (Uses)** | | | | |
| Transfers In | 34,978 | 32,500 | - | 195,502 |
| Transfers Out | - | - | - | - |
| Total Other Financing Sources (Uses) | 34,978 | 32,500 | - | 195,502 |
| Excess of Revenues and Other Sources over Expenditures and Other Uses | 12,624 | 6,388 | (48,454) | 658 |
| **Fund Balances - Beginning of Year** | 9,526 | 38,922 | 170,554 | 91,662 |
| **Fund Balances - End of Year** | $ 22,150 | $ 45,310 | $ 122,100 | $ 92,320 |

CHATTOOGA COUNTY, GEORGIA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2011

| Special Revenue | | |
|---|---|---|
| Housing Prisoners | Law Library | Total Other Governmental Funds |
| $ - | $ 23 | $ 23 |
| - | 14,696 | 168,758 |
| 98,175 | - | 617,095 |
| 98,175 | 14,719 | 785,876 |
| 90,125 | - | 1,054,371 |
| - | 17,229 | 17,229 |
| 90,125 | 17,229 | 1,071,600 |
| 8,050 | (2,510) | (285,724) |
| - | - | 262,980 |
| (32,500) | - | (32,500) |
| (32,500) | - | 230,480 |
| (24,450) | (2,510) | (55,244) |
| 52,284 | 16,697 | 379,645 |
| $ 27,834 | $ 14,187 | $ 324,401 |

Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual

Special Revenue Funds

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - DRUG CONFISCATION ACCOUNT
Year Ended December 31, 2011

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Fines and forfeitures | $ 4,100 | $ 50,000 | $ 50,009 | $ 9 |
| Total Revenues | 4,100 | 50,000 | 50,009 | 9 |
| **Expenditures** | | | | |
| Public Safety - Sheriff | | | | |
| Crime Prevention | - | 50,000 | 45,123 | 4,877 |
| Capital Outlay | 2,000 | 35,000 | 27,240 | 7,760 |
| Total Expenditures | 2,000 | 85,000 | 72,363 | 12,637 |
| Excess of Revenues Over Expenditures | 2,100 | (35,000) | (22,354) | 12,646 |
| **Other Financing Sources** | | | | |
| Transfers-in | - | 35,000 | 34,978 | $ (22) |
| Total other Financing Sources | - | 35,000 | 34,978 | (22) |
| Excess of Revenues and other sources over Expenditures | 2,100 | - | 12,624 | 12,624 |
| **Fund Balance - Beginning of Year** | 9,526 | 9,526 | 9,526 | - |
| **Fund Balance - End of Year** | $ 11,626 | $ 9,526 | $ 22,150 | $ 12,624 |

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - JAIL IMPROVEMENT FUND
Year Ended December 31, 2011

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Fines and Forfeitures | $ 37,100 | $ 52,500 | $ 52,515 | $ 15 |
| Total Revenues | 37,100 | 52,500 | 52,515 | 15 |
| **Expenditures** | | | | |
| Public Safety - Sheriff | | | | |
| Jail Maintenance | 9,600 | 78,000 | 78,127 | (127) |
| Total Expenditures | 9,600 | 78,000 | 78,127 | (127) |
| Excess of Revenues Over Expenditures | 27,500 | (25,500) | (25,612) | (112) |
| **Other Financing Sources (Uses)** | | | | |
| Transfers In | - | - | 32,500 | 32,500 |
| Excess of Revenues and Other Sources over Expenditures and Other Uses | 27,500 | (25,500) | 6,888 | 32,388 |
| **Fund Balance - Beginning of Year** | 38,922 | 38,922 | 38,922 | - |
| **Fund Balance - End of Year** | $ 66,422 | $ 13,422 | $ 45,810 | $ 32,388 |

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - DATE FUND
Year Ended December 31, 2011

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Fines and Forfeitures | $ 42,550 | $ 51,550 | $ 51,538 | $ (12) |
| Total Revenues | 42,550 | 51,550 | 51,538 | (12) |
| **Expenditures** | | | | |
| Public Safety - Sheriff | | | | |
| Crime Prevention | 9,600 | 99,800 | 99,992 | (192) |
| Total Expenditures | 9,600 | 99,800 | 99,992 | (192) |
| Excess of Revenues Over Expenditures | 32,950 | (48,250) | (48,454) | (204) |
| **Fund Balance - Beginning of Year** | 170,554 | 170,554 | 170,554 | - |
| **Fund Balance - End of Year** | $ 203,504 | $ 122,304 | $ 122,100 | $ (204) |

# CHATTOOGA COUNTY, GEORGIA
## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
## SPECIAL REVENUE FUND - E911 EMERGENCY FUND
## Year Ended December 31, 2011

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Miscellaneous | | | | |
| 911 Fees | $ 450,000 | $ 518,900 | $ 518,920 | $ 20 |
| Total Revenues | 450,000 | 518,900 | 518,920 | 20 |
| **Expenditures** | | | | |
| Public Safety - E911 | | | | |
| Salaries | 318,945 | 363,700 | 363,679 | 21 |
| Benefits | 90,180 | 104,000 | 103,945 | 55 |
| Insurance | 9,300 | 8,700 | 8,653 | 47 |
| Supplies | 5,100 | 5,600 | 5,534 | 66 |
| Maintenance - Buildings & Equipment | 43,700 | 42,500 | 42,437 | 63 |
| Telephone | 7,500 | 72,900 | 72,706 | 194 |
| Training and Travel | 7,000 | 8,100 | 8,020 | 80 |
| Computer Expense | 35,000 | 32,200 | 32,182 | 18 |
| Utilities | 20,550 | 14,800 | 14,758 | 42 |
| Uniform and Laundry | 1,000 | 200 | 169 | 31 |
| Capital Outlay | 47,573 | 61,700 | 61,681 | 19 |
| Total Expenditures | 585,848 | 714,400 | 713,764 | 636 |
| Excess of Revenues Over Expenditures | (135,848) | (195,500) | (194,844) | 656 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers - In | - | 195,500 | 195,502 | 2 |
| Total Other Financing Sources (Uses) | - | 195,500 | 195,502 | 2 |
| Excess (Deficiency) of Revenues and other sources over Expenditures | (135,848) | - | 658 | 658 |
| **Fund Balance - Beginning of Year** | 91,662 | 91,662 | 91,662 | - |
| **Fund Balance - End of Year** | $ (44,186) | $ 91,662 | $ 92,320 | $ 658 |

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - HOUSING PRISONERS
Year Ended December 31, 2011

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Intergovernmental | | | | |
| Other Funds | $ 60,000 | $ 98,175 | $ 98,175 | $ - |
| Total Revenues | 60,000 | 98,175 | 98,175 | - |
| **Expenditures** | | | | |
| Public Safety | | | | |
| Supplies | 30,000 | 57,400 | 57,318 | 82 |
| Capital Outlay | 30,000 | 33,000 | 32,807 | 193 |
| Total Expenditures | 60,000 | 90,400 | 90,125 | 275 |
| Excess of Revenues Over Expenditures | - | 7,775 | 8,050 | 275 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers - Out | - | (32,500) | (32,500) | - |
| Excess (Deficiency) of Revenues and other sources over Expenditures | - | (24,725) | (24,450) | 275 |
| **Fund Balance - Beginning of Year** | 52,284 | 52,284 | 52,284 | - |
| **Fund Balance - End of Year** | $ 52,284 | $ 27,559 | $ 27,834 | $ 275 |

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - LAW LIBRARY
Year Ended December 31, 2011

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Fines and forfeitures | $ - | $ 11,250 | $ 14,696 | $ 3,446 |
| Interest Income | - | 50 | 23 | (27) |
| Total Revenues | - | 11,300 | 14,719 | 3,419 |
| **Expenditures** | | | | |
| Court System | - | 18,900 | 17,229 | 1,671 |
| Total Expenditures | - | 18,900 | 17,229 | 1,671 |
| Excess of Revenues Over Expenditures | - | (7,600) | (2,510) | 5,090 |
| **Fund Balance - Beginning of Year** | - | 16,697 | 16,697 | - |
| **Fund Balance - End of Year** | $ - | $ 9,097 | $ 14,187 | $ 5,090 |

# Supplementary Individual Fund Financial Schedules

## General Fund

The supplementary schedules are included to provide management additional information for financial analysis.

# CHATTOOGA COUNTY, GEORGIA
## COMPARATIVE BALANCE SHEET
## GENERAL FUND
## December 31, 2011

**(with comparative totals for 2010)**

| | 2011 | 2010 |
|---|---|---|
| **Assets** | | |
| Cash | $ 333,422 | $ 340,549 |
| Accounts Receivable | 57,962 | 100,846 |
| Taxes Receivable | 789,766 | 859,007 |
| Prepaid Expenses | 49,213 | 50,219 |
| Due from Other Funds | 28,242 | 84,972 |
| Total Assets | $ 1,258,605 | $ 1,435,593 |
| **Liabilities and Fund Balance** | | |
| **Liabilities** | | |
| Accounts Payable | $ 223,680 | $ 122,110 |
| Deferred Revenues | 486,252 | 600,561 |
| Total Liabilities | 709,932 | 722,671 |
| **Fund Balance** | | |
| Nonspendable: | | |
| Prepaid Items | 49,213 | 50,219 |
| Unassigned | 499,460 | 662,703 |
| Total Fund Balance | 548,673 | 712,922 |
| **Total Liabilities and Fund Balance** | $ 1,258,605 | $ 1,435,593 |

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2011

(with comparative totals for 2010)

| | 2011 | | | | 2010 |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | Actual |
| **Revenues** | | | | | |
| Taxes | $ 6,842,647 | $ 6,800,000 | $ 6,801,822 | $ 1,822 | $ 6,559,695 |
| Licenses and Permits | 3,500 | 16,000 | 16,714 | 714 | 18,200 |
| Fines and Forfeitures | 566,000 | 620,000 | 621,672 | 1,672 | 585,393 |
| Intergovernmental | 116,300 | 281,000 | 281,218 | 218 | 353,332 |
| Charges for Services | 538,150 | 610,000 | 610,061 | 61 | 640,469 |
| Miscellaneous | 100,412 | 171,000 | 171,828 | 828 | 167,968 |
| Total Revenues | 8,167,009 | 8,498,000 | 8,503,315 | 5,315 | 8,325,057 |
| **Expenditures** | | | | | |
| Current | | | | | |
| General Government | 1,236,982 | 1,366,187 | 1,366,924 | (737) | 1,388,776 |
| Public Safety | 3,114,851 | 3,726,761 | 3,725,603 | 1,158 | 3,562,892 |
| Court System | 1,379,443 | 1,311,508 | 1,309,355 | 2,153 | 1,314,148 |
| Roads and Bridges | 70,784 | 201,284 | 201,855 | (571) | 91,471 |
| Health and Welfare | 341,914 | 344,214 | 343,773 | 441 | 331,255 |
| Culture and Recreation | 531,147 | 695,197 | 695,993 | (796) | 604,977 |
| Sanitation | 652,500 | 803,795 | 806,623 | (2,828) | 691,185 |
| Total Expenditures | 7,327,621 | 8,448,946 | 8,450,126 | (1,180) | 7,984,704 |
| Excess (Deficiency) of Revenues Over Expenditures | 839,388 | 49,054 | 53,189 | 4,135 | 340,353 |
| **Other Financing Sources (Uses)** | | | | | |
| Transfers Out | - | (230,000) | (230,480) | (480) | (603,392) |
| Transfers - In | - | 13,000 | 13,042 | 42 | 8,978 |
| Sale of capital assets | - | - | - | - | 31,065 |
| Proceeds from capital lease | - | - | - | - | 33,100 |
| Total Other Financing Sources (Uses) | - | (217,000) | (217,438) | (438) | (530,249) |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses | 839,388 | (167,946) | (164,249) | 3,697 | (189,896) |
| **Fund Balances - Beginning** | 712,922 | 712,922 | 712,922 | - | 902,818 |
| **Fund Balanced - End of Year** | $ 1,552,310 | $ 544,976 | $ 548,673 | $ 3,697 | $ 712,922 |

CHATTOOGA COUNTY GEORGIA
SCHEDULE OF EXPENDITURES BY DEPARTMENTS
BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2011

(with comparative totals for 2010)

| | 2011 | | | | 2010 |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | Actual |
| **General Government** | | | | | |
| Commissioner's Office | $ 399,394 | $ 508,198 | $ 508,711 | $ (513) | $ 482,323 |
| Buildings and Grounds | 138,216 | 168,217 | 167,989 | 228 | 158,471 |
| Registrar | 41,750 | 39,250 | 39,245 | 5 | 62,659 |
| Code Enforcement | 40,708 | 40,708 | 41,046 | (338) | 42,903 |
| Tax Assessors | 303,581 | 289,481 | 289,413 | 68 | 311,372 |
| Tax Commissioner | 313,333 | 320,333 | 320,520 | (187) | 331,048 |
| Total General Government | 1,236,982 | 1,366,187 | 1,366,924 | (737) | 1,388,776 |
| **Public Safety** | | | | | |
| Sheriff | | | | | |
| General | 1,325,509 | 1,733,809 | 1,734,456 | (647) | 1,727,454 |
| Jail | 1,345,917 | 1,503,657 | 1,502,625 | 1,032 | 1,393,402 |
| Drug Task Force | 92,000 | 76,200 | 75,785 | 415 | 65,261 |
| Community Oriented Police | 81,212 | 83,112 | 83,046 | 66 | 82,625 |
| Total Sheriff | 2,844,638 | 3,396,778 | 3,395,912 | 866 | 3,268,742 |
| Animal Control | 130,000 | 165,900 | 166,358 | (458) | 135,394 |
| Fire Departments | 100,100 | 118,000 | 120,520 | (2,520) | 129,302 |
| Civil Defense | 7,300 | 10,300 | 10,246 | 54 | 7,252 |
| Coroner | 30,313 | 23,083 | 22,289 | 794 | 20,289 |
| Local Emergency Planning | 2,500 | 12,700 | 10,278 | 2,422 | 1,913 |
| Total Public Safety | 3,114,851 | 3,726,761 | 3,725,603 | 1,158 | 3,562,892 |
| **Courts** | | | | | |
| Clerk of Courts | 356,585 | 356,585 | 357,919 | (1,334) | 336,774 |
| Probate Court | 229,785 | 229,785 | 228,031 | 1,754 | 266,862 |
| Magistrate Court | 173,866 | 163,566 | 160,172 | 3,394 | 163,257 |
| Juvenile Court | 79,471 | 79,471 | 78,110 | 1,361 | 77,714 |
| Superior Court | 153,994 | 80,894 | 79,895 | 999 | 115,033 |
| State Court | 167,502 | 192,067 | 195,479 | (3,412) | 148,738 |
| Court Reporter and Public Defender | 96,502 | 84,102 | 84,063 | 39 | 92,346 |
| District Attorney | 117,238 | 118,238 | 118,300 | (62) | 107,080 |
| Probation Office | 4,500 | 6,800 | 7,386 | (586) | 6,344 |
| Total Courts | 1,379,443 | 1,311,508 | 1,309,355 | 2,153 | 1,314,148 |
| **Roads and Bridges (Work Camp)** | 70,784 | 201,284 | 201,855 | (571) | 91,471 |
| | - | | | | |
| **Health and Welfare** | | | | | |
| Board of Health | 159,632 | 159,632 | 159,991 | (359) | 159,651 |
| Public Welfare | 99,320 | 99,320 | 99,320 | - | 99,320 |
| County Agent | 49,250 | 53,350 | 52,630 | 720 | 52,681 |
| Crisis Centers | 31,212 | 31,712 | 31,632 | 80 | 19,203 |
| Hospital and Medical Care | 2,500 | 200 | 200 | - | 400 |
| Total Health and Welfare | 341,914 | 344,214 | 343,773 | 441 | 331,255 |
| **Culture and Recreation** | | | | | |
| Public Library | 82,100 | 82,600 | 82,804 | (204) | 81,520 |
| Public Transportation | 148,767 | 169,867 | 168,753 | 1,114 | 161,811 |
| Senior and Civic Center | 87,780 | 96,930 | 96,961 | (31) | 104,213 |
| Economic Development | 105,000 | 110,300 | 111,881 | (1,581) | 79,555 |
| Paradise Gardens | - | 128,000 | 128,474 | (474) | - |
| Capital Outlay - Agricultural Center | - | - | 12,120 | (12,120) | 97,378 |
| Recreation | 107,500 | 107,500 | 95,000 | 12,500 | 80,500 |
| Total Culture and Recreation | 531,147 | 695,197 | 695,993 | (796) | 604,977 |
| **Sanitation** | | | | | |
| Solid Waste and Water Project | 652,500 | 803,795 | 806,623 | (2,828) | 691,185 |
| Total Sanitation | 652,500 | 803,795 | 806,623 | (2,828) | 691,185 |
| **Total Expenditures** | $ 7,327,621 | $ 8,448,946 | $ 8,450,126 | $ (1,180) | $ 7,984,704 |

# CHATTOOGA COUNTY, GEORGIA
## SCHEDULE OF EXPENDITURES BY ACCOUNTS
## GENERAL FUND
## Year Ended December 31, 2011

**(with comparative totals for 2010)**

| | 2011 | 2010 |
|---|---|---|
| **EXPENDITURES** | | |
| General Government - | | |
| Commissioner's Office - | | |
| Salaries - Commissioner | $ 96,662 | $ 97,756 |
| Salaries - Others | 151,939 | 119,689 |
| Benefits | 53,166 | 50,650 |
| Attorney | 15,297 | 12,330 |
| Auditors | 22,300 | 20,290 |
| Dues | 31,266 | 21,274 |
| Insurance | 42,955 | 51,086 |
| Office Expense | 37,919 | 45,316 |
| Telephone | 4,320 | 3,039 |
| Training and Travel | 5,431 | 3,902 |
| Interest Expense | 46,421 | 52,646 |
| Capital Outlay | 1,035 | 4,345 |
| Total Commissioner's Office | 508,711 | 482,323 |
| Building and Grounds - | | |
| Salaries | 24,794 | 24,889 |
| Benefits | 8,741 | 8,467 |
| Insurance | 484 | 653 |
| Supplies | 6,883 | 7,696 |
| Lease | 29,800 | 1,600 |
| Maintenance | 37,390 | 54,318 |
| Utilities | 59,897 | 60,848 |
| Capital Outlay | - | - |
| Total Buildings and Grounds | 167,989 | 158,471 |
| Registrar - | | |
| Salaries | 27,761 | 41,475 |
| Benefits | 2,122 | 10,194 |
| Attorney | - | 422 |
| Insurance | 1,959 | 1,957 |
| Maintenance | 300 | 1,920 |
| Office Expense | 2,114 | 1,896 |
| Telephone | 571 | 475 |
| Training and Travel | 2,253 | 2,128 |
| Utilities | 2,165 | 2,192 |
| Capital Outlay | - | - |
| Total Registrar | 39,245 | 62,659 |
| Subtotal Carried Forward | 715,945 | 703,453 |

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES BY ACCOUNTS
GENERAL FUND
Year Ended December 31, 2011

(with comparative totals for 2010)

| | 2011 | 2010 |
|---|---|---|
| Subtotal Brought Forward | $ 715,945 | $ 703,453 |
| **EXPENDITURES - continued** | | |
| General Government - continued | | |
| Code Enforcement - | | |
| Salaries | 28,695 | 28,256 |
| Benefits | 9,198 | 8,851 |
| Attorney | - | 998 |
| Insurance | 1,076 | 2,510 |
| Office Expense | 342 | 764 |
| Telephone | 735 | 730 |
| Training and Travel | 1,000 | 794 |
| Total Code Enforcement | 41,046 | 42,903 |
| Tax Assessors - | | |
| Salaries - Arbitrators | 13,420 | 26,450 |
| Salaries - Other | 161,146 | 167,067 |
| Benefits | 58,665 | 64,674 |
| Dues | 820 | 405 |
| Insurance | 6,790 | 8,522 |
| Legal | 7,611 | 7,098 |
| Office Expense | 23,559 | 22,602 |
| Telephone | 1,097 | 1,570 |
| Training and Travel | 12,941 | 9,672 |
| Capital Outlay | 3,364 | 3,312 |
| Total Tax Assessors | 289,413 | 311,372 |
| Tax Commissioner - | | |
| Salaries - Tax Commissioner | 59,999 | 59,999 |
| Salaries - Others | 128,816 | 135,973 |
| Benefits | 52,591 | 51,023 |
| Auditors and Attorneys | 33,835 | 36,842 |
| Insurance | 2,907 | 3,043 |
| Office Expense | 34,115 | 36,311 |
| Telephone | 1,196 | 1,244 |
| Training and Travel | 3,111 | 3,350 |
| Capital Outlay | 3,950 | 3,263 |
| Total Tax Commissioner | 320,520 | 331,048 |
| **Total General Government** | **1,366,924** | **1,388,776** |

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES BY ACCOUNTS
GENERAL FUND
Year Ended December 31, 2011

(with comparative totals for 2010)

| | 2011 | 2010 |
|---|---|---|
| **EXPENDITURES - continued** | | |
| Public Safety - | | |
| Sheriff - General | | |
| Salaries - Sheriff | $ 66,990 | $ 66,990 |
| Salaries - Others | 946,399 | 898,754 |
| Benefits | 277,171 | 256,257 |
| Auditors and Attorneys | 33,124 | 8,109 |
| Dues | 6,009 | 7,752 |
| Insurance | 77,054 | 69,767 |
| Supplies | 66,058 | 46,087 |
| Repairs and maintenance | 14,400 | 26,735 |
| Telephone | 7,635 | 6,668 |
| Training and Travel | 7,420 | 7,238 |
| Capital Outlay | 73,018 | 148,302 |
| Vehicle Expense | 150,300 | 168,570 |
| Uniforms | 8,878 | 16,225 |
| Total Sheriff - General | 1,734,456 | 1,727,454 |
| Community Oriented Police - | 83,046 | 82,625 |
| Drug Task Force - | 75,785 | 65,261 |
| Jail - | | |
| Salaries | 572,743 | 566,655 |
| Benefits | 169,192 | 186,379 |
| Insurance | 11,475 | 8,370 |
| Supplies | 31,586 | 33,935 |
| Buildings and Grounds | 83,542 | 88,627 |
| Telephone | 3,569 | 3,454 |
| Training and Travel | - | 75 |
| Meals and Housing | 450,479 | 329,331 |
| Medical | 172,045 | 169,619 |
| Uniforms and Laundry | 1,425 | 2,939 |
| Capital Outlay | 6,569 | 4,018 |
| Total Jail | 1,502,625 | 1,393,402 |
| Total Sheriff | 3,395,912 | 3,268,742 |
| Animal Control - | 166,358 | 135,394 |
| Fire - | 120,520 | 129,302 |
| Civil Defense - | 10,246 | 7,252 |
| Subtotal Carried Forward | 3,693,036 | 3,540,690 |

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES BY ACCOUNTS
GENERAL FUND
Year Ended December 31, 2011

(with comparative totals for 2010)

| | 2011 | 2010 |
|---|---|---|
| Subtotal Brought Forward | $ 3,693,036 | $ 3,540,690 |
| **EXPENDITURES - continued** | | |
| Public Safety - continued | | |
| Coroner - | | |
| Salaries | 8,943 | 9,396 |
| Benefits | 9,812 | 9,274 |
| Training | 1,673 | 816 |
| Supplies | 1,861 | 803 |
| Total Coroner | 22,289 | 20,289 |
| Local Emergency Planning | 10,278 | 1,913 |
| **Total Public Safety** | **3,725,603** | **3,562,892** |
| Courts - | | |
| Clerk of Courts - | | |
| Salaries - Clerk | 91,055 | 91,055 |
| Salaries - Others | 136,874 | 132,458 |
| Salaries - Arbitrators | 10,230 | - |
| Benefits | 68,309 | 65,908 |
| Auditors and Attorneys | 4,209 | 3,500 |
| Insurance | 2,907 | 4,131 |
| Office Expense | 37,651 | 30,650 |
| Telephone | 1,154 | 1,238 |
| Training and Travel | 1,701 | 1,714 |
| Capital Outlay | 3,829 | 6,120 |
| Total Clerk of Courts | 357,919 | 336,774 |
| Probate Court - | | |
| Salaries - Judge | 95,611 | 93,104 |
| Salaries - Others | 61,279 | 69,272 |
| Benefits | 34,864 | 34,273 |
| Auditors | 1,500 | 1,000 |
| Insurance | 1,437 | 1,522 |
| Office Expense | 6,357 | 6,880 |
| Telephone | 2,060 | 2,212 |
| Training and Travel | 4,249 | 3,406 |
| Election Expense | 18,380 | 52,427 |
| Capital Outlay | 2,294 | 2,766 |
| Total Probate Court | 228,031 | 266,862 |
| Subtotal Carried Forward | 585,950 | 603,636 |

# CHATTOOGA COUNTY, GEORGIA
## SCHEDULE OF EXPENDITURES BY ACCOUNTS
## GENERAL FUND
## Year Ended December 31, 2011

**(with comparative totals for 2010)**

| | 2011 | 2010 |
|---|---|---|
| Subtotal Brought Forward | $ 585,950 | $ 603,636 |
| **EXPENDITURES - continued** | | |
| Courts - continued | | |
| Juvenile Court - | | |
| Salaries | 52,000 | 52,200 |
| Benefits | 14,647 | 13,935 |
| Office Expense | 4,876 | 5,717 |
| Court Appointed Attorneys | 2,000 | 2,250 |
| Court Reporters | 4,562 | 3,612 |
| Witness Fees | 25 | - |
| Total Juvenile Court | 78,110 | 77,714 |
| Magistrate's Office - | | |
| Salaries | 124,729 | 125,170 |
| Benefits | 25,449 | 25,072 |
| Auditors and Attorneys | 1,861 | 3,000 |
| Supplies | 2,390 | 3,621 |
| Insurance | 1,930 | 2,717 |
| Telephone | 1,590 | 1,617 |
| Training and Travel | 778 | 683 |
| Capital Outlay | 1,445 | 1,377 |
| Total Magistrate's Office | 160,172 | 163,257 |
| Superior Court - | | |
| Salaries | 12,694 | 12,694 |
| Office Expense | 4,021 | 4,492 |
| Telephone | 1,184 | 1,270 |
| Training | 1,200 | - |
| Court Reporters | 15,311 | 26,140 |
| Jurors | 40,860 | 64,250 |
| Witness Fees | 1,445 | 1,747 |
| Bailiffs | 3,180 | 4,440 |
| Total Superior Court | 79,895 | 115,033 |
| Subtotal Carried Forward | 904,127 | 959,640 |

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES BY ACCOUNTS
GENERAL FUND
Year Ended December 31, 2011

(with comparative totals for 2010)

| | 2011 | 2010 |
|---|---|---|
| Subtotal Brought Forward | $ 904,127 | $ 959,640 |
| **EXPENDITURES - continued** | | |
| Courts - continued | | |
| State Court - | | |
| Salaries | 119,385 | 100,192 |
| Benefits | 37,059 | 24,355 |
| Insurance | 1,474 | 2,064 |
| Office Expense | 4,194 | 5,207 |
| Telephone | 462 | 521 |
| Court Appointed Attorneys | 13,197 | 7,052 |
| Court Reporters | 6,328 | 4,372 |
| Jurors | 10,810 | 3,150 |
| Witness Fees | 2,570 | 1,825 |
| Capital Outlay | - | - |
| Total State Court | 195,479 | 148,738 |
| District Attorney - | | |
| Prorate Expenses | 116,738 | 107,010 |
| Office Expense | 1,562 | 70 |
| Capital Outlay | - | - |
| Total District Attorney | 118,300 | 107,080 |
| Probation Office - | 7,386 | 6,344 |
| Court Reporter and Public Defender - | | |
| Salaries | 14,400 | 14,455 |
| Benefits | 1,101 | 1,102 |
| Attorney Fees | 68,562 | 76,789 |
| Total Court Reporter and Public Defender | 84,063 | 92,346 |
| **Total Courts** | **1,309,355** | **1,314,148** |
| Roads and Bridges (Work Camp) - | | |
| Salaries | 26,281 | 23,065 |
| Benefits | 8,831 | 8,203 |
| Gas, Oil, and Tires | 5,318 | 3,600 |
| Maintenance | 3,005 | 18,965 |
| Insurance | 454 | 653 |
| Supplies and Telephone | 17,723 | 23,049 |
| Utilities | 14,212 | 13,543 |
| Laundry | 41 | 393 |
| Technical services | 125,416 | - |
| Capital Outlay | 574 | - |
| **Total Roads and Bridges** | **201,855** | **91,471** |

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES BY ACCOUNTS
GENERAL FUND
Year Ended December 31, 2011

(with comparative totals for 2010)

| | 2011 | 2010 |
|---|---|---|
| **EXPENDITURES - continued** | | |
| Health and Welfare - | | |
| Board of Health | $ 159,991 | $ 159,651 |
| Public Welfare | 99,320 | 99,320 |
| County Agent | 52,630 | 52,681 |
| Child Advocacy Center | 7,478 | 7,614 |
| Family Crisis Center | 7,478 | 8,509 |
| Other Agencies | 16,676 | 3,080 |
| Hospital and Medical Care | 200 | 400 |
| **Total Health and Welfare** | **343,773** | **331,255** |
| Culture and Recreation - | | |
| Public Library | 82,804 | 81,520 |
| Public Transportation | 168,753 | 161,811 |
| Civic, Senior, and Multi-purpose Centers | 96,961 | 104,213 |
| Economic Development | 111,881 | 79,555 |
| Paradise Gardens | 128,474 | - |
| Capital Outlay - Agricultural Center | 12,120 | 97,378 |
| Recreation | 95,000 | 80,500 |
| **Total Culture and Recreation** | **695,993** | **604,977** |
| Sanitation - | | |
| Solid Waste | 282,875 | 224,400 |
| Salaries | 272,796 | 275,904 |
| Benefits | 41,849 | 47,745 |
| Insurance | 12,182 | 13,594 |
| Supplies | 11,794 | 7,227 |
| Gas, Oil, and Repairs | 34,949 | 55,893 |
| Utilities | 7,691 | 7,880 |
| Contract labor | 134,795 | 50,284 |
| Armuchee Creek/Regal Spring | 7,412 | 8,258 |
| Capital Outlay | 280 | - |
| **Total Sanitation** | **806,623** | **691,185** |
| **TOTAL EXPENDITURES** | **$ 8,450,126** | **$ 7,984,704** |

Capital Project Fund

# CHATTOOGA COUNTY, GEORGIA
## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
## CAPITAL PROJECT - SALES TAX FUND
## Year Ended December 31, 2011

| | Original Budget | Final Budget | Actual | Variance With Final Budget Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| **Intergovernmental** | | | | |
| State Government - Special Project Local Option Sales Tax (SPLOST) | $ 2,300,000 | $ 2,470,200 | $ 2,470,239 | $ 39 |
| Interest Income | 5,000 | 5,000 | 6,805 | 1,805 |
| Miscellaneous Income | 25,700 | 23,600 | 21,179 | (2,421) |
| **Total Revenues** | 2,330,700 | 2,498,800 | 2,498,223 | (577) |
| **Expenditures** | | | | |
| Roads and Bridges | | | | |
| Personnel | 468,932 | 485,900 | 485,808 | 92 |
| Benefits | 160,098 | 167,600 | 167,591 | 9 |
| Insurance | 27,200 | 27,900 | 27,657 | 243 |
| Contractors | 77,400 | 106,000 | 105,951 | 49 |
| Professional fees | - | 1,000 | 910 | 90 |
| Capital Expenditures | 1,124,880 | 588,600 | 588,535 | 65 |
| Materials | 157,000 | 216,000 | 215,923 | 77 |
| Gas and Oil | 124,610 | 241,000 | 240,949 | 51 |
| Maintenance | 56,000 | 97,000 | 97,163 | (163) |
| Total Roads and Bridges | 2,196,120 | 1,931,000 | 1,930,487 | 513 |
| Sanitation | | | | |
| Landfill and Equipment | 25,000 | 21,000 | 20,652 | 348 |
| Municipal Contracts | 743,000 | 653,000 | 653,077 | (77) |
| **Total Expenditures** | 2,964,120 | 2,605,000 | 2,604,216 | 784 |
| **Excess of Revenues Over Expenditures** | (633,420) | (106,200) | (105,993) | 207 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers In(out) | - | - | - | - |
| **Total Other Financing Sources (Uses)** | - | - | - | - |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | (633,420) | (106,200) | (105,993) | 207 |
| **Fund Balances - Beginning** | 1,851,077 | 1,851,077 | 1,851,077 | - |
| **Fund Balances - Ending** | $ 1,217,657 | $ 1,744,877 | $ 1,745,084 | $ 207 |

See accompanying notes to basic financial statements.

Proprietary Fund

# CHATTOOGA COUNTY, GEORGIA
## COMPARATIVE STATEMENTS OF NET ASSETS
## WATER REVENUE FUND
## Year Ended December 31, 2011

**(with comparative totals for 2010)**

| | 2011 | 2010 |
|---|---|---|
| **Assets** | | |
| Current Assets | | |
| Cash and Cash Investments | $ 116,060 | $ 132,582 |
| Accounts Receivable | 112,923 | 117,504 |
| Inventory | 38,048 | 33,980 |
| Prepaid Expenses | 9,351 | 25,099 |
| Total Current Assets | 276,382 | 309,165 |
| Current Assets - Restricted | | |
| Cash and Cash Investments | 411,153 | 375,397 |
| Total Current Restricted Assets | 411,153 | 375,397 |
| Noncurrent Assets | | |
| Deferred Charges | 125,110 | 126,537 |
| Capital Assets | | |
| Project Under Construction | 2,425,800 | - |
| Land | 56,899 | 56,899 |
| Buildings | 145,810 | 145,810 |
| Infrastructure | 12,637,689 | 12,594,366 |
| Equipment | 754,970 | 630,921 |
| Accumulated Depreciation | (2,350,254) | (2,016,461) |
| Total Capital Assets, Net of Depreciation | 13,670,914 | 11,411,535 |
| Total Noncurrent Assets | 13,796,024 | 11,538,072 |
| **Total Assets** | $ 14,483,559 | $ 12,222,634 |
| **Liabilities** | | |
| Current Liabilities | | |
| Accounts Payable | $ 10,445 | $ 13,863 |
| Due to other funds | 28,242 | 22,340 |
| Total Current Liabilities | 38,687 | 36,203 |
| Current Liabilities Payable from Restricted Assets | | |
| Deposits | 178,002 | 189,178 |
| Bonds and Notes Payable | 134,112 | 131,993 |
| Accrued Interest | 10,920 | 12,460 |
| Total Current Liabilities Payable from Restricted Assets | 323,034 | 333,631 |
| Noncurrent Liabilities | | |
| Notes and Bonds Payable | 7,919,410 | 5,766,010 |
| Total Noncurrent Liabilities | 7,919,410 | 5,766,010 |
| **Total Liabilities** | 8,281,131 | 6,135,844 |
| **Net Assets** | | |
| Invested in Capital Assets, net of Related Debt | 5,742,502 | 5,513,532 |
| Restricted for: | | |
| Revenue Bond Retirement | 144,959 | 119,053 |
| Unrestricted | 314,967 | 454,205 |
| **Total Net Assets** | $ 6,202,428 | $ 6,086,790 |

# CHATTOOGA COUNTY, GEORGIA
## COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET ASSETS
## WATER REVENUE FUND
## Year Ended December 31, 2011

**(with comparative totals for 2010)**

| | 2011 | 2010 |
|---|---|---|
| **Operating Revenues** | | |
| Charges for Services | $ 911,372 | $ 785,220 |
| Total Operating Revenues | 911,372 | 785,220 |
| **Operating Expenses** | | |
| Personal Services | 363,463 | 306,817 |
| Supplies and Materials | 198,998 | 224,076 |
| Contractual Services | 46,532 | 43,120 |
| Depreciation | 333,793 | 259,347 |
| Total Operating Expenses | 942,786 | 833,360 |
| Income (Loss) from Operations | (31,414) | (48,140) |
| **Nonoperating Revenues (Expenses)** | | |
| Interest Earned | 1,189 | 1,509 |
| Transfers in | - | - |
| Gain on sale of Assets | - | 8,628 |
| Interest Expense | (232,860) | (60,873) |
| Grant and Donation Revenue | 378,723 | 1,915,278 |
| Total Nonoperating Revenue (Expenses) | 147,052 | 1,864,542 |
| Changes in Net Assets | 115,638 | 1,816,402 |
| **Net Assets - Beginning of Year** | 6,086,790 | 4,270,388 |
| **Net Assets - End of Year** | $ 6,202,428 | $ 6,086,790 |

# CHATTOOGA COUNTY, GEORGIA
## COMPARATIVE STATEMENTS OF CASH FLOWS
## WATER REVENUE FUND
## Year Ended December 31, 2011

**(with comparative totals for 2010)**

| | 2011 | 2010 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Cash received from customers | $ 904,777 | $ 739,961 |
| Cash payments to supplies for goods and services | (239,193) | (279,711) |
| Cash payments to employees for services | (350,248) | (296,660) |
| Net Cash Provided (Used) by Operating Activities | 315,336 | 163,590 |
| **Cash Flows from Non-Capital Financing Activities** | | |
| Transfers-in | - | - |
| Net Cash Provided (Used) by Non-Capital Financing Activities | - | - |
| **Cash Flows from Capital and Related Financing Activities** | | |
| Acquisition and construction of capital assets | (2,593,173) | (1,986,227) |
| Sale of property, plant and equipment | - | 8,628 |
| Reduction of Bond Debt Principal - Net | (131,993) | (86,520) |
| Interest Paid on Bonds and Notes | (234,400) | (62,273) |
| Loan proceeds | 2,287,512 | - |
| GEFA Grant and Donation Revenue | 378,723 | 1,915,278 |
| Loan Costs | (3,960) | - |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (297,291) | (211,114) |
| **Cash Flows from Investing Activities** | | |
| Interest or Cash and Cash Investments | 1,189 | 1,509 |
| Increase (Decrease) in Cash and Cash Investments | 19,234 | (46,015) |
| **Cash and Cash Investments - January 1** | 507,979 | 553,994 |
| **Cash and Cash Investments - December 31** | $ 527,213 | $ 507,979 |

# CHATTOOGA COUNTY, GEORGIA
# COMPARATIVE STATEMENTS OF CASH FLOWS
# WATER REVENUE FUND
## Year Ended December 31, 2011
### (with comparative totals for 2010)

| | 2011 | 2010 |
|---|---|---|
| Reconciliation of Income (Loss) from operations to net cash provided (used) by operating activities | | |
| Income (Loss) from operations | $ (31,414) | $ (48,140) |
| Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities | | |
| Depreciation | 333,793 | 259,347 |
| Amortization | 5,388 | 3,167 |
| Change in assets and liabilities: | | |
| (Increase) in Accounts Receivable | 4,581 | (56,838) |
| Increase (Decrease) in Accounts Payable | 2,484 | 6,504 |
| (Increase) Decrease in Prepaid Expense | 15,748 | (9,071) |
| (Increase) Decrease in Inventory | (4,068) | (2,958) |
| Increase (Decrease) in Deposits | (11,176) | 11,579 |
| Net Cash Provided (Used) by Operating Activities | $ 315,336 | $ 163,590 |
| Reconciliation of Total Cash and Cash Investments | | |
| Current Assets - Cash and Cash Investments | $ 116,060 | $ 132,582 |
| Restricted Assets - Cash and Cash Investments | 411,153 | 375,397 |
| Total Cash and Cash Investments | $ 527,213 | $ 507,979 |

# CHATTOOGA COUNTY, GEORGIA
## COMPARATIVE STATEMENT OF NET ASSETS
## AMBULANCE FUND
## Year Ended December 31, 2011

**(with comparative totals for 2010)**

| | 2011 | 2010 |
|---|---|---|
| **Assets** | | |
| Current Assets | | |
| Cash and Cash Investments | $ 57,417 | $ 4,232 |
| Receivables | 5,271 | 82,027 |
| Inventory | - | 34,931 |
| Prepaid Expense | - | 9,844 |
| Total Current Assets | 62,688 | 131,034 |
| Noncurrent Assets | | |
| Capital Assets | | |
| Building | 201,774 | 201,774 |
| Machinery and Equipment | 555,221 | 559,431 |
| Accumulated Depreciation | (380,393) | (327,570) |
| Total Capital Assets, Net of Depreciation | 376,602 | 433,635 |
| Total Noncurrent Assets | 376,602 | 433,635 |
| **Total Assets** | $ 439,290 | $ 564,669 |
| **Liabilities** | | |
| Current Liabilities | | |
| Accounts Payable | $ - | $ 18,446 |
| Due to Other Funds | - | 62,632 |
| Total Current Liabilities | - | 81,078 |
| **Total Liabilities** | - | 81,078 |
| **Net Assets** | | |
| Invested in Capital Assets, Net of Related Debt | 376,602 | 433,635 |
| Unrestricted | 62,688 | 49,956 |
| **Total Net Assets** | $ 439,290 | $ 483,591 |

# CHATTOOGA COUNTY, GEORGIA
## COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES AND CHANGES IN NET ASSETS
## AMBULANCE FUND
## Year Ended December 31, 2011
**(with comparative totals for 2010)**

| | 2011 | 2010 |
|---|---|---|
| **Operating Revenues** | | |
| Charges for Services | $ 624,070 | $ 2,044,463 |
| Adjustments and Bad Debts | (457,185) | (1,681,493) |
| Net Operating Revenues | 166,885 | 362,970 |
| **Operating Expenses** | | |
| Personal Services | 238,308 | 736,774 |
| Supplies | 72,608 | 108,491 |
| Contractual Services | 23,497 | 34,907 |
| Depreciation | 57,033 | 55,669 |
| Total Operating Expenses | 391,446 | 935,841 |
| Loss from Operations | (224,561) | (572,871) |
| **Noncurrent Revenues** | | |
| Contract Lease Income | 188,575 | - |
| Sale of Assets | 4,200 | - |
| Interest Earned | 527 | - |
| Total Nonoperating Revenues | 193,302 | - |
| Loss before Transfers | (31,259) | (572,871) |
| Transfers - in(out) | (13,042) | 264,520 |
| Changes in Net Assets | (44,301) | (308,351) |
| **Net Assets - Beginning of Year** | 483,591 | 791,722 |
| **Net Assets - End of Year** | $ 439,290 | $ 483,371 |

# CHATTOOGA COUNTY, GEORGIA
## COMPARATIVE STATEMENTS OF CASH FLOWS
## AMBULANCE FUND
## Year Ended December 31, 2011
### (with comparative totals for 2010)

| | 2011 | 2010 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Cash received from customers | $ 243,641 | $ 626,333 |
| Cash payments to suppliers for goods and services | (118,747) | (158,187) |
| Cash payments to employees for services and benefits | (251,969) | (735,026) |
| Net Cash Provided (Used) by Operating Activities | (127,075) | (266,880) |
| **Cash Flows from Non-Capital Financing Activities** | | |
| Transfers - in(out) | (13,042) | 264,520 |
| Net Cash Provided (Used) by Non-Capital Financing Activities | (13,042) | 264,520 |
| **Cash Flows from Capital and Related Financing Activities** | | |
| Sale of capital assets | 4,200 | - |
| Lease Contract | 188,575 | - |
| Acquisition and construction of capital assets | - | (25,004) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | 192,775 | (25,004) |
| **Cash Flows from Investing Activities** | | |
| Interest on Cash and Cash Investments | 527 | 220 |
| Increase (Decrease) in Cash and Cash Investments | 53,185 | (27,144) |
| **Cash and Cash Investments - January 1** | 4,232 | 31,376 |
| **Cash and Cash Investments - December 31** | $ 57,417 | $ 4,232 |

# CHATTOOGA COUNTY, GEORGIA
## COMPARATIVE STATEMENTS OF CASH FLOWS
## AMBULANCE FUND
## Year Ended December 31, 2011

**(with comparative totals for 2010)**

| | 2011 | 2010 |
|---|---|---|
| Reconciliation of Income (Loss) from operations to net cash provided (used) by operating activities | | |
| Loss from operations | $ (224,561) | $ (572,871) |
| Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities: | | |
| Depreciation | 57,033 | 55,669 |
| Change in assets and liabilities | | |
| (Increase) Decrease in Accounts Receivable | 76,756 | 263,363 |
| Increase (Decrease) in Accounts Payable | (81,078) | (9,444) |
| (Increase) Decrease in Prepaid Expense | 9,844 | (173) |
| (Increase) Decrease in Inventory | 34,931 | (3,424) |
| Net Cash Provided (Used) by Operating Activities | $ (127,075) | $ (266,880) |
| Reconciliation of Total Cash and Cash Investments | | |
| Current Assets - Cash and Cash Investments | $ 57,417 | $ 4,232 |
| Restricted Assets - Cash and Cash Investments | - | - |
| Total Cash and Cash Investments | $ 57,417 | $ 4,232 |

Agency Funds

CHATTOOGA COUNTY, GEORGIA
COMBINING BALANCE SHEET
TRUST AND AGENCY FUNDS
December 31, 2011

| | Agency Funds | | | | |
|---|---|---|---|---|---|
| | Tax Commissioner | Clerk of Courts | Probate Judge | Magistrate Court | Total |
| **Assets** | | | | | |
| Cash | $ 283,170 | $ 196,930 | $ 2,806 | $ 22,994 | $ 505,900 |
| Taxes Receivable (Net of Allowance for Uncollectible) | 867,305 | - | - | - | 867,305 |
| Total Assets | $ 1,150,475 | $ 196,930 | $ 2,806 | $ 22,994 | $ 1,373,205 |
| **Liabilities** | | | | | |
| Accounts Payable | $ 53,233 | $ 189,717 | $ 663 | $ 22,074 | $ 265,687 |
| Due to Other Governments | 1,097,242 | 7,213 | 2,143 | 920 | 1,107,518 |
| Total Liabilities | $ 1,150,475 | $ 196,930 | $ 2,806 | $ 22,994 | $ 1,373,205 |

CHATTOOGA COUNTY, GEORGIA
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended December 31, 2011

| | Balance 1/1/2011 | Additions | Deductions | Balance 12/31/2011 |
|---|---|---|---|---|
| **Tax Commissioner** | | | | |
| Assets | | | | |
| Cash | $ 410,421 | $ 12,596,402 | $ 12,723,653 | $ 283,170 |
| Taxes Receivable (net of Allowances for Uncollectible) | 920,151 | 867,305 | 920,151 | 867,305 |
| Total | $ 1,330,572 | $ 13,463,707 | $ 13,643,804 | $ 1,150,475 |
| Liabilities | | | | |
| Accounts Payable | $ 293,633 | $ 180,903 | $ 421,303 | $ 53,233 |
| Due to Other Funds | - | 6,618,911 | 6,618,911 | - |
| Due to Other Governments | 1,036,939 | 6,663,893 | 6,603,590 | 1,097,242 |
| Total | $ 1,330,572 | $ 13,463,707 | $ 13,643,804 | $ 1,150,475 |
| **Clerk of Courts** | | | | |
| Assets | | | | |
| Cash | $ 176,794 | $ 1,140,274 | $ 1,120,138 | $ 196,930 |
| Total | $ 176,794 | $ 1,140,274 | $ 1,120,138 | $ 196,930 |
| Liabilities | | | | |
| Accounts Payable | $ 168,877 | $ 175,419 | $ 154,579 | $ 189,717 |
| Due to Other Funds | - | 697,408 | 697,408 | - |
| Due to Other Governments | 7,917 | 267,447 | 268,151 | 7,213 |
| Total | $ 176,794 | $ 1,140,274 | $ 1,120,138 | $ 196,930 |
| **Probate Judge** | | | | |
| Assets | | | | |
| Cash | $ 1,467 | $ 58,631 | $ 57,292 | $ 2,806 |
| Total | $ 1,467 | $ 58,631 | $ 57,292 | $ 2,806 |
| Liabilities | | | | |
| Accounts Payable | $ 674 | $ - | $ 11 | $ 663 |
| Due to Other Funds | - | 31,011 | 31,011 | - |
| Due to Other Governments | 793 | 27,620 | 26,270 | 2,143 |
| Total | $ 1,467 | $ 58,631 | $ 57,292 | $ 2,806 |
| **Magistrate Judge** | | | | |
| Assets | | | | |
| Cash | $ 19,941 | $ 214,232 | $ 211,179 | $ 22,994 |
| Total | $ 19,941 | $ 214,232 | $ 211,179 | $ 22,994 |
| Liabilities | | | | |
| Accounts Payable | $ 19,077 | $ 147,627 | $ 144,630 | $ 22,074 |
| Due to Other Funds | - | 52,847 | 52,847 | - |
| Due to Other Governments | 864 | 13,758 | 13,702 | 920 |
| Total | $ 19,941 | $ 214,232 | $ 211,179 | $ 22,994 |
| **Total - All Agency Funds** | | | | |
| Assets | | | | |
| Cash | $ 608,623 | $ 14,009,539 | $ 14,112,262 | $ 505,900 |
| Taxes Receivable (Net of Allowances for Uncollectible) | 920,151 | 867,305 | 920,151 | 867,305 |
| Total | $ 1,528,774 | $ 14,876,844 | $ 15,032,413 | $ 1,373,205 |
| Liabilities | | | | |
| Accounts Payable | $ 482,261 | $ 503,949 | $ 720,523 | $ 265,687 |
| Due to Other Funds | - | 7,400,177 | 7,400,177 | - |
| Due to Other Governments | 1,046,513 | 6,972,718 | 6,911,713 | 1,107,518 |
| Total | $ 1,528,774 | $ 14,876,844 | $ 15,032,413 | $ 1,373,205 |

## COMPONENT UNIT

In determining how to define government for financial reporting purposes, management has applied the criteria set forth in Statement of Governmental Accounting Standards No. 14 "The Financial Reporting Entity." As outlined in GASB Statement 14, the primary government is financially accountable for a component unit, and required to include the operations of the component unit in its financial statements, if it appoints a voting majority of the unit's governing body and if it has the ability to impose it's will on the component unit or if there is an affirmative potential financial benefit or burden.

The Industrial Development Authority, Hospital Authority, Board of Education, Library, and the Department of Family and Children's Services did not meet the criteria for inclusion in these financial statements. The State of Georgia has concluded that the Department of Health should be included as a discretely presented component unit of the primary government.

# CHATTOOGA COUNTY HEALTH DEPARTMENT
## PUBLIC HEALTH PROGRAM
## BALANCE SHEET - GENERAL FUND
## A COMPONENT UNIT OF CHATTOOGA COUNTY, GEORGIA
## June 30, 2011

| | |
|---|---|
| **Assets** | |
| Current Assets | |
| Cash | $ 498,964 |
| Accounts Receivable | 8,636 |
| Due from Other Governments | 76,829 |
| Inventory | 391 |
| Total Assets | $ 584,820 |
| **Liabilities** | |
| Current Liabilities | |
| Accounts Payable | $ 853 |
| Due to Other Governments | 18,935 |
| **Total Liabilities** | 19,788 |
| **Fund Balance** | |
| Nonspendable-inventory | 391 |
| Unassigned | 564,641 |
| **Total Liabilities and Fund Balance** | $ 584,820 |

# CHATTOOGA COUNTY HEALTH DEPARTMENT
# PUBLIC HEALTH PROGRAM
# RECONCILIATION OF TOTAL GENERAL FUND BALANCE
# TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
# A COMPONENT UNIT OF CHATTOOGA COUNTY, GEORGIA
## June 30, 2011

| | |
|---|---|
| Total General Fund Balance | $ 565,032 |
| Compensated absences liabilities are not due and payable in the current period and therefore are not reported in the fund level financial statements | (47,247) |
| Net Assets of Governmental Activities | $ 517,785 |

# CHATTOOGA COUNTY HEALTH DEPARTMENT
## PUBLIC HEALTH PROGRAM
## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GENERAL FUND
## A COMPONENT UNIT OF CHATTOOGA COUNTY, GEORGIA
## Year Ended June 30, 2011

| | General |
|---|---|
| **Revenues** | |
| Grant-in-aid | $ 220,731 |
| County | 156,932 |
| Current Fees | 110,943 |
| Inter/Intra Agency | 180,929 |
| Contracts | 35,922 |
| Interest | 5,237 |
| Other State funds | 40,045 |
| Miscellaneous Revenue | 2,241 |
| Total Revenues | 752,980 |
| **Expenditures** | |
| Personnel Costs | 587,036 |
| Equipment | 7,938 |
| Inter/Intra Agency | 53,904 |
| Other Operating Expenses | 72,584 |
| Total Expenditures | 721,462 |
| Excess of Revenues Over (Under) Expenditures | 31,518 |
| **Fund Balance - Beginning of Year** | 533,514 |
| **Fund Balance - End of Year** | $ 565,032 |

# CHATTOOGA COUNTY HEALTH DEPARTMENT
## PUBLIC HEALTH PROGRAM
## RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GENERAL FUND TO STATEMENT OF ACTIVITIES
## A COMPONENT UNIT OF CHATTOOGA COUNTY, GEORGIA
## Year Ended June 30, 2011

| | | |
|---|---|---|
| Net Changes in Fund Balance - General Fund | $ | 31,518 |
| 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 government funds | | 5,916 |
| Changes in Net Assets of Governmental Activities | $ | 37,434 |

CHATTOOGA COUNTY HEALTH DEPARTMENT
PUBLIC HEALTH PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
A COMPONENT UNIT OF CHATTOOGA COUNTY, GEORGIA
Year Ended June 30, 2011

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Grant-in-aid | $ 209,065 | $ 220,731 | $ 220,731 | $ - |
| County | 156,932 | 156,932 | 156,932 | - |
| Current Fees | 121,643 | 98,020 | 110,943 | 12,923 |
| Inter/Intra Agency | 186,103 | 180,474 | 180,929 | 455 |
| Contracts | 35,598 | 35,598 | 35,922 | 324 |
| Interest | 4,746 | - | 5,237 | 5,237 |
| Other State funds | 31,653 | 40,045 | 40,045 | - |
| Miscellaneous Revenue | 69,515 | - | 2,241 | 2,241 |
| Total Revenues | 815,255 | 731,800 | 752,980 | 21,180 |
| **Expenditures** | | | | |
| Personnel Costs | 670,646 | 587,036 | 587,036 | - |
| Equipment | 8,083 | 8,083 | 7,938 | 145 |
| Inter/Intra Agency | 54,154 | 82,372 | 53,904 | 28,468 |
| Other Operating Expenses | 82,372 | 54,309 | 72,584 | (18,275) |
| Total Expenditures | 815,255 | 731,800 | 721,462 | 10,338 |
| Excess of Revenues Over (Under) Expenditures | - | - | 31,518 | |
| **Fund Balance - Beginning of Year** | - | - | 533,514 | |
| **Fund Balance - End of Year** | $ - | $ - | $ 565,032 | |

# Federal and State Compliance

**CHRYSAN THOMAS**
Certified Public Accountant
Professional Corporation
**Member**
**American Institute of**
**Certified Public Accountants**
Trion, Georgia

## 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 Honorable Commissioner
Chattooga County, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Chattooga County, Georgia, as of and for the year ended December 31, 2011, which collectively comprise the Chattooga County, Georgia's basic financial statements and have issued our report thereon dated December 1, 2012. We did not audit the financial statements of the Chattooga County Health Department (discretely presented component unit). These financial statements were audited by other auditors whose report thereon has been furnished to us. We, and other auditors, conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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. We considered the deficiency described in the accompany schedule of findings and questioned cost to be a material weakness. The deficiency is described as item 11-01.

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A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We considered the deficiencies described in the accompanying schedule of findings and questioned cost to be significant deficiencies. These are described as items 11-02 and 11-03.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chattooga County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Chattooga County, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Chattooga County, Georgia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, County Commissioner, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Chrysan Thomas
CHRYSAN THOMAS
Certified Public Accountant

Trion, Georgia
December 1, 2012

**CHRYSAN THOMAS**
Certified Public Accountant
Professional Corporation
**Member**
**American Institute of**
**Certified Public Accountants**
Trion, Georgia

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

To the Honorable Commissioner
Chattooga County, Georgia

### Compliance

We have audited the compliance of Chattooga County, Georgia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2011. Chattooga County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Chattooga County, Georgia's management. Our responsibility is to express an opinion on Chattooga County, Georgia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Chattooga County, Georgia's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. we believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Chattooga County, Georgia's compliance with those requirements.

In our opinion, Chattooga County, Georgia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2011.

### Internal Control Over Compliance

The management of Chattooga County, Georgia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Chattooga County, Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Chattooga County, Georgia's internal control over compliance.

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

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

This report is intended solely for the information and use of management, County Commissioner, others within the entity, and federal awarding agencies and pass-through entities, is not intended to be, and should not be used by anyone other than these specified parties.

Chrysan Thomas
CHRYSAN THOMAS
Certified Public Accountant

Trion, Georgia
December 1, 2012

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2011

## Summary of Auditor's Results

### Financial Statements

Type of auditor's report issued: **Unqualified**

Internal control over financial reporting:
- Material weakness(es) identified? **Yes**
- Significant deficiencies identified that are not considered to be material weakness(es)? **Yes**

Noncompliance material to the financial statements note? **No**

### Federal Awards

Internal control over major programs:
- Material weakness(es) identified: **No**
- Significant deficiencies identified that are not considered to be material weakness(es)? **None reported**

Type of Auditor's report issued on compliance for majcr programs: **Unqualified**

Any audit findings which are required to be reported under Section .510(a) of OMB Circular A-133: **No**

Major program:

(a) **U.S. Department of Agriculture**
**Water for Rural Communities**
**CFDA #10.760**

Dollar threshold used to distinguish between Type A and Type B programs: **$300,000**

Auditee qualified as a low-risk auditee under Section .530 of OMB Circular A-133: **No**

## Financial Statement Findings

FS11-01 **Criteria:** The Tax Commissioner is responsible for collecting and disbursing taxes for the County and other municipalities in a timely manner. The Tax Commissioner should have an accounting system with internal controls in place to properly record and account for these funds.

**Condition:** During our audit we found no accounting system that provides an accurate record of the collections and disbursements of these funds. Neither were there controls in place that would detect errors or misstatements by the internal controls during the normal operations on a timely basis.

**Cause:** The disbursement reports were being used to disburse funds but were not being compared to amounts collected or reconciled balances in the bank account. The accounting personnel lack the skill to properly record and account for the information and there was no monitoring oversight of the accounting personnel.

**Effect:** Without internal controls and procedures in place, wrong amounts could be disbursed to the County and other municipalities and would go undetected. The result would be potential misstatement of financial information to the County's general fund and other municipalities.

**Recommendation:** We recommend an accounting system be implemented, personnel be properly trained, internal control be put in place, and proper monitoring procedures be implemented.

**Response:** We agree with the finding and are working toward finding a solution to these issues.

**Financial Statement Findings - continued**

FS11-02 **Criteria:** Agency funds are used to account for resources held by the County, primarily the elected officials, in a purely custodial capacity, which means that all funds held are owed to other governments, organizations, or individuals. Due to the nature of these funds, it is important that adequate records be maintained to account for receipts, disbursements, and any residual funds that are held to be paid at a later date. Such listings should be reconciled to the respective cash balances maintained.

**Condition:** The bookkeeping function in the agency funds is being conducted without the use of general ledgers. We also noted in the Tax Commissioner's Office and Clerk of Court, there was no complete detail listing that could be provided to support a portion of the balance to whom the amount of funds being held needed to be distributed to as of December 31, 2011. In these agency funds the controls are not in place to monitor that money collected is distributed.

**Cause:** This unknown amount is due to the lack of maintenance of proper subsidiary listings and tracking of receipts and disbursements. Neither were there procedures in place for routine reviews of the reconciling balances on a monthly or annual basis. Therefore, the agency funds were unaware the bookkeeping was not being properly done on a timely basis.

**Effect:** Accounting data could be misstated and amounts not disbursed timely.

**Recommendation:** We recommend general ledger be used by all agency funds and procedures be implemented to require reports be prepared and reconciled on a weekly, monthly, and annual basis. Reviews and monitoring of these procedures on a timely basis should also be implemented.

**Response:** We agree with the finding. We plan for all agency funds to start using general ledgers as soon as possible. We are working on reconciling the detail listing to the cash balances and implementing an accounting system that will proper review and monitor our procedures.

## Financial Statement Findings - Continued

FS11-03 **Criteria:** Segregation of employee's duties is a common practice in an effective internal control structure. Policies should be in place requiring the segregation of certain duties. With regard to segregation of duties, critical duties can be categorized in four types of functions: 1) authorization; 2) custody; 3) record keeping; and 4) reconciliation. In a perfect system, no one person should handle more than one type of function.

When duties cannot be separated, compensating controls should be in place. Compensating controls is an internal control that is intended to reduce the risk of an existing or potential control weakness.

**Condition:** There is lack of appropriate segregation of duties and a lack of appropriate reviews and approvals of transactions in some offices of the County.

**Cause:** The limited number of employees involved in the various offices and the resulting overlapping of duties causes segregation of duties to be difficult.

**Effect:** Without the implementation of the above internal control functions there is an increased risk of the misappropriation of funds.

**Recommendation:** Procedures be implemented which would provide for improved internal controls in the above areas. It is also recommended these procedures be reviewed periodically on a continuous basis.

**Response:** We agree with the finding. We are implementing procedures to improve our accounting system as well as separating duties of our employees when possible.

## Findings and Questioned Costs Relating to Federal Awards

There were no findings relating to Federal awards for the year ended December 31, 2011.

# CHATTOOGA COUNTY, GEORGIA
# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
# YEAR ENDED DECEMBER 31, 2011

| GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE | FEDERAL CFDA NUMBER | PASS-THROUGH GRANTOR'S NUMBER | FEDERAL EXPENDITURE |
|---|---|---|---|
| **U.S.Department of Agriculture** | | | |
| Title I -Forest Service | 10.665 | | $ 30,137 |
| Water and Waste Disposal Systems for Rural Comm. | 10.781 | | 1,693,703 |
| Emergency Watershed Protection Program | 10.923 | 65-430-10-405 | 31,946 |
| Total U.S. Department of Agriculture | | | 1,755,786 |
| **U.S.Department of the Interior** | | | |
| Payments in Lieu of Taxes | 15.226 | | 14,020 |
| **U.S.Department of Transportation** | | | |
| Passed through Georgia Department of Transportation | | | |
| ARRA- Transit Operating Assistance Grant | 20.509 | T003879 | 35,771 |
| ARRA- Transit Operating Assistance Grant | 20.509 | T003389 | 32,538 |
| Subtotal | | | 68,309 |
| Passed Through Georgia Emergency Management Agency - | | | |
| Hazard Materials Emergency Preparedness | 20.703 | OHM10-009 | 3,394 |
| Hazard Materials Emergency Preparedness | 20.703 | L09-9-009 | 731 |
| Total U.S. Department of Transportation | | | 72,434 |
| **Appalachian Regional Commission** | | | |
| Appalachian Regional Development | 23.001 | GA-16587 | 87,290 |
| **Department of Homeland Security** | | | |
| Passed Through Georgia Emergency Management Agency - | | | |
| Performance Partnership Agreement | 97.042 | OEM10-027 | 7,309 |
| Performance Partnership Agreement | 97.053 | 2009-SS-T9-0047 | 907 |
| Total Department of Homeland Security | | | 8,216 |
| Total Federal Awards | | | $ 2,006,055 |

Basis of Presentation

The schedule of expenditures of federal awards included the federal grant activity of Chattooga County, Georgia is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**CHRYSAN THOMAS**
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**Certified Public Accountants**
Trion, Georgia

## INDEPENDENT AUDITOR'S REPORT ON SPECIAL 1 PERCENT SALES AND USE TAX

To the Commissioner
Chattooga County, Georgia

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Special Purpose Local Option Sales Tax is free of material misstatement. An audit includes examining, on a test basis, evidence supporting 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. We believe that our audit provides a reasonable basis for our opinion.

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

In our 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 Chattooga County, Georgia'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.

Chrysan Thomas
CHRYSAN THOMAS
Certified Public Accountant

Trion, Georgia
December 1, 2012

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