GILMER COUNTY, GEORGIA

AUDITED FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

GILMER COUNTY, GEORGIA
December 31, 2011

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May 16, 2012

Independent Auditor's Report

Honorable Chairman and
Members of the Board of Commissioners
Gilmer County, Georgia

I have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Gilmer County, Georgia, as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Gilmer County's management. My responsibility is to express opinions on these financial statements based on my audit.

I did not audit the financial statements of the Gilmer County Health Department, a component unit, as of and for the year then ended June 30, 2011, whose statements reflect total assets of $215,463 and total revenues of $603,400. I did not audit the financial statements of the Ellijay-Gilmer County Water and Sewerage Authority, a component unit, as of and for the year then ended June 30, 2011, whose statements reflect total assets of $47,924,463 and total revenues of $7,714,713. Those financial statements, as of June 30, 2011, were audited by other auditors whose reports have been furnished to me and my opinion on the basic financial statements, insofar as it relates to the amounts included for the Gilmer County Health Department and the Ellijay-Gilmer County Water and Sewerage Authority in the component unit column, is based solely on the reports of the other auditors.

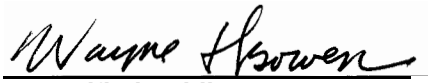
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and 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. I believe that my audit and the reports of other auditors provide a reasonable basis for my opinions.

In my opinion, based on my audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Gilmer County, Georgia, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, 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*, I have also issued my report dated May 16, 2012, on my consideration of the Government's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The Management's Discussion and Analysis and the Budgetary Comparison Schedule are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

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



Certified Public Accountant

GILMER COUNTY, GEORGIA
December 31, 2011

MANAGEMENT'S DISCUSSION & ANALYSIS

GILMER COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011

Our discussion and analysis of Gilmer County's financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2011.

USING THE DECEMBER 31, 2011 AUDIT

The audit of Gilmer County, Georgia for the fiscal year ended December 31, 2011 consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 10 and 11) provide information about the activities of the County as a whole. The Fund financial statements begin on page 12. These statements provide a more detailed view of the governmental activities of the County and explain how these services were financed in the short term as well as what remains for future spending.

REPORTING THE COUNTY AS A WHOLE

The Statement of Net Assets and Statement of Activities include all the County's assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All the fiscal year revenue and expenses are taken into account regardless of when cash is

REPORTING THE COUNTY'S FUNDS

The Fund Financial statements provide detailed information about the most significant funds. Some funds are required to be established by State law or by bond covenants. The County establishes and maintains many other funds to help control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

THE COUNTY AS A WHOLE

Condensed Statement of Net Assets

Table 1 below presents the County's condensed Statement of Net Assets as of December 31, 2011 as it compares to the previous fiscal year. The County does not maintain any business-type activities therefore, only governmental activities are presented.

Table 1: Condensed Statement of Net Assets

	Governmental Activities FYE December 31, 2010	*Governmental Activities FYE December 31, 2011*
Assets		
Current and other Assets	$ 10,370,024	$ 9,282,687
Capital Assets	88,650,934	87,217,519
Total Assets	99,020,958	96,500,206
Liabilities		
Current Liabilities	1,684,283	1,321,499
Long-Term Liabilities	57,947,662	56,029,885
Total Liabilities	59,631,945	57,351,384
Net Assets		
Invested in Capital Assets, Net of related debt	32,996,684	33,367,575
Restricted	4,790,856	4,790,856
Unrestricted	1,601,473	990,391
Total Net Assets	$ 39,389,013	$ 39,148,822

The County uses its capital assets to provide services to the citizens and businesses in the County, consequently, these net assets are not available for future spending.

Restricted net assets are resources that are restricted in their use. The majority of restricted assets represent funds to construct capital projects outlined in the County's General Obligation Bond Capital

Condensed Statement of Activities

Table 2 below presents the County's condensed Statement of Activities for the fiscal year ended December 31, 2011 compared to the previous year. This table also presents only governmental activities of the County.

Table 2: Condensed Statement of Activities

	Governmental Activities FYE December 31, 2010	*Governmental Activities FYE December 31, 2011*
Revenues:		
Program Revenues:		
Charges for services	$ 2,964,582	$ 3,303,481
Operating grants & contributions	277,925	299,280
Capital grants & contributions	53,077	26,818
General Revenues:		
Property taxes	9,154,400	9,791,708
Other taxes	7,662,407	7,881,045
Other revenues	224,544	248,364
Total Revenues	20,336,935	21,550,696
Expenses:		
General government	4,283,548	3,468,808
Judicial	2,202,842	2,021,668
Public safety	10,002,744	9,087,664
Public works	3,759,709	2,987,199
Health and welfare	328,229	333,391
Culture and recreation	986,359	709,600
Housing and development	708,663	649,262
Interest and paying agent fees	2,712,997	2,592,256
Total Expenses	24,985,091	21,849,848
Change in net assets	(4,648,156)	(299,152)
Beginning net assets	47,279,311	39,389,013
Prior Year Adjustment	(3,242,142)	58,961
Ending net assets	$ 39,389,013	$ 39,148,822

During the fiscal year ending December 31, 2011 the net assets of Gilmer County's governmental activities decreased $299,152. Revenues increased $1,213,761 or 5.97% from the previous fiscal year and expenses decreased $3,135,243 or 12.50% compared to fiscal year 2010.

Approximately 45% of the County's revenue came from property taxes, 36% came from other taxes and revenues, and the balance of 19% came from charges for services, grants and other sources.

The County's expenses cover a wide range of services with 42% allotted to public safety, 14% to public works, 16% to general government services, and the remaining 28% to judicial, health and welfare, parks and recreation and other programs.

THE COUNTY'S FUNDS

The governmental funds statements provide information on inflows, outflows and ending fund balance resources available for spending. This information is useful in determining the County's financing requirements. The unreserved, undesignated fund balance serves as a useful measure of the County's net resources available for spending at the end of the fiscal year.

As of December 31, 2011, the County's governmental funds reported a combined ending fund balance of $5,781,247, of which $990,391 is unreserved fund balance and the remaining amount of $4,790,856 is reserved for specific purposes.

The General Fund – the operating fund of the County – had a net increase in unreserved fund balance of $992,599.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

At December 31, 2011, Gilmer County reported $88,403,609 in capital assets for governmental activities. Refer to Note 6 to the financial statements for additional information on capital assets.

At December 31, 2011, long-term debt was $56,029,885 compared to $57,947,662 at December 31, 2010. This long-term debt amount includes:

a) Repayment of capital lease through the Gilmer County Building Authority for the construction of a new Courthouse and Library

b) Repayment of $30 million General Obligation bonds for infrastructure and capital improvements

c) Repayment of $7.5 million 2008 revenue bonds to complete Phase II of the Courthouse, construct parking areas, and renovate the facility previously housing the Gilmer County Library for use as a satellite campus of Dalton State College.

d) Other capital leases for vehicles and equipment.

CONCLUSION

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the County's financial condition and to show the County's accountability for the money it receives. If you have questions concerning this report or need additional financial information, please contact Gilmer County Board of Commissioners at 1 Broad Street, Suite 106, Ellijay, Georgia 30540.

Separately issued financial statements may be obtained for the Gilmer County Department of Public Health which is shown as a component unit of Gilmer County at the following address:

Georgia Department of Human Resources
Northwest Health District
111 Bryant Crossing, Suite AA
Dalton, Georgia 30720

Separately issued financial statements may be obtained for the Ellijay-Gilmer County Water and Sewerage Authority, which is shown as a component unit of Gilmer County at the following address:

Ellijay – Gilmer County Water and Sewerage Authority
1023 Progress Road
Ellijay, Georgia 30540

GILMER COUNTY, GEORGIA
December 31, 2011

BASIC FINANCIAL

STATEMENTS

GILMER COUNTY, GEORGIA
STATEMENT OF NET ASSETS
December 31, 2011

	Primary Government	Component Units		
		June 30,2011		
	Governmental Activities	Department of Public Health	Ellijay-Gilmer Co. Water and Sewerage Authority	Industrial Development Authority
ASSETS				
Current assets:				
Cash and Cash Equivalents	$ 1,256,646	$ 181,623	$ 3,808,017	$ 10,952
Taxes Receivable	2,376,492	-	-	-
Accounts Receivable	725,500	27,791	373,669	-
Intergovernmental Receivable	583,101	-	-	-
Inventories	22,948	1,670	357,007	-
Other Assets	-	-	125,106	-
Prepaid Items	259,186	-	102,218	-
Restricted Cash	2,872,724	-	2,944,623	-
Total Current Assets	8,096,597	211,084	7,710,640	10,952
Non-Current Assets				
Other Assets	1,186,090	-	402,396	-
Investments	-	-	25,000	-
Capital Assets:				
Nondepreciable Capital Assets	15,395,676	-	507,163	-
Depreciable Capital Assets	95,378,360	17,518	50,780,758	-
Accumulated Depreciation	(23,556,517)	(13,139)	(11,501,494)	-
Capital Assets, Net of Depreciation	87,217,519	4,379	39,786,427	-
Total Noncurrent Assets	88,403,609	4,379	40,213,823	-
Total Assets	96,500,206	215,463	47,924,463	10,952
LIABILITIES				
Accounts Payable	410,208	-	220,561	-
Other Accrued Payables	209,949	9,319	95,560	-
Customer Deposits	-	-	519,824	-
Accrued Interest Payable	624,375	-	37,769	-
Intergovernmental Payable	38,312	5,292	-	-
Deferred Revenues	38,655	-	5,699	-
Noncurrent Liabilities				
Unamortized Bond Premium	1,486,726	-	-	-
Due within one year				
Bonds Payable	1,745,000	-	-	-
Revenue Bonds	-	-	215,000	-
Notes Payable	-	-	642,539	-
Capital Lease Payable	123,556	-	-	-
Landfill Closure/Postclosure Costs	28,896	-	-	-
Due in more than one year				
Compensated Absences	177,979	32,094	-	-
Bonds Payable	51,845,000	-	-	-
Revenue Bonds	-	-	1,380,000	-
Notes Payable	-	-	11,363,061	-
Capital Lease Payable	136,388	-	-	-
Landfill Closure/Postclosure Costs	486,340	-	-	-
Total Liabilities	57,351,384	46,705	14,480,013	-
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	33,367,575	4,379	26,543,936	-
Restricted for:				
Capital Improvements and Other	4,570,135	-	245,571	-
Debt Service	220,721	-	2,137,727	-
Other Purposes	-	-	3,732	-
Unrestricted	990,391	164,379	4,513,484	10,952
Total Net Assets	$ 39,148,822	$ 168,758	$ 33,444,450	$ 10,952

Accompanying notes to financial statements are an integral part of this statement

GILMER COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
December 31, 2011

FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT:	Expenses	Program Revenues Charges For Services	Program Revenues Operating Grants and Contributions	Program Revenues Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Primary Government Governmental Activities	Net (Expense) Revenue and Changes in Net Assets Component Units June 30, 2011 Department of Public Health	Net (Expense) Revenue and Changes in Net Assets Component Units June 30, 2011 Ellijay-Gilmer Co. Water and Sewerage Authority	Net (Expense) Revenue and Changes in Net Assets Component Units June 30, 2011 Industrial Development Authority
GOVERNMENTAL ACTIVITIES								
General Government	$ 3,468,808	$ 142,697	$ 81,873	$ -	$ (3,244,238)			
Judicial	2,021,668	726,556	-	-	(1,295,112)			
Public Health and Welfare	333,391	-	-	-	(333,391)			
Public Safety	9,087,664	1,787,875	120,173	-	(7,179,616)			
Public Works	2,987,199	353,416	-	3,998	(2,629,785)			
Recreation and Culture	709,600	292,937	-	-	(416,663)			
Housing and Development	649,262	-	97,234	22,820	(529,208)			
Interest and paying agent fees	2,592,256	-	-	-	(2,592,256)			
Total Governmental Activities	21,849,848	3,303,481	299,280	26,818	(18,220,269)			
COMPONENT UNITS								
Department of Public Health	$ 742,716	$ 299,541	$ 303,859	$ -		$ (139,316)	$ -	$ -
Ellijay-Gilmer County Water and Sewerage Authority	5,124,655	5,649,721	-	857,426		-	1,382,492	-
Industrial Development Authority	-	-	-	-		-	-	-
Total Nonmajor Component Units	$ 5,867,371	$ 5,949,262	$ 303,859	$ 857,426		(139,316)	1,382,492	-
General Revenues								
Taxes:								
Property Taxes					9,791,708	-	-	-
Sales Taxes					6,339,978	-	-	-
Other Taxes					1,541,067	-	-	-
Grants and Contributions not restricted to specific programs					-	-	1,180,900	-
Unrestricted Investment Earnings					15,196	-	26,666	5
Miscellaneous					233,168	-	-	-
Total General Revenues					17,921,117	-	1,207,566	5
Change in Net Assets					(299,152)	(139,316)	2,590,058	5
NET ASSETS, Beginning					39,389,013	308,074	30,854,392	10,947
Prior Period Adjustments					58,961	-	-	-
NET ASSETS, Ending					$ 39,148,822	$ 168,758	$ 33,444,450	$ 10,952

Accompanying notes to financial statements are an integral part of this statement

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

	General	SPLOST 2003	Capital Projects	Debt Service SPLOST 2009	Other Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	$ 1,255,995	$ 651	$ -	$ -	$ -	$ 1,256,646
Receivables, net of Allowance						
Taxes	2,252,457	-	-	69,303	54,732	2,376,492
Accounts	676,564	-	-	-	48,936	725,500
Due from Other Funds	-	2,041,501	1,651,906	1,171,880	-	4,865,287
Due from Other Governments	246,048	-	-	337,053	-	583,101
Inventories	22,948	-	-	-	-	22,948
Prepaid Items	259,186	-	-	-	-	259,186
Restricted Cash	-	-	528,310	2,287,797	56,617	2,872,724
Total Assets	$ 4,713,198	$ 2,042,152	$ 2,180,216	$ 3,866,033	$ 160,285	$ 12,961,884
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts Payable	$ 323,831	$ -	$ 11,552	$ -	$ 74,825	$ 410,208
Due to Other Funds	1,417,365	-	-	3,431,502	16,420	4,865,287
Intergovernmental Payable	-	-	-	-	38,312	38,312
Deferred Revenue	1,881,178	-	-	-	-	1,881,178
Other Payables	209,949	-	-	-	-	209,949
Total Liabilities	3,832,323	-	11,552	3,431,502	129,557	7,404,934
Fund Balances						
Restricted For						
Special Revenue Funds	-	-	-	-	25,411	25,411
Capital Project Funds	-	2,042,152	2,168,664	434,531	5,317	4,650,664
Prepaid Items	259,186					259,186
Unassigned	621,689	-	-	-	-	621,689
Total Fund Balances	880,875	2,042,152	2,168,664	434,531	30,728	5,556,950
TOTAL LIABILITIES AND FUND BALANCES	$ 4,713,198	$ 2,042,152	$ 2,180,216	$ 3,866,033	$ 160,285	$ 12,961,884

Accompanying notes to financial statements are an integral part of this statement

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

Total fund balances for governmental funds		**$ 5,556,950**
Total net assets reported for governmental activities in the statement of net assets are different because:		
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds. However, in the statement of net assets the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.		
Cost of Capital Assets	$ 110,774,036	
Less accumulated depreciation	(23,556,517)	87,217,519
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property Taxes		1,842,523
Other assets used in the governmental activities that are not current financial resources and therefore are not reported in the funds.		
Bond issue costs		1,186,090
Long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds Payable	(53,590,000)	
Landfill Closure/Postclosure liability	(515,236)	
Lease payable	(259,944)	
Compensated absences	(177,979)	(54,543,159)
Interest payable on long-term debt is not accrued in the fund statements		(624,375)
Other liabilities used in the governmental activities that are not current financial sacrifices and therefore are not reported in the funds.		
Unamortized bond premiums		(1,486,726)
Net assets of governmental activities		**$ 39,148,822**

GILMER COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	General	SPLOST 2003	Capital Projects	Debt Service SPLOST 2009	Other Nonmajor Funds	Total Governmental Funds
REVENUES						
Taxes	$11,957,735	$ -	$ -	$4,651,463	$277,490	$ 16,886,688
Licenses and Permits	142,937	-	-	-	-	142,937
Intergovernmental	140,116	-	-	-	5,054	145,170
Charges for Services	3,032,367	-	-	-	374,419	3,406,786
Fines and Forfeitures	698,626	-	-	-	-	698,626
Contributions	115,000	-	-	-	-	115,000
Investment Earnings	3,803	1	13,079	2,202	110	19,195
Miscellaneous	182,057	-	-	121,872	-	303,929
Total Revenues	16,272,641	1	13,079	4,775,537	657,073	21,718,331
EXPENDITURES						
Current Expenditures						
General Government	2,380,776	-	-	-	-	2,380,776
Judicial	2,018,938	-	-	-	-	2,018,938
Public Health and Welfare	317,371	-	-	-	-	317,371
Public Safety	7,628,792	-	-	-	394,768	8,023,560
Public Works	1,847,367	-	-	-	-	1,847,367
Recreation and Culture	666,725	-	-	-	-	666,725
Housing and Development	482,497	-	-	-	171,814	654,311
Intergovernmental	-	-	-	354,829	-	354,829
Capital Outlay						
Public Safety	-	-	1,521,780	-	-	1,521,780
Public Works	-	-	50,855	-	-	50,855
Recreation and Culture	-	-	157,915	-	-	157,915
Housing and Development	-	-	54,726	-	-	54,726
Debt Service						
Principal	124,306	-	-	1,680,000	-	1,804,306
Interest and Paying Agent Fees	76,036	-	-	2,515,720	-	2,591,756
Total Expenditures	15,542,808	-	1,785,276	4,550,549	566,582	22,445,215
Excess (deficiency) of Revenues Over Expenditures	729,833	1	(1,772,197)	224,988	90,491	(726,884)
OTHER FINANCING SOURCES(USES)						
Transfers in	110,996	-	-	552,870	-	663,866
Transfers (out)	-	-	(552,870)	-	(110,996)	(663,866)
Total Other Financing Sources (Uses)	110,996	-	(552,870)	552,870	(110,996)	-
Net Change in Fund Balances	840,829	1	(2,325,067)	777,858	(20,505)	(726,884)
Prior Period Adjustment	-	-	58,961	-	-	58,961
FUND BALANCES, Beginning of year	40,046	2,042,151	4,434,770	(343,327)	51,233	6,224,873
FUND BALANCES, End of year	$ 880,875	$ 2,042,152	$ 2,168,664	$ 434,531	$ 30,728	$ 5,556,950

Accompanying notes to financial statements are an integral part of this statement

GILMER 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 DECEMBER 31, 2011

Net Changes in Fund Balances - Total Governmental Funds		**$ (726,884)**
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This difference is the amount by which depreciation expense exceeded capital outlay in the current period.		
Capital Outlay	$ 1,874,686	
Depreciation Expense	(3,308,101)	(1,433,415)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes:		
Deferred @ 12/31/2011	1,842,523	
Deferred @ 12/31/2010	(1,858,389)	(15,866)
Accrued interest payable is not included on the fund financial statements.		
Accrued Interest Payable @ 12/31/2011	(624,375)	
Accrued Interest Payable @ 12/31/2010	643,863	19,488
Compensated Absences are reported in the Statement of Activities but do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Liability @ 12/31/2011	(177,979)	
Liability @ 12/31/2010	191,758	13,779
Total carried forward to next page:		$ (2,142,898)

GILMER 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 DECEMBER 31, 2011

Total brought forward from previous page:		$ (2,142,898)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Capital Lease Retirement		124,306
Bond Principal Retirement		1,680,000
Landfill Closure/Postclosure Retirement		28,896
Issuance Costs of debt and bond premiums are amortized over the life of the instrument. These are reported in the Statement of Activities but do not require the use of current financial resources and therefore are not reported as expenditures or revenues in the governmental funds.		
Unamortized Bond Premium @ 12/31/11	$ (1,486,726)	
Unamortized Bond Premium @ 12/31/10	1,557,523	70,797
Bond Issue Costs @ 12/31/2011	1,186,090	
Bond Issue Costs @ 12/31/2010	(1,246,343)	(60,253)
Change in Net Assets of Governmental Activities		**$ (299,152)**

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

	Agency Funds Total
ASSETS	
Cash	$ 603,132
Taxes Receivable	8,794,994
TOTAL ASSETS	$ 9,398,126
LIABILITIES	
Due to Others	$ 9,398,126
TOTAL LIABILITIES	$ 9,398,126

Accompanying notes to financial statements are an integral part of this statement

GILMER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Gilmer County, Georgia have been prepared in conformity with generally accepted accounting principles (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 more significant of the government's accounting policies are described below.

A. THE REPORTING ENTITY

In evaluating how to define the County's reporting entity for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP under Governmental Accounting Standards Board's Statement No. 14, "The Financial Reporting Entity." The financial statements of component units have been included either as blended or discretely presented component units. Blended component units, although legally separate entities are in substance, part of the County's operations and so financial data from these units are combined with the financial data of the primary government. The basic, but not the only, criteria for including a potential component unit within the reporting entity, is financial accountability. Financial accountability is defined as an appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Each discretely presented component unit is reported in a separate column in the combined financial statements. The Gilmer County Health Department, Gilmer County Industrial Development Authority, Ellijay-Gilmer County Water and Sewerage Authority, and Gilmer County Building Authority are shown as discretely presented component units. Discretely presented component units are shown in a separate column on the combined financial statements to emphasize legal separation from the County.

The Gilmer County Health Department provides health related services to the citizens of Gilmer County. The County provides monthly supplements and pays a portion of operating costs directly. Complete financial statements for the year ended June 30, 2011 of the individual component unit can be obtained directly from their administrative office. The address for this administrative office is as follows:

Georgia Department of Health Resources
North Georgia Health District
100 W. Walnut Avenue, Suite 92
Dalton, Georgia 30720

The Gilmer County Industrial Development Authority acts as a catalyst in the development and promotion of trade, commerce, industry, and employment opportunities within Gilmer County. Information included herein has been complied from the records of the Authority. This entity was inactive during Fiscal Year 2011.

Ellijay-Gilmer County Water and Sewerage Authority operates a county-wide water and sewer system. The "Water Authority's" board consists of five members with three being appointed by the County. Since the County has a majority of appointments, the Water Authority is reported as a discretely presented component unity of the County. The Water Authority is reported on a June 30, 2011 fiscal year. Complete financial statements may be obtained form its administrative office at 1023 Progress Road Ellijay, GA 30540; Phone (706-276-2202).

Gilmer County Building Authority was established on May 6, 2005 by H.B. 754 being signed into law. The Authority is authorized to acquire, construct, equip, maintain, and operate certain projects, including buildings and facilities for use by Gilmer County for its governmental, proprietary, and administrative functions; and for other purposes. This entity was inactive during Fiscal Year 2011.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

There are several other related organizations for which the County appoints one or more of the Board of Directors, but the organizations do not meet any other of the reporting entity criteria. They are as follows:

Airport Advisory Board
Department of Family and Children Services
Highland Rivers Community Service Board
Public Library Board of Trustees
North Georgia Regional Development Center Board

B. BASIS OF PRESENTATION

The County's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

GOVERNMENT-WIDE STATEMENTS

Government-wide financial statements (i.e., the statement of net assets and the statement of activities) display information about the reporting government as a whole, except for its fiduciary activities. Governmental activities are supported by taxes and intergovernmental revenues. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are allocated among the programs and functions using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the County.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. If there is a conflict with GASB pronouncements, then GASB prevails.

FUND FINANCIAL STATEMENTS

During the year, the County segregates transactions related to certain County functions and activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to represent financial information of the County at this more detailed level. Fund financial statements are provided for governmental and fiduciary funds and include blended component units.

Major individual governmental funds are reported in separate columns with composite columns for non-major funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The County uses funds to maintain its financial records during the year. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

GOVERNMENTAL FUNDS

Governmental funds are those which most governmental functions typically finance. 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 or may not be used. Fund liabilities are assigned to the fund from which they will be liquidated.

The County reports the following major governmental funds:

General Fund - The General Fund accounts for all financial resources except those required to be accounted for in another fund.

SPLOST 2003 Fund - This fund accounts for the special purpose sales tax revenues which are collected for the purpose of capital projects.

Capital Project Funds - Capital Projects Funds account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds. The County's SPLOST 2003 funds are accounted for as Capital Projects Funds.

Debt Service Fund (SPLOST 2009) - This fund accounts for the special purpose sales tax revenues which are collected for the purpose of payment of debt service and allocations to cities for capital projects.

Additionally the County reports the following nonmajor governmental funds:

Non-Major Funds - Special Revenue Funds that are Non-major account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are restricted as to expenditures for specified purposes. The County's E911 Fund, Hotel/Motel Tax Fund, Multiple Grant Fund, and SPLOST 2001 fund are accounted for as Non-major Funds.

Governmental fund activities have been consolidated in the government-wide financial statements. Total governmental funds have been combined with capital assets and long-term liabilities. The effect of inter-fund activity has been removed from the government-wide financial statements. Due to/from other funds have been eliminated and operating transfers between funds have also been eliminated.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments, if applicable. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net assets. The County's fiduciary funds are Agency Funds. These Agency Funds are custodial in nature and do not represent results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the statement of net assets. The statement of activities reports revenues and expenses.

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 generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financings uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconcilement with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. BASIS OF ACCOUNTING

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, governmental funds use the modified accrual basis of accounting and fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange Transactions - Revenue 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 recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, the phrase "available for exchanged transactions" means expected to be received within 60-days of year end.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues - Non-exchange Transactions - Non-exchange transactions include transactions in which the County receives value without directly giving equal value in return, include sales tax, property taxes, grants, and donations. On the accrual basis, revenue from sales tax is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal 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 a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual; property tax, sales tax, interest, and federal and state grants.

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria has been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (i.e., they are measurable but not available as revenue).

Property taxes receivable not collected within 60 days of year-end have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as deferred revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

E. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and cash equivalents include amounts in both interest-bearing and noninterest-bearing demand deposits as well as short-term investments with a maturity date within three months of the date purchased.

Statutes authorize the County to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations, obligations of other counties, municipal corporations and political subdivisions of the State of Georgia which are rated "AA" or better by Moody's Investors Service, Inc., negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association, repurchase agreements when collateralized by U.S. Government or agency obligations, and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. PROPERTY TAXES AND OTHER RECEIVABLES

All trade and property tax receivables are reported net of an allowance for uncollectible amounts.

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. Interest and late penalties are added on the delinquent date. The total current levy for the 2011 property tax bills was $26,334,261. The property tax calendar for the 2011 digest is as follows:

Levy Date	September 20, 2011
Due Date	November 20, 2011
Delinquent Date	December 20, 2011
Finance Charges Date	December 20, 2011
FIFA Lien Date	February 20, 2012

G. INVENTORIES

Inventories, consisting of expendable supplies not held for resale are valued at cost using the first-in/first-out (FIFO) method. The cost of inventory items is recorded as expenditures in the governmental fund types when consumed.

H. PREPAID EXPENDITURES/EXPENSES

Expenditures for insurance and similar services that will benefit periods beyond December 31, 2011, are recorded as prepaid items by recording an asset for the prepaid amount and reflecting the expenditure/expense in the period in which the cost is recognized. At the fund reporting level, an equal amount of fund balance is reserved as this amount is not available for general appropriation.

I. 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.

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 maintains a capitalization threshold of five thousand and an estimated useful life in excess of two years. The County's infrastructure consists of roads, bridges, sidewalks, and similar items. 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 expensed.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All reported 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. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Improvements other than buildings	20 Years
Buildings	50 Years
Machinery and equipment	3 - 20 Years
Infrastructure	30 Years
Vehicles	2 - 15 Years

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments.

J. COMPENSATED ABSENCES

The County offers full-time employees vacation and sick leave as compensated absences. In accordance with the provisions of Statement of Governmental Accounting Standards No. 16, "Accounting for Compensated Absences," the vacation pay is accrued and only the portion of the sick pay that is estimated to be paid is accrued. On the government-wide statements vacation and the portion of sick pay that is expected to be paid are accrued and reported as a liability for the governmental activities.

K. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner from current financial resources, are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Bonds and capital leases are recognized as a liability in the governmental fund financial statements when due.

L. BOND PREMIUMS, DISCOUNTS, AND ISSUANCE COSTS

In the government-wide statement of net assets, long-term debt and other long term obligations are reported as liabilities. Bond issuance and loan closing costs are deferred and amortized over the life of the debt instrument using the straight line method. The liability (payable) is reported separately from the associated issue costs.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. FUND EQUITY

In the fund financial sttements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The government-wide statement of net assets reports $4,790,856 of restricted assets and $990,391 as unrestricted.

N. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

GILMER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 2 - DEPOSITS

Deposits - as of December 31, 2011, the carrying amount of the County's deposits for the County and discretely presented component units, was $3,947,642 and $6,945,215 respectively. The amount of the total bank balance is classified into three categories of credit risk: (1) deposits that are insured or collateralized with securities held by the County or by its agent in the County's name, (2) deposits collateralized with securities held by the pledging financial institution's trust department or agent in the County's name and (3) uncollateralized bank accounts. At December 31, 2011, all deposits of the County were adequately insured or collateralized.

The County's deposits are displayed as follows:

Balances per statement of net assets:	Gilmer Co. Government Carrying Amount	Discretely Presented Component Units Carrying Amount	Total
Cash	$ 4,134,687	$ 6,945,215	$ 11,079,902
Investments	-	25,000	25,000
Balances per statement of fiduciary net assets:			
Cash, agency funds	603,132	-	603,132
Total	$ 4,737,819	$ 6,970,215	$ 11,708,034

Statutes require collateral pledged in the amount of 110% of deposits.

Credit risk
State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the United States government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptances; the local investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

Interest rate risk
The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial credit risk - deposits
Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. At December 31, 2011, all deposits of the County were adequately insured or collateralized.

NOTE 3 - RESERVED FUND BALANCES

Major fund reservations are disclosed on the face of the statements. The nonmajor funds have reserved fund balances for the following purposes:

Multiple Grant Fund	$ 15,916
E911	9,495
Total Reserved	$ 25,411

GILMER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 4 - RECEIVABLES

Receivables as of year end for the County's individual major funds and nonmajor governmental funds are as follows:

	General Fund	Debt Service	Other Nonmajor Governmental Funds	Total
Receivables:				
Property Taxes	$ 2,490,619	$ 69,303	$ 54,732	$ 2,614,654
Accounts	1,060,670	-	48,936	1,109,606
Intergovernmental	246,048	337,053	-	583,101
Total Gross Receivables	3,797,337	406,356	103,668	4,307,361
Less: Allowance for Uncollectibles	(622,268)	-	-	(622,268)
Total Net Receivables	$ 3,175,069	$ 406,356	$ 103,668	$ 3,685,093

Intergovernmental receivables are considered fully collectible and are stated at gross amounts receivable. A summary of Intergovernment Receivables within the major funds are as follows:

General Fund:	
Georgia Department of Revenue-LOST	$ 181,370
U.S. Department of the Interior (PILT)	59,084
Flood Control Grant from Federal Government	5,594
Debt Service Fund:	
Georgia Department of Revenue-SPLOST	337,053
	$ 583,101

NOTE 5 - RESTRICTED ASSETS

Cash balances in the following funds are restricted for the following uses:

Capital Projects:	
GO Bond Construction	$ 473,339
GO Bond Debt Service	54,831
2008 Revenue Bond Construction	140
	528,310
Debt Service Fund:	
Bond Debt Service	2,287,797
Nonmajor Funds:	
Emergency Services	9,495
Multiple Grant	15,916
SPLOST 2001	5,317
	30,728
Total Restricted Assets	$ 2,846,835

GILMER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

Primary Government:	Balance 12/31/2010	Reclass	Additions	Balance 12/31/2011
Governmental Activities:				
Non-Depreciable Assets:				
Land	$ 13,669,059	$ -	$ -	$ 13,669,059
Construction in Progress	2,866,750	(1,218,766)	78,633	1,726,617
Total Non-Depreciable Capital Assets	16,535,809	(1,218,766)	78,633	15,395,676
Depreciable Assets:				
Buildings and Improvements	46,970,334	1,198,648	1,714,371	49,883,353
Land Improvements	2,835,730	-	-	2,835,730
Machinery, Equipment and Vehicles	17,075,101	20,118	59,702	17,154,921
Infrastructure	25,482,376	-	21,980	25,504,356
Total Depreciable Capital Assets	92,363,541	1,218,766	1,796,053	95,378,360
Less Accumulated Depreciation				
Buildings and Improvements	(5,804,864)		(1,102,863)	(6,907,727)
Land Improvements	(762,237)		(79,432)	(841,669)
Machinery, Equipment and Vehicles	(10,975,366)		(1,494,829)	(12,470,195)
Infrastructure	(2,705,949)		(630,977)	(3,336,926)
Total Accumulated Depreciation	(20,248,416)	-	(3,308,101)	(23,556,517)
Total Depreciable Capital Assets, Net	72,115,125	1,218,766	(1,512,048)	71,821,843
Governmental Activities Capital Assets, Net	$ 88,650,934	$ -	$ (1,433,415)	$ 87,217,519

Depreciation expense was charged to functions/programs of governmental activities as follows:

Governmental activities:	
General Government	$ 1,119,634
Judicial	4,933
Public Safety	1,079,693
Public Works	816,254
Public Health and Welfare	16,020
Recreation and Culture	128,958
Housing and Development	142,609
Total Depreciation Expense-Governmental Activities	$ 3,308,101

GILMER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 6 - CAPITAL ASSETS (continued)

Discretely Presented Component Units

Ellijay-Gilmer County Water & Sewerage Authority	Balance 12/31/2010	Additions	Retirements	Balance 12/31/2011
Non-Depreciable Assets:				
Land	$ 279,787	$ 12,100	$ -	$ 291,887
Construction in Progress	2,671,937	1,732,140	(4,188,801)	215,276
Total Non-Depreciable Capital Assets	2,951,724	1,744,240	(4,188,801)	507,163
Depreciable Assets:				
Buildings and Improvements	528,751	115,224	-	643,975
Land Improvements	52,075	-	-	52,075
Machinery, Equipment and Vehicles	1,766,290	156,961	-	1,923,251
Infrastructure	42,802,854	5,358,603	-	48,161,457
Total Depreciable Capital Assets	45,149,970	5,630,788	-	50,780,758
Less Accumulated Depreciation				
Buildings and Improvements	(97,975)	(17,723)	-	(115,698)
Land Improvements	(17,808)	(3,472)	-	(21,280)
Machinery, Equipment and Vehicles	(1,470,289)	(126,008)	-	(1,596,297)
Infrastructure	(8,764,796)	(1,003,423)	-	(9,768,219)
Total Accumulated Depreciation	(10,350,868)	(1,150,626)	-	(11,501,494)
Total Depreciable Capital Assets, Net	34,799,102	4,480,162	-	39,279,264
Total Capital Assets, Net	$ 37,750,826	$ 6,224,402	$ (4,188,801)	$ 39,786,427

Gilmer County Dept. of Public Health	Balance 12/31/2010	Additions	Retirements	Balance 12/31/2011
Depreciable Capital Assets:				
Vehicles	$ 17,518	$ -	$ -	$ 17,518
Less Accumulated Depreciation	(9,635)	(3,504)	-	(13,139)
Total Capital Assets, Net	$ 7,883	$ (3,504)	$ -	$ 4,379

NOTE 7 - LONG-TERM DEBT

CAPITAL LEASES

The County has entered into capital leases for various equipment. These leases meet the criteria of a capital lease because they transfer benefits and risks of ownership to the lessee at the end of the lease term. The following is a summary of capital leases payable and related book values of the assets as of December 31, 2011:

Old National Bank Leasing Department, Ambulance, payable on a renewal basis of $22,831 for a maximum lease term of five years including interest at 4.98%. Original balance was $98,900 and matures September 2014. Secured by vehicle.

Asset	Cost	Accum. Depr.	Net Book Value	
Vehicle	$ 97,900	$ 48,950	$ 48,950	$ 62,198

PNC Equipment Finance, road tractor, payable on an annually renewable basis of $11,607 for a maximum lease term of ten years including interest at 5.10%. Original balance was $93,743 and matures in May 2015. Lease is secured by equipment.

Asset	Cost	Accum. Depr.	Net Book Value	
Vehicle	$ 93,743	$ 51,558	$ 42,185	41,064

GILMER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 7 - LONG-TERM DEBT (continued)

Deutsche Bank, ambulance, payable on a renewal basis of $28,832 for a maximum lease term of five years including interest at 5.05%. Original balance was $104,658 and matures April 2012. Lease is secured by vehicle.

Asset	Cost	Accum. Depr.	Net Book Value	
Vehicle	$ 108,903	$ 49,006	$ 59,897	$ 22,686

PNC Equipment Finance, 2008 Ambulance, payable on a renewal basis of $22,747 for a maximum lease term of five years including interest at 3.66%. Original balance was $105,670 and matures March 2012. Secured by vehicle.

Asset	Cost	Accum. Depr.	Net Book Value	
Vehicle	$ 105,670	$ 36,985	$ 68,685	22,692

Ford Motor Credit, 2009 Ford Crown Victoria, payable on a renewal basis of $6,354 for a maximum lease term of three years including interest at 6.85%. Original balance was $23,075 and matures March 2012. Secured by vehicle.

Asset	Cost	Accum. Depr.	Net Book Value	
Vehicle	$ 23,075	$ 12,391	$ 10,684	5,947

Kansas State Bank, (6) 2010 Ford Crown Victorias for the Sheriff's Department, payable on a renewal basis of $56,742 for a maximum lease term of four years including interest at 5.1%. Original balance was $210,974 and matures March 2013. Secured by vehicles.

Asset	Cost	Accum. Depr.	Net Book Value	
Vehicles	$ 210,978	$ 63,292	$ 147,686	104,609
				$ 259,196

Future minimum lease payments for governmental activities are as follows:

	Principal	Interest	Total
2012	$ 131,191	$ 12,922	$ 144,113
2013	84,703	6,477	91,180
2014	32,256	2,182	34,438
2015	11,046	563	11,609
Total	$ 259,196	$ 22,144	$ 281,340

GILMER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 7 - LONG-TERM DEBT (continued)

GENERAL OBLIGATION BONDS

The following is a summary of the outstanding long-term bond issues at December 31, 2011:

Year Issued Purpose	Interest Rate	Interest Due Date	Issue Date	Maturity Date
2007; Capital Improvements Projects	5.00%	4/1; 10/1	3/27/07	4/1/32

Authorized & Issued	Retired	Outstanding
$ 29,210,000	$ 820,000	$ 28,390,000

On March 27, 2007, the County issued general obligation bonds of $30,000,000 to finance the County's Capital Improvement Plan. The original bond issue costs of $716,220 are being amortized over 25 years. Amortization expense for 2011 totaled $26,137 leaving an unamortized balance of $548,879.

Annual debt service requirements to amortize bonds outstanding, as of December 31, 2011 are as follows:

	Principal	Interest	Total
2012	850,000	1,288,750	2,138,750
2013	885,000	1,254,050	2,139,050
2014	925,000	1,213,225	2,138,225
2015	960,000	1,166,100	2,126,100
2016	1,000,000	1,117,100	2,117,100
2017-2021	5,705,000	4,771,875	10,476,875
2022-2026	7,110,000	3,344,697	10,454,697
2027-2031	8,915,000	1,635,453	10,550,453
2032	2,040,000	51,000	2,091,000
Total	$ 28,390,000	$ 15,842,250	$ 44,232,250

2005 REVENUE BONDS

The following is a summary of the outstanding long-term bond issues at December 31, 2011:

Year Issued Purpose	Interest Rate	Interest Due Date	Issue Date	Maturity Date
2005; Courthouse/Library	3.5%; 5.1%	4/1; 10/1	10/12/05	11/1/30

Authorized & Issued	Retired	Outstanding
$ 18,805,000	$ 605,000	$ 18,200,000

On October 12, 2005, the Gilmer County Building Authority issued revenue bonds of $21,435,000 to finance the construction of the Courthouse and Library. The original bond issue costs of $595,132 are being amortized over 25 years. Amortization expense for 2011 totaled $22,261 leaving an unamortized balance of $423,831.

GILMER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 7 - LONG-TERM DEBT (continued)

Even though the debt is in the name of the Gilmer County Building Authority, payment of the bonds is guaranteed by Gilmer County to be paid out of sales tax proceeds and/or property tax levy. Therefore, the debt is shown in the primary government's financial statements as well as the asset.

Annual debt service requirements to amortize bonds outstanding, as of December 31, 2011 are as follows:

	Principal	Interest	Total
2012	630,000	853,438	1,483,438
2013	645,000	829,531	1,474,531
2014	680,000	802,138	1,482,138
2015	705,000	770,975	1,475,975
2016	740,000	739,388	1,479,388
2017-2021	4,195,000	3,174,093	7,369,093
2022-2026	5,315,000	2,389,000	7,704,000
2027-2030	5,290,000	551,463	5,841,463
Total	$ 18,200,000	$ 10,110,026	$ 28,310,026

2008 A & B REVENUE BONDS

The following is a summary of the outstanding long-term bond issues at December 31, 2011:

Year Issued Purpose	Interest Rate	Interest Due Date	Issue Date	Maturity Date
2008; Phase II Courthouse & Parking Const.	5.00%	10/08	10/1/08	10/18/29

Authorized & Issued	Retired	Outstanding
$ 7,255,000	$ 255,000	$ 7,000,000

On October 18, 2008, the County issued revenue bonds of $7,500,000 to finance the completion of Phase II of the Courthouse and adjacent parking areas. The original bond issue costs of $244,222 are being amortized over 21 years. Amortization expense for 2011 totaled $11,854 leaving an unamortized balance of $213,380.

Even though the debt is in the name of the Gilmer County Building Authority, payment of the bonds is guaranteed by Gilmer County to be paid out of sales tax proceeds and/or property tax levy. Therefore, the debt is shown in the primary government's financial statements as well as the asset.

NOTE 7 - LONG-TERM DEBT (continued)

Annual debt service requirements to amortize bonds outstanding, as of December 31, 2011 are as follows:

	Principal	Interest	Total
2012	265,000	308,820	573,820
2013	275,000	298,358	573,358
2014	285,000	287,495	572,495
2015	295,000	269,158	564,158
2016	315,000	255,667	570,667
2017-2021	1,780,000	1,055,996	2,835,996
2022-2026	2,205,000	623,408	2,828,408
2027-2029	1,580,000	112,838	1,692,838
Total	$ 7,000,000	$ 3,211,740	$ 10,211,740

CHANGES IN LONG-TERM DEBT

Changes in long-term obligations consisted of the following for the year ended December 31, 2011:

Governmental Activities:	Balance 12/31/2010	Additions	Retirements	Balance 12/31/2011	Amounts Due In One Year
Capital leases - Equip. & Vehicles	$ 384,250	$ -	$ (124,306)	$ 259,944	$ 123,556
Compensated absences	191,758	-	(13,779)	177,979	-
Landfill costs	544,132	-	(28,896)	515,236	28,896
General obligation bonds	29,210,000	-	(820,000)	28,390,000	850,000
Series 2005 Bonds	18,805,000	-	(605,000)	18,200,000	630,000
Series 2008 A&B Bonds	7,255,000	-	(255,000)	7,000,000	265,000
Total governmental activities	$ 56,390,140	$ -	$ (1,846,981)	$ 54,543,159	$ 1,897,452

All long-term obligations of the County's governmental funds will be financed through future expendable available financial resources as they become due.

The compensated absences liability will be paid from the fund which the employee wages are paid, which is primarily the General Fund. The General Fund has been primarily responsible for liquidating the liability in prior years, when applicable. Landfill costs liability will be paid from the General Fund.

NOTE 8 - SHORT-TERM DEBT

The County issues tax anticipation notes in advance of property tax collections, depositing the proceeds into the General Fund. The notes are necessary because the County does not currently possess sufficient resources to carry it from one tax year to the next.

The short-term debt activity for the year ended December 31, 2011 is as follows:

	Balance 12/31/2010	Issued	Redeemed	Balance 12/31/2011
Tax anticipation notes	$ -	$ 4,000,000	$ (4,000,000)	$ -

Interest paid on the note for the year ended December 31, 2011 was $54,979.

NOTE 9 - CONTINGENT LIABILITIES AND LITIGATION

The County generally follows the practice of recording liabilities resulting from claims and legal actions only when they become fixed or determinable in amount. The County is a part to various legal proceedings, which normally occur, in governmental operations. The results of any litigation, however, contain elements of uncertainty, and liability, if any, which might result from these proceedings, would not, in the opinion of management, have a material adverse effect on the ability of the County to meet its financial obligations.

On April 27, 2006, the County entered into an Intergovernmental Contract with the Ellijay-Gilmer Water and Sewerage Authority to pay required debt service payments for the Authority's Revenue Funding Bonds, Series 2006 should the Authority's Debt Service Account have insufficient funds to make the required payments. The Series 2006 bond proceeds provide funding to redeem the Series 1994 bonds and when redeemed the 1994 Intergovernmental Agreement will terminate.

The following table is the schedule of payments for which the County is contingently liable:

	Principal
2012	278,729
2013	279,763
2014	275,378
2015	255,985
2016	99,825
2017-2021	471,785
2022-2024	283,338
Total	$ 1,944,803

NOTE 10 - LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for five years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as a current operating expenditure in each period based on landfill capacity used as of each balance sheet date.

NOTE 10 - LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS (continued)

As of December 31, 2011, the County has recorded a liability of $515,236, which is recognized in the government-wide financial statements. The landfill, which is closed, reached capacity in prior years.

These amounts are based on what it would cost to perform all closure and post-closure care in 2011. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

NOTE 11 - RETIREMENT BENEFITS

Defined Contribution Pension Plans-

Plan Description: Gilmer County sponsors two Section 457 deferred compensation plans. These plans are named collectively as the Gilmer County Board of Commissioners Retirement Plan (the Plan) and are defined contribution pension plans. The plans are administered by the Hartford Life Insurance Company and AIG-Valic. Changes to plan benefits or contribution levels may be requested by the County but must be approved by the respective administrator. The plans cover all employees upon date of hire. Employees may defer up to the Section 502(g) limit and are 100% vested in such deferral amounts. The County provides a Section 401(a) match of 25% of the employee deferral up to 5% of compensation. Employees are 100% vested in the employer match, also. For the year ending December 31, 2011, covered compensation was $2,469,314, employee deferrals were $87,615 and the County's matching contribution was $22,956.

The County does not meet the criteria in GASB 32 to report the Section 457 Plans; therefore, the Plans are not reported in these financial statements.

NOTE 12 - JOINT VENTURES

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

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RDC as "public agencies and instrumentality's of their members." Georgia laws also provide that the member governments are liable for any debts or obligations of an RDC beyond its resources, (O.C.G.A. 50-8-31.9). Compete financial statements can be obtained at the following address:

North Georgia Regional Development Center
503 West Waugh Street
Dalton, GA 30720

Gilmer County also entered into an agreement creating a multijurisdictional drug task force known as the Zell Miller Mountain Parkway Drug Task Force (ZMPDTF). This task force was established to cover the counties of Fannin, Gilmer, and Pickens. The Board of Directors include the District Attorney, the Sheriff of the three counties and a Georgia State Trooper. Financial information can be obtained by contacting the Pickens County Sheriff's Office.

NOTE 13 RISK MANAGEMENT

Gilmer County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. There were no significant reductions of insurance coverage compared to the prior year. Settled claims have not exceeded the commercial excess coverage in any of the past three fiscal years.

Risk Pools

The County joined the Georgia Interlock Risk Management Agency (GIRMA). The County management, based on anticipated needs, selects insurance coverage and deductible options for property, casualty and crime under the policy. The County is required to pay all premiums, applicable deductibles and assessments billed by GIRMA, as well as following loss reductions and prevention procedures established by GIRMA. GIRMA's responsibility includes paying claims, and representing the County in defense and settlement of claims. GIRMA's basis for estimating the liabilities for unpaid claims in "IBNR" is established by an actuary. The County has not completed a record of the claims paid up to the applicable deductible for the prior year or the current fiscal year. The County is unaware of any claims that the County is liable (up to the applicable deductible) which were outstanding and unpaid at December 31, 2011. No provisions have been made in the financial statements for the twelve months ended December 31, 2011 or any estimate of potential unpaid claims.

The County participates in the Association County Commissioners of Georgia (ACCG) Group Self Insurance Workers' Compensation Fund, a self-insured pool cooperative arrangement among its members to finance workers' compensation coverage. The fund is owned by its members and is managed by a seven member Board of Trustees who are representatives from participating counties.

The ACCG-GSIWCF operates under the authority of O.C.G.A. 34-9-150 et seq. and the Georgia Insurance Commissioner's Office management. The County is required to pay all premiums, applicable deductibles and assessments billed by ACCG, as well as following loss reduction and prevention procedures established by ACCG. ACCG's responsibility includes paying claims, and representing the County in defense and settlement of claims. ACCG's basis for establishing the liabilities for unpaid claims is established by an actuary. The County has not compiled a record of the claims paid up to the applicable deductible for the prior year or the current fiscal year. The County also pays unemployment claims to the state department of labor on a reimbursement basis. Liabilities for such claims are immaterial and are not accrued.

The following is a summary of the claims activity for the ACCG:

Unpaid claims at the beginning of the year, Jan. 1, 2011	$	138,400
Claims made		126,665
Claims paid		(88,486)
Unpaid claims at the end of the year, Dec. 31, 2011	$	176,579

NOTE 14 - HOTEL/MOTEL LODGING TAX

The County has levied a 5% lodging tax. During the twelve months ended December 31, 2011, $277,490 was collected. Per state law, $110,996 of this was required to be spent to promote tourism, conventions and trade shows. The County spent $194,243 for these purposes thereby conforming to the requirements of state law. This represented in excess of 100% of the amount required. Verification was reviewed to ensure that the Chamber made use of such funds in conformity with the requirements of Code Section 48-13-51(a)(3) as modified by House Bill 1433

GILMER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 15 - INTERFUND RECEIVABLE, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2011, is as follows:

	Payable from:			
Payable to:	General Fund	Debt Service	Hotel/ Motel	Total
General Fund	$ -	$ -	$ 16,421	$ 16,421
SPLOST 2003	-	2,041,501	-	2,041,501
Debt Service	1,171,880	-	-	1,171,880
Capital Projects	261,906	1,390,000	-	1,651,906
Total	$ 1,433,786	$ 3,431,501	$ 16,421	$ 4,881,708

Amounts due to the General Fund are primarily for reimbursements for operating purposes.

Interfund transfers during Fiscal Year 2011 were as follows:

	Transfers from:		
Transfers to:	Capital Projects	Hotel/ Motel	Total
General Fund	$ -	$ 63,734	$ 63,734
Debt Service	552,870	-	552,870
Total	$ 552,870	$ 63,734	$ 616,604

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, maintaining debt service on a routine basis, or in accordance with budgetary authorizations.

NOTE 16 - COMPLIANCE

The County's expenditures exceeded the appropriated amounts. This is the result of unexpected expenditures that were funded with revenues exceeding budgeted amounts. For the year ended December 31, 2011, material excesses (greater than $20,000) of expenditures over appropriations at the legal level of control are as follows:

General Fund	Excess
Public Health and Welfare	$ 56,849
Public Safety	$ 453,186
Public Works	$ 63,455
Housing and Development	$ 214,183

The County has issued a Plan of Corrective Action pertaining to this issue of non-compliance.

GILMER COUNTY, GEORGIA
December 31, 2011

REQUIRED

SUPPLEMENTARY

INFORMATION

GILMER COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Tax	$ 8,302,823	$ 8,002,823	$ 8,100,422	$ 97,599
Sales and Use Tax	2,690,000	2,690,000	2,675,561	(14,439)
Other Taxes	1,162,900	1,162,900	1,181,752	18,852
Licenses and Permits	200,000	200,000	142,937	(57,063)
Intergovernmental	91,000	91,000	140,116	49,116
Charges for Services	2,298,561	2,918,561	3,032,367	113,806
Fines and Forfeitures	752,500	752,500	698,626	(53,874)
Contributions & Donations	-	-	115,000	115,000
Investment Earnings	4,000	4,000	3,803	(197)
Miscellaneous	34,800	34,800	182,057	147,257
Total Revenues	15,536,584	15,856,584	16,272,641	416,057
EXPENDITURES				
Current Expenditures				
General Government	2,479,426	3,288,389	2,380,776	907,613
Judicial	2,248,355	2,152,365	2,018,938	133,427
Public Health and Welfare	260,522	260,522	317,371	(56,849)
Public Safety	7,685,337	7,175,606	7,628,792	(453,186)
Public Works	1,707,225	1,783,912	1,847,367	(63,455)
Recreation and Culture	643,292	683,363	666,725	16,638
Housing and Development	268,314	268,314	482,497	(214,183)
Debt Service	244,113	244,113	200,342	43,771
Total Expenditures	15,536,584	15,856,584	15,542,808	313,776
Excess of Revenues Over (Expenditures)	$ -	$ -	$ 729,833	$ 729,833

GILMER COUNTY, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2011

NOTE 1 - BUDGETARY PROCESS

The budgetary data reflected in the financial statements are established and adopted by the County Commission and are based on prior year actual results and estimated current needs. Any change to original budgeted items must be approved by the County Commission. Details of budgeted items extend to individual revenue and expenditure accounts. Annual budgets have been legally adopted for the General Fund, Special Revenue Funds and Capital Project Funds. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles, and on the same basis of accounting used by each fund to which the budget applies.

On or before August 15 of the preceding year, all departments of the government submit requests for appropriations to the government's manager so that a budget may be prepared. Before September 1 the proposed budget is presented to the government's Commissioner for review. The County Commission holds a public hearing and a final budget must be prepared and adopted no later than December 31.

All appropriations lapse at year-end. The level on which expenditures may not legally exceed budgeted appropriations is at the department level.

GILMER COUNTY, GEORGIA
December 31, 2011

SUPPLEMENTAL

INFORMATION

COMBINING STATEMENTS

AND

SCHEDULES

GILMER COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2011

	SPLOST 2001	Multiple Grant Fund	E911 Fund	Hotel/ Motel Tax	TOTAL
ASSETS					
Receivables, net of Allowance					
Taxes	$ -	$ -	$ -	$ 54,732	$ 54,732
Accounts	-	-	48,936	-	48,936
Restricted Cash	5,317	15,916	35,384	-	56,617
TOTAL ASSETS	$ 5,317	$ 15,916	$ 84,320	$ 54,732	$ 160,285
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	$ -	$ -	$ 74,825	$ -	$ 74,825
Due to Other Funds	-	-	-	16,420	16,420
Intergovernmental Payable	-	-	-	38,312	38,312
Total Liabilities	-	-	74,825	54,732	129,557
Fund Balances					
Reserved	5,317	15,916	9,495	-	30,728
Total Fund Balances	5,317	15,916	9,495	-	30,728
Total Liabilities and Fund Balances	$ 5,317	$ 15,916	$ 84,320	$ 54,732	$ 160,285

GILMER COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2011

	SPLOST 2001	Multiple Grant Fund	E911 Fund	Hotel/ Motel Tax	TOTAL
REVENUES					
Taxes	$ -	$ -	$ -	$277,490	$ 277,490
Intergovernmental	-	5,054	-	-	5,054
Charges for Services	-	-	374,419	-	374,419
Investment Earnings	16	49	45	-	110
Total Revenues	16	5,103	374,464	277,490	657,073
EXPENDITURES					
Current					
Public Safety	-	-	394,768		394,768
Housing and Development	-	5,320	-	166,494	171,814
Total Expenditures	-	5,320	394,768	166,494	566,582
Excess (deficiency) of Revenues Over Expenditures	16	(217)	(20,304)	110,996	90,491
OTHER FINANCING SOURCES					
Transfers (out).	-	-	-	(110,996)	(110,996)
Net Change in Fund Balances	16	(217)	(20,304)	-	(20,505)
FUND BALANCES, Beginning	5,301	16,133	29,799	-	51,233
FUND BALANCES, Ending	$ 5,317	$ 15,916	$ 9,495	$ -	$ 30,728

GILMER COUNTY, GEORGIA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
December 31, 2011

	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court	Sheriff	Total
ASSETS						
Cash	$ 257,321	$ 262,755	$ 53,340	$ 18,926	$ 10,790	$ 603,132
Taxes Receivable	8,794,994	-	-	-	-	8,794,994
Total Assets	$ 9,052,315	$ 262,755	$ 53,340	$ 18,926	$ 10,790	$ 9,398,126
LIABILITIES						
Due to Others	$ 9,052,315	$ 262,755	$ 53,340	$ 18,926	$ 10,790	$ 9,398,126
Net Assets	$ -	$ -	$ -	$ -	$ -	$ -

GILMER COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
December 31, 2011

	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court	Sheriff	Total
ASSETS						
Cash, Balance December 31, 2010	$ 238,211	$ 315,757	$ 331,094	$ 31,523	$ 14,809	$ 931,394
Additions	30,743,548	996,607	270,866	243,170	466,489	32,720,680
Deletions	(30,724,438)	(1,049,609)	(548,620)	(255,767)	(470,508)	(33,048,942)
Cash, Balance December 31, 2011	257,321	262,755	53,340	18,926	10,790	603,132
Taxes Receivable, December 31, 2010	8,934,261	-	-	-	-	8,934,261
Additions	26,412,259	-	-	-	-	26,412,259
Deletions	(26,551,526)	-	-	-	-	(26,551,526)
Taxes Receivable, December 31, 2011	8,794,994	-	-	-	-	8,794,994
Total Assets	$ 9,052,315	$ 262,755	$ 53,340	$ 18,926	$ 10,790	$ 9,398,126
LIABILITIES						
Due to Others, December 31, 2010	$ 9,172,472	$ 315,757	$ 331,094	$ 31,523	$ 14,809	$ 9,865,655
Additions	57,155,807	996,607	270,866	243,170	466,489	59,132,939
Deletions	(57,275,964)	(1,049,609)	(548,620)	(255,767)	(470,508)	(59,600,468)
Due to Others, December 31, 2011	9,052,315	262,755	53,340	18,926	10,790	9,398,126
Total Liabilities	$ 9,052,315	$ 262,755	$ 53,340	$ 18,926	$ 10,790	$ 9,398,126

GILMER COUNTY, GEORGIA
December 31, 2011

ADDITIONAL SUPPLEMENTARY INFORMATION

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MEMBER
GEORGIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

May 16, 2012

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

Honorable Chairman and
Members of the Board of Commissioners
Gilmer County, Georgia

I have audited the accompanying Schedules of Projects Constructed with Special Purpose Local Option Sales Tax for Gilmer County, Georgia for the year ended December 31, 2011. These schedules are the responsibility of Gilmer County, Georgia's management. My responsibility is to express an opinion on the Schedules of Projects Constructed with Special Purpose Local Option Sales Tax based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the Schedules of Projects Constructed with Special Purpose Local Option Sales Tax are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules of Projects Constructed with Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedules of Projects Constructed with Special Purpose Local Option Sales Tax. I believe that my audit provides a reasonable basis for my opinion.

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

In my opinion, the Schedules of Projects Constructed with Special Purpose Local Option Sales Tax referred to above present fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project in Gilmer County, Georgia's resolution or ordinance calling for the tax for the year ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

Wayne Bowen

Certified Public Accountant

GILMER COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the year ended December 31, 2011

	Estimated Cost		Expenditures			Estimated % of
	Original	Current	Prior Years	Current Years	Total	Completion
SPLOST 2001						
Roads and bridge improvements	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ -	$ 5,000,000	100.00%
Landfill/solid waste	1,500,000	1,500,000	1,417,882	-	1,417,882	94.53%
Total SPLOST 2001	$ 6,500,000	$ 6,500,000	$ 6,417,882	$ -	$ 6,417,882	
SPLOST 2003						
New courthouse and library	$ 8,000,000	$21,974,958	$ 29,712,404	$ -	$ 29,712,404	100.00%
Roads and bridge improvements	6,600,000	6,600,000	5,253,680	-	5,253,680	79.60%
Landfill/solid waste	5,400,000	5,400,000	192,852	-	192,852	3.57%
Total SPLOST 2003	$20,000,000	$33,974,958	$ 35,158,936	$ -	$ 35,158,936	
SPLOST 2009						
Debt Service - Series 2005 A Bonds, B Bonds and Series 2007 Bonds	$24,315,180	$24,315,180	$ 5,819,542	$4,195,720	$ 10,015,262	41.19%
Roads and bridge improvements	6,966,370	6,966,370	157,191	-	157,191	2.26%
Parks and recreation improvemen	300,000	300,000	50,118	-	50,118	16.71%
Contractual payments:						
City of Ellijay	2,363,550	2,363,550	536,634	245,332	781,966	33.08%
City of East Ellijay	1,054,900	1,054,900	239,511	109,497	349,008	33.08%
Total SPLOST 2009	$35,000,000	$35,000,000	$ 6,802,996	$4,550,549	$ 11,353,545	

Note A: The SPLOST schedule has been prepared on the modified accrual basis of accounting

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May 16, 2012

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*

Honorable Chairman and
Members of the Board of Commissioners
Gilmer County, Georgia

I have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Gilmer County, Georgia as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements, and have issued my report thereon dated May 16, 2012. My report includes a reference to other auditors. I conducted my 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 Gilmer County Health Department and the Ellijay-Gilmer County Water and Sewerage Authority, as described in my report on Gilmer County's financial statements. This report includes my consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control over Financial Reporting

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

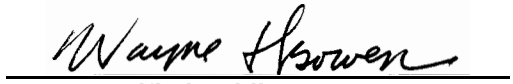
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I and the other auditors did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, I and the other auditors identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies in internal control over financial reporting (2011-1 and 2011-2). A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gilmer County, Georgia's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 Responses as items (2011-1 and 2011-2).*

Gilmer County's response to the findings identified in my audit are described in the accompanying schedule of findings and responses. I did not audit Gilmer County's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of management, the Honorable Chairman and Members of the Board of Commissioners and others within the organization, federal awarding agencies and pass-thru entities and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountant

Internal Control

Finding: 2011-1 Lack of Segregation of Duties in Various Departments (Sheriff, Tax Commissioner, Clerk of Court, Magistrate Judge, and Probate Judge) ***Repeat finding from prior year.***

Criteria: Segregation of employee's duties is a common practice in an effective internal control structure. Policies should be in place requiring the segregation of duties involving cash receipts, cash disbursements, payroll, general ledger and bank reconciliation.

Condition/Context: During the course of the audit, I noted many of the critical duties are combined and given to the available employees.

Effect: Without some segregation of duties within these functions, there is increased exposure that someone could intentionally or unintentionally misappropriate assets of the County.

Cause: The limited number of employees working in the office and the resulting overlapping of duties causes segregation of duties to be difficult.

Recommendation: To the extent possible, duties should be segregated to maintain the best control system possible. I feel segregation of duties could be improved if different employees performed the separate duties of processing cash receipts and cash disbursements, and maintaining the general ledger. In situations where additional personnel are not available, an effort should be made to divide the duties of the available personnel in such a manner as to achieve the greatest possible segregation of duties. When these suggestions are implemented, the County's system of internal control will be enhanced, so that the risk of employee misappropriation of assets is reduced.

Response: The lack of segregation of duties is a recurring item that, due to the limited number of employees in the elected officials' offices, is difficult to correct. The Board of Commissioners will continue to encourage these offices to establish and maintain adequate internal controls over accounting procedures. Management will continue close involvement with the County's finances to aid in maintaining adequate internal controls.

Finding: 2011-2 Timely Reconciliation of Bank Statements (Probate Judge)

Criteria: The County maintains significant amounts of cash. An important part of the internal control structure over cash includes ensuring all cash accounts are recorded in the general ledger and reconciling all cash accounts to the appropriate bank statement at the end of each month.

Condition/Context: The bank accounts for the County Probate Judge were not reconciled on a timely basis. The lack of preparation and review of the reconciliation in a timely manner increases the risk of exposure to misappropriation of assets.

Effect: The lack of reconciliations being prepared, or prepared on a timely basis, increases the risk of misappropriation of assets.

Cause: The County did not perform reconciliations of certain accounts within a timely basis.

Recommendation: I recommend that the County ensure that reconciliations are performed monthly for all bank accounts and that these reconciliations be reviewed by a knowledgeable individual other than the preparer.

Response: In the future management will make every effort to have all accounts reconciled every month and have them reviewed and signed off by someone other than the preparer.