HABERSHAM COUNTY, GEORGIA

Annual Financial Report

For the fiscal year ended June 30, 2011

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HABERSHAM COUNTY, GEORGIA
FINANCIAL REPORT
For the fiscal year ended June 30, 2011

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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, 2011, 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 6.9 percent, 8.0 percent, and 65.1 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, 2011, 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 18, 2011, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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, LLC

Certified Public Accountants

Gainesville, Georgia
November 18, 2011

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Habersham County management is proud 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, 2011. 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, 2011 by $68,849,965 (*net assets*). Of this amount, $4,750,028 (*unrestricted net assets*) may be used to meet the County's ongoing obligations. This is an increase of $939,744 or 1% over the previous fiscal year. Unrestricted net assets increased by $648,077 or 16% over the previous fiscal year.

- As of June 30, 2011, Habersham County's governmental funds reported combined ending fund balances of $32,337,273. Approximately 15% of this total amount or $4,790,231 is reported as Unassigned and available for spending at the Board's discretion. Approximately 72% or $23,417,968 is restricted for capital outlay. Information about Habersham County's Policy on Fund Balance can be found in Note 2 in the *Notes to the Financial Statements* beginning on page 43.

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 68. 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 thirteen 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, SPLOST #5 Capital Projects Fund, Judicial Center Construction Capital Projects Fund, and SPLOST Debt Service 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 68-71 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 17-24 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 25-27.

- ***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 28.

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 31-67 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 19 and 22) 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 Years 2011 and 2010

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current assets	$ 33,606,237	$ 21,072,342	$ 2,530,508	$ 2,455,449	$ 36,136,745	$ 23,527,791
Capital assets	34,131,944	34,408,780	14,183,307	14,781,568	48,315,251	49,190,348
Other noncurrent assets	155,860	32,574	0	0	155,860	32,574
Total assets	67,894,041	55,513,696	16,713,815	17,237,017	84,607,856	72,750,713
Current liabilities	4,285,646	1,913,213	219,806	253,631	4,505,452	2,166,844
Noncurrent liabilities	8,575,281	413,025	2,677,158	3,172,606	11,252,439	3,585,631
Total liabilities	12,860,927	2,326,238	2,896,964	3,426,237	15,757,891	5,752,475
Net assets:						
Invested in capital assets, net of related debt	32,352,917	33,665,222	14,031,980	14,501,066	46,384,897	48,166,288
Restricted	16,680,451	14,513,896	1,034,589	1,128,086	17,715,040	15,641,982
Unrestricted	5,999,746	5,008,340	(1,249,718)	(1,818,372)	4,750,028	3,189,968
Total net assets	$ 55,033,114	$ 53,187,458	$ 13,816,851	$ 13,810,780	$ 68,849,965	$ 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 $68,849,965 at the close of fiscal year 2011.

Approximately 67% 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 5% from 72% at June 30, 2010. 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.

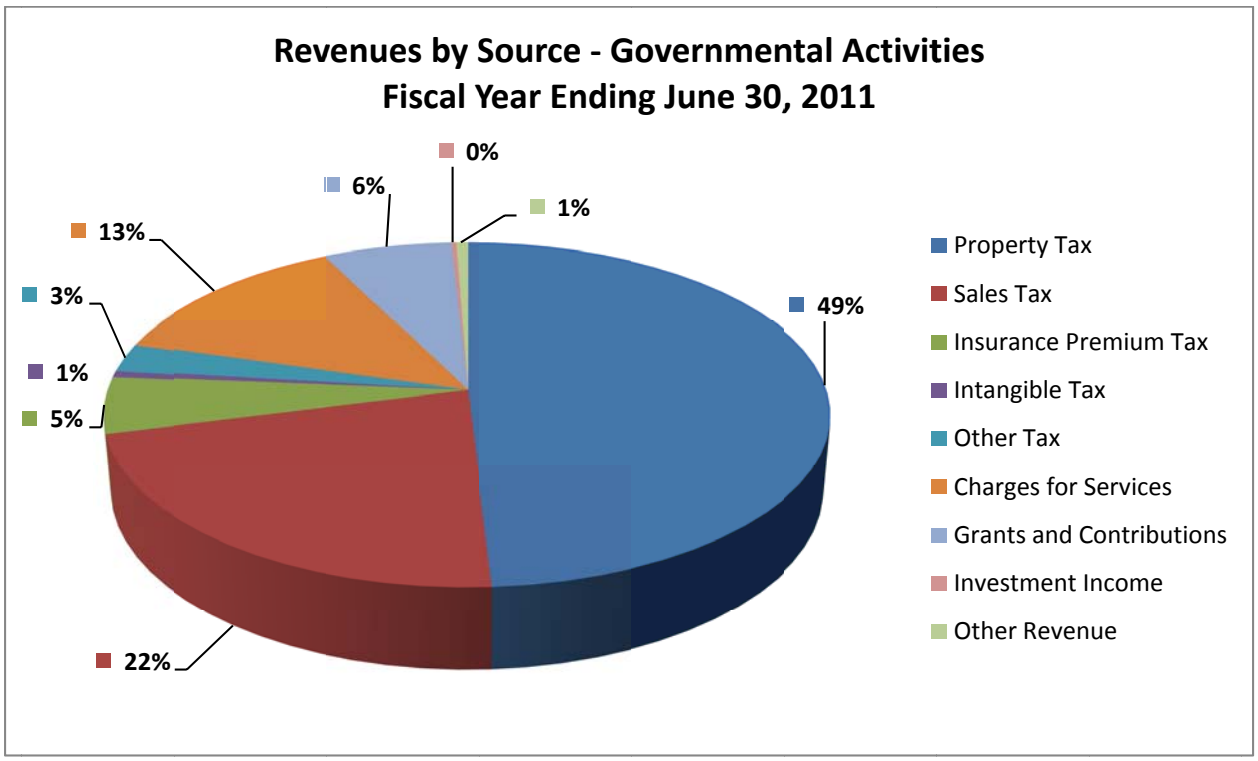
Restricted net assets comprise 26%. This amount represents resources that are subject to external restrictions or enabling legislation on how they may be used. The remaining balance of unrestricted net assets, 7%, may be used to meet the County's ongoing obligations to citizens and creditors. The following 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
Fiscal Years 2011 and 2010

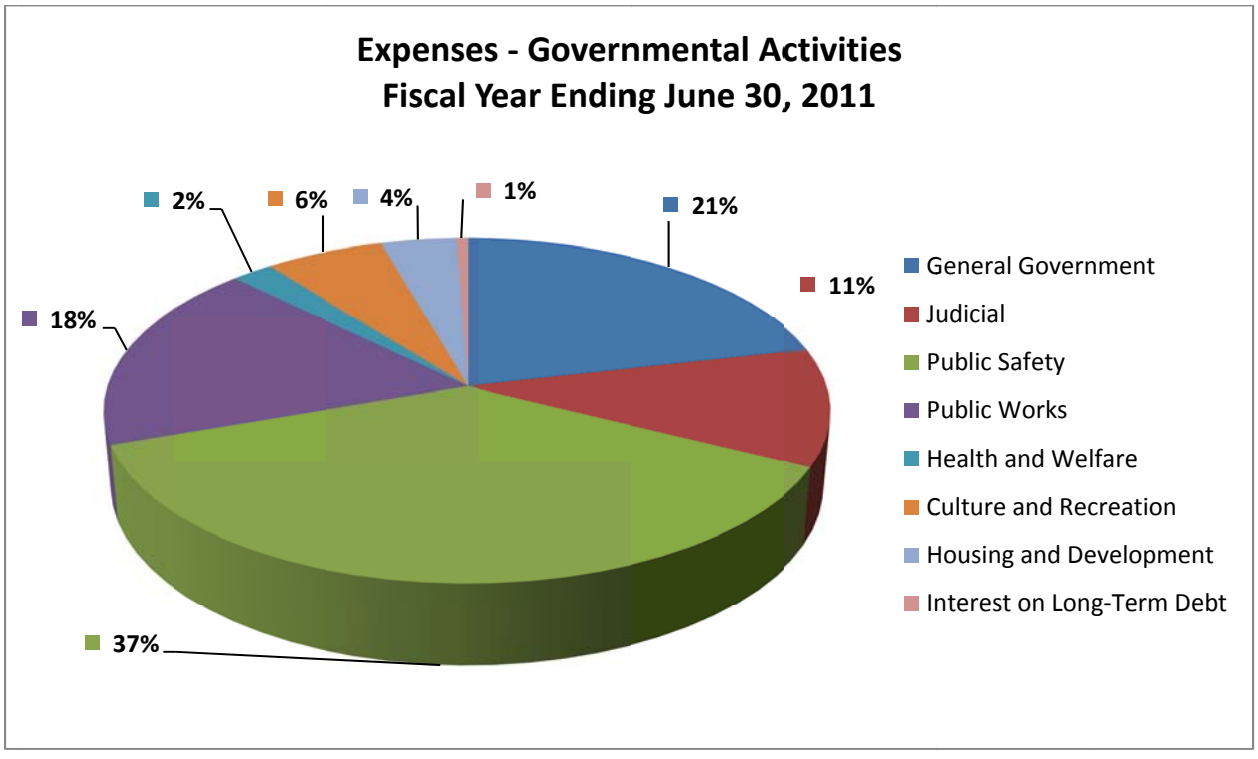
	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues:						
Charges for services	$ 3,119,961	$ 3,221,957	$ 1,280,877	$ 1,628,977	$ 4,400,838	$ 4,850,934
Operating grants and contributions	660,321	607,457	53,068	26,037	713,389	633,494
Capital grants and contributions	876,582	398,892	45,200	0	921,782	398,892
General revenues:						
Property tax	11,628,252	10,721,699	0	0	11,628,252	10,721,699
Sales tax	5,207,872	5,319,551				
Intangible tax	140,503	133,653	0	0	140,503	133,653
Insurance premium tax	1,255,405	1,290,809	0	0	1,255,405	1,290,809
Interest & Investment Earnings	58,843	96,108	12,059	5,640	70,902	101,748
Other taxes	621,499	547,158	0	0	621,499	547,158
Other revenue	141,303	131,306	14,046	42,831	155,349	174,137
Total revenues	23,710,541	22,468,590	1,405,250	1,703,485	25,115,791	24,172,075
Expenses						
General government	4,767,171	4,486,780	0	0	4,767,171	4,486,780
Judicial	2,443,769	2,277,521	0	0	2,443,769	2,277,521
Public Safety	8,272,181	8,097,031	0	0	8,272,181	8,097,031
Public Works	3,951,205	5,219,324	0	0	3,951,205	5,219,324
Health and Welfare	468,062	482,110	0	0	468,062	482,110
Culture and Recreation	1,355,728	1,513,391	0	0	1,355,728	1,513,391
Housing and Development	850,656	863,511	0	0	850,656	863,511
Interest on long-term debt	125,958	33,472	0	0	125,958	33,472
Water and Sewer	0	0	533,195	583,795	533,195	583,795
Landfill	0	0	1,353,463	1,483,761	1,353,463	1,483,761
Transit	0	0	54,659	52,562	54,659	52,562
Total expenses	22,234,730	22,973,140	1,941,317	2,120,118	24,176,047	25,093,258
Increase (decrease) in net assets before transfers	1,475,811	(504,550)	(536,067)	(416,633)	939,744	(921,183)
Transfers	55,341	3,166,907	(55,341)	(3,166,907)	0	0
Increase (decrease) in net assets	1,531,152	2,662,357	(591,408)	(3,583,540)	939,744	(921,183)
Net assets - beginning (original)	53,187,458	50,525,101	13,810,780	17,394,320	66,998,238	67,919,421
Prior period adjustment	314,504	0	597,479	0	911,983	0
Net assets - beginning (restated)	53,501,962	50,525,101	14,408,259	17,394,320	67,910,221	67,919,421
Net assets - ending	$ 55,033,114	$ 53,187,458	$ 13,816,851	$ 13,810,780	$ 68,849,965	$ 66,998,238

Governmental Activities –

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



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



Business-Type Activities –

Business-type activities decreased Habersham County's net assets by $591,408 or 1%. This decrease is due in large part to a single past due landfill credit account that resulted in a large decrease in tip fee revenue.

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, unassigned 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 $32,337,273. Of this amount, $4,790,231 (15%) constitutes unassigned fund balance, which is available for appropriation for the general purposes of the funds in accordance with the Habersham County Policy on Fund Balance.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was $4,790,231 while total fund balance reached $5,655,396. As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 85% of total fund balance in the general fund. Unassigned fund balance also represents 30% of total General Fund expenditures, while total fund balance represents approximately 35% of that same amount. The County ended the fiscal year by increasing the overall fund balance in the General Fund by $65,308 or approximately 1%. The County decreased unassigned fund balance in the General Fund by $442,224 or 8%. This decrease was the result of an assignment of $425,000 for the fiscal year 2012 budget. The Habersham County Policy on fund balance calls for a minimum of 17% unassigned fund balance to be retained. Habersham County has maintained a percentage well in excess of 17% for the last ten fiscal years.

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 $141,732 over the final amended budget projections or 1%. Revenues exceeded expenditures in the General Fund by $717,218 or 4% for the fiscal year.

It is anticipated that the General Fund budget for fiscal year 2012 may be increased more than the increase for fiscal year 2011. No additional portion of the fund balance in the General Fund is budgeted for use in fiscal year 2012 aside from the original appropriation. Current General Fund revenues are meeting estimates for fiscal year 2012 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 $ 40,360
- Solid Waste $ (1,303,786)
- Transit $ 13,708

The Solid Waste Fund decreased unrestricted net assets by approximately $28,066. The decrease is due in large part to a single past due landfill credit account that resulted in a large decrease in tip fee revenue. Post-closure care liability as of June 30, 2011 is $2,570,830 versus $2,423,800 as of the end of fiscal year 2010. This is an increase of $147,030 or 6%. The Water and Sewer Fund has combined unrestricted and restricted net assets of approximately $1,074,949. $1,034,589 of this balance consists of proceeds from SPLOST 4 and is restricted for capital improvements.

Capital Assets and Debt Administration

Capital Assets. Habersham County has invested $48,315,251 in capital assets (net of accumulated depreciation) compared to $49,190,348 in the previous fiscal year. This represents a decrease of 2%. Approximately 71% of this investment is related to governmental activities and includes infrastructure, land, buildings, and machinery and equipment. Capital assets held by the County at fiscal year-end are summarized as follows:

Habersham County
Capital Assets (net of accumulated depreciation)
Fiscal Years 2011 and 2010

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land	$ 5,337,697	$ 5,337,697	$ 665,702	$ 665,702	$ 6,003,399	$ 6,003,399
Land improvements	3,092,512	3,092,512	7,629,604	7,629,604	10,722,116	10,722,116
Buildings	19,248,574	19,516,495	33,365	18,923	19,281,939	19,535,418
Machinery and equipment	1,802,381	1,815,046	1,689,639	1,634,080	3,492,020	3,449,126
Furniture and fixtures	2,164,164	2,109,693	0	0	2,164,164	2,109,693
Vehicles	7,533,501	7,494,466	143,542	115,696	7,677,043	7,610,162
Infrastructure	59,915,051	57,425,923	10,558,667	7,355,138	70,473,718	64,781,061
Construction in progress	1,303,002	762,364	54,479	3,219,815	1,357,481	3,982,179
Total	100,396,882	97,554,196	20,774,998	20,638,958	121,171,880	118,193,154
Accumulated Depreciation	(66,264,938)	(63,145,416)	(6,591,691)	(5,857,390)	(72,856,629)	(69,002,806)
Net Capital Assets	$ 34,131,944	$ 34,408,780	$ 14,183,307	$ 14,781,568	$ 48,315,251	$ 49,190,348

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

- Purchase of vehicles and heavy equipment for various departments
- Major roof repairs to the County Detention Center
- HVAC upgrades to the Recreation/Aquatic Center
- Continuing emergency communications upgrades to the County E-911 radio communication 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
- Ongoing construction planning and design of a new judicial facility
- Completion of new Soccer Complex

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 52-54 of this report.

Debt/Capital Leases. On June 30, 2011, Habersham County had a total long-term debt balance outstanding for governmental activities in the amount of $11,710,879 as compared to $1,282,851 the previous fiscal year. Habersham County's outstanding debt for governmental activities increased by $10,428,028 during the course of the fiscal year. In November 2010, the County issued $10 million general obligation bonds for the construction of a new judicial facility. Debt service on this five year bond will be repaid from SPLOST 5 proceeds.

Additional information on the County's long-term debt can be found in Note 11 on pages 56-58 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 2012 that position Habersham County to meet those challenges:

- Continued increased reliance on residential taxes as an overall part of the tax base
- Healthy recovery in countywide retail sales
- Increased reliance on Special Purpose Local Option Sales Tax for facility and infrastructure improvements
- State Legislatures continually 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
- Continued housing market volatility

- Need for additional personnel, and funds for personnel development and training
- Rising cost of healthcare and other insurance benefits

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, 2011

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	$ 13,872,748	$ 341,137	$ 14,213,885	$ 857,504
Certificates of deposit	2,850,033	828,000	3,678,033	0
Investments	3,555,050	0	3,555,050	0
Restricted assets				
Cash and cash equivalents	11,057,370	1,041,589	12,098,959	0
Receivables (net)				
Accounts	176,608	356,253	532,861	68,994
Intergovernmental	329,348	13,019	342,367	65,026
Taxes	872,590	0	872,590	0
Interest	0	2,103	2,103	0
Prepaids	840,897	0	840,897	0
Internal balances	51,593	(51,593)	0	0
Total current assets	33,606,237	2,530,508	36,136,745	991,524
Noncurrent assets				
Capital assets				
Non-depreciable	6,640,699	720,181	7,360,880	2,451,034
Depreciable (net)	27,491,245	13,463,126	40,954,371	1,578,335
Other assets				
Pension asset	58,950	0	58,950	0
Debt issue costs (net)	96,910	0	96,910	0
Total noncurrent assets	34,287,804	14,183,307	48,471,111	4,029,369
Total assets	67,894,041	16,713,815	84,607,856	5,020,893
LIABILITIES				
Current liabilities				
Payables				
Accounts	415,191	82,630	497,821	16,431
Intergovernmental	252,609	12,022	264,631	0
Retainages	1,700	0	1,700	0
Interest	1,003	3,694	4,697	0
Excess taxes	189,080	0	189,080	0
Accrued salaries and expenses	289,955	10,780	300,735	0
Compensated absences	476,852	33,705	510,557	53,000
Customer deposits	0	24,976	24,976	0
Due to others	510	0	510	128,217
Capital lease payable	433,746	44,999	478,745	0
Notes payable	0	0	0	77,670
Bonds payable	2,225,000	0	2,225,000	0
Liabilities payable from restricted assets:				
Accounts payable	0	7,000	7,000	0
Total current liabilities	4,285,646	219,806	4,505,452	275,318

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

HABERSHAM COUNTY, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2011

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Noncurrent liabilities				
Compensated absences	$ 0	$ 0	$ 0	$ 6,605
Capital lease payable	1,345,281	106,328	1,451,609	0
Notes payable	0	0	0	1,279,493
Bonds payable	7,230,000	0	7,230,000	0
Post-closure care costs	0	2,570,830	2,570,830	0
Total noncurrent liabilities	8,575,281	2,677,158	11,252,439	1,286,098
Total liabilities	12,860,927	2,896,964	15,757,891	1,561,416
NET ASSETS				
Invested in capital assets, net of related debt	32,352,917	14,031,980	46,384,897	2,672,206
Restricted for:				
Judicial	580,506	0	580,506	0
Public safety	63,244	0	63,244	74,878
Capital outlay	13,514,878	1,034,589	14,549,467	0
Debt service	2,521,823	0	2,521,823	0
Unrestricted	5,999,746	(1,249,718)	4,750,028	712,393
Total net assets	$ 55,033,114	$ 13,816,851	$ 68,849,965	$ 3,459,477

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

HABERSHAM COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2011

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	$ 4,767,171	$ 560,812	$ 1,260	$ 0	$ (4,205,099)
Judicial	2,443,769	564,523	546,163	65,735	(1,267,348)
Public Safety	8,272,181	1,676,915	66,528	18,700	(6,510,038)
Public Works	3,951,205	0	0	782,472	(3,168,733)
Health and Welfare	468,062	0	0	0	(468,062)
Culture and Recreation	1,355,728	226,788	5,798	0	(1,123,142)
Housing and Development	850,656	90,923	40,572	9,675	(709,486)
Interest on long-term debt	125,958	0	0	0	(125,958)
Total governmental activities	22,234,730	3,119,961	660,321	876,582	(17,577,866)
Business-type activities					
Water and Sewer	533,195	240,826	0	0	(292,369)
Landfill	1,353,463	1,033,249	29,389	0	(290,825)
Transit	54,659	6,802	23,679	45,200	21,022
Total business-type activities	1,941,317	1,280,877	53,068	45,200	(562,172)
Total primary government	24,176,047	4,400,838	713,389	921,782	(18,140,038)
Component Units					
Northeast Georgia Drug Task Force					
Public Safety	357,946	25,022	248,224	9,350	(75,350)
Habersham County Development Authority					
Housing and Development	101,712	0	0	0	(101,712)
Habersham County Health Department					
Health and Welfare	938,913	357,417	329,713	0	(251,783)
Total component units	1,398,571	382,439	577,937	9,350	(428,845)

	Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units
Change in net assets				
Net (expense) revenue	$ (17,577,866)	$ (562,172)	$ (18,140,038)	$ (428,845)
General revenues				
Taxes				
Property	11,628,252	0	11,628,252	0
Sales	5,207,872	0	5,207,872	0
Intangible	140,503	0	140,503	0
Insurance premium	1,255,405	0	1,255,405	0
Other	621,499	0	621,499	0
Interest and investment earnings	58,843	12,059	70,902	1,081
Rental income	59,832	0	59,832	181,674
Payments from Habersham County	0	0	0	179,340
Gain on sale of assets	5,933	0	5,933	0
Miscellaneous	75,538	14,046	89,584	0
Transfers	55,341	(55,341)	0	0
Total general revenues, special items, and transfers	19,109,018	(29,236)	19,079,782	362,095
Change in net assets	1,531,152	(591,408)	939,744	(66,750)
Net assets - beginning (original)	53,187,458	13,810,780	66,998,238	3,526,227
Prior period adjustments	314,504	597,479	911,983	0
Net assets - beginning (restated)	53,501,962	14,408,259	67,910,221	3,526,227
Net assets - ending	$ 55,033,114	$ 13,816,851	$ 68,849,965	$ 3,459,477

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

HABERSHAM COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	General	SPLOST #4
ASSETS		
Cash and cash equivalents	$ 3,276,914	$ 3,162,408
Certificates of deposit	2,315,000	0
Investments	0	0
Restricted assets		
Cash and cash equivalents	20,284	0
Receivables (net)		
Accounts	35,747	0
Intergovernmental	110,645	214,765
Taxes	287,673	0
Prepaids	419,881	0
Due from other funds	132,008	0
Total assets	$ 6,598,152	$ 3,377,173
LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	$ 287,815	$ 27,435
Intergovernmental	74,939	0
Retainages	1,700	0
Excess taxes	189,080	0
Accrued salaries and expenses	268,793	0
Deferred revenue	119,919	0
Due to other agencies	510	0
Due to other funds	0	15,549
Total liabilities	942,756	42,984
Fund balances		
Nonspendable:		
Prepaids	419,881	0
Restricted for:		
Judicial	13,955	0
Public safety	6,329	0
Capital outlay	0	3,334,189
Debt service	0	0
Assigned to:		
Capital outlay	0	0
Subsequent year's budget	425,000	0
Unassigned	4,790,231	0
Total fund balances	5,655,396	3,334,189
Total liabilities and fund balances	$ 6,598,152	$ 3,377,173

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

SPLOST #5	Judicial Center Construction	SPLOST Debt Service Fund	Nonmajor Governmental Funds	Totals
$ 4,728,401	$ 10,020,357	$ 1,976,823	$ 728,202	$ 23,893,105
435,033	0	0	100,000	2,850,033
3,555,050	0	0	0	3,555,050
0	0	0	1,016,729	1,037,013
0	0	0	140,861	176,608
0	0	0	3,938	329,348
584,917	0	0	0	872,590
0	0	0	421,016	840,897
0	0	0	0	132,008
$ 9,303,401	$ 10,020,357	$ 1,976,823	$ 2,410,746	$ 33,686,652
$ 81,451	$ 0	$ 0	$ 18,490	$ 415,191
175,257	0	0	2,413	252,609
0	0	0	0	1,700
0	0	0	0	189,080
0	0	0	21,162	289,955
0	0	0	0	119,919
0	0	0	0	510
0	0	0	64,866	80,415
256,708	0	0	106,931	1,349,379
0	0	0	421,016	840,897
0	0	0	566,551	580,506
0	0	0	56,915	63,244
9,046,693	10,020,357	0	1,016,729	23,417,968
0	0	1,976,823	0	1,976,823
0	0	0	4,859	4,859
0	0	0	237,745	662,745
0	0	0	0	4,790,231
9,046,693	10,020,357	1,976,823	2,303,815	32,337,273
$ 9,303,401	$ 10,020,357	$ 1,976,823	$ 2,410,746	$ 33,686,652

HABERSHAM COUNTY, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
June 30, 2011

Total fund balance - total governmental funds	$	32,337,273
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets of $100,396,882, net of accumulated depreciation of ($66,264,938), and debt issue costs of 96,910 are not financial resources and, therefore, are not reported in the funds.		34,228,854
Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the fund. These are deferred property taxes.		119,919
Net pension asset is not reported in the governmental funds. This amount represents annual plan contributions in excess of pension costs.		58,950
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are bonds payable of ($9,455,000), capital leases payable of ($1,779,027), interest payable of ($1,003) and compensated absences of ($476,852).		(11,711,882)
Net assets of governmental activities	$	55,033,114

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, 2011

	General	SPLOST #4
REVENUES		
Taxes	$ 13,720,765	$ 0
Licenses and permits	90,923	0
Fines, fees and forfeitures	1,061,881	0
Charges for services	998,440	0
Intergovernmental	636,103	781,094
Interest	32,437	9,585
Contributions	19,520	0
Other	134,569	0
Total revenues	16,694,638	790,679
EXPENDITURES		
Current		
General Government	3,391,109	0
Judicial	2,422,773	0
Public Safety	6,357,291	0
Public Works	1,718,651	0
Health and Welfare	409,072	0
Culture and Recreation	1,024,571	0
Housing and Development	653,953	0
Capital outlay	0	2,659,457
Intergovernmental	0	0
Debt Service		
Principal	0	0
Interest	0	0
Total expenditures	15,977,420	2,659,457
Excess (deficiency) of revenues over (under) expenditures	717,218	(1,868,778)
Other financing sources (uses)		
Transfers in	150,594	0
Transfers out	(831,410)	0
Issuance of capital leases	0	0
Issuance of bonds	0	0
Proceeds from sale of assets	28,906	0
Total other financing sources (uses)	(651,910)	0
Net change in fund balance	65,308	(1,868,778)
Fund balances, July 1 (original)	5,275,584	5,202,967
Prior period adjustments	314,504	0
Fund balances, July 1 (restated)	5,590,088	5,202,967
Fund balances, June 30	$ 5,655,396	$ 3,334,189

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

SPLOST #5	Judicial Center Construction	SPLOST Debt Service Fund	Nonmajor Governmental Funds	Totals
$ 2,597,032	$ 0	$ 2,610,840	$ 34,362	$ 18,962,999
0	0	0	0	90,923
0	0	0	123,771	1,185,652
0	0	0	835,051	1,833,491
0	0	0	16,062	1,433,259
65,736	20,357	0	6,050	134,165
0	0	0	0	19,520
0	0	0	798	135,367
2,662,768	20,357	2,610,840	1,016,094	23,795,376
0	0	0	0	3,391,109
0	0	0	12,864	2,435,637
0	0	0	1,491,045	7,848,336
0	0	0	0	1,718,651
0	0	0	0	409,072
0	0	0	0	1,024,571
0	0	0	13,745	667,698
659,358	0	0	934,631	4,253,446
874,922	0	0	0	874,922
0	0	545,000	0	545,000
0	0	89,017	0	89,017
1,534,280	0	634,017	2,452,285	23,257,459
1,128,488	20,357	1,976,823	(1,436,191)	537,917
0	0	0	803,451	954,045
0	0	0	(67,294)	(898,704)
0	0	0	1,600,000	1,600,000
0	10,000,000	0	0	10,000,000
0	0	0	0	28,906
0	10,000,000	0	2,336,157	11,684,247
1,128,488	10,020,357	1,976,823	899,966	12,222,164
7,918,205	0	0	1,403,849	19,800,605
0	0	0	0	314,504
7,918,205	0	0	1,403,849	20,115,109
$ 9,046,693	$ 10,020,357	$ 1,976,823	$ 2,303,815	$ 32,337,273

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, 2011

Net change in fund balances - total governmental funds	$	12,222,164
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 capital outlays of $3,601,255 exceeded depreciation of ($3,569,517) in the current period.		31,738
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 ($777,269), net of related accumulated depreciation of $459,345.		(317,924)
Contributions of capital assets from component unit of $18,700 increase net assets in the statement of activities, but do not appear in the governmental funds activities, because they are not financial resources.		18,700
Distributions of capital assets to component unit of $9,350 increase net assets in the statement of activities, but do not appear in the governmental funds activities, because they are not financial resources.		(9,350)
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.		(109,468)
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 proceeds of ($11,600,000) and amortization of ($15,142) exceeded repayments of $1,109,531 and capitalized debt issue costs of $112,052.		(10,393,559)
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.		26,376
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 decrease in compensated absences $60,136 and the net decrease in interest payable $2,339.		62,475
Change in net assets of governmental activities	$	1,531,152

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, 2011

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 13,832,650	$ 14,049,360	$ 13,720,765	$ (328,595)
Licenses and permits	112,000	112,000	90,923	(21,077)
Fines, fees and forfeitures	1,168,700	1,183,290	1,061,881	(121,409)
Charges for services	919,700	919,700	998,440	78,740
Intergovernmental	545,767	555,767	636,103	80,336
Interest	88,000	88,000	32,437	(55,563)
Contributions	4,100	4,100	19,520	15,420
Other	78,550	108,220	134,569	26,349
Total revenues	16,749,467	17,020,437	16,694,638	(325,799)
EXPENDITURES				
Current				
General Government				
County-Wide	571,268	641,718	606,620	35,098
Commissioners	459,068	459,068	458,280	788
County Manager	109,745	109,745	109,622	123
County Finance	242,264	242,264	239,857	2,407
County Human Resources	76,102	76,102	78,623	(2,521)
Tax Commissioner	328,873	336,943	342,300	(5,357)
Tax Assessor	508,060	508,060	520,408	(12,348)
Board of Equalization	3,780	3,780	2,184	1,596
County Clerk	52,541	52,541	54,722	(2,181)
Engineer	83,415	83,415	84,968	(1,553)
Registar	103,332	103,332	111,109	(7,777)
Buildings and Grounds	540,928	540,928	482,522	58,406
County Annex	107,206	107,206	98,875	8,331
Information Technology	205,306	221,549	200,436	21,113
Cannery	0	600	583	17
Judicial				
Accountability Court	0	0	20,356	(20,356)
Probate Court	206,691	277,191	275,714	1,477
Magistrate Court	399,357	399,357	392,416	6,941
Clerk of Superior Court	575,642	575,642	556,277	19,365
Superior Court	196,519	196,519	197,024	(505)
District Attorney	69,400	69,400	64,785	4,615
Public Defender	377,827	405,062	406,227	(1,165)
State Court Judge	180,473	180,473	163,851	16,622
Juvenile Court	220,844	220,844	223,141	(2,297)
Juvenile Supervision	20,000	20,000	13,956	6,044
State Court Solicitor	118,438	118,438	109,026	9,412
Public Safety				
Sheriff	2,125,099	2,125,099	2,434,103	(309,004)
Jail	1,819,141	1,819,141	1,922,529	(103,388)
Animal Control	88,158	101,558	102,840	(1,282)
Coroner	30,321	30,321	27,393	2,928
Fire	1,103,100	1,103,100	1,117,747	(14,647)
Animal Shelter	142,760	164,260	167,022	(2,762)
Emergency Management Agency	66,718	87,743	87,741	2
Ambulance	539,971	578,571	491,433	87,138
Northeast Georgia Drug Task Force	7,779	7,779	6,483	1,296
Public Works				
Road Department	1,652,732	1,714,482	1,718,651	(4,169)

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, 2011

	Budget			Variance with
	Original	Final	Actual	Final Budget
Health and Welfare				
Georgia Mountains Community				
Mental Health	$ 25,259	$ 25,259	$ 25,259	$ 0
Senior Center	157,856	162,856	162,834	22
Habersham County				
Health Department	170,340	179,340	179,340	0
Child Welfare	43,500	43,500	41,639	1,861
Culture and Recreation				
Fairgrounds	15,765	15,765	9,512	6,253
Libraries	273,332	273,332	273,332	0
Recreation	762,291	762,291	741,727	20,564
Housing and Development				
Airport	18,750	18,750	10,514	8,236
Extension Service	75,975	84,175	84,046	129
Forestry	8,400	8,400	8,400	0
Economic Development	106,076	106,076	74,094	31,982
GIS	4,850	4,850	2,517	2,333
Building	190,060	212,660	222,181	(9,521)
Planning	199,084	176,484	172,646	3,838
Planning Commission	9,300	9,300	7,957	1,343
Code Enforcement	68,119	70,419	71,598	(1,179)
Total expenditures	15,461,815	15,835,688	15,977,420	(141,732)
Excess (deficiency) of revenues over (under) expenditures	1,287,652	1,184,749	717,218	(467,531)
Other financing sources (uses)				
Transfers in	174,520	174,520	150,594	(23,926)
Transfers out	(807,385)	(856,883)	(831,410)	25,473
Sale of capital assets	12,000	34,500	28,906	(5,594)
Contingency	(666,787)	(536,886)	0	536,886
Total other financing sources (uses)	(1,287,652)	(1,184,749)	(651,910)	532,839
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	65,308	65,308
Fund balances, July 1 (original)	0	0	5,275,584	5,275,584
Prior period adjustments	0	0	314,504	314,504
Fund balances, July 1 (restated)	0	0	5,590,088	5,590,088
Fund balances, June 30	$ 0	$ 0	$ 5,655,396	$ 5,655,396

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

HABERSHAM COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

	Business-Type Activities			
	Water and Sewer	Landfill	Transit	Totals
ASSETS				
Current assets				
Cash and cash equivalents	$ 75,314	$ 265,823	$ 0	$ 341,137
Certificates of deposit	0	828,000	0	828,000
Restricted assets				
Cash and cash equivalents	1,041,589	0	0	1,041,589
Receivables (net)				
Accounts	25,738	330,515	0	356,253
Intergovernmental	0	0	13,019	13,019
Interest	0	2,103	0	2,103
Due from other funds	0	0	15,549	15,549
Total current assets	1,142,641	1,426,441	28,568	2,597,650
Noncurrent assets				
Capital assets				
Non-depreciable	54,479	665,702	0	720,181
Depreciable (net)	8,959,181	4,464,293	39,652	13,463,126
Total noncurrent assets	9,013,660	5,129,995	39,652	14,183,307
Total assets	10,156,301	6,556,436	68,220	16,780,957
LIABILITIES				
Current liabilities				
Payables				
Accounts	9,486	73,144	0	82,630
Intergovernmental	12,022	0	0	12,022
Interest	0	3,694		3,694
Accrued salaries	1,121	8,800	859	10,780
Compensated absences	2,141	29,259	2,305	33,705
Customer deposits	24,976	0	0	24,976
Due to other funds	10,946	44,500	11,696	67,142
Capital leases payable	0	44,999	0	44,999
Liabilities payable from restricted assets:				
Accounts payable	7,000	0	0	7,000
Total current liabilities	67,692	204,396	14,860	286,948
Noncurrent liabilities				
Capital leases payable	0	106,328	0	106,328
Postclosure care	0	2,570,830	0	2,570,830
Total noncurrent liabilities	0	2,677,158	0	2,677,158
Total liabilities	67,692	2,881,554	14,860	2,964,106
NET ASSETS				
Invested in capital assets, net of related debt	9,013,660	4,978,668	39,652	14,031,980
Restricted for capital outlay	1,034,589	0	0	1,034,589
Unrestricted	40,360	(1,303,786)	13,708	(1,249,718)
Total net assets	$ 10,088,609	$ 3,674,882	$ 53,360	$ 13,816,851

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, 2011

	Business-Type Activities			
	Water and Sewer	Landfill	Transit	Totals
OPERATING REVENUES				
Charges for sales and services	$ 240,826	$ 1,033,249	$ 6,802	$ 1,280,877
Miscellaneous revenues	0	14,046	0	14,046
Total operating revenues	240,826	1,047,295	6,802	1,294,923
OPERATING EXPENSES				
Costs of sales and services	263,533	492,885	12,649	769,067
Personal services	45,514	328,442	36,462	410,418
Depreciation	224,148	521,959	5,548	751,655
Total operating expenses	533,195	1,343,286	54,659	1,931,140
Operating income (loss)	(292,369)	(295,991)	(47,857)	(636,217)
Non-operating revenues (expenses)				
Interest revenue	2,829	9,230	0	12,059
Interest expense	0	(10,177)	0	(10,177)
Intergovernmental revenue	0	29,389	68,879	98,268
Total non-operating revenues (expenses)	2,829	28,442	68,879	100,150
Net income before transfers	(289,540)	(267,549)	21,022	(536,067)
Transfers				
Transfers in	27,959	0	0	27,959
Transfers out	0	(83,300)	0	(83,300)
Total transfers	27,959	(83,300)	0	(55,341)
Change in net assets	(261,581)	(350,849)	21,022	(591,408)
Net assets, July 1 (original)	10,350,190	3,428,252	32,338	13,810,780
Prior period adjustments	0	597,479	0	597,479
Net assets, July 1 (restated)	10,350,190	4,025,731	32,338	14,408,259
Net assets, June 30	$ 10,088,609	$ 3,674,882	$ 53,360	$ 13,816,851

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, 2011

	Business-Type Activities			
	Water and Sewer	Landfill	Transit	Totals
Cash flows from operating activities:				
Receipts from customers	$ 230,073	$ 990,188	$ 6,802	$ 1,227,063
Payments to suppliers	(264,999)	(349,928)	(12,649)	(627,576)
Payments to employees	(45,389)	(323,404)	(34,062)	(402,855)
Other receipts	0	14,046	0	14,046
Net cash provided (used) by operating activities	(80,315)	330,902	(39,909)	210,678
Cash flows from non-capital financing activities:				
Receipts from other governments	0	29,389	26,209	55,598
Receipts from other funds	29,376	0	13,700	43,076
Payments to other funds	0	(113,185)	0	(113,185)
Net cash provided (used) by non-capital financing activities	29,376	(83,796)	39,909	(14,511)
Cash flows from capital and related financing activities:				
Interest paid	0	(12,726)	0	(12,726)
Principal payments - capital leases	0	(129,175)	0	(129,175)
Acquisition of capital assets	(31,193)	(24,951)	0	(56,144)
Payment of capital related accounts payable	0	(774)	0	(774)
Net cash provided (used) by capital and related financing activities	(31,193)	(167,626)	0	(198,819)
Cash flows from investing activities:				
Interest received	2,829	7,127	0	9,956
Purchases of certificates of deposit		(828,000)		(828,000)
Net cash provided (used) by investing activities	2,829	(820,873)	0	(818,044)
Net increase (decrease) in cash and cash equivalents	(79,303)	(741,393)	0	(820,696)
Cash and cash equivalents, July 1	1,196,206	1,007,216	0	2,203,422
Cash and cash equivalents, June 30	$ 1,116,903	$ 265,823	$ 0	$ 1,382,726
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ (292,369)	$ (295,991)	$ (47,857)	$ (636,217)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	224,148	521,959	5,548	751,655
Closure/postclosure costs	0	147,030	0	147,030
(Increase) decrease in accounts receivable	(10,353)	(43,061)	0	(53,414)
Increase (decrease) in accounts payable	7,292	(4,073)	0	3,219
Increase (decrease) in intergovernmental payable	(8,758)	0	0	(8,758)
Increase (decrease) in deposits payable	(400)	0	0	(400)
Increase (decrease) in accrued payroll liabilities	125	5,038	2,400	7,563
Total adjustments	212,054	626,893	7,948	846,895
Net cash provided (used) by operating activities	$ (80,315)	$ 330,902	$ (39,909)	$ 210,678

Noncash capital and related financing activities:

Acquisition of capital assets through accounts payable totaled $52,050 for the fiscal year ended June 30, 2011.
Contributions of capital assets from other governments totaled $45,200 for the fiscal year ended June 30, 2011.

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

HABERSHAM COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2011

	Agency Funds
ASSETS	
Cash	$ 811,456
Accounts receivable, net	1,508,793
Total assets	2,320,249
LIABILITIES	
Due to other agencies	$ 2,320,249

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

HABERSHAM COUNTY, GEORGIA
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
June 30, 2011

	Mountain Judicial Circuit NCIS Team	Habersham County Development Authority	Habersham County Health Department	Totals
ASSETS				
Current assets				
Cash and cash equivalents	$ 151,415	$ 449,061	$ 257,028	$ 857,504
Receivables (net)				
Accounts	0	0	68,994	68,994
Intergovernmental	51,680	0	13,346	65,026
Total current assets	203,095	449,061	339,368	991,524
Noncurrent assets				
Capital assets				
Non-depreciable	0	2,451,034	0	2,451,034
Depreciable (net)	17,166	1,552,702	8,467	1,578,335
Total noncurrent assets	17,166	4,003,736	8,467	4,029,369
Total assets	220,261	4,452,797	347,835	5,020,893
LIABILITIES				
Current liabilities				
Payables				
Accounts	0	4,381	12,050	16,431
Compensated absences	0	0	53,000	53,000
Due to other agencies	128,217	0	0	128,217
Notes payable	0	77,670	0	77,670
Total current liabilities	128,217	82,051	65,050	275,318
Noncurrent liabilities				
Compensated absences	0	0	6,605	6,605
Notes payable	0	1,279,493	0	1,279,493
Total noncurrent liabilities	0	1,279,493	6,605	1,286,098
Total liabilities	128,217	1,361,544	71,655	1,561,416
NET ASSETS				
Invested in capital assets, net of related debt	17,166	2,646,573	8,467	2,672,206
Restricted for public safety	74,878	0	0	74,878
Unrestricted	0	444,680	267,713	712,393
Total net assets	$ 92,044	$ 3,091,253	$ 276,180	$ 3,459,477

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, 2011

	Mountain Judicial Circuit NCIS Team	Habersham County Development Authority	Habersham County Health Department	Totals
Expenses				
Public Safety	$ 357,946	$ 0	$ 0	$ 357,946
Health and Welfare	0	0	938,913	938,913
Housing and Development	0	101,712	0	101,712
Total expenses	357,946	101,712	938,913	1,398,571
Program revenues				
Charges for services	25,022	0	357,417	382,439
Operating grants and contributions	248,224	0	329,713	577,937
Capital grants and contributions	9,350	0	0	9,350
Total program revenues	282,596	0	687,130	969,726
Net (expense) revenue	(75,350)	(101,712)	(251,783)	(428,845)
General revenues				
Interest	0	1,081	0	1,081
Rental income	0	181,674	0	181,674
Payments from Habersham County	0	0	179,340	179,340
Total general revenues	0	182,755	179,340	362,095
Change in net assets	(75,350)	81,043	(72,443)	(66,750)
Net assets, July 1	167,394	3,010,210	348,623	3,526,227
Net assets, June 30	$ 92,044	$ 3,091,253	$ 276,180	$ 3,459,477

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 services, including public safety, health and welfare services, recreational programs, public works, water distribution services and solid waste disposal services.

The County Government is governed by a five member Board of Commissioners (the Board). Each Commissioner represents one of five districts and must reside in the district they represent. Board members are elected at-large for a four year term.

The Board selects a County Manager to run the "day-to-day" operations of the County. The County Manager serves at the will of the Board as a contractual employee. The County Manager is the Chief Administrative Officer and the Budget Officer for the County.

The Assistant County Manager/Finance Director serves as the Chief Financial Officer (CFO) for the County. The County CFO is responsible for all County financial activity including accounting, reporting and treasury management. The CFO is a career service County employee and works directly for the County Manager.

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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.

2. Summary of Significant Accounting Policies (continued)

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.

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.

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

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.

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

Judicial Center Construction Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition or construction of a judicial center.

SPLOST Debt Service Fund – This fund is used to account for the accumulation of resources and payment of general government long-term debt principal and interest financed by special purpose local option sales taxes.

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).

2. Summary of Significant Accounting Policies (continued)

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

Governmental Fund Types (continued)

Debt Service Funds – This fund type is used to account for the accumulation of resources and payment of general government long-term debt principal and interest from governmental resources.

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.

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.

2. Summary of Significant Accounting Policies (continued)

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

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.

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.

2. Summary of Significant Accounting Policies (continued)

E. Budgets and Budgetary Accounting, continued

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.

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.

2. Summary of Significant Accounting Policies (continued)

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, 2011, are recorded as prepaid items.

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.

2. Summary of Significant Accounting Policies (continued)

I. Capital Assets (continued)

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.

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.

2. Summary of Significant Accounting Policies (continued)

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.

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. Fund Balances – Governmental Funds

Habersham County implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at June 30, 2011 by the County are nonspendable in form. The County has not reported any amounts that are legally or contractually required to be maintained intact.

2. Summary of Significant Accounting Policies (continued)

M. Fund Balances – Governmental Funds (continued)

Restricted – includes amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or through enabling legislation.

Committed – includes amounts that can only be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Commissioners (the County's highest level of authority) has authority to set aside funds for a specific purpose. Any funds set aside as Committed Fund Balance requires the passage of a resolution. The passage of the resolution must take place prior to the end of the applicable fiscal year. If the actual amount of the commitment is not available by the end of the fiscal year, the resolution must state the process or formula to calculate the actual amount as soon as information is available. Commitments may be changed or lifted only by the Board taking the same formal action that imposed the constraint originally.

Assigned – includes amounts that are intended to be used by the County for a specific purpose. Intent can only be expressed by the Board of Commissioners or their designee. An assignment of fund balance requires the majority vote of the Board. However, the Board has authorized the County Finance Director to automatically assign fund balance in the following situations:

- If upon passage of a budget resolution, any fund balance is used to balance a future budget, the amount used will be automatically recorded as Assigned Fund Balance.
- If any unspent funds for an ongoing capital project remain at fiscal year end, these funds will be automatically recorded as Assigned Fund Balance until the project is complete.
- If any residual fund balance exists in a special revenue fund, they will be automatically recorded as Assigned Fund Balance.

Unassigned – includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that should report this category of fund balance.

2. Summary of Significant Accounting Policies (continued)

M. Fund Balances – Governmental Funds (continued)

The County will make every effort to use unassigned funds for the following purposes (listed in order of priority):

- To maintain the County's Rainy Day Fund at the prescribed level.
- To address unexpected revenue short-falls or expenditures encountered in the current fiscal year.
- To fund non-recurring capital expenditures. Unassigned fund balance will not be used to fund recurring expenditures or to compensate for structural budget deficits.

The unassigned fund balance of the General Fund at the end of each fiscal year shall not be less than 17% of the following fiscal year's projected budgeted expenditures. Any proposed appropriation that would result in the balance of the fund falling below the minimum fund balance ratio must be accompanied by a restoration plan that brings the fund back to the minimum within three years.

When multiple categories of fund balance are available for expenditure, the County will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

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 2010 amounts have been reclassified to conform to the 2011 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 follows the State of Georgia requirement that all deposits be federally insured or fully collateralized.

Interest Rate Risk

To achieve adequate liquidity within the County's portfolio, the County attempts to match investment maturities with anticipated cash flow requirements. Unless matched to a specific cash flow, the maximum maturity of any investment in the portfolio may not exceed two years from the date of acquisition by the County. In order to preserve liquidity and lessen market risk, not more than 25% of the total portfolio may mature more than two years beyond the date of calculation. No more than 25% of the total portfolio may mature more than one year beyond date of calculation, not inclusive of the two year rule. The maturity of non-negotiable time deposits may not exceed one year.

Concentration of Credit Risk

The County investment policy states that no more than 33% of the total investment portfolio shall be placed with a single issuer. This limitation does not apply to the Local Government Investment Pool or direct obligations of the United States Government.

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 investment policy does not further limit its investment choices.

3. Deposit and Investment Risk (continued)

Credit Risk (continued)

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, 2011 was 46 days. At June 30, 2011, the County's balance in Georgia Fund 1 was $4,373,441.

At June 30, 2011, 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 Bonds			
FHLMC	$ 2,533,400	< 12	AAA
FHLMC	1,021,650	< 15	AAA
Total	$ 3,555,050		

(1) - Standard and Poor's

4. Accounts Receivable

Net accounts receivable at June 30, 2011 consist of the following:

Primary Government:		
Major Funds		
General Fund		$ 35,747
Enterprise Funds		
Water and Sewer	$ 25,738	
Landfill	363,736	
Less: Allowance for Uncollectibles	(33,221)	356,253
Nonmajor Funds		
Emergency 911 Special Revenue Fund		140,861
Total primary government		$ 532,861
Fiduciary Funds		
Agency Funds		
Clerk of Court	$ 3,455,316	
Less: Allowance for Uncollectibles	(2,015,398)	
Magistrate Court	78,494	
Less: Allowance for Uncollectibles	(9,619)	$ 1,508,793

5. Intergovernmental Receivables

Intergovernmental receivables at June 30, 2011 consist of the following:

Major Funds		
General Fund		
City of Alto, Georgia	$ 1,548	
City of Baldwin, Georgia	901	
City of Clarkesville, Georgia	12,645	
City of Cornelia, Georgia	677	
City of Mount Airy, Georgia	258	
City of Tallulah Falls, Georgia	201	
Association of County Commissioners of Georgia	15,880	
Council of Juvenile Court Judges of Georgia	100	
Georgia Public Defender Standards Council	8,414	
Habersham County Board of Health	372	
Habersham County Medical Center	1,086	
Habersham County Senior Center	699	
Mountain Judicial Circuit NCIS Team	31,895	
Rabun County, Georgia	5,843	
Stephens County, Georgia	30,126	$ 110,645
SPLOST #4 Capital Projects Fund		
Georgia Department of Transportation		214,765
Transit Enterprise Fund		
Georgia Department of Transportation		13,019
Nonmajor Funds		
Drug Abuse Treatment Special Revenue Fund		
State of Georgia Judicial Council		3,938
Total primary government		$ 342,367
Component Units		
Mountain Judicial Circuit NCIS Team		
Criminal Justice Coordinating Council		$ 51,680

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 2010, based upon the assessments of January 1, 2010, were levied on July 29, 2010, billed on September 15, 2010, and due on December 20, 2010. 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, 2011 is as follows:

Due to/Due from other funds:

Receivable Fund	Payable Fund	Amount
General	Water and Sewer	$ 10,946
	Landfill	44,500
	Transit	11,696
	Nonmajor Governmental	64,866
Transit	SPLOST #4	15,549
Total		$ 147,557

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, 2011 is as follows:

	Transfers out:			
	Major Funds		Nonmajor Funds	
	General	Landfill	Governmental	Total
Transfers in:				
Major Funds				
General	$ 0	$ 83,300	$ 67,294	$ 150,594
Enterprise Funds				
Water and Sewer	27,959	0	0	27,959
Nonmajor Funds				
Governmental	803,451	0	0	803,451
Total	$ 831,410	$ 83,300	$ 67,294	$ 982,004

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, 2011 was as follows:

	Balance 6/30/10	Increases	Decreases	Balance 6/30/11
Governmental activities				
Non-depreciable assets				
Land	$ 5,337,697	$ 0	$ 0	$ 5,337,697
Construction in progress	762,364	3,033,815	(2,493,177)	1,303,002
Total non-depreciable assets	6,100,061	3,033,815	(2,493,177)	6,640,699
Depreciable assets				
Buildings	19,516,495	169,458	(437,379)	19,248,574
Land improvements	3,092,512	0	0	3,092,512
Machinery and equipment	1,815,046	0	(12,665)	1,802,381
Furniture and fixtures	2,109,693	60,971	(6,500)	2,164,164
Vehicles	7,494,466	359,760	(320,725)	7,533,501
Infrastructure	57,425,923	2,489,128	0	59,915,051
Total depreciable assets	91,454,135	3,079,317	(777,269)	93,756,183
Less accumulated depreciation				
Buildings	(7,338,274)	(545,424)	133,508	(7,750,190)
Land improvements	(873,345)	(183,429)	0	(1,056,774)
Machinery and equipment	(1,209,595)	(137,955)	12,665	(1,334,885)
Furniture and fixtures	(1,047,211)	(254,252)	6,500	(1,294,963)
Vehicles	(5,823,420)	(531,933)	306,672	(6,048,681)
Infrastructure	(46,853,571)	(1,925,874)	0	(48,779,445)
Total accumulated depreciation	(63,145,416)	(3,578,867)	459,345	(66,264,938)
Total depreciable assets, net	28,308,719	(499,550)	(317,924)	27,491,245
Governmental activities capital assets, net	$ 34,408,780	$ 2,534,265	$ (2,811,101)	$ 34,131,944
Business-type activities				
Non-depreciable assets				
Land	$ 665,702	$ 0	$ 0	$ 665,702
Construction in progress	3,219,815	38,193	(3,203,529)	54,479
Total non-depreciable assets	3,885,517	38,193	(3,203,529)	720,181
Depreciable assets				
Buildings	18,923	14,442	0	33,365
Distribution system	7,355,138	3,203,529	0	10,558,667
Land improvements	7,629,604	0	0	7,629,604
Machinery and equipment	1,634,080	55,559	0	1,689,639
Vehicles	115,696	63,970	(36,124)	143,542
Total depreciable assets	16,753,441	3,337,500	(36,124)	20,054,817
Less accumulated depreciation				
Buildings	(6,782)	(561)	0	(7,343)
Distribution system	(1,391,671)	(217,615)	0	(1,609,286)
Land improvements	(3,514,561)	(383,215)	0	(3,897,776)
Machinery and equipment	(851,126)	(136,555)	0	(987,681)
Vehicles	(93,250)	(32,479)	36,124	(89,605)
Total accumulated depreciation	(5,857,390)	(770,425)	36,124	(6,591,691)
Total depreciable assets, net	10,896,051	2,567,075	0	13,463,126
Business-type activities capital assets, net	$ 14,781,568	$ 2,605,268	$ (3,203,529)	$ 14,183,307

9. Capital Assets (continued)

Capital asset activity for the discretely presented component units for the year ended June 30, 2011 was as follows:

	Balance 6/30/10	Increases	Decreases	Balance 6/30/11
Mountain Judicial Circuit NCIS Team				
Depreciable assets				
Vehicles	$ 92,490	$ 9,350	$ (18,700)	$ 83,140
Equipment	0	7,345	0	7,345
Total depreciable assets	92,490	16,695	(18,700)	90,485
Less accumulated depreciation				
Vehicles	(68,573)	(12,969)	9,350	(72,192)
Equipment	0	(1,127)	0	(1,127)
Total accumulated depreciation	(68,573)	(14,096)	9,350	(73,319)
Mountain Judicial Circuit NCIS Team capital assets, net	$ 23,917	$ 2,599	$ (9,350)	$ 17,166
Habersham County Development Authority				
Non-depreciable assets				
Land	$ 2,451,034	$ 0	0	$ 2,451,034
Construction in progress	0	0	0	0
Total non-depreciable assets	2,451,034	0	0	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	(101,118)	(32,527)	0	(133,645)
Land improvements	(66,243)	(15,570)	0	(81,813)
Total accumulated depreciation	(167,361)	(48,097)	0	(215,458)
Total depreciable assets, net	1,600,799	(48,097)	0	1,552,702
Habersham County Development Authority capital assets, net	$ 4,051,833	$ (48,097)	$ 0	$ 4,003,736

9. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

Primary Government	
Governmental activities	
General Government	$ 234,263
Judicial	7,105
Public Safety	650,951
Public Works	2,013,331
Health and Welfare	58,990
Culture and Recreation	334,085
Housing and Development	270,792
Total depreciation expense for governmental activities	$ 3,569,517
Business-type activities	
Water and Sewer	$ 224,148
Landfill	521,959
Transit	5,548
Total depreciation expense for business-type activities	$ 751,655
Discretely presented component units	
Mountain Judicial Circuit NCIS Team	$ 14,096
Habersham County Development Authority	48,097
	$ 62,193

	Governmental Activities	Business-type Activities	Component Units
Current year depreciation expense	$ 3,569,517	$ 751,655	$ 62,193
Prior accumulated depreciation on assets transferred between governmental, business-type activities, and component unit	9,350	18,770	0
Additions to accumulated depreciation	$ 3,578,867	$ 770,425	$ 62,193

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, 2011 are $1,779,027 and $151,327 for governmental and business-type activities, respectively. Total assets leased under capital leases are $2,220,000 and $287,095 for governmental and business-type activities, respectively, consisting of:

	Governmental Activities	Business-type Activities
Machinery and equipment	$ 1,079,600	$ 287,095
Infrastructure	550,400	0
Vehicles	590,000	0
Total assets under capital leases	$ 2,220,000	$ 287,095

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, 2011:

Year Ending June 30,	Governmental activities	Business-type activities
2012	$ 470,132	$ 50,225
2013	470,132	110,000
2014	470,132	0
2015	369,953	0
2016	84,140	0
Total minimum lease payments	1,864,489	160,225
Less amounts representing interest	(85,462)	(8,898)
Present value of minimum lease payments	$ 1,779,027	$ 151,327

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

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, 2011, the balance of this note is $1,074,291. The note requires monthly payments of $7,187 with all unpaid principal and interest due on May 11, 2013; interest at 2.44%.

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, 2011, the balance of this note is $282,872. The note requires monthly payments of $1,955 with all unpaid principal and interest due on April 19, 2013; interest at 2.88%.

Annual debt service requirements for notes payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	$ 77,670	$ 31,795	$ 109,465
2013	1,279,493	28,337	1,307,830
Totals	$ 1,357,163	$ 60,132	$ 1,417,295

General Obligation Bonds

General obligation bonds have been issued for governmental activities and are comprised of the following individual issue at June 30, 2011:

- $10,000,000 General Obligation Bonds, Series 2010 - bonds due in annual principal payments on July 1 with semi-annual interest payments (1.47%) due on January 1 and July 1. The bonds are used for the construction of the Habersham County Judicial Center.

11. Long-Term Debt (continued)

General Obligation Bonds (continued)

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	$ 2,225,000	$ 138,989	$ 2,363,989
2013	2,315,000	106,281	2,421,281
2014	2,410,000	72,251	2,482,251
2015	2,505,000	36,823	2,541,823
Totals	$ 9,455,000	$ 354,344	$ 9,809,344

Changes in 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.

11. Long-Term Debt (continued)

Changes in 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, 2011:

	Balance 6/30/2010	Additions	Deductions	Balance 6/30/2011	Due Within One Year
Governmental activities					
Capital lease obligations	$ 743,558	$ 1,600,000	$ 564,531	$ 1,779,027	$ 433,746
Bonds payable	0	10,000,000	545,000	9,455,000	2,225,000
Compensated absences	536,988	476,852	536,988	476,852	476,852
Total governmental activities	$ 1,280,546	$ 12,076,852	$ 1,646,519	$ 11,710,879	$ 3,135,598
Business-type activities					
Capital lease obligations	$ 280,502	$ 0	$ 129,175	$ 151,327	$ 44,999
Landfill post-closure care costs	2,423,800	147,030	0	2,570,830	0
Compensated absences	27,109	33,705	27,109	33,705	33,705
	$ 2,731,411	$ 180,735	$ 156,284	$ 2,755,862	$ 78,704
Habersham County Development Authority Component Unit					
Notes payable	$ 1,413,471	$ 0	$ 56,308	$ 1,357,163	$ 77,670

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. Bond Issuance

On November 23, 2010, the Habersham County Board of Commissioners issued $10,000,000 in General Obligation Bonds, Series 2010, with an interest rate of 1.47%. The net proceeds were $9,887,948 ($10,000,000 less $112,052 in underwriting fees, insurance, and other costs of issuance). The proceeds are used for the construction of the Habersham County Judicial Center. A portion of the 1% Special Purpose Local Option Sales Tax (SPLOST) is to be used to repay the bonds.

13. 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 $2,570,830 as of June 30, 2011, which is based on 60.9% usage (filled) of the landfill. It is estimated that an additional $3,996,483 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 (2051).

The estimated total current cost of the landfill closure and post-closure care ($147,030) 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, 2011. 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.

A prior period adjustment in the amount of was made to decrease the estimated liability as of June 30, 2010 due to an incorrect calculation. See Note 14 below.

14. Changes in Beginning Balances

General Fund

A prior period adjustment has been made to record a previously unrecorded prepaid item. This adjustment increased beginning fund balance by $314,504.

Landfill Enterprise Fund

A prior period adjustment has been made to decrease the liability for landfill closure and post-closure care that was incorrectly calculated in the prior period. This adjustment increased beginning net assets by $597,479.

15. 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 annual 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.

15. Pension Plan (continued)

Plan Description and Contribution Information, continued

Current membership and current year payrolls are as follows:

Retirees and beneficiaries currently receiving benefits	23
Terminated vested participants entitled to but not yet receiving benefits	133
Active participants	160
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 6.5% 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, 2010. 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

15. 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, 2010 varies for the bases.

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

Annual required contribution (ARC)	$	313,788
Interest on net pension obligation		(2,524)
Adjustment to ARC		2,701
Annual pension cost		313,965
Contributions made		340,341
Increase (decrease) in net pension obligation		(26,376)
Net pension obligation - beginning of year		(32,574)
Net pension obligation - end of year	$	(58,950)

15. 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)
12/31/2010	313,965	108%	(58,950)

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%
1/1/2010	4,050,012	5,059,493	1,009,481	80.0%	5,245,355	19.2%

16. 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, 2011, the County contributed $7,577 to the Plans. The County Manager made voluntary contributions of $3,789.

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, 2011, the County contributed $24,585 to the Plan. Plan members made voluntary contributions of $71,293.

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.

17. 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, 2011 follows:

Lodging tax receipts	$	34,362	
Disbursements for tourism and trade	$	13,745	40%

18. 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, 2011, the County paid $34,729 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.

19. Risk Financing Activities

Material estimates have been made by management about the historical cost of capital assets and the life of the depreciated capital 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.

19. 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, 2011, the County has no losses that are probable or estimable and accordingly has not recognized any liability.

20. 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.

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

20. Commitments and Contingencies (continued)

Commitments

The County has active construction projects as of June 30, 2011. At fiscal year end, the County's commitments with contractors are as follows:

Project	Amount Spent to Date	Remaining Commitment
Improvements to the airport	$ 519,291	$ 71,519
Habersham DFACS mechanical upgrades	19,000	8,199
E911 system upgrades	3,372	842,032
Water system upgrades	20,993	506
Construction of judicial center	316,321	550,344
Renovations to the detention center	39,900	3,780
Total	$ 918,877	$ 1,476,380

21. 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
County Human Resources	$ 76,102	$ 78,623	$ (2,521)
County Clerk	52,541	54,722	(2,181)
Registrar	103,332	111,109	(7,777)
Accountability Court	0	20,356	(20,356)
Sheriff	2,125,099	2,434,103	(309,004)
Jail	1,819,141	1,922,529	(103,388)
Building	212,660	222,181	(9,521)

Also during the fiscal year, the County incurred material expenditures in excess of the amounts appropriated in the following special revenue funds:

Fund	Budget	Actual	Variance
Jail	$ 75,200	$ 80,022	$ (4,822)
Hotel/Motel Tax	11,200	13,745	(2,545)
Law Library	6,000	7,647	(1,647)

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.

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COMBINING STATEMENTS

Nonmajor Governmental Funds

HABERSHAM COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011

	Special Revenue			
	Jail	Emergency 911	Hotel/Motel Tax	Law Library
ASSETS				
Cash and cash equivalents	$ 47,686	$ 199,906	$ 0	$ 261,959
Certificates of deposit	0	0	0	100,000
Restricted assets				
Cash and cash equivalents	0	508,746	0	0
Receivables				
Accounts (net)	0	140,861	0	0
Intergovernmental	0	0	0	0
Prepaids	0	421,016	0	0
Total assets	$ 47,686	$ 1,270,529	$ 0	$ 361,959
LIABILITIES AND FUND BALANCES				
Liabilities				
Payables				
Accounts	$ 1,884	$ 14,581	$ 0	$ 0
Intergovernmental	0	2,413	0	0
Accrued salaries and expenses	0	21,162	0	0
Due to other funds	0	64,866	0	0
Total liabilities	1,884	103,022	0	0
Fund balances				
Nonspendable:				
Prepaids	0	421,016	0	0
Restricted for:				
Judicial	0	0	0	361,959
Public safety	45,802	0	0	0
Capital outlay	0	508,746	0	0
Assigned to:				
Capital outlay	0	0	0	0
Subsequent year's budget	0	237,745	0	0
Total fund balances	45,802	1,167,507	0	361,959
Total liabilities and fund balances	$ 47,686	$ 1,270,529	$ 0	$ 361,959

Special Revenue		Capital Projects		Total Nonmajor Governmental Funds
Drug Abuse Treatment	Inmate Welfare	SPLOST #2	Capital Improvements	
$ 202,679	$ 11,113	$ 0	$ 4,859	$ 728,202
0	0	0	0	100,000
0	0	0	507,983	1,016,729
0	0	0	0	140,861
3,938	0	0	0	3,938
0	0	0	0	421,016
$ 206,617	$ 11,113	$ 0	$ 512,842	$ 2,410,746
$ 2,025	$ 0	$ 0	$ 0	$ 18,490
0	0	0	0	2,413
0	0	0	0	21,162
0	0	0	0	64,866
2,025	0	0	0	106,931
0	0	0	0	421,016
204,592	0	0	0	566,551
0	11,113	0	0	56,915
0	0	0	507,983	1,016,729
0	0	0	4,859	4,859
0	0	0	0	237,745
204,592	11,113	0	512,842	2,303,815
$ 206,617	$ 11,113	$ 0	$ 512,842	$ 2,410,746

HABERSHAM COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2011

	Special Revenue			
	Jail	**Emergency 911**	**Hotel/Motel Tax**	**Law Library**
REVENUES				
Taxes	$ 0	$ 0	$ 34,362	$ 0
Fines, fees, and forfeitures	51,564	0	0	25,713
Charges for services	0	721,510	0	0
Intergovernmental	0	0	0	0
Interest	0	850	0	4,514
Other	0	798	0	0
Total revenues	51,564	723,158	34,362	30,227
EXPENDITURES				
Current				
Judicial	0	0	0	7,647
Public safety	80,022	1,295,608	0	0
Housing and development	0	0	13,745	0
Capital outlay	0	0	0	0
Total expenditures	80,022	1,295,608	13,745	7,647
Excess (deficiency) of revenues over (under) expenditures	(28,458)	(572,450)	20,617	22,580
Other financing sources (uses)				
Transfers in	0	372,211	0	0
Transfers out	0	0	(20,617)	0
Issuance of capital leases	0	929,600	0	0
Total other financing sources (uses)	0	1,301,811	(20,617)	0
Net change in fund balance	(28,458)	729,361	0	22,580
Fund balances, July 1	74,260	438,146	0	339,379
Fund balances, June 30	$ 45,802	$ 1,167,507	$ 0	$ 361,959

Special Revenue		Capital Projects		Total Nonmajor Governmental Funds
Drug Abuse Treatment	Inmate Welfare	SPLOST #2	Capital Improvements	
$ 0	$ 0	$ 0	$ 0	$ 34,362
46,494	0	0	0	123,771
0	113,541	0	0	835,051
16,062	0	0	0	16,062
0	0	0	686	6,050
0	0	0	0	798
62,556	113,541	0	686	1,016,094
5,217	0	0	0	12,864
0	115,415	0	0	1,491,045
0	0	0	0	13,745
0	0	29,706	904,925	934,631
5,217	115,415	29,706	904,925	2,452,285
57,339	(1,874)	(29,706)	(904,239)	(1,436,191)
0	0	0	431,240	803,451
(46,677)	0	0	0	(67,294)
0	0	0	670,400	1,600,000
(46,677)	0	0	1,101,640	2,336,157
10,662	(1,874)	(29,706)	197,401	899,966
193,930	12,987	29,706	315,441	1,403,849
$ 204,592	$ 11,113	$ 0	$ 512,842	$ 2,303,815

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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, 2011 and 2010

ASSETS	**2011**	**2010**
Cash and cash equivalents	$ 3,276,914	$ 2,681,548
Certificates of deposit	2,315,000	2,702,992
Receivables (net)		
Accounts	35,747	42,013
Intergovernmental	110,645	84,748
Taxes	287,673	392,341
Interest	0	2,281
Prepaids	419,881	335,322
Due from other funds	132,008	409,036
Restricted Assets		
Cash and cash equivalents	20,284	22,311
Total assets	$ 6,598,152	$ 6,672,592
LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	$ 287,815	$ 205,501
Intergovernmental	74,939	53,155
Retainages	1,700	0
Excess taxes	189,080	189,080
Accrued salaries and expenses	268,793	218,308
Deferred revenue	119,919	229,387
Due to other agencies	510	34,326
Due to other funds	0	152,747
Total liabilities	942,756	1,082,504
Fund balances		
Nonspendable:		
Prepaids	419,881	335,322
Restricted for judicial	13,955	16,582
Restricted for public safety	6,329	5,729
Assigned to subsequent year's budget	425,000	0
Unassigned	4,790,231	5,232,455
Total fund balances	5,655,396	5,590,088
Total liabilities and fund balances	$ 6,598,152	$ 6,672,592

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2011 and 2010

	2011	2010
REVENUES		
Taxes	$ 13,720,765	$ 12,867,112
Licenses and permits	90,923	101,126
Fines, fees and forfeitures	1,061,881	1,133,207
Charges for services	998,440	991,033
Intergovernmental	636,103	602,917
Interest	32,437	84,522
Contributions	19,520	10,731
Other	134,569	102,194
Total revenues	16,694,638	15,892,842
EXPENDITURES		
Current		
General Government	3,391,109	3,348,708
Judicial	2,422,773	2,233,400
Public Safety	6,357,291	6,248,697
Public Works	1,718,651	1,637,017
Health and Welfare	409,072	423,120
Culture and Recreation	1,024,571	1,140,542
Housing and Development	653,953	655,144
Total expenditures	15,977,420	15,686,628
Excess (deficiency) of revenues over (under) expenditures	717,218	206,214
Other financing sources (uses)		
Transfers in (out)		
Hotel/Motel Tax Fund	20,617	19,726
Landfill Fund	83,300	83,289
E911 Fund	(372,211)	(316,042)
Drug Abuse Treatment Fund	46,677	101,115
Capital Improvements Fund	(431,240)	(454,610)
Water and Sewer Fund	(27,959)	22,300
Transit Fund	0	(24,035)
Proceeds from the sale of assets	28,906	29,121
Total other financing sources (uses)	(651,910)	(539,136)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	65,308	(332,922)
Fund balances, July 1 (restated)	5,590,088	5,923,010
Fund balances, June 30	$ 5,655,396	$ 5,590,088

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Current and prior year levies	$ 11,017,510	$ 10,717,144	$ (300,366)	$ 9,962,630
Motor vehicle tax	725,000	749,984	24,984	710,996
Mobile home tax	105,000	117,389	12,389	102,044
Timber tax	100	89	(11)	105
Cost, penalties, and interest	155,000	153,114	(1,886)	152,591
Total general property taxes	12,002,610	11,737,720	(264,890)	10,928,366
Intangibles tax	135,000	140,503	5,503	133,653
Real estate transfer tax	44,000	26,457	(17,543)	41,720
Franchise tax	97,000	69,649	(27,351)	70,438
Insurance premium tax	1,287,000	1,255,405	(31,595)	1,290,809
Alcohol excise tax	347,300	358,721	11,421	295,440
Occupational tax	129,500	124,709	(4,791)	99,695
Other	6,950	7,601	651	6,991
Total taxes	14,049,360	13,720,765	(328,595)	12,867,112
Licenses and permits				
Building permits	85,000	81,658	(3,342)	73,502
Other permits	27,000	9,265	(17,735)	27,624
Total licenses and permits	112,000	90,923	(21,077)	101,126
Fines, fees and forfeitures	1,183,290	1,061,881	(121,409)	1,133,207
Charges for Services				
Sheriff services	75,000	101,755	26,755	100,948
Prisoner board	47,000	43,294	(3,706)	36,715
Recreation fees	233,500	226,788	(6,712)	197,674
Collection commissions	525,000	555,600	30,600	559,590
Other charges for services	39,200	71,003	31,803	96,106
Total charges for services	919,700	998,440	78,740	991,033
Intergovernmental	555,767	636,103	80,336	602,917
Interest	88,000	32,437	(55,563)	84,522
Contributions	4,100	19,520	15,420	10,731
Other				
Rental Income	70,300	59,832	(10,468)	51,372
Miscellaneous	37,920	74,737	36,817	50,822
Total other	108,220	134,569	26,349	102,194
Total revenues	$ 17,020,437	$ 16,694,638	$ (325,799)	$ 15,892,842

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
County-Wide				
Personal services	$ 33,000	$ 63,465	$ (30,465)	$ 97,704
Contract services	608,218	543,052	65,166	484,146
Materials and supplies	500	103	397	3
Total County-Wide	641,718	606,620	35,098	581,853
Commissioners				
Personal services	66,568	66,173	395	73,005
Contract services	72,550	76,340	(3,790)	73,925
Materials and supplies	11,200	11,012	188	11,902
Payments to other agencies	308,750	304,755	3,995	280,668
Total Commissioners	459,068	458,280	788	439,500
County Manager				
Personal services	101,745	100,600	1,145	128,632
Contract services	6,200	7,558	(1,358)	6,536
Materials and supplies	1,800	1,464	336	1,399
Total County Manager	109,745	109,622	123	136,567
County Finance				
Personal services	227,424	225,439	1,985	220,467
Contract services	10,215	9,270	945	9,310
Materials and supplies	4,625	5,148	(523)	5,213
Total County Finance	242,264	239,857	2,407	234,990
County Human Resources				
Personal services	71,002	72,724	(1,722)	70,780
Contract services	4,300	4,311	(11)	4,372
Materials and supplies	800	1,588	(788)	731
Total County Human Resources	76,102	78,623	(2,521)	75,883
Tax Commissioner				
Personal services	262,873	273,696	(10,823)	271,670
Contract services	69,570	60,531	9,039	54,711
Materials and supplies	4,500	8,073	(3,573)	7,877
Total Tax Commissioner	336,943	342,300	(5,357)	334,258
Tax Assessor				
Personal services	410,800	414,184	(3,384)	417,170
Contract services	88,690	99,842	(11,152)	111,717
Materials and supplies	8,570	6,382	2,188	7,775
Total Tax Assessor	508,060	520,408	(12,348)	536,662
Board of Equalization				
Contract services	3,780	2,184	1,596	2,938
Total Board of Equalization	3,780	2,184	1,596	2,938

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
General Government (continued)				
County Clerk				
Personal services	$ 49,176	$ 50,610	$ (1,434)	$ 49,346
Contract services	2,865	3,811	(946)	2,825
Materials and supplies	500	301	199	797
Total County Clerk	52,541	54,722	(2,181)	52,968
Engineer				
Personal services	80,515	82,715	(2,200)	83,130
Contract services	2,250	2,227	23	2,173
Materials and supplies	650	26	624	1,002
Total Engineer	83,415	84,968	(1,553)	86,305
Registrar				
Personal services	88,277	93,920	(5,643)	85,375
Contract services	14,155	16,596	(2,441)	11,293
Materials and supplies	900	593	307	560
Total Registrar	103,332	111,109	(7,777)	97,228
Buildings and Grounds				
Personal services	278,526	238,881	39,645	218,115
Contract services	133,598	116,148	17,450	161,134
Materials and supplies	97,827	108,493	(10,666)	99,853
Capital outlay	30,977	19,000	11,977	6,500
Total Buildings and Grounds	540,928	482,522	58,406	485,602
County Annex				
Contract services	79,554	70,804	8,750	79,160
Materials and supplies	27,652	28,071	(419)	27,888
Total County Annex	107,206	98,875	8,331	107,048
Information Technology				
Personal services	104,750	105,874	(1,124)	101,999
Contract services	96,299	74,708	21,591	44,124
Materials and supplies	20,500	19,854	646	29,933
Total Information Technology	221,549	200,436	21,113	176,056
Cannery				
Materials and supplies	600	583	17	850
Total General Government	3,487,251	3,391,109	96,142	3,348,708
Judicial				
Accountability Court				
Personal services	0	14,479	(14,479)	0
Contract services	0	4,881	(4,881)	67,687
Materials and supplies	0	996	(996)	82
Total Accountability Court	0	20,356	(20,356)	67,769

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
Judicial (continued)				
Probate Court				
Personal services	$ 165,091	$ 150,788	$ 14,303	$ 152,224
Contract services	56,100	68,847	(12,747)	20,030
Materials and supplies	56,000	56,079	(79)	7,399
Total Probate Court	277,191	275,714	1,477	179,653
Magistrate Court				
Personal services	343,607	333,061	10,546	331,055
Contract services	40,750	41,238	(488)	45,527
Materials and supplies	15,000	18,117	(3,117)	11,670
Total Magistrate Court	399,357	392,416	6,941	388,252
Clerk of Superior Court				
Personal services	459,842	451,774	8,068	442,642
Contract services	80,800	71,784	9,016	85,299
Materials and supplies	35,000	32,719	2,281	18,398
Total Clerk of Superior Court	575,642	556,277	19,365	546,339
Superior Court				
Personal services	131,641	134,221	(2,580)	118,276
Contract services	61,230	59,801	1,429	58,711
Materials and supplies	3,648	3,002	646	1,597
Total Superior Court	196,519	197,024	(505)	178,584
District Attorney				
Personal services	38,100	34,819	3,281	24,971
Contract services	26,050	24,451	1,599	29,489
Materials and supplies	5,250	5,515	(265)	5,081
Total District Attorney	69,400	64,785	4,615	59,541
Public Defender				
Personal services	54,834	53,211	1,623	53,318
Contract services	342,507	342,530	(23)	285,912
Materials and supplies	7,721	10,486	(2,765)	12,634
Total Public Defender	405,062	406,227	(1,165)	351,864
State Court Judge				
Personal services	111,613	109,268	2,345	75,395
Contract services	58,860	44,650	14,210	43,649
Materials and supplies	10,000	9,933	67	8,750
Total State Court Judge	180,473	163,851	16,622	127,794
Juvenile Court				
Personnel services	166,347	168,662	(2,315)	169,822
Contract services	52,497	50,254	2,243	53,689
Materials and supplies	2,000	4,225	(2,225)	4,104
Total Juvenile Court	220,844	223,141	(2,297)	227,615

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
Judicial (continued)				
Juvenile Supervision				
Contract services	$ 20,000	$ 13,956	$ 6,044	$ 17,536
State Court Solicitor				
Personal services	107,538	75,889	31,649	78,828
Contract services	1,400	23,637	(22,237)	0
Materials and supplies	9,500	9,500	0	9,625
Total State Court Solicitor	118,438	109,026	9,412	88,453
Total Judicial	2,462,926	2,422,773	40,153	2,233,400
Public Safety				
Sheriff				
Personal services	1,730,849	1,886,043	(155,194)	1,878,072
Contract services	184,750	240,976	(56,226)	238,771
Materials and supplies	209,500	307,084	(97,584)	314,438
Capital outlay	0	0	0	23,080
Total Sheriff	2,125,099	2,434,103	(309,004)	2,454,361
Jail				
Personal services	1,313,231	1,359,984	(46,753)	1,282,425
Contract services	385,910	432,026	(46,116)	421,159
Materials and supplies	120,000	130,519	(10,519)	116,955
Total Jail	1,819,141	1,922,529	(103,388)	1,820,539
Animal Control				
Personal services	72,543	77,929	(5,386)	70,556
Contract services	18,415	13,102	5,313	5,623
Materials and supplies	10,600	11,809	(1,209)	11,564
Total Animal Control	101,558	102,840	(1,282)	87,743
Coroner				
Personal services	11,721	15,551	(3,830)	11,573
Contract services	11,850	8,748	3,102	11,108
Materials and supplies	6,750	3,094	3,656	1,918
Total Coroner	30,321	27,393	2,928	24,599
Fire				
Personal services	924,160	914,458	9,702	874,435
Contract services	68,940	74,897	(5,957)	76,164
Materials and supplies	110,000	128,392	(18,392)	114,242
Total Fire	1,103,100	1,117,747	(14,647)	1,064,841
Animal Shelter				
Personal services	84,610	83,370	1,240	85,475
Contract services	65,350	63,085	2,265	51,399
Materials and supplies	14,300	20,567	(6,267)	16,800
Total Animal Shelter	164,260	167,022	(2,762)	153,674

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
Public Safety (continued)				
Emergency Management Agency				
Personal services	$ 39,368	$ 40,328	$ (960)	$ 43,076
Contract services	20,150	20,277	(127)	20,301
Materials and supplies	7,200	9,294	(2,094)	6,264
Capital outlay	21,025	17,842	3,183	0
Total Emergency Management Agency	87,743	87,741	2	69,641
Ambulance				
Contract services	50,650	61,916	(11,266)	58,956
Materials and supplies	143,000	125,232	17,768	80,583
Payments to other agencies	384,921	304,285	80,636	430,408
Total Ambulance	578,571	491,433	87,138	569,947
Northeast Georgia Drug Task Force				
Payments to other agencies	7,779	6,483	1,296	3,352
Total Public Safety	6,017,572	6,357,291	(339,719)	6,248,697
Public Works				
Road Department				
Personal services	1,345,052	1,295,122	49,930	1,233,267
Contract services	130,800	126,404	4,396	109,951
Materials and supplies	224,880	283,375	(58,495)	293,799
Capital outlay	13,750	13,750	0	0
Total Public Works	1,714,482	1,718,651	(4,169)	1,637,017
Health and Welfare				
Georgia Mountains Community Mental Health				
Payments to other agencies	25,259	25,259	0	25,774
Senior Center				
Contract services	2,300	2,274	26	3,872
Materials and supplies	17,084	17,088	(4)	13,762
Payments to other agencies	143,472	143,472	0	146,714
Total Senior Center	162,856	162,834	22	164,348
Habersham County Health Department				
Payments to other agencies	179,340	179,340	0	179,340
Child Welfare				
Payments to other agencies	43,500	41,639	1,861	53,658
Total Health and Welfare	410,955	409,072	1,883	423,120

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
Culture and Recreation				
Fairgrounds				
Personal services	$ 3,765	$ 3,233	$ 532	$ 1,663
Contract services	5,000	2,992	2,008	3,580
Materials and supplies	7,000	3,287	3,713	12,371
Total Fairgrounds	15,765	9,512	6,253	17,614
Libraries				
Payments to other agencies	273,332	273,332	0	303,702
Recreation				
Personal services	293,310	310,692	(17,382)	402,239
Contract services	160,033	123,738	36,295	97,633
Materials and supplies	300,998	304,894	(3,896)	310,450
Payments to other agencies	7,950	2,403	5,547	8,904
Total Recreation	762,291	741,727	20,564	819,226
Total Culture and Recreation	1,051,388	1,024,571	26,817	1,140,542
Housing and Development				
Airport				
Contract services	12,200	5,762	6,438	10,632
Materials and supplies	6,550	4,752	1,798	6,177
Total Airport	18,750	10,514	8,236	16,809
Extension Service				
Contract services	65,325	68,417	(3,092)	56,497
Materials and supplies	16,350	13,129	3,221	13,269
Payments to other agencies	2,500	2,500	0	2,500
Total Extension Service	84,175	84,046	129	72,266
Forestry				
Payments to other agencies	8,400	8,400	0	3,360
Economic Development				
Personal services	92,526	64,875	27,651	90,168
Contract services	9,800	8,288	1,512	7,382
Materials and supplies	3,750	931	2,819	1,694
Total Economic Development	106,076	74,094	31,982	99,244
GIS				
Contract services	3,850	2,110	1,740	0
Materials and supplies	1,000	407	593	0
Total GIS	4,850	2,517	2,333	0
Building				
Personal services	193,185	201,727	(8,542)	182,910
Contract services	9,875	12,558	(2,683)	9,590
Materials and supplies	9,600	7,896	1,704	8,880
Total Building	212,660	222,181	(9,521)	201,380

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
Housing and Development (continued)				
Planning				
Personal services	$ 156,984	$ 147,239	$ 9,745	$ 146,304
Contract services	12,400	18,780	(6,380)	31,699
Materials and supplies	7,100	6,627	473	6,934
Total Planning	176,484	172,646	3,838	184,937
Planning Commission				
Contract services	8,300	7,582	718	9,934
Materials and supplies	1,000	375	625	315
Total Planning	9,300	7,957	1,343	10,249
Code Enforcement				
Personal services	56,289	56,793	(504)	56,077
Contract services	10,430	10,521	(91)	6,242
Materials and supplies	3,700	4,284	(584)	4,580
Total Code Enforcement	70,419	71,598	(1,179)	66,899
Total Housing and Development	691,114	653,953	37,161	655,144
	$ 15,835,688	$ 15,977,420	$ (141,732)	$ 15,686,628

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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, 2011 and 2010

ASSETS	**2011**	**2010**
Cash and cash equivalents	$ 47,686	$ 89,740
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 1,884	$ 15,480
Fund balances		
Restricted for public safety	45,802	74,260
Total liabilities and fund balances	$ 47,686	$ 89,740

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, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	$ 64,200	$ 51,564	$ (12,636)	$ 65,617
Interest	800	0	(800)	25
Total revenues	65,000	51,564	(13,436)	65,642
EXPENDITURES				
Current				
Public Safety				
Contract services	75,200	29,213	45,987	30,100
Materials and supplies	0	5,030	(5,030)	7,723
Capital outlay	0	45,779	(45,779)	28,220
Total expenditures	75,200	80,022	(4,822)	66,043
Excess (deficiency) of revenues over (under) expenditures	(10,200)	(28,458)	(18,258)	(401)
Fund balances, July 1	10,200	74,260	64,060	74,661
Fund balances, June 30	$ 0	$ 45,802	$ 45,802	$ 74,260

HABERSHAM COUNTY, GEORGIA
EMERGENCY 911 SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

ASSETS	**2011**	**2010**
Cash and cash equivalents	$ 199,906	$ 192,597
Restricted cash and cash equivalents	508,746	0
Accounts receivable (net)	140,861	141,944
Prepaids	421,016	0
Due from other funds	0	135,194
Total assets	$ 1,270,529	$ 469,735
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 14,581	$ 9,520
Intergovernmental payable	2,413	1,642
Accrued salaries and expenses	21,162	20,427
Due to other funds	64,866	0
Total liabilities	103,022	31,589
Fund balances		
Nonspendable:		
Prepaids	421,016	0
Restricted for capital outlay	508,746	0
Assigned to public safety	0	211,146
Assigned to subsequent year's budget	237,745	227,000
Total fund balances	1,167,507	438,146
Total liabilities and fund balances	$ 1,270,529	$ 469,735

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, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	$ 677,000	$ 721,510	$ 44,510	$ 735,512
Interest	1,500	850	(650)	1,233
Other	400	798	398	483
Total revenues	678,900	723,158	44,258	737,228
EXPENDITURES				
Current				
Public Safety				
Personal Services	774,511	792,898	(18,387)	751,861
Contract services	216,800	256,224	(39,424)	201,819
Materials and supplies	20,800	28,005	(7,205)	23,014
Capital outlay	955,000	36,213	918,787	9,815
Debt service	266,000	182,268	83,732	79,922
Total expenditures	2,233,111	1,295,608	937,503	1,066,431
Excess (deficiency) of revenues over (under) expenditures	(1,554,211)	(572,450)	981,761	(329,203)
Other financing sources (uses)				
Transfers in (out)				
General Fund	372,211	372,211	0	316,042
Issuance of capital leases	955,000	929,600	(25,400)	0
Total other financing sources (uses)	1,327,211	1,301,811	(25,400)	316,042
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(227,000)	729,361	956,361	(13,161)
Fund balances, July 1	227,000	438,146	211,146	451,307
Fund balances, June 30	$ 0	$ 1,167,507	$ 1,167,507	$ 438,146

HABERSHAM COUNTY, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	2011	2010
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, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes	$ 28,000	$ 34,362	$ 6,362	$ 32,876
Total revenues	28,000	34,362	6,362	32,876
EXPENDITURES				
Current				
Housing and Development				
Tourism				
Habersham County Chamber of Commerce	11,200	13,745	(2,545)	13,150
Total expenditures	11,200	13,745	(2,545)	13,150
Excess (deficiency) of revenues over (under) expenditures	16,800	20,617	3,817	19,726
Other financing sources (uses)				
Transfers in (out)				
General Fund	(16,800)	(20,617)	(3,817)	(19,726)
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, 2011 and 2010

ASSETS	**2011**	**2010**
Cash and cash equivalents	$ 261,959	$ 169,893
Certificates of deposit	100,000	169,486
Total assets	$ 361,959	$ 339,379
LIABILITIES AND FUND BALANCES		
Fund balances		
Restricted for judicial	$ 361,959	$ 339,379

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, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	$ 38,000	$ 25,713	$ (12,287)	$ 29,023
Interest	0	4,514	4,514	8,985
Total revenues	38,000	30,227	(7,773)	38,008
EXPENDITURES				
Current				
Judicial				
Personal services	0	2,400	(2,400)	4,400
Materials and supplies	6,000	5,247	753	1,658
Total expenditures	6,000	7,647	(1,647)	6,058
Excess (deficiency) of revenues over (under) expenditures	32,000	22,580	(9,420)	31,950
Fund balances, July 1	(32,000)	339,379	371,379	307,429
Fund balances, June 30	$ 0	$ 361,959	$ 361,959	$ 339,379

HABERSHAM COUNTY, GEORGIA
DRUG ABUSE TREATMENT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

ASSETS	**2011**	**2010**
Cash and cash equivalents	$ 202,679	$ 194,274
Intergovernmental receivable	3,938	0
Total assets	$ 206,617	$ 194,274
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 2,025	$ 344
Fund balances		
Restricted for judicial	204,592	193,930
Total liabilities and fund balances	$ 206,617	$ 194,274

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, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	$ 47,800	$ 46,494	$ (1,306)	$ 56,222
Intergovernmental	25,725	16,062	(9,663)	8,872
Interest	750	0	(750)	406
Total revenues	74,275	62,556	(11,719)	65,500
EXPENDITURES				
Current				
Judicial				
Contract services	13,000	4,069	8,931	45,780
Materials and supplies	0	1,148	(1,148)	6,492
Total expenditures	13,000	5,217	7,783	52,272
Excess (deficiency) of revenues over (under) expenditures	61,275	57,339	(3,936)	13,228
Other financing sources (uses)				
Transfers in (out)				
General Fund	(142,785)	(46,677)	96,108	(101,115)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and and other financing uses	(81,510)	10,662	92,172	(87,887)
Fund balances, July 1	81,510	193,930	112,420	281,817
Fund balances, June 30	$ 0	$ 204,592	$ 204,592	$ 193,930

HABERSHAM COUNTY, GEORGIA
INMATE WELFARE SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

ASSETS	**2011**	**2010**
Cash and cash equivalents	$ 11,113	$ 12,987
LIABILITIES AND FUND BALANCES		
Fund balances		
Restricted for public safety	$ 11,113	$ 12,987

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, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	$ 145,000	$ 113,541	$ (31,459)	$ 97,760
Total revenues	145,000	113,541	(31,459)	97,760
EXPENDITURES				
Current				
Public safety				
Materials and supplies	145,000	110,415	34,585	98,579
Capital outlay	0	5,000	(5,000)	0
Total expenditures	145,000	115,415	29,585	98,579
Excess (deficiency) of revenues over (under) expenditures	0	(1,874)	(1,874)	(819)
Fund balances, July 1	0	12,987	12,987	13,806
Fund balances, June 30	$ 0	$ 11,113	$ 11,113	$ 12,987

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DEBT SERVICE FUNDS

Debt service funds are used to account for the accumulation of resources and payment of general government long-term debt principal and interest from governmental resources.

SPLOST Debt Service Fund – This fund is used to account for the accumulation of resources and payment of general government long-term debt principal and interest financed by special purpose local option sales taxes.

HABERSHAM COUNTY, GEORGIA
SPLOST DEBT SERVICE FUND
BALANCE SHEET
June 30, 2011

ASSETS	
Cash and cash equivalents	$ 1,976,823
LIABILITIES AND FUND BALANCES	
Liabilities	
Fund balances	
Restricted for debt service	$ 1,976,823
Total liabilities and fund balances	$ 1,976,823

HABERSHAM COUNTY, GEORGIA
SPLOST DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011

	Final Budget	Actual	Variance
REVENUES			
Taxes	$ 2,610,840	$ 2,610,840	$ 0
Total revenues	2,610,840	2,610,840	0
EXPENDITURES			
Debt Service			
Principal	545,000	545,000	0
Interest	89,017	89,017	0
Total expenditures	634,017	634,017	0
Excess (deficiency) of revenues over (under) expenditures	1,976,823	1,976,823	0
Other financing sources (uses)			
Contingency	(1,976,823)	0	(1,976,823)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	1,976,823	(1,976,823)
Fund balances, July 1	0	0	0
Fund balances, June 30	$ 0	$ 1,976,823	$ (1,976,823)

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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 #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.

Judicial Center Construction Fund – This fund is used to account for financial resources to be used for the acquisition or construction of a judicial center.

HABERSHAM COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX #2
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

ASSETS	**2011**	**2010**
Cash and cash equivalents	$ 0	$ 38,933
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 0	$ 6,365
Due to other funds	0	2,862
Total liabilities	0	9,227
Fund balances		
Restricted for capital outlay	0	29,706
Total liabilities and fund balances	$ 0	$ 38,933

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, 2011 and 2010

REVENUES	**2011**	**2010**
Interest	$ 0	$ 592
Total revenues	0	592
EXPENDITURES		
Capital outlay		
Culture and Recreation		
Recreation	29,706	55,732
Intergovernmental	0	24,912
Total expenditures	29,706	80,644
Excess (deficiency) of revenues over (under) expenditures	(29,706)	(80,052)
Fund balances, July 1	29,706	109,758
Fund balances, June 30	$ 0	$ 29,706

HABERSHAM COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX #4
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

ASSETS	**2011**	**2010**
Cash and cash equivalents	$ 3,162,408	$ 5,639,323
Intergovernmental receivable	214,765	0
Due from other funds	0	2,862
Total assets	$ 3,377,173	$ 5,642,185
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 27,435	$ 88,230
Retainages payable	0	25,866
Due to other funds	15,549	325,122
Total liabilities	42,984	439,218
Fund balances		
Restricted for capital outlay	3,334,189	5,202,967
Total liabilities and fund balances	$ 3,377,173	$ 5,642,185

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, 2011 and 2010

REVENUES	**2011**	**2010**
Intergovernmental	$ 781,094	$ 330,710
Interest	9,585	31,489
Total revenues	790,679	362,199
EXPENDITURES		
Capital outlay		
Public Safety		
Sheriff	7,745	9,800
Fire	1,914	274,713
Public Works		
Roads and Bridges	2,178,618	1,616,704
Housing and Development		
Airport	471,180	401,804
Intergovernmental	0	1,150,505
Total expenditures	2,659,457	3,453,526
Excess (deficiency) of revenues over (under) expenditures	(1,868,778)	(3,091,327)
Other financing sources (uses)		
Transfers in (out)		
Water and Sewer Fund	0	2,695,824
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,868,778)	(395,503)
Fund balances, July 1	5,202,967	5,598,470
Fund balances, June 30	$ 3,334,189	$ 5,202,967

HABERSHAM COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX #5
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

ASSETS	**2011**	**2010**
Cash and cash equivalents	$ 4,728,401	$ 1,945,646
Certificates of deposit	435,033	769,998
Investments	3,555,050	4,852,865
Taxes receivable	584,917	523,802
Total assets	$ 9,303,401	$ 8,092,311
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 81,451	$ 8,560
Intergovernmental payable	175,257	165,546
Total liabilities	256,708	174,106
Fund balances		
Restricted for capital outlay	9,046,693	7,918,205
Total liabilities and fund balances	$ 9,303,401	$ 8,092,311

HABERSHAM COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX #5
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the fiscal years ended June 30, 2011 and 2010

REVENUES	**2011**	**2010**
Taxes	$ 2,597,032	$ 5,319,551
Interest	65,736	33,495
Total revenues	2,662,768	5,353,046
EXPENDITURES		
Capital outlay		
General Government		
Information Technology	20,119	151,903
Judicial	313,588	114,859
Culture and Recreation		
Recreation	325,651	0
Intergovernmental	874,922	893,684
Total expenditures	1,534,280	1,160,446
Excess (deficiency) of revenues over (under) expenditures	1,128,488	4,192,600
Other financing sources (uses)		
Transfers in (out)		
Water and Sewer Fund	0	389,529
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,128,488	4,582,129
Fund balances, July 1	7,918,205	3,336,076
Fund balances, June 30	$ 9,046,693	$ 7,918,205

HABERSHAM COUNTY, GEORGIA
CAPITAL IMPROVEMENTS
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

ASSETS	**2011**	**2010**
Cash and cash equivalents	$ 4,859	$ 315,441
Restricted assets		
Cash and cash equivalents	507,983	0
Total assets	$ 512,842	$ 315,441
LIABILITIES AND FUND BALANCES		
Liabilities		
Fund balances		
Restricted for capital outlay	$ 507,983	$ 0
Assigned to capital outlay	4,859	315,441
Total liabilities and fund balances	$ 512,842	$ 315,441

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, 2011 and 2010

REVENUES	**2011**	**2010**
Interest	$ 686	$ 936
Total revenues	686	936
EXPENDITURES		
Capital outlay		
General Government		
County-Wide	55	2,205
County Manager	1,271	4,842
Tax Assessor	9,578	36,488
County Buildings & Grounds	10,478	10,630
Judicial		
District Attorney	0	17,256
Public Safety		
Sheriff	75,892	134,165
Jail	87,005	0
Fire	404,511	284,335
Ambulance	26,980	143,706
Public Works		
Roads and Bridges	96,915	168,664
Health and Welfare		
Senior Center	3,859	14,699
Culture and Recreation		
Recreation	176,633	0
Housing and Development		
Building	11,748	15,472
Total expenditures	904,925	832,462
Excess (deficiency) of revenues over (under) expenditures	(904,239)	(831,526)
Other financing sources (uses)		
Transfers in (out)		
General Fund	431,240	454,610
Issuance of capital leases	670,400	620,000
Total other financing sources (uses)	1,101,640	1,074,610
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	197,401	243,084
Fund balances, July 1	315,441	72,357
Fund balances, June 30	$ 512,842	$ 315,441

HABERSHAM COUNTY, GEORGIA
JUDICIAL CENTER CONSTRUCTION
CAPITAL PROJECTS FUND
BALANCE SHEET
June 30, 2011

ASSETS	
Cash and cash equivalents	$ 10,020,357
LIABILITIES AND FUND BALANCES	
Liabilities	
Fund balances	
Restricted for capital outlay	$ 10,020,357
Total liabilities and fund balances	$ 10,020,357

HABERSHAM COUNTY, GEORGIA
JUDICIAL CENTER CONSTRUCTION
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the fiscal year ended June 30, 2011

REVENUES	
Interest	$ 20,357
Total revenues	20,357
EXPENDITURES	
Total expenditures	0
Excess (deficiency) of revenues over (under) expenditures	20,357
Other financing sources (uses)	
Issuance of bonds	10,000,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	10,020,357
Fund balances, July 1	0
Fund balances, June 30	$ 10,020,357

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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, 2011 and 2010

	2011	2010
ASSETS		
Current assets		
Cash and cash equivalents	$ 75,314	$ 58,732
Accounts receivable	25,738	15,385
Restricted assets		
Cash and cash equivalents	1,041,589	1,137,474
Total current assets	1,142,641	1,211,591
Capital assets		
Construction in progress	54,479	3,219,815
Distribution system	10,558,667	7,355,138
Vehicles	32,665	32,665
Accumulated depreciation	(1,632,151)	(1,408,003)
Total capital assets (net of accumulated depreciation)	9,013,660	9,199,615
Total assets	10,156,301	10,411,206
LIABILITIES		
Current liabilities		
Payables		
Accounts	9,486	2,194
Intergovernmental	12,022	11,392
Accrued salaries	1,121	996
Compensated absences	2,141	2,141
Due to other funds	10,946	9,529
Customer deposits	24,976	25,376
Liabilities payable from restricted assets:		
Payables		
Accounts	7,000	0
Intergovernmental	0	9,388
Total liabilities	67,692	61,016
NET ASSETS		
Invested in capital assets	9,013,660	9,199,615
Restricted for capital outlay	1,034,589	1,128,086
Unrestricted	40,360	22,489
Total net assets	$ 10,088,609	$ 10,350,190

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, 2011 and 2010

OPERATING REVENUES	**2011**	**2010**
Charges for sales and services	$ 240,826	$ 246,527
Total operating revenues	240,826	246,527
OPERATING EXPENSES		
Costs of sales and services	263,533	324,504
Personal services	45,514	101,847
Depreciation	224,148	157,444
Total operating expenses	533,195	583,795
Operating income (loss)	(292,369)	(337,268)
Non-operating revenues (expenses)		
Interest revenue	2,829	3,551
Net income (loss) before transfers	(289,540)	(333,717)
Transfers in (out)		
General Fund	27,959	(22,300)
SPLOST 4 Fund	0	(2,695,824)
SPLOST 5 Fund	0	(389,529)
Total transfers in (out)	27,959	(3,107,653)
Change in net assets	(261,581)	(3,441,370)
Net assets, July 1	10,350,190	13,791,560
Net assets, June 30	$ 10,088,609	$ 10,350,190

HABERSHAM COUNTY, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Receipts from customers	$ 230,073	$ 247,765
Payments to suppliers	(264,999)	(311,006)
Payments to employees	(45,389)	(103,609)
Net cash provided (used) by operating activities	(80,315)	(166,850)
Cash flows from non-capital financing activities:		
Receipts from other funds	29,376	0
Payments to other funds	0	(26,869)
Net cash provided (used) by non-capital financing activities	29,376	(26,869)
Cash flows from capital and related financing activities:		
Receipts from other funds	0	2,335
Acquisition of capital assets	(31,193)	(531,044)
Net cash provided (used) by capital and related financing activities	(31,193)	(528,709)
Cash flows from investing activities:		
Interest received	2,829	3,551
Net increase (decrease) in cash and cash equivalents	(79,303)	(718,877)
Cash and cash equivalents, July 1	1,196,206	1,915,083
Cash and cash equivalents, June 30	$ 1,116,903	$ 1,196,206
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (292,369)	$ (337,268)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	224,148	157,444
(Increase) decrease in accounts receivable	(10,353)	2,953
Increase (decrease) in accounts payable	7,292	(7,282)
Increase (decrease) in intergovernmental payable	(8,758)	20,780
Increase (decrease) in deposits payable	(400)	(1,715)
Increase (decrease) in accrued payroll liabilities	125	(1,762)
Total adjustments	212,054	170,418
Net cash provided (used) by operating activities	$ (80,315)	$ (166,850)

Noncash capital and related financing activities:

Acquisition of capital assets through accounts payable totaled $7,000 for the fiscal year ended June 30, 2011.

HABERSHAM COUNTY, GEORGIA
LANDFILL ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2011 and 2010

	2011	2010
ASSETS		
Current assets		
Cash and cash equivalents	$ 265,823	$ 1,007,216
Certificates of deposit	828,000	0
Accounts receivable (net)	330,515	287,454
Interest receivable	2,103	0
Total current assets	1,426,441	1,294,670
Capital assets		
Land	665,702	665,702
Land improvements	7,577,053	7,577,053
Buildings	33,365	18,923
Machinery and equipment	1,742,189	1,686,630
Vehicles	65,677	46,907
Accumulated depreciation	(4,953,991)	(4,413,262)
Total capital assets (net of accumulated depreciation)	5,129,995	5,581,953
Total assets	6,556,436	6,876,623
LIABILITIES		
Current liabilities		
Payables		
Accounts	73,144	32,941
Interest	3,694	6,243
Accrued salaries	8,800	8,053
Compensated absences	29,259	24,968
Due to other funds	44,500	74,385
Capital leases payable	44,999	129,175
Total current liabilities	204,396	275,765
Long-term liabilities		
Capital leases payable	106,328	151,327
Post-closure care	2,570,830	2,423,800
Total long-term liabilities	2,677,158	2,575,127
Total liabilities	2,881,554	2,850,892
NET ASSETS		
Invested in capital assets, net of related debt	4,978,668	5,301,451
Unrestricted	(1,303,786)	(1,275,720)
Total net assets	$ 3,674,882	$ 4,025,731

HABERSHAM COUNTY, GEORGIA
LANDFILL ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2011 and 2010

OPERATING REVENUES	**2011**	**2010**
Charges for sales and services	$ 1,033,249	$ 1,376,669
Miscellaneous revenues	14,046	42,831
Total operating revenues	1,047,295	1,419,500
OPERATING EXPENSES		
Costs of sales and services	492,885	(29,998)
Personal services	328,442	385,806
Depreciation	521,959	518,424
Total operating expenses	1,343,286	874,232
Operating income (loss)	(295,991)	545,268
Non-operating revenues (expenses)		
Interest revenue	9,230	2,089
Interest expense	(10,177)	(12,050)
Intergovernmental revenue	29,389	0
Total non-operating revenues (expenses)	28,442	(9,961)
Net income (loss) before transfers	(267,549)	535,307
Transfer in (out)		
General Fund	(83,300)	(83,289)
Change in net assets	(350,849)	452,018
Net assets, July 1 (restated)	4,025,731	3,573,713
Net assets, June 30	$ 3,674,882	$ 4,025,731

HABERSHAM COUNTY, GEORGIA
LANDFILL ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Receipts from customers	$ 990,188	$ 1,274,828
Payments to suppliers	(349,928)	(527,067)
Payments to employees	(323,404)	(391,739)
Other receipts	14,046	42,831
Net cash provided (used) by operating activities	330,902	398,853
Cash flows from non-capital financing activities:		
Receipts from other governments	29,389	0
Receipts from other funds	0	144,404
Payments to other funds	(113,185)	(83,289)
Net cash provided (used) by non-capital financing activities	(83,796)	61,115
Cash flows from capital and related financing activities:		
Interest paid	(12,726)	(14,612)
Principal payments - capital leases	(129,175)	(128,627)
Acquisition of capital assets	(24,951)	(87,198)
Payment of capital related accounts payable	(774)	(100,393)
Net cash provided (used) by capital and related financing activities	(167,626)	(330,830)
Cash flows from investing activities:		
Interest received	7,127	2,089
Purchases of certificates of deposit	(828,000)	0
Net cash provided (used) by investing activities	(820,873)	2,089
Net increase (decrease) in cash and cash equivalents	(741,393)	131,227
Cash and cash equivalents, July 1	1,007,216	875,989
Cash and cash equivalents, June 30	$ 265,823	$ 1,007,216

HABERSHAM COUNTY, GEORGIA
LANDFILL ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2011 and 2010

	2011	2010
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (295,991)	$ 545,268
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	521,959	518,424
Closure/postclosure costs	147,030	(559,496)
(Increase) decrease in accounts receivable	(43,061)	(101,841)
Increase (decrease) in accounts payable	(4,073)	2,431
Increase (decrease) in accrued payroll liabilities	5,038	(5,933)
Total adjustments	626,893	(146,415)
Net cash provided (used) by operating activities	$ 330,902	$ 398,853

Noncash capital and related financing activities:

Acquisition of capital assets through accounts payable totaled $45,050 and $774 for the fiscal years ended June 30, 2011 and June 30, 2010, respectively.

HABERSHAM COUNTY, GEORGIA
TRANSIT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2011 and 2010

	2011	2010
ASSETS		
Current assets		
Intergovernmental receivable	$ 13,019	$ 15,549
Due from other funds	15,549	17,553
Total current assets	28,568	33,102
Capital assets		
Vehicles	45,200	36,124
Accumulated depreciation	(5,548)	(36,124)
Total capital assets (net of accumulated depreciation)	39,652	0
Total assets	68,220	33,102
LIABILITIES		
Current liabilities		
Accrued salaries	859	764
Compensated absences	2,305	0
Due to other funds	11,696	0
Total liabilities	14,860	764
NET ASSETS		
Invested in capital assets	39,652	0
Unrestricted	13,708	32,338
Total net assets	$ 53,360	$ 32,338

HABERSHAM COUNTY, GEORGIA
TRANSIT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2011 and 2010

OPERATING REVENUES	**2011**	**2010**
Charges for sales and services	$ 6,802	$ 5,781
Total operating revenues	6,802	5,781
OPERATING EXPENSES		
Costs of sales and services	12,649	15,713
Personal services	36,462	33,237
Depreciation	5,548	3,612
Total operating expenses	54,659	52,562
Operating income (loss)	(47,857)	(46,781)
Non-operating revenues (expenses)		
Intergovernmental revenue	68,879	26,037
Net income (loss) before tranfers	21,022	(20,744)
Transfers in (out)		
General Fund	0	24,035
Change in net assets	21,022	3,291
Net Assets, July 1	32,338	29,047
Net Assets, June 30	$ 53,360	$ 32,338

HABERSHAM COUNTY, GEORGIA
TRANSIT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Receipts from customers	$ 6,802	$ 5,781
Payments to suppliers	(12,649)	(15,713)
Payments to employees	(34,062)	(33,141)
Net cash provided (used) by operating activities	(39,909)	(43,073)
Cash flows from non-capital financing activities:		
Receipts from other governments	26,209	31,146
Receipts from other funds	13,700	24,035
Payments to other funds	0	(12,108)
Net cash provided (used) by non-capital financing activities	39,909	43,073
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)	$ (47,857)	$ (46,781)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	5,548	3,612
Increase (decrease) in accrued payroll liabilities	2,400	96
Total adjustments	7,948	3,708
Net cash provided (used) by operating activities	$ (39,909)	$ (43,073)

Noncash capital and related financing activities:

Contributions of capital assets from other governments totaled $45,200 for the fiscal year ended June 30, 2011.

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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, 2011

	Tax Commissioner	Magistrate Court
ASSETS		
Cash	$ 295,820	$ 27,264
Accounts receivable, net	0	68,875
Total assets	$ 295,820	$ 96,139
LIABILITIES AND FUND BALANCES		
Liabilities		
Due to other agencies	$ 295,820	$ 96,139

Probate Court	Juvenile Court	Clerk of Court	Sheriff Department	Totals
$ 9,481	$ 213	$ 395,920	$ 82,758	$ 811,456
0	0	1,439,918	0	1,508,793
$ 9,481	$ 213	$ 1,835,838	$ 82,758	$ 2,320,249
$ 9,481	$ 213	$ 1,835,838	$ 82,758	$ 2,320,249

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HABERSHAM COUNTY, GEORGIA
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended June 30, 2011

	Balance July 1	Additions	Deletions	Balance June 30
TAX COMMISSIONER				
ASSETS				
Cash	$ 214,822	$ 31,467,012	$ 31,386,014	$ 295,820
LIABILITIES				
Due to other agencies	$ 214,822	$ 31,467,012	$ 31,386,014	$ 295,820
MAGISTRATE COURT				
ASSETS				
Cash	$ 5,543	$ 372,154	$ 350,433	$ 27,264
Accounts receivable, net	76,494	0	7,619	68,875
Total	$ 82,037	$ 372,154	$ 358,052	$ 96,139
LIABILITIES				
Due to other agencies	$ 82,037	$ 372,154	$ 358,052	$ 96,139
PROBATE COURT				
ASSETS				
Cash	$ 16,610	$ 178,555	$ 185,684	$ 9,481
LIABILITIES				
Due to other agencies	$ 16,610	$ 178,555	$ 185,684	$ 9,481
JUVENILE COURT				
ASSETS				
Cash	$ 72	$ 3,597	$ 3,456	$ 213
LIABILITIES				
Due to other agencies	$ 72	$ 3,597	$ 3,456	$ 213
CLERK OF COURT				
ASSETS				
Cash	$ 360,475	$ 2,140,667	$ 2,105,222	$ 395,920
Accounts receivable, net	1,511,982	0	72,064	1,439,918
Total	$ 1,872,457	$ 2,140,667	$ 2,177,286	$ 1,835,838
LIABILITIES				
Due to other agencies	$ 1,872,457	$ 2,140,667	$ 2,177,286	$ 1,835,838
SHERIFF DEPARTMENT				
ASSETS				
Cash	$ 78,111	$ 296,606	$ 291,959	$ 82,758
LIABILITIES				
Due to other agencies	$ 78,111	$ 296,606	$ 291,959	$ 82,758
TOTALS				
ASSETS				
Cash	$ 675,633	$ 34,458,591	$ 34,322,768	$ 811,456
Accounts receivable, net	1,588,476	0	79,683	1,508,793
Total	$ 2,264,109	$ 34,458,591	$ 34,402,451	$ 2,320,249
LIABILITIES				
Due to other agencies	$ 2,264,109	$ 34,458,591	$ 34,402,451	$ 2,320,249

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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, 2011 and 2010

ASSETS	**2011**	**2010**
Cash and cash equivalents	$ 151,415	$ 200,605
Intergovernmental receivable	51,680	79,331
Total assets	$ 203,095	$ 279,936
LIABILITIES AND FUND BALANCES		
Liabilities		
Due to other agencies	$ 128,217	$ 136,459
Fund balances		
Restricted for public safety	74,878	143,477
Total liabilities and fund balances	$ 203,095	$ 279,936

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, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	$ 270,770	$ 257,574	$ (13,196)	$ 180,306
Forfeitures	0	25,022	25,022	63,531
Interest	750	0	(750)	103
Total revenues	271,520	282,596	11,076	243,940
EXPENDITURES				
Current				
Public Safety				
Personal services	255,952	209,712	46,240	117,767
Contract services	0	26,414	(26,414)	14,859
Supplies and materials	15,568	46,012	(30,444)	36,662
Capital outlay	0	7,345	(7,345)	0
Payments to other agencies	0	61,712	(61,712)	88,122
Total expenditures	271,520	351,195	(79,675)	257,410
Excess (deficiency) of revenues over (under) expenditures	0	(68,599)	(68,599)	(13,470)
Fund balances, July 1	0	143,477	143,477	156,947
Fund balances, June 30	$ 0	$ 74,878	$ 74,878	$ 143,477

HABERSHAM COUNTY, GEORGIA
DEVELOPMENT AUTHORITY (A COMPONENT UNIT)
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

ASSETS	**2011**	**2010**
Cash and cash equivalents	$ 449,061	$ 494,252
LIABILITIES AND FUND BALANCES		
Current liabilities		
Payables		
Accounts	$ 4,381	$ 0
Deposits	0	120,000
Total liabilities	4,381	120,000
Fund balances		
Assigned to housing and development	444,680	374,252
Total liabilities and fund balances	$ 449,061	$ 494,252

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, 2011 and 2010

REVENUES	**2011**	**2010**
Charges for services	$ 0	$ 16,250
Interest	1,081	1,368
Rents	181,674	79,077
Total revenues	182,755	96,695
EXPENDITURES		
Current		
Housing and Development		
Contract services	20,839	36,313
Materials and supplies	600	2,723
Debt service	90,888	394,363
Payments to other agencies	0	24,050
Total expenditures	112,327	457,449
Excess (deficiency) of revenues over (under) expenditures	70,428	(360,754)
Other financing sources (uses)		
Sale of capital assets	0	252,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	70,428	(108,754)
Fund balances, July 1	374,252	483,006
Fund balances, June 30	$ 444,680	$ 374,252

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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, Chairman
District 2 – Andrea Harper, Vice Chairman
District 3 – Chad Henderson
District 4 – Lee Mulkey
District 5 – Doug Vermilya

Administration

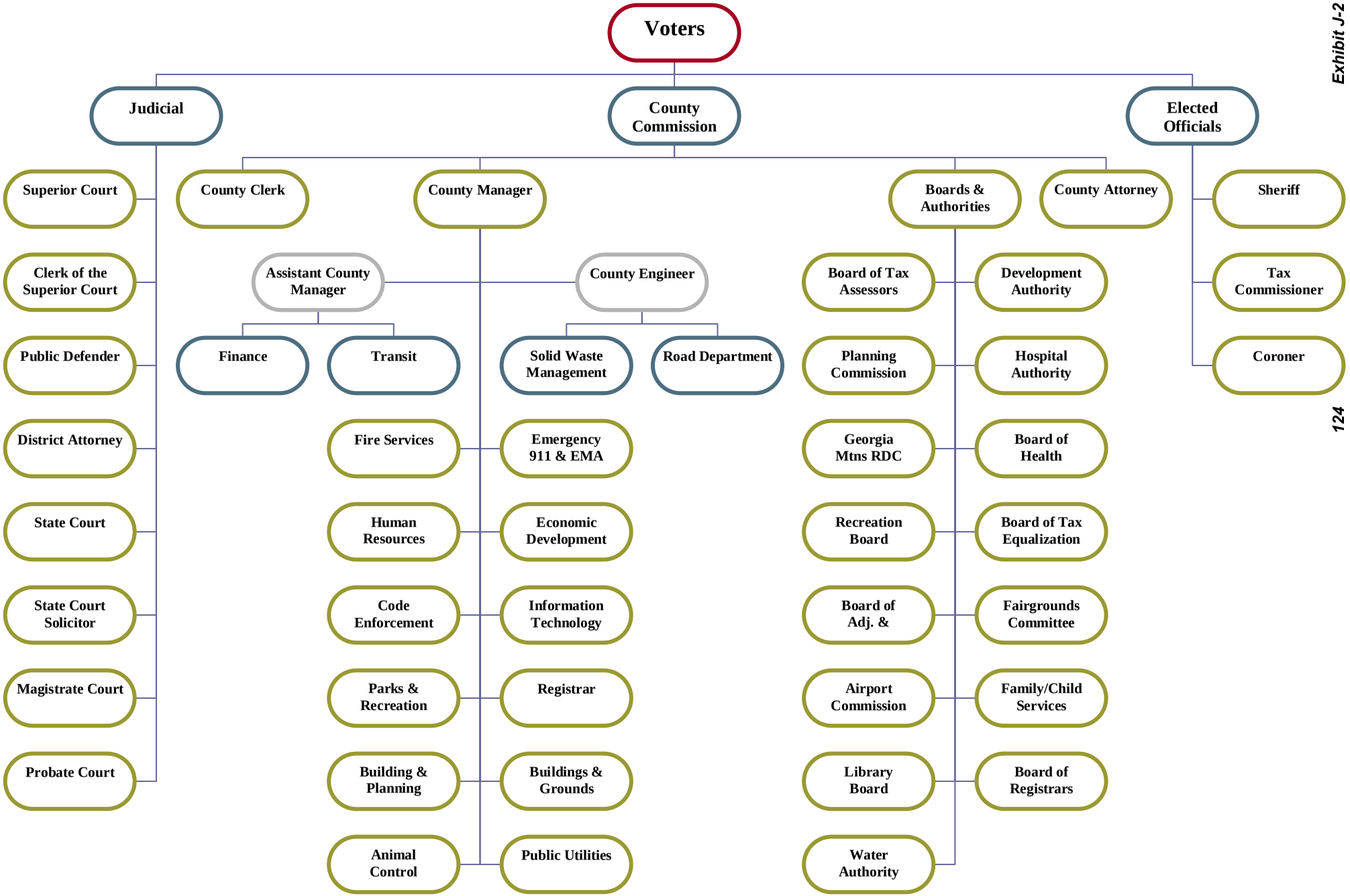
County Manager - Janeann Allison

Assistant County Manager - W. Jason Tinsley

Elected Officials

Sheriff - Joey Terrell
Chief Magistrate - James N. Butterworth
Tax Commissioner - June Black
Clerk of the Court - David Wall
Coroner - Kasey C. McEntire
State Court Solicitor - William R. Oliver
State Court Judge - M. Steve Campbell
Probate Judge - Pamela F. Wooley

HABERSHAM COUNTY, GEORGIA
ORGANIZATIONAL CHART
For the fiscal year ended June 30, 2011



HABERSHAM COUNTY, GEORGIA
SCHEDULE OF SALARIES FOR ELECTED & APPOINTED
COUNTY OFFICIALS
For the fiscal year ended June 30, 2011

County Commission Positions	**Annual Salary/Hourly Rate**
Animal Control Supervisor	$14.83 per hour
Assistant County Manager/Finance Director	$66,373
Building & Planning Director	$56,867
Code Enforcement Official	$21.48 per hour
County Clerk	$39,395
County Engineer	$35.98 per hour
County Manager	$75,774
E-911/Emergency Management Director	$59,114
Fire Chief	$49,920
Human Resources Director	$57,678
Information Technology Director	$46,508
Parks & Recreation Director	$52,270
Registrar	$36,712
Solid Waste Management Director	$45,385
Superintendant of Roads	$54,122

Elected Positions (County Paid Only)	**Annual Salary/Hourly Rate**
Chief Deputy Sheriff *(appointed)*	$53,040
Chief Magistrate Judge	$73,411
Clerk of the Court	$71,348
Coroner	$7,000
County Commissioner	$11,374
Deputy Magistrate Judge *(appointed)*	$48,298
Probate Judge	$59,720
Sheriff	$78,540
State Court Judge	$82,950
State Court Solicitor	$80,047
Tax Commissioner	$67,377

Other County Supported Positions	**Annual Salary/Hourly Rate**
Chief Appraiser *(Habersham County Board of Tax Assessors)*	$59,738
Economic Development Director *(Habersham County Development Authority)*	Vacant
Emergency Medical Services Director *(Habersham County 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, 2011, which collectively comprise Habersham County, Georgia's basic financial statements and have issued our report thereon dated November 18, 2011. 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 opinions 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.

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 identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as comments 11-1 through 11-10 that we consider to be material weaknesses in internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as comments 11-11 through 11-19 that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 11-20 through 11-22.

We noted certain matters that we have reported to management of Habersham County, Georgia in a separate letter dated November 18, 2011.

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, LLC

Certified Public Accountants

Gainesville, Georgia
November 18, 2011

Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

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

Compliance

We have audited Habersham County, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Habersham County, Georgia's major federal programs for the year ended June 30, 2011. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control over Compliance

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

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

Our consideration of 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, LLC

Certified Public Accountants

Gainesville, Georgia
November 18, 2011

HABERSHAM COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011

Federal Grant/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Number	Expenditures
U.S. Department of Justice			
Passed through the Council of Juvenile Court Judges of Georgia			
Juvenile Accountability Block Grant	16.523	JB-07ST-004	$ 9,895
Passed through the Criminal Justice Coordinating Council:			
Violence Against Women Formula Grants	16.588	W-09-8-054	49,520
JAG Program Cluster			
Passed through the Criminal Justice Coordinating Council:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	B09-8-013	41,733
		B10-8-013	125,198
			166,931
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	29,318
		B82-8-109	40,687
		B82-8-111	14,155
			84,160
Total JAG Program Cluster			251,091
Total U.S. Department of Justice			310,506
U.S. Department of Transportation			
Passed through the Georgia Department of Transportation			
Airport Improvement Program	20.106	AP100-9016-14(137)	404,712
Passed through the Georgia Department of Transportation			
Formula Grants for Other Than Urbanized Areas	20.509	T003498	23,679
ARRA - Formula Grants for Other Than Urbanized Areas	20.509	T003332	45,200
			68,879

HABERSHAM COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011

Federal Grant/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Number	Expenditures
U.S. Department of Transportation, continued			
Highway Planning and Construction Cluster			
Passed through the Georgia Department of Transportation			
Appalachian Development Highway System	23.003	CSSTP-0007-00(269)	366,707
Total U.S. Department of Transportation			840,298
U.S. Department of Homeland Security			
Passed through the Georgia Emergency Management Agency			
Emergency Management Performance Grants	97.042	PPA	23,601
Total Federal Awards			$ 1,174,405

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

HABERSHAM COUNTY, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2011

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards 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, 2011

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

Highway Planning and Construction Cluster
23.003 Appalachian Development Highway System

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 11-1

Condition: During audit procedures at the Probate Court, we noted that the court software was incorrectly calculating disbursements.

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

Effect: Failure to properly calculate disbursements 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 will review the disbursement calculations on a monthly basis to ensure that disbursements are correct. This action was taken immediately upon receipt of the comment from our auditors.

Comment 11-2

Condition: While performing audit procedures on bank reconciliations at the Probate Court, we noted that bank reconciliations are not performed on a monthly basis.

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 reconciling the bank accounts monthly. This action was taken immediately when the current administration took office in the latter part of fiscal year 2011.

Comment 11-3

Condition: While performing audit procedures at the Probate Court, we noted instances where deposits were not made timely. Receipts were held for seven or more days before depositing in 9 of 60 (15%) receipts tested.

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.

.

2. Financial Statement Findings (continued)

A. Significant Deficiencies, continued

Comment 11-3, continued

Management Response: Management concurs with this finding. The Probate Court is now making deposits daily. This action was taken immediately when the current administration took office in the latter part of fiscal year 2011.

Comment 11-4

Condition: While performing audit procedures at the Probate Court, we noted that the client was unable to provide adequate supporting documentation for 4 of the 60 (7%) receipts tested. Therefore, we were unable to determine if these receipts were ever deposited into the bank account.

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.

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, 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. This action was taken immediately when the current administration took office in the latter part of fiscal year 2011.

Comment 11-5

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 11-5, continued

Management Response: Management concurs with this finding. The duties concerning financial operations of the Probate Court will be expanded to include the chief clerk and deputy clerk. This action was taken immediately upon receipt of the comment from our auditors.

Comment 11-6

Condition: While performing audit procedures at the Landfill, we noted that voided transactions are not being approved by management. We noted that 11 out of 25 (44%) transactions tested lacked proper authorization.

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 has advised the Department Head to implement the recommendation to ensure that adequate segregation of duties exists. This action was taken immediately upon receipt of the comment from our auditors.

Comment 11-7

Condition: While performing audit procedures at the Landfill, we noted that customer account adjustments do not have any supporting documentation retained to explain the reason for the adjustment and to show proper review and authorization. We noted that 2 out of 4 (50%) transactions tested lacked supporting documentation.

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

Effect: Failure to maintain proper supporting documentation for adjustments subjects the assets of the County to 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 has advised the Department Head to implement the recommendation to ensure 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 11-8

Condition: While performing audit procedures at the Sheriff's Department, we noted that bank reconciliations were not completed for the bank 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 will be performed monthly. This action was taken immediately upon receipt of the comment from our auditors.

Comment 11-9

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.

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 has advised the Department Head to implement the recommendation to ensure that adequate segregation of duties exists. This action was taken immediately upon receipt of the comment from our auditors.

Comment 11-10

Condition: The fiscal year 2010 financial statements were restated for the General Fund due to a previously unrecorded prepaid item and the Landfill Enterprise Fund due to an error in the calculation of the landfill closure and post-closure care liability.

Criteria: Generally accepted accounting principles require that accruals be properly calculated and recorded.

Effect: Failure to properly apply generally accepted accounting principles led to financial statements that were materially misstated.

2. Financial Statement Findings (continued)

A. Significant Deficiencies, continued

Comment 11-10, continued

Recommendation: Management should verify that all prepaid items are recorded and review and approve the calculation of the landfill closure and post-closure liability.

Management Response: Management concurs with this finding. Management will review all year-end accruals to ensure they are properly calculated and recorded. This action was taken immediately upon receipt of the comment from our auditors.

Comment 11-11

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.

Comment 11-12

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.

2. Financial Statement Findings (continued)

A. Significant Deficiencies, continued

Comment 11-12, continued

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 11-13

Condition: While performing audit procedures on pool and concession receipts at the Recreation Department, we noted instances where deposits were not made timely. Receipts were held for seven or more days before depositing in 5 of 30 (17%) receipts tested.

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 has advised the Department Head to implement the recommendation to ensure that deposits are made timely. This action was taken immediately upon receipt of the comment from our auditors.

Comment 11-14

Condition: While performing audit procedures on building permits, we noted instances where deposits were not made timely. Receipts were held for seven or more days before depositing in 4 of 25 (16%) receipts tested.

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.

2. Financial Statement Findings (continued)

A. Significant Deficiencies, continued

Comment 11-14, continued

Management Response: Management concurs with this finding. Management has advised the Department Head to implement the recommendation to ensure that deposits are made timely. This action was taken immediately upon receipt of the comment from our auditors.

Comment 11-15

Condition: While performing audit procedures on occupational tax, we noted instances where deposits were not made timely. Receipts were held for seven or more days before depositing in 4 of 25 (16%) receipts tested.

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 has advised the Department Head to implement the recommendation to ensure that deposits are made timely. This action was taken immediately upon receipt of the comment from our auditors.

Comment 11-16

Condition: While performing audit procedures at the Sheriff's Department, we noted that 17 out of 20 (85%) receipts tested were held for seven or more days before being deposited.

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 has advised the appropriate Elected Officials to implement the recommendation. This action was taken immediately upon receipt of the comment from our auditors.

Comment 11-17

Condition: While performing audit procedures at the Sheriff's Department, we noted that 2 out of 20 (10%) receipts tested involved fines that were incorrectly calculated.

2. Financial Statement Findings (continued)

A. Significant Deficiencies, continued

Comment 11-17, continued

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 has advised the appropriate Elected Officials to implement the recommendation. This action was taken immediately upon receipt of the comment from our auditors.

Comment 11-18

Condition: While performing audit procedures at the Tax Commissioner's Office, we noted that 30 out of 40 (75%) receipts tested were held for seven or more days before being deposited.

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 has advised the appropriate Elected Officials to implement the recommendation. This action was taken immediately upon receipt of the comment from our auditors.

Comment 11-19

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

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 has advised the appropriate Elected Officials to implement the recommendation. This action was taken immediately upon receipt of the comment from our auditors.

2. Financial Statement Findings (continued)

B. Material Noncompliance

Comment 11-20

Condition: Although the General Fund was under budget as a whole, seven General Fund departments experienced a material excess of expenditures over appropriations: County Human Resources ($2,521 or 3.3%), County Clerk ($2,181 or 4.2%), Registrar ($7,777 or 7.5%), Accountability Court ($20,356 and no budget), Sheriff ($309,004 or 14.5%), Jail ($103,388 or 5.7%), and Building ($9,521 or 4.5%). Also during the fiscal year, the Jail ($4,822 or 6.4%), Hotel/Motel Tax ($2,545 or 22.7%), and Law Library ($1,647 or 27.5%) Special Revenue Funds 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: The 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 11-21

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.

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 when the current administration took office in the latter part of fiscal year 2011.

Comment 11-22

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.

2. Financial Statement Findings (continued)

B. Material Noncompliance, continued

Comment 11-22, continued

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. The fees and commissions on birth and death certificates are now paid to the County on a monthly basis and a form 1099 will be issued at each calendar year end. This action was taken immediately when the current administration took office in the latter part of fiscal year 2011.

C. Prior Year Audit Findings Follow-Ups

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.

The Probate Court did not hold any customer checks during fiscal year 2011.

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.

The Probate Court did not review disbursement calculations to ensure that they were correct during fiscal year 2011.

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.

The Probate Court did not perform bank reconciliations on a monthly basis for part of fiscal year 2011.

2. Financial Statement Findings (continued)

C. Prior Year Audit Findings Follow-Ups, continued

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.

The Probate Court did not make timely deposits for part of fiscal year 2011.

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.

The Probate Court was not able to provide adequate supporting documentation for receipts during fiscal year 2011.

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.

The Probate Court charged County employees for services during fiscal year 2011.

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.

The Probate Court has not adequately segregated duties during fiscal year 2011.

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.

Management at the Landfill did not approve voided transactions during fiscal year 2011.

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.

Management at the Landfill was unable to provide supporting documentation for customer account adjustments during fiscal year 2011.

2. Financial Statement Findings (continued)

C. Prior Year Audit Findings Follow-Ups, 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.

The Sheriff's Department did not hold any checks during fiscal year 2011.

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.

The Sheriff's Department did not perform bank reconciliations on a monthly basis during fiscal year 2011.

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.

The County was unable to provide supporting documentation for customer account adjustments during fiscal year 2011.

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.

The Board of Commissioners and management have determined that personnel should receive training to the extent that is economically feasible and to continue to rely on the technical assistance of the external auditor or other qualified professionals when necessary.

2. Financial Statement Findings (continued)

C. Prior Year Audit Findings Follow-Ups, 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.

The current year activity for the loans was not recorded by the Development Authority during fiscal year 2011.

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.

Recreation Department personnel did not make timely deposits during fiscal year 2011.

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.

Juvenile Court personnel made timely deposits during fiscal year 2011.

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.

The Sheriff's Department did not make timely deposits during fiscal year 2011.

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.

The Sheriff's Department did not review fine calculations to ensure that they were correct during fiscal year 2011.

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.

The subsequent payouts of the current period's receipts exceeded the ending reconciled cash balances as of June 30, 2011.

2. Financial Statement Findings (continued)

C. Prior Year Audit Findings Follow-Ups, continued

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.

The County experienced a material excess of expenditures over appropriations during fiscal year 2011.

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.

The Probate Court did not make payouts in a timely manner for part of fiscal year 2011.

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.

The Probate Court did not provide the amount of commissions on birth and death certificates to Finance for part of fiscal year 2011.

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, 2011

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
SPLOST #2					
Recreation	$ 1,500,000	$ 1,500,000	$ 5,503,275	$ 29,706	$ 5,532,981
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	$ 19,110,453	$ 29,706	$ 19,140,159
SPLOST #4					
Water, Public Safety, and Transportation Facilities and Equipment	$ 24,000,000	$ 24,000,000			
Airport Facilities and Equipment			$ 2,962,927	$ 471,180	$ 3,434,107
Police Facilities and Equipment			2,611,432	7,745	2,619,177
Fire Facilities and Equipment			1,932,231	1,914	1,934,145
EMS Facilities and Equipment			771,086	0	771,086
Recreation Facilities and Equipment			937,573	0	937,573
Water System and Equipment			8,568,453	93,497	8,661,950
Roads and Bridges	10,000,000	10,000,000	7,691,346	1,397,524	9,088,870
	$ 34,000,000	$ 34,000,000	$ 25,475,048	$ 1,971,860	$ 27,446,908

Current year SPLOST #4 Expenditures	$ 1,971,860
Expenditures financed through other revenues	781,094
Transfers to the Water and Sewer Fund	(93,497)
Total expenditures of the SPLOST #4 Capital Projects Fund	$ 2,659,457

HABERSHAM COUNTY, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2011

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
SPLOST #5					
Judicial	$ 17,965,000	$ 17,965,000	$ 1,531,444	$ 947,605	$ 2,479,049
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	325,651	325,651
Information Technology	500,000	500,000	437,020	20,119	457,139
City of Alto	454,362	454,362	97,857	43,046	140,903
City of Baldwin	2,010,460	2,010,460	432,999	190,471	623,470
City of Clarkesville	1,309,523	1,309,523	282,036	124,064	406,100
City of Cornelia	3,281,196	3,281,196	706,681	310,860	1,017,541
City of Demorest	1,545,939	1,545,939	332,953	146,462	479,415
City of Mount Airy	578,511	578,511	124,509	54,770	179,279
City of Tallulah Falls	55,410	55,410	11,933	5,249	17,182
	$ 57,300,401	$ 57,300,401	$ 3,972,116	$ 2,168,297	$ 6,140,413

Total expenditures of the SPLOST #5 Capital Projects Fund	$ 1,534,280
Total expenditures of the SPLOST Debt Service Fund	634,017
	$ 2,168,297

Note: SPLOST #3 was completed in fiscal year 2009.

Note: Transfers to the Water and Sewer Fund in the amount of $93,497, as noted on the reconciliation above, are combined with transfers from the Water and Sewer Fund totaling $93,497.

* 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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