ELBERT COUNTY, GEORGIA
FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2010

WALKER & ASSOCIATES, CPA'S, PC

ELBERT COUNTY, GEORGIA
FISCAL YEAR ENDED JUNE 30, 2010
TABLE OF CONTENTS

FINANCIAL SECTION
Independent Auditor's Report 1
Management's Discussion and Analysis 3
Basic Financial Statements
Government-Wide Financial Statements
Statement of Net Assets 9
Statement of Activities 10
Fund Financial Statements
Governmental Fund Financial Statements
Balance Sheet 11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets 12
Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds 13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 14
Proprietary Fund Financial Statements
Statement of Net Assets 15
Statement of Revenues, Expenses, and Changes in Fund Net Assets 16
Statement of Cash Flows 17
Fiduciary Fund Financial Statements
Statement of Fiduciary Assets and Liabilities 18
Notes to Financial Statements 19
Required Supplementary Information
Schedule of Funding Progress - Retirement Plan 37
Budgetary Comparison Schedule:
General Fund 38
E911 Fund 39
Notes to Required Supplementary Information 40
Combining and Individual Fund Statements
Other Governmental Funds
Combining Balance Sheet - Nonmajor Governmental Funds 41
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds 42
Other Proprietary Funds
Combining Statement of Net Assets - Nonmajor Proprietary Funds 43
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets - Nonmajor Proprietary Funds 44
Combining Statement of Cash Flows - Nonmajor Proprietary Funds 45
Combining Statement of Fiduciary Assets and Liabilities 46
COMPLIANCE SECTION
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 47
Schedule of Findings and Questioned Costs 49
Independent Auditor's Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 55
Schedule of Expenditures of Federal Awards 57
Notes to Schedule of Expenditures of Federal Awards 58
Schedule of Special Purpose Local Option Sales Tax Estimated Cost and Expenditure Summary 59

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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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Elbert County, Georgia, as of and for the year ended June 30, 2010 , which collectively comprise the County'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 did not audit the financial statements of the Elbert County Board of Health, which represent 8%, 2%, and 3%, respectively, of the assets, net assets, and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Elbert County Board of Health, is based upon the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Elbert County, Georgia, as of June 30, 2010, 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 March 31, 2011, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 38 through 40 as well as the County's retirement plan schedule on page 37 are not a required part of the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United

States of America, which consisted of inquiries of management regarding 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 financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the 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 financial statements . The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the schedule of special purpose local option sales tax are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Walker & Associates, CPA's, P.C.
Gainesville, Georgia
March 31, 2011

Management's Discussion and Analysis

Management's discussion and analysis provides an objective and easily readable analysis of the Government's financial activities. The analysis provides summary financial information for Elbert County and should be read in conjunction with the Government's financial statements.

FINANCIAL HIGHLIGHTS

- The County's assets exceeded its liabilities at the close of the fiscal year by $16,146,714 (net assets).
- The government's total net assets increased by $986,252 due to better financial controls and implementation of procedures approved by the governing authority to obtain the increase in net assets.
- The General Fund had an unreserved fund balance of $686,652 at the close of the fiscal year.

The General Fund experienced a net increase of $26,828 in fund balance during the fiscal year. That amount represents .26% of total General Fund revenues during the fiscal year. A significant transfer from the General Fund to the E-911 Fund in the amount of $363,581 was made during the fiscal year. During the fiscal year, the cost of the E-911 operations ($667,183), were over twice the amount of the revenues ($303,602). Administration has noted that revenues have leveled off in part due to a change in the nature of communications technology. Administration is hopeful that changes will be made during the 2011 Georgia legislative session that will result in additional revenues to the E-911 operations.

The Civic Center proprietary fund was closed out during the fiscal year and the net assets ($177,117) were transferred to the General Fund.

A change in the fiscal year 2010 budgets for both the General Fund and the E-911 Fund was made in order to provide for the transfer of $363,581 from the General Fund to the E-911 Fund. In the fiscal year 2011 budget, the Board of Commissioners approved a budget transfer in the amount of $275,000 from the General Fund to the E-911 Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Government's basic financial statements comprise three components:

1. Government-wide financial statements,
2. Fund financial statements,
3. Notes to the financial statements.

The Government-wide financial statements present an overall picture of the Government's financial position and results of operations. The Fund financial statements present financial information for the Government's major funds. This report also contains other supplementary information in addition to the basic financial statements themselves.

The Government-wide financial statements are the Statement of Net Assets and the Statement of Activities. Emphasis is placed on the net assets of governmental activities and business-type activities and the change in net assets. Governmental activities are primarily supported by property taxes, sales taxes, other taxes, and federal and state grants, fines, and charges for services. The business-type activities include the Solid Waste operations.

The statement of net assets presents the County's assets and liabilities, with the difference between the two reported as net assets. Over time the change in net assets is an indicator of the improvement (an increase) or deterioration (a decrease) in the County's financial condition.

The statement of activities presents the revenues and expenses of the County. The difference between these is the change in net assets for the year.

Both of the government-wide financial statements identify the various functions of Elbert County that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through charges and user fees. The governmental activities of Elbert County include general government, judicial, public health and welfare, public safety, public works, culture and recreation, and housing and development.

The government-wide financial statements include not only the County itself, but also the Elbert County Health department. The Elbert County Health department is a legally separate entity that is a component unit of the County due to the significance of its operational and financial relationship with the County. Financial information for this component unit is reported separately from the financial information presented for the primary government.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Elbert County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. These statements provide financial information for the major funds of Elbert County. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures) and current available resources. The proprietary funds financial statements provide information on all assets and liabilities of the funds, changes in the economic resources (revenues and expenses), and total economic resources.

Fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances of all governmental funds. A statement of revenues, expenditures, and changes in fund balances-budget and actual, is provided for the Government's General Fund. For the proprietary funds, which includes internal service funds in addition to business-type activities, a statement of net assets; a statement of revenues, expenses, and changes in fund net assets; and a statement of cash flows are presented.

Fund financial statements provide more detailed information about the Government's activities. Individual funds are established to track revenues that are restricted to certain uses, comply with legal requirements, or account for the use of state and federal grants.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to the County's own programs.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements and the fund financial statements, provide different pictures of the Government. The government-wide financial statements provide an overall picture of the Government's financial standing, split between Governmental Activities and Business-type Activities. These statements are comparable to private-sector companies and give a good understanding of the Government's overall financial health and how the Government paid for the various activities or functions, provided by the Government.

Net Assets as of June 30, 2010 and June 30, 2009

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Current Assets	$ 4,037,018	$ 3,302,425	$ (229,495)	$ (227,948)	$ 3,807,523	$ 3,074,477
Capital Assets	15,673,471	14,892,663	522,536	721,638	16,196,007	15,614,301
Total Assets	19,710,489	18,195,088	293,041	493,690	20,003,530	18,688,778
Long-term liabilities outstanding	284,689	335,682	1,152,458	1,193,331	1,437,147	1,528,993
Other liabilities	2,295,833	1,800,515	123,836	198,807	2,419,669	1,999,323
Total Liabilities	2,580,522	2,136,178	1,276,294	1,392,138	3,856,816	3,528,316
Net Assets:						
Invested in capital assets, net of related debt	15,538,246	14,741,884	522,536	721,638	16,060,782	15,463,322
Restricted	677,734	1,095,542	-	-	677,734	1,095,542
Unrestricted	913,987	221,684	(1,505,789)	(1,620,086)	(591,802)	(1,398,402)
Total Net Assets	$ 17,129,967	$ 16,059,110	$ (983,253)	$ (898,448)	$ 16,146,714	$ 15,160,462

The business-type activities deficit primarily results from the accrual of long-term expenses, including a required 30-year landfill post-closure care costs totaling $1,137,116. In the current year the county's business-type entities reported expenditures exceeding revenues by an overall $84,805.

Changes in Net Assets

The County's total revenues before transfers for fiscal year ended June 30, 2010 totaled $15,453,821 with $14,386,777 in governmental activities, and $1,067,044 in business-type activities. Expenses were $14,467,569 in total, with $13,475,532 for governmental activities and $992,037 for business-type activities. The overall change in net assets was $986,252.

Changes in Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues						
Charges for services	$ 2,861,265	$ 2,416,951	$ 987,767	$ 879,097	$ 3,849,032	$ 3,296,048
Operating grants and contributions	582,504	1,008,069	65,069	68,003	647,573	1,076,072
Capital grants and contributions	571,885	671,943	-	-	571,885	671,943
General Revenues:						
Property taxes	5,385,518	6,009,776	-	-	5,385,518	6,009,776
Insurance premium tax	-	739,731	-	-	-	739,731
Sales tax	3,727,514	3,771,785	-	-	3,727,514	3,771,785
Other taxes	887,314	153,373	-	-	887,314	153,373
Unrestricted investment earnings	5,260	18,712	1,083	-	6,343	18,712
Miscellaneous	365,517	93,451	13,125	12,757	378,642	106,208
Total Revenues	14,386,777	14,883,791	1,067,044	959,857	15,453,821	15,843,648
Expenses						
General Government	3,641,672	5,210,531	-	-	3,641,672	5,210,531
Public Safety	6,551,956	5,567,337	-	-	6,551,956	5,567,337
Public Works	1,817,284	1,883,164	-	-	1,817,284	1,883,164
Health and welfare	663,199	634,939	-	-	663,199	634,939
Culture and recreation	404,540	391,732	-	-	404,540	391,732
Housing and development	380,233	298,445	-	-	380,233	298,445
Interest expense	15,648	42,296	-	-	15,648	42,296
Solid Waste	-	-	873,095	1,089,289	873,095	1,089,289
Civic Center/Recreation	-	-	-	66,671	-	66,671
Public Transportation	-	-	118,942	93,298	118,942	93,298
Total Expenses	13,475,532	14,028,434	992,037	1,249,258	14,467,569	15,277,692
Increase in net assets before transfers	911,245	855,357	75,007	(289,401)	986,252	565,956
Transfers	159,812	(272,948)	(159,812)	272,948	-	-
Change in net assets	1,071,057	582,409	(84,805)	(16,453)	986,252	565,956
Net Assets, July 1	15,058,910	15,040,410	(898,448)	(887,799)	15,160,462	15,152,611
Prior Year Adjustments	-	(563,909)	-	5,804	-	(558,105)
Net Assets, June 30	$ 17,129,967	$ 15,058,910	$ (963,253)	$ (898,448)	$ 15,146,714	$ 15,160,462

FUND FINANCIAL INFORMATION

Major Governmental Funds

General Fund

The General Fund is used to account for all governmental financial resources not restricted by local, state, or federal laws. As of June 30, 2010, the General Fund had assets of $2,964,875 and liabilities of $2,278,223. The liabilities included short-term debt of $527,218. This debt has a maturity date of December 31, 2010.

The budget for the General Fund decreased by $1,033,391 from fiscal year 2009 to fiscal year 2010.

Other Major Governmental Funds

The fund balance for the 2006 SPLOST project included $294,661 for capital projects that were approved in the SPLOST referendum. The major projects in process or to be started in the near future include roads and bridges.

Major Proprietary Funds

Solid Waste Fund

This fund is used to account for the operations of the sanitary transfer station. Liabilities exceeded assets by $1,038,958 at June 30, 2010. This excess is due primarily to the projected post-closure care expenses. It is expected that this liability will be reduced by operating revenues through the years.

Capital Assets Activity

During fiscal year 2010, the County invested a net of $1,470,377 in capital assets. The County booked $858,264 in depreciation for its governmental activities. Further detail on capital assets is provided in the notes to the financial statements.

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Land	$ 781,698	$ 781,698	$ 131,870	$ 131,870	$ 913,568	$ 913,568
Purchase deposits	-	-	-	7,244	-	7,244
Construction in progress	590,366	338,201	-	-	590,366	338,201
Buildings and improvements	13,011,429	12,842,091	383,761	569,761	13,395,190	13,411,852
Vehicles, machinery, equipment	7,755,767	6,834,416	581,947	567,398	8,337,714	7,391,814
Infrastructure	773,870	477,652	-	-	773,870	477,652
	22,913,130	21,274,058	1,097,578	1,266,273	24,010,708	22,540,331
Accumulated depreciation	7,239,659	6,381,395	575,042	544,635	7,814,701	6,926,030
	$ 15,673,471	$ 14,892,663	$ 522,536	$ 721,638	$ 16,196,007	$ 15,614,301

Long-Term Debt

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Other Debt:						
Compensated Absences	$ 169,359	$ 203,620	$ 15,342	$ 22,881	$ 184,701	$ 226,501
Capital Leases	135,225	150,979	-	-	135,225	150,979
Solid Waste Post Closure Liability	-	-	184,496	218,518	184,496	218,518
	$ 304,584	$ 354,599	$ 199,838	$ 241,399	$ 504,422	$ 595,998

Additional information regarding the County's long-term debt can be found in Notes to the Financial Statements, Note 9.

ECONOMIC FACTORS AND THE 2010 BUDGET AND FUTURE BUDGETS

In general, the economic conditions in Elbert County were relatively stable during the fiscal year. The County had in place a series of checks and balances regarding expenditure controls for all Departments during the 2009-2010 fiscal year. The County anticipates little revenue growth and possibly revenue decreases during the next few years.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Elbert County's finances for those interested. Questions should be addressed to the Finance Director at the following address:

Elbert County Board of Commissioners
Mr. Phil Pitts, Finance Director
PO Box 6109
Elberton, Georgia 30635

Elbert County, Georgia

Statement of Net Assets
June 30, 2010

	Primary Government 2010			Component Unit
	Governmental Activities	Business-Type Activities	Total	Elbert County Health Dept.
ASSETS				
Current Assets				
Cash and cash equivalents	$ 1,730,702	$ 193,610	$ 1,924,312	$ 315,876
Accounts receivables (net)	1,014,594	62,448	1,077,042	35,962
Intergovernmental receivables	416,818	372,312	789,130	-
Internal balances	857,865	(857,865)	-	-
Prepaid expenses	17,039	-	17,039	-
Total current assets	4,037,018	(229,495)	3,807,523	351,838
Restricted Assets				
Noncurrent Assets				
Land and other nondepreciable assets	1,372,064	131,870	1,503,934	-
Capital assets, net of depreciation	14,301,407	390,666	14,692,073	3,408
Total noncurrent assets	15,673,471	522,536	16,196,007	3,408
TOTAL ASSETS	19,710,489	293,041	20,003,530	355,246
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	1,074,172	76,456	1,150,628	4,276
Due to other governments	123,659	-	123,659	-
Accrued expenditures	550,889	-	550,889	2,858
Compensated absences	-	-	-	6,340
Closure cost liability	-	47,380	47,380	-
Bonds, notes and loans payable	547,113	-	547,113	-
Total current liabilities	2,295,833	123,836	2,419,669	13,474
Noncurrent Liabilities				
Compensated absences	169,359	15,342	184,701	12,727
Closure liabilities	-	1,137,116	1,137,116	-
Bonds, notes and loans payable (net)	115,330	-	115,330	-
Total noncurrent liabilities	284,689	1,152,458	1,437,147	12,727
TOTAL LIABILITIES	2,580,522	1,276,294	3,856,816	26,201
NET ASSETS				
Invested in capital assets, net of related debt	15,538,246	522,536	16,060,782	3,408
Restricted for:				
Fee income	-	-	-	156,032
Housing and Development	232,354	-	232,354	-
Capital projects	445,380	-	445,380	-
Unrestricted (Deficit)	913,987	(1,505,789)	(591,802)	169,605
TOTAL NET ASSETS	$ 17,129,967	$ (983,253)	$ 16,146,714	$ 329,045

The accompanying notes are an integral part of these financial statements

Elbert County, Georgia
Statement of Activities
For the Year Ended June 30, 2010

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	$ 3,641,672	$ 339,106	$ 7,845	$ -	$ (3,294,721)	$ -	$ (3,294,721)	$ -
Public Safety	6,551,956	2,496,826	208,528	34,594	(3,812,008)	-	(3,812,008)	
Public Works	1,817,284	-	36,617	-	(1,780,667)	-	(1,780,667)	
Health and Welfare	663,199	658	329,514	-	(333,027)	-	(333,027)	
Culture and Recreation	404,540	24,675	-	127,952	(251,913)	-	(251,913)	
Housing and Development	380,233	-	-	409,339	29,106	-	29,106	
Interest Expense	16,648	-	-	-	(16,648)	-	(16,648)	
Total Governmental Activities	13,475,532	2,861,265	582,504	571,885	(9,459,878)	-	(9,459,878)	-
Business-Type Activities:								
Solid Waste Fund	873,095	938,070	-	-	-	64,975	64,975	
Public Transportation	118,942	49,697	65,069	-	-	(4,176)	(4,176)	
Total Business-Type Activities	992,037	987,767	65,069	-	-	60,799	60,799	-
Total Primary Government	$ 14,467,569	$ 3,849,032	$ 647,573	$ 571,885	(9,459,878)	60,799	(9,399,079)	
Component Units:								
Health Department	$ 469,507	$ 153,962	$ 373,686	$ -				58,141
Total Component Units	$ 469,507	$ 153,962	$ 373,686	$ -				58,141
General Revenues:								
Taxes:								
Property Taxes					5,385,518	-	5,385,518	-
Sales Taxes					3,727,514	-	3,727,514	-
Other Taxes					887,314	-	887,314	-
Unrestricted Investment Earnings					5,260	1,083	6,343	2,069
Miscellaneous					365,517	13,125	378,642	-
Transfers					159,812	(159,812)	-	-
Total General Revenues and Transfers					10,530,935	(145,604)	10,385,331	2,069
Changes in Net Assets					1,071,057	(84,805)	986,252	60,210
Net Assets - Beginning					16,058,910	(898,448)	15,160,462	268,835
Net Assets - Ending					$ 17,129,967	$ (983,253)	$ 16,146,714	$ 329,045

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

Elbert County, Georgia
Balance Sheet
Governmental Funds
June 30, 2010

	General Fund	E-911 Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	$ 312,746	$ 233,185	$ 750,967	$ 433,804	$ 1,730,702
Receivables (net)	945,106	26,781	-	42,707	1,014,594
Due From Other Governments	144,734	-	178,992	93,092	416,818
Due From Other Funds	1,545,250	44,126	305,060	69,292	1,963,728
Prepaid Expenditures	17,039	-	-	-	17,039
Total Assets	$ 2,964,875	$ 304,092	$ 1,235,019	$ 638,895	$ 5,142,881
LIABILITIES					
Accounts Payable	$ 499,356	$ -	$ 555,510	$ 19,306	$ 1,074,172
Notes Payable	527,218	-	-	-	527,218
Deferred Revenue	325,645	-	-	38,974	364,619
Due to Other Governments	-	-	123,659	-	123,659
Due to Other Funds	389,924	291,353	284,397	140,189	1,105,863
Accrued Expenditures	536,080	12,580	-	2,229	550,889
Total Liabilities	2,278,223	303,933	963,566	200,698	3,746,420
FUND BALANCE					
Reserved					
Capital Projects Fund	-	-	271,453	57,326	328,779
Drug Enforcement	-	-	-	11,772	11,772
Senior Center Operations	-	-	-	213,257	213,257
Law Library	-	-	-	3,054	3,054
Jail Fund	-	-	-	3,618	3,618
Fire Insurance Fund	-	-	-	2,655	2,655
Victims Assistance Fund	-	-	-	127,418	127,418
Unreserved and Undesignated					
General Fund	686,652	-	-	-	686,652
Special Revenue Funds	-	159	-	19,097	19,256
Total Fund Balances	686,652	159	271,453	438,197	1,396,461
Total Liabilities and Fund Balance	$ 2,964,875	$ 304,092	$ 1,235,019	$ 638,895	$ 5,142,881

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, 2010

Total fund balances - governmental funds	$ 1,396,461
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	22,929,792
Less: Accumulated depreciation	(7,256,321)
Compensated absences not reported in governmental funds	(169,359)
Long term debt not presented in governmental funds	(135,225)
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.	364,619
Net assets of governmental activities	$ 17,129,967

The accompanying notes are an integral part of these financial statements

Elbert County, Georgia

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

	General Fund	E-911 Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	$5,547,488	$ -	$ -	$ -	$ 5,547,488
Sales Taxes	1,493,202	-	2,222,158	-	3,715,360
Other Taxes	952,298	-	-	16,483	968,781
Fines and forfeitures	601,967	-	-	125,430	727,397
Intergovernmental	271,629	44,126	-	989,495	1,305,250
Charges for services	1,450,653	257,204	-	-	1,707,857
Interest	2,201	2,272	2,845	787	8,105
Contributions and donations	19,500	-	-	69,079	88,579
Miscellaneous	161,593	-	-	19,785	181,378
Total Revenues	10,500,531	303,602	2,225,003	1,221,059	14,250,195
EXPENDITURES					
Current Operating:					
General Government	3,005,611	-	-	-	3,005,611
Judicial	938,474	-	-	120,927	1,059,401
Public Safety	4,393,812	667,183	35,386	90,943	5,187,324
Public Works	699,859	-	1,068,844	-	1,768,703
Health and Welfare	348,626	-	-	244,907	593,533
Housing and Development	375,535	-	6,784	14,887	397,206
Culture and Recreation	327,762	-	-	59,322	387,084
Intergovernmental	-	-	728,537	-	728,537
Debt Service					
Principal	-	-	15,754	-	15,754
Interest	6,387	-	10,261	-	16,648
Capital Outlay	-	-	477,320	499,896	977,216
Total Expenditures	10,096,066	667,183	2,342,886	1,030,882	14,137,017
Excess (Deficiency) of Revenues over/(under) Expenditures	404,465	(363,581)	(117,883)	190,177	113,178
OTHER FINANCING SOURCES AND (USES)					
Transfers In	177,117	363,581	142,443	183,363	866,504
Transfers Out	(554,754)	-	(17,305)	(134,633)	(706,692)
Total Other Financing Sources and Uses	(377,637)	363,581	125,138	48,730	159,812
Net Change in Fund Balance	26,828	-	7,255	238,907	272,990
Fund Balances - Beginning	659,824	159	264,198	199,290	1,123,471
Fund Balances - Ending	$ 686,652	$ 159	$ 271,453	$ 438,197	$ 1,396,461

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, 2010

Net change in fund balances-total governmental funds	$	272,990
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 ($1,639,072) exceeded depreciation ($858,264) in the current period.		780,808
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.		15,754
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.		(32,756)
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.		34,261
Net change in assets of governmental activities	$	1,071,057

The accompanying notes are an integral part of these financial statements

Elbert County, Georgia
Statement of Net Assets
Proprietary Funds
June 30, 2010

	Solid Waste Fund	Nonmajor Proprietary Funds	Total
ASSETS			
Current Assets			
Cash and cash equivalents	$ 142,241	$ 51,369	$ 193,610
Accounts receivables (net)	62,448	-	62,448
Intergovernmental receivables	356,074	16,238	372,312
Total current assets	560,763	67,607	628,370
Noncurrent Assets			
Land and other nondepreciable assets	131,870	-	131,870
Capital assets, net	387,219	3,447	390,666
Total noncurrent assets	519,089	3,447	522,536
Total assets	$ 1,079,852	$ 71,054	$ 1,150,906
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	$ 72,563	$ 3,893	$ 76,456
Due to other funds	857,865	-	857,865
Closure cost liability	47,380	-	47,380
Total current liabilities	977,808	3,893	981,701
Noncurrent Liabilities			
Compensated absences	3,886	11,456	15,342
Closure cost liability	1,137,116	-	1,137,116
Total noncurrent liabilities	1,141,002	11,456	1,152,458
Total Liabilities	2,118,810	15,349	2,134,159
Fund Net Assets			
Invested in capital assets	519,089	3,447	522,536
Unrestricted	(1,558,047)	52,258	(1,505,789)
Total Net Assets	(1,038,958)	55,705	(983,253)
Total liabilities and net assets	$ 1,079,852	$ 71,054	$ 1,150,906

The accompanying notes are an integral part of these financial statements

Elbert County, Georgia

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

	Solid Waste Fund	Nonmajor Proprietary Funds	Total
OPERATING REVENUES			
Charges for services	$ 938,070	$ 49,697	$ 987,767
Total operating revenues	938,070	49,697	987,767
OPERATING EXPENSES			
Personal services	280,071	89,960	370,031
Operating expenses	549,752	25,185	574,937
Depreciation and amortization	43,272	3,797	47,069
Total operating expenses	873,095	118,942	992,037
Operating income (loss)	64,975	(69,245)	(4,270)
NON-OPERATING REVENUES			
Intergovernmental	13,125	65,069	78,194
Interest income	1,083	-	1,083
Total non-operating revenues (expenses)	14,208	65,069	79,277
Income (loss) before transfers	79,183	(4,176)	75,007
Transfer in	17,305	-	17,305
Transfer out	-	(177,117)	(177,117)
Change in net assets	96,488	(181,293)	(84,805)
Total net assets - beginning	(1,135,446)	236,998	(898,448)
Total net assets - ending	$ (1,038,958)	$ 55,705	$ (983,253)

The accompanying notes are an integral part of these financial statements

Elbert County, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

	Solid Waste Fund	Nonmajor Proprietary Funds	Totals
Cash flows from operating activities:			
Receipts from customers	$ 844,742	$ 61,716	$ 906,458
Payments to suppliers	(551,564)	(26,330)	(577,894)
Payments to employees	(280,071)	(89,960)	(370,031)
Net cash provided (used) by operating activities	13,107	(54,574)	(41,467)
Cash flows from noncapital financing activities:			
Transfer from other funds	-	(7,779)	(7,779)
Intergovernmental	13,125	65,069	78,194
Net cash provided (used) by noncapital financing activities	13,125	57,290	70,415
Cash Flows from Capital and Related Financing Activities:			
Transfer from SPLOST fund	17,305	-	17,305
Purchases of capital assets	(17,305)	-	(17,305)
Net cash used by capital and related financing activities	-	-	-
Cash flows from investing activities:			
Interest on investments	1,083	-	1,083
Net cash provided by investing activities	1,083	-	1,083
Net increase in cash and cash equivalents	27,315	2,716	30,031
Cash and cash equivalents - beginning of year	114,926	48,653	163,579
Cash and cash equivalents - end of year	$ 142,241	$ 51,369	$ 193,610
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ 64,975	$ (69,245)	$ (4,270)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	43,272	3,797	47,069
Changes in assets and liabilities:			
Receivables	8,096	4,296	12,392
Liabilities	(26,205)	3,830	(22,375)
Accounts payable	(77,031)	2,748	(74,283)
Net cash provided (used) by operating activities	$ 13,107	$ (54,574)	$ (41,467)

The accompanying notes are an integral part of these financial statements

Elbert County, Georgia
Statement of Fiduciary Assets and Liabilities
June 30, 2010

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 298,352
Taxes Receivable	495,246
Total Assets	$ 793,598
LIABILITIES	
Due to others	$ 256,526
Due to other Governmental Units	537,072
Total Liabilities	$ 793,598

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 joint 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 organizational 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 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.

Note 2: Summary of Significant Accounting Policies (cont)

A. Basis of Presentation

Government-Wide Financial Statements

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 governmental 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.

Note 2: Summary of Significant Accounting Policies (cont)

Proprietary Funds

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

The County reports the following major proprietary 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 proprietary 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, expenses, and changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows reflects how the County finances and meets the cash flow needs of its proprietary 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, proprietary and fiduciary fund financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified 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.

Note 2: Summary of Significant Accounting Policies (cont)

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. Property taxes, sales taxes, franchise taxes, licenses and interest are considered to be susceptible to accrual.

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, 2010, 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.

Note 2: Summary of Significant Accounting Policies (cont)

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, 2010.

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

- Obligations of the State of Georgia or of any other states
- 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, 2010, 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 of 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 proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the proprietary 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.

Note 2: Summary of Significant Accounting Policies (cont)

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

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 proprietary funds are reported on the proprietary 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 governmental 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

Note 2: Summary of Significant Accounting Policies (cont)

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 and related debt. 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

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 proprietary funds. For the County, these revenues are charges for services in the Solid Waste Proprietary Fund, charges for public transportation in the Public Transportation Proprietary 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 the 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's funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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 levied on September 14, 2009, billed on October 2, 2009, and were due on December 2, 2009. Unpaid property taxes were considered delinquent on December 3, 2009. Property taxes attach as an enforceable lien ninety days later on March 3, 2010, 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, 2010, the carrying amount of the County's deposits was $1,924,312, and the related bank balance totaled $1,947,406. Of these bank balances, $1,947,406 was fully covered by FDIC insurance.

Primary Government Statement of Net Assets	
Cash	$ 1,924,312
Agency Funds	$ 298,352

The County's custodial credit risk policy is to require all banks to collateralize the County's deposits at 110% of account balances and to have a perfected security agreement supporting the collateral agreement with the bank. The County does not have a foreign credit risk.

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, 2010, was $315,876 and the bank balances were $329,364.

Note 4: Receivables

Primary Government

Receivables at June 30, 2010, 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	$387,772
E-911 Special Revenue Fund – Service charges	$ 26,781

Component Unit – Health Department

The Elbert County Health Department has no amounts due to or from the Georgia Department of Community Health as of June 30, 2010.

Note 5: Pension Plan

Plan Description

The County contributes to the Association of 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-alone report for Elbert County is available through the Commissioner's office.

Note 5: Pension Plan (cont)

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 of 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

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:

	January 1, 2010
Derivation of Annual Pension Costs:	
Annual Required Contribution	$ 862,545
Interest on Net Pension Obligation	(3,112)
Amortization of Net Pension Obligations	3,330
Annual Pension Cost	$ 862,763
Basis of Valuation:	
Current Valuation Date	1/1/2010
Annual Return of Investment Plan Assets	7.75%
Projected Annual Salary Increases	5.0% -7.5% based on age
Expected Annual Inflation	3.00%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Projected Unit Credit
Amortization Method	Level Percent of Pay

Note 5: Pension Plan (cont)

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 January 1, 2010 (the most recent actuarial valuation date) was $4,429,059.

Trend information for the Plan

Fiscal Year Beginning	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
January 1, 2010	$ 862,763	N/A	N/A	$ (40,156)
January 1, 2009	836,929	863,794	103%	(13,291)
January 1, 2008	813,676	827,937	102%	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)

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 weighted-average remaining amortization period as of January 1, 2009 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	2010
Vested:	
Retirees (and others in pay status)	$ 3,989,395
Deferred Vested (former employees)	780,278
Vested Active Participants	3,342,258
Total	8,111,931
Non-vested	1,091,105
Total	9,203,036
2. Effect of Future Salary Increases	2,030,532
3. Total Actuarial Accrued Liability	11,233,568
4. Net Assets Available for Benefits (including receivables)	8,042,950
5. Net Assets in Excess of Actuarial Present Value of Accumulated Plan Benefits	$ (1,160,086)
6. Principal Actuarial Assumptions:	
Investment Return	7.75%
Rate of Future Salary Increases (not applicable to Accumulated Plan Benefit Calculation)	5.0% - 7.5% (based on age)

Note 5: Pension Plan (cont)

An analysis of the funding progress is presented on page 37, which immediately follows the notes to the financial statements. This analysis presents multiyear trend information concerning the actuarial value of plan assets over time relative to the actuarial accrued liability for benefits.

For the plan year ending December 31, 2009, the actuarial value of assets was $8,651,244. The actuarial accrued liability was $11,233,568 and the remaining unfunded accrued liability was $2,582,324. The funded ratio therefore is 77.0%. The unfunded accrued actuarial liability was 22.9% on covered payroll of $4,429,059.

The County also sponsors a Deferred Compensation Plan, a Section 457 defined contribution plan for the benefit of its employees. At June 30, 2010, 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, 2010 the employees contributed $78,533 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	Probate Judges Retirement Fund of Georgia
Sheriff's Retirement Fund	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, 2010, is $184,701, all of which is considered as a long term liability in the government-wide financial statements.

Note 7: Capital Assets

Depreciation expense was charged to functions as follows:

Governmental activities:		Business-Type activities:	
General Government	$ 118,208		
Public Safety	502,106	Solid Waste	$ 43,272
Housing & Development	27,648		
Public Works	137,894	Transportation	3,797
Health & Welfare	40,392		
Culture & Recreation	32,016		
Total Depreciation	$ 858,264	Total Depreciation	$ 47,069

Note 7: Capital Assets (cont)

Governmental Type Primary Government	Beginning Balances 7/1/2009	Increases	Decreases	Ending Balances 6/30/2010
Capital Assets not being depreciated				
Construction in progress	$338,201	$ 519,966	$ 267,801	$ 590,366
Land	781,698	-		781,698
Total capital assets not being depreciated	1,119,899	519,966	267,801	1,372,064
Capital assets being depreciated				
Buildings	12,657,526	169,338	-	12,826,864
Land Improvements	184,565	-	-	184,565
Equipment	6,834,416	921,351	-	7,755,767
Infrastructure	477,652	296,218	-	773,870
Total capital assets being depreciated	20,154,159	1,386,907	-	21,541,066
Total Capital Assets	21,274,058	1,906,873	267,801	22,913,130
Accumulated Depreciation				
Buildings	1,051,126	255,571	-	1,306,697
Land Improvements	9,228	4,614	-	13,842
Equipment	5,284,696	570,068	-	5,854,764
Infrastructure	36,345	28,011	-	64,356
Total accumulated depreciation	6,381,395	858,264	-	7,239,659
Net capital assets	$ 14,892,663	$ 1,048,609	$ 267,801	$15,673,471

Proprietary Funds Nondepreciable assets	Beginning Balances 7/1/2009	Increases	Decreases	Ending Balances 6/30/2010
Purchase deposits	$ 7,244	$ -	$ 7,244	$ -
Land	131,870	-	-	131,870
Total nondepreciable assets	139,114	-	7,244	131,870
Depreciable assets				
Buildings	569,761	-	186,000	383,761
Equipment	557,398	24,549	-	581,947
Total depreciable assets	1,127,159	24,549	186,000	965,708
Total asssets	1,266,273	24,549	193,244	1,097,578
Accumulated depreciation				
Buildings	102,402	9,594	16,662	95,334
Equipment	442,233	37,475	-	479,708
Total accumulated depreciation	544,635	47,069	16,662	575,042
Net capital assets	$ 721,638	$ (22,520)	$ 176,582	$ 522,536

Note 7: Capital Assets (cont)

Component Unit - Health Department

Governmental	Beginning Balances 7/1/2009	Increases	Decreases	Ending Balances 6/30/2010
Capital assets being depreciated				
Equipment	$ 78,694	$ -	$ -	$ 78,694
Total Capital Assets	78,694	-	-	78,694
Accumulated Depreciation				
Equipment	74,312	974	-	75,286
Total accumulated depreciation	74,312	974	-	75,286
Net capital assets	$ 4,382	$ (974)	$ -	$ 3,408

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

Governmental activities - Health $974

Note 8: 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 and will be repaid from future tax collections. The short-term debt activity for the year ended June 30, 2010, was as follows:

	Beginning Balances July 1, 2009	Issued	Redeemed	Ending Balance June 30, 2010
2009 Tax anticipation note:	$ 90,129	$ -	$ 90,129	$ -
2010 Tax anticipation note:	-	527,218	-	527,218
	$ 90,129	$ 527,218	$ 90,129	$ 527,218

Note 9 Long Term Debt

Governmental Activities-Capital Leases:

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

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 and payments are made using the Capital Project fund.

Payout schedule:

The assets acquired through capital leases are as follows:

Asset:	Governmental Activities
Machinery and Equipment	$ 184,841
Less: Accumulated Depreciation	55,452
Total	$ 129,389

Year Ending	Total Payments	Principal	Interest
2011	26,015	19,895	6,125
2012	112,501	115,330	466
Totals	$ 138,516	$ 135,225	$ 6,591

Note 9 Long Term Debt (cont)

Changes in long term debt:	July 1, 2009	Additions	Reductions	June 30, 2010	Amount Due within 12 Months
Governmental activities					
Compensated absences	$ 203,620	$ -	$ 34,261	$ 169,359	$ -
Capital leases	150,979	-	15,754	135,225	19,895
Total Governmental Activities	$ 354,599	$ -	$ 50,015	$ 304,584	$ 19,895

Changes in long term debt:	July 1, 2009	Additions	Reductions	June 30, 2010	Amount Due within 12 Months
Business-Type Activities					
Compensated absences	$ 22,881	$ -	$ 7,539	$ 15,342	$ -
Closure Liability	1,218,518	-	34,022	1,184,496	47,380
Total Business-Type Activities	$ 1,241,399	$ -	$ 41,561	$ 1,199,838	$ 47,380

Note 10: Interfund balances and transfers

Due to/Due from other funds

	Due From:							
Due to:	General Fund	E-911 Fund	Capital Projects	Grant Fund	Victims Assist. Fund	Rock Gym Fund	Solid Waste Fund	Total
General fund	$ -	$ 291,353	$ 284,397	$ 54,473	$ 50,291	$ 13,750	$ 850,986	$ 1,545,250
E-911 fund	44,126	-	-	-	-	-	-	44,126
Capital Projects	276,824	-	-	-	-	21,357	6,879	305,060
Special Drug Fund	-	-	-	-	318	-	-	318
Grant Fund	68,974	-	-	-	-	-	-	68,974
Totals	$ 389,924	$ 291,353	$ 284,397	$ 54,473	$ 50,609	$ 35,107	$ 857,865	$ 1,963,728

Interfund balances at June 30, 2010, 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 move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and provide 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.

Note 10: Interfund balances and transfers(cont)

Interfund transfers

		Transfer from				
		General Fund	Capital Projects	Fire Ins. Fund	Civic Center Funds	Total
Transfer to	General Fund	$ -	$ -	$ -	$ 177,117	$ 177,117
	E-911 Fund	363,581	-	-	-	363,581
	Capital Projects	7,810	-	134,633	-	142,443
	Grant Fund	48,805	-	-	-	48,805
	Fire Ins. Fund	134,558	-	-	-	134,558
	Solid Waste	-	17,305	-	-	17,305
	Total	$ 554,754	$ 17,305	$ 134,633	$ 177,117	$ 883,809

Note 11 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 costs 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, 2010 was $1,184,496. The estimated costs are based on what it would cost to perform all closure and postclosure in 2010. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. Should any problems occur during this period, the costs and time period required for maintenance and monitoring functions may increase.

Note 12: 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, 2010:

Tax collections	$12,154
Amount provided to Chamber of Commerce	$8,802
Promotion expenditures	$2,500

Note 13: 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.

Note 13: Risk Management(cont)

As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any 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 14: 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 $278,454 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, 2010.

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.

Note 15: Compliance

At June 30, 2010, the County was not in compliance with the following statutes:

State Compliance

- OCGA 50-14-4 Relating to a notarized affidavit concerning the need for the Board of Commissioners to go into a "Closed Meeting".
- OCGA 48-8-122 Relating to the use of Special Purpose Local Option Sales Tax proceeds for the purposes specified in the resolution calling for imposition of the tax and the commingling of SPLOST funds with other funds of the County.
- OCGA 36-81-3 Relating to the adoption of a balanced operating budget at the established legal level of control for all governmental funds, expenditures in excess of budgeted amounts, and budgeting the expenditure of fund balance in excess of prior year ending balance.
- 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 Sheriff's department and expenditures of non appropriated funds.
- OCGA 15-21-131 Relating to the timely submission of Crime Victims Assistance fund reports to the Criminal Justice Coordinating Council.

Note 15: Compliance (cont)

- OCGA 15-21-95 Relating to the expenditure of Jail fund fees solely and exclusively for constructing, operating, and staffing county jails, correction institutions, and detention facilities of the county or for the purpose of contracting for such facilities.
- Georgia Constitution (Art. 3, Sec. 6. Par 6) relating to the donation of taxpayer funds to non-profit organizations.

Federal Compliance

- At June 30, 2010, the County was not in compliance with federal rules concerning reporting of compensation paid to Law Library employees and the timely payment of payroll tax liabilities and the filing of accurate payroll tax reports.

Note 16: Budgets [Primary government]

The following are Governmental Funds for which expenditures exceeded appropriations:

	Budgeted Expenditures and Other Financing Uses	Actual Expenditures and Other Financing Uses	Actual in Excess of Appropriations
General Fund			
General Government	$ 2,460,403	$ 3,005,611	$ 545,208
Health and Welfare	145,291	348,626	203,335
Transfers Out	523,581	554,754	31,173
Law Library			
Judical	5,000	12,571	7,571
Senior Center			
Health and Welfare	0	244,907	244,907
Jail Fund			
Public Safety	24,000	40,465	16,465
Special Drug Fund			
Public Safety	21,000	23,049	2,049
Hotel/Motel Fund			
Housing and Development	13,500	14,887	1,387
Multi-Grant Fund			
Capital Outlay	256,238	499,896	243,658
Fire Insurance Fund			
Public Safety	25,000	136,430	111,430
Rock Gym Fund			
Culture & Recreation	0	56,550	56,550

The County's legal level of control is at the department level.

Elbert County, Georgia

Defined Benefit Retirement Plan
Required Supplementary Information
Schedule of Funding Progress
June 30, 2010

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, 2009	$ 8,651,244	$ 11,227,257	$ 2,576,013	77.1%	$ 4,310,175	59.8%
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%

Elbert County, Georgia

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2010

	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	$ 5,535,000	$ 5,535,000	$ 5,547,488	$ -	$ 5,547,488	$ 12,488
Sales Taxes	1,535,000	1,535,000	1,493,202	-	1,493,202	(41,798)
Other Taxes	976,000	976,000	952,298	-	952,298	(23,702)
Fines and Forfeitures	712,000	712,000	601,967	-	601,967	(110,033)
Intergovernmental	115,625	115,625	271,629	-	271,629	156,004
Charges for Services	1,015,050	1,015,050	1,450,653	-	1,450,653	435,603
Interest	16,000	16,000	2,201	-	2,201	(13,799)
Contributions and donations	2,500	2,500	19,500	-	19,500	17,000
Miscellaneous	67,825	67,825	161,593	-	161,593	93,768
Transfers In	-	-	177,117	-	177,117	177,117
Fund Balance	(120,060)	243,521	-	-	-	(243,521)
Total Revenues	$ 9,854,940	$ 10,218,521	$ 10,677,648	$ -	$ 10,677,648	$ 459,127
EXPENDITURES						
Current Operating						
General Government	$ 2,460,403	$ 2,460,403	$ 3,005,611	$ -	$ 3,005,611	$ 545,208
Judicial	1,017,165	1,017,165	938,474	-	938,474	(78,691)
Public Safety	4,510,358	4,510,358	4,393,812	-	4,393,812	(116,546)
Public Works	792,636	792,636	699,859	-	699,859	(92,777)
Health and Welfare	145,291	145,291	348,626	-	348,626	203,335
Housing and Development	381,452	381,452	375,535	-	375,535	(5,917)
Culture and Recreatson	355,635	355,635	327,762	-	327,762	(27,873)
Debt Service Interest	32,000	32,000	6,387	-	6,387	(25,613)
Transfers Out	160,000	523,581	554,754	-	554,754	31,173
Total Expenditures	$ 9,854,940	$ 10,218,521	$ 10,650,820	$ -	$ 10,650,820	$ 432,299
Net Change in Fund Balance					26,828	
Fund Balance - Beginning					659,824	
Fund Balance - Ending					$ 686,652	

Elbert County, Georgia
Budgetary Comparison Schedule
E911 Fund
For the Year Ended June 30, 2010

	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						
Fund Balance	$ 400,000	$ 400,000	$ -	$ -	$ -	$ (400,000)
Charge for Services	365,835	365,835	301,330	-	301,330	(64,505)
Interest	-	-	2,272	-	2,272	2,272
Miscellaneous	1,250	1,250	-	-	-	(1,250)
Transfers In	-	363,581	363,581	-	363,581	-
Total Revenues	$ 767,085	$ 1,130,666	$ 667,183	$ -	$ 667,183	$ (463,483)
EXPENDITURES						
Current Operating						
Public Safety	$ 767,085	$ 1,130,666	$ 667,183	$ -	$ 667,183	$ (463,483)
Total Expenditures	$ 767,085	$ 1,130,666	$ 667,183	$ -	$ 667,183	$ (463,483)
Net Change in Fund Balance					-	
Fund Balance - Beginning					159	
Fund Balance - Ending					$ 159	

ELBERT COUNTY, GEORGIA
Notes to Required Supplementary Information
on Budgetary Accounting and Control
Year Ended June 30, 2010

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 Commissioners 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 Commissioners.

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 commissioners. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Excess Expenditures over appropriations:

	Budgeted Expenditures and Other Financing Uses	Actual Expenditures and Other Financing Uses	Actual in Excess of Appropriations
General Fund			
General Government	$ 2,460,403	$ 3,005,611	$ 545,208
Health and Welfare	$ 145,291.00	$ 348,626.00	$ 203,335.00
Transfers Out	$ 523,581.00	$ 554,754.00	$ 31,173.00

BUDGET REQUIREMENTS

Amendments to the original budget appropriations were properly approved by the County Commissioners. For the year ended June 30, 2010, the following supplemental increases and decreases in appropriations were approved:

Fund Type	Original Budget	Supplemental Appropriations	Supplemental Decreases	Revised Appropriations
General Fund	$ 9,854,940	$ 363,581	$ -	$ 10,218,521
E-911 Fund	767,085	363,581	-	1,130,666
	$ 10,622,025	$ 727,162	$ -	$ 11,349,187

Elbert County, Georgia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

	Law Library	Senior Center	10% Fines Jail Fund	Special Drug Fund	Drug Task Force	Hotel/Motel Tax Fund	Grant Fund	Fire Insurance Fund	Victims Assist Fund	Rock Gym Fund	Total Nonmajor Governmental Funds
Assets											
Cash and cash equivalents	$ 2,340	$ 176,711	$ 1,521	$ 9,910	$ 694	$ 19,097	$ 42,775	$ 2,762	$ 156,691	$ 21,303	$ 433,804
Accounts receivable, net	714	2,119	-	850	-	-	39,024	-	-	-	42,707
Due from other governments	-	34,427	2,097	-	-	-	-	-	42,764	13,804	93,092
Due from other funds	-	-	-	318	-	-	68,974	-	-	-	69,292
Total assets	$ 3,054	$ 213,257	$ 3,618	$ 11,078	$ 694	$ 19,097	$ 150,773	$ 2,762	$ 199,455	$ 35,107	$ 638,895
Liabilities											
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 107	$ 19,199	$ -	$ 19,306
Accrued Expenses	-	-	-	-	-	-	-	-	2,229	-	2,229
Deferred Revenue	-	-	-	-	-	-	38,974	-	-	-	38,974
Due to other funds	-	-	-	-	-	-	54,473	-	50,609	35,107	140,189
Total Liabilities	-	-	-	-	-	-	93,447	107	72,037	35,107	200,698
Fund balance											
Reserved											
Capital Projects Funds	-	-	-	-	-	-	57,326	-	-	-	57,326
Drug Enforcement	-	-	-	11,078	694	-	-	-	-	-	11,772
Senior Center Operations	-	213,257	-	-	-	-	-	-	-	-	213,257
Law Library	3,054	-	-	-	-	-	-	-	-	-	3,054
Jail Fund	-	-	3,618	-	-	-	-	-	-	-	3,618
Fire Insurance Fund	-	-	-	-	-	-	-	2,655	-	-	2,655
Vicitms Assistance Fund	-	-	-	-	-	-	-	-	127,418	-	127,418
Unreserved - undesignated	-	-	-	-	-	19,097	-	-	-	-	19,097
Total Fund balances	3,054	213,257	3,618	11,078	694	19,097	57,326	2,655	127,418	-	438,197
Total liabilities and fund balance	$ 3,054	$ 213,257	$ 3,618	$ 11,078	$ 694	$ 19,097	$ 150,773	$ 2,762	$ 199,455	$ 35,107	$ 638,895

Elbert County, Georgia

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2010

	Law Library	Senior Center	10% Fines Jail Fund	Special Drug Fund	Drug Task Force	Hotel/Motel Tax Fund	Grant Fund	Fire Insurance Fund	Victims Assist Fund	Rock Gym Fund	Total Nonmajor Governmental Funds
Revenues											
Taxes	$ -	$ -	$ -	$ -	$ -	$ 12,154	$ -	$ 4,329	$ -	$ -	16,483
Fines and forfeitures	10,124	-	28,780	15,031	-	-	-	-	71,495	-	125,430
Intergovernmental	-	308,893	-	1,063	-	-	502,710	-	163,079	13,750	989,495
Contributions and donations	-	21,279	-	-	-	-	5,000	-	-	42,800	69,079
Miscellaneous	-	-	-	-	-	-	19,785	-	-	-	19,785
Interest	-	43	59	73	4	119	291	198	-	-	787
Total Revenues	10,124	330,215	28,839	16,167	4	12,273	527,786	4,527	234,574	56,550	1,221,059
Expenditures											
Current											
Public safety	-	-	40,465	23,049	-	-	25,632	1,797	-	-	90,943
Judicial	12,571	-	-	-	-	-	1,200	-	107,156	-	120,927
Health and welfare	-	244,907	-	-	-	-	-	-	-	-	244,907
Housing and development	-	-	-	-	-	14,887	-	-	-	-	14,887
Culture and Recreation	-	-	-	-	-	-	2,772	-	-	56,550	59,322
Capital Outlay	-	-	-	-	-	-	499,896	-	-	-	499,896
Total Expenditures	12,571	244,907	40,465	23,049	-	14,887	529,500	1,797	107,156	56,550	1,030,882
Excess revenues/(expenditures)	(2,447)	85,308	(11,626)	(6,882)	4	(2,614)	(1,714)	2,730	127,418	-	190,177
Other financing sources/(uses)											
Transfer in	-	-	-	-	-	-	48,805	134,558	-	-	183,363
Transfer out	-	-	-	-	-	-	-	(134,633)	-	-	(134,633)
Total Other Financing Sources (Uses)	-	-	-	-	-	-	48,805	(75)	-	-	48,730
Net Changes in Fund Balances	(2,447)	85,308	(11,626)	(6,882)	4	(2,614)	47,091	2,655	127,418	-	238,907
Fund balance-beginning	5,501	127,949	15,244	17,960	690	21,711	10,235	-	-	-	199,290
Fund balance-ending	$ 3,054	$ 213,257	$ 3,618	$ 11,078	$ 694	$ 19,097	$ 57,326	$ 2,655	$ 127,418	$ -	$ 438,197

Elbert County, Georgia
Combining Statement of Net Assets
Nonmajor Proprietary Funds
June 30, 2010

	Public Transportation Fund	Civic Center / Recreation Fund	Nonmajor Proprietary Funds Totals
Assets			
Current Assets			
Cash and cash equivalents	$ 51,369	$ -	$ 51,369
Intergovernmental receivables	16,238	-	16,238
Total current assets	67,607	-	67,607
Noncurrent Assets			
Capital assets, net of depreciation	3,447	-	3,447
Total noncurrent assets	3,447	-	3,447
Total assets	$ 71,054	$ -	$ 71,054
Liabilities and net assets			
Current Liabilities			
Accounts payable	$ 3,893	$ -	$ 3,893
Total Current liabilities	3,893	-	3,893
Noncurrent Liabilities			
Compensated absences	11,456	-	11,456
Total noncurrent liabilities	11,456	-	11,456
Total Liabilities	15,349	-	15,349
Net Assets			
Invested in capital assets	3,447	-	3,447
Unrestricted	52,258	-	52,258
Total Net Assets	55,705	-	55,705
Total liabilities and net assets	$ 71,054	$ -	$ 71,054

Elbert County, Georgia
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Proprietary Funds
For the Year Ended June 30, 2010

	Public Transportation Fund	Civic Center / Recreation Fund	Nonmajor Proprietary Funds Totals
Operating revenues			
Charges for services	$ 49,697	$ -	$ 49,697
Total operating revenues	49,697	-	49,697
Operating expenses			
Personal services	89,960	-	89,960
Operating expenses	25,185	-	25,185
Depreciation and amortization	3,797	-	3,797
Total operating expenses	118,942	-	118,942
Operating income (loss)	(69,245)	-	(69,245)
Non-operating revenues/(expenses)			
Intergovernmental	65,069	-	65,069
Total non-operating revenues (expenses)	65,069	-	65,069
Income (loss) before transfers	(4,176)	-	(4,176)
Transfer out	-	(177,117)	(177,117)
Change in net assets	(4,176)	(177,117)	(181,293)
Total net assets-beginning	59,881	177,117	236,998
Total net assets-ending	$ 55,705	$ -	$ 55,705

Elbert County, Georgia
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For The Year Ended June 30, 2010

	Public Transportation Fund	Civic Center/ Recreation Fund	Nonmajor Proprietary Fund Totals
Cash flows from operating activities:			
Receipts from customers	$ 59,846	$ 1,870	$ 61,716
Payments to suppliers	(25,185)	(1,145)	(26,330)
Payments to employees	(89,960)	-	(89,960)
Net cash provided (used) by operating activities	(55,299)	725	(54,574)
Cash flows from noncapital financing activities:			
Transfer to other funds	-	(7,779)	(7,779)
Intergovermental	65,069	-	65,069
Net cash provided (used) by noncapital financing activities	65,069	(7,779)	57,290
Net increase (decrease) in cash and cash equivalents	9,770	(7,054)	2,716
Cash and cash equivalents - beginning of year	41,599	7,054	48,653
Cash and cash equivalents - end of year	$ 51,369	$ 0	$ 51,369
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ (69,245)	$ 0	$ (69,245)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	3,797	0	3,797
Changes in assets and liabilities:			
Receivables	2,426	1,870	4,296
Liabilities	3,830	0	3,830
Accounts payable	3,893	(1,145)	2,748
Net cash provided (used) by operating activities	$ (55,299)	$ 725	$ (54,574)

Elbert County, Georgia

Combining Statement of Fiduciary Assets and Liabilities
All Agency Funds
June 30, 2010

	Tax Commissioner	Probate Court	Magistrate Court	Clerk of Court	Sheriff	Totals
ASSETS						
Cash and cash equivalents	$ 112,157	$ 1,837	$ 4,988	$ 179,095	$ 275	$ 298,352
Taxes Receivable	495,246	-	-	-	-	495,246
Total Assets	$ 607,403	$ 1,837	$ 4,988	$ 179,095	$ 275	$ 793,598
LIABILITIES						
Due to others	$ 70,331	$ 1,837	$ 4,988	$ 179,095	$ 275	$ 256,526
Due to other Governmental Units	537,072	-	-	-	-	537,072
Total Liabilities	$ 607,403	$ 1,837	$ 4,988	$ 179,095	$ 275	$ 793,598

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
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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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Elbert County, Georgia, as of and for the year ended June 30, 2010, which collectively comprise the Elbert County, Georgia's basic financial statements and have issued our report thereon dated March 31, 2011. Our report includes references to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Elbert County Board of Health, as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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. There can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting, 2010-1 through 2010-13. 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 2010-1 through 2010-12 to be material weaknesses.

March 31, 2011

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 2010-14.

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
March 31, 2011

ELBERT COUNTY, GEORGIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

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 2010-1 through 2010-12 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 *Airport Improvement Program* expresses an 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: *Airport Improvement Program* CFDA # 20.106.

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

2010-1

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 should be managed by the Finance Officer or other appointed administrator.

Response: The County agrees with this finding.

2010-2

Condition: The EMS department does not employ internal control procedures to reconcile the accounts receivable balance on a monthly basis.

Criteria: Procedures should be in place to reconcile the accounts receivable on a monthly basis.

Cause: There are no procedures in place to require a monthly reconciliation of the EMS accounts receivable.

Effect: Because of the failure to require reconciliations, the EMS department 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 accounts to changes in EMS receivables on a monthly basis.

Response: The County agrees with this finding.

2010-3

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 County agrees with this finding.

2010-4

Condition: The Clerk of Court's office did not complete bank reconciliations on a timely basis each month.

Criteria: Internal control procedures should be in place to require the timely completion of bank reconciliations each month.

Cause: There are no procedures in place to require the timely completion of bank reconciliations.

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

Recommendation: Procedures should be developed to require the timely completion of bank reconciliations on a monthly basis.

Response: The County agrees with this finding.

2010-5

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 County agrees with this finding.

2010-6

Condition: The Senior Center Fund does not employ internal control procedures to correctly reconcile bank accounts on a monthly basis.

Criteria: Internal control procedures should be in place that requires all reconciling items be researched and resolved in a timely manner.

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

Effect: Because of the failure to require accurate reconciliations, the Senior Center routinely fails to resolve outstanding reconciling items discovered during the bank reconciliation process resulting in an internal control weakness.

Recommendation: Procedures should be developed to require all bank account reconciling items to be researched and resolved in a timely manner.

Response: The County agrees with this finding.

2010-7

Condition: The Senior Center Fund has failed to reconcile a bank account or record the transactions flowing through this bank account during the fiscal year 2010.

Criteria: All cash accounts should be reconciled monthly and all financial transactions should be recorded in the County's general ledger immediately upon occurrence.

Cause: There are no procedures in place to make bank reconciliations and the timely recording of transaction mandatory.

Effect: Because of the failure to reconcile the bank account and record the transactions flowing through the bank account the County's revenues and expenditures were underreported on interim financial reports provided to the Board of Commissioners.

Recommendation: Procedures should be developed to require all Senior Center financial transactions to be recorded immediately upon occurrence and all bank accounts to be reconciled on a monthly basis.

Response: The County agrees with this finding.

ELBERT COUNTY, GEORGIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

2010-8

Condition: The County finance department staff performs duties that are conflicting from an internal control perspective. Overlapping of duties exists in the areas of cash receipts, cash disbursements and payroll.

Criteria: An individual employee's duties should not include all aspects of a transaction.

Cause: The County's finance department has limited staff to perform all accounting functions.

Effect: Inadequate segregation of duties presents a risk of unauthorized or incorrect transactions occurring and not being detected within a timely period.

Recommendation: Compensating controls should be established to ensure the inherent risks created by the lack of segregation of duties. These controls may include items such as continual supervision of employees, rotation of duties and periodic internal review by others not involved directly involved in the daily operations.

Response: The County agrees with this finding.

2010-9

Condition: The County lacks consistency and accuracy in the recording of disbursements to vendors.

Criteria: Procedures should be in place to verify all Accounts Payable disbursements are correctly recorded to the correct department within the general ledger.

Cause: There are no procedures in place to require the proper coding of invoices to the correct general ledger expenditure chart number.

Effect: Because of the lack of disbursement procedures, payments to vendors were not consistently recorded to the correct general ledger expenditure chart number resulting in inaccurate interim financial reports and budget to actual comparison reports.

Recommendation: Procedures should be established to ensure all disbursements are consistently recorded to the correct general ledger expenditure chart number.

Response: The County agrees with this finding.

2010-10

Condition: The Sheriff's office maintains several checking accounts 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 disbursements 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 to be submitted to the County finance office.

Response: The County agrees with this finding.

ELBERT COUNTY, GEORGIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

2010-11

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 disbursements 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 to be submitted to the County finance office.

Response: The County agrees with this finding.

2010-12

Condition: The Sheriff Office is unable to provide sufficient documentation for expenditures made from the drug seizure and inmate cash accounts.

Criteria: All cash disbursements should require written documentation from vendor prior to issuance of payment.

Cause: There are no procedures in place to require written documentation from vendor prior to issuance of payment.

Effect: The failure to require written documentation from vendors prior to the issuance of payments creates a failure in internal control.

Recommendation: Procedures should be developed to require receipt of an invoice or other appropriate documentation from vendors prior to the issuance of payments.

Response: The County agrees with this finding.

2010-13

Condition: Two Volunteer Fire Auxiliaries and a Sheriff dive team Auxiliary 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 agrees with this finding.

ELBERT COUNTY, GEORGIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Compliance

2010-14

At June 30, 2010, the County was not in compliance with the following statutes:

OCGA 50-14-4 Relating to a notarized affidavit concerning the need for the Board of Commissioners to go into a "Closed Meeting".

OCGA 48-8-121 Relating to the use of SPLOST proceeds exclusively for the purposes specified in the resolution or ordinances calling for imposition of the tax and the commingling of SPLOST funds with other funds of the County.

OCGA 36-81-3 Relating to the adoption of a balanced operating budget at the established legal level of control for all governmental funds, expenditures in excess of budgeted amounts, and the budgeting of the expenditure of fund balance in excess of prior year ending balance.

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 Sheriff's department and expenditures of non-appropriated funds.

OCGA 15-21-131 Relating to the timely submission of Crime Victims Assistance funds reports to the Criminal Justice Coordinating Council.

OCGA 15-21-95 Relating to the expenditure of Jail fund fees solely and exclusively for constructing, operating, and staffing county jails, correction institutions, and detention facilities of the county or for the purpose of contracting for such facilities.

Georgia Constitution (Art. 3, Sec. 6, Par 6) Relating to the donation of tax payer funds to non-profit organizations.

At June 30, 2010, the County was not in compliance with federal rules concerning reporting of compensation paid to Law Library employees and the timely payment of payroll tax liabilities and the filing of accurate 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 agrees with this finding.

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
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Audit Quality Center

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 Elbert County, Georgia's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Elbert County, Georgia's major federal programs for the year ended June 30, 2010. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control over Compliance

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Elbert County, Georgia's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control*

over compliance is a deficiency, or combination of control deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

Elbert County, Georgia's responses 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 responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Elbert County Board of Commissioners, others within the entity, 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, CPA's, P.C.
Gainesville, Georgia
March 31, 2011

Elbert County, Georgia
Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2010

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Federal Aviation Administration			
Pass-through programs			
Georgia Department of Transportation			
Airport Improvement Program	20.106	AP090-9890-17(105)	$ 442,427
Total Pass-through programs			442,427
Total U.S. Federal Aviation Administration			442,427
U.S. Department of Transportation			
Pass-through programs			
Georgia Department of Transportation			
ARRA Grants for other Urbanized Areas	20.509	GA-86-X001	20,300
Transit Services Programs	20.509	GA-18-4030	77,681
Total CFDA 20.509			97,981
High Risk Rural Roads Program (HRRRP)	20.205	CSSFT-008-00(933)	41,107
Total Pass-through programs			139,088
Total U.S. Department of Transportation			139,088
U.S. Department of Health and Human Services			
Pass-through programs			
Georgia Department of Human Services			
Special Program for the Aging	93.044	427-93-101001164-99	17,452
Special Program for the Aging	93.045	427-93-101001164-99	66,560
ARRA Special Program for the Aging	93.707	427-93-ARRA06005-99	7,483
ARRA Special Program for the Aging	93.705	427-93-ARRA06005-99	3,684
Nutrition Services Incentive Program	93.053	427-93-101001164-99	20,343
HCBS Kinship Care	93.052	427-93-101001164-99	3,333
Total Pass-through programs			118,855
Total U.S. Department of Health and Human Services			118,855
U.S. Department of Justice			
Pass-through programs			
Georgia Criminal Justice Coordinating Council			
ARRA Edward Byrne Memorial Justice Assistance Grant Program	16.804	2009-SB-B9-2533	40,077
ARRA Edward Byrne Memorial Justice Assistance Grant Program	16.803	B82-8-139	43,649
Total Pass-through programs			83,726
Total U.S.Department of Justice			83,726
U.S. Department of Agriculture			
Pass-through programs			
Georgia Department of Community Health			
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	None issued	97,462
Total Pass-through programs			97,462
Total U.S.Department of Agriculture			97,462
Total expenditures of federal awards			$ 881,558

Elbert County, Georgia

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

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 basic financial statements.

Elbert County, Georgia

Schedule of Special Purpose Local Option Sales Tax
Estimated Cost and Expenditure Summary
For the Year Ended June 30, 2010

2006 Projects	Estimated Cost		Expenditures			
	Original	Current	Prior Years	Current Year	Total	Completion
Capital Projects						
Road, Street & Bridges	$ 5,034,966	$ 5,034,966	$ 2,242,564	$ 1,045,636	$ 3,288,200	65%
Senior Center	419,580	419,580	828,359	-	828,359	197%
Solid Waste Facility	41,958	41,958	35,192	-	35,192	84%
Total Capital Projects	5,496,504	5,496,504	3,106,115	1,045,636	4,151,751	
Vehicles and Equipment						
Solid Waste	167,832	167,832	84,176	17,305	101,481	60%
Animal Control	41,958	41,958	-	-	-	0%
Road Department	62,937	62,937	470,822	68,223	539,045	856%
Board of Assessors	25,175	25,175	24,500	-	24,500	97%
Fire Department	251,748	251,748	47,203	325,050	372,253	148%
Emergency Services	251,748	251,748	202,388	141,963	344,351	137%
Sheriff's Department	251,748	251,748	188,168	-	188,168	75%
Building & Maintenance	25,175	25,175	45,395	-	45,395	180%
Code Enforcement	25,175	25,175	-	33,477	33,477	133%
Total Vehicles and Equipment	1,103,496	1,103,496	1,062,652	586,018	1,648,670	
Total County Projects	6,600,000	6,600,000	4,168,767	1,631,654	5,800,421	
Elberton Projects	2,900,000	2,900,000	1,995,831	621,399	2,617,230	90%
Bowman Projects	500,000	500,000	344,339	107,138	451,477	90%
Total	$ 10,000,000	$ 10,000,000	$ 6,508,937	$ 2,360,191	$ 8,869,128	