EARLY COUNTY, GEORGIA

Financial Statements and
Supplemental Information
For the year ended June 30, 2011
And
Auditor's Report

Geer & Associates
Certified Public Accountants
1120 Stuart Avenue
Albany, Georgia

Early County, Georgia
Annual Financial Report
Fiscal Year Ended June 30, 2011

Table of Contents

	Page
FINANCIAL SECTION	
INDEPENDENT AUDITORS REPORT	1
SUPPLEMENTARY INFORMATION	
Management Discussion and Analysis	2-7
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Assets	8
Statement of Activities	9
Fund Financial Statements:	
Balance Sheet – Governmental Funds	10
Statement of Revenue, Expenditures, and Changes in Fund Balances – Governmental Funds	11 - 12
Notes to Basic Financial Statements	
The notes are an integral part of the basic financial statements	13 - 27
REQUIRED SUPPLEMENTARY INFORMATION	28
Statement of Revenues and Expenditures—Budget to Actual—General Fund	29
Statement of Revenues and Expenditures—Budget to Actual—Special Purpose Sales Tax Fund	30
Statement of Revenues and Expenditures—Budget to Actual—2006 Special Purpose Sales Tax Fund	31
Statement of Revenues and Expenditures—Budget to Actual—E911 Fund	32
Statement of Revenues and Expenditures—Budget to Actual—Capital Improvements Projects Fund	33
SUPPLEMENTARY INFORMATION	34
Combining Balance Sheet—Non-Major Governmental Funds	35
Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Non-Major Governmental Funds	36

Early County, Georgia
Annual Financial Report
Fiscal Year Ended June 30, 2011

Table of Contents

	Page
AGENCY FUNDS	37
Combining Balance Changes in Assets and Liabilities—Fiduciary Funds	38
Combining Balance Sheet Changes in Assets and Liabilities—Tax Commissioner Agency Fund	39
Combining Balance Sheet Changes in Assets and Liabilities—Superior Court Agency Fund	40
Combining Balance Sheet Changes in Assets and Liabilities—Probate Agency Fund	41
Combining Balance Sheet Changes in Assets and Liabilities—Magistrate Agency Fund	42
COMPLIANCE SECTION	43
Independent auditor's report on special purpose local option sales tax	44
Schedule of Projects Constructed with Special Sales Tax Proceeds	45
Schedule of Projects Constructed with 2006 Special Sales Tax Proceeds	46
Grant Certification Report	47
Grant Forms	48
Report on Compliance and on Internal Control over Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	49
Schedule of Findings and Questioned Cost Section I	50
Schedule of Findings and Questioned Cost Section II & III	51
Summary of Prior Year Findings & Question Costs	52

Geer & Associates
Certified Public Accountants, P.C.
1120 Stuart Avenue
Albany, Georgia 31707

Members of the
American Institute of Certified Public Accountants
Georgia Society of Certified Public Accountants
National Association of Certified Valuation Analyst

Office (229)434-1040
Fax (229)434-1044
Internet www.geercpa.com

Independent Auditors' Report

Commissioners
Early County
Blakely, Georgia

Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Early County, Georgia, as of and for the year ended June 30, 2011, which collectively comprise the Early County, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Hospital Authority of Early County nor Early County Health Department. Those financial statements are discrete component units of the County and were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Hospital Authority of Early County and Early County Health Department are based solely 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatements. 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 reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Early County, Georgia as of June 30, 2011 thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated September 7, 2011 on our consideration of Early County, Georgia's internal control over financial reporting and our test of its compliance with certain laws, regulations, contracts and grants 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 and compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary information on pages 2-7 and 28-34, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Early County, Georgia's basic financial statements. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of special purpose local option sales tax proceeds is presented for the purpose of additional analysis as required by Official Code of Georgia 48-8-121 and is also not a required part of the basic financial statements. The combining statements and schedule of expenditures of special purpose local option sales tax proceeds have been subjected to the auditing procedures applied in the audit of the basic statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic statements taken as a whole.

Respectfully submitted,

Geer & Associates
Geer & Associates
September 7, 2011

Supplementary Information

Our discussion and analysis of the Early County's financial performance provides an overview of the County's financial activities for the year ended June 30, 2011. Please read it in conjunction with the County's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

- The County's net assets increased by $1,469,073 as a result of this year's operations.
- The County's return on ending assets for the governmental activities was 10.26%.
- During the year, the County had expenses for governmental activities that were $1,469,073 less than the $9,149,654 generated in tax and other program revenues.
- The County has undergone its eighth year of operations whereby the City of Blakely and the County have combined the County's Sheriff Department and the City's Police Department into the Department of Public Safety. The County directly funded the Department of Public Safety in the amount of $1,710,304.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 8-9) provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements start on page 10. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the County as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the County as a whole begins on page 8. One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net assets and changes in them. You can think of the County's net assets—the difference between assets and liabilities—as one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the County's property tax base and the condition of the County's roads, to assess the overall health of the County.

In the Statement of Net Assets and the Statement of Activities, we divide the County into two kinds of activities:

Governmental activities—Most of the County's basic services are reported here, including the police, fire, general administration, streets, and sanitation when applicable. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.

Reporting the County's Most Significant Funds

Fund Financial Statements

Our analysis of the County's major funds begins on page 10. The fund financial statements begin on page 10 and provide detailed information about the most significant funds—not the County as a whole. Some funds are required to be established by State law and by bond covenants. However, the County Commission establishes many other funds to help it control and manage money for particular purposes (Special Purpose Local Option Sales Tax) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from Community Development Block Grants). The County could have two kinds of funds—governmental and proprietary—using different accounting approaches.

Governmental funds— Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in the reconciliation at the bottom of the fund financial statements.

THE COUNTY AS A WHOLE

The County's total net assets changed from a year ago, increasing from $12,852,025 to $14,321,098. Looking at the net assets and net expenses of governmental and business-type activities separately, similar stories emerge. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the County's governmental activities.

Table 1
Net Assets

	Governmental Activities	
	2010	2011
Current and other assets	$ 6,458,948	$ 7,868,981
Non-current assets		
Capital Assets	6,968,296	7,076,756
Total Assets	$ 13,427,244	$ 14,945,737
Other liabilities	498,610	543,437
Short-term debt outstanding	-	-
Long-term debt outstanding	76,609	81,202
Total liabilities	575,219	624,639
Net assets:		
Invested in capital assets	6,968,296	7,076,756
Restricted	2,802,043	-
Unrestricted	3,081,686	7,244,342
	12,852,025	14,321,098
Total net assets and liabilities	$ 13,427,244	$ 14,945,737

For the year ended June 30, 2011, net assets changed as follows:

	Governmental Activities
Beginning net assets	$12,852,025
Increase in net assets	1,469,073
Ending net assets	$14,321,098

Net assets are reported in three categories: "Restricted" which is equal to assets restricted for capital projects and street repair or maintenance, "Invested in capital assets, net of debt" which is equal to the capital assets net of accumulated depreciation and the debts related to the acquisition of the capital assets, and "Unrestricted" which is the remaining net assets balance.

The change in nets assets reflects an increase of 11.43% percent for governmental activities.

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program 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. Some of the individual line item revenues reported for each function are:

Table 2
Statement of Activities

	Governmental Activities 2011	Total Primary 2011	Total Primary 2010	Percentage Change
REVENUE				
Taxes	$ 5,803,131	$ 5,803,131	$ 5,732,380	1.23%
Special purpose sales tax	1,904,789	1,904,789	1,561,763	21.96%
Charges for services	963,930	963,930	1,298,769	-25.78%
Capital grants & contributions	345,132	345,132	692,381	-50.15%
License and Permits	8,500	8,500	9,000	-5.56%
Miscellaneous	95,849	95,849	15,301	526.42%
Interest income	28,326	28,326	82,315	-65.59%
Total Revenues:	$ 9,149,657	$ 9,149,657	$ 9,391,909	-2.58%
PROGRAM EXPENSE				
General government	$ 1,414,338	$ 1,414,338	$ 1,372,115	3.08%
Sanitation	476,270	476,270	481,064	-1.00%
Public safety	2,452,433	2,452,433	2,202,875	11.33%
Court system	584,864	584,864	587,980	-0.53%
Roads & bridges	873,440	873,440	881,495	-0.91%
Health & welfare	830,604	830,604	859,321	-3.34%
Recreation	158,717	158,717	127,000	24.97%
Miscellaneous	287,459	287,459	753,040	-61.83%
Amortization & depreciation expense	385,530	385,530	324,866	18.67%
Provided to other governments	216,929	216,929	495,756	-56.24%
Total Expenses:	7,680,584	7,680,584	8,085,512	-5.01%
Net Change in Assets	$ 1,469,073	$ 1,469,073	$ 1,306,397	12.45%
Net Assets-beginning	12,852,025	12,852,025	11,545,628	
Net Assets-ending	14,321,098	14,321,098	12,852,025	

The following schedule presents a summary of general, special revenue, capital project, debt service, permanent fund revenues and expenditures for the fiscal year ended June 30, 2011, along with the amount and percentage in relation to the total of revenue or expenses.

Table 3
Statement of Revenue and Expenditures Governmental Funds

Expenditures		FYE June 30, 2011	Percent of Total
General Government	$	1,412,824	18.15%
Sanitation		475,064	6.10%
Public Safety		2,452,434	31.50%
Court System		583,839	7.50%
Roads & Bridges		873,523	11.22%
Health & Welfare		841,758	10.81%
Provided to other Governments		216,929	2.79%
Recreation		158,717	2.04%
Miscellaneous		769,362	9.88%
Total Expenditures	$	7,784,450	100.00%

Revenues		FYE June 30, 2011	Percent of Total
Taxes	$	7,684,948	83.99%
Charges for services		934,443	10.21%
Grants & contributions		345,132	3.77%
Interest revenue		54,399	0.59%
Licenses & permits		8,500	0.09%
Miscellaneous		122,235	1.34%
Total Revenue	$	9,149,657	100.00%

CAPITAL ASSET AND DEBT ADMINISTRATION

See the notes to the financial statements for more detail on capital assets and long-term debt analysis.

Capital Assets
The County, as a governmental entity with revenue less than $10 million, has chosen not to include assets purchased prior to the date of implementation of GASB 34.

Table 4 represents additions and deletions to the County's capital assets and accumulated depreciation for governmental and business activities. Major expenditures are described below the table for further analysis.

Table 4

	Balance at June 30, 2010	Additions	Deletions	Reclass	Balance at June 30, 2011
Governmental activities:					
CIP	$ 49,073	$ -	$ -	$ -	$ 49,073
Infrastructure	3,427,855	100,077	-	-	3,527,932
Equipment	1,339,234	388,712	-	-	1,727,946
Buildings	3,276,016	5,200	-	-	3,281,216
Total at historical cost	8,043,105	493,989	-	-	8,537,094
Less accumulated depreciation					
Infrastructure	276,016	103,488	-	-	379,504
Equipment	497,931	172,620	-	-	670,551
Buildings	349,935	109,421	-	-	459,356
Total accumulated depreciation	1,123,882	385,530	-	-	1,509,412
Governmental activities capital assets, net	6,919,223	108,459	-	-	7,027,682
Total governmental activities capital assets, net	$ 6,968,296	$ 108,459	$ -	$ -	$ 7,076,756

Assets

At the end of June 30, 2011, the County had $8,586,167 invested in capital assets including buildings, infrastructure, and equipment. This represents a net increase of $493,989 over last year.

Table 5

	Governmental Activties		Totals	
	2011	2010	*2011*	*2010*
Infrastructure	3,527,932	$ 3,427,855	3,527,932	$ 3,427,855
Equipment	1,727,946	1,339,234	1,727,946	1,339,234
Buildings	3,281,216	3,276,016	3,281,216	3,276,016
CIP	49,073	49,073	49,073	49,073
Totals	$ 8,586,167	$ 8,092,178	8,586,167	$ 8,092,178

Debt

At year-end, the County had $81,202 in compensated absences compared to $76,609 last year. That is an increase of 6% percent as shown in the following table:

Table 6

	Governmental Activties		Totals	
	2011	*2010*	*2011*	*2010*
Compensated absences	81,202	76,609	81,202	76,609
	$ 81,202	$ 76,609	$ 81,202	$ 76,609

GENERAL FUND BUDGETARY HIGHLIGHTS

1. Over the course of the year, the County Commission revised the General Fund, Special Revenue Funds and Capital Projects budget. Millage rates are set in August of each year and this is taken into consideration during the budgeting process.
2. The County provides its employees and their family member's health and dental insurance benefits through ACCG Blue Cross Blue Shield plan.
3. The County approved a 2% cost of living adjustment.
4. A General Fund transfer of $104,771 was approved to support the E911 budget.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

1. The County will renew its medical and dental coverage with BC/BS of Georgia through ACCG effective 07/01/11. Medical coverage will be provided under a POS plan due to a 43% renewal increase quoted for a PPO plan. The County continues to contribute one hundred percent of the insurance premium for employees and fifty percent for family members.
2. Bonuses were approved in lieu of a cost of living adjustment for FY 2012.
3. A General Fund transfer of $107,291 was approved to support the E911 budget due to lack of surplus phone surcharge monies.

Comparative analysis will be provided in future years when information is available.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, 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 need additional financial information, contact the County Commission's Office in Early County, Georgia at 229-723-4304.

Kathy Howard
County Administrator/Finance Director

EARLY COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government	COMPONENT UNITS				
		Total Component Units	Development Authority	Hospital Authority	Health Department	Board of Public Safety
ASSETS						
Current assets:						
Cash, including time deposits	$ 7,294,026	$ 2,224,075	$ 63,954	$ 11,434	$ 540,264	$ 1,608,423
Due from other goverments	77,608	24,248	-	-	24,248	-
Inventory	4,822	-	-	-	-	-
Accounts receivable	-	72,101	-	-	-	72,101
Other receivables	238,792	29,694	-	-	-	29,694
Taxes receivable	253,733	-	-	-	-	-
Total current assets	7,868,981	2,350,118	63,954	11,434	564,512	1,710,218
Noncurrent assets:						
Prepaid expense	-	-	-	-	-	-
Long term receivable (RLF)	-	860,863	860,863	-	-	-
CIP	49,073	-	-	-	-	-
Capital assets (net)	7,027,683	3,546,008	680,784	2,182,727	56,420	626,077
Total noncurrent assets	7,076,756	4,406,871	1,541,647	2,182,727	56,420	626,077
Total assets	$ 14,945,737	$ 6,756,989	$ 1,605,601	$ 2,194,161	$ 620,932	$ 2,336,295
LIABILITIES						
Current liabilities:						
Accounts payable	$ 191,473	$ 196,058	$ -	$ -	$ 17,838	$ 178,220
Accrued payroll	112,294	-	-	-	-	-
Due to other governments	239,670	4,408	-	-	4,408	-
Total current liabilities	543,437	200,466	-	-	22,246	178,220
Noncurrent liabilities						
Compensated absences	81,202	96,544	-	-	30,811	65,733
	81,202	96,544	-	-	30,811	65,733
Total liabilities	624,639	297,010	-	-	53,057	243,953
NET ASSETS						
Invested in capital assets	7,076,756	3,557,442	680,784	2,194,161	56,420	626,077
Restricted for:						
Capital projects	-	924,817	924,817	-	-	-
E-911	-	1,466,265	-	-	-	1,466,265
SPLOST	-	-	-	-	-	-
Health department	-	208,153	-	-	208,153	-
Unrestricted	7,244,342	303,302	-	-	303,302	-
Total net assets	14,321,098	6,459,979	1,605,601	2,194,161	567,875	2,092,342
Total liabilities and net assets	$ 14,945,737	$ 6,756,989	$ 1,605,601	$ 2,194,161	$ 620,932	$ 2,336,295

See accompanying notes to the basic financial statements.

EARLY, GEORGIA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

Functions/Program	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants & Contributions	Primary Government Net (Expense)/ Revenue	Component Units Net (Expense)/ Revenue
PRIMARY GOVERNMENT:						
Governmental Activities						
General Government	$ 1,785,074	$ 219,826	$ 1,904,789	$ -	$ 339,541	
Court system	584,864	323,024	-	-	(261,840)	
Public safety	2,493,011	374,264	-	-	(2,118,747)	
Roads & bridges	1,064,582	-	-	345,132	(719,450)	
Sanitation	476,270	55,316	-	-	(420,954)	
Recreation & culture	158,717	-	-	-	(158,717)	
Economic development	167,863	-	-	-	(167,863)	
Health & welfare	841,758	-	-	-	(841,758)	
Housing & development	108,442	-	-	-	(108,442)	
Total general government	$ 7,680,581	$ 972,430	$ 1,904,789	$ 345,132	(4,458,230)	
COMPONENT UNITS:						
Early County Development Authority	$ 2,191	$ -	$ -			$ (2,191)
Early County Hospital Authority	2,442,488	2,082,340	-	-		(360,148)
Early County Health Department	639,427	261,960	290,449	-		(87,018)
Early County Department of Public Safety	3,774,927	3,933,356	-	-		158,429
Total Component Units	$ 6,859,033	$ 6,277,656	$ 290,449	$ -		(290,928)
Net (expense)/revenue					$ (4,458,230)	$ (290,928)
General revenues						
Taxes						
Property taxes					3,963,782	-
Sales tax					1,007,931	-
Timber tax					63,849	-
Motor vehicle taxes					365,804	-
Beverage taxes					62,491	-
Insurance premium tax					275,648	-
Railroad					33,457	-
Intangible tax and recording					26,690	-
Other taxes					3,476	-
Interest income					28,326	29,212
Gain from cancellation of lease					-	2,056,721
Miscellaneous					95,849	59,738
Total general revenues					5,927,303	2,145,671
Changes in net assets					1,469,073	1,854,743
Net assets--beginning					12,852,025	4,605,235
Net assets--ending					$ 14,321,098	$ 6,459,979

See accompanying notes to the basic financial statements.

EARLY COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Special Purpose Local Option Sales Tax Fund	2006 Special Purpose Local Option Sales Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash, including time deposits	$ 3,272,637	$ 681,353	$ 3,323,376	$ 13,717	$ 7,291,083
Taxes receivable	93,038	-	160,695	-	253,733
Intergovernmental	77,609	-	-	-	77,609
Inventory	4,822	-	-	-	4,822
Other receivables	238,792	-	-	2,943	241,735
Total assets	3,686,898	681,353	3,484,071	16,660	7,868,982
LIABILITIES					
Accounts payable	191,473	-	-	-	191,473
Payroll liabilities	112,293	-	-	-	112,293
Due to others	1	1	239,669	-	239,671
Total liabilities	303,767	1	239,669	-	543,437
FUND BALANCES					
Restricted, reported in:					
SPLOST	-	681,352	3,244,402	-	3,925,754
Capital projects funds	-	-	-	2,943	2,943
E-911	-	-	-	13,717	13,717
Nonspendable	4,822	-	-	-	4,822
Unassigned	3,378,309	-	-	-	3,378,309
Total fund balance	3,383,131	681,352	3,244,402	16,660	7,325,545
Total liabilities and fund balances	$ 3,686,898	$ 681,353	$ 3,484,071	$ 16,660	$ 7,868,982
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of $1,509,412.					7,076,756
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:					
Compensated absences					81,202
Net assets of governmental activities					$ 14,321,098

See accompanying notes to the basic financial statements

EARLY COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

REVENUES	General Fund	Special Purpose Sales Fund	2006 Special Purpose Local Option Sales Tax	Total Non-Major Fund	Total Governmental Funds
Taxes	$ 5,806,232	$ -	$ 1,878,716	$ -	$ 7,684,948
Grants	345,132	-	-	-	345,132
Licenses & permits	8,500	-	-	-	8,500
Intergovernmental	-	-	-	-	-
Charges for services	405,922	-	16,161	189,336	611,419
Fines & court costs	323,024	-	-	-	323,024
Miscellaneous	122,235	-	-	-	122,235
Interest income	28,123	5,657	20,416	203	54,399
Total revenues	7,039,168	5,657	1,915,293	189,539	9,149,657
EXPENDITURES					
Current expenditures:					
General Government	1,412,824	-	216,929	-	1,629,753
Court	583,839	-	-	-	583,839
Public safety	2,132,349	-	12,847	307,238	2,452,434
Roads & Bridges	852,411	-	21,112	-	873,523
Sanitation	475,064	-	-	-	475,064
Health & welfare	841,758	-	-	-	841,758
Culture & recreation	127,000	-	31,717	-	158,717
Housing & development	107,510	-	-	-	107,510
Economic development	167,863	-	-	-	167,863
Total current expenditures	6,700,618	-	282,605	307,238	7,290,461
Non-current					
Capital outlay:	118,588	-	375,401	-	493,989
Total non-current	118,588	-	375,401	-	493,989
Total expenditures	6,819,206	-	658,006	307,238	7,784,450
Excess (deficiency) of revenue over expenditures	219,962	5,657	1,257,287	(117,699)	1,365,207
OTHER FINANCING SOURCES (USES)					
Intergovernmental transfers in	-	-	-	113,194	113,194
Intergovernmental transfers out	(113,194)	-	-	-	(113,194)
Total other financing sources and uses	(113,194)	-	-	113,194	-
Net change in fund balances	106,768	5,657	1,257,287	(4,505)	1,365,207
Fund balance--beginning	3,276,363	675,695	1,987,115	21,165	5,960,338
Fund balance--ending	$ 3,383,131	$ 681,352	$ 3,244,402	$ 16,660	$ 7,325,545

See the accompanying notes to the basic financial statements.

EARLY COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

Reconciliation of the change in fund balances--total governmental funds to the change in net asset of governmental activities:	$	1,365,207
Net change in fund balances--total governmental funds		
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital asset purchases capitalized		493,989
Depreciation & amortization expense		(385,530)
Governmental funds do not report increases in compensated absences while governmental activities records the (increases)/decreases		(4,593)
		103,866
Changes in Net Assets of Governmental Activities	$	1,469,073

See the accompanying notes to the basic financial statements.

NOTE 1.A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note. For the fiscal year ended June 30, 2003, the County early implemented the new financial reporting requirements of GASB Statement Nos. 33 and 34. As a result, an entirely new financial presentation format has been implemented. The County implemented GASB 54, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54, are Nonspendable, Restricted, Committed, Assigned, and Unassigned. Nonspendable Fund Balance: the portion of a fund balance that includes amounts that cannot be spent because they are either a not in a spendable form or be legally or contractually required to be maintained intact. Restricted Fund Balance: the portion of a fund balance that reflects constraints placed on the use of resources other than nonspendable items that are either an externally imposed by creditors. Committed Fund Balance: the portion of a fund balance that includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners, and remain binding unless removed in the same manner. Assigned Fund Balance: the portion of a fund balance that includes amounts that are constrained by the government's intent to be used for specific purposes but that are neither restricted nor committed, as established by the County Manager. Unassigned Fund Balance: that portion of a fund balance that includes amounts that do not fall into one of the above four categories. The General Fund is the only fund that should report a positive unassigned balance.

FINANCIAL REPORTING ENTITY

The County's financial reporting entity comprises the following:

Primary Government:	Early County, Georgia General Fund
Discrete Component Units:	Development Authority Hospital Authority Board of Public Safety Health Department
Capital Projects Funds:	Capital Improvement Fund Special Purpose Local Option Sales Tax Fund 2006 Special Purpose Local Option Sales Tax Fund
Special Revenue Fund:	E911 Fund

In determining the financial reporting entity, the County complies with the provisions of GASB Statement No. 14, "The Financial Reporting Entity," and includes all component units of which the County appointed a voting majority of the units' board; the County is either able to impose its will on the unit or a financial benefit or a burden relationship exists. The County's combined financial statements include the accounts of all County operations. The criteria for including organizations as component units with 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.

The component units discussed below are included in the County's reporting entity.

Discretely Presently Component Units
The component unit columns in the combined financial statements include the financial data of the County's component units. They are reported in a separate column to emphasize that they are legally separate from the County.

Development Authority of Early County, Georgia. The members of the governing board of the Development Authority are appointed by the Early County Board of Commissioners. Although the County does not have the authority to approve or modify the budget of the Authority, the County periodically provides financial support to the Authority. Financial information for the Development Authority may be obtained at the administrative office in Early County, Georgia.

Hospital Authority of Early County, Georgia. The members of the governing board of the Hospital Authority are appointed by the Early County Board of Commissioners. To the extent that the revenues of the Hospital are insufficient to pay the debt service of the bond indebtedness of the Hospital Authority, Early County is obligated to make such payments on behalf of the Authority by levy of an ad valorem tax. Complete financial statements of the Hospital Authority can be obtained directly from the administrative office of the Hospital Authority.

Early County Health Department. The Early County Board of Commissioners appoints three members of the Health Department Board. Also the Chairman of the County Board of Commissioners is a member of the Health Department Board. Therefore the County Board of Commissioners is responsible for four of the seven positions on the Health Board. In accordance with GASB 14, the Health Department is shown as a discretely presented component unit. Complete financial statements for the Early County Health Department may be obtained at the Health Department's administrative office in Blakely, Georgia.

Early County Department of Public Safety. On November 13, 2000, the County executed, together with the City of Blakely, Georgia and the Sheriff of Early County, Georgia, the "Intergovernmental Contract for Law Enforcement Cooperation". The purpose of this agreement is to consolidate each party's respective law enforcement services for economy, efficiency and other benefits. The agreement establishes the "Early County Department of Public Safety" ("Department"), which is now the common administrative unit of the parties for providing local law enforcement services in their respective jurisdictions. The law enforcement personnel, vehicles, equipment and facilities of the parties were brought together for consolidated ownership, supervision, activities and use through the department.

The Early County Board of Commissioners appoints two members of the twelve-member public safety board. Also, the chairman of the County Board of Commissioners is a member of the board. The County has agreed to contribute sixty percent of the approved operating budget of the department. Financial information for the department may be obtained directly from the administrative office in Blakely, Georgia.

NOTE 1.B. BASIS OF PRESENTATION

Government-wide Financial Statements:
The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities, if they exist. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services, if they exist.

Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the County.

Fund Financial Statements:
Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Governmental Funds Types

General Fund
The General Fund is the primary operating fund of the County and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds
Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Capital Projects Funds
Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital outlay.

Fiduciary Funds (Not included in government-wide statements)

Agency Funds
Agency funds account for assets held by the County in purely custodial capacity. The reporting entity includes four agency funds. 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:

Fund	Brief Description
Superior Court	Accounts for the collection of fines, fees, and forfeitures and the remittance of these funds to the County and other departments of the state.
Probate Court	Accounts for the collection of fees for administering oaths of office, issuing marriage licenses, gun permits, birth & death certificates, certificates of residency, probate of wills, and the administration of estates.
Tax Commissioner	Accounts for the collection and remittances of ad valorem taxes for the county.
Magistrate Court	Accounts for the fees incurred for citizenry in the pursuit of small claims cases, criminal and bad check cases, and set bonds for persons arrested on misdemeanor charges.

Major and Non-major Funds

Major Funds	**Brief Description**
General	The General Fund is the primary operating fund of the County and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.
Capital Projects Revenue Funds:	
Special Purpose Local Option Sales Tax Fund	Accounts for revenues and expenditures of/ from special purpose local option sales tax.
2006 Special Purpose Local Option Sales Tax Fund	Accounts for revenues and expenditures of/ from special purpose local option sales tax.
Non-Major Funds	
Special Revenue Funds:	
E911 Fund	Accounts for financial resources to be used in the acquisition, maintenance, and implementation of the E911 system.
Community Development Block Grant	Accounts for financial resources to be used for streets/drainage improvements
Capital Projects Funds:	
Capital Improvement Fund	Accounts for financial resources to be used for the acquisition, or construction of major capital outlay.

.

Governmental Funds
All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resource measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Revenue Recognition
In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e. collectible within the current year or within one month of year-end and available to pay obligations of the current period). This includes investment earnings, income taxes withheld by employers, estate taxes, fines and forfeitures and state-levied locally shared taxes (including motor vehicle fees). Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made, or when received in advanced, deferred until expenditures are made.

Property taxes and special assessments (in the debt service funds), though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property tax and special assessment receivables are recorded and deferred until they become available.

Other revenues, including licenses and permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenue when received in cash because they are generally not measurable until actually received.

The funds of the financial reporting entity are described below

Expenditure Recognition
The measurement focus of governmental fund accounting is on the decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred and ***prepaid expenditures are recognized in governmental funds during the benefiting period rather than when purchased.*** However, principal and interest on long-term debt, which has not been matured, are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus
On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spend-able financial resources during a given period. These funds use fund balance as their measure of available spend-able financial resources at the end of the period.
b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net assets.
c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

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 and agency funds are presented on the modified accrual basis of accounting. Under this 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 soon enough thereafter to pay current liabilities. 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.

.

1.D. ASSETS, LIABILITIES, AND EQUITY

Cash and Investments
For the purpose of the Statement of Net Assets, "cash, including time deposits" includes all demand, savings accounts, and certificates of deposits of the County. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less. Investments of the promissory note trustee accounts are not considered cash equivalents.

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes 2.B. and 3.A.

Inter-fund Receivables and Payables
During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term inter-fund loans are reported as "inter-fund receivables and payables." Long-term inter-fund loans (non-current portion) are reported as "advances from and to other funds." Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. See Note 3.F. for details of inter-fund transactions, including receivables and payables at year-end.

Inventories
Inventories are stated at the lower of cost or market. The cost of inventory items is recorded as assets in the government fund types and expenditures in the governmental funds when consumed.

Receivables
In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for un-collectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, police fines, and ambulance fees. Business-type activities report utilities and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be

considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables. Allowances for un-collectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Prepaid Expenditures
Prepaid expenditures are recognized in governmental funds during the benefiting period rather than when purchased.

Capital Assets
General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets are reported in the governmental activities column of the government-wide statement of net assets. Capital assets used by proprietary funds are reported in both the business-type activities column of the government-wide statement of net assets and in the individual proprietary funds.

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the County as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized (recorded and accounted for) in Capital Asset. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation bases for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follow: buildings, 25 to 50 years; improvements/infrastructure, 10 to 50 years; equipment, 3 to 20 years. The capitalization threshold for capital assets is $5,000.

Government-wide Statements
In the government-wide financial statements, Capital Assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

Prior to June 30, 2003, governmental funds' infrastructure assets were not capitalized. These assets (back to July 1, 1980) have not been valued and included at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

– Buildings	25–50 years
– Improvements	10–50 years
– Machinery and Equipment	3–20 years
– Utility System	25–50 years
– Infrastructure	25–50 years

Fund Financial Statements
In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets
Restricted assets include cash and investments of the proprietary or governmental funds that are legally restricted as to their use. Primarily, restricted assets are related to bond reserve, sinking fund requirements & bond ordinance. The County's policy is to first apply restricted resources when an expense is incurred for the purpose for which both restricted and unrestricted net assets are available.

Long-term Debt
The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable, accrued compensated absences, and a court-assessed judgment if applicable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Compensated Absences
On the modified accrual basis of accounting, accumulated vacation leave benefits, liabilities of the governmental and proprietary fund types are recognized when payable.

Accumulated sick leave benefits are not recorded. These benefits are paid only upon employee illness and the amount payable at June 30, 2011 cannot be reasonably estimated.

Equity Classifications
Government-wide Statements
Equity is classified as net assets and displayed in three components:

a. Invested in capital assets, net of related debt—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
b. Restricted net assets—Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
c. Unrestricted net assets—All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements
Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

1.E. REVENUES, EXPENDITURES, AND EXPENSES

Special Local Option Sales Tax
The County receives sales tax revenue the purpose of making capital improvements, improvements on sidewalks, streets, and repair of equipment for the maintenance of these expenses.

Property Tax
Under State law, municipalities may levy a property tax. Property taxes are levied in the fall of each year (September 15 for the current year taxes) based on the assessed value of property on the previous January 1. The due date for these 2011 taxes was December 20th and the lien date was the following March 1st. Taxes are collected throughout the year. Receivables are recorded when levied. Taxes not expected to be collected within sixty days after the end of the fiscal year are recorded as deferred revenue.

Operating Revenues and Expenses
Operating revenues and expenses for proprietary funds and general fund are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

Expenditures/Expenses
In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds—By Character:	**Current (further classified by function)**
	Debt Service
	Capital Outlay

Inter-fund Transfers
Permanent re-allocation of resources between funds of the reporting entity is classified as inter-fund transfers. For the purposes of the Statement of Activities, all inter-fund transfers between individual governmental funds have been eliminated.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the County and its component units are subject to various federal, state, and local laws and contractual regulations. An analysis of the County's compliance with significant laws and regulations and demonstration of its stewardship over County resources follows. Annual budgets are adopted for all County funds. Under state law, the County Clerk submits an annual budget to the Commission for consideration and approval no later than June 15. Such budget is based on expected expenditures by program within a fund and estimated resources by source for all funds.

2.A. FUND ACCOUNTING REQUIREMENTS

The County complies with all state and local laws and regulations requiring the use of separate funds. The legally required funds used by the County include the following:

Fund	Required By
CDBG Fund	Grant Agreement
Capital Improvements Fund	Bond Indenture
Development Authority Fund	Charter
SPLOST & SPLOST Construction Fund	Agreement and O.C.G.A
E911 Fund	Agreement

2.B. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Georgia or political subdivision debt obligations, or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the County must have a written collateral agreement approved by the board of directors or loan committee. As reflected in Note 3.A., all deposits were fully insured or collateralized.

Investments of the County whose population exceeds 3,000, according to the latest census information, are limited by state law to the following:

a. Direct obligations of the U.S. Government or its agencies or instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Georgia is pledged.
b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper, and repurchase agreements with certain limitations.
d. County, municipal, or school district tax supported debt obligations; bond or revenue anticipation notes; money judgments; or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district.
e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator and in obligation of national mortgage associations.
f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous items a., b., c., and d.

2.C. REVENUE RESTRICTIONS

The County has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

Revenue Source	Legal Restrictions of Use
CDBG Fund	Grant Agreement
Capital Improvements Fund	Bond Indenture
Development Authority Fund	Charter
SPLOST & SPLOST Construction Fund	Agreement and O.C.G.A
E911 Fund	Agreement

For the year ended June 30, 2011 the County complied, in all material respects.

2.D. DEBT RESTRICTIONS AND COVENANTS

None

2.E. FUND EQUITY RESTRICTIONS

Deficit Prohibition
The Code of Georgia prohibits the creation of a deficit fund balance in any individual fund. The County complied with this statute in all material respects for the year ended June 30, 2011.

2.F. UNRESTRICTED AND RESTRICTED NET ASSET BALANCES

When an expense is incurred for which restricted and unrestricted net assets are available, the County's policy is to apply unrestricted assets when the expense is incurred.

2.G. BUDGET VIOLATIONS

The County did not exceed appropriations at the legal level of control. No material violations existed as of June 30, 2011.

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3.A. CASH AND INVESTMENTS

Deposits
As of June 30, 2011, the carrying amount of the County's bank deposits was $5,817,561, and the respective bank balances totaled $5,837,477. Of the total bank balance, $625,902 was insured through the Federal Depository Insurance Corporation (FDIC). $5,211,575 was collateralized with pooled securities held by the financial institution's trust departments. These securities are held in the name of the financial institution and not that of the County.

3.B. INVESTMENTS

There were no investments as of June 30, 2011.

3.C. RECEIVABLES

Operating Accounts Receivable
There were no operating accounts receivables for governmental-type activities.

3.D. PROPERTY TAX REVENUE

Property taxes are recognized as revenue when they are levied because they are considered to be both measurable and available. Taxes receivable include amounts which are collected within 60 days of the end of the fiscal year ended June 30, 2011.

3.E. DUE FROM OTHER GOVERNMENTS

There were no amounts due from other governments at June 30, 2011.

3.G. TAXES RECEIVABLE

Amounts due for other taxes at June 30, 2011, were as follows:

General fund:	
Special purpose sales tax	$ 160,695
Sales tax	86,213
Beverage taxes	6,825
Total other receivables	$253,733

3.H. CAPITAL ASSETS

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

	Balance at June 30, 2010	Additions	Deletions	Reclass	Balance June 30, 2011
Governmental activities:					
CIP	$ 49,073	-	$ -	-	$ 49,073
Infrastructure	3,427,855	100,077	-	-	3,527,932
Equipment	1,339,234	388,712	-	-	1,727,946
Buildings	3,276,016	5,200	-	-	3,281,216
Total at historical cost	8,043,105	493,989	-	-	8,537,094
Less accumulated depreciation					
Infrastructure	276,016	103,488	-	-	$ 379,504
Equipment	497,931	172,620	-	-	670,551
Buildings	349,935	109,421	-	-	459,356
Total accumulated depreciation	1,123,882	385,530	-	-	1,509,412
Governmental activities capital assets, net	6,919,223	108,460	-	-	7,027,683
Total governmental activities capital assets, net	$ 6,968,296	108,460	-	-	$ 7,076,756

Capital asset purchases were as follows:

Recreation Complex	$ 5,200
Road Construction	100,077
Equipment Purchases	388,712
	$ 493,989

Depreciation expense was charged to governmental activities as follows:

General Government	$ 153,810
Public Safety	40,578
Roads & Bridges	191,142
	$ 385,530

3.I. LONG-TERM DEBT

As of June 30, 2011, Early County Board of Commissioners had no long-term debt other than compensated absences which had a beginning balance at July 1, 2010 of $76,609 and an ending balance at June 30, 2011 of $81,202.

Beginning Balance June 30, 2010	Additions	Deletions	Ending Balance June 30, 2011
$ 76,609	$ 4,593	$ -	$ 81,202

3.J Program Revenues Descriptions

General government	
Tax collection fees	$169,054
Code enforcement fees	25,871
Drug fees	12,279
Juvenile services	2,915
Qualifying fees	240
Alcoholic beverage fees	8,500
Total	$218,859
Sanitation	
Landfill tipping fees	$55,316
Public safety	
Rescue unit and EMS	$146,062
E-911	189,336
Jail Staff fees	26,587
Total	$361,985
Court system	
Probation supervision fees	$21,601
Probate & magistrate fees	60,132
Superior court fees	238,376
	$320,109

3.K Inter-fund Transfers

Any permanent re-allocation of resources between funds of the reporting entity is classified as an inter-fund transfer.

	Transfers In	Transfers Out	Transfer Out Purpose
General Fund	$ -	$ 113,194	Permanent transfer for E-911 and capital improvement
E-911 Fund	113,194		
SPLOST		-	
	$ 113,194	$ 113,194	

NOTE 4. OTHER NOTES

4.A. EMPLOYEE BENEFIT PLAN

The County contributes to the Association of County Commissioners of Georgia (ACCG) Defined Benefit Plan (Plan), an agent multiple-employer public retirement system that acts as a common investment and administrative agent for participating counties in Georgia. The Association of County Commissioners Deferred Benefit Plan issues a publicly available financial report that includes financial statements and required supplementary information for the statewide plan. That report may be obtained by contacting the Pension Service Company at 1100 Circle 75 parkway, Suite 320, Atlanta, Georgia 30339. All full-time County employees are eligible to participate in the Plan after completing three years of service. Benefits are fully vested after five years of service. Participants become eligible to retire at age 65 with 3 years of participation in the Plan. Upon eligibility to retire, participants are entitled to an annual benefit in the amount of 0.75% of average compensation up to $6,600 plus 1.25% of average compensation in excess of $6,600 plus $36.00 for each year of credited service payable as a life annuity. Compensation is averaged over a five-year period prior to retirement or termination. The plan also provides benefits in the event of death or disability. These benefit provisions were established by an adoption agreement executed by the County Board of Commissioners.

County employees are not required to contribute to the Plan. The County contributes the entire cost of the Plan, using the actuarial basis described in the annual valuation report.

Plan Asset Matters and Accounting Policies

The Plan's financial statements are prepared on an accrual basis, modified to include contributions receivable, unrealized gains or losses on marketable securities owned by the Plan and increments in the cash value of death benefits.

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

Investments in securities are valued at current market prices. The trust fund is invested, approximately, in 55% equities and 45% fixed income securities.

Plan assets do not include any loans, notes, bonds, or other instruments or securities of the County or related parties.

Contributions

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

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

Funding

The funding policy for the County is to contribute an amount equal to the recommended contribution each year. For the year ended June 30, 2011, the County's annual pension cost was $117,045 and the amount actually contributed was $100,434. The required contribution was determined as part of the January 1, 2010 actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 7.75% investment rate of return, (b) projected salary increases of 4.5% - 7.0% per year. Both (a) and (b) include an inflation component of 3.0%. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis.

Three Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/09	110,860	111%	(46,822)
06/30/10	96,785	104%	(59,349)
06/30/11	117,045	N/A	(62,998)

4.A. EMPLOYEE BENEFIT PLAN (CONTINUED)

The following represents the funding progress for the Plan as of the most recent actuarial valuation dates available:

Fiscal Year Ending December 30,	Actual Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
2010	$ 1,717,785	$ 2,108,785	$ 391,000	81.5%	$ 855,595	45.7%
2009	1,667,541	2,195,251	527,710	76.0%	892,735	59.1%
2008	1,543,957	2,098,576	554,619	73.6%	832,269	66.6%
2007	1,624,239	2,022,088	397,849	80.3%	798,040	49.9%
2006	1,518,007	1,852,390	334,383	81.9%	728,549	45.9%
2005	1,400,342	1,738,587	338,245	80.5%	641,808	52.7%

4.B. COMPENSATED ABSENCES

County policy allows employees to accumulate a limited amount of earned but unused vacation leave. Upon termination or retirement, permanent employees are entitled to receive compensation at their current base salary for all unused vacation leave. Employees accumulate sick leave, but the County does not pay for sick leave earned but not taken.

At June 30, 2011, the liability for accrued vacation leave is approximately $81,202. This account has been recorded as long-term debt. The amount to be paid from current resources is not significant; however, amounts accrued from prior periods will be paid from general fund resources.

4.C. DEFERRED COMPENSATION PLAN

The County offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans are administered by Nationwide and Georgia Employees Benefit Services Corporation (GEBSCO). The plans are available to all full-time County employees, and permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Plan assets are held in trust for the benefit of the plan participants and their beneficiaries, and will not be diverted to any other purposes.

4.D. INDIGENT CARE CONTRACT

On June 30, 1995, the County entered into an indigent care contract with the Hospital Authority of Early County. Pursuant to a memorandum of understanding dated January 30, 1995 between the Hospital Authority, John D. Archbold Memorial Hospital, Inc. and Early County, the County agreed to provide two mill of ad valorem tax annually to provide funding for the payment of indigent care and the operations of the hospital. The payment is due annually on the 30th day of December commencing on December 30, 1995. The obligation of the County to pay the contribution terminates upon termination of Archbold's lease of the Hospital facility. The lease agreement with John D. Archbold Memorial Hospital, Inc. and Early County ended September 30, 2010. On October 1, 2010, Pioneer Health Services officially assumed operation of Early Memorial Hospital. For the year ended June 30, 2011, the County paid $685,525 to the Hospital Authority.

4.E. RISK MANAGEMENT AND LITIGATION

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has obtained insurance coverage from commercial insurance companies.

Health Insurance

Effective July 1, 2006, the County and the Early County Department of Public Safety are insured by Blue Cross Blue Shield through ACCG for health insurance coverage

Insurance

The County is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County maintains insurance coverage, which are discussed in the subsequent paragraphs, covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims have not exceeded this coverage in any of the last three years.

Pursuant to provisions of the Official Code of Georgia Annotated, Early County became a member of the ACCG Inter-local Risk Management Agency. The agency established and administers one or more group self insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of government. The agency is to defend and protect in accordance with the member government contracts and related coverage descriptions any member of the agency against liability or loss.

Early County, Georgia must participate at all times in at least one fund that is established by the agency. Other responsibilities of the County are as follows:

1. To pay all contributions, assessments or other sums due the agency at such times and in such amounts as shall be established by the agency;
2. To select a person to serve as a member representative;
3. To allow the agency and its agents reasonable access to all facilities of the County and all records, including but not limited to financial records, which relate to the purpose of the agency to represent the County;
4. To allow attorneys appointed by the agency 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 fund established by the agency;
5. To assist and cooperate in the defense and settlement of claims against the County;
6. To furnish full cooperation to the agency's attorneys, claims adjusters, service company, and any agent, employee, officer or independent contractor of the agency relating to the purposes of the agency;
7. To follow all loss reduction and prevention procedures established by the agency.
8. To furnish to the agency such budget, operating and underwriting information as may be requested; and
9. To report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the agency or any fund established by the agency being required to pay claim for loss or injuries to County property or injuries to persons or property when such loss or injury is within the scope of the protection of a fund or funds in which the County participates.

Early County, Georgia retains the first $5,000 of each risk of loss in the form of a deductible. The County files all claims with the agency and the agency bills the County for any loss up to the $5,000 deductible.

Pursuant to provisions of the Official Code of Georgia Annotated, Early County, Georgia became a member of the ACCG-GSIWCF (a Workers' Compensation Self-Insurance Fund). The liability of the fund to the employees of any employer (Early County, Georgia is specifically limited to such obligations as are imposed by the applicable state laws against the employer for workers' compensation and/or employers' liability.)

As part of these risks pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the findings being required to pay any claims of loss. The County is also to allow the pools' agents and attorney to represent the County in investigations, 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 fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding of compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false, or fraudulent. The fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation, or defense.

Litigation

The County's attorney advises that there are six matters of pending or threatened litigation against the County at June 30, 2011. However, the County's attorney advises that while there are only three suits filed, the statute of limitations remains open on the other three matters. The County and its attorney for these matters can make no opinion as to whether the County or plaintiffs in these matters would prevail, or what potential loss may be suffered by the County at June 30, 2011.

4.F. JOINT VENTURES

Southwest Georgia Regional Development Center

Early County, in conjunction with cities and counties in the Southwest Georgia region, is a member of the Southwest Georgia Regional Development Center (SWGRDC). Membership in the RDC is automatic for each municipality and county in the state. The official code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RDCs. Each county and municipality in the state is required by law to pay minimum annual dues to the RDC. The RDC Board membership includes the chief elected official of each county and the chief elected official of each municipality. The County Board members and Municipal Board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as the non-public Board member of a County.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RDCs as "public agencies and instrumentalities of their members." Georgia laws provide that the member governments are liable for any debts or obligations of an RDC beyond its resources. (O.C.G.A. 50-8-39).

The County does not currently have a project with the RDC. Separate financial statements may be obtained from: Southwest Georgia Regional Development Center, P.O. Box 346, 30 West Broad Street, Camilla, Georgia 31730-0346.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY ACCOUNTING AND CONTROL

Budget Law

The County prepares its annual operating budget under the provisions of the Georgia Code. In accordance with those provisions, the following process is used to adopt the annual budget:

a. Prior to June 1, the County Clerk submits to the Commission a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
b. Public hearings are conducted at regular Commission meetings to obtain taxpayer comments. Public hearings are held no late than 15 days prior to the beginning of the budget year.
c. Subsequent to the public hearings but no later than seven days prior to July 1, the budget is legally enacted through the passage of a resolution by the County Commission.

All funds with revenues and/or expenditures/expenses as defined by State law are required to have annual budgets under this section of State Law, except funds of public trust or authorities. The legal level of control at which expenditures may not legally exceed appropriations is the department level. State statutes recognize the following object categories as the minimum legal level of control by fund.

- General Government
- Sanitation
- Public Safety
- Court System
- Roads and Bridges
- Health and Welfare
- Recreation
- Miscellaneous
- Interest
- Amortization
- Debt Service
- Inter-fund Transfers

All supplemental appropriations require the approval of the Commission. All transfers of appropriation between department and object categories require the approval of the Commission.

The Commission prepared and adopted a legal annual budget for all governmental funds.

Budgetary Accounting

The annual operating budgets of governmental funds are prepared and presented on the accrual basis of accounting.

Budget Requirements

There were no supplemental or decreases in budget appropriations made and approved by the Commission.

EARLY COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual	Variance with Final Budget
	Budget	Final	Amounts	Positve (Negative)
REVENUE				
Taxes	$ 6,061,979	$ 6,061,979	$ 5,806,232	$ (255,747)
Grants	343,628	343,628	345,132	1,504
License & permits	8,000	8,000	8,500	500
Charges for services	401,539	401,539	405,922	4,383
State government	410,000	410,000	323,024	(86,976)
Interest revenue	44,130	44,130	28,123	(16,007)
Miscellaneous	53,400	53,400	122,235	68,835
Total revenue	7,322,676	7,322,676	7,039,168	(283,508)
EXPENDITURE				
General government	1,499,388	1,499,388	1,412,824	86,564
Sanitation	475,064	475,064	475,064	-
Public safety	2,132,349	2,132,349	2,132,349	-
Court system	583,839	583,839	583,839	-
Roads & bridges	921,835	921,835	852,411	69,424
Health & welfare	864,234	864,234	841,758	22,476
Culture & recreation	127,000	127,000	127,000	-
Housing & development	254,477	254,477	107,510	146,967
Economic development	168,347	168,347	167,863	484
Capital outlay	118,589	118,589	118,588	1
Total expenditures	7,145,122	7,145,122	6,819,206	325,916
OTHER FINANCING SOURCES (USES)				
Transfers in	104,771	104,771	113,194	8,423
Transfers out	(104,771)	(104,771)	(113,194)	(8,423)
Total other financing sources (uses)	-	-	-	-
Net change in fund balance			$ 219,962	

EARLY COUNTY, GEORGIA
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
SPECIAL PURPOSE SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Sales tax	$ -	$ -	$ -
State government	-	-	-
Interest income	10,000	5,657	(4,343)
Total revenues	10,000	5,657	(4,343)
Other financing sources (out):			
Transfer to other governments	240,872	-	(240,872)
Transfer from general fund	-	-	-
Total revenues and other financing sources	240,872	-	(240,872)
Expenditures			
Roads and bridges	-	-	-
Recreation	-	-	-
Provided to other governments	-	-	-
Total expenditures	-	-	-
Excess of revenues and other financing sources over (under) expenditures		$ 5,657	

EARLY COUNTY, GEORGIA
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
2006 SPECIAL PURPOSE SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Original and Final Budget	Actual	Variance Postive (Negative)
Revenues:			
Sales tax	$ 1,500,000	$ 1,878,716	$ 378,716
State government	-	16,161	16,161
Interest income	15,000	20,416	5,416
Total revenues	1,515,000	1,915,293	400,293
Other financing sources (out):			
Transfer to other governments	-	-	-
Total revenues and other financing sources	-	-	-
Expenditures			
Roads & bridges	21,112	21,112	-
Public safety	170,781	12,847	157,934
Recreation complex	73,227	31,717	41,510
Health & welfare	100,000	-	100,000
Provided to other governments	544,036	216,929	327,107
Equipment and machinery	485,265	375,401	109,864
Total expenditures	1,394,421	658,006	327,107
Excess of revenues and other financing sources over (under) expenditures		$ 1,257,287	

EARLY COUNTY, GEORGIA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET TO ACTUAL
E911 FUND
FOR THE YEAR ENEDED JUNE 30, 2011

	Original and Final Budget	Actual	Variance Postive (Negative)
Revenues:			
Charges for service	$ 189,000	$ 189,336	$ 336
Intergovernmental	-	-	-
Interest income	200	181	(19)
Total revenues	189,200	189,517	317
Other financing sources:			
Operating transfers in	104,771	113,194	(8,423)
Total revenues and other financing sources	293,971	302,711	(8,106)
Expenditures:			
E911 costs	363,618	307,238	56,380
Total expenditures	363,618	307,238	56,380
Excess of revenues and other financing sources over (under) expenditures		$ (4,527)	

EARLY COUNTY, GEORGIA
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
State government	$ -	$ -	$ -
Interest income	20	22	2
Total revenues	20	22	2
Other financing sources:			
Operating transfers in	-	-	-
Total revenues and other financing sources	20	22	2
Expenditures			
Capital outlay:			
General government	2,936	-	2,936
Total expenditures	2,936	-	2,936
Excess of revenues and other financing sources over (under) expenditures		$ 22	

SUPPLEMENTARY INFORMATION

EARLY COUNTY, GEORGIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
FOR YEAR ENDED JUNE 30, 2011

ASSETS	E911 Fund	Capital Improvement Projects	Total Non-Major Funds
Cash, including time deposits	$ 13,717	-	$ 13,717
Due from other funds	-	2,943	2,943
Total assets	$ 13,717	$ 2,943	$ 16,660
LIABILITIES AND FUND BALANCES			
Reserved, reported in:			
Capital improvement projects	$ -	$ 2,943	$ 2,943
E-911	13,717	-	13,717
Unreserved	-	-	-
Total fund balances	$ 13,717	$ 2,943	$ 16,660

EARLY COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR FUNDS
FOR YEAR ENDED JUNE 30, 2011

REVENUES	E911 Fund	Capital Improvement Projects	Total Non-Major Fund
Grants	$ -	$ -	$ -
Intergovernmental	-	-	-
Charges for services	189,336	-	189,336
Interest income	181	22	203
Total revenues	189,517	22	189,539
EXPENDITURES			
Current expenditures:			
General Government	-	-	-
Public safety	307,238	-	307,238
Health & welfare	-	-	-
Total current expenditures	307,238	-	307,238
Excess (deficiency) of revenue over expenditures	(117,721)	22	(117,699)
OTHER FINANCING SOURSES (USES)			
Transfers in	113,194	-	113,194
Transfer out	-	-	-
Total other financing sources and uses	113,194	-	113,194
Net change in fund balances	(4,527)	22	(4,505)
Fund balance--beginning	18,244	2,921	21,165
Fund balance--ending	$ 13,717	$ 2,943	$ 16,660

AGENCY FUNDS

EARLY COUNTY, GEORGIA
COMBINING BALANCE SHEET
FIDUCIARY FUNDS
FOR YEAR ENDED JUNE 30, 2011

	Agency Funds				
	Tax Commissioner	Superior Court	Probate Court	Magistrate Court	Total
Assets					
Cash	$ 167,573	$ 145,118	$ 3,391	$ 18,054	$ 334,136
Total assets	$ 167,573	$ 145,118	$ 3,391	$ 18,054	$ 334,136
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	$ 167,573	$ 145,118	$ 3,391	$ 18,054	$ 334,136
Total liabilities	167,573	145,118	3,391	18,054	334,136
Fund balance	-	-	-	-	-
Total liabilities and fund balance	$ 167,573	$ 145,118	$ 3,391	$ 18,054	$ 334,136

EARLY COUNTY, GEORGIA
COMBINING BALANCE CHANGES IN ASSETS AND LIABILITIES
TAX COMMISSIONER AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Assets				
Cash	$ 112,000	$ 11,951,221	$ 11,895,649	$ 167,573
Total assets	$ 112,000	$ 11,951,221	$ 11,895,649	$ 167,573
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	$ 112,000	$ 11,951,221	$ 11,895,649	$ 167,573
Fund balance	-	-	-	-
Total liabilities and fund balance	$ 112,000	$ 11,951,221	$ 11,895,649	$ 167,573

EARLY COUNTY, GEORGIA
COMBINING BALANCE CHANGES IN ASSETS AND LIABILITIES
SUPERIOR COURT AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Assets				
Cash	$ 259,893	$ 610,451	$ 725,226	$ 145,118
Total assets	$ 259,893	$ 610,451	$ 725,226	$ 145,118
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	$ 259,893	$ 610,451	$ 725,226	$ 145,118
Fund balance	-	-	-	-
Total liabilities and fund balance	$ 259,893	$ 610,451	$ 725,226	$ 145,118

EARLY COUNTY, GEORGIA
COMBINING BALANCE CHANGES IN ASSETS AND LIABILITIES
PROBATE COURT AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Assets				
Cash	$ 3,604	$ 64,858	$ 65,071	$ 3,391
	$ 3,604	$ 64,858	$ 65,071	$ 3,391
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	$ 3,604	$ 64,858	$ 65,071	$ 3,391
Fund balance	-	-	-	-
Total liabilities and fund balance	$ 3,604	$ 64,858	$ 65,071	$ 3,391

EARLY COUNTY, GEORGIA
COMBINING BALANCE CHANGES IN ASSETS AND LIABILITIES
MAGISTRATE COURT AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Assets				
Cash	$ 24,470	$ 240,162	$ 246,578	$ 18,054
Total assets	$ 24,470	$ 240,162	$ 246,578	$ 18,054
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	$ 24,470	$ 240,162	$ 246,578	$ 18,054
Fund balance	-	-	-	-
Total liabilities and fund balance	$ 24,470	$ 240,162	$ 246,578	$ 18,054

COMPLIANCE SECTION

Geer & Associates
Certified Public Accountants, P.C.

INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX

To the Board of Commissioners
Early County
Blakely, Georgia

We have audited the accompanying Schedules of Special Purpose Local Option Sales Tax for the Early County - Blakely, Georgia for the year ended June 30, 2011. This schedule is the responsibility of Early County – Blakely, 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 State 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 Schedules 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 Schedules 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 1 and is not intended to be a complete presentation of Early County – Blakely, 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 Early County – Blakely, Georgia's resolution or ordinance calling for the tax for the year ended June 30, 2011, in conformity with accounting principles generally accepted in the United States of America

Respectfully submitted,

Geer & Associates

Geer & Associates
September 7, 2011

EARLY COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2011

Project	Original Estimated Cost	Amended Estimated Cost	Years Ended Prior to 1-Jul-09	Current Year	Total	Estimated Percentage of Completion
Roads and Bridges	$ 7,500,000	$ 7,100,024	$ 7,100,024	$ -	7,100,024	100%
City of Blakely	1,355,773	1,355,773	1,117,837	-	1,117,837	82%
City of Jakin	109,174	109,174	109,174	-	109,174	100%
City of Damascus	131,008	131,008	131,008	-	131,008	100%
Early County						
Roads & Bridges	3,696,629	3,696,629	4,174,625	-	4,174,625	113%
Recreation Facility	1,834,108	1,834,108	1,823,830	-	1,823,830	99%
E911 Implementation	109,173	109,173	109,173	-	109,173	100%
Repayment of Early County general obligation sales tax bonds:						
Principal	2,865,000	2,865,000	2,865,000	-	2,865,000	100%
Interest	534,734	534,734	534,734	-	534,734	100%
	$ 10,635,599	$ 10,635,599	$ 10,865,381	$ -	$ 10,865,381	

EARLY COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH 2006 SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2011

Project	Original Estimated Cost	Amended Estimated Cost	Years Ended Prior to 1-Jul-10	Current Year	Total	Estimated Percentage of Completion
City of Blakely	$ 2,500,000	$ 2,500,000	$ 2,308,926	$ 187,377	$ 2,496,303	100%
City of Jakin	160,000	160,000	147,944	11,954	159,898	100%
City of Arlington	229,000	229,000	211,111	17,598	228,709	100%
Early County						
Administration Equipment	35,000	35,000	32,463	21,112	53,575	153%
Public Safety Vehicles	746,608	746,608	666,694	-	666,694	89%
Rural Fire Facility	497,500	497,500	378,190	47,147	425,337	85%
Road Construction	2,700,000	2,700,000	2,155,410	-	2,155,410	80%
Capital Outlay	1,332,892	1,332,892	292,138	276,200	568,338	43%
County Extension	90,000	90,000	-	-	-	0%
Public Buidings	19,000	19,000	18,690	-	18,690	98%
Recreation Complex	500,000	500,000	426,773	67,166	493,939	99%
Jail Capital Improvements	30,000	30,000	-	-	-	0%
Early Memorial Hospital	100,000	100,000	-	-	-	0%
Nex Tax Assessor's Office	60,000	60,000	-	29,452	-	0%
	$ 9,000,000	$ 9,000,000	$ 6,638,339	$ 658,006	$ 7,266,893	

Independent Accountants' Report
Grant Certification

To the Board of Commissioners
Early County
Blakely, Georgia

We have examined management's assertion included in the accompanying State of Georgia Grant Certification Form about Early County's compliance during the fiscal year ended June 30, 2011 with the requirement to use grant proceeds solely for the purpose or purposes for which the grant was made for each of the following grant award(s):

a)	State Awarding Agency	GEMA
	Grant Identification Number	PA-04-GA-1833-PW-00654
	Grant Title	Emergency Services
	Grant Award Date	October 5, 2009

Management is responsible for Early County's compliance with this requirement. Our responsibility is to express an opinion on management's assertions about the City of Cecil's compliance based on our examination.

Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Early County's compliance with this requirement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Early County's compliance with the specified requirement.

In our opinion, management's assertion that Early County complied with the aforementioned requirement for the fiscal year ended June 30, 2011 is fairly stated, in all material respects.

Respectfully submitted,

Geer & Associates

Geer & Associates
September 7, 2011

A	Local Government ……..	EARLY COUNTY BOARD OF COMMISSIONERS
B	State Awarding Agency …….	GEMA
C	Grant Identification Number …….	PA-04-GA-1833-PW-00654
D	Grant Title ……	EMERGENCY SERVICES
E	Grant Award Date ……..…….	OCTOBER 5, 2009
F	Grant Amount ……..……	$98,985.99

		COLUMN 1 **Current Year Activity** For the Year Ended:	COLUMN 2 **Cumulative Grant Activity** Through the Year Ended:
G		6/30/2011	6/30/2011
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	$0.00	
I	Grant Receipts or Revenue Recognized	$0.00	$87,832.63
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	$0.00	$87,832.63
K	Disbursements or Expenditures for Audit Fees		
L	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K]	$0.00	$0.00

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made.

Signature of Chief Elected Official _____ Date_____

Signature of Chief Financial Officer_____ Date_____

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

Chairman and Commissioners
Early County
Blakely, Georgia

Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, and each major fund, and the aggregate remaining fund information of Early County, Georgia as of and for the year ended June 30, 2011, which collectively comprise the Early County, Georgia's basic financial statements and have issued our report thereon dated September 7, 2011. We conducted our audit in accordance with generally accepted auditing standards of 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. Other auditors audited the financial statements of the Hospital Authority of Early County, the Early County Health Department or the Early County Department of Public Safety as described in our report on Early County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Early County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County'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 would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affect the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Early County's financial statements that is more than inconsequential will not be prevented or detected by Early County's internal control. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting, item 10-01.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Early County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Early County, Georgia, basic financial statements are free of material misstatement, we performed test of its compliance with certain provisions of laws, regulations, contract and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statements 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 test disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the audit committee, management, others within the organization, County Commissioners, and the 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.

Respectfully submitted,

Geer & Associates

Geer & Associates
September 7, 2011

EARLY COUNTY
JUNE 30, 2011
SCHEDULE OF FINDINGS & QUESTIONED COST

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued				Unqualified
Internal control over financial reporting:				
Material weakness(es) identified?	____	yes	X	no
Reportable condition(s) identified not considered to be material weakness(es)	____	yes	X	no
Noncompliance material to financial statements noted	____	yes	X	no

Federal Awards

There were no major federal award programs as of June 30, 2011

Dollar threshold used to distingush between Type A and Type B prgrams:	$300,000 $500,000			
Auditee qualified as low risk auditee?	X	yes	____	no

EARLY COUNTY
JUNE 30, 2011
SCHEDULE OF FINDINGS & QUESTIONED COST

Section II – Financial Statement Findings

Finding No. 10-01

Criteria:	There is a lack of segregation of duties within the County's accounting environment.
Statement of condition:	The County's clerical staff consists of two person(s), the County Clerk and a County Administrator. The County Clerk performs all cash receipts and cash disbursement functions for the County with monitored supervision from the County Administrator. Because of the limited staff there is little separation of duties in the performance of accounting functions
Effect of condition:	Lack of segregation of duties greatly increases the opportunity for theft/fraud.
Cause of condition:	Early County is a small government, with limited resources, and hiring additional personnel would not be economically feasible.
Recommendation:	Management should continue to monitor the accounting environment to ensure that all responsibilities are segregated as efficiently as possible. Contact person: Kathy Howard, Finance Director Telephone: 229-723-4304 Email: Kathyenglish@windstream.net
Management Response:	Management agrees with the finding.

EARLY COUNTY
JUNE 30, 2011
SCHEDULE OF FINDINGS & QUESTIONED COST

Summary of Prior Year Findings & Question Costs

09-01

Mitigated, see current year finding