ELBERT COUNTY, GEORGIA
FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2009

WALKER & ASSOCIATES, CPAs PC

ELBERT COUNTY, GEORGIA
FISCAL YEAR ENDED JUNE 30, 2009
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Certified Public Accountants

Walker & Associates

A Professional Corporation

American Institute of
Certified Public Accountants
Georgia Society of
Certified Public Accountants
AICPA Employee Benefit
Quality Audit Center
AICPA Governmental
Audit Quality Center

William D. Walker, CPA
Laura A. Wallace, CPA
Wayne Tuck, CPA
Gail Stepp
Martha P. Smith
Teresa Standridge

INDEPENDENT AUDITOR'S REPORT

The Elbert County Board of Commissioners
Elbert County, Georgia
Elberton, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Elbert County, Georgia as of and for the year ended June 30, 2009 , which collectively comprise Elbert County, Georgia 's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Elbert County, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Elbert County, Georgia as of June 30, 2009, and the respective changes in financial position, and where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 30, 2010 , on our consideration of Elbert County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit. In addition, in accordance with the Official Code of Georgia, we have issued a report dated June 30, 2010 on the schedule of Special Purpose Local Option Sales Tax.

Elbert County, Georgia has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The County's retirement plan schedule on page 31 and budget comparison information on pages 32 through 34 are also not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the

methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Walker & Associates
Gainesville, Georgia
June 30, 2010

Elbert County, Georgia

Statement of Net Assets
June 30, 2009

	Primary Government 2009			Component Unit
	Governmental Activities	Business-Type Activities	Total	Elbert County Health Dept.
ASSETS				
Current Assets				
Cash and cash equivalents	$ 1,120,478	$ 163,579	$ 1,284,057	$ 282,476
Accounts receivables (net)	795,462	72,414	867,876	21,268
Intergovernmental receivables	530,767	374,738	905,505	8,745
Internal balances	838,679	(838,679)	-	-
Prepaid expenses	17,039	-	17,039	-
Total current assets	3,302,425	(227,948)	3,074,477	312,489
Restricted Assets				
Noncurrent Assets				
Land and other nondepreciable assets	1,119,899	139,114	1,259,013	-
Capital assets, net of depreciation	13,772,764	582,524	14,355,288	4,382
Total noncurrent assets	14,892,663	721,638	15,614,301	4,382
TOTAL ASSETS	18,195,088	493,690	18,688,778	316,871
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	948,668	150,739	1,099,407	25,200
Due to other governments	112,547	-	112,547	-
Accrued expenditures	630,235	-	630,235	2,843
Compensated absences	-	-	-	6,241
Closure cost liability	-	48,068	48,068	-
Bonds, notes and loans payable	109,066	-	109,066	-
Total current liabilities	1,800,516	198,807	1,999,323	34,284
Noncurrent Liabilities				
Compensated absences	203,620	22,881	226,501	13,752
Closure liabilities	-	1,170,450	1,170,450	-
Bonds, notes and loans payable (net)	131,925	-	131,925	-
Total noncurrent liabilities	335,545	1,193,331	1,528,876	13,752
TOTAL LIABILITIES	2,136,061	1,392,138	3,528,199	48,036
NET ASSETS				
Invested in capital assets, net of related debt	14,741,801	721,638	15,463,439	4,382
Restricted for:				
Fee income	-	-	-	135,393
Capital projects	453,120	-	453,120	-
Public safety	509,458	-	509,458	-
Health and welfare	132,964	-	132,964	-
Unrestricted (Deficit)	221,684	(1,620,086)	(1,398,402)	129,060
TOTAL NET ASSETS	$ 16,059,027	$ (898,448)	$ 15,160,579	$ 268,835

The accompanying notes are an integral part of these financial statements

Elbert County, Georgia
Statement of Activities
For the Year Ending June 30, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants & Contributions	Net (Expenses) Revenues and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit
Primary Government:								
Governmental Activities								
General Government	$ 4,323,851	$ 346,347	$ -	$ -	$ (3,977,504)	$ -	$ (3,977,504)	$ -
Public Safety	5,568,275	2,015,430	24,463	544,856	(2,983,526)	-	(2,983,526)	
Public Works	1,883,154	-	538,035	-	(1,345,119)	-	(1,345,119)	
Health and Welfare	634,939	38,046	269,098	-	(327,795)	-	(327,795)	
Culture and Recreation	391,732	17,128	170,437	-	(204,167)	-	(204,167)	
Housing and Development	298,445	-	-	127,087	(171,358)	-	(171,358)	
Interest Expense	42,296	-	-	-	(42,296)	-	(42,296)	
Total Government Activities	13,142,692	2,416,951	1,002,033	671,943	(9,051,765)	-	(9,051,765)	-
Business-Type Activities:								
Solid Waste Fund	1,089,289	760,196	-	-	-	(329,093)	(329,093)	
Civic Center/Recreation Fund	66,671	67,067	-	-	-	396	396	
Public Transportation	93,298	51,834	68,003	-	-	26,539	26,539	
Total Business-Type Activities	1,249,258	879,097	68,003	-	-	(302,158)	(302,158)	-
Total Primary Government	$ 14,391,950	$ 3,296,048	$ 1,070,036	$ 671,943	(9,051,765)	(302,158)	(9,353,923)	
Component Units:								
Health Department	$ 506,302	$ 132,539	$ 388,657	$ -				14,894
Total Component Units	$ 506,302	$ 132,539	$ 388,657	$ -				14,894
General Revenues:								
Taxes:								
Property Taxes					6,009,776	-	6,009,776	-
Insurance Premium Tax					739,731	-	739,731	-
Franchise Tax					67,086	-	67,086	-
Alcohol Beverage Tax					86,287	-	86,287	-
Sales Taxes					2,885,105	-	2,885,105	-
Unrestricted Investment Earnings					24,748	-	24,748	2,854
Gain on Sale of Capital Assets					38,156	-	38,156	-
Miscellaneous					55,294	12,757	68,051	-
Transfers					(272,948)	272,948	-	-
Total General Revenues and Transfers					9,633,235	285,705	9,918,940	-
Changes in Net Assets					581,470	(16,453)	565,017	17,748
Net Assets - Beginning					16,040,410	(887,799)	15,152,611	251,087
Prior Year Adjustments					(562,853)	5,804	(557,049)	-
Net Assets - Ending					$ 16,059,027	$ (898,448)	$ 15,160,579	$ 268,835

The accompanying notes are an integral part of these financial statements

Elbert County, Georgia
Balance Sheet
Governmental Funds
June 30, 2009

	General Fund	E-911 Fund	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	$ 193,968	$ 425,008	$ 313,549	$ 187,953	$ 1,120,478
Receivables (net)	738,062	53,770	-	3,630	795,462
Due From Other Governments	197,037	-	311,284	22,446	530,767
Due From Other Funds	1,498,940	-	-	5,220	1,504,160
Prepaid Expenditures	17,039	-	-	-	17,039
Total Assets	$ 2,645,046	$ 478,778	$ 624,833	$ 219,249	$ 3,967,906
LIABILITIES					
Accounts Payable	$ 926,226	$ -	$ 2,483	$ 19,959	$ 948,668
Notes Payable	90,129	-	-	-	90,129
Deferred Revenue	340,692	-	56,683	-	397,375
Due to Other Governments	-	-	112,547	-	112,547
Due to Other Funds	5,220	471,339	188,922	-	665,481
Accrued Expenditures	622,955	7,280	-	-	630,235
Total Liabilities	1,985,222	478,619	360,635	19,959	2,844,435
FUND BALANCE					
Reserved					
Capital Project Funds	-	-	264,198	10,235	274,433
Drug Enforcement	-	-	-	18,650	18,650
Senior Center Operations	-	-	-	127,949	127,949
Law Library	-	-	-	5,501	5,501
Jail Fund	-	-	-	15,244	15,244
Unreserved and Undesignated					
General Fund	659,824	-	-	-	659,824
Special Revenue Funds	-	159	-	21,711	21,870
Total Fund Balances	659,824	159	264,198	199,290	1,123,471
Total Liabilities and Fund Balance	$ 2,645,046	$ 478,778	$ 624,833	$ 219,249	$ 3,967,906

The accompanying notes are an integral part of these financial statements.

Elbert County, Georgia
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Assets
June 30, 2009

Total fund balances - governmental funds	$ 1,123,471
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 governmental funds.	
Governmental capital assets	21,274,058
Less: Accumulated depreciation	(6,381,395)
Compensated absences not reported in governmental funds	(203,620)
Long term debt not presented in governmental funds	(150,862)
Some of the City's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	397,375
Net assets of governmental activities	$ 16,059,027

The accompanying notes are an intergral part of these statements

Elbert County, Georgia

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	General Fund	E-911 Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	$5,378,418	$ -	$ -	$ -	$ 5,378,418
Sales Taxes	1,387,794	-	1,383,945	-	2,771,739
Other Taxes	964,931	-	-	12,468	977,399
Fines and forfeitures	678,708	-	-	56,065	734,773
Intergovernmental	1,232,606	-	-	635,981	1,868,587
Charges for services	1,091,801	278,213	-	265	1,370,279
Interest	15,280	2,766	6,036	666	24,748
Contributions and donations	3,285	-	-	2,589	5,874
Miscellaneous	590,485	-	-	7,470	597,955
Total Revenues	11,343,308	280,979	1,389,981	715,504	13,729,772
EXPENDITURES					
Current Operating:					
General Government	4,190,068	-	-	-	4,190,068
Judicial	814,294	-	-	27,103	841,397
Public Safety	3,798,174	425,972	33,390	290,415	4,547,951
Public Works	802,478	-	954,093	-	1,756,571
Health and Welfare	361,577	-	3,711	222,233	587,521
Housing and Development	305,442	-	-	10,691	316,133
Culture and Recreation	344,718	-	-	5,711	350,429
Debt Service					
Principal	-	-	18,147	-	18,147
Interest	34,312	-	7,984	-	42,296
Capital Outlay	-	-	859,892	135,934	995,826
Total Expenditures	10,651,063	425,972	1,877,217	692,087	13,646,339
Excess (Deficiency) of Revenues over/(under) Expenditures	692,245	(144,993)	(487,236)	23,417	83,433
OTHER FINANCING SOURCES AND (USES)					
Transfers Out	(251,211)	-	(21,737)	-	(272,948)
Total Other Financing Sources and Uses	(251,211)	-	(21,737)	-	(272,948)
Net Change in Fund Balance	441,034	(144,993)	(508,973)	23,417	(189,515)
Fund Balances - Beginning	218,790	145,152	613,187	175,873	1,153,002
Prior period adjustments	-	-	159,984	-	159,984
Adjusted Beginning Fund Balances	218,790	145,152	773,171	175,873	1,312,986
Fund Balances - Ending	$ 659,824	$ 159	$ 264,198	$ 199,290	$ 1,123,471

The accompanying notes are an integral part of these financial statements.

Elbert County, Georgia

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2009

Net change in fund balances-total governmental funds	$	(189,515)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay ($1,238,397) exceeded depreciation ($747,961) in the current period.		490,436
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount which repayments exceeded proceeds.		18,030
Because some revenues will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds, but considered as revenues in the government wide financial statements. This amount represents the change in deferred revenue from the prior year.		266,666
Long term liability for compensated absences. This represents the change in the vested benefit of employees for vacation pay earned but not taken from the prior year.		(4,147)
Net change in assets of governmental activities	$	581,470

The accompanying notes are an integral part of these financial statements.

Elbert County, Georgia
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Solid Waste Fund	Nonmajor Proprietary Funds	Total
ASSETS			
Current Assets			
Cash and cash equivalents	$ 114,926	$ 48,653	$ 163,579
Accounts receivables (net)	70,544	1,870	72,414
Intergovernmental receivables	356,074	18,664	374,738
Total current assets	541,544	69,187	610,731
Noncurrent Assets			
Land and other nondepreciable assets	131,870	7,244	139,114
Capital assets, net	413,186	169,338	582,524
Total noncurrent assets	545,056	176,582	721,638
Total assets	$ 1,086,600	$ 245,769	$ 1,332,369
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	$ 149,594	$ 1,145	$ 150,739
Due to other funds	838,679	-	838,679
Closure cost liability	48,068	-	48,068
Total current liabilities	1,036,341	1,145	1,037,486
Noncurrent Liabilities			
Compensated absences	15,255	7,626	22,881
Closure cost liability	1,170,450	-	1,170,450
Total noncurrent liabilities	1,185,705	7,626	1,193,331
Total Liabilities	2,222,046	8,771	2,230,817
Net Assets			
Invested in capital assets	545,056	176,582	721,638
Unrestricted	(1,680,502)	60,416	(1,620,086)
Total Net Assets	(1,135,446)	236,998	(898,448)
Total liabilities and net assets	$ 1,086,600	$ 245,769	$ 1,332,369

The accompanying notes are an intergal part of these financial statements.

Elbert County, Georgia

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ending June 30, 2009

	Solid Waste Fund	Nonmajor Proprietary Funds	Total
OPERATING REVENUES			
Charges for services	$ 760,196	$ 118,901	$ 879,097
Total operating revenues	760,196	118,901	879,097
OPERATING EXPENSES			
Personal services	269,270	85,903	355,173
Operating expenses	769,609	69,416	839,025
Depreciation and amortization	50,410	4,650	55,060
Total operating expenses	1,089,289	159,969	1,249,258
Operating income (loss)	(329,093)	(41,068)	(370,161)
NON-OPERATING REVENUES			
Intergovernmental	11,950	68,003	79,953
Interest income	512	242	754
Other revenues (expenses)	53	-	53
Total non-operating revenues (expenses)	12,515	68,245	80,760
Income (loss) before transfers	(316,578)	27,177	(289,401)
Transfer in	272,948	-	272,948
Change in net assets	(43,630)	27,177	(16,453)
Total net assets - beginning	(1,097,620)	209,821	(887,799)
Prior Period Adjustments	5,804	-	5,804
Adjusted beginning net assets	(1,091,816)	209,821	(881,995)
Total net assets - ending	$ (1,135,446)	$ 236,998	$ (898,448)

The accompanying notes are an intergral part of these statements

Elbert County, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009

	Solid Waste Fund	Nonmajor Proprietary Funds	Totals
Cash flows from operating activities:			
Receipts from customers	$ 739,078	$ 120,598	$ 859,676
Payments to suppliers	(664,016)	(69,416)	(733,432)
Payments to employees	(259,120)	(85,903)	(345,023)
Operating grant	-	68,003	68,003
Net cash provided by operating activities	(184,058)	33,282	(150,776)
Cash flows from noncapital financing			
Transfer from other funds	272,948	-	272,948
Net cash provided (used) by noncapital financing activities	272,948	-	272,948
Cash Flows from Capital and Related Financing Activities:			
Purchases of capital assets	(21,737)	-	(21,737)
Net cash used by capital and related financing activities	(21,737)	-	(21,737)
Cash flows from investing activities:			
Interest on investments	512	242	754
Net cash provided by investing activities	512	242	754
Net increase in cash and cash equivalents	67,665	33,524	101,189
Balances - beginning of year	47,261	15,129	62,390
Balances - end of year	$ 114,926	$ 48,653	$ 163,579
Reconciliation of operating income (loss) to net cash provided by operating			
Operating income (loss)	$ (317,103)	$ 26,935	$ (290,168)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	50,410	4,650	55,060
Changes in assets and liabilities:			
Change in receivables	-	10,610	10,610
Change in liabilities	(8,232)	(381)	(8,613)
Change in accounts payable	90,882	(8,532)	82,350
Net cash provided by operating activities	$ (184,043)	$ 33,282	$ (150,761)

The accompanying notes are an integral part of these financial statements.

Elbert County, Georgia
Statement of Fiduciary Assets and Liabilities
June 30, 2009

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 355,978
Taxes Receivable	580,848
Total Assets	$ 936,826
LIABILITIES	
Due to others	$ 736,285
Due to other Governmental Units	200,541
Total Liabilities	$ 936,826

The accompanying notes are an integral part of these financial statements.

Note 1: Reporting Entity

Elbert County, Georgia was incorporated in 1803 in the State of Georgia. The County operates under a six-member commission and County Administrator form of Government. Other officials elected by citizens of the county that manage various segments of the County's operations are the Clerk of Court, District Attorney, Chief Magistrate, Probate Judge, Sheriff, and Tax Commissioner. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the entire county.

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the County are not misleading. The primary government of the County consists of all funds, departments, boards, and agencies that are not legally separate from the County. Component units are legally separate organizations for which the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations for which the County approves the budget, the issuance of debt, or the levying of taxes.

Discretely Presented Component Units

The component unit columns on the combined financial statements include the financial data of the County's discretely presented component units. They are reported in separate columns to emphasize that they are legally separate from the County. Discretely presented component units include the following:

Elbert County Health Department – The Health Department was constituted and is operated in accordance with the Georgia Health Code, Chapter 88-2, Georgia Laws 1964. The District Health Director is the Executive Officer of the Elbert County Health Department and is responsible for the overall coordination of local health activities. The center operates under the supervision of the local Board of Health, which is appointed by the Elbert County Board of Commissioners and the City of Elberton. Elbert County provides the facilities for the Health Department and provides matching funds for its operation. The Health Department issues separately audited financial statements. Copies of the audit may be obtained from the Health Department at the following address:

Elbert County Public Health Department, 618 Jones Street, SW, Elberton, Ga. 30635

Blended Component Units

Blended component units include component units where the component unit's governing body is substantively the same as the governing body of the primary government or where the component unit provides services or benefits entirely or almost entirely to the primary government even though it may not provide services or benefits directly to the primary government. These component units are blended into the financial statements of the County as if they are balances and transactions of the primary government. Financial statements for each blended component may be obtained from and by contacting the County Administrator. Blended component units include the following:

Elbert County Senior Center – The Senior Center provides a variety of services to senior citizens in the community. The County signs an operating agreement each year with the Northeast Georgia Regional Development Commission to provide services to senior citizens. The Northeast Georgia Regional Development Commission provides technical assistance, monitoring and financial resources for the operation of the Center. The activities of the Senior Center are reported as a Special Revenue Fund.

Elbert County Public Transportation – This entity was formed to provide public transportation services to the citizens of Elbert County. Funding includes Federal, State and Local funds and charges for services. The Elbert County Public Transportation Unit is reported as a proprietary fund in these financial statements.

Note 1: Reporting Entity (cont)

Related Organization

Elbert County Richard B. Russell Development Authority – The Authority is a related organization to the County. The Board of Commissioners appoints the board but is not financially or operationally accountable to the Authority. The Authority does not meet the criteria for inclusion as a component unit.

Other Entities

Other entities, which are excluded from the reporting entity because the County is unable to impose its will on the entities governing board or does not receive specific financial benefits or incur specific financial burdens from the entities includes the following:

- The Board of Education of Elbert County
- The Development Authority of Elbert County, Elberton and Bowman
- The Elbert County Hospital Authority
- The Department of Family and Children Services
- The City of Elberton Housing Authority
- The Elbert County Library Board
- Elbert County Volunteer Fire Department

Joint Ventures- The County participates in the following venture:

Elbert County, in conjunction with cities and counties in the twelve county Northeast Georgia region are members of the Northeast Georgia Regional Development Center (RDC). Membership in an 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 organization structure of the RDC's. 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 from a County. The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RDC's as "public agencies and instrumentalities of their member". Georgia laws also provide that the member governments are liable for any debts or obligations of an RDC beyond its resources, (O.C.G.A. 50-8-39.1). Complete financial statements of the Northeast Georgia Regional Development Center can also be obtained directly from their office at:

Northeast Georgia Regional Development Center
305 Research Drive
Athens, Ga. 30605-2795

Note 2: Summary of Significant Accounting Policies

The financial statements of Elbert County, Georgia have been prepared in conformity with generally accepted accounting principles in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County had adopted Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its proprietary funds at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements. The more significant of the government's accounting policies are described below.

A. Basis of Presentation

Government-Wide Financial Statements

Note 2: Summary of Significant Accounting Policies (cont)

The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities.

The statement of net assets presents the financial condition of the government and business-type activities of the County at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. 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 that are not classified as program revenues are presented as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the County.

Fund Financial Statements

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the County's major governmental funds:

- General Fund – This is the County's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the county for any purposes provided it is expended or transferred according to the general laws of Georgia.
- E-911 Fund – The E-911 fund is used to account for emergency telephone service fees collected by the telephone company and forwarded to the County. These revenues are used to offset the cost of operating the Emergency Telephone System.
- Capital Projects Fund – This fund is used to account for revenue and expenditures resulting from the 2006 Special Purpose Local Option Sales Tax referendums. The primary revenue sources are one percent (1%) sales taxes and the primary expenditures are capital outlay projects, primarily for road and bridge repairs, County facility improvements, County equipment purchases, City of Elberton projects, and City of Bowman projects.

The non-major governmental funds are combined and reported in a single column in the fund financial statements.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. The County's enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

Note 2: Summary of Significant Accounting Policies (cont)

The County reports the following major enterprise funds:

- Solid Waste – This entity was established for the collection and disposal of solid waste. This entity is responsible for the closure care of the old landfill.

Fiduciary Funds

The County has five agency fiduciary funds, Probate Judge, Magistrate Judge, Sheriff, Clerk of Court, and the Tax Commissioner. These agency funds are unlike all other types of funds in that they report only assets and liabilities and do not have a measurement focus. The accrual basis of accounting is utilized in these funds to recognize receivables and payables.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of the County are included on the statement of net assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of government-wide financial statements are prepared. Governmental fund financial statements, therefore, includes a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the enterprise funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of revenues, expenditures, and changes in fund balances presents increases (i.e., revenues) and decreases (i.e., expenses) in total fund balances. The statement of cash flows reflects how the County finances and meets the cash flow needs of its enterprise activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide and enterprise fund financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; enterprises funds and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses verses expenditures.

Revenues – Exchange and Non-exchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recognized in the year in which the resources are measurable and become available. Available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within sixty-days after year end.

Note 2: Summary of Significant Accounting Policies (cont)

Non-exchange transactions, in which the County receives value without directly giving equal value in return, includes property taxes, sales taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from sales taxes is recognized in the period in which the sales are made. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted: matching requirements, in which the County must provide local resources to be used for a specified purpose: and expenditure requirements in which the resources are provided to the County on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred Revenues

Deferred revenues arise when assets are recognized before the revenue recognition criteria have been satisfied.

Property taxes, for which there was an enforceable legal claim at June 30, 2009, which are expected to be collected after the sixty day period of availability are considered as deferred revenue. Grants, entitlements and donations received before the eligibility requirements were met have also been recorded as deferred revenue.

Expenses / Expenditures

On the accrual basis, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

E. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated.

The procedures for establishing the General Fund budget are as follows:

Each department furnishes its budget request to the County Administrator. The County Clerk compiles these requests into a comprehensive general fund budget. The Commissioners review the budget request in a budget workshop that is open to the public. The budget is adopted by the Board of Commissioners in a public meeting held by the Board prior to July 1st. All budgetary appropriations, except for open projects, lapse at year end. The level of budgetary control is at the department level.

F. Cash and Investments

Cash and cash equivalents are cash on hand as well as demand deposits, investments and certificates of deposit included in pooled cash and non-pooled investments with original maturities of three months or less.

Cash and cash equivalents on the statement of cash flows for proprietary funds represent available cash on hand and demand deposits.

Investments include pooled investments and certificates of deposit (with original maturities of three months or greater). The County maintained no cash funds in investment accounts at June 30, 2009.

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

- Obligations of the State of Georgia or of any other states

Note 2: Summary of Significant Accounting Policies (cont)

- Obligations of the United States Government
- Obligations fully insured or guaranteed by the U.S. government or by governmental agency of the U.S.
- Obligations of any corporation of the U.S. government
- Prime bankers' acceptances
- The State of Georgia local government investment pool
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009 are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of the fund balance is reserved as this amount is not available for general appropriation.

H. Inventory

Expendable supplies are recorded as expenditures at the time the items are purchased. The County does not record inventories of supplies at year end in governmental funds due to the lack of materiality. The proprietary fund inventory is stated at the lower cost or market on a first-in, first-out basis.

I. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

J. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County's capitalization threshold is $5,000. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are reported as expenses. The County has recorded the value of infrastructure assets (roads, bridges and water lines, etc.) for additions made since July 1, 2003.

All capital assets are depreciated except for land, right-of-ways and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Buildings	25-50 years
Improvements	10-50 years
Machinery and Equipment	7-20 years
Vehicles	7 years
Infrastructure	25-50 years
Utility System	25-50 years

Note 2: Summary of Significant Accounting Policies (cont)

K. Interfund Receivables / Payables

On fund financial statements, receivables and payables resulting from short-term loans or interfund services provided and used are classified as Interfund Receivables/Payables. Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net assets. The only interfund balances which remain on the government-wide statement of net assets are those between governmental and business-type activities. These amounts are reflected as Internal Balances.

L. Compensated Absences

Effective January 1, 2006, the County adopted a new policy for compensated absences. Under the new policy, an employee is awarded annual leave based on the number of years of continuous employment from 12 days up to 24 days leave. All unused leave remaining at the end of the calendar year is forfeited. Leave accrued under the old policy will be honored by the County and can be used by the employee in addition to all current leave awarded to that employee. Employees may purchase annual leave that they have accumulated under the old system once per year not to exceed $600. Upon termination, any remaining hours of accrued leave are to be paid out to the employee.

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignation and retirements, or through the annual leave pay-out provision.

M. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the enterprise funds are reported on the enterprise fund financial statements.

In general, governmental fund payables and accrued liabilities are recognized as fund liabilities when incurred. However, compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are for payment during the current year. Loans and capital leases are recognized as a liability on the fund financial statements when due.

N. Fund Equity

Fund equity at the government fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net assets." The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

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

Net Assets – Net assets represents the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are reported as unrestricted.

O. Governmental Fund Balance Reserves and Designations

Note 2: Summary of Significant Accounting Policies (cont)

The County reserves those portions of governmental fund balances which are legally segregated for specific future uses or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Fund balance reserves have been established for prepaid items, capital expenditures, economic development and debt service.

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise funds. For the County, these revenues are charges for services in the Solid Waste Enterprise Fund, charges for public transportation in the Public Transportation Enterprise Fund, rental charges for the Civic Center and participation fees for Park & Recreation activities in the Civic Center/Recreation Fund. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of each fund. Revenues and expenses not meeting these definitions are reported as non-operating.

Q. Interfund Transactions

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

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

R. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

S. Property Tax Calendar

Property taxes were billed on September 15, 2008 and were due on November 17, 2008. Unpaid property taxes were considered delinquent on November 18, 2008. Property taxes attach as an enforceable lien ninety days later on February 16, 2009, which is considered as the lien date.

Note 3: Cash and cash equivalents

Primary Government

The County's cash balance is classified into three categories of credit risk: 1) cash that is insured or collateralized with securities held by the County or by its agent in its name, 2) cash collateralized with securities held by the pledging financial institution's trust department or agent in the County's name, and 3) uncollateralized bank accounts including any bank balance that is collateralized with securities held by the pledging institution's trust department or agent but not in the County's name.

At June 30, 2009, the carrying amount of the County's deposits was $1,640,035 and the related bank balance totaled $1,874,621. Of these bank balances, $866,974 was fully covered by FDIC insurance. The remainder, $1,007,647, was not collateralized due to lack of a perfected security agreement with custodian.

Primary Government Statement of Net Assets	
Cash	$ 1,284,057
Agency Funds	$ 355,978

Note 3: Cash and cash equivalents (cont)

Component Unit – Elbert County Health Department

The Health Department has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents. The carrying amount of the Health Department as of June 30, 2009 was $282,476 and the bank balances were $290,929.

Note 4: Receivables

Primary Government

Receivables at June 30, 2009, at the fund level, consisted of taxes, accounts (billings for user charges), intergovernmental receivables arising from sales tax collections and interfund receivables.

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

Receivables are reported net of an allowance for doubtful accounts. Those allowances are:

General Fund - Property taxes	$ 8,671
E-911 Special Revenue Fund – Service charges	$ 78,873

Component Unit – Health Department

The Georgia Department of Human Resources owed the Elbert County Health Department $8,745 at June 30, 2009.

Note 5: Pension Plan

Plan Description

The County contributes to the Association County Commissioners of Georgia (ACCG) Defined Benefit Plan, an agent multi-employer public employee retirement system that acts as a common investment and administrative agent for participating counties in Georgia, administered by GEB Corporation. The plan periodically issues an overall report to the required agencies. A stand-along report for Elbert County is available through the Commissioner's office.

The specific benefit provisions of the County's Plan are established by an adoption agreement executed by the County Board of Commissioners. The Plan provides for benefits upon retirement, death, disablement, and termination of employment. The Plan is affiliated with the Association County Commissioners of Georgia Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan administered by GEB Corp. The ACCG, in its role as the Plan Sponsor has the sole authority to amend the provisions of The ACCG Plan, as provided in section 19.03 of The ACCG Plan document. The County retains the authority to amend the adoption agreement, which defines the specific operational provisions of The Plan, as provided in Section19.02 of the ACCG Plan document. An outline of the plan provisions is as follows:

Funding Policy: The County is required to contribute an actuarially determined amount annually to the plan's trust. The contribution amount is determined using actuarial methods and assumptions approved by the ACCG Plan Trustees and intended to satisfy the minimum contribution requirements set forth in controlling State of Georgia statutes.

A copy of the Pension Plan financial report can be obtained from:
Association of County Commissioners of Georgia
100 Circle 75 Parkway, Suite 300
Atlanta, Georgia 30339

Note 5: Pension Plan (cont)

For employees hired after December 31, 1995, participation is mandatory and begins on the date of employment. Active eligible employees as of December 31, 1995 had a choice of receiving benefit accruals under the pre-amended plan provisions (non-contributory) as stated on December 31, 1995 or receiving benefit accruals under the amended plan (contributory) effective on January 1, 1996.

Benefits vest after five years of service. Normal retirement is age 65 and 3 years of participation in the Plan but not beyond age 70, or age 55 with 25 years of service if the participant is on the amended Plan. Upon eligibility to retire, participants are entitled to an annual benefit in the amount of 2% of average compensation plus $36 multiplied by years of service from January 1, 1993 through October 31, 2008 or 2.5% of average annual compensation plus $36 multiplied by years of service payable as a life annuity. Annual compensation is the average of the participant's compensation over five consecutive plan years during the ten years preceding the participant's date of retirement or other termination. The Plan also provides benefits in the event of death or disability. These benefits were established by an adoption agreement executed by the County Board of Commissioners. County employees under the pre-amended plan 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.

Annual Pension Costs: The County's annual pension cost and new pension obligation for the pension plan for the current year are as follows:

	December 31, 2008
Derivation of Annual Pension Costs:	
Annual Required Contribution	$ 813,680
Interest on Net Pension Obligation	78
Amortization of Net Pension Obligations	(82)
Annual Pension Cost	$ 813,676
Basis of Valuation:	
Current Valuation Date	1/1/2008
Annual Return of Investment Plan Assets	8%
Projected Annual Salary Increases	6%
Expected Annual Inflation	3%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Projected Unit Credit
Amortization Method	Level Percent of Pay

County employees under the amended plan are required to contribute 2% of their pay to the Plan. The County contributes the remaining cost of the Plan, using the actuarial basis described in the annual valuation report. The County's payroll for employees covered by the Plan as of December 31, 2009 (the most recent actuarial valuation date) was $4,792,415.

Note 5: Pension Plan (cont)

Trend information for the Plan

Fiscal Year Beginning	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
January 1, 2008	$ 813,676	N/A	N/A	$ 970
January 1, 2007	734,947	600,000	82%	(133,977)
January 1, 2006	697,512	721,658	103%	(109,831)
January 1, 2005	672,137	718,499	107%	(63,469)
January 1, 2004	617,946	681,415	110%	-
January 1, 2003	633,908	633,908	100%	-

An analysis of funding progress is presented on page 31 of the financial statements as Required Supplementary Information.

Analysis of the dollar amounts of actuarial value of assets available for benefits, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of funding status on a going concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater the percentage, the stronger the Plan. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The weighed-average remaining amortization period as of January 1, 2008 was ten years.

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

Additional Information:

1. Actuarial Present Value of Accumulated Plan Benefits	2008
Vested:	
Retirees (and others in pay status)	$ 3,082,819
Deferred Vested (former employees)	692,178
Vested Active Participants	3,517,360
Total	7,292,357
Non-vested	894,231
Total	8,186,588
2. Effect of Future Salary Increases	2,156,726
3. Total Actuarial Accrued Liability	10,343,314
4. Net Assets Available for Benefits (including receivables)	6,471,372
5. Net Assets in Excess of Actuarial Present Value of Accumulated Plan Benefits	$ (1,715,216)
6. Principal Actuarial Assumptions:	
Investment Return	8%
Rate of Future Salary Increases (not applicable to Accumulated Plan Beneft Calculation)	6%

Note 5: Pension Plan (cont)

The County also sponsors a Deferred Compensation Plan, a Section 457 defined contribution plan for the benefit of its employees. At June 30, 2009 there were seven employees participating in the plan. Contributions to the plan are funded on a monthly basis. The County does not match employee contributions. All employees are eligible to participate in the plan. Employees can begin to participate in the plan the following month after employment begins. The plan holds its assets in a separate trust invested in annuity contracts in the name of each participant and consequently is not reported on the County's financial statements. As administrator of the plan, the County may amend the plan at its discretion. For the year ending June 30, 2009 the employees contributed $10,905 to the plan.

Other Retirement Plans

Certain employees of the County are covered under retirement plans that are separate from the ACCG Pension Plan. These retirement plans are not under the direct control of the County. A portion of certain fees, licenses, fines and bond forfeitures are remitted to the respective pension plans.

These plans include:

Clerk of Superior Court Retirement Fund
Sheriff's Retirement Fund
Probate Judges Retirement Fund of Georgia
Peace Officer's Annuity and Benefit Fund

Note 6: Compensated Absences – Primary Government

Section C60 of GASB Standards requires that leave pay be accrued when: (1) the employer's obligation to the employee's right to receive compensation for future benefits is attributable to employees' service already rendered, (2) the obligation relates to rights that vest or accumulate, (3) payment of the compensation is probable, and (4) the amount can be reasonably estimated. The obligation at June 30, 2009 is $203,620, all of which is considered as a long term liability in the government wide financial statements.

Note 7: Prior Period Adjustments

Fund Financial Statements

General Fund: $159,984 To reverse a June 30, 2007 accounts payable balance on the Capital Projects Fund

Government-Wide Financial Statements

Governmental Activities:

$568,657 To record depreciation expense for the year ending June 30, 2008.
($5,804) To record prior period transfer of asset to the Solid Waste Fund.
$562,853 Total Prior Period Adjustments

Business Type Activities:

$ 5,804 To record construction in progress for the year ending June 30, 2008.

Note 8: Capital Assets

Depreciation expense was charged to functions as follows:

Governemental activities:		Business-Type activities:	
General Government	$ 112,750		
Public Safety	405,614	Solid Waste	$ 50,410
Housing & Development	13,579		
Public Works	149,483	Civic Center	4,650
Health & Welfare	39,792		
Culture & Recreation	26,743		
Total Depreciation	$ 747,961	Total Depreciation	$ 55,060

Govermental Type Primary Government	Beginning Balances 7/1/2008	Increases	Decreases	Ending Balances 6/30/2009
Capital Assets not being depreciated:				
Construction in progress	$4,674,568	$ 129,759	$ 4,466,126	$ 338,201
Land	778,413	3,285		781,698
Total capital assets not being depreciated	5,452,981	133,044	4,466,126	1,119,899
Capital assets being depreciated:				
Buildings	8,191,400	4,466,126	-	12,657,526
Land Improvements	184,565	-	-	184,565
Equipment	6,190,451	801,332	157,367	6,834,416
Infrastructure	173,631	304,021	-	477,652
Total capital assets being depreciated	14,740,047	5,571,479	157,367	20,154,159
Total Capital Assets	20,193,028	5,704,523	4,623,493	21,274,058
Accumulated Depreciation				
Buildings	1,301,088	412,939	662,901	1,051,126
Land Improvements	-	9,228	-	9,228
Equipment	3,750,793	1,533,903	-	5,284,696
Infrastructure	16,081	24,160	3,896	36,345
Total accumulated depreciation	5,067,962	1,980,230	666,797	6,381,395
Net capital assets	$ 15,125,066	$3,724,293	$ 3,956,696	$14,892,663

Governmental type schedule changes consist of the following:	Increase in Assets	Decrease in Assets	Net change	Increase in Depreciation	Decrease in Depreciation	Net Change
Completed construction in progress	$4,466,126	$ -	$ 4,466,126	$ -	$ -	$ -
Construction in progress	-	4,466,126	(4,466,126)	-	-	
Current year additions	1,238,397	-	1,238,397	747,961	-	747,961
Prior period adjustments	-	5,804	(5,804)	568,657	-	568,657
Asset Category Reclassification	-	151,563	(151,563)	663,612	666,797	(3,185)
Total Governmental fund increases/decreases	$5,704,523	$ 4,623,493	$ 1,081,030	$ 1,980,230	$ 666,797	$ 1,313,433

Note 8: Capital Assets (cont)

Proprietary Funds	Beginning Balances 7/1/2008	Increases	Decreases	Ending Balances 6/30/2009
Nondepreciable assets				
Purchase deposits	$ -	$ 7,244	$ -	$ 7,244
Land	131,870	-	-	131,870
Total nondepreciable assets	131,870	7,244	-	139,114
Depreciable assets				
Buildings	552,001	27,541	9,781	569,761
Equipment	569,351	-	11,953	557,398
Total depreciable assets	1,121,352	27,541	21,734	1,127,159
Total asssets	1,253,222	34,785	21,734	1,266,273
Accumulated depreciation				
Buildings	88,846	13,556	-	102,402
Equipment	415,248	41,504	14,519	442,233
Total accumulated depreciation	504,094	55,060	14,519	544,635
Net capital assets	$ 749,128	$ 89,845	$ 36,253	$ 721,638

Proprietary fund changes consist of the following:	Increase in Assets	Decrease in Assets	Net Change	Increase in Depreciation	Decrease in Depreciation	Net Change
Prior Period Adjustment	5,804	-	5,804	-		-
Asset Category Reclassification	7,244	7,244	-	-	-	-
Prior year dispositions		14,490	(14,490)	-	14,519	(14,519)
Current year additions	21,737	-	21,737	55,060	-	55,060
Total Proprietary fund increases/decreases	$ 34,785	$ 21,734	$ 13,051	$ 55,060	$ 14,519	$ 40,541

Component Unit - Health Department

Governmental	Beginning Balances 7/1/2008	Increases	Decreases	Ending Balances 6/30/2009
Capital assets being depreciated				
Equipment	$ 77,925	$ 4,869	$ 4,100	$ 78,694
Total Capital Assets	77,925	4,869	4,100	78,694
Accumulated Depreciation				
Equipment	77,032	1,380	4,100	74,312
Total accumulated depreciation	77,032	1,380	4,100	74,312
Net capital assets	$ 893	$ 3,489	$ -	$ 4,382

Depreciation expense was charged to functions/programs of the Health Department as follows:

Governmental activities - Health $1,380

Note 9: Short Term Debt

The County issues tax anticipation notes in advance of property tax collections, depositing the proceeds into its General Fund. The notes are necessary because the County does not currently possess sufficient resources to carry it from one year to the next. The short-term debt activity for the year ended June 30, 2009, was as follows:

	Beginning Balances July 1, 2008	Issued	Redeemed	Ending Balance June 30, 2009
Tax anticipation note	$ 800,000		$ 800,000	$ -
Tax anticipation note	-	433,300	343,171	90,129
Operating lease reimbursement	16,254		16,254	-
	$ 816,254	$433,300	$1,159,425	$ 90,129

Note 10 Long Term Debt

Governmental Activities-Capital Leases:

The retirement cost of debt, pension liabilities, and compensated absences is typically charged to the fund to which the debt relates.

Caterpillar Financial Services Corporation, one motor grader, payable in monthly installments of $2,168 at an interest rate of 4.92%. The original balance was $184,841 and matures in July 2012. The lease is secured by the equipment.

Payout schedule:

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Machinery and Equipment	$ 184,841
Less: Accumulated Depreciation	36,968
Total	$ 147,873

Year Ending	Total Payments	Principal	Interest
2010	26,015	18,937	7,078
2011	26,015	19,890	6,125
2012	112,501	112,035	466
Totals	$ 164,531	$ 150,862	$ 13,669

Changes in long term debt:

	July 1, 2008	Additions	Reductions	June 30, 2009	Amount Due within 12 Months
Governmental activity					
Compensated absences	$ 200,412	$ 4,146	$ 938	$ 203,620	$ -
Capital leases	169,009	-	18,147	150,862	18,937
Total Government Activites	$ 369,421	$ 4,146	$ 19,085	$ 354,482	$ 18,937

Note 10 Long Term Debt (cont)

Changes in long term debt:

	July 1, 2008	Additions	Reductions	June 30, 2009	Amount Due within 12 Months
Business-Type Activities					
Compensated absences	$ 9,643	$ 13,238	$ -	$ 22,881	$ -
Closure Liability	1,236,875	-	18,357	1,218,518	48,068
Total Business-Type Activites	$ 1,246,518	$ 13,238	$ 18,357	$ 1,241,399	$ 48,068

Note 11: Compliance

At June 30, 2008 the County was not in compliance with the following statutes:

State Compliance

OCGA 51-14-4 Relating to a notarized affidavit concerning the need for the Board of Commissioners to go into a "Closed Meeting".
OCGA 36-81-3 Relating to the adoption of a balanced operating budget at the established legal level of control and the advertising of the adoption meeting.
OCGA 48-13-51 Relating to the collection of a Hotel/Motel Tax without the benefit of a contract and required expenditure of the statutory amounts for promotion of tourism and trade within the County.
OCGA 16-13-49 Relating to the reporting of drug seizure amounts to the County Board of Commissioners.
House Bill 253 (Special Legislation) Relating to the required procedures by the Sheriff concerning fees and revenues collected by The Sherriff's Department and expenditures of non appropriated funds.
OCGA 48-8-122 Relating to the publishing of financial activity of Special Purpose Local Option Taxes.
OCGA 45-8-12 Relating to collateralization of public funds in banks.
OCGA 36-81-3 Relating to expenditures in excess of appropriations.

Federal Compliance

The County was not in compliance with federal rules with proper reporting of compensation for County employees relating to the payment of Christmas bonuses and Law Library employees.

The County was not in compliance with federal rules regarding timely payment of payroll tax liability amounts and the filing of quarterly payroll tax reports.

Note 12: Interfund balances and transfers

Due to/Due from other funds

	Due From:				
Due to:	E-911 Fund	Solid Waste Fund	Capital Projects Fund	General Fund	Total
General fund	$ 471,339	$ 838,679	$ 188,922	$ -	$ 1,498,940
Grant Fund	-	-	-	5,220	5,220
Totals	$ 471,339	$ 838,679	$ 188,922	$ 5,220	$ 1,504,160

Note 12: Interfund balances and transfers(cont)

Interfund balances at March 31, 2006, consisted of the following amounts and represent charges for services or reimbursable expenses and expenditures out of capital outlay (SPLOST) funds for operating expenses in the general fund occurring in prior years. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting records, and (3) payments between funds are made. The County expects to repay all interfund balances within one year.

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

Interfund transfers

	Transfer to:	
Transfer from:	Solid Waste	Totals
General fund	$ 251,211	$ 251,211
Capital Projects	21,737	21,737
	$ 272,948	$ 272,948

Note 13 Landfill Closure and Postclosure Cost

Closure and Postclosure care is required by both federal and state regulations. The estimate for post closure liability is for the cost of monitoring for thirty years after landfill closure. In 2000, the County closed its solid waste landfill and is now in the postclosure phase. The postclosure estimate will be amortized over a 30 year period following closure. These cost and estimates are recognized in the government-wide financial statements. The actual postclosure cost will be met by resources out of the general fund. The unamortized balance of postclosure cost at June 30, 2009 was $1,218,518.

Note 14: Hotel/Motel Tax Compliance – Primary Government

Elbert County, Georgia collects five percent (5%) hotel/motel tax. State statutes require the County to contract with a not for profit organization and fund that organization with a minimum of 40% of collections which must be expended on the promotion of tourism and trade. The County has a working relationship with Elbert County Chamber of Commerce and funds that organization with hotel/motel tax collections.

For the fiscal year ending June 30, 2009:

Tax collections	$12,468
Amount provided to Chamber of Commerce	$3,300
Promotion expenditures	$3,300

The County is not in compliance with state statutes concerning Hotel/Motel Tax collections.

Note 15: Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which, except as described in the following paragraph, the County carries commercial insurance in amounts deemed prudent by County management.

The County participates in the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Association of the County Commissioners of Georgia Group Self-Insurance Worker's Compensation Fund, public entity risk pools currently operating as a common risk management and insurance programs for member local governments.

As part of these risk pools, the County 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 claim of loss. The County is also to allow the pools' agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The funds are 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.

There have been no significant reductions of insurance coverage from coverage in the prior years, and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 16: Commitments and Contingencies

Litigation and Assessments

The County is involved in several pending lawsuits. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the County. However, the County has an asserted claim of approximately $140,000 with a more than remote probability of an unfavorable outcome. Accordingly, an estimate has been recorded as a current period expense for the year ending June 30, 2009.

Grant Contingencies

The County has received Federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, County management believes such disallowances, if any, will not be significant.

Elbert County, Georgia

Defined Benefit Retirement Plan
Required Supplementary Information
Schedule of Funding Progress
June 30, 2009

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL Funding Excess) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As a Percentage of Covered Payroll (b-a)/c
December 31, 2008	$ 7,765,646	$ 10,343,314	$ 2,577,668	75.1%	$ 4,792,415	53.8%
December 31, 2007	$ 7,422,475	$ 9,123,033	$ 1,700,558	81.4%	$ 4,294,683	39.6%
December 31, 2006	$ 6,643,482	$ 8,085,123	$ 1,441,641	82.2%	$ 4,337,341	33.2%
December 31, 2005	$ 5,832,301	$ 7,872,376	$ 2,040,075	74.1%	$ 3,940,288	51.8%
December 31, 2004	$ 5,031,707	$ 7,347,745	$ 2,316,038	68.5%	$ 3,654,751	63.4%
December 31, 2003	$ 4,387,375	$ 6,661,784	$ 2,274,409	65.9%	$ 3,940,890	57.7%
December 31, 2002	$ 3,550,951	$ 5,564,713	$ 2,013,762	63.8%	$ 3,109,770	64.8%

Elbert County, Georgia

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Budget to GAAP Differences	Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis	Over / (Under)	GAAP Basis	Over / (Under)
REVENUES						
Property Taxes	$ 5,618,692	$ 5,618,692	$ 5,378,418	$ -	$ 5,378,418	$ (240,274)
Sales Taxes	1,500,000	1,500,000	1,387,794	-	1,387,794	(112,206)
Other Taxes	1,033,432	1,033,432	964,931	-	964,931	(68,501)
Fines and Forfeitures	847,358	847,358	678,708	-	678,708	(168,650)
Intergovernmental	305,430	305,430	1,232,606	-	1,232,606	927,176
Charges for Services	1,395,000	1,395,000	1,091,801	-	1,091,801	(303,199)
Interest	13,500	13,500	15,280	-	15,280	1,780
Contributions and donations	-	-	3,285	-	3,285	3,285
Miscellaneous	464,500	464,500	590,485	-	590,485	125,985
Fund Balance	74,000	74,000	-	-	-	(74,000)
Total Revenues	$ 11,251,912	$ 11,251,912	$ 11,343,308	$ -	$ 11,343,308	$ 91,396
EXPENDITURES						
Current Operating:						
General Government	$ 4,350,052	$ 4,350,052	$ 4,190,068	$ -	$ 4,190,068	$ (159,984)
Judicial	$ 822,626	$ 822,626	$ 814,294	$ -	$ 814,294	$ (8,332)
Public Safety	3,967,613	3,967,613	3,798,174	-	3,798,174	(169,439)
Public Works	869,812	869,812	802,478	-	802,478	(67,334)
Health and Welfare	356,785	356,785	361,577	-	361,577	4,792
Housing and Development	286,345	286,345	305,442	-	305,442	19,097
Culture and Recreation	295,760	295,760	344,718	-	344,718	48,958
Debt Service Interest	50,000	50,000	34,312	-	34,312	(15,688)
Transfers Out	252,919	252,919	251,211	-	251,211	(1,708)
Total Expenditures	$ 11,251,912	$ 11,251,912	$ 10,902,274	$ -	$ 10,902,274	$ (349,638)

Elbert County, Georgia

Budgetary Comparison Schedule

E911 Fund

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Budget to GAAP Differences	Actual	Variance with Final Budget
	Original	Final	Budgetary	Over / (Under)	GAAP Basis	Over / (Under)
REVENUES						
Fund Balance	351,120	351,120	-	-	-	(351,120)
Charges for Services	260,000	260,000	278,213	-	278,213	18,213
Interest	10,000	10,000	2,766	-	2,766	(7,234)
Total Revenues	$ 621,120	$ 621,120	$ 280,979	$ -	$ 280,979	$ (340,141)
EXPENDITURES						
Current Operating:						
Public Safety	621,120	621,120	425,972	-	425,972	(195,148)
Total Expenditures	$ 621,120	$ 621,120	$ 425,972	$ -	$ 425,972	$ (195,148)

ELBERT COUNTY, GEORGIA
Notes to Required Supplementary Information
on Budgetary Accounting and Control
Year Ended June 30, 2009

BUDGETARY ACCOUNTING AND CONTROL

Budget Law

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

(a). Prior to June 1, the County Finance Officer submits to the County Council 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 normally scheduled no later than 15 days prior to the beginning of the budget year.

(c). Subsequent to the public hearings, the budget is legally enacted through the passage of a resolution by the County Council.

All governmental funds with revenues and/or expenditures as defined by State law are required to have annual budgets. The legal level of control at which expenditures may not legally exceed appropriations is at the department level within a fund.

Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The appropriated budget is prepared by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Elbert County, Georgia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	Law Library	Senior Center	10% Fines Jail Fund	Special Drug Fund	Drug Task Force	Hotel/Motel Tax Fund	Grant Fund	Total Nonmajor Governmental Funds
Assets								
Cash and cash equivalents	5,501	$ 105,518	$ 15,229	$ 18,134	$ 690	$ 18,131	$ 24,750	$ 187,953
Accounts receivable, net	-	-	-	-	-	3,580	50	3,630
Due from other governments	-	22,431	15	-	-	-	-	22,446
Due from other funds	-	-	-	-	-	-	5,220	5,220
Total assets	$ 5,501	$ 127,949	$ 15,244	$ 18,134	$ 690	$ 21,711	$ 30,020	$ 219,249
Liabilities								
Accounts payable	$ -	$ -	$ -	$ 174	$ -	$ -	$ 19,785	$ 19,959
Total Liabilities	-	-	-	174	-	-	19,785	19,959
Fund balance								
Reserved								
Capital Projects Funds	-	-	-	-	-	-	10,235	10,235
Unreserved - undesignated	5,501	127,949	15,244	17,960	690	21,711	-	189,055
Total Fund balances	5,501	127,949	15,244	17,960	690	21,711	10,235	199,290
Total liabilities and fund balance	$ 5,501	$ 127,949	$ 15,244	$ 18,134	$ 690	$ 21,711	$ 30,020	$ 219,249

Elbert County, Georgia
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

	Law Library	Senior Center	10% Fines Jail Fund	Special Drug Fund	Drug Task Force	Hotel/Motel Tax Fund	Grant Fund	Total Nonmajor Governmental Funds
Revenues								
Taxes	$ -	$ -	$ -	$ -	$ -	$ 12,468	$ -	12,468
Fines and forfeitures	9,603	-	30,617	15,845	-	-	-	56,065
Charges for services	-	265	-	-	-	-	-	265
Intergovernmental	-	263,550	-	-	-	-	372,431	635,981
Contributions and donations	-	2,548	-	-	-	-	41	2,589
Miscellaneous	-	-	-	-	-	-	7,470	7,470
Interest	-	-	96	132	7	223	208	666
Total Revenues	9,603	266,363	30,713	15,977	7	12,691	380,150	715,504
Expenditures								
Current								
Public safety	-	-	22,155	22,916	-	-	245,344	290,415
Judicial	27,103	-	-	-	-	-	-	27,103
Health and welfare	-	222,233	-	-	-	-	-	222,233
Housing and development	-	-	-	-	-	10,691	-	10,691
Culture and Recreation	-	-	-	-	-	-	5,711	5,711
Capital Outlay	-	-	-	-	-	-	135,934	135,934
Total Expenditures	27,103	222,233	22,155	22,916	-	10,691	386,989	692,087
Excess revenues/(expenditures)	(17,500)	44,130	8,558	(6,939)	7	2,000	(6,839)	23,417
Other financing sources/(uses)								
Net Changes in Fund Balances	(17,500)	44,130	8,558	(6,939)	7	2,000	(6,839)	23,417
Fund balance-beginning	23,001	83,819	6,686	24,899	683	19,711	17,074	175,873
Fund balance-ending	$ 5,501	$ 127,949	$ 15,244	$ 17,960	$ 690	$ 21,711	$ 10,235	$ 199,290

Elbert County, Georgia
Combining Statement of Net Assets
Nonmajor Proprietary Funds
June 30, 2009

	Public Transportation Fund	Civic Center / Recreation Fund	Nonmajor Proprietary Funds Totals
Assets			
Current Assets			
Cash and cash equivalents	$ 41,599	$ 7,054	$ 48,653
Accounts receivables (net)	-	1,870	1,870
Intergovernmental receivables	18,664	-	18,664
Total current assets	60,263	8,924	69,187
Noncurrent Assets			
Land and other nondepreciable assets	7,244	-	7,244
Capital assets, net of depreciation	-	169,338	169,338
Total noncurrent assets	7,244	169,338	176,582
Total assets	$ 67,507	$ 178,262	$ 245,769
Liabilities and net assets			
Current Liabilities			
Accounts payable	$ -	$ 1,145	$ 1,145
Total Current liabilities	-	1,145	1,145
Noncurrent Liabilities			
Compensated absences	7,626	-	7,626
Total noncurrent liabilities	7,626	-	7,626
Total Liabilities	7,626	1,145	8,771
Net Assets			
Invested in capital assets	7,244	169,338	176,582
Unrestricted	52,637	7,779	60,416
Total Net Assets	59,881	177,117	236,998
Total liabilities and net assets	$ 67,507	$ 178,262	$ 245,769

Elbert County, Georgia
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Proprietary Funds
For the Year Ended June 30, 2009

	Public Transportation Fund	Civic Center / Recreation Fund	Nonmajor Proprietary Funds Totals
Operating revenues			
Charges for services	$ 51,834	$ 67,067	$ 118,901
Total operating revenues	51,834	67,067	118,901
Operating expenses			
Personal services	85,903	-	85,903
Supplies	7,395	62,021	69,416
Depreciation and amortization	-	4,650	4,650
Total operating expenses	93,298	66,671	159,969
Operating income (loss)	(41,464)	396	(41,068)
Non-operating revenues/(expenses)			
Intergovernmental	68,003	-	68,003
Interest income	153	89	242
Total non-operating revenues (expenses)	68,156	89	68,245
Income (loss) before transfers	26,692	485	27,177
Change in net assets	26,692	485	27,177
Total net assets-beginning	33,189	176,632	209,821
Total net assets-ending	$ 59,881	$ 177,117	$ 236,998

Elbert County, Georgia
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For The Year Ended June 30, 2009

	Public Transportation Fund	Civic Center/ Recreation Fund	Nonmajor Proprietary Fund Totals
Cash flows from operating activities:			
Receipts from customers	$ 53,531	$ 67,067	$ 120,598
Payments to suppliers	(7,395)	(62,021)	(69,416)
Payments to employees	(85,903)	-	(85,903)
Operating grant	68,003	-	68,003
Net cash provided by operating activities	28,236	5,046	33,282
Cash flows from noncapital financing			
Net cash provided (used) by noncapital			
Cash flows from investing activities:			
Interest on investments	153	89	242
Net cash provided by investing activities	153	89	242
Net increase in cash and cash equivalents	28,389	5,135	33,524
Balances - beginning of year	13,210	1,919	15,129
Balances - end of year	$ 41,599	$ 7,054	$ 48,653
Reconciliation of operating income (loss) to net cash provided by operating			
Operating income (loss)	$ 26,539	$ 396	$ 26,935
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	-	4,650	4,650
Changes in assets and liabilities:			
Change in receivables	10,610		10,610
Due to Other Funds	(381)		(381)
Accounts payable	(8,532)	-	(8,532)
Net cash provided by operating activities	$ 28,236	$ 5,046	$ 33,282

Elbert County, Georgia
Combining Statement of Fiduciary Assets and Liabilities
All Agency Funds
June 30, 2009

	Tax Commissioner	Probate Court	Magistrate Court	Clerk of Court	Sheriff	Totals
ASSETS						
Cash and cash equivalents	$ 237,866	$ 1,999	$ 4,418	$ 108,703	$ 2,992	$ 355,978
Taxes Receivable	580,848	-	-	-	-	580,848
Total Assets	$ 818,714	$ 1,999	$ 4,418	$ 108,703	$ 2,992	$ 936,826
LIABILITIES						
Due to others	$ 82,429	$ 1,999	$ 4,418	$ 108,703	$ 2,992	$ 200,541
Due to other Governmental Units	736,285	-	-	-	-	736,285
Total Liabilities	$ 818,714	$ 1,999	$ 4,418	$ 108,703	$ 2,992	$ 936,826

Certified Public Accountants

Walker & Associates

A Professional Corporation

American Institute of
Certified Public Accountants
Georgia Society of
Certified Public Accountants
AICPA Employee Benefit
Quality Audit Center
AICPA Governmental
Audit Quality Center

William D. Walker, CPA
Laura A. Wallace, CPA
Wayne Tuck, CPA
Gail Stepp
Martha P. Smith
Teresa Standridge

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

To the Board of Commissioners
Elbert County, Georgia
Elberton, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Elbert, County Georgia, as of and for the year ended June 30, 2009, which collectively comprise the Elbert County, Georgia's basic financial statements and have issued our report thereon dated June 30, 2010. The report on the governmental activities was qualified due to the lack of proper documentation over capital assets and associated accumulated depreciation . 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.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned cost that we consider to be significant deficiencies in internal control over financial reporting, 2009-1 through 2009-6 A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. However, of the significant deficiencies described above, we consider items 2009-1 through 2009-5 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Elbert County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However,

providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as item 2008-6.

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

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

Walker & Associates CPAs PC
Gainesville, Georgia
June 30, 2010

ELBERT COUNTY, GEORGIA
Findings and Questioned Cost
For the Year Ended June 30, 2009

Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Elbert County, Georgia.

2. Significant deficiencies relating to the audit of the financial statements are reported in this schedule under the caption "Findings-Financial Statement Audit". Findings 2009-1 through 2009-5 are considered material weaknesses.

3. Instances of noncompliance material to the financial statements of Elbert County were disclosed during the audit.

4. No significant deficiencies relating to the audit of the major federal award programs were reported.

5. The auditor's report on compliance for the *DHS Assistance to Firefighters Grant Program* and the *DHS Domestic Preparedness Equipment Support Program* expresses and unqualified opinion.

6. There are no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.

7. The programs tested as major programs include: *DHS Assistance to Firefighters Grant Program* CFDA # 97.044 and *DHS Domestic Preparedness Equipment Support Program* CFDA # 97.004.

8. The threshold used for distinguishing between Type A and B programs was $300,000.

9. Elbert County, Georgia did not qualify as a low-risk auditee.

Findings-Financial Statement Audit

Internal Control

2009-1

Condition: The County does not have centralized management or records of its various grants, operating and capital leases.

Criteria: The County should maintain centralized control of all operating and capital leases as well as grant applications, receipts, expenditures, and documentation.

Cause: The County currently allows several of its department heads to manage and maintain records pertaining to grant applications and leases.

Effect: Neither the County Administrator, Finance Officer, or other administrative official has current knowledge or control of receipts, expenditures, and compliance of all current grants and leases in effect.

Recommendation: All grants and leases of the County be managed by the Finance Officer or other appointed administrator.

Response: The County, beginning July 1, 2010, will centralize all grant and lease contracts in the office of the Finance Director.

2009-2

Condition: The Tax Assessor's office maintains a checking account into which deposits and expenditures are made without any procedure for reporting to the County's finance office.

Criteria: Procedures should be in place to report all receipts and disbursements to the County finance office on a monthly basis.

Cause: There are no procedures in place to require for reporting of receipts and disbursements.

Effect: Because of the lack of reporting procedures receipts and disbursement are not recorded on the County's interim financial reports nor are subject to the budgeting process.

Recommendation: Procedures should be established to require monthly reports of all receipts, disbursements and bank statement reconciliations be submitted to the County finance office.

Response: The County manager and finance director will meet with the Tax Assessor's office and develop and establish procedures that will require monthly reports of financial activity.

2009-3

Condition: Two Volunteer Fire Auxiliaries have certificates of deposit or checking accounts with the County's federal employer identification number associated with the bank accounts.

Criteria: Internal controls should be in place that only allow bank accounts belonging to the County to use the County's federal employer identification number.

Cause: There are no procedures in place to require management's written authorization to open or close bank accounts belonging to the County.

Effect: Possible litigation could result from allowing non-governmental entities to use the County's federal employer number including but not limited to unreported income, and unauthorized/unbudgeted expenditures.

Recommendation: Actions should be taken to require the entities and the banks to remove the County's federal employer number from accounts not belonging to the County.

Response: The County has given notice that all such accounts will have the County's employer identification number removed from each account.

2009-4

Condition: The Clerk of Court's office must collect funds in the following month to make required distributions as computed for the end of the previous month.

Criteria: Internal controls should be developed to reconcile cash collections to liabilities generated by each transaction processed by the Clerk's office.

Cause: There are no procedures in place to reconcile cash received to deposits made and liabilities generated. Such procedures should also include additional training in the use of the software being used to record transactions.

Effect: Because of the lack of reconciliation procedures the Clerk's office does not posses the ability to detect errors or other omissions in a timely manner.

Recommendation: Procedures should be developed to reconcile receipts, deposits and liabilities and additional training obtained in the use of computer software.

Response: The Chairman of the County Commission, County Manager and finance officer will meet within two months with the Clerk of Courts to assist in the establishment of proper internal controls.

2009-5

Condition: The Tax Commissioners office does not employ internal control procedures to verify receipts, deposits and changes in the tax accounts due to the County.

Criteria: Internal control procedures should be in place that provide reasonable assurance that all changes in the tax balances due to the County can be explained by cash receipts, authorized changes or taxes billed and tax collections be reconciled to bank deposits.

Cause: There are no procedures in place to make such reconciliations.

Effect: Because of the failure to require reconciliations, the Tax Commissioner's office does not possess the ability to detect errors and omissions in a timely manner.

Recommendation: Procedures should be developed to reconcile receipts, bank deposits, and authorized changes in outstanding tax accounts to changes in taxes receivable on a monthly basis.

Response: The Chairman of the County Commission, County Manager and finance officer will meet within two months with the Clerk of Courts to assist in the establishment of proper internal controls.

Compliance

2009-6

At June 30, 2009 the County was not in compliance with the following statutes:

OCGA 51-14-4 Relating to a notarized affidavit concerning the need for the Board of Commissioners to go into a "Closed Meeting".

OCGA 36-81-3 Relating to the adoption of a balanced operating budget at the established legal level of control and the advertising of the adoption meeting.

OCGA 48-13-51 Relating to the collection of a Hotel/Motel Tax without the benefit of a contract and required expenditure of the statutory amounts for promotion of tourism and trade within the County.

OCGA 16-13-49 Relating to the reporting of drug seizure amounts to the County Board of Commissioners.
House Bill 253 (Special Legislation) Relating to the required procedures by the Sheriff concerning fees and revenues collected by the Sherriff's Department and expenditures of non appropriated funds.

OCGA 48-8-122 Relating to the publishing of financial activity of Special Purpose Local Option Taxes.

OCGA 45-8-12 Relating to collateralization of public funds in banks.

At June 30, 2009 the County was not in compliance with federal rules concerning reporting of compensation paid to
Employees and the timely payment of payroll tax liabilities and the filing of payroll tax reports.

We recommend the County comply with all relevant statutes concerning the operation of a local government in order to reduce the risk of litigation and other unforeseen actions.

Response: The County manager will meet, in July 2010 with each affected department head, or staff member and County attorney to change procedures or develop policies to become compliant with these laws and regulations.

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AICPA Employee Benefit
Quality Audit Center
AICPA Governmental
Audit Quality Center

William D. Walker, CPA
Laura A. Wallace, CPA
Wayne Tuck, CPA
Gail Stepp
Martha P. Smith
Teresa Standridge

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

To the Board of Commissioners
Elbert County, Georgia
Elberton, Georgia

Compliance

We have audited the compliance of Elbert County, Georgia with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009 . Elbert County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Elbert County, Georgia's management. Our responsibility is to express an opinion on Elbert County, Georgia's compliance based on our audit.

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

In our opinion, Elbert County, Georgia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote

likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

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

Walker & Associates CPAs PC
Gainesville, Georgia
June 30, 2010

Elbert County, Georgia
Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2009

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Homeland Security			
Direct Program:			
Assistance to Firefighters Grant Program	97.044		299,512
Total direct programs			299,512
Pass-through programs			
State Domestic Preparedness Equipment Support Program	97.004		245,344
Total pass-through programs			245,344
Total U.S. Department of Homeland Security			544,856
U.S. Federal Aviation Administration-Airport Improvement Program	20.106	AP090-9890-17(105)	92,522
U.S. Department of Transporation			
Pass-through programs			
Formula Grants for other than Urbanized Areas	20.509		49,244
Transit Services Program	20.513		34,606
Total pass-through programs			83,850
U.S. Department of Health and Human Services			
Pass-through programs			
Special Program for the Aging	93.044		20,532
Special Program for the Aging	93.045		78,306
Nutrition Services Incentive Program	93.053		20,019
Hospital Preparedess Program	93.889		1,368
Total Pass-through programs			120,225
Total expenditures of federal awards			$ 841,453

Elbert County, Georgia

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Note 1 – Basis of Presentation

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

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AICPA Employee Benefit
Quality Audit Center
AICPA Governmental
Audit Quality Center

William D. Walker, CPA
Laura A. Wallace, CPA
Wayne Tuck, CPA
Gail Stepp
Martha P. Smith
Teresa Standridge

Independent Auditor's Report on
Special County One Percent Sales and Use Tax

To the Board of Commissioners
Elbert County, Georgia

We have audited the accompanying Schedule of Special Purpose Local Option Sales Tax for Elbert County, Georgia for the year ended June 30, 2009. This schedule is the responsibility of Elbert County, Georgia's management. Our responsibility is to express an opinion on the Schedule of Special Purpose Local Option Sales Tax based on our audit.

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

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

In our opinion, the Schedule of Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project in Elbert County, Georgia's resolution or ordinance calling for the tax for the year ended June 30, 2009, in conformity with accounting principles generally accepted in the United States of America..

Walker & Associates CPA's, PC
Gainesville, Georgia
June 30, 2010

Elbert County, Georgia

Special Local Option Sales Tax

Estimated Cost and Expenditure Summary

For the Year Ended June 30, 2009

2006 Projects	Estimated Cost		Expenditures			
	Original	Current	Prior Years	Current Year	Total	Completion
Capital Projects:						
Road, Street & Bridges	$ 5,034,966	$ 5,034,966	$ 941,438	$ 1,301,126	$ 2,242,564	45%
Senior Center	419,580	419,580	824,648	3,711	828,359	197%
Solid Waste Facility	41,958	41,958	13,455	21,737	35,192	84%
Total Capital Projects	5,496,504	5,496,504	1,779,541	1,326,574	3,106,115	
Vehicles and Equipment						
Solid Waste	167,832	167,832	79,887	4,289	84,176	50%
Animal Control	41,958	41,958	-	-	-	0%
Road Department	62,937	62,937	124,694	346,128	470,822	748%
Board of Assessors	25,175	25,175	-	24,500	24,500	97%
Fire Department	251,748	251,748	47,203	-	47,203	19%
Emergency Services	251,748	251,748	69,898	132,490	202,388	80%
Sheriff's Department	251,748	251,748	126,856	61,312	188,168	75%
Building & Maintenance	25,175	25,175	41,744	3,651	45,395	180%
Code Enforcement	25,175	25,175	-	-	-	0%
Total Vehicles and Equipment	1,103,496	1,103,496	490,282	572,370	1,062,652	
Total County Projects	6,600,000	6,600,000	2,269,823	1,898,944	4,168,767	
Elberton Projects	2,900,000	2,900,000	1,334,091	661,740	1,995,831	69%
Bowman Projects	500,000	500,000	230,246	114,093	344,339	69%
Total	$ 10,000,000	$ 10,000,000	$ 3,834,160	$ 2,674,777	$ 6,508,937	