HABERSHAM COUNTY, GEORGIA

Annual Financial Report

For the fiscal year ended June 30, 2010

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HABERSHAM COUNTY, GEORGIA
FINANCIAL REPORT
For the fiscal year ended June 30, 2010

TABLE OF CONTENTS

		Page(s)
INTRODUCTORY SECTION:		
	Table of Contents	**i-vi**
FINANCIAL SECTION:		
	Independent Auditor's Report	**1-2**
	Management's Discussion and Analysis	**3-13**
BASIC FINANCIAL STATEMENTS		
Exhibit		
	Government-wide Statements	
A-1	Statement of Net Assets	**14-15**
A-2	Statement of Activities	**16**
	Fund Financial Statements	
A-3	Balance Sheet – Governmental Funds	**17**
A-4	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	**18**
A-5	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	**19**
A-6	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	**20**
A-7	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) to Actual – General Fund	**21-22**
A-8	Statement of Net Assets – Proprietary Funds	**23**
A-9	Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	**24**
A-10	Statement of Cash Flows – Proprietary Funds	**25**
A-11	Statement of Fiduciary Assets and Liabilities – Fiduciary Funds	**26**

Table of Contents, continued

BASIC FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

Exhibit		Page(s)
A-12	Combining Statement of Net Assets – Component Units	**27**
A-13	Combining Statement of Activities – Component Units	**28**
A-14	**Notes to the Financial Statements**	**29-62**

Item #		Page #
1.	Description of Government Unit	**29**
2.	Summary of Significant Accounting Policies	**29-41**
3.	Deposit and Investment Risk	**41-43**
4.	Accounts Receivable	**43**
5.	Intergovernmental Receivables	**44**
6.	Property Taxes	**44**
7.	Interfund Receivables and Payables	**45**
8.	Interfund Transfers	**46**
9.	Capital Assets	**47-49**
10.	Capital and Operating Lease Agreements	**50**
11.	Long-Term Debt	**51-52**
12.	Landfill Post-Closure Care Costs	**53**
13.	Designated Equity Balances	**53**
14.	Reserved Equity Balances	**54**
15.	Changes in Beginning Balances	**54**
16.	Pension Plan	**55-58**
17.	Deferred Compensation Plan	**59**
18.	Hotel/Motel Lodging Tax	**60**
19.	Joint Ventures	**60**
20.	Risk Financing Activities	**60-61**
21.	Commitments and Contingencies	**61-62**
22.	Excess of Expenditures over Appropriations in Individual Governmental Funds for which Budgets are Adopted	**62**

Table of Contents, continued

SUPPLEMENTARY INFORMATION (continued)

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Exhibit		Page (s)
B-1	Combining Balance Sheet – Nonmajor Governmental Funds	**63-64**
B-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	**65-66**
	GENERAL FUND	
C-1	Comparative Balance Sheets	**67**
C-2	Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	**68**
C-3	Schedule of Revenues – Budget (GAAP Basis) and Actual	**69**
C-4	Schedule of Expenditures – Budget (GAAP Basis) and Actual	**70-76**
	SPECIAL REVENUE FUNDS	
D-1	Jail Special Revenue Fund Comparative Balance Sheets	**77**
D-2	Jail Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual	**78**
D-3	Emergency 911 Special Revenue Fund Comparative Balance Sheets	**79**
D-4	Emergency 911 Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual	**80**
D-5	Hotel/Motel Tax Special Revenue Fund Comparative Balance Sheets	**81**
D-6	Hotel/Motel Tax Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual	**82**
D-7	Law Library Special Revenue Fund Comparative Balance Sheets	**83**
D-8	Law Library Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual	**84**
D-9	Drug Abuse Treatment Special Revenue Fund Comparative Balance Sheets	**85**
D-10	Drug Abuse Treatment Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual	**86**

Table of Contents, continued

SUPPLEMENTARY INFORMATION (continued)

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (continued)

Exhibit		Page (s)
	SPECIAL REVENUE FUNDS (continued)	
D-11	Inmate Welfare Special Revenue Fund Comparative Balance Sheets	**87**
D-12	Inmate Welfare Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual	**88**
	CAPITAL PROJECTS FUND	
E-1	Special Purpose Local Option Sales Tax #2 Capital Projects Fund Comparative Balance Sheets	**89**
E-2	Special Purpose Local Option Sales Tax #2 Capital Projects Fund Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	**90**
E-3	Special Purpose Local Option Sales Tax #3 Capital Projects Fund Comparative Balance Sheets	**91**
E-4	Special Purpose Local Option Sales Tax #3 Capital Projects Fund Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	**92**
E-5	Special Purpose Local Option Sales Tax #4 Capital Projects Fund Comparative Balance Sheets	**93**
E-6	Special Purpose Local Option Sales Tax #4 Capital Projects Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	**94**
E-7	Special Purpose Local Option Sales Tax #5 Capital Projects Fund Comparative Balance Sheets	**95**
E-8	Special Purpose Local Option Sales Tax #5 Capital Projects Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	**96**
E-9	Capital Improvements Capital Projects Fund Comparative Balance Sheets	**97**
E-10	Capital Improvements Capital Projects Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	**98**

Table of Contents, continued

SUPPLEMENTARY INFORMATION (continued)

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (continued)

Exhibit		Page (s)
	ENTERPRISE FUNDS	
F-1	Water and Sewer Enterprise Fund Comparative Statements of Net Assets	**99**
F-2	Water and Sewer Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Assets	**100**
F-3	Water and Sewer Enterprise Fund Comparative Statements of Cash Flows	**101**
F-4	Landfill Enterprise Fund Comparative Statements of Net Assets	**102**
F-5	Landfill Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Assets	**103**
F-6	Landfill Enterprise Fund Comparative Statements of Cash Flows	**104-105**
F-7	Transit Enterprise Fund Comparative Statements of Net Assets	**106**
F-8	Transit Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Assets	**107**
F-9	Transit Enterprise Fund Comparative Statements of Cash Flows	**108**
	AGENCY FUNDS	
G-1	Combining Balance Sheet	**109-110**
G-2	Statement of Changes in Assets and Liabilities	**111**
	COMPONENT UNITS	
H-1	Mountain Judicial Circuit NCIS Team Comparative Balance Sheets	**112**
H-2	Mountain Judicial Circuit NCIS Team Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual	**113**
H-3	Habersham County Development Authority Comparative Balance Sheets	**114**
H-4	Habersham County Development Authority Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	**115**

Table of Contents, continued

SUPPLEMENTARY INFORMATION (continued)

OTHER REPORTING SECTION

Exhibit		Page (s)
	OTHER SUPPLEMENTARY INFORMATION	
I-1	Officials of Habersham County	**116**
I-2	Organizational Structure	**117**
I-3	Schedule of Salaries for Elected and Appointed County Officials	**118**
	SINGLE AUDIT SECTION	
	Independent Auditor's 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*	**119-120**
	Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	**121-122**
J-1	Schedule of Expenditures of Federal Awards	**123-124**
J-2	Notes to the Schedule of Expenditures of Federal Awards	**125**
J-3	Schedule of Findings and Questioned Costs	**126-136**
	STATE REPORTING SECTION	
K-1	Schedule of Projects Financed with Special Purpose Local Option Sales Tax	**137-138**

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Habersham County, Georgia, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Habersham County, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Habersham County Health Department, a component unit of Habersham County, Georgia, which represent 8.0 percent, 9.9 percent, and 74.0 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinions on the financial statements, insofar as they relate to the amounts included for the Habersham County Health Department, are based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Habersham County, Georgia, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2010, on our consideration of Habersham County, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Habersham County, Georgia's financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, the statistical section and the state reporting section with the special purpose local option sales tax report are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards and the state reporting section with the special purpose local option sales tax report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Rushton & Company

Certified Public Accountants

Gainesville, Georgia
November 16, 2010

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HABERSHAM COUNTY

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Habersham County, it is our pleasure to present this narrative discussion and analysis of Habersham County's financial performance, making available an overview of the activities for the fiscal year ended June 30, 2010. This report is drafted annually to provide readers of financial statements with information that will help them make timely and meaningful financial decisions or draw conclusions about Habersham County. As required by the Governmental Accounting Standards Board (GASB) Statement No. 34, this discussion and analysis affords comparisons with the previous fiscal year.

Financial Highlights

- Habersham County's assets exceeded its liabilities at June 30, 2010, by $66,998,238 (*net assets*). Of this amount, $3,189,968 (*unrestricted net assets*) may be used to meet the County's ongoing obligations. This is a decrease of approximately $921,183 or 1% under the previous fiscal year. Unrestricted net assets decreased by $357,245 or 10%.

- As of June 30, 2010, Habersham County's governmental funds reported combined ending fund balances of $19,800,605. Approximately 98% of this total amount or $19,448,966 is available for spending as unreserved, undesignated fund balance.

More detailed information regarding these activities and funds begins on page 14.

Overview of the Financial Statements

This discussion and analysis narrative is intended to serve as an introduction to Habersham County's basic financial statements. Habersham County's basic financial statements are composed of three elements: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains required supplementary information in addition to our basic financial statements.

Government-wide Financial Statements (Reporting the County as a whole). The focus of the government-wide financial statements is on the overall financial position and activities of Habersham County and is designed to provide a broad overview of the County's financial activities in a manner similar to a private business enterprise.

The County's government-wide financial statements include the Statement of Net Assets and the Statement of Activities. These two statements report information about Habersham County using the accrual basis of accounting, which is similar to the accounting used by non-public businesses. All of the current year's

revenues and expenses are taken into account regardless of when cash is received or paid.

The purpose of the ***Statement of Net Assets*** (pages 14-15) is to report all of the assets held and liabilities owed by the County. The County reports all of its assets when it acquires ownership over the assets and reports all of its liabilities when they are incurred. The difference between the total assets and total liabilities is labeled *net assets*. While the purpose of County Government is not to accumulate net assets, as this amount increases it can indicate the strength of the County's financial position as a whole. When this amount decreases it can indicate a weakening of the County's financial position.

The ***Statement of Activities*** (page 16) presents the revenues and expenses of the County. Under the accrual basis of accounting, revenues are recognized when earned and expenses when incurred in this statement. Thus, revenues are reported even when they may not be collected for several weeks after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period. The difference is described as *change in net assets*. The Statement of Activities primary focus is on the *net cost* of various activities provided by the County and identifies the extent to which each function of the County draws from general revenues or is self-financing through user fees, special revenues, grants, or other sources.

In the Statement of Net Assets and the Statement of Activities, we divide Habersham County into three types of activities:

- ***Governmental activities*** – Most of the County's basic services are reported under this category which includes: judicial, public safety, public works, and general administration. Taxes such as: real property, sales, insurance premium and intangible finance most of these services.

- ***Business-type or Enterprise activities*** – The County charges fees to customers to assist in recovering the cost for providing certain services. The County's water services, solid waste tipping fees and transit system fees are reported in this category.

- ***Discretely Presented Component Units*** – A component unit is a legally separate organization for which the elected officials of the County can be financially accountable. The Northeast Georgia Drug Task Force, the Habersham County Development Authority, and the Habersham County Health Department, although legally separate, function for all practical purposes as departments of Habersham County and have been included as an integral part of the primary government.

The County's government-wide financial statements are presented on pages 14-16.

Fund Financial Statements (Reporting the County's Major Funds).
The focus of fund financial statements is directed at specific activities of the County and its most significant funds, not the County as a whole. A fund is an entity with a self-balancing set of accounts that the County uses to track specific resources and

expenditures, either for management purposes or because of legal mandates. In addition to the major funds, individual fund data for the County's non-major funds can be found beginning on page 63. The County's funds are divided into three broad categories: governmental; proprietary; and fiduciary. They use different prescribed accounting methodologies.

- ***Governmental Funds*** – These funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on the short-term view of the County's general government operations and the basic services it provides. Governmental funds are reported using an accounting method called modified accrual, which measures cash and all other financial assets that can readily be converted to cash.

  Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements and because of the different accounting methods used to prepare them, there are often significant differences between the totals presented in these financial statements. It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By so doing, readers may better understand the long-term impact of the government's near-term financing decisions. An analysis of the balance sheet and the statement of revenues, expenditures, and changes in fund balances that reconciles the two statements are provided following each statement.

  Habersham County maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, SPLOST #4 Capital Projects Fund, and SPLOST #5 Capital Projects Fund, which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 63-66 of this report.

  Habersham County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been included for the General Fund to show the final result of actual revenues & expenditures as compared to the initial projections.

  The County's basic governmental fund financial statements are presented on pages 17-22 of this report.

- ***Proprietary Funds*** – When the County charges customers for the services it provides, whether to outside customers or internally to departments of the County, these services are generally reported in proprietary funds. These proprietary funds are prepared using the same accounting basis as the government-wide financial statements.

Enterprise fund statements report the same functions presented in the business-type activities columns of the government-wide financial statements. Habersham County uses enterprise funds to account for its Water, Solid Waste and Transit functions.

The County's proprietary fund financial statements are presented on pages 23-25.

- ***Fiduciary Funds –*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs and services. The accounting used for fiduciary funds is similar to that used for proprietary funds.

  Fiduciary funds are presented in the fund financial statements but are not reported in the government-wide financial statements.

  The fiduciary fund financial statements are presented on page 26.

Notes to the financial statements.
The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-62 of this report.

Other Supplementary Information.
Other supplementary information includes combining financial statements for non-major governmental, proprietary, and fiduciary funds. These funds are added together by fund type and presented in single columns in the basic financial statements but are not reported individually, as with major funds, on the government-wide financial statements.

This report includes two schedules (pages 18 and 20) which reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting). The following summarizes the impact of transitioning from modified accrual to accrual accounting:

- Capital assets used in governmental activities on the government-wide statements are not reported on fund financial statements.

- Certain tax revenues that are earned, but not available, are reported as revenue on the government-wide statement but as deferred revenue on the fund statements.

- Unless due and payable, long-term liabilities, such as lease obligations, compensated absences, bonds and notes payable, and others only appear as liabilities in the government-wide statements.

- Capital outlay spending results in capital assets on the government-wide statements but is reported as expenditures on the governmental fund financial statements.

- Certain other outflows represent either increases or decreases in liabilities on the government-wide statements but are reported as expenditures on the governmental fund financial statements.

Overview of the County's Financial Position and Operations

The County's overall financial position and operations for this fiscal year is summarized as follows based on the information included in the government-wide financial statements (see pages 14-16):

Habersham County
Net Assets (Financial Position)
Fiscal Year 2009 and 2010

	Governmental Activities		Business-Type Activities		Total	
	2009	2010	2009	2010	2009	2010
Current assets	$ 17,373,888	$ 21,072,342	$ 6,164,736	$ 2,455,449	$ 23,538,624	$ 23,527,791
Capital assets	35,550,176	34,408,780	15,296,553	14,781,568	50,846,729	49,190,348
Other noncurrent assets	0	32,574	0	0	0	32,574
Total assets	52,924,064	55,513,696	21,461,289	17,237,017	74,385,353	72,750,713
Current liabilities	2,189,556	1,913,213	801,620	253,631	2,991,176	2,166,844
Noncurrent liabilities	209,407	413,025	3,265,349	3,172,606	3,474,756	3,585,631
Total liabilities	2,398,963	2,326,238	4,066,969	3,426,237	6,465,932	5,752,475
Net assets:						
Invested in capital assets, net of related debt	34,794,134	33,665,222	14,887,424	14,501,066	49,681,558	48,166,288
Restricted	10,252,100	14,513,896	4,438,550	1,128,086	14,690,650	15,641,982
Unrestricted	5,478,867	5,008,340	(1,931,654)	(1,818,372)	3,547,213	3,189,968
Total net assets	$ 50,525,101	$ 53,187,458	$ 17,394,320	$ 13,810,780	$ 67,919,421	$ 66,998,238

Net assets may serve over time as a useful indicator of a government's financial position. Assets for Habersham County exceeded liabilities by $66,998,238 at the close of the fiscal year 2010.

Approximately 72% of Habersham County's net assets are reflected in its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related debt outstanding that was needed to construct or acquire them. This is down 1% from 73% at June 30, 2009. The County uses capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets comprise 23%. This amount represents resources that are subject to external restrictions or enabling legislation on how they may be used.

The remaining balance of unrestricted net assets, 5%, may be used to meet the County's ongoing obligations to citizens and creditors.

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how Habersham County's net assets changed during the fiscal year.

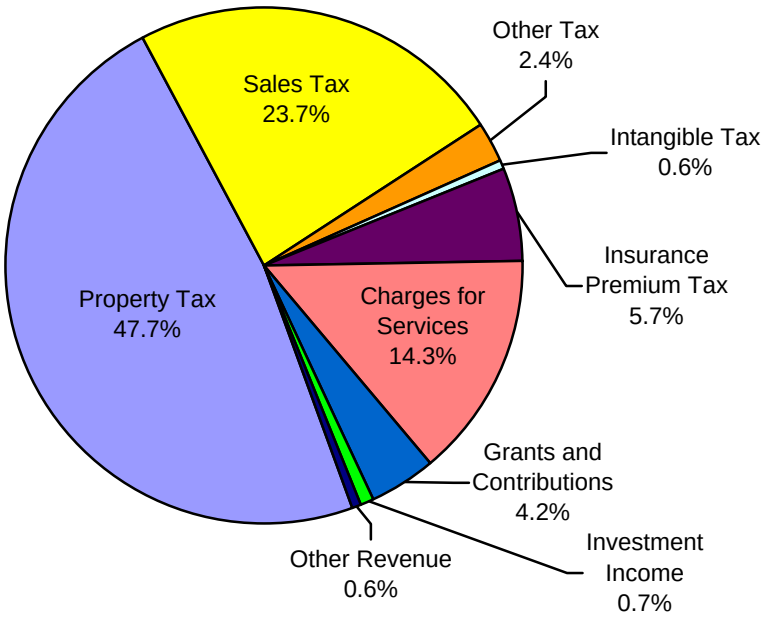
Habersham County
Changes in Net Assets
For the Fiscal Years 2009 and 2010

	Governmental Activities		Business-Type Activities		Totals	
	2009	2010	2009	2010	2009	2010
Revenues						
Program revenues:						
Charges for services	$ 3,279,384	$ 3,221,957	$ 1,458,030	$ 1,628,977	$ 4,737,414	$ 4,850,934
Operating grants and contributions	559,299	607,457	34,414	26,037	593,713	633,494
Capital grants and contributions	393,833	333,316	0	0	393,833	333,316
General revenues:						
Property taxes	10,833,579	10,721,699	0	0	10,833,579	10,721,699
Sales	5,009,262	5,319,551	0	0	5,009,262	5,319,551
Intangible	189,689	133,653	0	0	189,689	133,653
Insurance Premium	1,309,587	1,290,809	0	0	1,309,587	1,290,809
Interest & Investment Earnings	254,199	161,684	36,365	5,640	290,564	167,324
Other taxes	620,181	547,158	0	0	620,181	547,158
Other revenue	79,686	131,306	1,271	42,831	80,957	174,137
Total revenues	22,528,699	22,468,590	1,530,080	1,703,485	24,058,779	24,172,075
Expenses						
General government	4,239,489	4,486,780	0	0	4,239,489	4,486,780
Judicial	2,366,722	2,277,521	0	0	2,366,722	2,277,521
Public Safety	8,674,488	8,097,031	0	0	8,674,488	8,097,031
Public Works	4,088,504	5,219,324	0	0	4,088,504	5,219,324
Health and Welfare	499,814	482,110	0	0	499,814	482,110
Culture and Recreation	1,544,174	1,513,391	0	0	1,544,174	1,513,391
Housing and Development	1,119,318	863,511	0	0	1,119,318	863,511
Interest on long-term debt	48,144	33,472	0	0	48,144	33,472
Water and Sewer	0	0	509,088	583,795	509,088	583,795
Landfill	0	0	1,527,022	1,483,761	1,527,022	1,483,761
Transit	0	0	51,179	52,562	51,179	52,562
Total expenses	22,580,653	22,973,140	2,087,289	2,120,118	24,667,942	25,093,258
Increase (decrease) in net assets before transfers	(51,954)	(504,550)	(557,209)	(416,633)	(609,163)	(921,183)
Transfers	76,528	3,166,907	(76,528)	(3,166,907)	0	0
Increase (decrease) in net assets	24,574	2,662,357	(633,737)	(3,583,540)	(609,163)	(921,183)
Net assets - beginning (original)	50,456,021	50,525,101	18,028,057	17,394,320	68,484,078	67,919,421
Prior period adjustment	0	0	0	0	0	0
Net assets - beginning (restated)	50,500,527	50,525,101	18,028,057	17,394,320	68,528,584	67,919,421
Net assets - ending	$ 50,525,101	$ 53,187,458	$ 17,394,320	$ 13,810,780	$ 67,919,421	$ 66,998,238

Governmental Activities –

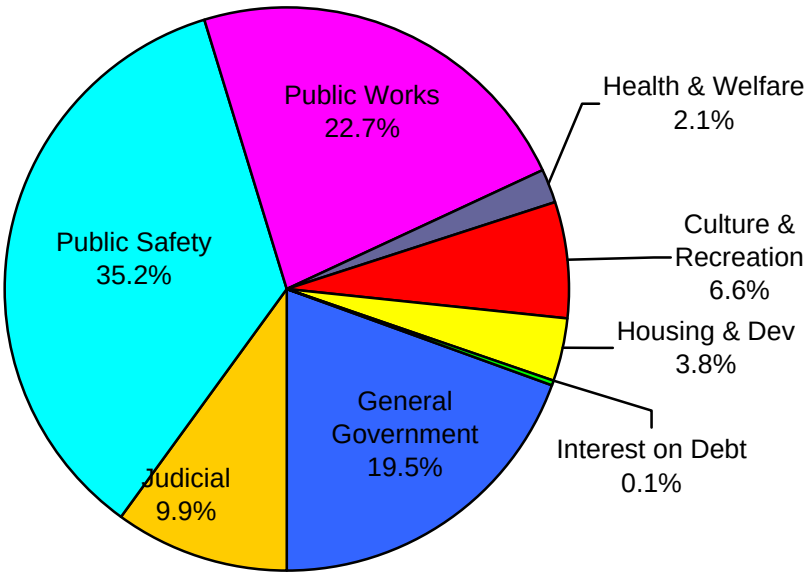
The following chart illustrates revenues of the governmental activities for the fiscal year:

Revenues by Source– Governmental Activities
Fiscal Year Ending June 30, 2010



The following chart illustrates the expenses of the governmental activities for the fiscal year:

Expenditures – Governmental Activities
Fiscal Year Ending June 30, 2010



Business-Type Activities –

Business-type activities decreased Habersham County's net assets.

Financial Analysis of the County's Funds

Habersham County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The main focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of unrestricted resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

1) As the County completed this fiscal year, its governmental funds reported a combined ending fund balance of $19,800,605. Of this amount, $19,448,966 (98%) constitutes unreserved, undesignated fund balance, which is available for appropriation for the general purposes of the funds. $5,232,455 of this unreserved, undesignated fund balance belongs to the General Fund.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund was $5,232,455 while total fund balance reached $5,275,584. As a measure of the General Fund's liquidity, it is useful to compare both unreserved, undesignated fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents approximately 33% of total General Fund expenditures, while total fund balance represents approximately 34% of that same amount. The County ended the fiscal year by decreasing the overall fund balance in the General Fund by just over $310,000 or approximately 6%. The County increased unreserved, undesignated fund balance in the General Fund by 299,635 or 6%. The Habersham County Policy on fund balance calls for a minimum of 17% unreserved, undesignated fund balance to be retained.

General Fund Budget Highlights.

The original budget for the General Fund was amended several times reflecting grant awards, reimbursements, insurance claims, as well as unanticipated revenues and expenditures. The Board of Commissioners also approved interdepartmental transfers and transfers from the contingency/reserve for emergencies line item.

Overall the General Fund expenditures totaled approximately $589,315 under the final amended budget projections. Revenues exceeded expenditures in the General Fund by $228,308 or 1.5% for the year.

It is anticipated that the General Fund budget for fiscal year 2011 may be increased more than the increase for fiscal year 2010. No portion of the fund balance in the General Fund is budgeted for use in FY2011. Current General

Fund revenues are meeting estimates for FY2011 and the General Fund balance is expected to continue to grow at a rate consistent with the increase in expenditures.

Proprietary Funds. Habersham County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the County's three proprietary funds totaled as follows:

- Water and Sewer $ 22,489
- Solid Waste $ (1,873,199)
- Transit Fund $ 32,338

The Solid Waste Fund increased unrestricted net assets by approximately $156,364. The increase is a result of the completion of large scale capital improvements and expansion as well as increased rates for tip fees. Postclosure care liability as of June 30, 2010 is $3,021,279 versus $2,983,296 as of the end of fiscal year 2009. This is an increase of $37,983 or 1.3%. The Water and Sewer Fund has combined unrestricted and restricted net assets of approximately $1,150,575. $1,128,086 of this balance consists of proceeds from SPLOST 4 and SPLOST 5 and is restricted to capital improvements.

Capital Assets and Debt Administration

Capital Assets. Habersham County has invested $49,190,348 in capital assets (net of accumulated depreciation) compared to $50,846,729 in the previous fiscal year. This represents a decrease of 3.3%. Approximately 70% of this investment is related to governmental activities and includes infrastructure, land, buildings, and machinery and equipment.

Capital assets held by the County at the end of the fiscal year are summarized as follows:

Habersham County
Capital Assets (net of accumulated depreciation)
Fiscal Years 2009 and 2010

	Governmental Activities		Business-Type Activities		Totals	
	2009	2010	2009	2010	2009	2010
Land	$ 5,079,537	$ 5,337,697	$ 665,702	$ 665,702	$ 5,745,239	$ 6,003,399
Land improvements	2,632,866	3,092,512	5,348,705	7,629,604	7,981,571	10,722,116
Buildings	19,460,466	19,516,495	18,923	18,923	19,479,389	19,535,418
Machinery and equipment	1,891,912	1,815,046	1,634,080	1,634,080	3,525,992	3,449,126
Furniture and fixtures	1,955,288	2,109,693	0	0	1,955,288	2,109,693
Vehicles	6,915,013	7,494,466	137,010	115,696	7,052,023	7,610,162
Infrastructure	56,996,853	57,425,923	7,143,578	7,355,138	64,140,431	64,781,061
Construction in progress	549,467	762,364	5,547,779	3,219,815	6,097,246	3,982,179
Total	95,481,402	97,554,196	20,495,777	20,638,958	115,977,179	118,193,154
Accumulated Depreciation	(59,931,226)	(63,145,416)	(5,199,224)	(5,857,390)	(65,130,450)	(69,002,806)
Net Capital Assets	$ 35,550,176	$ 34,408,780	$ 15,296,553	$ 14,781,568	$ 50,846,729	$ 49,190,348

Major capital asset expenditures during the current fiscal year for governmental activities included the following:

- Purchase of vehicles and equipment for various departments
- Major repairs to the County Detention Center and Recreation/Aquatic Center
- Major emergency communications upgrades to the County E-911 system
- Road Construction, Road improvements, culvert repairs and bridge repairs
- Improvements to the Airport including the completion of the Airport Master Plan and Renovation Plan and construction of a new terminal
- Construction of a new judicial facility

There were no major capital asset expenditures during the current fiscal year for business type activities.

Additional information on Habersham County's capital assets can be found in Note 9 on pages 47-49 of this report.

Debt/Capital Leases. On June 30, 2010, Habersham County had a total capital lease debt balance outstanding in the amount of $1,024,060 as compared to $1,165,171 the previous fiscal year. Habersham County's total debt decreased by approximately 12% during the course of the fiscal year.

Additional information on the County's long-term debt can be found in Note 11 on pages 51-52 of this report.

Economic Condition and Outlook

Habersham County continues to maintain healthy fund reserves and remains well positioned to continue to provide services to the citizenry. Moving forward the County will continue to face challenges as a result of a slow recovery form the recent economic downturn. Housing starts and retail sales related to residential and commercial construction remain as a major concern of the County Commission. These and many key factors were considered in preparation of the budget for fiscal year 2011 that position Habersham County to meet those challenges:

- Continued increased reliance on residential taxes as an overall part of the tax base
- State Legislatures imposing limits to home rule through property tax and property assessment reform
- Volatility in the cost of fuel & energy
- Habersham County's unemployment rate remaining near record levels as is the case in most of Georgia
- Over the last three fiscal years Habersham County continued reliance on strong undesignated reserves to maintain capital plan
- Continued housing market volatility
- Need for additional personnel, and funds for personnel development and training
- Rising cost of healthcare and other insurance benefits
- Inability to provide for merit and cost of living increase for employees
- Increased strain on public safety and judicial

Contacting the County

This financial report is designed to provide County citizens, taxpayers, customers, and creditors with a general overview of Habersham County's finances and to demonstrate the County's high level of accountability for the revenue it receives and the services it provides Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Finance
Habersham County
ATTN: Assistant County Manager/Finance Director
555 Monroe Street, Unit 20
Clarkesville, Georgia 30523
Email: jtinsley@habershamga.com

Administration
Habersham County
ATTN: County Manager
555 Monroe Street, Unit 20
Clarkesville, Georgia 30523
Email: jallison@habershamga.com

Website
http://www.habershamga.com/finance.cfm

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BASIC FINANCIAL STATEMENTS

HABERSHAM COUNTY, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2010

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	$ 11,280,382	$ 1,065,948	$ 12,346,330	$ 1,067,929
Certificates of deposit	3,642,476	0	3,642,476	0
Investments	4,852,865	0	4,852,865	0
Restricted assets				
Cash and cash equivalents	22,311	1,137,474	1,159,785	0
Receivables (net)				
Accounts	183,957	302,839	486,796	38,309
Intergovernmental	84,748	15,549	100,297	79,331
Taxes	916,143	0	916,143	0
Interest	2,281	0	2,281	0
Prepaid expenses	20,818	0	20,818	0
Internal balances	66,361	(66,361)	0	0
Total current assets	21,072,342	2,455,449	23,527,791	1,185,569
Noncurrent assets				
Capital assets				
Non-depreciable	6,100,061	3,885,517	9,985,578	2,451,034
Depreciable (net)	28,308,719	10,896,051	39,204,770	1,635,441
Pension asset	32,574	0	32,574	0
Total noncurrent assets	34,441,354	14,781,568	49,222,922	4,086,475
Total assets	55,513,696	17,237,017	72,750,713	5,272,044
LIABILITIES				
Current liabilities				
Payables				
Accounts	334,000	35,135	369,135	11,283
Intergovernmental	220,343	11,392	231,735	0
Deposits	0	0	0	120,000
Retainages	25,866	0	25,866	0
Interest	3,342	6,243	9,585	2,404
Excess taxes	189,080	0	189,080	0
Accrued salaries and expenses	238,735	9,813	248,548	0
Compensated absences	536,988	27,109	564,097	54,000
Customer deposits	0	25,376	25,376	0
Due to others	34,326	0	34,326	136,459
Capital lease payable	330,533	129,175	459,708	0
Notes payable	0	0	0	1,413,471
Liabilities payable from restricted assets:				
Intergovernmental payable	0	9,388	9,388	0
Total current liabilities	1,913,213	253,631	2,166,844	1,737,617
Noncurrent liabilities				
Compensated absences	0	0	0	8,200
Capital lease payable	413,025	151,327	564,352	0
Post-closure care costs	0	3,021,279	3,021,279	0
Total noncurrent liabilities	413,025	3,172,606	3,585,631	8,200
Total liabilities	2,326,238	3,426,237	5,752,475	1,745,817

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

HABERSHAM COUNTY, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2010

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
NET ASSETS				
Invested in capital assets, net of related debt	$ 33,665,222	$ 14,501,066	$ 48,166,288	$ 2,673,004
Restricted for:				
Judicial	549,891	0	549,891	0
Public safety	497,685	0	497,685	143,477
Health and welfare	0	0	0	337,898
Housing and development	0	0	0	371,848
Capital projects	13,466,320	1,128,086	14,594,406	0
Unrestricted	5,008,340	(1,818,372)	3,189,968	0
Total net assets	$ 53,187,458	$ 13,810,780	$ 66,998,238	$ 3,526,227

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

HABERSHAM COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2010

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities					
General Government	$ 4,486,780	$ 566,672	$ 100	$ 0	$ (3,920,008)
Judicial	2,277,521	521,902	475,991	0	(1,279,628)
Public Safety	8,097,031	1,834,583	56,904	0	(6,205,544)
Public Works	5,219,324	0	24,050	333,316	(4,861,958)
Health and Welfare	482,110	0	3,000	0	(479,110)
Culture and Recreation	1,513,391	197,674	3,022	0	(1,312,695)
Housing and Development	863,511	101,126	44,390	0	(717,995)
Interest on long-term debt	33,472	0	0	0	(33,472)
Total governmental activities	22,973,140	3,221,957	607,457	333,316	(18,810,410)
Business-type activities					
Water and Sewer	583,795	246,527	0	0	(337,268)
Landfill	1,483,761	1,376,669	0	0	(107,092)
Transit	52,562	5,781	26,037	0	(20,744)
Total business-type activities	2,120,118	1,628,977	26,037	0	(465,104)
Total primary government	25,093,258	4,850,934	633,494	333,316	(19,275,514)
Component Units					
Northeast Georgia Drug Task Force					
Public Safety	275,908	63,531	180,306	0	(32,071)
Habersham County Development Authority					
Housing and Development	149,676	16,250	0	0	(133,426)
Habersham County Health Department					
Health and Welfare	972,539	448,883	332,186	0	(191,470)
Total component units	1,398,123	528,664	512,492	0	(356,967)

	Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units
Change in net assets				
Net (expense) revenue	$ (18,810,410)	$ (465,104)	$ (19,275,514)	$ (356,967)
General revenues				
Taxes				
Property	10,721,699	0	10,721,699	0
Sales	5,319,551	0	5,319,551	0
Intangible	133,653	0	133,653	0
Insurance premium	1,290,809	0	1,290,809	0
Other	547,158	0	547,158	0
Interest and investment earnings	161,684	5,640	167,324	1,471
Rental income	51,372	0	51,372	79,077
Payments from Habersham County	0	0	0	179,340
Gain (loss) on sale of assets	28,629	0	28,629	0
Miscellaneous	51,305	42,831	94,136	0
Transfers	3,166,907	(3,166,907)	0	0
Total general revenues, special items, and transfers	21,472,767	(3,118,436)	18,354,331	259,888
Change in net assets	2,662,357	(3,583,540)	(921,183)	(97,079)
Net assets - beginning (original)	50,525,101	17,394,320	67,919,421	3,639,973
Prior period adjustments	0	0	0	(16,667)
Net assets - beginning (restated)	50,525,101	17,394,320	67,919,421	3,623,306
Net assets - ending	$ 53,187,458	$ 13,810,780	$ 66,998,238	$ 3,526,227

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

HABERSHAM COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

	General	SPLOST #4	SPLOST #5	Nonmajor Governmental Funds	Totals
ASSETS					
Cash and cash equivalents	$ 2,681,548	$ 5,639,323	$ 1,945,646	$ 1,013,865	$ 11,280,382
Certificates of deposit	2,702,992	0	769,998	169,486	3,642,476
Investments	0	0	4,852,865	0	4,852,865
Receivables (net)					
Accounts	42,013	0	0	141,944	183,957
Intergovernmental	84,748	0	0	0	84,748
Taxes	392,341	0	523,802	0	916,143
Interest	2,281	0	0	0	2,281
Prepaid expenses	20,818	0	0	0	20,818
Due from other funds	409,036	2,862	0	135,194	547,092
Restricted Assets					
Cash and cash equivalents	22,311	0	0	0	22,311
Total assets	$ 6,358,088	$ 5,642,185	$ 8,092,311	$ 1,460,489	$ 21,553,073
LIABILITIES AND FUND BALANCES					
Liabilities					
Payables					
Accounts	$ 205,501	$ 88,230	$ 8,560	$ 31,709	$ 334,000
Retainages	0	25,866	0	0	25,866
Intergovernmental	53,155	0	165,546	1,642	220,343
Excess taxes	189,080	0	0	0	189,080
Accrued salaries and expenses	218,308	0	0	20,427	238,735
Deferred revenue	229,387	0	0	0	229,387
Due to other agencies	34,326	0	0	0	34,326
Due to other funds	152,747	325,122	0	2,862	480,731
Total liabilities	1,082,504	439,218	174,106	56,640	1,752,468
Fund balances					
Reserved for prepaids	20,818	0	0	0	20,818
Reserved for judicial	16,582	0	0	0	16,582
Reserved for public safety	5,729	0	0	0	5,729
Unreserved, designated for budget	0	0	0	308,510	308,510
Unreserved, undesignated	5,232,455	5,202,967	7,918,205	0	18,353,627
Special Revenue Funds	0	0	0	750,192	750,192
Capital Projects Funds	0	0	0	345,147	345,147
Total fund balances	5,275,584	5,202,967	7,918,205	1,403,849	19,800,605
Total liabilities and fund balances	$ 6,358,088	$ 5,642,185	$ 8,092,311	$ 1,460,489	$ 21,553,073

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

HABERSHAM COUNTY, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
June 30, 2010

Total fund balance - total governmental funds	$	19,800,605
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets of $97,554,196, net of accumulated depreciation of ($63,145,416) are not financial resources and, therefore, are not reported in the funds.		34,408,780
Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the fund. These are deferred property taxes.		229,387
Net pension asset is not reported in the governmental funds. This amount represents annual plan contributions in excess of pension costs.		32,574
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are capital leases payable of ($743,558), interest payable of ($3,342) and compensated absences of ($536,988).		(1,283,888)
Net assets of governmental activities	$	53,187,458

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

HABERSHAM COUNTY, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2010

	General	SPLOST #4	SPLOST #5	Nonmajor Governmental Funds	Totals
REVENUES					
Taxes	$ 12,867,112	$ 0	$ 5,319,551	$ 32,876	$ 18,219,539
Licenses and permits	101,126	0	0	0	101,126
Fines, fees and forfeitures	1,133,207	0	0	150,862	1,284,069
Charges for services	991,033	0	0	833,272	1,824,305
Intergovernmental	602,917	330,710	0	8,872	942,499
Interest	84,522	31,489	33,495	12,177	161,683
Contributions	10,731	0	0	0	10,731
Other	102,194	0	0	483	102,677
Total revenues	15,892,842	362,199	5,353,046	1,038,542	22,646,629
EXPENDITURES					
Current					
General Government	3,348,708	0	0	0	3,348,708
Judicial	2,233,400	0	0	58,330	2,291,730
Public Safety	6,226,603	0	0	1,231,053	7,457,656
Public Works	1,637,017	0	0	0	1,637,017
Health and Welfare	423,120	0	0	0	423,120
Culture and Recreation	1,140,542	0	0	0	1,140,542
Housing and Development	655,144	0	0	13,150	668,294
Capital outlay	0	2,303,021	266,762	888,194	3,457,977
Intergovernmental	0	1,150,505	893,684	24,912	2,069,101
Total expenditures	15,664,534	3,453,526	1,160,446	2,215,639	22,494,145
Excess (deficiency) of revenues over (under) expenditures	228,308	(3,091,327)	4,192,600	(1,177,097)	152,484
Other financing sources (uses)					
Transfers in	226,430	2,695,824	389,529	770,652	4,082,435
Transfers out	(794,687)	0	0	(120,841)	(915,528)
Issuance of capital leases	0	0	0	620,000	620,000
Proceeds from sale of assets	29,121	0	0	0	29,121
Total other financing sources (uses)	(539,136)	2,695,824	389,529	1,269,811	3,816,028
Net change in fund balance	(310,828)	(395,503)	4,582,129	92,714	3,968,512
Fund balances, July 1	5,586,412	5,598,470	3,336,076	1,311,135	15,832,093
Fund balances, June 30	$ 5,275,584	$ 5,202,967	$ 7,918,205	$ 1,403,849	$ 19,800,605

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

HABERSHAM COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2010

Net change in fund balances - total governmental funds	$	3,968,512
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 is the amount by which depreciation of ($3,494,833) exceeded capital outlays of $2,353,649 in the current period.		(1,141,184)
In the statement of activities, the gain or loss on the sale of assets is reported, whereas in the governmental funds the proceeds from the sale increase financial resources. The change in net assets differs from the change in fund balance by the cost of the assets sold of ($280,363), net of related accumulated depreciation of $280,151.		(212)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavailable deferred revenue.		(206,667)
The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which debt repayments of $632,484 exceed proceeds of ($620,000).		12,484
Annual employer contributions to retirement plans in excess of pension costs are not reported in the governmental funds, but result in assets in the governmental activities.		35,392
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the net increase in compensated absences ($10,179) and the net decrease in interest payable $4,211.		(5,968)
Change in net assets of governmental activities	$	2,662,357

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

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2010

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 13,017,266	$ 13,298,466	$ 12,867,112	$ (431,354)
Licenses and permits	181,820	184,820	101,126	(83,694)
Fines, fees and forfeitures	1,136,770	1,136,770	1,133,207	(3,563)
Charges for services	993,135	1,043,085	991,033	(52,052)
Intergovernmental	512,086	534,886	602,917	68,031
Interest	115,150	115,150	84,522	(30,628)
Contributions	8,000	13,000	10,731	(2,269)
Other	77,450	102,476	102,194	(282)
Total revenues	16,041,677	16,428,653	15,892,842	(535,811)
EXPENDITURES				
Current				
General Government				
County-Wide	589,800	589,800	581,853	7,947
Commissioners	166,704	447,904	439,500	8,404
County Manager	135,167	135,167	136,567	(1,400)
County Finance	236,410	236,410	234,990	1,420
County Human Resources	76,403	76,403	75,883	520
Tax Commissioner	319,190	330,780	334,258	(3,478)
Tax Assessor	539,737	539,647	536,662	2,985
Board of Equalization	3,890	3,980	2,938	1,042
County Clerk	51,429	53,119	52,968	151
Engineer	81,626	81,626	86,305	(4,679)
Registar	99,672	99,672	97,228	2,444
Buildings and Grounds	489,226	489,226	485,602	3,624
County Annex	108,408	108,408	107,048	1,360
Information Technology	179,053	193,253	176,056	17,197
Cannery	0	0	850	(850)
Judicial				
Drug Abuse Treatment	118,000	92,540	67,769	24,771
Probate Court	197,408	197,408	179,653	17,755
Magistrate Court	398,757	398,757	388,252	10,505
Clerk of Superior Court	586,314	586,314	546,339	39,975
Superior Court	233,386	233,386	178,584	54,802
District Attorney	97,049	97,049	59,541	37,508
Public Defender	374,123	374,123	351,864	22,259
State Court Judge	146,171	147,382	127,794	19,588
Juvenile Court	231,152	231,152	227,615	3,537
Juvenile Supervision	20,000	20,000	17,536	2,464
State Court Solicitor	100,266	100,266	88,453	11,813
Public Safety				
Sheriff	2,138,431	2,355,921	2,454,361	(98,440)
Jail	1,837,538	1,837,538	1,820,539	16,999
Animal Control	91,152	91,152	87,743	3,409
Coroner	38,479	38,479	24,599	13,880
Fire	1,114,202	1,114,202	1,064,841	49,361
Animal Shelter	142,016	151,516	153,674	(2,158)
Emergency Management Agency	63,702	68,742	69,641	(899)
Ambulance	576,024	576,024	547,853	28,171
Northeast Georgia Drug Task Force	62,293	62,293	3,352	58,941
Public Works				
Road Department	1,656,850	1,675,076	1,637,017	38,059

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

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2010

	Budget			Variance with
	Original	Final	Actual	Final Budget
Health and Welfare				
Georgia Mountains Community				
Mental Health	$ 25,774	$ 25,774	$ 25,774	$ 0
Senior Center	163,078	163,078	164,348	(1,270)
Habersham County				
Health Department	179,340	179,340	179,340	0
Child Welfare	49,600	55,900	53,658	2,242
Food Bank	2,500	2,500	0	2,500
US Dept. Int. Geo Survey	9,100	9,100	0	9,100
Culture and Recreation				
Fairgrounds	31,465	31,465	17,614	13,851
Libraries	303,702	303,702	303,702	0
Recreation	936,634	936,634	819,226	117,408
Housing and Development				
Airport	24,050	24,050	16,809	7,241
Extension Service	79,569	79,569	72,266	7,303
Forestry	3,360	3,360	3,360	0
Economic Development	113,618	113,618	99,244	14,374
Building	187,677	205,077	201,380	3,697
Planning	198,591	201,591	184,937	16,654
Planning Commission	9,500	11,950	10,249	1,701
Code Enforcement	72,426	72,426	66,899	5,527
Total expenditures	15,690,012	16,253,849	15,664,534	589,315
Excess (deficiency) of revenues over (under) expenditures	351,665	174,804	228,308	53,504
Other financing sources (uses)				
Transfers in	240,389	265,849	226,430	(39,419)
Transfers out	(794,687)	(794,687)	(794,687)	0
Sale of capital assets	24,700	22,200	29,121	6,921
Contingency	(306,677)	(152,776)	0	152,776
Total other financing sources (uses)	(836,275)	(659,414)	(539,136)	120,278
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(484,610)	(484,610)	(310,828)	173,782
Fund balances, July 1	484,610	484,610	5,586,412	5,101,802
Fund balances, June 30	$ 0	$ 0	$ 5,275,584	$ 5,275,584

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

HABERSHAM COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2010

	Business-Type Activities			
	Water and Sewer	Landfill	Transit	Totals
ASSETS				
Current assets				
Cash and cash equivalents	$ 58,732	$ 1,007,216	$ 0	$ 1,065,948
Restricted assets				
Cash and cash equivalents	1,137,474	0	0	1,137,474
Receivables (net)				
Accounts	15,385	287,454	0	302,839
Intergovernmental	0	0	15,549	15,549
Due from other funds	0	0	17,553	17,553
Total current assets	1,211,591	1,294,670	33,102	2,539,363
Noncurrent assets				
Capital assets				
Non-depreciable	3,219,815	665,702	0	3,885,517
Depreciable (net)	5,979,800	4,916,251	0	10,896,051
Total noncurrent assets	9,199,615	5,581,953	0	14,781,568
Total assets	10,411,206	6,876,623	33,102	17,320,931
LIABILITIES				
Current liabilities				
Payables				
Accounts	2,194	32,941	0	35,135
Intergovernmental	11,392	0	0	11,392
Interest	0	6,243		6,243
Accrued salaries	996	8,053	764	9,813
Compensated absences	2,141	24,968	0	27,109
Customer deposits	25,376	0	0	25,376
Due to other funds	9,529	74,385	0	83,914
Capital leases payable	0	129,175	0	129,175
Liabilities payable from restricted assets:				
Intergovernmental payable	9,388	0	0	9,388
Total current liabilities	61,016	275,765	764	337,545
Noncurrent liabilities				
Capital leases payable	0	151,327	0	151,327
Postclosure care	0	3,021,279	0	3,021,279
Total noncurrent liabilities	0	3,172,606	0	3,172,606
Total liabilities	61,016	3,448,371	764	3,510,151
NET ASSETS				
Invested in capital assets, net of related debt	9,199,615	5,301,451	0	14,501,066
Restricted for restricted assets	1,128,086	0	0	1,128,086
Unrestricted	22,489	(1,873,199)	32,338	(1,818,372)
Total net assets	$ 10,350,190	$ 3,428,252	$ 32,338	$ 13,810,780

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

HABERSHAM COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2010

	Business-Type Activities			
	Water and Sewer	Landfill	Transit	Totals
OPERATING REVENUES				
Charges for sales and services	$ 246,527	$ 1,376,669	$ 5,781	$ 1,628,977
Miscellaneous revenues	0	42,831	0	42,831
Total operating revenues	246,527	1,419,500	5,781	1,671,808
OPERATING EXPENSES				
Costs of sales and services	324,504	567,481	15,713	907,698
Personal services	101,847	385,806	33,237	520,890
Depreciation	157,444	518,424	3,612	679,480
Total operating expenses	583,795	1,471,711	52,562	2,108,068
Operating income (loss)	(337,268)	(52,211)	(46,781)	(436,260)
Non-operating revenues (expenses)				
Interest revenue	3,551	2,089	0	5,640
Interest expense	0	(12,050)	0	(12,050)
Intergovernmental revenue	0	0	26,037	26,037
Total non-operating revenues (expenses)	3,551	(9,961)	26,037	19,627
Net income before transfers	(333,717)	(62,172)	(20,744)	(416,633)
Transfers				
Transfers in	0	0	24,035	24,035
Transfers out	(3,107,653)	(83,289)	0	(3,190,942)
Total transfers	(3,107,653)	(83,289)	24,035	(3,166,907)
Change in net assets	(3,441,370)	(145,461)	3,291	(3,583,540)
Net assets, July 1	13,791,560	3,573,713	29,047	17,394,320
Net assets, June 30	$ 10,350,190	$ 3,428,252	$ 32,338	$ 13,810,780

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

HABERSHAM COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2010

	Business-Type Activities			
	Water and Sewer	Landfill	Transit	Totals
Cash flows from operating activities:				
Receipts from customers	$ 247,765	$ 1,274,828	$ 5,781	$ 1,528,374
Payments to suppliers	(311,006)	(527,067)	(15,713)	(853,786)
Payments to employees	(103,609)	(391,739)	(33,141)	(528,489)
Other receipts	0	42,831	0	42,831
Net cash provided (used) by operating activities	(166,850)	398,853	(43,073)	188,930
Cash flows from non-capital financing activities:				
Receipts from other governments	0	0	31,146	31,146
Receipts from other funds	0	144,404	24,035	168,439
Payments to other funds	(26,869)	(83,289)	(12,108)	(122,266)
Net cash provided (used) by non-capital financing activities	(26,869)	61,115	43,073	77,319
Cash flows from capital and related financing activities:				
Receipts from other funds	2,335	0	0	2,335
Interest paid	0	(14,612)	0	(14,612)
Principal payments - capital leases	0	(128,627)	0	(128,627)
Acquisition of capital assets	(531,044)	(187,591)	0	(718,635)
Net cash provided (used) by capital and related financing activities	(528,709)	(330,830)	0	(859,539)
Cash flows from investing activities:				
Interest received	3,551	2,089	0	5,640
Net cash provided (used) by investing activities	3,551	2,089	0	5,640
Net increase (decrease) in cash and cash equivalents	(718,877)	131,227	0	(587,650)
Cash and cash equivalents, July 1	1,915,083	875,989	0	2,791,072
Cash and cash equivalents, June 30	$ 1,196,206	$ 1,007,216	$ 0	$ 2,203,422
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ (337,268)	$ (52,211)	$ (46,781)	$ (436,260)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	157,444	518,424	3,612	679,480
Closure/postclosure costs	0	37,983	0	37,983
(Increase) decrease in accounts receivable	2,953	(101,841)	0	(98,888)
Increase (decrease) in accounts payable	(7,282)	2,431	0	(4,851)
Increase (decrease) in intergovernmental payable	20,780	0	0	20,780
Increase (decrease) in deposits payable	(1,715)	0	0	(1,715)
Increase (decrease) in accrued payroll liabilities	(1,762)	(5,933)	96	(7,599)
Total adjustments	170,418	451,064	3,708	625,190
Net cash provided (used) by operating activities	$ (166,850)	$ 398,853	$ (43,073)	$ 188,930

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

HABERSHAM COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2010

	Agency Funds
ASSETS	
Cash	$ 674,633
Accounts receivable, net	1,573,658
Total assets	2,248,291
LIABILITIES	
Due to other agencies	$ 2,248,291

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

HABERSHAM COUNTY, GEORGIA
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
June 30, 2010

	Mountain Judicial Circuit NCIS Team	Habersham County Development Authority	Habersham County Health Department	Totals
ASSETS				
Current assets				
Cash and cash equivalents	$ 200,605	$ 494,252	$ 373,072	$ 1,067,929
Receivables (net)				
Accounts	0	0	38,309	38,309
Intergovernmental	79,331	0	0	79,331
Total current assets	279,936	494,252	411,381	1,185,569
Noncurrent assets				
Capital assets				
Non-depreciable	0	2,451,034	0	2,451,034
Depreciable (net)	23,917	1,600,799	10,725	1,635,441
Total noncurrent assets	23,917	4,051,833	10,725	4,086,475
Total assets	303,853	4,546,085	422,106	5,272,044
LIABILITIES				
Current liabilities				
Payables				
Accounts	0	0	11,283	11,283
Deposits	0	120,000	0	120,000
Interest	0	2,404	0	2,404
Compensated absences	0	0	54,000	54,000
Due to other agencies	136,459	0	0	136,459
Notes payable	0	1,413,471	0	1,413,471
Total current liabilities	136,459	1,535,875	65,283	1,737,617
Noncurrent liabilities				
Compensated absences	0	0	8,200	8,200
Notes payable	0	0	0	0
Total noncurrent liabilities	0	0	8,200	8,200
Total liabilities	136,459	1,535,875	73,483	1,745,817
NET ASSETS				
Invested in capital assets, net of related debt	23,917	2,638,362	10,725	2,673,004
Restricted for:				
Public Safety	143,477	0	0	143,477
Health and Welfare	0	0	337,898	337,898
Housing and Development	0	371,848	0	371,848
Total net assets	$ 167,394	$ 3,010,210	$ 348,623	$ 3,526,227

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

HABERSHAM COUNTY, GEORGIA
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the fiscal year ended June 30, 2010

	Mountain Judicial Circuit NCIS Team	Habersham County Development Authority	Habersham County Health Department	Totals
Expenses				
Public Safety	$ 275,908	$ 0	$ 0	$ 275,908
Health and Welfare	0	0	972,539	972,539
Housing and Development	0	146,363	0	146,363
Total expenses	275,908	146,363	972,539	1,394,810
Program revenues				
Charges for services	63,531	16,250	448,883	528,664
Operating grants and contributions	180,306	0	332,186	512,492
Total program revenues	243,837	16,250	781,069	1,041,156
Net (expense) revenue	(32,071)	(130,113)	(191,470)	(353,654)
General revenues				
Interest	103	1,368	0	1,471
Gain (loss) on sale of assets	0	(3,313)	0	(3,313)
Rental income	0	79,077	0	79,077
Payments from Habersham County	0	0	179,340	179,340
Total general revenues	103	77,132	179,340	256,575
Change in net assets	(31,968)	(52,981)	(12,130)	(97,079)
Net assets, July 1 (original)	216,029	3,063,191	360,753	3,639,973
Prior period adjustments	(16,667)	0	0	(16,667)
Net assets, July 1 (restated)	199,362	3,063,191	360,753	3,623,306
Net assets, June 30	$ 167,394	$ 3,010,210	$ 348,623	$ 3,526,227

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

1. Description of Government Unit

Habersham County, Georgia (the County) is located in the foothills of the Georgia mountains about seventy-five miles northeast of Atlanta.

The County provides a full range of governmental services, including public safety, health and welfare services, recreational programs, public works, water and sewer services, and solid waste services.

The government is governed by an elected Chairperson and four Commissioners.

2. Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of Habersham County, Georgia, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP and used by the County are discussed below.

B. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of Habersham County (the primary government) and material component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationship with the County.

In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, the financial statements of component units have been included either as blended or discretely presented component units.

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

Blended Component Units – Blended component units, although legally separate entities, are, in substance, part of the Government's operations.

Habersham County Airport Commission – The Airport Commission's Governing Board is appointed by the Habersham County Board of Commissioners. The County contracts with a private individual for the management of the airport facilities. The County owns and maintains all of the airport facilities. The Commission is blended with the General Fund. Separate financial statements are not issued for the Commission.

Discretely Presented Component Units – Discretely presented component units are reported in a separate column in the combined financial statements to emphasize they are legally separate from the government.

Mountain Judicial Circuit NCIS Team – The Mountain Judicial Circuit NCIS Team was created to promote a coordinated drug enforcement effort throughout the area and to encourage maximum cooperation among all enforcement and prosecuting agencies therein. The NCIS Team is a coordinated effort involving Habersham and Stephens Counties. Habersham County is the fiscal agent for the federal grant funds from the Criminal Justice Coordinating Council. There is no separately issued stand-alone financial report for the NCIS Team.

Habersham County Development Authority – The Authority exists to promote business development in Habersham County. The Habersham County Board of Commissioners appoints the majority of the governing board and the Development Authority receives the majority of its funding through payments from the County. There is no separately issued stand-alone financial report for the Authority.

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

Habersham County Health Department – The Habersham County Health Department was established as a legally separate entity and operates pursuant to the Georgia Health Code 88-2, Georgia Laws 1964. The District Health Director is the Executive Officer of the Habersham County Health Department and is responsible for the overall coordination of the local health activities. The Habersham County Health Department is funded by the State and County under the Grant-in-Aid provisions, and operated under the supervision of the local Board of Health. The Habersham County Health Department has a June 30 year-end. A copy of the Habersham County Health Department financial statements can be obtained from District 2, Public Health, 1280 Athens Street, Gainesville, GA 30507. This component unit has not been included as part of the notes to the financial statements.

C. Government-wide and Fund Financial Statements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 34. This statement establishes new financial reporting requirements for state and local governments throughout the United States. Its implementation creates new information and restructures much of the information that governments have presented in the past. The GASB's intent is to make annual reports more comprehensive and easier to understand.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

2. Summary of Significant Accounting Policies (continued)

C. Government-wide and Fund Financial Statements, continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The County's government-wide financial statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental and Business-Type activities for the County. Fiduciary activities of the County are not included in these statements.

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

These statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Accordingly, all the County's assets and liabilities, including capital assets, as well as current year infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the County are reported in three categories: 1) charges for services to customers who directly benefit from goods, services or privileges provided by a given function, 2) operating grants and contributions that are restricted to meeting the operational needs requirements of a particular function and 3) capital grants and contributions that are restricted to meeting the capital needs requirements of a particular function.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated, however, those transactions between governmental and business-type activities have not been eliminated. Governmental activities that normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Governmental Fund Financial Statements

Governmental Fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Those revenues susceptible to accrual are property taxes, sales taxes, licenses, interest revenue and charges for services. Sales taxes collected and held by the state at year-end on behalf of the government also are recognized as revenue. The County considers property taxes as available in the period for which they were levied if they are collected within 60 days subsequent to year-end. A 60-day availability period is also used for revenue recognition for all other governmental fund revenue.

The County reports the following major governmental funds:

General Fund - The general operating fund of the County is used to account for all financial resources except those required to be accounted for in another fund.

Special Purpose Local Option Sales Tax #4 Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition or construction of capital facilities financed by special purpose local option sales taxes.

Special Purpose Local Option Sales Tax #5 Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition or construction of capital facilities financed by special purpose local option sales taxes.

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

The County reports the following major proprietary funds:

Water and Sewer Enterprise Fund – This fund is used to account for the activities connected with the development, operation, and maintenance of water and sewer services in Habersham County.

Landfill Enterprise Fund – This fund is used to account for activities connected with the disposal of residential and commercial solid waste at the County's landfill. The landfill provides services to all citizens of Habersham County.

Transit Enterprise Fund – This fund is used to account for activities of the County's on-call bus service, available to any County resident.

Additionally, the County reports the following fund types:

Governmental Fund Types

Special Revenue Funds - This fund type is used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Capital Projects Funds – This fund type is used to account for financial resources to be use for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds).

Fiduciary Fund Types

Agency Funds – Agency Funds are custodial in nature and do not present 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 are held either for the County or for others.

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Component Units

The Northeast Georgia Drug Task Force, the Habersham County Development Authority, and the Habersham County Health Department are accounted for using a current financial resources measurement focus and use the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available).

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, are generally followed in the governmental and business type activities and enterprise fund financial statements to the extent that those standards do no conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option for following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal services funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Certain indirect costs have been included as part of the program expenses reported for the various functional activities.

E. Budgets and Budgetary Accounting

The Board of Commissioners adopts an annual budget for all governmental fund types, prior to July 1, except for the Capital Projects Funds. The Capital Projects Funds are budgeted by the Board of Commissioners when capital projects are approved. The operating budget includes proposed expenditures and the means of financing them. The budget is legally enacted at a public meeting.

Each year in April, a Budget Committee consisting of the Board of Commissioners, the County Manager, and the Financial Director prepare the proposed budget. Budget requests from the various County departments are presented to this committee for consideration. Public hearings are held to discuss the proposed budget and to obtain input from the citizens of Habersham County. These hearings are publicized in the local newspaper for at least one week before the hearings, and the budget document is made available for public inspection during this time.

The final proposed budget is presented at a Board of Commissioners meeting for final passage prior to July 1.

2. Summary of Significant Accounting Policies (continued)

E. Budgets and Budgetary Accounting, continued

The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is the department level. Any changes in total departmental expenditures/expenses, personnel benefits, or capital purchases must be approved by the Board of Commissioners.

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) at the legal level of budgetary control which is the department, sub-department, or project level. Expenditures may not exceed the appropriations within a fund. Budgets, as reported in the financial statements, are as originally passed by ordinance and subsequently amended. During the year, several supplementary appropriations are made as needed. The results are increases and decreases to the appropriations within the funds. All annual appropriations lapse at year end. The County does not use the encumbrance system of accounting.

F. Cash and Investments

Cash and equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents, and investments with an original maturity at three months or less. Investments are reported at fair market value with accrued interest shown under a separate caption on the balance sheet. Reinvested interest on certain debt service and capital projects investments is included in the investment accounts.

G. Intergovernmental Receivables

Receivables from state, federal, and local governments are recorded as revenue for the period of the allocation or as earned based on expenditures made for which reimbursement is due.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2010, are recorded as prepaid items.

2. Summary of Significant Accounting Policies (continued)

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

GASB Statement No. 34 required the County to report and depreciate new infrastructure assets effective with the beginning of the fiscal year ended June 30, 2003. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. Neither their historical costs nor related depreciation had historically been reported in the financial statements. The County has previously implemented the requirements for retroactive reporting of major general infrastructure assets acquired in 1981 forward.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets ranging as follows:

	Useful Life in Years	Capitalization Threshold
Land	N/A	$ 1
Buildings and improvements	7-40	$ 5,000
Land Improvements	15	$ 5,000
Machinery and Equipment	7-10	$ 5,000
Furniture and Fixtures	7	$ 5,000
Vehicles	5-10	$ 5,000
Computer Equipment and Software	3-5	$ 5,000
Distribution System	50	$ 5,000
Infrastructure	15-50	$ 50,000 - $150,000

The costs of normal maintenance and repairs that do not add value or materially extend the life of the asset are charged to operations as incurred. Costs of major additions and improvements are capitalized.

2. Summary of Significant Accounting Policies (continued)

J. Compensation for Future Absences

It is the County's policy to permit employees to accumulate earned but unused vacation benefits which will be paid to the employees upon separation from County service. Accumulated unpaid vacation pay amounts are accrued when incurred by the County in the government-wide, proprietary, and fiduciary fund financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. In governmental fund types, a liability is recorded only if the benefit has matured and is expected to be liquidated with expendable available financial resources.

K. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financial sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

2. Summary of Significant Accounting Policies (continued)

L. Capital Contributions

Federal, state and local government assistance in the form of grants that are permanent in nature and restricted for the construction or acquisition of specific property and equipment is recorded as an asset and as non-operating revenue.

M. Reservations and Designations of Fund Balances

Reservations represent the portions of fund balances, which are not appropriable for expenditure or have been segregated for specific future uses by legal mandate. Designations represent the portions of fund balance for which the government has made tentative plans.

N. Comparative Data and Reclassifications

Comparative total data of the prior period has been presented in the accompanying individual fund financial statements in order to provide an understanding of changes in the County's financial position and operations. Certain 2009 amounts have been reclassified to conform to the 2010 presentation.

3. Deposit and Investment Risk

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned. The County has no formal policy, but follows the State of Georgia requirement that all deposits be federally insured or fully collateralized.

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.

3. Deposit and Investment Risk (continued)

Concentration of Credit Risk

The County has no formal policy on the amount the County may invest in any one issuer.

Foreign currency risk

The County has no investments denominated in a foreign currency.

Credit Risk

State of Georgia law limits investments to include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of any corporation of the United States government, obligations of the State of Georgia or other states, obligations of other political subdivisions of the State of Georgia, and pooled investment programs of the State of Georgia. The County has no investment policy that would further limit its investment choices.

The County participates in the State of Georgia Local Government Investment Pool (Georgia Fund 1). Assets in this pool are invested in the Georgia Fund 1, created by OCGA 36-83-8, which is a stable net asset investment pool that follows Standard and Poor's criteria for AAAm rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company.

The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share. Georgia Fund 1 is managed by the Georgia Office of Treasury and Financial Services. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board.

The Georgia Fund 1 is rated AAAm by Standard & Poor's. The weighted average maturity at June 30, 2010 was 46 days. At June 30, 2010, the County's balance in Georgia Fund 1 was $1,864,760.

3. Deposit and Investment Risk (continued)

Credit Risk (continued)

At June 30, 2010, the County's investments in debt securities had the following maturities and credit ratings:

Investment Type	Fair Value	Maturity (in months)	Credit Rating (1)
Government & GSE Bonds			
FHLMC	$ 2,549,225	< 24	AAA
FHLMC	1,028,130	< 27	AAA
FHLMC **(2)**	1,275,510	< 28	AAA
Total	$ 4,852,865		

(1) - Standard and Poor's
(2) - Callable issue: $1,275,510 on 10/12/2010
The County assumes that its callable investments will not be called.

4. Accounts Receivable

Net accounts receivable at June 30, 2010 consist of the following:

Primary Government:		
Major Funds		
General Fund		$ 42,013
Enterprise Funds		
Water and Sewer	$ 15,385	
Landfill	330,958	
Less: Allowance for Uncollectibles	(43,504)	302,839
Nonmajor Funds		
Emergency 911 Special Revenue Fund		141,944
Total primary government		$ 486,796
Fiduciary Funds		
Agency Funds		
Clerk of Court	$ 3,517,749	
Less: Allowance for Uncollectibles	(2,020,585)	
Magistrate Court	85,504	
Less: Allowance for Uncollectibles	(9,010)	$ 1,573,658

5. Intergovernmental Receivables

Intergovernmental receivables at June 30, 2010 consist of the following:

Major Funds		
General Fund		
City of Baldwin, Georgia	$ 1,628	
City of Clarkesville, Georgia	8,456	
City of Cornelia, Georgia	1,587	
City of Mount Airy, Georgia	51	
Georgia Public Defender Standards Council	19,185	
Habersham County Board of Health	313	
Habersham County Medical Center	954	
Habersham County Senior Center	826	
Rabun County, Georgia	6,834	
Stephens County, Georgia	44,914	$ 84,748
Transit Enterprise Fund		
Georgia Department of Transportation		15,549
Total primary government		$ 100,297
Component Units		
Mountain Judicial Circuit NCIS Team		
Criminal Justice Coordinating Council		$ 45,371
Habersham County, Georgia		33,960
Total component units		$ 79,331

6. Property Taxes

Property tax rates are set by the Board of Commissioners each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1st each year. Property taxes for digest year 2009, based upon the assessments of January 1, 2009, were levied on July 30, 2009, billed on October 1, 2009, and due on December 20, 2009. Tax liens may be issued 90 days after the due date.

7. Interfund Receivables and Payables

A summary of interfund receivables and payables as of June 30, 2010 is as follows:

Due to/Due from other funds:

Receivable Fund	Payable Fund	Amount
General	SPLOST #4	$ 325,122
	Water and Sewer	9,529
	Landfill	74,385
SPLOST #4	Nonmajor Governmental	2,862
Transit	General	17,553
Nonmajor Governmental	General	135,194
Total		$ 564,645

The balances reported as Due to/Due from represent loans between the borrower funds and the lender funds. These balances resulted from the time lag between the dates that transactions are recorded in the accounting system and payments between the funds are made.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

8. Interfund Transfers

A summary of interfund transfers as of June 30, 2010 is as follows:

	Transfers out:				
	Major Funds			Nonmajor Funds	
	General	Water and Sewer	Landfill	Governmental	Total
Transfers in:					
Major Funds					
General	$ 0	$ 22,300	$ 83,289	$ 120,841	$ 226,430
SPLOST #4	0	2,695,824	0	0	2,695,824
SPLOST #5	0	389,529	0	0	389,529
Enterprise Funds					
Transit	24,035	0	0	0	24,035
Nonmajor Funds					
Governmental	770,652	0	0	0	770,652
Total	$ 794,687	$ 3,107,653	$ 83,289	$ 120,841	$ 4,106,470

Interfund transfers are used to 1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and 2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

9. Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2010 was as follows:

	Balance 6/30/09	Increases	Decreases	Balance 6/30/10
Governmental activities				
Non-depreciable assets				
Land	$ 5,079,537	$ 258,652	(492)	$ 5,337,697
Construction in progress	549,467	996,259	(783,362)	762,364
Total non-depreciable assets	5,629,004	1,254,911	(783,854)	6,100,061
Depreciable assets				
Buildings	19,460,466	56,029	0	19,516,495
Land improvements	2,632,866	459,646	0	3,092,512
Machinery and equipment	1,891,912	8,134	(85,000)	1,815,046
Furniture and fixtures	1,955,288	154,405	0	2,109,693
Vehicles	6,915,013	774,816	(195,363)	7,494,466
Infrastructure	56,996,853	429,070	0	57,425,923
Total depreciable assets	89,852,398	1,882,100	(280,363)	91,454,135
Less accumulated depreciation				
Buildings	(6,793,624)	(544,650)	0	(7,338,274)
Land improvements	(702,193)	(171,152)	0	(873,345)
Machinery and equipment	(1,157,786)	(136,809)	85,000	(1,209,595)
Furniture and fixtures	(824,132)	(223,079)	0	(1,047,211)
Vehicles	(5,480,888)	(538,175)	195,643	(5,823,420)
Infrastructure	(44,972,603)	(1,880,968)	0	(46,853,571)
Total accumulated depreciation	(59,931,226)	(3,494,833)	280,643	(63,145,416)
Total depreciable assets, net	29,921,172	(1,612,733)	280	28,308,719
Governmental activities capital assets, net	$ 35,550,176	$ (357,822)	$ (783,574)	$ 34,408,780
Business-type activities				
Non-depreciable assets				
Land	$ 665,702	$ 0	$ 0	$ 665,702
Construction in progress	5,547,779	111,943	(2,439,907)	3,219,815
Total non-depreciable assets	6,213,481	111,943	(2,439,907)	3,885,517
Depreciable assets				
Buildings	18,923	0	0	18,923
Distribution system	7,143,578	211,560	0	7,355,138
Land improvements	5,348,705	2,280,899	0	7,629,604
Machinery and equipment	1,634,080	0	0	1,634,080
Vehicles	137,010	0	(21,314)	115,696
Total depreciable assets	14,282,296	2,492,459	(21,314)	16,753,441
Less accumulated depreciation				
Buildings	(6,261)	(521)	0	(6,782)
Distribution system	(1,240,759)	(150,912)	0	(1,391,671)
Land improvements	(3,135,234)	(379,327)	0	(3,514,561)
Machinery and equipment	(714,179)	(136,947)	0	(851,126)
Vehicles	(102,791)	(11,773)	21,314	(93,250)
Total accumulated depreciation	(5,199,224)	(679,480)	21,314	(5,857,390)
Total depreciable assets, net	9,083,072	1,812,979	0	10,896,051
Business-type activities capital assets, net	$ 15,296,553	$ 1,924,922	$ (2,439,907)	$ 14,781,568

9. Capital Assets (continued)

Capital asset activity for the discretely presented component units for the year ended June 30, 2010 was as follows:

	Balance 6/30/09	Increases	Decreases	Balance 6/30/10
Mountain Judicial Circuit NCIS Team				
Depreciable assets				
Vehicles	$ 92,490	$ 0	$ 0	$ 92,490
Less accumulated depreciation				
Vehicles	(50,075)	(18,498)	0	(68,573)
Mountain Judicial Circuit NCIS Team capital assets, net	$ 42,415	$ (18,498)	$ 0	$ 23,917
Habersham County Development Authority				
Non-depreciable assets				
Land	$ 2,706,347	$ 0	(255,313)	$ 2,451,034
Construction in progress	0	0	0	0
Total non-depreciable assets	2,706,347	0	(255,313)	2,451,034
Depreciable assets				
Buildings	1,301,068	0	0	1,301,068
Land improvements	467,092	0	0	467,092
Total depreciable assets	1,768,160	0	0	1,768,160
Less accumulated depreciation				
Buildings	(68,591)	(32,527)	0	(101,118)
Land improvements	(50,673)	(15,570)	0	(66,243)
Total accumulated depreciation	(119,264)	(48,097)	0	(167,361)
Total depreciable assets, net	1,648,896	(48,097)	0	1,600,799
Habersham County Development Authority capital assets, net	$ 4,355,243	$ (48,097)	$ (255,313)	$ 4,051,833

9. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

Primary Government	
Governmental activities	
General Government	$ 215,654
Judicial	6,188
Public Safety	685,489
Public Works	1,940,575
Health and Welfare	58,990
Culture and Recreation	326,140
Housing and Development	261,797
Total depreciation expense for governmental activities	$ 3,494,833
Business-type activities	
Water and Sewer	$ 157,444
Landfill	518,424
Transit	3,612
Total depreciation expense for busines-type activities	$ 679,480
Discretely presented component units	
Mountain Judicial Circuit NCIS Team	$ 18,498
Habersham County Development Authority	48,097
	$ 66,595

10. Capital and Operating Lease Agreements

The County has entered into agreements for the lease of certain equipment. The terms of the agreements meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. The balances of these leases at June 30, 2010 are $743,558 and $280,502 for governmental and business-type activities, respectively. Total assets leased under capital leases are $1,721,463 and $706,020 for governmental and business-type activities, respectively, consisting of:

	Governmental Activities	Business-type Activities
Machinery and equipment	$ 488,527	$ 706,020
Vehicles	1,232,936	0
Total assets under capital leases	$ 1,721,463	$ 706,020

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of June 30, 2010:

Year Ending June 30,	Governmental activities	Business-type activities
2011	$ 350,265	$ 138,604
2012	133,570	50,225
2013	133,570	110,000
2014	133,570	0
2015	33,393	0
Total minimum lease payments	784,368	298,829
Less amounts representing interest	(40,810)	(18,327)
Present value of minimum lease payments	$ 743,558	$ 280,502

The County's lease agreements, other than such agreements described above, are relatively minor commitments and are in compliance with state law.

11. Long-Term Debt

Long - Term Debt

The County has entered into capital lease agreements for the purchase of police, fire, and extension service vehicles, and public works and landfill equipment. The capital lease obligations have been recorded in long-term debt.

Notes Payable

Habersham County Development Authority Component Unit

The Authority entered into a lending agreement with Community Bank and Trust for the construction of a building in the industrial park in the original amount of $1,201,644. At June 30, 2010, the balance of this note is $1,089,188. The note requires monthly payments of $7,204 with all unpaid principal and interest due on September 1, 2010; interest at 2.44%. On September 27, 2010, the note maturity was extended until February 20, 2011. Future debt service requirements have been adjusted to reflect the extension.

The Authority entered into a lending agreement with Community Bank and Trust for the purchase of land in the original amount of $656,823. At June 30, 2010, the balance of this note is $324,283. The note requires monthly payments of $6,182 with all unpaid principal and interest due on February 20, 2011; interest at 2.44%.

Annual debt service requirements for notes payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	$ 1,413,471	$ 23,724	$ 1,437,195

11. Long-Term Debt (continued)

The following is a summary of changes in long-term debt of the County for the fiscal year ending June 30, 2010:

	Balance 6/30/2009	Additions	Deductions	Balance 6/30/2010	Due Within One Year
Governmental activities					
Capital lease obligations	$ 756,042	$ 620,000	$ 632,484	$ 743,558	$ 330,533
Compensated absences	526,809	536,988	526,809	536,988	536,988
Total governmental activities	$ 1,282,851	$ 1,156,988	$ 1,159,293	$ 1,280,546	$ 867,521
Business-type activities					
Capital lease obligations	$ 409,129	$ 0	$ 128,627	$ 280,502	$ 129,175
Landfill post-closure care costs	2,983,296	37,983	0	3,021,279	0
Compensated absences	33,485	27,109	33,485	27,109	27,109
	$ 3,425,910	$ 65,092	$ 162,112	$ 3,328,890	$ 156,284
Habersham County Development Authority Component Unit					
Notes payable	$ 1,770,690	$ 0	$ 357,219	$ 1,413,471	$ 1,413,471

In prior years, long-term liabilities, such as compensated absences, of the governmental activities were liquidated in the General and Emergency 911 Special Revenue Funds. The landfill post-closure care costs are paid for by the Landfill Fund.

12. Landfill Post-Closure Care Costs

In 1994, the County opened a solid waste landfill. State and federal laws and regulations require that the County place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and post-closure care costs has a balance of $3,021,279 as of June 30, 2010, which is based on 46.46% usage (filled) of the landfill. It is estimated that an additional $3,481,312 will be recognized as closure and post-closure care expense between the date of the balance sheet and the date the landfill is expected to be filled to capacity (2028).

The estimated total current cost of the landfill closure and post-closure care ($37,983) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2010. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

13. Designated Equity Balances

A. Special Revenue Funds

An amount of $227,000 has been designated in the Emergency 911 Fund for the fiscal year 2011 budget.

An amount of $81,510 has been designated in the Drug Abuse Treatment Fund for the fiscal year 2011 budget.

14. Reserved Equity Balances

A. General Fund

Reserved for prepaid items - An amount of $20,818 has been reserved for prepaid items since this amount is not legally available for appropriation.

Reserved for judicial - The total of $16,582 has been reserved to reflect amounts that are restricted by revenue source, but are accounted for in the General Fund.

Reserved for public safety - The total of $5,729 has been reserved to reflect amounts that are restricted by revenue source, but are accounted for in the General Fund.

15. Changes in Beginning Balances

Mountain Judicial Circuit NCIS Team Component Unit

A prior period adjustment has been made to record an intergovernmental payable that was not recorded in the prior period. This adjustment decreased beginning fund balance by $16,667.

16. Pension Plan

Plan Description and Contribution Information

Description

Habersham County contributes to the Association of County Commissioners of Georgia ("ACCG") Defined Benefit Plan ("Plan"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating counties in Georgia. The County elected to participate in the Plan as of the result of Board of Commissioner vote and a contract between the County and the ACCG. The county has been participating in the Plan since they moved the plan from Principal Financial Group on July 1, 2006.

The Plan's assets may be used only for the payment of benefits to the members of the Plan, in accordance with the terms of the Plan. See Note 2 – Summary of Significant Accounting Policies for reporting of investments. The ACCG issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to Pension Service Company, 1100 Circle 75 Parkway, Suite 320, Atlanta, GA 30339.

All full-time County employees are eligible to participate in the Plan after completing one year of service and having reached their 21st birthday. Benefits vest evenly over five years of service. Participants become eligible to retire with unreduced benefits at age 65 with 5 years of plan participation. The amount of monthly retirement benefits to be provided for each participant at their normal retirement date is equal to one percent of the participant's average monthly compensation multiplied by the participant's total number of years of service. County Commissioners receive a benefit equal to $30 per month multiplied by years of service. The Plan also provides benefits in the event of death or disability. These benefit provisions and powers to amend the plan were established by a resolution executed by the County Board of Commissioners.

16. Pension Plan (continued)

Plan Description and Contribution Information, continued

Current membership and current year payrolls are as follows:

Retirees and beneficiaries currently receiving benefits	16
Terminated vested participants entitled to but not yet receiving benefits	122
Active participants	178
Disabled participants currently receiving benefits	2
Total number of participants	318

Funding Policy

County employees are not required to contribute to the Plan. The County contributes the entire cost of the Plan, based on an actuarially determined rate. The current rate is 6.1% of annual covered payroll. The Board of Commissioners provides for the benefits and funding policy through County ordinance and maintains the authority to change the policy.

Annual Pension Cost and Net Pension Obligation

The net pension obligation was computed as part of an actuarial valuation performed as of January 1, 2009. Significant actuarial assumptions used in the valuation include:

Rate of return on investments of present and future assets compounded annually	7.8%
Projected salary increases due to:	
Inflation	3.0%
Merit	1.0% - 3.5%
Post-retirement benefit increases	none
Life expectancy before and after retirement (Group Annuity Mortality table)	1983

16. Pension Plan (continued)

Annual Pension Cost and Net Pension Obligation, continued

The Plan's funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, accumulate funds so that sufficient assets will be available to pay benefits when due. The contribution rate for normal cost is determined using the projected unit credit actuarial funding method. The actuarial value of Habersham County's assets was determined using market value. The unfunded actuarially accrued liability is being amortized as a level dollar of projected payroll on a closed basis over a thirty-year period. The remaining amortization period at January 1, 2009 was 10 years.

The County's annual pension cost and net pension obligations for the current year were as follows:

Annual required contribution (ARC)	$	344,283
Interest on net pension obligation		218
Adjustment to ARC		(234)
Annual pension cost		344,267
Contributions made		379,659
Increase (decrease) in net pension obligation		(35,392)
Net pension obligation - beginning of year		2,818
Net pension obligation - end of year	$	(32,574)

16. Pension Plan (continued)

Historical Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Trend information for the pension plan is presented below.

Schedule of Employer Contributions

Plan Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2005	$ 374,995	100%	$ 0
6/30/2006	422,923	0%	422,923
12/31/2006	126,205	0%	558,617
12/31/2007	249,581	105%	(23,122)
12/31/2008	306,717	92%	2,818
12/31/2009	344,267	110%	(32,574)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2004	$2,164,816	$2,471,867	$ 307,051	87.6%	$4,644,084	6.6%
7/1/2005	2,553,484	3,036,500	483,016	84.1%	5,406,876	8.9%
7/1/2006	2,822,398	3,219,177	396,779	87.7%	5,406,876	7.3%
1/1/2007	3,145,265	3,519,184	373,919	89.4%	5,388,060	6.9%
1/1/2008	3,214,496	4,164,160	949,664	77.2%	5,749,435	16.5%
1/1/2009	3,679,149	4,799,409	1,120,260	76.7%	6,179,412	18.1%

17. Deferred Compensation Plan

The County has established a Defined Contribution Plan for the County Manager. The Plan was created under Internal Revenue Code Sections 457 and 401(a), and is administered by the Government Employees Benefits Corporation (GEBCorp) of Georgia, an independent third party. Under the terms of the Plan, the County Manager may defer a portion of her salary through voluntary contributions to the Plan. The County Manager may defer a maximum of 25% of her salary, up to the maximum allowed by federal law.

The County will contribute 200% of the County Manager's contributions per year with a maximum annual matching contribution of 10% of her salary. County contributions are paid into the Plans at the end of each payroll period. During the fiscal year ended June 30, 2010, the County contributed $8,130 to the Plans. The County Manager made voluntary contributions of $4,065.

The County provides retirement benefits for its other employees through a deferred compensation, defined contribution plan. The Plan was created under Internal Revenue Code Sections 457 and 401(a), and is administered by the Government Employees Benefits Corporation (GEBCorp) of Georgia, an independent third party. Under the terms of the Plan, employees may defer a portion of their salary through voluntary contributions to the Plan. Employees may defer a maximum of 25% of their salary, up to the maximum allowed by federal law.

The County will contribute 50% of the employee's contributions per year with a maximum annual matching contribution of 1% of the employee's salary. County contributions are paid into the Plan at the end of each payroll period. During the fiscal year ended June 30, 2010, the County contributed $24,374 to the Plan. Plan members made voluntary contributions of $66,616.

Funds are vested 100% at the time of contribution. Amounts held in the Plans are not available to the employees until termination, retirement, death, or unforeseeable emergency.

The County has no fiduciary relationship with the Plans, and Plan assets are not available to the County or its general creditors. The Plan assets are held in trust by the administrators for the exclusive benefit of the participants of the Plans. The County may change the contribution requirements by resolution.

18. Hotel/Motel Lodging Tax

The County has levied a 5% lodging tax in accordance with OCGA 48-13-51. A summary of the transactions for the fiscal year ending June 30, 2010 follows:

Lodging tax receipts	$	32,876	
Disbursements for tourism and trade	$	13,150	40%

19. Joint Ventures

Under Georgia law, the County, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Commission (GMRC) and is required to pay annual dues thereto. During the year ended June 30, 2010, the County paid $34,154 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official in each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. A copy of the GMRC financial statements can be obtained from GMRC, 1310 West Ridge Road, Gainesville, Georgia 30501.

20. Risk Financing Activities

Material estimates have been made by management about the historical cost of capital assets and the life of the depreciated fixed assets. Management has used a conservative approach on these estimates.

The County is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has joined together with other municipalities in the state as part of the Association of County Commissioners of Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Association of County Commissioners of Georgia Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

20. Risk Financing Activities (continued)

As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pool's agent and attorneys to represent the County in investigation, settlement discussions, and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost taxed against the members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation, or defense.

Settled claims in the past three years have not exceeded the coverages.

Management estimates liabilities for unpaid claims based on the probability of losses exceeding the occurrence limits and the reasonableness of estimating those losses. At June 30, 2010, the County has no losses that are probable or estimable and accordingly has not recognized any liability.

21. Commitments and Contingencies

Contingencies

Habersham County participates in a number of Revenue Sharing Grants. Expenditures financed by Revenue Sharing Grants are subject to a compliance audit by the grantor or its representative. If expenditures are disallowed due to noncompliance with program regulations, the County may be required to reimburse the grantor government. The County believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual funds or the overall financial position of the County.

21. Commitments and Contingencies (continued)

Contingencies (continued)

The County's legal counsel has stated that there are presently no determinable lawsuits.

Commitments

The County has active construction projects as of June 30, 2010. At fiscal year end, the County's commitments with contractors are as follows:

Project	Amount Spent to Date	Remaining Commitment
Improvements to the airport	$ 60,852	$ 59,698
Construction of roads and bridges	571,886	2,053,539
Construction of judicial center	114,800	173,030
Renovations to the detention center	4,410	37,590
Total	$ 751,948	$ 2,323,857

22. Excess of Expenditures over Appropriations in Individual Governmental Funds for which Budgets are Adopted

During the fiscal year, the County incurred material expenditures in the General Fund which were in excess of the amounts appropriated:

Department	Budget	Actual	Variance
Engineer	$ 81,626	$ 86,305	$ (4,679)
Cannery	0	850	(850)
Sheriff	2,355,921	2,454,361	(98,440)

Also during the fiscal year, the Drug Abuse Treatment Special Revenue Fund had appropriations of $9,950 and expenditures of $52,272.

Habersham County Management concurs with this finding. The County Manager continuously reviews the comparative financial statements to budget and recommends any necessary budget revisions to the Board of Commissioners. This action was taken immediately upon receipt of the comment from our auditors.

COMBINING STATEMENTS

Nonmajor Governmental Funds

HABERSHAM COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2010

	Special Revenue			
	Jail	**Emergency 911**	**Hotel/Motel Tax**	**Law Library**
ASSETS				
Cash and cash equivalents	$ 89,740	$ 192,597	$ 0	$ 169,893
Certificates of deposit	0	0	0	169,486
Accounts receivable (net)	0	141,944	0	0
Due from other funds	0	135,194	0	0
Total assets	$ 89,740	$ 469,735	$ 0	$ 339,379
LIABILITIES AND FUND BALANCES				
Liabilities				
Payables				
Accounts	$ 15,480	$ 9,520	$ 0	$ 0
Intergovernmental	0	1,642	0	0
Accrued salaries and expenses	0	20,427	0	0
Due to other funds	0	0	0	0
Total liabilities	15,480	31,589	0	0
Fund balances				
Unreserved, designated for budget	0	227,000	0	0
Unreserved, undesignated	74,260	211,146	0	339,379
Total fund balances	74,260	438,146	0	339,379
Total liabilities and fund balances	$ 89,740	$ 469,735	$ 0	$ 339,379

Special Revenue		Capital Projects			Total Nonmajor Governmental Funds
Drug Abuse Treatment	Inmate Welfare	SPLOST #2	SPLOST #3	Capital Improvements	
$ 194,274	$ 12,987	$ 38,933	$ 0	$ 315,441	$ 1,013,865
0	0	0	0	0	169,486
0	0	0	0	0	141,944
0	0	0	0	0	135,194
$ 194,274	$ 12,987	$ 38,933	$ 0	$ 315,441	$ 1,460,489
$ 344	$ 0	$ 6,365	$ 0	$ 0	$ 31,709
0	0	0	0	0	1,642
0	0	0	0	0	20,427
0	0	2,862	0	0	2,862
344	0	9,227	0	0	56,640
81,510	0	0	0	0	308,510
112,420	12,987	29,706	0	315,441	1,095,339
193,930	12,987	29,706	0	315,441	1,403,849
$ 194,274	$ 12,987	$ 38,933	$ 0	$ 315,441	$ 1,460,489

HABERSHAM COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2010

	Special Revenue			
	Jail	**Emergency 911**	**Hotel/Motel Tax**	**Law Library**
REVENUES				
Taxes	$ 0	$ 0	$ 32,876	$ 0
Fines, fees, and forfeitures	65,617	0	0	29,023
Charges for services	0	735,512	0	0
Intergovernmental	0	0	0	0
Interest	25	1,233	0	8,985
Other	0	483	0	0
Total revenues	65,642	737,228	32,876	38,008
EXPENDITURES				
Current				
Judicial	0	0	0	6,058
Public safety	66,043	1,066,431	0	0
Housing and development	0	0	13,150	0
Capital outlay	0	0	0	0
Intergovernmental	0	0	0	0
Total expenditures	66,043	1,066,431	13,150	6,058
Excess (deficiency) of revenues over (under) expenditures	(401)	(329,203)	19,726	31,950
Other financing sources (uses)				
Transfers in	0	316,042	0	0
Transfers out	0	0	(19,726)	0
Issuance of capital leases	0	0	0	0
Total other financing sources (uses)	0	316,042	(19,726)	0
Net change in fund balance	(401)	(13,161)	0	31,950
Fund balances, July 1	74,661	451,307	0	307,429
Fund balances, June 30	$ 74,260	$ 438,146	$ 0	$ 339,379

Special Revenue		Capital Projects			Total Nonmajor Governmental Funds
Drug Abuse Treatment	Inmate Welfare	SPLOST #2	SPLOST #3	Capital Improvements	
$ 0	$ 0	$ 0	$ 0	$ 0	$ 32,876
56,222	0	0	0	0	150,862
0	97,760	0	0	0	833,272
8,872	0	0	0	0	8,872
406	0	592	0	936	12,177
0	0	0	0	0	483
65,500	97,760	592	0	936	1,038,542
52,272	0	0	0	0	58,330
0	98,579	0	0	0	1,231,053
0	0	0	0	0	13,150
0	0	55,732	0	832,462	888,194
0	0	24,912	0	0	24,912
52,272	98,579	80,644	0	832,462	2,215,639
13,228	(819)	(80,052)	0	(831,526)	(1,177,097)
0	0	0	0	454,610	770,652
(101,115)	0	0	0	0	(120,841)
0	0	0	0	620,000	620,000
(101,115)	0	0	0	1,074,610	1,269,811
(87,887)	(819)	(80,052)	0	243,084	92,714
281,817	13,806	109,758	0	72,357	1,311,135
$ 193,930	$ 12,987	$ 29,706	$ 0	$ 315,441	$ 1,403,849

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GENERAL FUND

The general operating fund of the County is used to account for all financial resources except those required to be accounted for in another fund.

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

ASSETS	**2010**	**2009**
Cash and cash equivalents	$ 2,681,548	$ 2,816,422
Certificates of deposit	2,702,992	2,825,000
Receivables (net)		
Accounts	42,013	36,536
Intergovernmental	84,748	95,039
Taxes	392,341	557,451
Interest	2,281	0
Prepaid expenses	20,818	129,752
Due from other funds	409,036	375,164
Restricted Assets		
Cash and cash equivalents	22,311	39,230
Total assets	$ 6,358,088	$ 6,874,594
LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	$ 205,501	$ 237,719
Intergovernmental	53,155	47,973
Excess taxes	189,080	189,080
Accrued salaries and expenses	218,308	209,083
Deferred revenue	229,387	436,054
Due to other agencies	34,326	60,510
Due to other funds	152,747	107,763
Total liabilities	1,082,504	1,288,182
Fund balances		
Reserved for prepaids	20,818	129,752
Reserved for judicial	16,582	39,230
Reserved for public safety	5,729	0
Unreserved, designated for budget	0	484,610
Unreserved, undesignated	5,232,455	4,932,820
Total fund balances	5,275,584	5,586,412
Total liabilities and fund balances	$ 6,358,088	$ 6,874,594

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
REVENUES		
Taxes	$ 12,867,112	$ 13,015,856
Licenses and permits	101,126	160,565
Fines, fees and forfeitures	1,133,207	1,154,405
Charges for services	991,033	958,991
Intergovernmental	602,917	501,620
Interest	84,522	113,748
Contributions	10,731	11,278
Other	102,194	67,821
Total revenues	15,892,842	15,984,284
EXPENDITURES		
Current		
General Government	3,348,708	3,179,529
Judicial	2,233,400	2,341,797
Public Safety	6,226,603	6,545,678
Public Works	1,637,017	1,679,451
Health and Welfare	423,120	439,296
Culture and Recreation	1,140,542	1,203,201
Housing and Development	655,144	818,155
Total expenditures	15,664,534	16,207,107
Excess (deficiency) of revenues over (under) expenditures	228,308	(222,823)
Other financing sources (uses)		
Transfers in (out)		
Hotel/Motel Tax Fund	19,726	18,558
Landfill Fund	83,289	78,508
E911 Fund	(316,042)	(394,194)
Drug Abuse Treatment Fund	101,115	52,083
Capital Improvements Fund	(454,610)	(98,751)
Water and Sewer Fund	22,300	21,020
Transit Fund	(24,035)	(23,000)
Proceeds from the sale of assets	29,121	35,507
Total other financing sources (uses)	(539,136)	(310,269)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(310,828)	(533,092)
Fund balances, July 1	5,586,412	6,119,504
Fund balances, June 30	$ 5,275,584	$ 5,586,412

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2010
(With comparative actual amounts for the fiscal year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Current and prior year levies	$ 10,108,802	$ 9,962,630	$ (146,172)	$ 9,806,065
Motor vehicle tax	779,000	710,996	(68,004)	823,391
Mobile home tax	105,664	102,044	(3,620)	139,373
Timber tax	900	105	(795)	487
Cost, penalties, and interest	215,000	152,591	(62,409)	158,013
Total general property taxes	11,209,366	10,928,366	(281,000)	10,927,329
Intangibles tax	174,000	133,653	(40,347)	189,689
Real estate transfer tax	43,000	41,720	(1,280)	39,063
Franchise tax	75,000	70,438	(4,562)	75,046
Insurance premium tax	1,309,500	1,290,809	(18,691)	1,309,587
Alcohol excise tax	326,200	295,440	(30,760)	320,640
Occupational tax	153,400	99,695	(53,705)	147,324
Other	8,000	6,991	(1,009)	7,178
Total taxes	13,298,466	12,867,112	(431,354)	13,015,856
Licenses and permits				
Building permits	161,050	73,502	(87,548)	133,238
Other permits	23,770	27,624	3,854	27,327
Total licenses and permits	184,820	101,126	(83,694)	160,565
Fines, fees and forfeitures	1,136,770	1,133,207	(3,563)	1,154,405
Charges for Services				
Sheriff services	100,950	100,948	(2)	42,232
Prisoner board	80,000	36,715	(43,285)	64,192
Recreation fees	307,850	197,674	(110,176)	255,284
Collection commissions	505,000	559,590	54,590	527,507
Other charges for services	49,285	96,106	46,821	69,776
Total charges for services	1,043,085	991,033	(52,052)	958,991
Intergovernmental	534,886	602,917	68,031	501,620
Interest	115,150	84,522	(30,628)	113,748
Contributions	13,000	10,731	(2,269)	11,278
Other				
Rental Income	70,300	51,372	(18,928)	56,781
Miscellaneous	32,176	50,822	18,646	11,040
Total other	102,476	102,194	(282)	67,821
Total revenues	$ 16,428,653	$ 15,892,842	$ (535,811)	$ 15,984,284

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2010
(With comparative actual amounts for the fiscal year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
County-Wide				
Personal services	$ 29,000	$ 97,704	$ (68,704)	$ 18,497
Contract services	560,300	484,146	76,154	470,809
Materials and supplies	500	3	497	371
Total County-Wide	589,800	581,853	7,947	489,677
Commissioners				
Personal services	62,504	73,005	(10,501)	106,636
Contract services	92,000	73,925	18,075	74,578
Materials and supplies	12,200	11,902	298	11,516
Payments to other agencies	281,200	280,668	532	304,608
Total Commissioners	447,904	439,500	8,404	497,338
County Manager				
Personal services	127,617	128,632	(1,015)	84,949
Contract services	5,750	6,536	(786)	5,794
Materials and supplies	1,800	1,399	401	1,105
Total County Manager	135,167	136,567	(1,400)	91,848
County Finance				
Personal services	220,535	220,467	68	214,880
Contract services	11,225	9,310	1,915	9,961
Materials and supplies	4,650	5,213	(563)	4,342
Total County Finance	236,410	234,990	1,420	229,183
County Human Resources				
Personal services	70,153	70,780	(627)	95,894
Contract services	4,950	4,372	578	4,690
Materials and supplies	1,300	731	569	1,124
Total County Human Resources	76,403	75,883	520	101,708
Tax Commissioner				
Personal services	253,190	271,670	(18,480)	241,820
Contract services	73,090	54,711	18,379	53,938
Materials and supplies	4,500	7,877	(3,377)	6,170
Total Tax Commissioner	330,780	334,258	(3,478)	301,928
Tax Assessor				
Personal services	421,052	417,170	3,882	403,533
Contract services	109,248	111,717	(2,469)	62,876
Materials and supplies	9,347	7,775	1,572	8,446
Total Tax Assessor	539,647	536,662	2,985	474,855
Board of Equalization				
Contract services	3,980	2,938	1,042	5,672
Total Board of Equalization	3,980	2,938	1,042	5,672

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2010
(With comparative actual amounts for the fiscal year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
General Government (continued)				
County Clerk				
Personal services	$ 49,754	$ 49,346	$ 408	$ 48,657
Contract services	2,865	2,825	40	2,744
Materials and supplies	500	797	(297)	447
Total County Clerk	53,119	52,968	151	51,848
Engineer				
Personal services	79,101	83,130	(4,029)	74,646
Contract services	2,300	2,173	127	1,539
Materials and supplies	225	1,002	(777)	69
Total Engineer	81,626	86,305	(4,679)	76,254
Registrar				
Personal services	87,132	85,375	1,757	86,693
Contract services	12,040	11,293	747	14,420
Materials and supplies	500	560	(60)	884
Total Registrar	99,672	97,228	2,444	101,997
Buildings and Grounds				
Personal services	227,186	218,115	9,071	216,031
Contract services	154,722	161,134	(6,412)	184,852
Materials and supplies	107,318	99,853	7,465	111,081
Capital outlay	0	6,500	(6,500)	0
Total Buildings and Grounds	489,226	485,602	3,624	511,964
County Annex				
Contract services	81,573	79,160	2,413	74,258
Materials and supplies	26,835	27,888	(1,053)	24,863
Total County Annex	108,408	107,048	1,360	99,121
Information Technology				
Personal services	98,723	101,999	(3,276)	100,401
Contract services	63,730	44,124	19,606	43,277
Materials and supplies	30,800	29,933	867	797
Total Information Technology	193,253	176,056	17,197	144,475
Cannery				
Personal services	0	0	0	(36)
Materials and supplies	0	850	(850)	1,697
Total Cannery	0	850	(850)	1,661
Total General Government	3,385,395	3,348,708	36,687	3,179,529
Judicial				
Drug Abuse Treatment				
Contract services	82,465	67,687	14,778	48,994
Materials and supplies	10,075	82	9,993	119
Total Drug Abuse Treatment	92,540	67,769	24,771	49,113

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2010
(With comparative actual amounts for the fiscal year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
Judicial (continued)				
Probate Court				
Personal services	$ 155,508	$ 152,224	$ 3,284	$ 167,587
Contract services	33,900	20,030	13,870	87,750
Materials and supplies	8,000	7,399	601	6,169
Total Probate Court	197,408	179,653	17,755	261,506
Magistrate Court				
Personal services	338,557	331,055	7,502	333,222
Contract services	43,850	45,527	(1,677)	38,636
Materials and supplies	16,350	11,670	4,680	12,765
Total Magistrate Court	398,757	388,252	10,505	384,623
Clerk of Superior Court				
Personal services	463,214	442,642	20,572	449,443
Contract services	90,292	85,299	4,993	72,795
Materials and supplies	28,500	18,398	10,102	24,192
Capital outlay	4,308	0	4,308	0
Total Clerk of Superior Court	586,314	546,339	39,975	546,430
Superior Court				
Personal services	144,408	118,276	26,132	70,173
Contract services	85,330	58,711	26,619	54,600
Materials and supplies	3,648	1,597	2,051	1,979
Total Superior Court	233,386	178,584	54,802	126,752
District Attorney				
Personal services	64,599	24,971	39,628	10,583
Contract services	25,050	29,489	(4,439)	28,749
Materials and supplies	7,400	5,081	2,319	4,019
Payments to other agencies	0	0	0	67,235
Total District Attorney	97,049	59,541	37,508	110,586
Public Defender				
Personal services	51,651	53,318	(1,667)	48,602
Contract services	308,972	285,912	23,060	322,175
Materials and supplies	13,500	12,634	866	12,092
Total Public Defender	374,123	351,864	22,259	382,869
State Court Judge				
Personal services	91,132	75,395	15,737	80,366
Contract services	46,250	43,649	2,601	43,934
Materials and supplies	10,000	8,750	1,250	9,600
Total State Court Judge	147,382	127,794	19,588	133,900
Juvenile Court				
Personnel services	168,752	169,822	(1,070)	163,073
Contract services	58,900	53,689	5,211	53,893
Materials and supplies	3,500	4,104	(604)	3,634
Total Juvenile Court	231,152	227,615	3,537	220,600

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2010
(With comparative actual amounts for the fiscal year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
Judicial (continued)				
Juvenile Supervision				
Contract services	$ 20,000	$ 17,536	$ 2,464	$ 30,072
State Court Solicitor				
Personal services	89,891	78,828	11,063	82,877
Contract services	875	0	875	2,869
Materials and supplies	9,500	9,625	(125)	9,600
Total State Court Solicitor	100,266	88,453	11,813	95,346
Total Judicial	2,478,377	2,233,400	244,977	2,341,797
Public Safety				
Sheriff				
Personal services	1,878,171	1,878,072	99	1,756,566
Contract services	210,950	238,771	(27,821)	214,134
Materials and supplies	244,000	314,438	(70,438)	276,512
Capital outlay	22,800	23,080	(280)	0
Total Sheriff	2,355,921	2,454,361	(98,440)	2,247,212
Jail				
Personal services	1,305,838	1,282,425	23,413	1,329,602
Contract services	406,700	421,159	(14,459)	458,602
Materials and supplies	125,000	116,955	8,045	124,461
Total Jail	1,837,538	1,820,539	16,999	1,912,665
Animal Control				
Personal services	71,177	70,556	621	69,971
Contract services	8,875	5,623	3,252	9,802
Materials and supplies	11,100	11,564	(464)	7,591
Total Animal Control	91,152	87,743	3,409	87,364
Coroner				
Personal services	14,629	11,573	3,056	14,661
Contract services	21,350	11,108	10,242	7,452
Materials and supplies	2,500	1,918	582	1,831
Total Coroner	38,479	24,599	13,880	23,944
Fire				
Personal services	916,327	874,435	41,892	919,168
Contract services	78,165	76,164	2,001	73,099
Materials and supplies	119,710	114,242	5,468	116,837
Total Fire	1,114,202	1,064,841	49,361	1,109,104
Animal Shelter				
Personal services	88,806	85,475	3,331	63,679
Contract services	46,610	51,399	(4,789)	46,977
Materials and supplies	16,100	16,800	(700)	27,374
Total Animal Shelter	151,516	153,674	(2,158)	138,030

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2010
(With comparative actual amounts for the fiscal year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
Public Safety (continued)				
Emergency Management Agency				
Personal services	$ 38,827	$ 43,076	$ (4,249)	$ 85,886
Contract services	22,215	20,301	1,914	19,001
Materials and supplies	7,700	6,264	1,436	18,088
Total Emergency Management Agency	68,742	69,641	(899)	122,975
Ambulance				
Contract services	67,310	58,956	8,354	49,697
Materials and supplies	100,400	80,583	19,817	80,411
Payments to other agencies	408,314	408,314	0	690,000
Total Ambulance	576,024	547,853	28,171	820,108
Northeast Georgia Drug Task Force				
Payments to other agencies	62,293	3,352	58,941	84,276
Total Public Safety	6,295,867	6,226,603	69,264	6,545,678
Public Works				
Road Department				
Personal services	1,284,695	1,233,267	51,428	1,251,080
Contract services	131,781	109,951	21,830	96,614
Materials and supplies	258,500	293,799	(35,299)	318,672
Capital outlay	100	0	100	13,085
Total Public Works	1,675,076	1,637,017	38,059	1,679,451
Health and Welfare				
Georgia Mountains Community Mental Health				
Payments to other agencies	25,774	25,774	0	26,300
Senior Center				
Contract services	4,300	3,872	428	3,182
Materials and supplies	12,084	13,762	(1,678)	13,594
Payments to other agencies	146,694	146,714	(20)	158,283
Total Senior Center	163,078	164,348	(1,270)	175,059
Habersham County Health Department				
Payments to other agencies	179,340	179,340	0	183,000
Child Welfare				
Payments to other agencies	55,900	53,658	2,242	54,937
Food Bank				
Payments to other agencies	2,500	0	2,500	0

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2010
(With comparative actual amounts for the fiscal year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
Health and Welfare (continued)				
US Dept. Int. Geo Survey				
Contract services	$ 9,100	$ 0	$ 9,100	$ 0
Total Health and Welfare	435,692	423,120	12,572	439,296
Culture and Recreation				
Fairgrounds				
Personal services	10,765	1,663	9,102	1,389
Contract services	13,300	3,580	9,720	7,886
Materials and supplies	7,400	12,371	(4,971)	1,901
Total Fairgrounds	31,465	17,614	13,851	11,176
Libraries				
Payments to other agencies	303,702	303,702	0	316,200
Recreation				
Personal services	465,089	402,239	62,850	476,489
Contract services	138,398	97,633	40,765	89,326
Materials and supplies	320,497	310,450	10,047	305,008
Payments to other agencies	12,650	8,904	3,746	5,002
Total Recreation	936,634	819,226	117,408	875,825
Total Culture and Recreation	1,271,801	1,140,542	131,259	1,203,201
Housing and Development				
Airport				
Contract services	18,000	10,632	7,368	12,115
Materials and supplies	6,050	6,177	(127)	6,108
Total Airport	24,050	16,809	7,241	18,223
Extension Service				
Contract services	68,764	56,497	12,267	42,637
Materials and supplies	8,305	13,269	(4,964)	13,293
Payments to other agencies	2,500	2,500	0	2,559
Total Extension Service	79,569	72,266	7,303	58,489
Forestry				
Payments to other agencies	3,360	3,360	0	3,462
Development Authority				
Payments to other agencies	0	0	0	32,746
Economic Development				
Personal services	88,928	90,168	(1,240)	86,260
Contract services	13,810	7,382	6,428	6,009
Materials and supplies	10,880	1,694	9,186	3,185
Total Economic Development	113,618	99,244	14,374	95,454

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2010
(With comparative actual amounts for the fiscal year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
Housing and Development (continued)				
Building				
Personal services	$ 182,127	$ 182,910	$ (783)	$ 202,816
Contract services	11,650	9,590	2,060	11,131
Materials and supplies	11,300	8,880	2,420	10,117
Total Building	205,077	201,380	3,697	224,064
Planning				
Personal services	172,841	146,304	26,537	220,729
Contract services	16,650	31,699	(15,049)	58,425
Materials and supplies	12,100	6,934	5,166	9,162
Total Planning	201,591	184,937	16,654	288,316
Planning Commission				
Contract services	9,450	9,934	(484)	7,007
Materials and supplies	2,500	315	2,185	0
Total Planning	11,950	10,249	1,701	7,007
Code Enforcement				
Personal services	56,211	56,077	134	78,629
Contract services	8,915	6,242	2,673	7,355
Materials and supplies	7,300	4,580	2,720	4,410
Total Code Enforcement	72,426	66,899	5,527	90,394
Total Housing and Development	711,641	655,144	56,497	818,155
	$ 16,253,849	$ 15,664,534	$ 589,315	$ 16,207,107

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SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Jail Fund – This fund is used to account for fines and fees received restricted for the maintenance of the County Jail.

Emergency 911 Fund – This fund is used to account for the County's share of telephone fees for the operation of the 911 emergency system.

Hotel/Motel Tax Fund – This fund is used to account for Hotel/Motel tax collections which are used to support tourism in Habersham County.

Law Library Fund – This fund is used to account for the funds court office fines and fees legally restricted for operation of the Habersham County Law Library.

Drug Abuse Treatment Fund – This fund is used to account for fines and fees received restricted for drug treatment and education programs in the County.

Inmate Welfare Fund – This fund is used to account for monies legally restricted for the benefit of detainees in the County jail.

HABERSHAM COUNTY, GEORGIA
JAIL SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

ASSETS	**2010**	**2009**
Cash and cash equivalents	$ 89,740	$ 74,661
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 15,480	$ 0
Fund balances		
Unreserved	74,260	74,661
Total liabilities and fund balances	$ 89,740	$ 74,661

HABERSHAM COUNTY, GEORGIA
JAIL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2010
(With comparative actual amounts for the fiscal year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	$ 65,250	$ 65,617	$ 367	$ 74,436
Interest	800	25	(775)	525
Total revenues	66,050	65,642	(408)	74,961
EXPENDITURES				
Current				
Public Safety				
Contract services	66,050	30,100	35,950	27,043
Materials and supplies	0	7,723	(7,723)	14,004
Capital outlay	0	28,220	(28,220)	60,494
Total expenditures	66,050	66,043	7	101,541
Excess (deficiency) of revenues over (under) expenditures	0	(401)	(401)	(26,580)
Fund balances, July 1	0	74,661	74,661	101,241
Fund balances, June 30	$ 0	$ 74,260	$ 74,260	$ 74,661

HABERSHAM COUNTY, GEORGIA
EMERGENCY 911 SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

ASSETS	**2010**	**2009**
Cash and cash equivalents	$ 192,597	$ 454,075
Accounts receivable (net)	141,944	64,816
Due from other funds	135,194	74,141
Total assets	$ 469,735	$ 593,032
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 9,520	$ 15,221
Intergovernmental payable	1,642	0
Accrued salaries and expenses	20,427	18,759
Due to other funds	0	107,745
Total liabilities	31,589	141,725
Fund balances		
Unreserved, designated for budget	227,000	270,000
Unreserved, undesignated	211,146	181,307
Total fund balances	438,146	451,307
Total liabilities and fund balances	$ 469,735	$ 593,032

HABERSHAM COUNTY, GEORGIA
EMERGENCY 911 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2010
(With comparative actual amounts for the fiscal year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	$ 709,830	$ 735,512	$ 25,682	$ 732,539
Interest	5,500	1,233	(4,267)	3,235
Other	100	483	383	158
Total revenues	715,430	737,228	21,798	735,932
EXPENDITURES				
Current				
Public Safety				
Personal Services	746,547	751,861	(5,314)	759,259
Contract services	203,915	201,819	2,096	179,457
Materials and supplies	21,000	23,014	(2,014)	24,374
Capital outlay	270,000	9,815	260,185	0
Debt service	60,010	79,922	(19,912)	96,323
Total expenditures	1,301,472	1,066,431	235,041	1,059,413
Excess (deficiency) of revenues over (under) expenditures	(586,042)	(329,203)	256,839	(323,481)
Other financing sources (uses)				
Transfers in (out)				
General Fund	316,042	316,042	0	394,194
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(270,000)	(13,161)	256,839	70,713
Fund balances, July 1	270,000	451,307	181,307	380,594
Fund balances, June 30	$ 0	$ 438,146	$ 438,146	$ 451,307

HABERSHAM COUNTY, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
ASSETS	$ 0	$ 0
LIABILITIES AND FUND BALANCES	$ 0	$ 0

HABERSHAM COUNTY, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2010
(With comparative actual amounts for the fiscal year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes	$ 32,900	$ 32,876	$ (24)	$ 30,930
Total revenues	32,900	32,876	(24)	30,930
EXPENDITURES				
Current				
Housing and Development				
Tourism				
Habersham County Chamber of Commerce	13,150	13,150	0	12,372
Total expenditures	13,150	13,150	0	12,372
Excess (deficiency) of revenues over (under) expenditures	19,750	19,726	(24)	18,558
Other financing sources (uses)				
Transfers in (out)				
General Fund	(19,750)	(19,726)	24	(18,558)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, July 1	0	0	0	0
Fund balances, June 30	$ 0	$ 0	$ 0	$ 0

HABERSHAM COUNTY, GEORGIA
LAW LIBRARY SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

ASSETS	**2010**	**2009**
Cash and cash equivalents	$ 169,893	$ 17,082
Certificates of deposit	169,486	290,347
Total assets	$ 339,379	$ 307,429
LIABILITIES AND FUND BALANCES		
Fund balances		
Unreserved	$ 339,379	$ 307,429

HABERSHAM COUNTY, GEORGIA
LAW LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2010
(With comparative actual amounts for the fiscal year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	$ 38,000	$ 29,023	$ (8,977)	$ 35,861
Interest	0	8,985	8,985	10,064
Total revenues	38,000	38,008	8	45,925
EXPENDITURES				
Current				
Judicial				
Personal services	0	4,400	(4,400)	4,400
Materials and supplies	6,000	1,658	4,342	656
Total expenditures	6,000	6,058	(58)	5,056
Excess (deficiency) of revenues over (under) expenditures	32,000	31,950	(50)	40,869
Fund balances, July 1	(32,000)	307,429	339,429	266,560
Fund balances, June 30	$ 0	$ 339,379	$ 339,379	$ 307,429

HABERSHAM COUNTY, GEORGIA
DRUG ABUSE TREATMENT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

ASSETS	**2010**	**2009**
Cash and cash equivalents	$ 194,274	$ 264,675
Intergovernmental receivable	0	17,142
Total assets	$ 194,274	$ 281,817
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 344	$ 0
Fund balances		
Unreserved, designated for budget	81,510	39,875
Unreserved, undesignated	112,420	241,942
Total fund balances	193,930	281,817
Total liabilities and fund balances	$ 194,274	$ 281,817

HABERSHAM COUNTY, GEORGIA
DRUG ABUSE TREATMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2010
(With comparative actual amounts for the fiscal year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	$ 42,000	$ 56,222	$ 14,222	$ 47,849
Intergovernmental	36,125	8,872	(27,253)	52,979
Interest	3,000	406	(2,594)	2,100
Total revenues	81,125	65,500	(15,625)	102,928
EXPENDITURES				
Current				
Judicial				
Contract services	9,950	45,780	(35,830)	12,799
Materials and supplies	0	6,492	(6,492)	0
Total expenditures	9,950	52,272	(42,322)	12,799
Excess (deficiency) of revenues over (under) expenditures	71,175	13,228	(57,947)	90,129
Other financing sources (uses)				
Transfers in (out)				
General Fund	(143,460)	(101,115)	42,345	(52,083)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and and other financing uses	(72,285)	(87,887)	(15,602)	38,046
Fund balances, July 1	72,285	281,817	209,532	243,771
Fund balances, June 30	$ 0	$ 193,930	$ 193,930	$ 281,817

HABERSHAM COUNTY, GEORGIA
INMATE WELFARE SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

ASSETS	**2010**	**2009**
Cash and cash equivalents	$ 12,987	$ 13,806
LIABILITIES AND FUND BALANCES		
Fund balances		
Unreserved	$ 12,987	$ 13,806

HABERSHAM COUNTY, GEORGIA
INMATE WELFARE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2010
(With comparative actual amounts for the fiscal year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	$ 145,000	$ 97,760	$ (47,240)	$ 108,160
Total revenues	145,000	97,760	(47,240)	108,160
EXPENDITURES				
Current				
Public safety				
Materials and supplies	145,000	98,579	46,421	97,564
Total expenditures	145,000	98,579	46,421	97,564
Excess (deficiency) of revenues over (under) expenditures	0	(819)	(819)	10,596
Fund balances, July 1	0	13,806	13,806	3,210
Fund balances, June 30	$ 0	$ 12,987	$ 12,987	$ 13,806

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CAPITAL PROJECTS FUNDS

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds).

Special Purpose Local Option Sales Tax #2 Fund – This fund is used to account for long-term projects financed by the 1993 passage of a special purpose local option sales tax.

Special Purpose Local Option Sales Tax #3 Fund – This fund is used to account for long-term projects financed by the 1998 passage of a special purpose local option sales tax.

Special Purpose Local Option Sales Tax #4 Fund – This fund is used to account for long-term projects financed by the 2003 passage of a special purpose local option sales tax.

Special Purpose Local Option Sales Tax #5 Fund – This fund is used to account for long-term projects financed by the 2008 passage of a special purpose local option sales tax.

Capital Improvements Fund – This fund is used to account for general purpose long-term capital projects financed from various revenue sources.

HABERSHAM COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX #2
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

ASSETS	**2010**	**2009**
Cash and cash equivalents	$ 38,933	$ 114,729
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 6,365	$ 4,971
Due to other funds	2,862	0
Total liabilities	9,227	4,971
Fund balances		
Unreserved	29,706	109,758
Total liabilities and fund balances	$ 38,933	$ 114,729

HABERSHAM COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX #2
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the fiscal years ended June 30, 2010 and 2009

REVENUES	**2010**	**2009**
Interest	$ 592	$ 3,689
Total revenues	592	3,689
EXPENDITURES		
Capital outlay		
Culture and Recreation		
Recreation	55,732	77,245
Intergovernmental	24,912	8,600
Total expenditures	80,644	85,845
Excess (deficiency) of revenues over (under) expenditures	(80,052)	(82,156)
Fund balances, July 1 (restated)	109,758	191,914
Fund balances, June 30	$ 29,706	$ 109,758

HABERSHAM COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX #3
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
ASSETS	$ 0	$ 0
LIABILITIES AND FUND BALANCES	$ 0	$ 0

HABERSHAM COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX #3
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the fiscal years ended June 30, 2010 and 2009

REVENUES	**2010**	**2009**
Interest	$ 0	$ 21
Total revenues	0	21
EXPENDITURES		
Capital outlay		
General Government		
Economic Development	0	3,677
Information Technology	0	4,488
Total expenditures	0	8,165
Excess (deficiency) of revenues over (under) expenditures	0	(8,144)
Other financing sources (uses)		
Transfers in (out)		
SPLOST 4 Fund	0	(156,247)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(164,391)
Fund balances, July 1	0	164,391
Fund balances, June 30	$ 0	$ 0

HABERSHAM COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX #4
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

ASSETS	**2010**	**2009**
Cash and cash equivalents	$ 5,639,323	$ 5,772,641
Certificates of deposit	0	3,000,000
Due from other funds	2,862	0
Total assets	$ 5,642,185	$ 8,772,641
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 88,230	$ 170,145
Retainages payable	25,866	0
Due to other funds	325,122	3,004,026
Total liabilities	439,218	3,174,171
Fund balances		
Unreserved	5,202,967	5,598,470
Total liabilities and fund balances	$ 5,642,185	$ 8,772,641

HABERSHAM COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX #4
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the fiscal years ended June 30, 2010 and 2009

REVENUES	**2010**	**2009**
Intergovernmental	$ 330,710	$ 393,833
Interest	31,489	100,927
Total revenues	362,199	494,760
EXPENDITURES		
Capital outlay		
Public Safety		
Sheriff	9,800	138,844
Marshal	0	18,269
Fire	274,713	148,043
Ambulance	0	123,391
Public Works		
Roads and Bridges	1,616,704	516,381
Housing and Development		
Airport	401,804	200,973
Intergovernmental	1,150,505	571,097
Total expenditures	3,453,526	1,716,998
Excess (deficiency) of revenues over (under) expenditures	(3,091,327)	(1,222,238)
Other financing sources (uses)		
Transfers in (out)		
SPLOST 3 Fund	0	156,247
Capital Improvements Fund	0	(313,821)
Water and Sewer Fund	2,695,824	0
Total other financing sources (uses)	2,695,824	(157,574)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(395,503)	(1,379,812)
Fund balances, July 1	5,598,470	6,978,282
Fund balances, June 30	$ 5,202,967	$ 5,598,470

HABERSHAM COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX #5
CAPITAL PROJECTS FUND
BALANCE SHEET
June 30, 2010 and 2009

ASSETS	**2010**	**2009**
Cash and cash equivalents	$ 1,945,646	$ 3,341,154
Certificates of deposit	769,998	0
Investments	4,852,865	0
Taxes receivable	523,802	536,731
Total assets	$ 8,092,311	$ 3,877,885
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 8,560	$ 0
Intergovernmental payable	165,546	152,280
Due to other funds	0	389,529
Total liabilities	174,106	541,809
Fund balances		
Unreserved	7,918,205	3,336,076
Total liabilities and fund balances	$ 8,092,311	$ 3,877,885

HABERSHAM COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX #5
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the fiscal years ended June 30, 2010 and 2009

REVENUES	**2010**	**2009**
Taxes	$ 5,319,551	$ 5,009,262
Interest	33,495	17,437
Total revenues	5,353,046	5,026,699
EXPENDITURES		
Capital outlay		
General Government		
Information Technology	151,903	171,567
Judicial	114,859	1,340,871
Intergovernmental	893,684	856,240
Total expenditures	1,160,446	2,368,678
Excess (deficiency) of revenues over (under) expenditures	4,192,600	2,658,021
Other financing sources (uses)		
Transfers in (out)		
Water and Sewer Fund	389,529	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	4,582,129	2,658,021
Fund balances, July 1	3,336,076	678,055
Fund balances, June 30	$ 7,918,205	$ 3,336,076

HABERSHAM COUNTY, GEORGIA
CAPITAL IMPROVEMENTS
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

ASSETS	**2010**	**2009**
Cash and cash equivalents	$ 315,441	$ 61,653
Due from other funds	0	48,921
Total assets	$ 315,441	$ 110,574
LIABILITIES AND FUND BALANCES		
Liabilities		
Due to other funds	$ 0	$ 38,217
Fund balances		
Unreserved	315,441	72,357
Total liabilities and fund balances	$ 315,441	$ 110,574

HABERSHAM COUNTY, GEORGIA
CAPITAL IMPROVEMENTS
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the fiscal years ended June 30, 2010 and 2009

REVENUES	**2010**	**2009**
Interest	$ 936	$ 2,455
Total revenues	936	2,455
EXPENDITURES		
Capital outlay		
General Government		
County-Wide	2,205	1,740
County Manager	4,842	7,732
Tax Assessor	36,488	68,017
County Buildings & Grounds	10,630	10,630
Judicial		
District Attorney	17,256	0
Public Safety		
Sheriff	134,165	200,940
Fire	284,335	0
Ambulance	143,706	0
Public Works		
Roads and Bridges	168,664	192,108
Health and Welfare		
Senior Center	14,699	23,472
Housing and Development		
Building	15,472	18,362
Total expenditures	832,462	523,001
Excess (deficiency) of revenues over (under) expenditures	(831,526)	(520,546)
Other financing sources (uses)		
Transfers in (out)		
General Fund	454,610	98,751
SPLOST 5 Fund	0	313,821
Issuance of capital leases	620,000	0
Total other financing sources (uses)	1,074,610	412,572
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	243,084	(107,974)
Fund balances, July 1	72,357	180,331
Fund balances, June 30	$ 315,441	$ 72,357

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ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are self-supporting in nature where the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

Water and Sewer Fund - Used to account for activities connected with the development, operation and maintenance of water and sewer services in Habersham County.

Landfill Fund – This fund is used to account for activities connected with the disposal of residential and commercial solid waste at the County's solid waste transfer station.

Transit Fund – This fund is used to account for activities of the County's on-call bus service, available to any County resident.

HABERSHAM COUNTY, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Current assets		
Cash and cash equivalents	$ 58,732	$ 109,700
Accounts receivable	15,385	18,339
Restricted assets		
Cash and cash equivalents	1,137,474	1,805,383
Due from other funds	0	3,087,688
Total current assets	1,211,591	5,021,110
Capital assets		
Construction in progress	3,219,815	3,354,853
Distribution system	7,355,138	7,143,577
Vehicles	32,665	44,386
Accumulated depreciation	(1,408,003)	(1,262,280)
Total capital assets (net of accumulated depreciation)	9,199,615	9,280,536
Total assets	10,411,206	14,301,646
LIABILITIES		
Current liabilities		
Payables		
Accounts	2,194	9,477
Intergovernmental	11,392	0
Accrued salaries	996	2,673
Compensated absences	2,141	2,226
Due to other funds	9,529	14,098
Customer deposits	25,376	27,091
Liabilities payable from restricted assets:		
Payables		
Accounts	0	428,642
Intergovernmental	9,388	0
Retainages	0	25,879
Total liabilities	61,016	510,086
NET ASSETS		
Invested in capital assets	9,199,615	9,280,536
Restricted for restricted assets	1,128,086	4,438,550
Unrestricted	22,489	72,474
Total net assets	$ 10,350,190	$ 13,791,560

HABERSHAM COUNTY, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2010 and 2009

OPERATING REVENUES	**2010**	**2009**
Charges for sales and services	$ 246,527	$ 243,036
Total operating revenues	246,527	243,036
OPERATING EXPENSES		
Costs of sales and services	324,504	231,004
Personal services	101,847	122,541
Depreciation	157,444	155,543
Total operating expenses	583,795	509,088
Operating income (loss)	(337,268)	(266,052)
Non-operating revenues (expenses)		
Interest revenue	3,551	18,435
Net income (loss) before transfers	(333,717)	(247,617)
Transfers in (out)		
General Fund	(22,300)	(21,020)
SPLOST 4 Fund	(2,695,824)	0
SPLOST 5 Fund	(389,529)	0
Total transfers in (out)	(3,107,653)	(21,020)
Change in net assets	(3,441,370)	(268,637)
Net assets, July 1	13,791,560	14,060,197
Net assets, June 30	$ 10,350,190	$ 13,791,560

HABERSHAM COUNTY, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Receipts from customers	$ 247,765	$ 242,741
Payments to suppliers	(311,006)	(251,575)
Payments to employees	(103,609)	(120,518)
Net cash provided (used) by operating activities	(166,850)	(129,352)
Cash flows from non-capital financing activities:		
Receipts from other funds	0	2,865
Payments to other funds	(26,869)	(21,020)
Net cash provided (used) by non-capital financing activities	(26,869)	(18,155)
Cash flows from capital and related financing activities:		
Receipts from other funds	2,335	88,814
Acquisition of capital assets	(531,044)	(686,004)
Net cash provided (used) by capital and related financing activities	(528,709)	(597,190)
Cash flows from investing activities:		
Interest received	3,551	18,435
Net increase (decrease) in cash and cash equivalents	(718,877)	(726,262)
Cash and cash equivalents, July 1	1,915,083	2,641,345
Cash and cash equivalents, June 30	$ 1,196,206	$ 1,915,083
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (337,268)	$ (266,052)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	157,444	155,543
(Increase) decrease in accounts receivable	2,953	(2,375)
Increase (decrease) in accounts payable	(7,282)	(1,311)
Increase (decrease) in intergovernmental payable	20,780	(19,260)
Increase (decrease) in deposits payable	(1,715)	2,080
Increase (decrease) in accrued payroll liabilities	(1,762)	2,023
Total adjustments	170,418	136,700
Net cash provided (used) by operating activities	$ (166,850)	$ (129,352)

HABERSHAM COUNTY, GEORGIA
LANDFILL ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,007,216	$ 875,989
Accounts receivable (net)	287,454	185,613
Due from other funds	0	125,218
Total current assets	1,294,670	1,186,820
Capital assets		
Land	665,702	665,702
Construction in progress	0	2,192,926
Land improvements	7,577,053	5,348,705
Buildings	18,923	18,923
Machinery and equipment	1,686,630	1,634,080
Vehicles	46,907	56,500
Accumulated depreciation	(4,413,262)	(3,904,431)
Total capital assets (net of accumulated depreciation)	5,581,953	6,012,405
Total assets	6,876,623	7,199,225
LIABILITIES		
Current liabilities		
Payables		
Accounts	32,941	34,191
Retainages	0	95,938
Interest	6,243	8,805
Accrued salaries	8,053	7,695
Compensated absences	24,968	31,259
Due to other funds	74,385	55,199
Capital leases payable	129,175	127,076
Total current liabilities	275,765	360,163
Long-term liabilities		
Capital leases payable	151,327	282,053
Post-closure care	3,021,279	2,983,296
Total long-term liabilities	3,172,606	3,265,349
Total liabilities	3,448,371	3,625,512
NET ASSETS		
Invested in capital assets, net of related debt	5,301,451	5,603,276
Unrestricted	(1,873,199)	(2,029,563)
Total net assets	$ 3,428,252	$ 3,573,713

HABERSHAM COUNTY, GEORGIA
LANDFILL ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2010 and 2009

OPERATING REVENUES	**2010**	**2009**
Charges for sales and services	$ 1,376,669	$ 1,209,482
Miscellaneous revenues	42,831	1,271
Total operating revenues	1,419,500	1,210,753
OPERATING EXPENSES		
Costs of sales and services	567,481	604,822
Personal services	385,806	385,361
Depreciation	518,424	398,180
Total operating expenses	1,471,711	1,388,363
Operating income (loss)	(52,211)	(177,610)
Non-operating revenues (expenses)		
Interest revenue	2,089	17,930
Interest expense	(12,050)	(13,946)
Intergovernmental revenue	0	13,756
Gain (loss) on sale of assets	0	(124,713)
Total non-operating revenues (expenses)	(9,961)	(106,973)
Net income (loss) before transfers	(62,172)	(284,583)
Transfer in (out)		
General Fund	(83,289)	(78,508)
Change in net assets	(145,461)	(363,091)
Net assets, July 1	3,573,713	3,936,804
Net assets, June 30	$ 3,428,252	$ 3,573,713

HABERSHAM COUNTY, GEORGIA
LANDFILL ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Receipts from customers	$ 1,274,828	$ 1,163,275
Payments to suppliers	(527,067)	(455,292)
Payments to employees	(391,739)	(380,143)
Other receipts	42,831	1,271
Net cash provided (used) by operating activities	398,853	329,111
Cash flows from non-capital financing activities:		
Receipts from other governments	0	13,756
Receipts from other funds	144,404	55,199
Payments to other funds	(83,289)	(197,502)
Net cash provided (used) by non-capital financing activities	61,115	(128,547)
Cash flows from capital and related financing activities:		
Interest paid	(14,612)	(9,891)
Issuance of capital leases	0	287,095
Principal payments - capital leases	(128,627)	(133,348)
Proceeds from sale of capital assets	0	94,320
Acquisition of capital assets	(187,591)	(2,305,557)
Net cash provided (used) by capital and related financing activities	(330,830)	(2,067,381)
Cash flows from investing activities:		
Interest received	2,089	17,930
Net increase (decrease) in cash and cash equivalents	131,227	(1,848,887)
Cash and cash equivalents, July 1	875,989	2,724,876
Cash and cash equivalents, June 30	$ 1,007,216	$ 875,989

HABERSHAM COUNTY, GEORGIA
LANDFILL ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (52,211)	$ (177,610)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	518,424	398,180
Closure/postclosure costs	37,983	245,573
(Increase) decrease in accounts receivable	(101,841)	(46,207)
Increase (decrease) in accounts payable	2,431	(66,422)
Increase (decrease) in intergovernmental payable	0	(29,621)
Increase (decrease) in accrued payroll liabilities	(5,933)	5,218
Total adjustments	451,064	506,721
Net cash provided (used) by operating activities	$ 398,853	$ 329,111

HABERSHAM COUNTY, GEORGIA
TRANSIT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Current assets		
Intergovernmental receivable	$ 15,549	$ 20,658
Due from other funds	17,553	5,445
Total current assets	33,102	26,103
Capital assets		
Vehicles	36,124	36,124
Accumulated depreciation	(36,124)	(32,512)
Total capital assets (net of accumulated depreciation)	0	3,612
Total assets	33,102	29,715
LIABILITIES		
Current liabilities		
Accrued salaries	764	668
Total liabilities	764	668
NET ASSETS		
Invested in capital assets	0	3,612
Unrestricted	32,338	25,435
Total net assets	$ 32,338	$ 29,047

HABERSHAM COUNTY, GEORGIA
TRANSIT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2010 and 2009

OPERATING REVENUES	**2010**	**2009**
Charges for sales and services	$ 5,781	$ 5,512
Total operating revenues	5,781	5,512
OPERATING EXPENSES		
Costs of sales and services	15,713	10,129
Personal services	33,237	33,825
Depreciation	3,612	7,225
Total operating expenses	52,562	51,179
Operating income (loss)	(46,781)	(45,667)
Non-operating revenues (expenses)		
Intergovernmental revenue	26,037	20,658
Net income (loss) before tranfers	(20,744)	(25,009)
Transfers in (out)		
General Fund	24,035	23,000
Change in net assets	3,291	(2,009)
Net Assets, July 1	29,047	31,056
Net Assets, June 30	$ 32,338	$ 29,047

HABERSHAM COUNTY, GEORGIA
TRANSIT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Receipts from customers	$ 5,781	$ 5,512
Payments to suppliers	(15,713)	(10,129)
Payments to employees	(33,141)	(33,707)
Net cash provided (used) by operating activities	(43,073)	(38,324)
Cash flows from non-capital financing activities:		
Receipts from other governments	31,146	20,769
Receipts from other funds	24,035	23,000
Payments to other funds	(12,108)	(5,445)
Net cash provided (used) by non-capital financing activities	43,073	38,324
Net increase (decrease) in cash and cash equivalents	0	0
Cash and cash equivalents, July 1	0	0
Cash and cash equivalents, June 30	$ 0	$ 0
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (46,781)	$ (45,667)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	3,612	7,225
Increase (decrease) in accrued payroll liabilities	96	118
Total adjustments	3,708	7,343
Net cash provided (used) by operating activities	$ (43,073)	$ (38,324)

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AGENCY FUNDS

These funds are used to account for assets held by the County as an agent to be expended in accordance with the conditions of its agency capacity.

Tax Commissioner - This fund accounts for assets and related liabilities for the collection of taxes and tag and title fees.

Magistrate Court, Probate Court, Juvenile Court and Clerk of Court - These funds account for assets and related liabilities for the collection of court related fees.

Sheriff Department - This fund accounts for deposits held for incarcerated inmates.

HABERSHAM COUNTY, GEORGIA
AGENCY FUNDS
COMBINING BALANCE SHEET
June 30, 2010

	Tax Commissioner	Magistrate Court
ASSETS		
Cash	$ 214,822	$ 5,543
Accounts receivable, net	0	76,494
Total assets	$ 214,822	$ 82,037
LIABILITIES AND FUND BALANCES		
Liabilities		
Due to other agencies	$ 214,822	$ 82,037

Probate Court	Juvenile Court	Clerk of Court	Sheriff Department	Totals
$ 15,610	$ 72	$ 360,475	$ 78,111	$ 674,633
0	0	1,497,164	0	1,573,658
$ 15,610	$ 72	$ 1,857,639	$ 78,111	$ 2,248,291
$ 15,610	$ 72	$ 1,857,639	$ 78,111	$ 2,248,291

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HABERSHAM COUNTY, GEORGIA
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended June 30, 2010

	Balance July 1	Additions	Deletions	Balance June 30
TAX COMMISSIONER				
ASSETS				
Cash	$ 208,784	$ 30,664,686	$ 30,658,648	$ 214,822
LIABILITIES				
Due to other agencies	$ 208,784	$ 30,664,686	$ 30,658,648	$ 214,822
MAGISTRATE COURT				
ASSETS				
Cash	$ 12,712	$ 293,325	$ 300,494	$ 5,543
Accounts receivable, net	74,186	2,308	0	76,494
Total	$ 86,898	$ 295,633	$ 300,494	$ 82,037
LIABILITIES				
Due to other agencies	$ 86,898	$ 295,633	$ 300,494	$ 82,037
PROBATE COURT				
ASSETS				
Cash	$ 11,862	$ 134,289	$ 130,541	$ 15,610
LIABILITIES				
Due to other agencies	$ 11,862	$ 134,289	$ 130,541	$ 15,610
JUVENILE COURT				
ASSETS				
Cash	$ 119	$ 2,761	$ 2,808	$ 72
LIABILITIES				
Due to other agencies	$ 119	$ 2,761	$ 2,808	$ 72
CLERK OF COURT				
ASSETS				
Cash	$ 337,160	$ 2,279,914	$ 2,256,599	$ 360,475
Accounts receivable, net	1,511,982	0	14,818	1,497,164
Total	$ 1,849,142	$ 2,279,914	$ 2,271,417	$ 1,857,639
LIABILITIES				
Due to other agencies	$ 1,849,142	$ 2,279,914	$ 2,271,417	$ 1,857,639
SHERIFF DEPARTMENT				
ASSETS				
Cash	$ 73,671	$ 318,238	$ 313,798	$ 78,111
LIABILITIES				
Due to other agencies	$ 73,671	$ 318,238	$ 313,798	$ 78,111
TOTALS				
ASSETS				
Cash	$ 644,308	$ 33,693,213	$ 33,662,888	$ 674,633
Accounts receivable, net	1,586,168	2,308	14,818	1,573,658
Total	$ 2,230,476	$ 33,695,521	$ 33,677,706	$ 2,248,291
LIABILITIES				
Due to other agencies	$ 2,230,476	$ 33,695,521	$ 33,677,706	$ 2,248,291

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COMPONENT UNITS

Mountain Judicial Circuit NCIS Team – This component unit is used to account for the activities of the Mountain Judicial Circuit NCIS Team, which exists to promote a coordinated drug enforcement effort throughout the area and to encourage maximum cooperation among all enforcement and prosecuting agencies therein. The NCIS Team is a coordinated effort involving Habersham, Stephens and Rabun Counties.

Habersham County Development Authority – This component unit is used to account for the activities of the Habersham County Development Authority, which exists to promote business development in the County.

HABERSHAM COUNTY, GEORGIA
MOUNTAIN JUDICIAL CIRCUIT NCIS TEAM (A COMPONENT UNIT)
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

ASSETS	**2010**	**2009**
Cash and cash equivalents	$ 200,605	$ 198,915
Intergovernmental receivable	79,331	60,461
Total assets	$ 279,936	$ 259,376
LIABILITIES AND FUND BALANCES		
Liabilities		
Due to other agencies	$ 136,459	$ 102,429
Fund balances		
Unreserved	143,477	156,947
Total liabilities and fund balances	$ 279,936	$ 259,376

HABERSHAM COUNTY, GEORGIA
MOUNTAIN JUDICIAL CIRCUIT NCIS TEAM (A COMPONENT UNIT)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2010
(With comparative actual amounts for the fiscal year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	$ 160,787	$ 180,306	$ 19,519	$ 187,582
Forfeitures	50,000	63,531	13,531	45,311
Interest	0	103	103	596
Total revenues	210,787	243,940	33,153	233,489
EXPENDITURES				
Current				
Public Safety				
Personal services	160,787	117,767	43,020	148,940
Contract services	7,500	14,859	(7,359)	6,431
Supplies and materials	42,500	36,662	5,838	38,937
Payments to other agencies	0	88,122	(88,122)	27,728
Total expenditures	210,787	257,410	(46,623)	222,036
Excess (deficiency) of revenues over (under) expenditures	0	(13,470)	(13,470)	11,453
Fund balances, July 1 (restated)	0	156,947	156,947	145,494
Fund balances, June 30	$ 0	$ 143,477	$ 143,477	$ 156,947

HABERSHAM COUNTY, GEORGIA
DEVELOPMENT AUTHORITY (A COMPONENT UNIT)
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

ASSETS	**2010**	**2009**
Cash and cash equivalents	$ 494,252	$ 603,006
LIABILITIES AND FUND BALANCES		
Current liabilities		
Payables		
Deposits	$ 120,000	$ 120,000
Fund balances		
Unreserved	374,252	483,006
Total liabilities and fund balances	$ 494,252	$ 603,006

HABERSHAM COUNTY, GEORGIA
DEVELOPMENT AUTHORITY (A COMPONENT UNIT)
COMPARATIVE SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the fiscal years ended June 30, 2010 and 2009

REVENUES	**2010**	**2009**
Charges for services	$ 16,250	$ 0
Intergovernmental	0	51,107
Interest	1,368	1,789
Rents	79,077	97,664
Other	0	3,322
Total revenues	96,695	153,882
EXPENDITURES		
Current		
Economic Development		
Contract services	36,313	1,748
Materials and supplies	2,723	0
Capital outlay	0	22,711
Debt service	394,363	154,990
Payments to other agencies	24,050	27,000
Total expenditures	457,449	206,449
Excess (deficiency) of revenues over (under) expenditures	(360,754)	(52,567)
Other financing sources (uses)		
Sale of capital assets	252,000	454,510
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(108,754)	401,943
Fund balances, July 1	483,006	81,063
Fund balances, June 30	$ 374,252	$ 483,006

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OTHER SUPPLEMENTARY INFORMATION

This section contains various supplemental information provided by Habersham County.

Officials of Habersham County

Board of County Commissioners

District 1 – Sonny James
District 2 – Charlie Miller
District 3 – Gerald Dunham
District 4 – Lee Mulkey, Vice Chairman
District 5 – Doug Vermilya, Chairman

Administration

County Manager - Janeann Allison

Assistant County Manager - W. Jason Tinsley

Elected Officials

Sheriff - Joey Terrell
Chief Magistrate - James Butterworth
Tax Commissioner - June Black
Clerk of the Court - David Wall
Coroner - Kasey C. McEntire
State Court Solicitor - M. Steve Campbell
State Court Judge - Linton K. Crawford Jr.
Probate Judge - Sue Bottoms

HABERSHAM COUNTY, GEORGIA
ORGANIZATIONAL CHART
For the fiscal year ended June 30, 2010

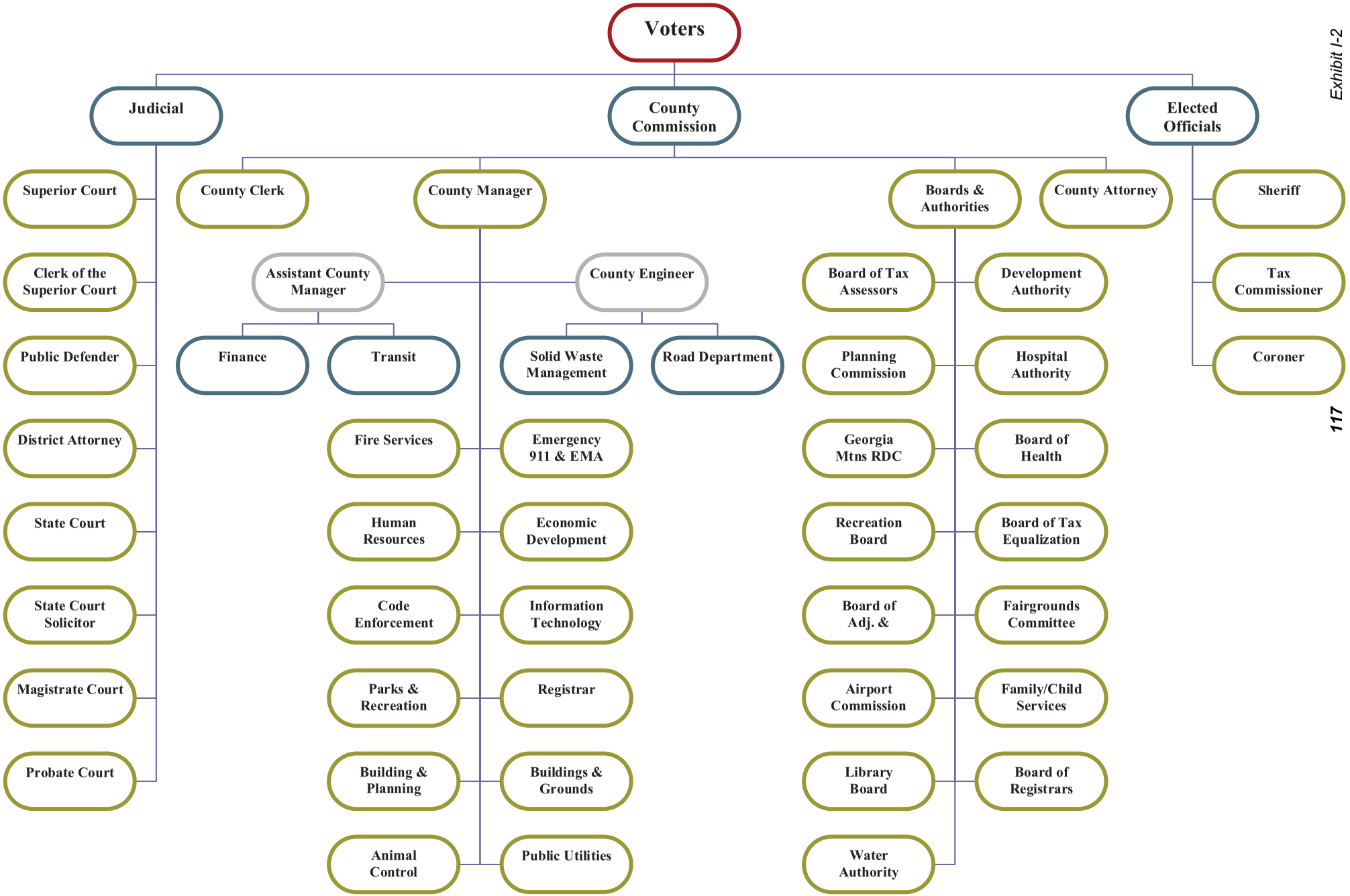


Exhibit I-2

HABERSHAM COUNTY, GEORGIA
SCHEDULE OF SALARIES FOR ELECTED & APPOINTED
COUNTY OFFICIALS
For the fiscal year ended June 30, 2010

County Commission Positions	**Annual Salary/Hourly Rate**
County Manager	$75,774
County Engineer	$35.98 per hour
Assistant County Manager/Finance Director	$66,373
County Clerk	$39,395
Human Resources Director	$57,678
E-911/Emergency Management Director	$59,114
Fire Chief	$49,920
Recreation Director	vacant
Superintendant of Roads	$54,122
Solid Waste Management Director	$45,385
Information Technology Director	$46,508
Building & Planning Director	$56,867
Registrar	$36,712
Public Utilities Director	$66,893
Animal Control Supervisor	$14.83 per hour
Code Enforcement Official	$21.48 per hour

Elected Positions (County Paid Only)	**Annual Salary/Hourly Rate**
County Commissioner	$11,374
Sheriff	$78,540
Probate Judge	$63,836
Chief Magistrate	$73,411
Tax Commissioner	$67,377
Clerk of the Court	$71,348
Coroner	$7,000
State Court Judge	$45,000
State Court Solicitor	$40,000

Other County Supported Positions	**Annual Salary/Hourly Rate**
Economic Development Director *(Development Authority)*	$80,000
Chief Appraiser *(Board of Tax Assessors)*	$59,738
Emergency Medical Services Director *(Hospital Authority)*	$60,569

SINGLE AUDIT SECTION

This section contains reports required by OMB A-133 and grantor agencies.

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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
Habersham County, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Habersham County, Georgia, as of and for the year ended June 30, 2010, which collectively comprise Habersham County, Georgia's basic financial statements and have issued our report thereon dated November 16, 2010. We did not audit the financial statements of the Habersham County Health Department, a component unit of Habersham County, Georgia. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Habersham County Health Department, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described as comments 10-1 through 10-12 in the accompanying schedule of findings and questioned costs to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described as comments 10-13 through 10-19 in the accompanying schedule of findings and questioned costs to be significant deficiencies.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Habersham County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as comments 10-20 through 10-22.

We noted certain matters that we have reported to management of Habersham County, Georgia in a separate letter dated November 16, 2010.

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

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

Rushton & Company

Certified Public Accountants

Gainesville, Georgia
November 16, 2010

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Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

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

Compliance

We have audited the compliance of Habersham County, Georgia with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. Habersham County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Habersham County, Georgia's management. Our responsibility is to express an opinion on Habersham County, Georgia's compliance based on our audit.

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

In our opinion, Habersham County, Georgia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control over Compliance

Management of Habersham County, Georgia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Habersham County, Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Habersham County, Georgia's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

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

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

Rushton & Company

Certified Public Accountants

Gainesville, Georgia
November 16, 2010

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HABERSHAM COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010

Federal Grant/Pass-Through Grantor/Program Title	CFDA Number	Through Number	Expenditures
U.S. Department of Justice			
Passed through the Council of Juvenile Court Judges of Georgia			
Juvenile Accountability Block Grant	16.523	06B-ST-0001	$ 5,661
		JB-07ST-004	6,795
			12,456
Passed through the Criminal Justice Coordinating Council:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	B07-8-064	30,000
		B09-8-013	136,930
			166,930
Passed through the Criminal Justice Coordinating Council:			
ARRA - Edward Byrne Memorial Justice Assistance Grant Program / Grants to States and Territories	16.803	B82-8-106	5,247
		B82-8-109	4,777
			10,024
United States Department of Justice			
ARRA - Edward Byrne Memorial Justice Assistance Grant Program / Grants to States and Territories	16.804	N/A	22,800
Total U.S. Department of Justice			212,210
U.S. Department of Transportation			
Passed through the Georgia Department of Transportation			
Airport Improvement Program	20.106	AP070-9800-12(137)	41,482
		AP090-9899-13(137)	289,228
			330,710
Passed through the Georgia Department of Transportation			
Formula Grants for Other Than Urbanized Areas	20.509	GA-18-X030	24,055
ARRA - Formula Grants for Other Than Urbanized Areas	20.509	GA-86-X001	1,982
			26,037
Total U.S. Department of Transportation			356,747

HABERSHAM COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010

Federal Grant/Pass-Through Grantor/Program Title	CFDA Number	Through Number	Expenditures
U.S. Department of Homeland Security			
Passed through the Georgia Emergency Management Agency			
Emergency Management Performance Grants	97.042	PPA	24,101
Total Federal Awards			$ 593,058

See accompanying notes to the schedule of expenditures of federal awards and the schedule of findings and questioned costs.

1. Basis of Presentation

The accompanying schedule of expenditures of federal award is a summary of the expenditures relating to the County's federal award programs. The schedule is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

HABERSHAM COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2010

1. Summary of the Auditor's Results

A. Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant Deficiencie(s) identified not considered material weaknesses?	Yes
Noncompliance material to financial statements noted?	Yes

B. Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	None reported
Significant Deficiencie(s) identified not considered material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	None reported
Identification of major programs:	
20.106 Airport Improvement Program	
Dollar threshold used to distinguish Between Type A and Type B programs:	$300,000
Auditee qualified as low-risk auditee?	No

2. Financial Statement Findings

A. Significant Deficiencies

Comment 10-1

Condition: During audit procedures at the Probate Court, we noted that the Probate Judge held a customer's check from June 22nd to August 1st at the request of the customer. When doing so, two other checks were held by mistake, which made the amount deposited incorrect and led to a bank deposit adjustment. The checks were deposited on August 23.

Criteria: Proper internal controls require that cash receipts be deposited and transactions recorded in a timely manner.

Effect: Failure to deposit cash receipts in a timely manner exposes the County to a greater risk of loss due to fraud.

Recommendation: The Court should include all checks received in the daily deposit. At a minimum, deposits should be made weekly.

Management Response: Management concurs with this finding. The Interim Probate Judge has implemented a policy that any monies received by the Probate Court are deposited on Tuesdays and Thursdays of each week without exception. This action was taken immediately upon receipt of the comment from our auditors.

Comment 10-2

Condition: During the first month of the fiscal year, the Probate Judge manually maintained all financial records and there were no controls to prevent errors in monthly disbursements. During the remaining 11 months of the fiscal year, the Court used Criminal Justice Software, which was incorrectly calculating disbursements.

Criteria: Proper internal controls require all transactions be correctly identified and recorded in the accounting records.

Effect: Failure to properly identify and record transactions may lead to material misstatements.

Recommendation: The Court should review the disbursement calculations on a monthly basis to ensure that disbursements are calculated correctly.

Management Response: Management concurs with this finding. The Probate Judge no longer manually maintains financial records. In an effort to bring transparency to the financial dealings of the Probate Court, financial records are now entered both in our Criminal Justice Technologies Software and in QuickBooks software and reconciled on a monthly basis. These entries are made by staff with oversight by the Interim Probate Judge. The monthly reconciliation ensures that disbursements are correct. This action was taken immediately upon receipt of the comment from our auditors.

2. Financial Statement Findings (continued)

A. Significant Deficiencies, continued

Comment 10-3

Condition: While performing audit procedures on bank reconciliations at the Probate Court, we noted that bank reconciliations are not performed on a monthly basis. This is a repeat comment from the prior year.

Criteria: Proper internal controls require that cash accounts be reconciled to the general ledger in a timely manner, usually monthly.

Effect: Failure to reconcile cash accounts exposes the County to greater risk of loss and may lead to management decisions based on incorrect information.

Recommendation: The Court should reconcile the bank statements to their records on a monthly basis.

Management Response: Management concurs with this finding. The Probate Court is now using QuickBooks to reconcile the monthly bank statements. This action was taken immediately upon receipt of the comment from our auditors.

Comment 10-4

Condition: While performing audit procedures at the Probate Court, we noted multiple instances where deposits were not made timely. Deposits were held for more than seven days and up to 32 days in 29 of 60 total receipts tested. This is a repeat comment from the prior year.

Criteria: Proper internal controls require that cash receipts be deposited and transactions recorded in a timely manner.

Effect: Failure to deposit cash receipts in a timely manner exposes the County to a greater risk of loss due to fraud.

Recommendation: At a minimum, deposits should be made weekly.

Management Response: Management concurs with this finding. The Interim Probate Judge has implemented a policy that any monies received by the Probate Court are deposited on Tuesdays and Thursdays of each week without exception. This action was taken immediately upon receipt of the comment from our auditors.

Comment 10-5

Condition: While performing audit procedures at the Probate Court, we noted that the client was unable to provide adequate supporting documentation for 5 of the 60 receipts tested. Therefore, we were unable to determine if these receipts were ever deposited into the bank account. This is a repeat comment from the prior year.

Criteria: Proper internal controls require that all receipts be properly supported by appropriate documentation.

Effect: Failure to maintain proper supporting documentation for receipts subjects the assets of the County to greater risk of misappropriation.

2. Financial Statement Findings (continued)

A. Significant Deficiencies, continued

Comment 10-5, continued

Recommendation: Adequate supporting documentation should be maintained for all transactions to provide an audit trail to the deposit and bank statement.

Management Response: Management concurs with this finding. Supporting documentation, including entry information from Criminal Justice Software, QuickBooks, bank statements and copies of receipts for bills incurred in the operation of the court and payments received for services provided by the court are maintained. The Court is making every effort to ensure that supporting documentation is available for each receipt generated. A copy of each receipt and statement is filed in the case file associated with such receipt or statement. This action was taken immediately upon receipt of the comment from our auditors.

Comment 10-6

Condition: While performing audit procedures at the Probate Court, we noted that Habersham County employees are not being charged for services provided by the Probate Court.

Criteria: Proper internal controls require that all fees be charged based on applicable fee schedules, unless a formally adopted policy states otherwise.

Effect: Failure to maintain proper internal controls subjects the assets of the County to greater risk of misappropriation.

Recommendation: Absent a County Policy, County employees should be charged the same fee as the public for all services provided by the Probate Court.

Management Response: Management concurs with this finding. The Probate Court has established a policy that there are no exceptions for Habersham County employees for services provided by the Probate Court. All persons, regardless of who they are, pay the fees established by state law. This action was taken immediately upon receipt of the comment from our auditors.

Comment 10-7

Condition: There is a lack of sufficient internal controls in the Probate Court, which is due to inadequate segregation of duties. The result is that the Probate Judge maintains the checkbook, prepares and makes deposits, writes and signs all checks, and prepares all bank reconciliations. Failing to have an effective system of controls could lead to the misstatement of the financial statements.

Criteria: Proper internal controls require adequate segregation of duties in control over adjustments to the general ledger.

Effect: Failure to maintain adequate separation of duties subjects the assets of the County to greater risk of misappropriation.

Recommendation: To ensure that sufficient internal controls are in place, the Court should properly segregate duties.

2. Financial Statement Findings (continued)

A. Significant Deficiencies, continued

Comment 10-7, continued

Management Response: Management concurs with this finding. The duties concerning financial operations of the Probate Court have been expanded to include the chief clerk and deputy clerk. The judge is responsible for review of bank deposits and monies received by the Court. The judge also reviews the monthly reconciliation of the bank statement, which is maintained in a separate file in his office. The clerks are responsible for daily software entries, compilation of statements and receipts and preparing deposits and reconciliations for review by the judge. This action was taken immediately upon receipt of the comment from our auditors.

Comment 10-8

Condition: While performing audit procedures at the Landfill, we noted that voided transactions are not being approved by management. This is a repeat comment from the prior year.

Criteria: Proper internal controls require adequate segregation of duties in control over voided transactions.

Effect: Since the same employee is receipting and voiding transactions, failure by management to approve voided transactions exposes the County to a greater risk of loss due to fraud.

Recommendation: Management at the Landfill should review and approve all voided transactions.

Management Response: Management concurs with this finding. Management will advise the Department Head to implement the recommendation and will offer assistance, if needed, from our Financial Department to insure that adequate segregation of duties exists. This action was taken immediately upon receipt of the comment from our auditors.

Comment 10-9

Condition: While performing audit procedures at the Landfill, we noted that customer account adjustments do not have supporting documentation retained to explain the reason for the adjustment and to show proper review and authorization.

Criteria: Proper internal controls require adequate segregation of duties in control over adjustments to the general ledger.

Effect: Failure to maintain adequate separation of duties subjects the assets of the County to a greater risk of misappropriation.

Recommendation: Management at the Landfill should review and approve all customer account adjustments and supporting documentation should be retained for all adjustments.

Management Response: Management concurs with this finding. Management will advise the Department Head to implement the recommendation and will offer assistance, if needed, from our Financial Department to insure that adequate segregation of duties exists. This action was taken immediately upon receipt of the comment from our auditors.

2. Financial Statement Findings (continued)

A. Significant Deficiencies, continued

Comment 10-10

Condition: While performing audit procedures at the Sheriff's Department, we noted that a $2,500 check was held from October 6, 2009 and not deposited until August 2010. The check was an out of state cash surrender, which is very unusual. The case had not yet gone to court when the check was received and the check was held and not deposited until the case went to court.

Criteria: Proper internal controls require that cash receipts be deposited and transactions recorded in a timely manner.

Effect: Failure to deposit cash receipts in a timely manner exposes the County to a greater risk of loss due to fraud.

Recommendation: All checks should be included in the daily deposit. At a minimum, deposits should be made weekly.

Management Response: Management concurs with this finding. The Sheriff's Department has implemented a policy to no longer accept out of state cash bonds or cash surrenders. This action was taken immediately upon receipt of the comment from our auditors.

Comment 10-11

Condition: While performing audit procedures at the Sheriff's Department, we noted that bank reconciliations were not completed for the Jail and Inmate Accounts.

Criteria: Proper internal controls require that cash accounts be reconciled to the general ledger in a timely manner, usually monthly.

Effect: Failure to reconcile cash accounts exposes the County to greater risk of loss and may lead to management decisions based on incorrect information.

Recommendation: Bank reconciliations should be completed for all bank accounts on a monthly basis.

Management Response: Management concurs with this finding. Bank reconciliations for the Jail and Inmate accounts will be performed monthly. This action was taken immediately upon receipt of the comment from our auditors.

Comment 10-12

Condition: While performing audit procedures at the Water Department, we noted that customer account adjustments do not have documentation supporting the reason for the adjustment and proper review and authorization retained.

Criteria: Proper internal controls require adequate segregation of duties in control over adjustments to the general ledger.

Effect: Failure to maintain adequate separation of duties subjects the assets of the County to a greater risk of misappropriation

2. Financial Statement Findings (continued)

A. Significant Deficiencies, continued

Comment 10-12, continued

Recommendation: The Water Department should retain supporting documentation for all customer account adjustments that supports the reason for the adjustment and provides evidence for proper review and authorization.

Management Response: Management concurs with this finding. Management will advise the Department Head to implement the recommendation and will offer assistance, if needed, from our Financial Department to insure that adequate segregation of duties exists. This action was taken immediately upon receipt of the comment from our auditors.

Comment 10-13

Condition: County personnel may require additional training in the application of generally accepted accounting principles and the preparation of financial statements. Currently, the County relies on the external auditors for technical assistance in applying generally accepted accounting principles and the preparation of the financial statements. This is common for governments of similar size and structure to the County. Under current auditing standards, providing technical assistance does not impair the independence of the external auditor. However, future changes to auditing standards by standards setting boards could state that providing technical assistance would impair the independence of the external auditor. This does not indicate that the Finance Director is not trained to perform the daily accounting functions, but that the County has elected as a cost benefit to outsource this expertise to their auditors. As required, we have indicated this as a significant deficiency in our letter on Internal Control and Compliance.

Criteria: Effective internal control requires that the County accept responsibility and understanding of the audited financial report.

Effect: Failure to understand the financial statements may lead to material misstatements.

Recommendation: County personnel should continue to receive training in the identification and application of generally accepted accounting principles and the preparation of the County's financial statements.

Management Response: Habersham County Management agrees with this finding and understands the requirement of SAS 112 to issue this statement as a Significant Deficiency. All employees of the Board of Commissioners Finance Office will continue to seek training in the application of generally accepted accounting principles and in the preparation of the County's financial statements. Until such time it is financially feasible for the County finance staff to prepare the County's financial statements, the Finance Office will continue to rely on an independent auditor to prepare them.

2. Financial Statement Findings (continued)

A. Significant Deficiencies, continued

Comment 10-14

Condition: While performing audit procedures at the Development Authority, we noted that the current activity for an existing loan had not been recorded by the Development Authority. The loan is for a construction contract and the contractor was paid directly from draws from the loan with no activity flowing through the cash account. The activity was not recorded in the Development Authority's records. This is a repeat comment from the prior year.

Criteria: Proper internal controls require that liabilities of the County be recorded in a timely manner.

Effect: Failure to record liabilities in a timely manner may lead to material misstatement of the financial statements and management decisions based on incorrect information.

Recommendation: All transactions should be recorded on the books at the time of the transaction.

Management Response: Habersham County Management agrees with this finding. The County Finance Director will work with the members of the Development Authority to devise a system in which all transactions (including disbursements made from debt proceeds and indirect debt payments) are recorded.

Comment 10-15

Condition: While performing audit procedures at the Recreation Department, we noted instances where deposits were not made timely. Receipts were held for seven or more days before depositing in 4 of 60 total receipts tested. This is a repeat comment from the prior year.

Criteria: Proper internal controls require that cash receipts be deposited and transactions recorded in a timely manner.

Effect: Failure to deposit cash receipts in a timely manner exposes the County to a greater risk of loss due to fraud.

Recommendation: At a minimum, deposits should be made weekly.

Management Response: Management concurs with this finding. Management will advise the Department Head to implement the recommendation and will offer assistance, if needed, from our Financial Department to insure that deposits are made timely. This action was taken immediately upon receipt of the comment from our auditors.

Comment 10-16

Condition: While performing audit procedures at the Juvenile Court, we noted that 8 out of 25 receipts tested were held for more than 7 days. This is a repeat comment from the prior year.

Criteria: Proper internal controls require that cash receipts be deposited and transactions recorded in a timely manner.

Effect: Failure to deposit cash receipts in a timely manner exposes the County to a greater risk of loss due to fraud.

2. Financial Statement Findings (continued)

A. Significant Deficiencies, continued

Comment 10-16, continued

Recommendation: At a minimum, deposits should be made weekly.

Management Response: Management concurs with this finding. Management will advise the appropriate Judicial Officials to implement the recommendation. This action was taken immediately upon receipt of the comment from our auditors.

Comment 10-17

Condition: While performing audit procedures at the Sheriff's Department, we noted that 16 out of 20 receipts tested were held for more than 7 days before being deposited. This is a repeat comment from the prior year.

Criteria: Proper internal controls require that cash receipts be deposited and transactions recorded in a timely manner.

Effect: Failure to deposit cash receipts in a timely manner exposes the County to a greater risk of loss due to fraud.

Recommendation: At a minimum, deposits should be made weekly.

Management Response: Management concurs with this finding. Deposits will be prepared every 7 to 10 business days. The deposits much be checked and signed-off on by someone else in Administration. This action was taken immediately upon receipt of the comment from our auditors.

Comment 10-18

Condition: While performing audit procedures at the Sheriff's Department, we noted that 3 out of 20 receipts tested involved fines that were incorrectly calculated.

Criteria: Proper internal controls require that fees be properly calculated and charged.

Effect: Failure to properly calculate and charge fees exposes the County to a greater risk of loss due to fraud.

Recommendation: Before fines are paid, someone should review the calculation of the fine.

Management Response: Management concurs with this finding. Management will advise the appropriate Elected Officials to implement the recommendation. This action was taken immediately upon receipt of the comment from our auditors.

Comment 10-19

Condition: While performing audit procedures at the Tax Commissioner's Office, we noted that due to incorrect software entries, the subsequent payouts of the current period's receipts exceeded the ending reconciled cash balances.

Criteria: Ending reconciled cash balances should be reconciled with the subsequent payouts.

2. Financial Statement Findings (continued)

A. Significant Deficiencies, continued

Comment 10-19, continued

Effect: Failure to properly reconcile ending cash balances with the subsequent payouts could lead to materially misstated financial statements.

Recommendation: To prevent and/or detect problems with ending cash balances, a monthly review process should be implemented to reconcile subsequent payouts with the ending reconciled cash balances.

Management Response: Management concurs with this finding. Management will advise the appropriate Elected Officials to implement the recommendation. This action was taken immediately upon receipt of the comment from our auditors.

B. Material Noncompliance

Comment 10-20

Condition: Although the General Fund was under budget as a whole, three General Fund departments experienced a material excess of expenditures over appropriations. Also during the fiscal year, the Drug Abuse Treatment Special Revenue Fund experienced a material excess of expenditures over appropriations.

Criteria: State law requires that the budget at the legal level of control not be over expended.

Effect: Failure to maintain expenditures within the balanced budget for these funds will place the County in violation of state law.

Recommendation: Budgets should be reviewed regularly for compliance. This will assist management with budgetary decisions throughout the fiscal year.

Management Response: Habersham County Management concurs with this finding. The Finance Director will be reviewing the comparative financial statements to budget and recommending any necessary budget revisions to the Board of Commissioners. This action was taken immediately upon receipt of the comment from our auditors.

Comment 10-21

Condition: While performing audit procedures at the Probate Court, we noted that the Court is not making payouts in a timely manner. We noted that payouts were three months behind. This is a repeat comment from the prior year.

Criteria: State of Georgia Code requires that all courts pay-out monies due to others in a timely manner.

Effect: Failure to make required pay-outs of monies being held by the Court will place the County in violation of state law.

Recommendation: As required by the State of Georgia, payouts to agencies should be made on a monthly basis.

2. Financial Statement Findings (continued)

B. Material Noncompliance, continued

Comment 10-21, continued

Management Response: Management concurs with this finding. Payouts to the County, agencies of the state and other state required funds are now made on a monthly basis. This action was taken immediately upon receipt of the comment from our auditors.

Comment 10-22

Condition: While performing audit procedures at the Probate Court, we noted that the Board of Commissioners does not issue a form 1099 to the Probate Court judge for commissions on birth and death certificates.

Criteria: Federal Internal Revenue Service Code requires that miscellaneous payments to employees in excess of $600 be reported on a form 1099.

Effect: Failure to report appropriate amounts on a form 1099 will place the County in violation of federal law.

Recommendation: The judge should provide this amount to Finance and be issued a form 1099 for commissions on birth and death certificates.

Management Response: Management concurs with this finding. Under state law, the fees and commissions on birth and death certificates belong to the county during the term of the Interim Probate Judge and as such are not currently being paid to the Judge. The software implemented as a result of the recommendations of the auditor, including changes to Criminal Justice Technologies software and QuickBooks, allow such fees to be readily determined. Once the new judge assumes the office, he or she should be able to provide this amount to finance on a monthly basis so that a form 1099 can be issued from the County. This action was taken immediately upon receipt of the comment from our auditors.

C. Prior Year Audit Findings Follow-Ups

No prior audit findings to report.

3. Federal Award Findings and Questioned Costs

The audit of our basic financial statements and schedule of expenditures of federal awards disclosed no audit findings or questioned costs which are required to be reported under Section 510(a) of OMB A-133.

STATE REPORTING SECTION

This section contains additional reports required by the State of Georgia.

HABERSHAM COUNTY, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2010

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
SPLOST #2					
Recreation	$ 1,500,000	$ 1,500,000	$ 5,422,631	$ 80,644	$ 5,503,275
Landfill	1,600,000	1,600,000	1,641,330	0	1,641,330
Roads and Bridges	2,400,000	2,400,000	4,116,193	0	4,116,193
Habersham County Jail	2,500,000	2,500,000	3,681,065	0	3,681,065
Public Buildings	1,000,000	1,000,000	2,151,127	0	2,151,127
Fire Protection	2,000,000	2,000,000	2,017,463	0	2,017,463
	$ 11,000,000	$ 11,000,000	$ 19,029,809	$ 80,644	$ 19,110,453
SPLOST #3					
Recreation	$ 3,500,000	$ 3,500,000	$ 5,429,029	$ 0	$ 5,429,029
Water and Sewer	5,000,000	5,000,000	5,309,866	0	5,309,866
Fire and Emergency Services	1,500,000	1,500,000	1,524,960	0	1,524,960
Farmers Market and Industrial Development	1,000,000	1,000,000	817,940	0	817,940
Roads and Bridges	4,000,000	4,000,000	4,082,132	0	4,082,132
	$ 15,000,000	$ 15,000,000	$ 17,163,927	$ 0	$ 17,163,927
SPLOST #4					
Water, Public Safety, and Transportation Facilities and Equipment	$ 24,000,000	$ 24,000,000			
Airport Facilities and Equipment			$ 2,561,123	$ 401,804	$ 2,962,927
Police Facilities and Equipment			2,573,533	37,899	2,611,432
Fire Facilities and Equipment			1,757,455	174,776	1,932,231
EMS Facilities and Equipment			771,086	0	771,086
Recreation Facilities and Equipment			937,573	0	937,573
Water System and Equipment			7,280,694	1,287,759	8,568,453
Roads and Bridges	10,000,000	10,000,000	6,024,272	1,667,074	7,691,346
	$ 34,000,000	$ 34,000,000	$ 21,905,736	$ 3,569,312	$ 25,475,048

Current year SPLOST #4 Expenditures	$ 3,569,312
Principal payments for assets under capital lease (expenditure previously reported in year of acquisition)	99,937
Transfers to the Water and Sewer Fund	(215,723)
Total expenditures of the SPLOST #4 Capital Projects Fund	$ 3,453,526

HABERSHAM COUNTY, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2010

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
SPLOST #5					
Judicial	$ 17,965,000	$ 17,965,000	$ 1,416,585	$ 114,859	$ 1,531,444
Water	14,900,000	14,900,000	0	0	0
Roads, Streets, and Bridges	10,000,000	10,000,000	0	0	0
Economic Development	2,000,000	2,000,000	14,684	0	14,684
Public Safety	1,500,000	1,500,000	0	0	0
Recreation	1,200,000	1,200,000	0	0	0
Information Technology	500,000	500,000	285,117	151,903	437,020
City of Alto	454,362	454,362	53,888	43,969	97,857
City of Baldwin	2,010,460	2,010,460	238,444	194,555	432,999
City of Clarkesville	1,309,523	1,309,523	155,312	126,724	282,036
City of Cornelia	3,281,196	3,281,196	389,155	317,526	706,681
City of Demorest	1,545,939	1,545,939	183,350	149,603	332,953
City of Mount Airy	578,511	578,511	68,564	55,945	124,509
City of Tallulah Falls	55,410	55,410	6,571	5,362	11,933
	$ 57,300,401	$ 57,300,401	$ 2,811,670	$ 1,160,446	$ 3,972,116

Note: SPLOST #4 Water System and Equipment expenditures for the prior year have been increased by $3,676,037 to reflect amounts that were expended in the Water and Sewer Fund in prior years but not listed on the Schedule of Projects Financed with Special Purpose Local Option Sales Tax.

Note: Transfers to the Water and Sewer Fund in the amount of $215,723, as noted on the reconciliation above, are combined with transfers in from the Water and Sewer Fund totaling $2,911,547, leaving a net transfer in from the Water and Sewer Fund of $2,695,824 in the SPLOST #4 Capital Projects Fund.

* Estimated cost represents the portion of these projects to be financed with Special Purpose Local Option Sales Tax. Actual costs that are in excess of these amounts have been financed through alternative funds.

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