ELBERT COUNTY, GEORGIA
FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2011

WALKER & ASSOCIATES, CPA'S, PC

ELBERT COUNTY, GEORGIA
FISCAL YEAR ENDED JUNE 30, 2011
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Walker and Associates
Certified Public Accountants

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, 2011 , 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 represents 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, 2011, 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 December 22, 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 39 through 42 as well as the County's retirement plan schedule on page 38 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

Walker & Associates, CPA's, P.C.
Gainesville, Georgia
December 22, 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 $17,508,357 (net assets).
- The government's total net assets increased by $1,361,643 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 $1,331,707 in Total Fund Balance and a deficit of $(670,238) in Unassigned Fund Balance at the close of the fiscal year.

The General Fund experienced a net increase of $645,055 in fund balance during the fiscal year. That amount represents 6.1% 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 $298,618 was made during the fiscal year. During the fiscal year, the cost of the E-911 operations ($651,932), were almost twice the amount of the revenues ($353,155). 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.

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, 2011 and June 30, 2010

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Current Assets	$ 4,882,371	$ 4,037,018	$ (294,916)	$ (229,495)	$ 4,587,455	$ 3,807,523
Capital Assets	15,588,136	15,673,471	608,357	522,536	16,196,493	16,196,007
Total Assets	20,470,507	19,710,489	313,441	293,041	20,783,948	20,003,530
Long-term liabilities outstanding	627,278	284,689	1,107,850	1,152,458	1,735,128	1,437,147
Other liabilities	1,472,874	2,295,833	67,589	123,836	1,540,463	2,419,669
Total Liabilities	2,100,152	2,580,522	1,175,439	1,276,294	3,275,591	3,856,816
Net Assets:						
Invested in capital assets, net of related debt	15,452,911	15,538,246	608,357	522,536	16,061,268	16,060,782
Restricted	677,734	677,734	-	-	677,734	677,734
Unrestricted	2,239,710	913,987	(1,470,355)	(1,505,789)	769,355	(591,802)
Total Net Assets	$ 18,370,355	$ 17,129,967	$ (861,998)	$ (983,253)	$ 17,508,357	$ 16,146,714

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 $1,100,633. In the current year the county's business-type entities reported revenues exceeding expenditures by an $121,255.

Changes in Net Assets

The County's total revenues before transfers for fiscal year ended June 30, 2011 totaled $16,519,223 with $15,514,998 in governmental activities, and $1,004,225 in business-type activities. Expenses were $15,157,580 in total, with $14,214,380 for governmental activities and $943,200 for business-type activities. The overall change in net assets was $1,361,643.

Changes in Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues						
Charges for services	$ 2,313,781	$ 2,861,265	$ 869,431	$ 987,767	$ 3,183,212	$ 3,849,032
Operating grants and contributions	312,538	582,504	134,291	65,069	446,829	647,573
Capital grants and contributions	1,642,781	571,885	-	-	1,642,781	571,885
General Revenues:						
Property taxes	6,651,827	5,385,518	-	-	6,651,827	5,385,518
Insurance premium tax	-	-	-	-	-	-
Sales tax	3,639,941	3,727,514	-	-	3,639,941	3,727,514
Other taxes	897,518	887,314	-	-	897,518	887,314
Unrestricted investment earnings	1,698	5,260	503	1,083	2,201	6,343
Miscellaneous	54,914	365,517	-	13,125	54,914	378,642
Total Revenues	15,514,998	14,386,777	1,004,225	1,067,044	16,519,223	15,453,821
Expenses:						
General Government	3,351,501	3,641,672	-	-	3,351,501	3,641,672
Public Safety	7,194,458	6,551,956	-	-	7,194,458	6,551,956
Public Works	1,800,649	1,817,284	-	-	1,800,649	1,817,284
Health and welfare	476,630	663,199	-	-	476,630	663,199
Culture and recreation	976,358	404,540	-	-	976,358	404,540
Housing and development	385,662	380,233	-	-	385,662	380,233
Interest expense	29,122	16,648	-	-	29,122	16,648
Solid Waste	-	-	834,882	873,095	834,882	873,095
Civic Center/Recreation	-	-	-	-	-	-
Public Transportation	-	-	108,318	118,942	108,318	118,942
Total Expenses	14,214,380	13,475,532	943,200	992,037	15,157,580	14,467,569
Increase in net assets before transfers	1,300,618	911,245	61,025	75,007	1,361,643	986,252
Transfers	(60,230)	159,812	60,230	(159,812)	-	-
Change in net assets	1,240,388	1,071,057	121,255	(84,805)	1,361,643	986,252
Net Assets, July 1	17,129,967	16,058,910	(983,253)	(898,448)	16,146,714	15,160,462
Prior Year Adjustments	-	-	-	-	-	-
Net Assets, June 30	$ 18,370,355	$ 17,129,967	$ (861,998)	$ (983,253)	$ 17,508,357	$ 16,146,714

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, 2011, the General Fund had assets of $4,112,007 and liabilities of $2,780,300. The liabilities included short-term debt of $461,231. This debt has a maturity date of December 31, 2011.

The budget for the General Fund decreased by $322,319 from fiscal year 2010 to fiscal year 2011 and decreased $1,033,391 from fiscal year 2009 to fiscal year 2010.

Other Major Governmental Funds

The fund balance for the 2006 SPLOST project included $433,098 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 $938,037 at June 30, 2011. 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 2011, the County invested a net of $795,449 in capital assets. The County booked $877,549 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	
	2011	2010	2011	2010	2011	2009
Land	$ 860,135	$ 781,698	$ 193,190	$ 131,870	$ 1,053,325	$ 913,568
Purchase deposits	-	-	-	-	-	-
Construction in progress	988,868	590,366	-	-	988,868	590,366
Buildings and improvements	13,011,429	13,011,429	383,761	383,761	13,395,190	13,395,190
Vehicles, machinery, equipment	7,909,339	7,755,767	642,177	581,947	8,551,516	8,337,714
Infrastructure	789,970	773,870	-	-	789,970	773,870
	23,559,741	22,913,130	1,219,128	1,097,578	24,778,869	24,010,708
Accumulated depreciation	7,971,605	7,239,659	610,771	575,042	8,582,376	7,814,701
	$ 15,588,136	$ 15,673,471	$ 608,357	$ 522,536	$ 16,196,493	$ 16,196,007

Long-Term Debt

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2010	2010
Other Debt:						
Compensated Absences	$ 170,823	$ 169,359	$ 7,217	$ 15,342	$ 178,040	$ 184,701
USDA Loan	501,255	-	-	-	501,255	-
Capital Leases	114,088	135,225	-	-	114,088	135,225
Solid Waste Post Closure Liability	-	-	1,100,633	1,184,496	1,100,633	1,184,496
	$ 786,166	$ 304,584	$ 1,107,850	$ 1,199,838	$ 1,894,016	$ 1,504,422

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

ECONOMIC FACTORS AND THE 2011 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 2010-2011 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, 2011

	Primary Government 2011			Component Unit
	Governmental Activities	Business-Type Activities	Total	Elbert County Health Dept.
ASSETS				
Current Assets				
Cash and cash equivalents	$ 1,986,385	$ 260,704	$ 2,247,089	$ 352,792
Accounts receivables (net)	1,529,397	74,081	1,603,478	36,945
Intergovernmental receivables	301,551	356,074	657,625	17,853
Internal balances	985,775	(985,775)	-	-
Prepaid expenses	79,263	-	79,263	-
Total current assets	4,882,371	(294,916)	4,587,455	407,590
Restricted Assets				
Noncurrent Assets				
Land and other nondepreciable assets	1,849,003	193,190	2,042,193	-
Capital assets, net of depreciation	13,739,133	415,167	14,154,300	27,367
Total noncurrent assets	15,588,136	608,357	16,196,493	27,367
TOTAL ASSETS	20,470,507	313,441	20,783,948	434,957
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	514,105	19,735	533,840	34,021
Due to other governments	59,521	-	59,521	-
Accrued expenditures	279,129	-	279,129	2,378
Compensated absences	-	-	-	4,832
Closure cost liability	-	47,854	47,854	-
Bonds, notes and loans payable	620,119	-	620,119	-
Total current liabilities	1,472,874	67,589	1,540,463	41,231
Noncurrent Liabilities				
Compensated absences	170,823	7,217	178,040	17,843
Closure liabilities	-	1,100,633	1,100,633	-
Bonds, notes and loans payable (net)	456,455	-	456,455	-
Total noncurrent liabilities	627,278	1,107,850	1,735,128	17,843
TOTAL LIABILITIES	2,100,152	1,175,439	3,275,591	59,074
NET ASSETS				
Invested in capital assets, net of related debt	15,452,911	608,357	16,061,268	27,367
Restricted for:				
Housing and Development	232,354	-	232,354	-
Capital projects	445,380	-	445,380	-
Unrestricted (Deficit)	2,239,710	(1,470,355)	769,355	348,516
TOTAL NET ASSETS	$ 18,370,355	$ (861,998)	$ 17,508,357	$ 375,883

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

Elbert County, Georgia
Statement of Activities
For the Year Ended June 30, 2011

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	$ 3,351,501	$ 124,374	$ 907	$ -	$ (3,226,220)	$ -	$ (3,226,220)	$ -
Public Safety	7,194,458	2,159,924	40,535	412,752	(4,581,247)	-	(4,581,247)	
Public Works	1,800,649	-	-	-	(1,800,649)	-	(1,800,649)	
Health and Welfare	476,630	-	271,096	-	(205,534)	-	(205,534)	
Culture and Recreation	976,358	27,182	-	607,900	(341,276)	-	(341,276)	
Housing and Development	385,662	2,301	-	622,129	238,768	-	238,768	
Interest Expense	29,122	-	-	-	(29,122)	-	(29,122)	
Total Governmental Activities	14,214,380	2,313,781	312,538	1,642,781	(9,945,280)	-	(9,945,280)	-
Business-Type Activities:								
Solid Waste Fund	834,882	815,070	60,000	-	-	40,188	40,188	
Public Transportation	108,318	54,361	74,291	-	-	20,334	20,334	
Total Business-Type Activities	943,200	869,431	134,291	-	-	60,522	60,522	-
Total Primary Government	$ 15,157,580	$ 3,183,212	$ 446,829	$ 1,642,781	(9,945,280)	60,522	(9,884,758)	
Component Units:								
Health Department	$ 465,889	$ 147,914	$ 372,750	$ -				54,775
Total Component Units	$ 465,889	$ 147,914	$ 372,750	$ -				54,775
General Revenues:								
Taxes:								
Property Taxes					6,651,827	-	6,651,827	-
Sales Taxes					3,639,941	-	3,639,941	-
Other Taxes					897,518	-	897,518	-
Unrestricted Investment Earnings					1,698	503	2,201	1,567
Miscellaneous					54,914	-	54,914	-
Transfers					(60,230)	60,230	-	-
Total General Revenues and Transfers					11,185,668	60,733	11,246,401	1,567
Changes in Net Assets					1,240,388	121,255	1,361,643	56,342
Net Assets - Beginning					17,129,967	(983,253)	16,146,714	329,045
Prior Year Adjustments					-	-	-	(9,504)
Net Assets - Ending					$ 18,370,355	$ (861,998)	$ 17,508,357	$ 375,883

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

Elbert County, Georgia
Balance Sheet
Governmental Funds
June 30, 2011

	General Fund	E-911 Fund	Capital Projects Fund	Multi-Grant Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	$ 220,232	$ 322,202	$ 365,555	$ 438,715	$ 639,681	$ 1,986,385
Receivables (net)	1,328,353	26,781	-	50	174,213	1,529,397
Due From Other Governments	111,023	-	164,490	10,596	15,442	301,551
Due From Other Funds	2,430,688	638,581	-	81,950	7,995	3,159,214
Prepaid Expenditures	21,711	-	-	-	-	21,711
Total Assets	$ 4,112,007	$ 987,564	$ 530,045	$ 531,311	$ 837,331	$ 6,998,258
LIABILITIES						
Accounts Payable	$ 335,334	$ 9,697	$ 33,908	$ 129,642	$ 5,524	$ 514,105
Notes Payable	461,231	-	-	-	-	461,231
Deferred Revenue	976,545	-	-	-	-	976,545
Due to Other Governments	-	-	59,521	-	-	59,521
Due to Other Funds	728,061	977,867	3,518	318,092	145,901	2,173,439
Accrued Expenditures	279,129	-	-	-	-	279,129
Total Liabilities	2,780,300	987,564	96,947	447,734	151,425	4,463,970
FUND BALANCE						
Nonspendable:						
Prepaid expenditures	21,711	-	-	-	-	21,711
Long term interfund receivables	1,980,234	-	-	-	-	1,980,234
Restricted For:						
Capital Projects	-	-	433,098	82,977	-	516,075
Law Enforcement	-	-	-	600	193,850	194,450
Health and Welfare	-	-	-	-	227,152	227,152
Loan Program	-	-	-	-	156,820	156,820
Tourism	-	-	-	-	18,164	18,164
Committed For:						
Fire Insurance Fund	-	-	-	-	80,469	80,469
Capital Projects	-	-	-	-	9,451	9,451
Unassigned	(670,238)	-	-	-	-	(670,238)
Total Fund Balances	1,331,707	-	433,098	83,577	685,906	2,534,288
Total Liabilities and Fund Balance	$ 4,112,007	$ 987,564	$ 530,045	$ 531,311	$ 837,331	$ 6,998,258

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, 2011

Total fund balances - governmental funds	$ 2,534,288
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	23,559,741
Less: Accumulated depreciation	(7,971,605)
Compensated absences not reported in governmental funds	(170,823)
Long term debt not presented in governmental funds	(615,343)
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.	976,545
County has made contributions to the employee pension plan in excess of the required minimum contributions. These contributions have been recorded as a prepaid asset.	57,552
Net assets of governmental activities	$ 18,370,355

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, 2011

	General Fund	E-911 Fund	Capital Projects Fund	Multi-Grant Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes	$5,687,665	$ -	$ -	$ -	$ -	$ 5,687,665
Sales Taxes	1,442,888	-	2,186,194	-	-	3,629,082
Other Taxes	1,183,421	-	-	-	10,859	1,194,280
Fines and Forfeitures	305,522	-	-	-	150,405	455,927
Intergovernmental	451,343	-	-	937,269	503,020	1,891,632
Charges for Services	1,413,421	352,387	-	-	6,200	1,772,008
Interest	686	768	907	73	2,472	4,906
Contributions and Donations	13,000	-	-	107,000	36,657	156,657
Miscellaneous	110,884	-	-	31	-	110,915
Total Revenues	10,608,830	353,155	2,187,101	1,044,373	709,613	14,903,072
EXPENDITURES						
Current Operating:						
General Government	2,437,425	-	-	-	-	2,437,425
Judicial	963,508	-	-	3,600	114,975	1,082,083
Public Safety	4,541,281	651,932	72,958	1,750	50,560	5,318,481
Public Works	744,532	-	1,112,099	-	-	1,856,631
Health and Welfare	187,172	-	-	-	257,201	444,373
Housing and Development	327,844	-	12,391	8,809	15,886	364,930
Culture and Recreation	354,687	-	925	-	40,956	396,568
Intergovernmental	-	-	687,380	-	-	687,380
Debt Service						
Principal	-	-	42,909	-	-	42,909
Interest	14,600	-	14,522	-	-	29,122
Capital Outlay	-	-	63,681	1,504,459	-	1,568,140
Total Expenditures	9,571,049	651,932	2,006,865	1,518,618	479,578	14,228,042
Excess (Deficiency) of Revenues over/(under) Expenditures	1,037,781	(298,777)	180,236	(474,245)	230,035	675,030
OTHER FINANCING SOURCES AND (USES)						
Proceeds From Debt	-	-	-	523,027	-	523,027
Transfers In	6,823	298,618	41,639	-	75,000	422,080
Transfers Out	(399,549)	-	(60,230)	(22,531)	-	(482,310)
Total Other Financing Sources and Uses	(392,726)	298,618	(18,591)	500,496	75,000	462,797
Net Change in Fund Balance	645,055	(159)	161,645	26,251	305,035	1,137,827
Fund Balances - Beginning	686,652	159	271,453	57,326	380,871	1,396,461
Fund Balances - Ending	$1,331,707	$ -	$ 433,098	$ 83,577	$ 685,906	$ 2,534,288

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, 2011

Net change in fund balances-total governmental funds	$ 1,137,827
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 depreciation ($877,549) exceeded capital outlay ($795,499) in the current period.	(82,050)
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 proceeds exceeded repayments.	(480,118)
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.	611,926
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.	(1,464)
Expenditure due to the return of land to original donor previously recorded as revenue in the year of donation.	(3,285)
County has made contributions to the employee's pension plan in excess of the required minimum contributions. These contributions have been recorded as a prepaid asset.	57,552
Net change in assets of governmental activities	$ 1,240,388

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

Elbert County, Georgia
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Solid Waste Fund	Nonmajor Transportation Fund	Total
ASSETS			
Current Assets			
Cash and cash equivalents	$ 182,833	$ 77,871	$ 260,704
Accounts receivables (net)	74,081	-	74,081
Intergovernmental receivables	356,074	-	356,074
Total current assets	612,988	77,871	690,859
Noncurrent Assets			
Land and other nondepreciable assets	193,190	-	193,190
Capital assets, net	413,169	1,998	415,167
Total noncurrent assets	606,359	1,998	608,357
Total assets	$ 1,219,347	$ 79,869	$ 1,299,216
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	$ 19,735	$ -	$ 19,735
Due to other funds	985,775	-	985,775
Closure cost liability	47,854	-	47,854
Total current liabilities	1,053,364	-	1,053,364
Noncurrent Liabilities			
Compensated absences	3,387	3,830	7,217
Closure cost liability	1,100,633	-	1,100,633
Total noncurrent liabilities	1,104,020	3,830	1,107,850
Total Liabilities	2,157,384	3,830	2,161,214
Fund Net Assets			
Invested in capital assets	606,359	1,998	608,357
Unrestricted	(1,544,396)	74,041	(1,470,355)
Total Net Assets	(938,037)	76,039	(861,998)
Total liabilities and net assets	$ 1,219,347	$ 79,869	$ 1,299,216

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, 2011

	Solid Waste Fund	Nonmajor Transportation Fund	Total
OPERATING REVENUES			
Charges for services	$ 793,985	$ 54,361	$ 848,346
Total operating revenues	793,985	54,361	848,346
OPERATING EXPENSES			
Personal services	259,651	83,420	343,071
Operating expenses	540,951	23,449	564,400
Depreciation and amortization	34,280	1,449	35,729
Total operating expenses	834,882	108,318	943,200
Operating income (loss)	(40,897)	(53,957)	(94,854)
NON-OPERATING REVENUES			
Intergovernmental	21,085	74,291	95,376
Interest income	503	-	503
Total non-operating revenues (expenses)	21,588	74,291	95,879
Income (loss) before transfers	(19,309)	20,334	1,025
Contributions	60,000	-	60,000
Transfer in	60,230	-	60,230
Change in net assets	100,921	20,334	121,255
Total net assets - beginning	(1,038,958)	55,705	(983,253)
Total net assets - ending	$ (938,037)	$ 76,039	$ (861,998)

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, 2011

	Solid Waste Fund	Nonmajor Transportation Fund	Totals
Cash flows from operating activities:			
Receipts from customers	$ 782,352	$ 54,361	$ 836,713
Payments to suppliers	(630,287)	(18,730)	(649,017)
Payments to employees	(259,651)	(83,420)	(343,071)
Net cash provided (used) by operating activities	(107,586)	(47,789)	(155,375)
Cash flows from noncapital financing activities:			
Contributions	60,000	-	60,000
Advances from other funds	127,910	-	127,910
Intergovernmental	21,085	74,291	95,376
Net cash provided (used) by noncapital financing activities	208,995	74,291	283,286
Cash Flows from Capital and Related Financing Activities:			
Transfer from SPLOST fund	60,230	-	60,230
Purchases of capital assets	(121,550)	-	(121,550)
Net cash used by capital and related financing activities	(61,320)	-	(61,320)
Cash flows from investing activities:			
Interest on investments	503	-	503
Net cash provided by investing activities	503	-	503
Net increase in cash and cash equivalents	40,592	26,502	67,094
Cash and cash equivalents - beginning of year	142,241	51,369	193,610
Cash and cash equivalents - end of year	$ 182,833	$ 77,871	$ 260,704
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ (40,897)	$ (53,957)	$ (94,854)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	34,280	1,449	35,729
Changes in assets and liabilities:			
Receivables	(11,633)	16,238	4,605
Liabilities	(36,508)	(7,626)	(44,134)
Accounts payable	(52,828)	(3,893)	(56,721)
Net cash provided (used) by operating activities	$ (107,586)	$ (47,789)	$ (155,375)

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

Elbert County, Georgia
Statement of Fiduciary Assets and Liabilities
June 30, 2011

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 322,813
Taxes Receivable	1,293,321
Total Assets	$ 1,616,134
LIABILITIES	
Due to others	$ 246,559
Due to other Governmental Units	1,369,575
Total Liabilities	$ 1,616,134

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 (continued)

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 Commission. Membership in the Commission 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 Commissions. Each county and municipality in the state is required by law to pay minimum annual dues. The Commission's 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 Commission'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 anCommission beyond its resources, (O.C.G.A. 50-8-39.1). Complete financial statements of the Northeast Georgia Regional Commission can also be obtained directly from their office at:

Northeast Georgia Regional Commission
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 (continued)

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 several 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.
- Multi-Grant Fund-This fund is used to account for revenue and expenditures resulting from several grant projects that span several years. The grants are from state, federal and private sources and are for capital project and operational functions.

Note 2: Summary of Significant Accounting Policies (continued)

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

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. The County's 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 (continued)

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, 2011, 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 (continued)

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, 2011.

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. 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."

Fund Balance - Generally fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable - Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally contractually required to be maintained intact.

Restricted - Fund balances 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.

Committed - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the County Council through the adoption of a resolution. The County Commission also may modify or rescind the commitment.

Assigned - Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the County Commission has authorized the County's finance officer to assign fund balances.

Unassigned - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balances only in the general fund. Negative unassigned fund balances may be reported in all funds.

Note 2: Summary of Significant Accounting Policies (continued)

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order:

Committed
Assigned
Unassigned

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the County has spent) for the acquisition, construction or improvement of those assets. Net assets are reported as restricted as described in the fund balance section above. All other net assets are reported as unrestricted.

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of the fund balance is reserved as this amount is not available for general appropriation.

I. 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.

J. 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.

K. 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 (continued)

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

L. 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.

M. 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.

N. 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.

Note 2: Summary of Significant Accounting Policies (continued)

O. 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.

P. 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.

Q. 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.

R. Property Tax Calendar

Property taxes were levied on September 10, 2010, billed on October 3, 2010, and were due on December 3, 2010. Unpaid property taxes were considered delinquent on December 4, 2010. Property taxes attach as an enforceable lien ninety days later on March 3, 2011, 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, 2011, the carrying amount of the County's deposits was $2,247,089, and the related bank balance totaled $2,304,458. Of these bank balances, $506,822 was fully covered by FDIC insurance. The remainder, $1,797,636, was not collateralized due to lack of a perfected security agreement with custodian.

Primary Government Statement of Net Assets	
Cash	$ 2,247,089
Agency Funds	$ 322,813

Note 3: Cash and cash equivalents (continued)

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, 2011,was $352,792 and the bank balances were $361,470.

Note 4: Receivables

Primary Government

Receivables at June 30, 2011, 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	$20,469
EMS - Service charges	$ 96,278

Component Unit – Health Department

The Elbert County Health Department has an amount due from the Georgia Department of Community Health of $17,853 as of June 30, 2011. This amount represents the June Grant in Aid reimbursement request.

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.

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.

Note 5: Pension Plan (continued)

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 5 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, 2000 or 2.5% of average annual compensation plus $36 multiplied by years of service payable from November 1, 2000 Through June 30, 2011. 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:

Derivation of Annual Pension Costs:	January 1, 2011
Annual Required Contribution	$ 700,986
Interest on Net Pension Obligation	(4,460)
Amortization of Net Pension Obligations	4,772
Annual Pension Cost	$ 701,298

Basis of Valuation:	
Current Valuation Date	1/1/2011
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

Derivation of Net Pension Obligation	January 1, 2011
Net Pension Obligation as of the Beginning of Prior Year	$ (40,156)
Actual Pension Cost of Prior Year	862,763
Actual Contributions to Plan for Prior Year	880,159
Increase in Net Pension Obligation	(17,396)
Net Pension Obligation as of End of Year	$ (57,552)

Contributions: Participants who have chosen to join the Contributory plan during the 2010 election period contribute 7% of pay. Participants with a hired date prior to January 1, 1996 and who declined the pickup contribution during the 1995 election period contribute 5% of pay. The County contributes the remaining cost of the Plan, using the actuarial basis described in the annual

Note 5: Pension Plan (continued)

valuation report. The County's payroll for employees covered by the Plan as of January 1, 2011 (the most recent actuarial valuation date) was $4,606,470.

Trend information for the Plan

Fiscal Year Beginning	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
January 1, 2011	$ 701,298	N/A	N/A	$ (57,552)
January 1, 2010	862,763	$ 880,159	102%	(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)

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, 2011 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	2011
Vested:	
Retirees (and others in pay status)	$ 3,929,155
Deferred Vested (former employees)	841,530
Vested Active Participants	3,993,992
Total	8,764,677
Non-vested	1,303,868
Total	10,068,545
2. Effect of Future Salary Increases	2,063,275
3. Total Actuarial Accrued Liability	12,131,820
4. Net Assets Available for Benefits (including receivables)	9,304,403
5. Net Assets in Excess of Actuarial Present Value of Accumulated Plan Benefits	$ (764,142)
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(continued)

An analysis of the funding progress is presented immediately following 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, 2010, the actuarial value of assets was $9,494,739. The actuarial accrued liability was $12,131,820 and the remaining unfunded accrued liability was $2,637,081. The funded ratio therefore is 78.3%. The unfunded accrued actuarial liability was 59.5% 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, 2011, there were three 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, 2011 the employees contributed $14,560 to the plan.

Other Retirement Plans

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

These plans include:

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

Component Unit Retirement Plan

The employees of the Elbert County Board of Health are covered by the Retirement System of the State of Georgia. Contributions to the Retirement system for eligible employees totaled $24,149 for the fiscal year ended June 30, 2011. The amount was based on qualifying salaries in the amount of $233,449.

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, 2011, is $178,040 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	497,118	Solid Waste	$ 34,280
Housing & Development	30,834		
Public Works	158,338	Transportation	1,449
Health & Welfare	40,392		
Culture & Recreation	32,659		
Total Depreciation	$ 877,549	Total Depreciation	$ 35,729

Note 7: Capital Assets (continued)

Governmental Type	Beginning Balances 7/1/2010	Increases	Decreases	Ending Balances 6/30/2011
Primary Government				
Capital Assets not being depreciated:				
Construction in progress	$590,366	$ 398,502	$ -	$ 988,868
Land	781,698	81,722	3,285	860,135
Total capital assets not being depreciated	1,372,064	480,224	3,285	1,849,003
Capital assets being depreciated:				
Buildings	12,826,864	-	-	12,826,864
Land Improvements	184,565	-	-	184,565
Equipment	7,755,767	299,175	145,603	7,909,339
Infrastructure	773,870	16,100	-	789,970
Total capital assets being depreciated	21,541,066	315,275	145,603	21,710,738
Total Capital Assets	22,913,130	795,499	148,888	23,559,741
Accumulated Depreciation				
Buildings	1,306,697	255,571	-	1,562,268
Land Improvements	13,842	4,614	-	18,456
Equipment	5,854,764	589,353	145,603	6,298,514
Infrastructure	64,356	28,011	-	92,367
Total accumulated depreciation	7,239,659	877,549	145,603	7,971,605
Net capital assets	$ 15,673,471	$ (82,050)	$ 3,285	$15,588,136

Proprietary Funds	Beginning Balances 7/1/2010	Increases	Decreases	Ending Balances 6/30/2011
Nondepreciable assets				
Purchase deposits	$ -	$ -	$ -	$ -
Land	131,870	61,320	-	193,190
Total nondepreciable assets	131,870	61,320	-	193,190
Depreciable assets				
Buildings	383,761	-	-	383,761
Equipment	581,947	60,230	-	642,177
Total depreciable assets	965,708	60,230	-	1,025,938
Total asssets	1,097,578	121,550	-	1,219,128
Accumulated depreciation				
Buildings	95,334	9,594	-	104,928
Equipment	479,708	26,135	-	505,843
Total accumulated depreciation	575,042	35,729	-	610,771
Net capital assets	$ 522,536	$ 85,821	$ -	$ 608,357

Note 7: Capital Assets (continued)

Component Unit - Health Department

Governmental	Beginning Balances 7/1/2010	Increases	Decreases	Ending Balances 6/30/2011
Capital assets being depreciated				
Equipment	$ 78,694	$ 25,215	$ 5,565	$ 98,344
Total Capital Assets	78,694	25,215	5,565	98,344
Accumulated Depreciation				
Equipment	75,286	1,256	5,565	70,977
Total accumulated depreciation	75,286	1,256	5,565	70,977
Net capital assets	$ 3,408	$ 23,959	$ -	$ 27,367

Depreciation expense was charged to functions/programs of the Health Department as follows:
Governmental activities - Health $1,256

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, 2011, was as follows:

	Beginning Balances July 1, 2010	Issued	Redeemed	Ending Balance June 30, 2011
2010 Tax anticipation note:	$ 527,218	$ -	$ 527,218	$ -
2011 Tax anticipation note:	-	461,231	-	461,231
	$ 527,218	$461,231	$ 527,218	$ 461,231

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.

The assets acquired through capital leases are as follows:

Asset:	Governmental Activities
Machinery and Equipment	$ 184,841
Less: Accumulated Depreciation	7,336
Total	$ 177,505

Payout schedule:

Year Ending	Total Payments	Principal	Interest
2012	$ 115,548	$ 114,088	$ 1,460
	-	-	-
Totals	$ 115,548	$ 114,088	$ 1,460

Note 9: Long Term Debt (continued)

Changes in long term debt:

	July 1, 2010	Additions	Reductions	June 30, 2011	Due within 12 Months
Governmental activities					
Compensated absences	$ 169,359	$ 1,464	$ -	$ 170,823	$ -
USDA Loan	-	523,027	21,772	501,255	44,800
Capital leases	135,225	-	21,137	114,088	114,088
Total Governmental Activities	$ 304,584	$ 524,491	$ 42,909	$ 786,166	$ 158,888

	July 1, 2010	Additions	Reductions	June 30, 2011	Due within 12 Months
Business-Type Activities					
Compensated absences	$ 15,342	$ -	$ 8,125	$ 7,217	$ -
Closure Liability	1,184,496	-	83,863	1,100,633	47,854
Total Business-Type Activities	$ 1,199,838	$ -	$ 91,988	$ 1,107,850	$ 47,854

Component Unit	July 1, 2010	Additions	Reductions	June 30, 2011	Due within 12 Months
Compensated absences	$ 19,067	$ 12,272	$ 8,664	$ 22,675	$ 4,832
Total Component Unit Liabilities	$ 19,067	$ 12,272	$ 8,664	$ 22,675	$ 4,832

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 Asst. Fund	Rock Gym Fund	Solid Waste Fund	Revolving Loan Fund	Total
General fund	$ -	$ 977,720	$ 3,518	$ 318,092	$ 124,026	$ 21,357	$985,775	$ 200	$ 2,430,688
E-911 fund	638,581	-	-	-	-	-	-	-	638,581
Victim's Assist.	7,530	147	-	-	-	-	-	-	7,677
Special Drug Fund	-	-	-	-	318	-	-	-	318
Grant Fund	81,950	-	-	-	-	-	-	-	81,950
Totals	$ 728,061	$ 977,867	$ 3,518	$ 318,092	$ 124,344	$ 21,357	$985,775	$ 200	$ 3,159,214

Interfund balances at June 30, 2011, 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 some of the interfund balances within one year. The General Fund receivables from the E-911 and Solid Waste Funds are considered as being long term interfund receivables.

Note 10: Interfund balances and transfers (continued)

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.

Interfund transfers

		Transfer from			
		General Fund	Capital Projects	Multi-Grant Fund	Total
Transfer to	General Fund	$ -	$ -	$ 6,823	$ 6,823
	E-911 Fund	298,618	-	-	298,618
	Capital Projects	25,931	-	15,708	41,639
	Fire Ins. Fund	75,000	-	-	75,000
	Solid Waste	-	60,230	-	60,230
	Total	$ 399,549	$ 60,230	$ 22,531	$ 482,310

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, 2011 was $1,184,496. The estimated costs are based on what it would cost to perform all closure and postclosure in 2011. 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, 2011:

Tax collections	$ 10,859
Amount provided to	
Chamber of Commerce	$ 8,598
Promotion expenditures	$ 2,637

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 with Travelers Corporation in amounts deemed prudent by County management. The County participates in the Association of the County Commissioners of Georgia Group Self-Insurance Worker's Compensation Fund, public entity risk pools currently operating as a common risk management and insurance programs for member local governments. As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools,

Note 13: Risk Management (continued)

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.

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, 2011, the County was not in compliance with the following statutes:

State Compliance

- O.C.G.A. 36-81-3 Relating to the adoption of a balanced operating budget for all governmental funds, expenditures in excess of budgeted amounts, and budgeting the expenditure of fund balance in excess of prior year ending balance.
- O.C.G.A. 45-8-12 Relating to collateralization of public funds in banks.

Federal Compliance

- At June 30, 2011, the County was not in compliance with federal rules concerning reporting of compensation paid to its 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			
Public Safety	$ 4,432,917	$ 4,541,281	$ 108,364
Public Works	696,450	744,532	48,082
Health and Welfare	132,341	187,172	54,831
Culture and Recreation	353,750	354,687	937
Debt Service Interest	12,000	14,600	2,600
Drug Task Force			
Judical	0	694	694
Senior Center			
Health and Welfare	0	271,096	271,096
Victims Assistance Fund			
Public Safety	100,000	107,627	7,627
Hotel/Motel Fund			
Housing and Development	10,000	10,909	909
Multi-Grant Fund			
Judical	0	3,600	3,600
Public Safety	0	1,750	1,750
Capital Outlay	50,000	1,504,459	1,454,459
Transfers Out	0	22,531	22,531
Rock Gym Fund			
Culture & Recreation	0	40,956	40,956

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

Note 17: Prior Period Adjustment [Component Unit]

Net assets for the government-wide and fund balances for the fund financial statements have been decreased by $9,504 to reflect an error in the June 30, 2010, statements. The amount was initially included in fee income for the prior year but it was later determined the amount should be returned to the Georgia Department of Community Health.

Note 18: Prepaid Expense [Primary Government]

On the government wide financial statement prepaid expense consist of:

Insurance	$21,711
Net pension obligation	57,552
	$79,263

Elbert County, Georgia

Defined Benefit Retirement Plan
Required Supplementary Information
Schedule of Funding Progress
June 30, 2011

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, 2010	$ 9,494,739	$ 12,131,820	$ 2,637,081	78.3%	$ 4,429,059	59.5%
December 31, 2009	$ 8,592,025	$ 11,227,257	$ 2,635,232	76.5%	$ 4,310,175	61.1%
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, 2011

	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	$ 5,539,000	$ 5,539,000	$ 5,687,665	$ -	$ 5,687,665	$ 148,665
Sales Taxes	1,525,000	1,525,000	1,442,888	-	1,442,888	(82,112)
Other Taxes	878,000	878,000	1,183,421	-	1,183,421	305,421
Fines and Forfeitures	304,000	304,000	305,522	-	305,522	1,522
Intergovernmental	71,825	71,825	451,343	-	451,343	379,518
Charges for Services	1,378,000	1,378,000	1,413,421	-	1,413,421	35,421
Interest	15,000	15,000	686	-	686	(14,314)
Contributions and donations	-	-	13,000	-	13,000	13,000
Miscellaneous	95,500	95,500	110,884	-	110,884	15,384
Transfers In	-	-	6,823	-	6,823	6,823
Fund Balance	-	89,877	-	-	-	(89,877)
Total Revenues	$ 9,806,325	$ 9,896,202	$ 10,615,653	$ -	$ 10,615,653	$ 719,451
EXPENDITURES						
Current Operating:						
General Government	$ 2,507,607	$ 2,507,607	$ 2,437,425	$ -	$ 2,437,425	$ (70,182)
Judicial	1,023,725	1,023,725	963,508	-	963,508	(60,217)
Public Safety	4,418,040	4,432,917	4,541,281	-	4,541,281	108,364
Public Works	696,450	696,450	744,532	-	744,532	48,082
Health and Welfare	132,341	132,341	187,172	-	187,172	54,831
Housing and Development	337,412	337,412	327,844	-	327,844	(9,568)
Culture and Recreation	353,750	353,750	354,687	-	354,687	937
Debt Service Interest	12,000	12,000	14,600	-	14,600	2,600
Transfers Out	325,000	400,000	399,549	-	399,549	(451)
Total Expenditures	$ 9,806,325	$ 9,896,202	$ 9,970,598	$ -	$ 9,970,598	$ 74,396
Net Change in Fund Balance					645,055	
Fund Balance - Beginning					686,652	
Fund Balance - Ending					$ 1,331,707	

Elbert County, Georgia
Budgetary Comparison Schedule
E911 Fund
For the Year Ended June 30, 2011

	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	$ 283,845	$ 283,845	$ -	$ -	$ -	$ (283,845)
Charges for Services	362,625	362,625	352,387	-	352,387	(10,238)
Interest	-	-	768	-	768	768
Transfers In	275,000	275,000	298,618	-	298,618	23,618
Total Revenues	$ 921,470	$ 921,470	$ 651,773	$ -	$ 651,773	$ (269,697)
EXPENDITURES						
Current Operating:						
Public Safety	$ 921,470	$ 921,470	$ 651,932	$ -	$ 651,932	$ (269,538)
Total Expenditures	$ 921,470	$ 921,470	$ 651,932	$ -	$ 651,932	$ (269,538)
Net Change in Fund Balance					(159)	
Fund Balance - Beginning					159	
Fund Balance - Ending					$ -	

Elbert County, Georgia
Budgetary Comparison Schedule
Multi-Grant Fund
For the Year Ended June 30, 2011

	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						
Intergovernmental	$ 100,000	100,000	$ 937,269	$ -	$ 937,269	$ 837,269
Interest	-	-	73	-	73	73
Contributions and donations	-	-	107,000	-	107,000	107,000
Miscellaneous	-	-	31	-	31	31
Proceeds from Debt	-	-	523,027	-	523,027	523,027
Total Revenues	$ 100,000	$ 100,000	$ 1,567,400	$ -	$ 1,567,400	$ 1,467,400
EXPENDITURES						
Current Operating:						
Judicial	$ -	$ -	$ 3,600	$ -	$ 3,600	$ 3,600
Public Safety	-	-	1,750	-	1,750	1,750
Housing and Development	50,000	50,000	8,809	-	8,809	(41,191)
Capital Outlay	50,000	50,000	1,504,459	-	1,504,459	1,454,459
Transfers Out	-	-	22,531	-	22,531	22,531
Total Expenditures	$ 100,000	$ 100,000	$ 1,541,149	$ -	$ 1,541,149	$ 1,441,149
Net Change in Fund Balance					26,251	
Fund Balance - Beginning					57,326	
Fund Balance - Ending					$ 83,577	

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			
Public Safety	$ 4,432,917	$ 4,541,281	$ 108,364
Public Works	$ 696,450	$ 744,532	$ 48,082
Health & Welfare	$ 132,341	$ 187,172	$ 54,831
Debt Service Interest	$ 12,000	$ 14,600	$ 2,600
Multi-Grant Fund			
Capital Outlay	$ 50,000	$ 1,504,459	$ 1,454,459
Transfers Out	$ -	$ 22,531	$ 22,531

BUDGET REQUIREMENTS

Amendments to the original budget appropriations were properly approved by the County Commissioners. For the year ended June 30, 2011, the following supplemental increases and decreases in appropriations were approved:

Fund Type	Original Budget	Supplemental Appropriations	Supplemental Decreases	Revised Appropriations
General Fund	$ 9,806,325	$ 89,877	$ -	$ 9,896,202
	$ 9,806,325	$ 89,877	$ -	$ 9,896,202

Elbert County, Georgia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	Law Library	Senior Center	10% Fines Jail Fund	Special Drug Fund	Drug Task Force	Hotel/Motel Tax Fund	Revolving Loan Fund	Fire Insurance Fund	Victims Assistance Fund	Rock Gym Fund	Total Nonmajor Governmental Funds
Assets											
Cash and cash equivalents	$ 4,329	$ 206,667	$ 3,877	$ 10,175	$ -	$ 18,771	$ 4,633	$ 80,469	$ 289,403	$ 21,357	$ 639,681
Accounts receivable, net	732	20,485	-	609	-	-	152,387	-	-	-	174,213
Due from other governments	-	-	1,692	-	-	-	-	-	-	13,750	15,442
Due from other funds	-	-	-	318	-	-	-	-	7,677	-	7,995
Total assets	$ 5,061	$ 227,152	$ 5,569	$ 11,102	$ -	$ 18,771	$ 157,020	$ 80,469	$ 297,080	$ 35,107	$ 837,331
Liabilities											
Accounts payable	$ 100	$ -	$ -	$ 264	$ -	$ 607	$ -	$ -	$ 254	$ 4,299	$ 5,524
Due to other funds	-	-	-	-	-	-	200	-	124,344	21,357	145,901
Total Liabilities	100	-	-	264	-	607	200	-	124,598	25,656	151,425
Fund balance											
Restricted for:											
Law enforcement	4,961	-	5,569	10,838	-	-	-	-	172,482	-	193,850
Health and welfare	-	227,152	-	-	-	-	-	-	-	-	227,152
Loan program	-	-	-	-	-	-	156,820	-	-	-	156,820
Tourism	-	-	-	-	-	18,164	-	-	-	-	18,164
Committed for:											
Fire Insurance Fund	-	-	-	-	-	-	-	80,469	-	-	80,469
Capital project	-	-	-	-	-	-	-	-	-	9,451	9,451
Total Fund balances	4,961	227,152	5,569	10,838	-	18,164	156,820	80,469	172,482	9,451	685,906
Total liabilities and fund balance	$ 5,061	$ 227,152	$ 5,569	$ 11,102	$ -	$ 18,771	$ 157,020	$ 80,469	$ 297,080	$ 35,107	$ 837,331

Elbert County, Georgia

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Law Library	Senior Center	10% Fines Jail Fund	Special Drug Fund	Drug Task Force	Hotel/Motel Tax Fund	Revolving Loan Fund	Fire Insurance Fund	Victims Assist Fund	Rock Gym Fund	Total Nonmajor Governmental Funds
Revenues											
Taxes	$ -	$ -	$ -	$ -	$ -	$ 10,859	$ -	$ -	$ -	$ -	10,859
Fines and forfeitures	9,255	-	29,782	16,244	-	-	-	-	95,124	-	150,405
Charges for services	-	-	-	-	-	-	-	6,200	-	-	6,200
Intergovernmental	-	271,096	-	2,044	-	-	158,563	-	57,567	13,750	503,020
Contributions and donations	-	-	-	-	-	-	-	-	-	36,657	36,657
Interest	-	-	15	23	-	50	2,301	83	-	-	2,472
Total Revenues	9,255	271,096	29,797	18,311	-	10,909	160,864	6,283	152,691	50,407	709,613
Expenditures											
Current											
Public safety	-	-	27,846	18,551	694	-	-	3,469	-	-	50,560
Judicial	7,348	-	-	-	-	-	-	-	107,627	-	114,975
Health and welfare	-	257,201	-	-	-	-	-	-	-	-	257,201
Housing and development	-	-	-	-	-	11,842	4,044	-	-	-	15,886
Culture and Recreation	-	-	-	-	-	-	-	-	-	40,956	40,956
Total Expenditures	7,348	257,201	27,846	18,551	694	11,842	4,044	3,469	107,627	40,956	479,578
Excess revenues/(expenditures)	1,907	13,895	1,951	(240)	(694)	(933)	156,820	2,814	45,064	9,451	230,035
Other financing sources/(uses)											
Transfer in	-	-	-	-	-	-	-	75,000	-	-	75,000
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	75,000	-	-	75,000
Net Changes in Fund Balances	1,907	13,895	1,951	(240)	(694)	(933)	156,820	77,814	45,064	9,451	305,035
Fund balance-beginning	3,054	213,257	3,618	11,078	694	19,097	-	2,655	127,418	-	380,871
Fund balance-ending	$ 4,961	$ 227,152	$ 5,569	$ 10,838	$ -	$ 18,164	$ 156,820	$ 80,469	$ 172,482	$ 9,451	$ 685,906

Elbert County, Georgia

Combining Statement of Fiduciary Assets and Liabilities
All Agency Funds
June 30, 2011

	Tax Commissioner	Probate Court	Magistrate Court	Clerk of Court	Sheriff	Totals
ASSETS						
Cash and cash equivalents	$ 146,585	$ 1,681	$ 7,883	$ 164,398	$ 2,266	$ 322,813
Taxes Receivable	1,293,321	-	-	-	-	1,293,321
Total Assets	$ 1,439,906	$ 1,681	$ 7,883	$ 164,398	$ 2,266	$ 1,616,134
LIABILITIES						
Due to others	$ 70,331	$ 1,681	$ 7,883	$ 164,398	$ 2,266	$ 246,559
Due to other Governmental Units	1,369,575	-	-	-	-	1,369,575
Total Liabilities	$ 1,439,906	$ 1,681	$ 7,883	$ 164,398	$ 2,266	$ 1,616,134

Walker and Associates
Certified Public Accountants

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, 2011, which collectively comprise the Elbert County, Georgia's basic financial statements and have issued our report thereon dated December 22, 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 2011-1 through 2011-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Elbert County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as item 2011-3.

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.

We noted certain other matters that we reported to management of Elbert County, Georgia in a separate letter dated December 22, 2011.

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

Walker & Associates, CPAs, PC
Gainesville, Georgia
December 22, 2011

ELBERT COUNTY, GEORGIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

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 2011-1 through 2011-2 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 *Community Facility Grant Program and the Rural Housing Service Loan 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:
   Community Facility Grant Program CFDA # 10.766
   Rural Housing Service Loan Program CFDA # 10.766

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

2011-1

Condition: The County did not reconcile, on a timely basis, all bank accounts under its control.

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 County 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.

2011-2

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.

Compliance

2011-3

At June 30, 2011, the County was not in compliance with the following statutes:

OCGA 36-81-3 Relating to the adoption of a balanced operating budget, expenditures in excess of budgeted amounts, and the budgeting of the expenditure of fund balance in excess of prior year ending balance.

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

At June 30, 2011, the County was not in compliance with federal rules concerning reporting of compensation paid to its 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.

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, 2011. 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, 2011.

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

Walker & Associates, CPA's, P.C.
Gainesville, Georgia
December 22, 2011

Elbert County, Georgia
Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2011

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)	$ 76,037
Airport Improvement Program	20.106	AP090-9016-18(105)	28,836
Total Pass-through programs			104,873
Total U.S. Federal Aviation Administration			104,873
U.S. Department of Transportation			
Pass-through programs			
Georgia Department of Transportation			
Transit Services Programs	20.509	GA-18-4031	70,941
Total Pass-through programs			70,941
Total U.S. Department of Transportation			70,941
U.S. Department of Health and Human Services			
Pass-through programs			
Georgia Department of Human Services			
Special Program for the Aging	93.044	42700-373-0000000-5063	17,452
Special Program for the Aging	93.045	42700-373-0000000-5063	72,450
Nutrition Services Incentive Program	93.053	72700-373-0000000-5063	11,960
Total Aging Cluster			101,862
Social Services Block Grant Title XIII	93.667	42700-373-0000000-5063	1,016
National Family Caregiver Support	93.052	42700-373-0000000-5063	3,333
Total Pass-through programs			106,211
Total U.S. Department of Health and Human Services			106,211
U.S. Department of Justice			
Pass-through programs			
Georgia Criminal Justice Coordinating Council			
Crime Victums Assistance Program	16.575	C-09-8-100	25,819
Crime Victums Assistance Program	16.575	C-09-8-066	31,748
Juvenile Accountability Block Grant	16.523	JB-07ST-004	1,800
Total Pass-through programs			59,367
Total U.S.Department of Justice			59,367
U.S. Department of Homeland Security			
Pass-through programs			
Georgia Emergency Management Agency			
Homeland Security Grant Program	97.042	OEM-10-054	6,821
Total Pass-through programs			6,821
Total U.S.Department of Homeland Security			6,821
U.S. Department of Agriculture			
Direct			
Community Facility Grant Program	10.766		92,298
Rural Housing Service Loan Program	10.766		512,748
Total Direct programs			605,046
Pass-through programs			
Georgia Department of Community Health			
Special Supplement Nutrition Program for women, Infants, and Children (WIC)	10.557	Elbert County	89,855
Total Pass-through programs			89,855
Total U.S. Department of Agriculture			694,901
U.S. Department of Housing and Urban Development			
Pass-through programs			
Georgia Department of Community Affairs			
CDBG Employment Incentive Program	14.228	09q-y-052-1-5203	158,563
Total Pass-through programs			158,563
Total expenditures of federal awards			$ 1,201,677

Elbert County, Georgia

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

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, 2011

	Estimated Cost		Expenditures			
	Original	Current	Prior Years	Current Year	Total	Completion
2006 Projects						
Capital Projects:						
Road, Street & Bridges	$ 5,034,966	$ 5,034,966	$ 3,288,200	928,101	$ 4,216,301	84%
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	4,151,751	928,101	5,079,852	
Vehicles and Equipment						
Solid Waste	167,832	167,832	101,481	72,932	174,413	104%
Animal Control	41,958	41,958	-	-	-	0%
Road Department	62,937	62,937	539,045	241,850	780,895	1241%
Board of Assessors	25,175	25,175	24,500	-	24,500	97%
Fire Department	251,748	251,748	372,253	-	372,253	148%
Emergency Services	251,748	251,748	344,351	35,436	379,787	151%
Sheriff's Department	251,748	251,748	188,168	28,224	216,392	86%
Building & Maintenance	25,175	25,175	45,395	-	45,395	180%
Code Enforcement	25,175	25,175	33,477	31,533	65,010	258%
Total Vehicles and Equipment	1,103,496	1,103,496	1,648,670	409,975	2,058,645	
Total County Projects	6,600,000	6,600,000	5,800,421	1,338,076	7,138,497	
Elberton Projects	2,900,000	2,900,000	2,617,230	586,294	3,203,524	110%
Bowman Projects	500,000	500,000	451,477	101,086	552,563	111%
Total	$ 10,000,000	$ 10,000,000	$ 8,869,128	$ 2,025,456	$ 10,894,584	
2011 Projects						
Capital Projects:						
Road, Street & Bridges	$ 4,800,000	$ 4,800,000	$ -	$ -	$ -	0%
Total Capital Projects	4,800,000	4,800,000	-	-	-	
Vehicles and Equipment			-	-		
Computer Equipment & Software	130,000	130,000	-	-	-	0%
Parks & Recreation	110,000	110,000	-	925	925	1%
Fire Department	250,000	250,000	-	-	-	0%
Emergency Services	997,000	997,000	-	9,298	9,298	1%
E911 Department	165,000	165,000	-		-	0%
Sheriff's Department	396,000	396,000	-	-	-	0%
Senior Center	40,000	40,000			-	0%
Building & Maintenance	32,000	32,000	-	-	-	0%
Cooperative Extention/4-H Dept	61,000	61,000			-	0%
Board of Assessors	145,000	145,000	-	-	-	0%
Total Vehicles and Equipment	2,326,000	2,326,000	-	10,223	10,223	
Repayment of Debt						
Fire Station Construction Loan	800,000	800,000	-	31,416	31,416	3%
Total Repayment of General Obligation Debt	800,000	800,000	-	31,416	31,416	
County Facilities & Infrastructure						
Construct/Improve Complex & Courthouse	60,000	60,000	-	-	-	0%
Total Facilities & Infractructure	60,000	60,000	-	-	-	
Total County Projects	7,986,000	7,986,000	-	-	41,639	
Elberton Projects	3,828,000	3,828,000	-	-	-	0%
Elbertton-Elbert County Hospital Authority	726,000	726,000	-	-	-	0%
Bowman Projects	660,000	660,000	-	-	-	0%
Total	$ 13,200,000	$ 13,200,000	$ -	$ 41,639	$ 41,639	