JEFFERSON COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended

June 30, 2012

Jefferson County, Georgia
Annual Financial Report
For The Year Ended June 30, 2012

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INDEPENDENT AUDITORS' REPORT

Honorable Chairman and Members of the
Board of Commissioners of Jefferson County
Louisville, 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 Jefferson County, Georgia, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Jefferson County, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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 provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jefferson County, Georgia, as of June 30, 2012, and its respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2013, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 11 and page 45 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 the Jefferson County, Georgia's financial statements as a whole. The combining and individual nonmajor fund financial statements and the accompanying Schedules of Projects Funded with Special Sales Tax Proceeds are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the Schedules of Projects Funded with Special Sales Tax Proceeds 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.

Dover, Dover, Davis & Associates

Louisville, Georgia
January 23, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Jefferson County, Georgia (the County) annual financial report, the County's management is pleased to provide this narrative discussion and analysis of the financial activities of the County for the fiscal year ended June 30, 2012. The County's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The County's total assets exceeded its total liabilities by $17,233,084 (net assets) at June 30, 2012, which is 3.9% or a $639,323 increase from the June 30, 2011 amount.

- Total June 30, 2012 net assets are comprised of the following:

  (1) Capital assets, net of related debt, of $16,243,627 includes the County's capital assets, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets as compared to $15,892,075 at June 30, 2011.
  (2) Net assets of $290,953 are restricted by constraints imposed from outside the County such as debt covenants, grantors, laws, or regulations as compared to $261,611 at June 30, 2011.
  (3) Unrestricted net assets of $698,504 represent the portion available to maintain the County's continuing obligations to citizens and creditors as compared to $440,075 at June 30, 2011.

- The County's governmental funds reported total ending fund balance of $2,230,133 at June 30, 2012. This compares to the prior year ending fund balance of $2,397,347 showing a decrease of $167,214 during the current year. Unassigned fund balance of $1,306,017 at June 30, 2012 shows a $289,636 decrease from the prior year.

- At the end of the current fiscal year, unassigned fund balance for the general fund was $1,306,017 or 12.8% of total General Fund expenditures as compared to $1,595,653 at the end of last fiscal year therefore showing a decrease of 18.2% from the prior year.

- Overall, the County continues to maintain a strong financial position, in a very depressed economy.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the County's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The County also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

Government-wide Financial Statements

The County's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the County's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets.* This is the government-wide statement of position presenting information that includes all of the County's assets and liabilities, with the difference reported as *net assets.* Increases or decreases in net assets serve as a useful indicator of whether the financial position of the County as a whole is improving or deteriorating. Evaluation of the overall health of the County extends to other nonfinancial factors such as diversification of the taxpayer base or the condition of County infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities,* which reports how the County's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the County's distinct activities or functions on revenues provided by the County's taxpayers.

Both government-wide financial statements distinguish governmental activities of the County that are principally supported by property and sales taxes and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general administration, tax administration, court system, public safety, correctional institute, roads department, and health and welfare. Business-type activities include the water and sewer system and the landfill.

The government-wide financial statements are presented on pages 12 and 13 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The County uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the County's most significant funds rather than the County as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The County has three kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the County's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives. The basic governmental fund financial statements are presented on pages 14 through 17 of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the County charges customers a fee. The two County proprietary funds are classified as enterprise funds. These enterprise funds essentially encompasses the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the County organization for water and sewer utilities and the County's landfill. The basic enterprise fund financial statements are presented on pages 18 through 21 of this report.

The County's *fiduciary funds* are all agency funds, which temporarily hold resources for the constitutional officers is presented on page 22 of this report.

Notes to the Basic Financial Statements - The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on page 25 of this report.

Required Supplementary Information - The budgetary comparison schedule is included as "required supplementary information" for the general fund. Budgetary comparison schedules for all other governmental funds that have adopted budgets can be found in a later section of this report. The general fund's budgetary schedule is found on page 45.

Other Supplementary Information - In addition to the basic financial statements and accompanying notes, this report presents certain supplementary information concerning the County's nonmajor funds' budget presentations. These statements and schedules demonstrate compliance with the County's adopted and final revised budget. As discussed, the County reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report beginning on page 56.

The County's net assets at fiscal year-end are $17,233,084. The following table provides a summary of the County's net assets:

Summary of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current assets	$ 3,086,134	$ 3,086,808	$ 155,820	$ 444,296	$ 3,241,954	$ 3,531,104
Noncurrent:						
Restricted and other	-	-	293,605	264,558	293,605	264,558
Capital assets	13,726,062	12,876,604	3,071,293	3,249,522	16,797,355	16,126,126
Total assets	16,812,196	15,963,412	3,520,718	3,958,376	20,332,914	19,921,788
Liabilities						
Current liabilities	812,857	597,155	89,880	354,078	902,737	951,233
Long-term liabilities	1,513,014	1,689,265	684,079	687,529	2,197,093	2,376,794
Total liabilities	2,325,871	2,286,420	773,959	1,041,607	3,099,830	3,328,027
Net assets						
Invested in capital assets, net of debt	13,336,334	12,818,553	2,907,293	3,073,522	16,243,627	15,892,075
Restricted	-	-	290,953	261,611	290,953	261,611
Unrestricted	1,149,991	858,439	(451,487)	(418,364)	698,504	440,075
Total net assets	$ 14,486,325	$ 13,676,992	$ 2,746,759	$ 2,916,769	$ 17,233,084	$ 16,593,761

The County continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 3.8 to 1 as compared to 5.2 to 1 at June 30, 2011. The current ratio for business-type activities is 1.7 to 1 as compared to 1.3 to 1 at June 30, 2011. For the County overall, the current ratio is 3.6 to 1 as compared to 3.7 to 1 at June 30, 2011. These ratios remain positive but reflect a decrease in current ratio for governmental type activities and an increase in business type activities from the prior year.

The County reported positive balances in net assets for both governmental and business-type activities. Net assets increased $809,333 for governmental activities and decreased by $170,010 for business-type activities. The County's overall financial position increased during fiscal year 2012.

Note that approximately 92.1% of the governmental activities' net assets are tied up in capital. The County uses these capital assets to provide services to its citizens. However, with business type activities, the County has spent the majority of its net assets on capital. Capital assets in the business-type activities provide water and sewer utility service and solid waste collection and disposal services to the citizens of the County.

The following table provides a summary of the County's changes in net assets:

Summary of Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program:						
Charges for services	$ 3,136,783	$ 3,159,680	$ 991,720	$ 948,374	$ 4,128,503	$ 4,108,054
Operating grants	311,396	272,464	-	-	311,396	272,464
Capital grants & contributions	309,908	96,446	-	-	309,908	96,446
General:						
Taxes	9,180,766	9,026,226	-	6,745	9,180,766	9,032,971
Other	178,330	119,667	5,464	20,100	183,794	139,767
Total revenues	13,117,183	12,674,483	997,184	975,219	14,114,367	13,649,702
Program Expenses:						
General government	1,546,192	1,524,350	-	-	1,546,192	1,524,350
Judicial	966,537	966,666	-	-	966,537	966,666
Public safety	5,212,314	5,077,742	-	-	5,212,314	5,077,742
Public works	2,757,222	4,166,842	-	-	2,757,222	4,166,842
Health and welfare	791,701	789,394	-	-	791,701	789,394
Culture and recreation	650,468	1,152,455	-	-	650,468	1,152,455
Conservation of natural resources	82,692	87,232	-	-	82,692	87,232
Economic development	285,223	469,560	-	-	285,223	469,560
Interest	15,501	12,842	-	-	15,501	12,842
Water and sewer	-	-	314,509	303,184	314,509	303,184
Landfill	-	-	852,685	794,150	852,685	794,150
Total expenses	12,307,850	14,247,083	1,167,194	1,097,334	13,475,044	15,344,417
Excess (deficiency)	809,333	(1,572,600)	(170,010)	(122,115)	639,323	(1,694,715)
Transfers	-	20,100	-	(20,100)	-	-
Change in net assets	809,333	(1,552,500)	(170,010)	(142,215)	639,323	(1,694,715)
Beginning net assets	13,676,992	15,229,492	2,916,769	3,058,984	16,593,761	18,288,476
Ending net assets	$ 14,486,325	$ 13,676,992	$ 2,746,759	$ 2,916,769	$ 17,233,084	$ 16,593,761

GOVERNMENTAL REVENUES

Property taxes are the largest revenue source with approximately $5.3 million of revenues or 40.2% of the total governmental revenues as compared to 41.4% in fiscal year 2011. The County also is heavily reliant on sales taxes to support governmental operations and capital spending. Sales taxes provided 25.2% of the County's total governmental revenues as compared to 25.6% in fiscal year 2011. Because of its continued healthy financial position, the County earned $811 in unrestricted investment earnings to support governmental operating expenses.

Operating grants reported in the health and welfare function relate to;

- Sec 5311 Van Program grant for rural transit ($226,000)
- Nutrition program grant to provide meals to the elderly and disabled ($24,000)

A capital grant of $100,000 was to partially offset the cost of the 911-system upgrade, provided by the Justice Department. The capital grant for public works relates to State Department of Transportation funding of bridge/road work on Lincoln Park Road. Finally, the capital grant for culture and recreation relates to irrigation and conservation costs associated with the recreation department.

In addition, program revenues increased $229,497 and covered 30.5% of governmental operating expenses as compared to 24.8% in fiscal year 2011.

GOVERNMENTAL FUNCTIONAL EXPENSES

Total gross costs decreased $1,939,233 or 13.6% over fiscal year 2011. The public safety function makes up approximately 42.3% of the total governmental activities expenses this fiscal year as compared to 35.6% last year.

This table presents a comparison of the fiscal years 2012 and 2011 cost of each of the County's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the County's taxpayers by each of these functions.

	Governmental Activities			
	2012		2011	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	$ 1,546,192	$ 1,293,945	$ 1,524,350	$ 1,160,681
Judicial	966,537	828,297	966,666	842,229
Public safety	5,212,314	3,830,064	5,077,742	3,890,004
Public works	2,757,222	1,173,901	4,166,842	2,712,870
Health and welfare	791,701	537,749	789,394	524,429
Culture and recreation	650,468	502,391	1,152,455	1,018,646
Conservation of natural resources	82,692	82,692	87,232	87,232
Economic development	285,223	285,223	469,560	469,560
Interest	15,501	15,501	12,842	12,842
Total	$ 12,307,850	$ 8,549,763	$ 14,247,083	$ 10,718,493

After reducing gross expenses by program revenues, public safety represents 44.8% of the net cost of services as compared to 36.3% in last fiscal year.

BUSINESS-TYPE ACTIVITIES

The County operates two enterprise funds: a water and sewer fund and a landfill fund.

Water and Sewer Fund - The operating revenues for this fund increased just $24,969 over fiscal year 2011. Operating expenses increased $11,923 or just 4.1% over fiscal year 2011. As a result, the operating loss was reduced $13,046 or 67.1%.

Solid Waste Fund - The operating revenues for this fund were 2.7% or $18,377 more than the fiscal year 2011 amount and operating expenses were 7.5% or $59,639 more than fiscal year 2011 amount.

In fiscal year 2012, repairs decreased $25,204 or 33.2% below the fiscal year 2011 amount. Some repairs for the compactor and bulldozer were deferred to later years. Depreciation expense increased $109,079 or 36% more than last year. This increase relates to a new landfill cell was constructed at the landfill and depreciation began in 2012 causing the increase in depreciation expense.

The operating loss of the Solid Waste Fund was $160,264 as compared to an operating loss of $119,002 in fiscal year 2011. The change in net assets was a decrease of $154,882 versus a decrease of $114,484 in fiscal year 2011.

Financial Analysis of the County's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of $2,230,133. Of this year-end total, $1,306,017 is unassigned indicating availability for continuing County service requirements. This unassigned amount shows a decrease of $289,636 from fiscal year 2011. Legally restricted fund balances include $605,718 for SPLOST funds and $223,735 for restricted programs, generally for public safety. The total ending fund balances of governmental funds show a decrease of $167,214 from the prior year.

General Fund - The general fund is the County's primary operating fund and the largest source of day-to-day service delivery. The general fund's fund balance was $1,400,680, which is a decrease of $279,856 from fiscal year 2011.

In total, revenues increased only $91,664 over the fiscal year 2011 amount. Total taxes for the general fund were $93,959 above those in fiscal year 2011. The insurance premium taxes were $57,829 or 13% below the 2011 amount. Regrettably, the reduced amount reflects the revision related to 2010 census figures. A loss of population at County level and increase at state level equals a smaller portion of the total state distribution.

In this fiscal year, the major change in intergovernmental revenue was federal grant revenue, as it increased $51,779. This amount is for a delayed FEMA reimbursement relating to a 2008 tornado.

Jail subsidies increased $114,147 or 23.3% over the fiscal year 2012. In this fiscal year 2012, the County jail housed and billed for more federal inmates and receiving more funds for housing inmates between sentencing and state prisoner pick up. Housing populations at the state and federal level influence both of these factors. The jail has excess capacity and attempts to house inmates from other governments. The housing of inmates for other counties was down this year, which offset the increase from the other two revenue sources mentioned.

Fines and forfeitures revenue is up from fiscal year 2011 $31,217 or 6.6%.

On the expenditure side, total general fund expenditures decreased $307,271 or 2.9% from fiscal year 2011.

In the general government function, total expenditures decreased just $7,728. However, administration and accounting expenditures decreased $30,398 or 6.1%. This decrease is a result of careful expenditure monitoring. The tax assessor expenditures increased $28,482 or 8.3%. The assessor's office spent more for the use of technical services for assessing portions of the digest that requires special expertise that is not available within the County.

The public safety costs increased $111,947 or 3.3% over fiscal year 2011. The sheriff's costs increased $136,882 or 11.7%. This increase relates to:

- Vehicle purchase - $35,000
- Higher gasoline costs - $25,000
- Higher employee pay and benefits - $80,000

The total public works function expenditures decreased $370,605 or 11.1%. Correction institute costs decreased $150,633 or 7.4% resulting from the following:

- Slightly less labor costs - $12,000
- Medical supplies costs - $50,000
- Food costs - $60,000
- The cost cutting measures and better utilization of purchasing power helped reduce costs

Road department costs were below the 2011 amount of $128,213 or 12.6%; higher fuel costs ($20,000) were offset by decreases in repairs ($3,000), equipment rental ($40,000) and project costs ($35,000).

The General Fund's ending fund balance is $279,856 less than the prior year. The June 30, 2012 unassigned fund balance of $1,306,071 is considered adequate, and represents the equivalent of 12.8% of annual expenditures. This percentage will be reviewed throughout the upcoming year and every effort will be made to increase this amount equal to three months of expenditures on hand to cover operational expenditures.

SPLOST #2 Fund – This fund accounts for the County's second special purpose local option sales taxes. No sales taxes were recognized in fiscal year 2012. $215,107 was expended on capital outlay. The ending fund balance was $49,385.

SPLOST #3 Fund – This fund accounts for the County's third special purpose local option sales taxes. Taxes totaling $2,146,771 were recognized in fiscal year 2012. For the fiscal year 2012, $1,277,586 was distributed to the cities within the County and $924,928 was expended on capital outlay. The ending fund balance was $556,333.

The Proprietary Fund

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. Therefore, the analysis is presented above.

General Fund Budgetary Highlights

The revenue and expenditure budget were amended upward $189,520.

Total revenues were below the final budget amount by $319,007 or 3%. Total property taxes were $73,460 below budget, primarily due to personal property tax collections, much of which relates to the utility tax digest, as assessed by the State of Georgia. Insurance premium taxes were below the budget by $74,400, as explained above.

Jail subsidies were $46,478 above the fiscal year 2012 final budget, as explained above. In total, fines were $86,472 below budget due to problems with the processing of court funds and proper timely remittance of said funds.

On the expenditure side, the total general fund budget was under spent by $194,157. Under general government function, the administration and accounting budget was under spent by $108,741 as explained above.

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2012 was $13,726,062 and $3,071,293 respectively.

The following table provides a summary of capital asset activity.

	Governmental Activities		Business Activities		Total	
	2012	2011	2012	2011	2012	2011
Nondepreciable assets:						
Land	$ 1,038,440	$ 935,851	$ 349,788	$ 349,788	$ 1,388,228	$ 1,285,639
Depreciable assets:						
Land improvements	-	-	2,794,417	2,544,163	2,794,417	2,544,163
Roads and infrastructure	1,050,056	795,578	-	-	1,050,056	795,578
Buildings and improvements	12,256,792	12,158,885	618,209	618,209	12,875,001	12,777,094
Water and sewer systems	-	-	2,111,666	2,074,275	2,111,666	2,074,275
Fixed equipment	1,649,702	807,206	2,080,514	2,080,514	3,730,216	2,887,720
Vehicles	1,972,042	1,919,387	-	-	1,972,042	1,919,387
Mobile equipment	1,884,166	1,801,561	-	-	1,884,166	1,801,561
Total depreciable assets	18,812,758	17,482,617	7,604,806	7,317,161	26,417,564	24,799,778
Less accumulated depreciation	6,125,136	5,541,864	4,883,301	4,417,427	11,008,437	9,959,291
Book value - depreciable assets	12,687,622	11,940,753	2,721,505	2,899,734	15,409,127	14,840,487
Percentage depreciated	33%	32%	64%	60%	42%	40%
Book value - all assets	$ 13,726,062	$ 12,876,604	$ 3,071,293	$ 3,249,522	$ 16,797,355	$ 16,126,126

At June 30, 2012, the depreciable capital assets for all activities were 42% depreciated. This compares to the June 30, 2011 percentage of 40%. This comparison indicates that the County is replacing its assets at about the same rate as they are depreciating which is a positive indicator.

The major additions to governmental activities fixed equipment for $842,496 include:

- Recreation – Baseball field lighting ($157,000)
- 911 system – ATS radio system ($350,000), Radio console ($150,000), CAD upgrade ($132,000)

The major addition to roads and infrastructure relates to bridge and roadwork at Lincoln Park road ($254,278).

The additions to the land account for business-type activities relate to the purchase of land for cell #3 of the landfill ($250,254)

Please refer to the notes to the financial statements for more detail on capital asset activity (Note 3-D.)

Long-term Debt

The following table compares the long-term debt outstanding at June 30, 2012 and 2011.

Outstanding Borrowings

	Governmental Activities		Business-type Activities		Totals		% Change
	2012	2011	2012	2011	2012	2011	
Capital leases	$ 389,728	$ 58,051	$ -	$ -	$ 389,728	$ 58,051	571%
Revenue bonds	-	-	164,000	176,000	164,000	176,000	-7%
Landfill closure and postclosure care	1,332,625	1,751,650	533,079	523,529	1,865,704	2,275,179	-18%
Compensated absences	101,405	80,095	-	-	101,405	80,095	27%
Total	$ 1,823,758	$ 1,889,796	$ 697,079	$ 699,529	$ 2,520,837	$ 2,589,325	-3%

The governmental activities capital leases are scheduled to be repaid in 2015. The business-type activities revenue bonds will be fully retired in 2022.

See Note 3-H for additional information about the County's long-term debt. We discuss the landfill closure and post closure care liability in Note 3-G.

Economic Conditions Affecting the County

Jefferson County is part of the 13-county Central Savannah River Area (CSRA), and is located approximately 30 miles from Augusta, 20 miles from Fort Gordon, and 20 miles from Interstate 20 and 30 miles from Interstate 16. Incorporated areas include Louisville, Wadley & Wrens (population approximately 2,500 per city) and Bartow, Stapleton, & Avera (population approximately 300 per city).

Jefferson County has 527.7 sq. miles and a population density of 32.2 per square miles based on the Census of 2000. The 2011 *County Guide* estimates Jefferson County countywide census 16,930. The *2011 County Guide* indicates that the Jefferson County unemployment to be 8.5 % which is well above the rate of 5.3% for the State of Georgia. The estimated median household income is $ 27,117 is well below the state average of $42,421.

Counties in Georgia are divided into tiers based on economic viability. The tier levels range from 1 to 3 with 3 being the highest or best level. The Department of Community Affairs ranks Jefferson County 9th in Job Tax Credit rankings, which places the county in Tier 1.

Contacting the County's Financial Management

This financial report is designed to provide a general overview of the County's finances, comply with finance-related laws and regulations, and demonstrate the County's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the County's Administrator at 217 East Broad Street, Louisville, Georgia, 30434, or call (478) 625-3332.

Jefferson County, Georgia
Statement of Net Assets
June 30, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Current Assets				
Cash and cash equivalents	$ 1,870,261	$ 194,006	$ 2,064,267	$2,510,053
Receivables:				
Accounts	-	104,288	104,288	-
Property taxes	404,209	-	404,209	20,341
Intergovernmental	532,434	-	532,434	89,654
Interfund	142,474	(142,474)	-	-
Other	42,093	-	42,093	625,821
Inventory	26,456	-	26,456	-
Prepaid items	68,207	-	68,207	-
Restricted Assets	-	290,953	290,953	-
Deferred Charges	-	2,652	2,652	-
Capital Assets				
Nondepreciable capital assets	1,038,440	349,788	1,388,228	2,115,589
Depreciable capital assets, net	12,687,622	2,721,505	15,409,127	3,484,796
Total Assets	16,812,196	3,520,718	20,332,914	8,846,254
Liabilities				
Current Liabilities				
Accounts payable	197,068	40,892	237,960	56,208
Accrued expenses	71,450	-	71,450	-
Other liabilities	233,595	2,199	235,794	32,334
Customer deposits	-	22,911	22,911	-
Compensated absences payable	101,405	10,878	112,283	15,817
Capital leases payable	148,765	-	148,765	-
Notes payable	-	-	-	121,673
Revenue bonds payable	-	13,000	13,000	-
Landfill post-closure care costs payable	60,574	-	60,574	-
Long-Term Liabilities:				
Landfill post-closure care costs payable (net of current portion)	1,272,051	533,079	1,805,130	-
Compensated absences payable (net of current portion)	-	-	-	30,867
Capital leases payable (net of current portion)	240,963	-	240,963	-
Revenue bonds payable (net of current portion)	-	151,000	151,000	-
Total Liabilities	2,325,871	773,959	3,099,830	256,899
Net Assets				
Invested in capital assets, net of related debt	13,336,334	2,907,293	16,243,627	5,478,712
Restricted for landfill trust purposes	-	290,953	290,953	291,711
Unrestricted	1,149,991	(451,487)	698,504	2,818,932
Total Net Assets	$ 14,486,325	$ 2,746,759	$ 17,233,084	$8,589,355

See accompanying notes to the basic financial statements.

Jefferson County, Georgia
Statement of Activities
For the Year Ended June 30, 2012

Function/Program	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants, Contributions and Interest	Program Revenues: Capital Grants, Contributions and Interest	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units
Primary Government								
Governmental Activities								
General government	$ 1,546,192	$ 198,856	$ 53,391	$ -	$ (1,293,945)	$ -	$ (1,293,945)	$ -
Judicial	966,537	138,240	-	-	(828,297)	-	(828,297)	-
Public safety	5,212,314	1,280,575	1,675	100,000	(3,830,064)	-	(3,830,064)	-
Public works	2,757,222	1,483,402	-	99,919	(1,173,901)	-	(1,173,901)	-
Health and welfare	791,701	3,722	250,230	-	(537,749)	-	(537,749)	-
Culture and recreation	650,468	31,988	6,100	109,989	(502,391)	-	(502,391)	-
Conservation of natural resources	82,692	-	-	-	(82,692)	-	(82,692)	-
Economic development	285,223	-	-	-	(285,223)	-	(285,223)	-
Interest	15,501	-	-	-	(15,501)	-	(15,501)	-
Total Governmental Activities	12,307,850	3,136,783	311,396	309,908	(8,549,763)	-	(8,549,763)	-
Business-Type Activities								
Water and sewer	314,509	299,299	-	-	-	(15,210)	(15,210)	-
Solid waste	852,685	692,421	-	-	-	(160,264)	(160,264)	-
Total Business-Type Activities	1,167,194	991,720	-	-	-	(175,474)	(175,474)	-
Total - Primary Government	$ 13,475,044	$ 4,128,503	$ 311,396	$ 309,908	(8,549,763)	(175,474)	(8,725,237)	-
Component Units								
Department of Health	$ 570,449	$ 252,784	$ 363,416	$ -	-	-	-	45,751
Development Authority	880,161	205,007	-	464,393	-	-	-	(210,761)
Library System	401,352	22,345	340,770	-	-	-	-	(38,237)
Total - Component Units	$ 1,851,962	$ 480,136	$ 704,186	$ 464,393	-	-	-	(203,247)
		General Revenues						
		Property taxes			5,269,111	-	5,269,111	323,864
		Sales taxes			3,305,384	-	3,305,384	-
		Insurance premium taxes			385,600	-	385,600	-
		Other taxes and revenues			220,671	-	220,671	449
		Investment earnings			811	5,464	6,275	3,641
		Miscellaneous			177,519	-	177,519	1,008
		Total General Revenues			9,359,096	5,464	9,364,560	328,962
		Change in Net Assets			809,333	(170,010)	639,323	125,715
		Net Assets, Beginning of Year			13,676,992	2,916,769	16,593,761	8,463,640
		Net Assets, End of Year			$ 14,486,325	$ 2,746,759	$ 17,233,084	$ 8,589,355

See accompanying notes to the basic financial statements.

Jefferson County, Georgia
Balance Sheet
Governmental Funds
June 30, 2012

	General	SPLOST #2 Capital Projects	SPLOST #3 Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 1,070,610	$ 1,291	$ 588,278	$ 210,082	$ 1,870,261
Prepaid items	68,207	-	-	-	68,207
Receivables:					
Property taxes	404,209	-	-	-	404,209
Intergovernmental	273,206	63,094	196,134	-	532,434
Other	-	-	-	42,093	42,093
Interfund	162,738	-	-	-	162,738
Inventory	26,456	-	-	-	26,456
Total Assets	$ 2,005,426	$ 64,385	$ 784,412	$ 252,175	$ 3,106,398
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 178,720	$ -	$ -	$ 18,348	$ 197,068
Accrued expenses	66,622	-	-	4,828	71,450
Other liabilities	5,516	-	228,079	-	233,595
Interfund payable	-	15,000	-	5,264	20,264
Deferred revenue	353,888	-	-	-	353,888
Total Liabilities	604,746	15,000	228,079	28,440	876,265
Fund Balances					
Nonspendable	94,663	-	-	-	94,663
Restricted					
Special revenue - public safety	-	-	-	165,536	165,536
Special revenue - judicial operations	-	-	-	58,199	58,199
Capital projects	-	49,385	556,333	-	605,718
Unassigned	1,306,017	-	-	-	1,306,017
Total Fund Balances (Deficits)	1,400,680	49,385	556,333	223,735	2,230,133
Total Liabilities and Fund Balances	$ 2,005,426	$ 64,385	$ 784,412	$ 252,175	$ 3,106,398

See accompanying notes to the basic financial statements.

Jefferson County, Georgia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2012

Total Governmental Fund Balances		$ 2,230,133
Amounts reported for governmental activities in the statement of net assets are different because:		
Interfund receivables and payables between governmental funds are reported on the fund balance sheet but eliminated on the government-wide statement of net assets:		
Interfund receivables	$ 20,264	
Interfund payables	(20,264)	-
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. However, in the statement of net assets the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.		
Cost of capital assets	19,851,198	
Less accumulated depreciation	(6,125,136)	13,726,062
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		353,888
Liabilities, including capital leases, compensated absences and landfill post closure care costs, are not due and payable in the current period and therefore are not reported in the funds:		
Capital leases	(389,728)	
Compensated absences	(101,405)	
Landfill post-closure costs payable	(1,332,625)	(1,823,758)
Net Assets of Governmental Activities		$ 14,486,325

See accompanying notes to the basic financial statements.

Jefferson County, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

Revenues	General	SPLOST #2 Capital Projects	SPLOST #3 Capital Projects	Other Governmental Funds	Total Governmental Funds
Taxes	$ 6,972,944	$ -	$ 2,146,771	$ -	$ 9,119,715
Licenses and permits	32,787	-	-	-	32,787
Intergovernmental	324,099	63,094	99,919	146,805	633,917
Charges for services	2,271,124	-	-	239,254	2,510,378
Fines, forfeitures and fees	504,028	-	-	55,442	559,470
Investment earnings	500	90	-	311	901
Miscellaneous	187,710	-	-	11,254	198,964
Total Revenues	10,293,192	63,184	2,246,690	453,066	13,056,132
Expenditures					
Current:					
General government	1,454,253	-	-	-	1,454,253
Judicial	957,593	-	-	8,800	966,393
Public safety	3,503,687	-	-	562,456	4,066,143
Public works	2,979,481	-	-	-	2,979,481
Health and welfare	732,778	-	-	-	732,778
Culture and recreation	381,238	-	-	-	381,238
Conservation of natural resources	76,992	-	-	-	76,992
Intergovernmental	-	-	1,277,586	-	1,277,586
Capital Outlay	-	215,107	924,928	400,727	1,540,762
Debt Service:					
Principal retirement	44,278	-	98,008	6,745	149,031
Interest and fiscal charges	2,739	-	9,729	3,033	15,501
Landfill closure/monitoring	63,896	-	-	-	63,896
Total Expenditures	10,196,935	215,107	2,310,251	981,761	13,704,054
Excess (Deficiency) of Revenues Over (Under) Expenditures	96,257	(151,923)	(63,561)	(528,695)	(647,922)
Other Financing Sources (Uses)					
Inception of capital lease obligation	-	-	348,640	132,068	480,708
Transfers in (out), net	(376,113)	-	-	376,113	-
Net Change in Fund Balances	(279,856)	(151,923)	285,079	(20,514)	(167,214)
Fund Balances, Beginning of Year	1,680,536	201,308	271,254	244,249	2,397,347
Fund Balances, End of Year	$ 1,400,680	$ 49,385	$ 556,333	$ 223,735	$ 2,230,133

See accompanying notes to the basic financial statements.

Jefferson County, Georgia

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2012

Net Changes In Fund Balances - Total Governmental Funds		$ (167,214)
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 as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.		
Capital outlay	$ 1,518,918	
Depreciation expense	(669,460)	849,458
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes:		
Deferred, end of year	$ 353,888	
Deferred, beginning of year	(292,837)	61,051
Elimination of transfers between governmental funds:		
Transfers in	$ 376,113	
Transfers out	(376,113)	-
The inception of a capital lease payable is reported as an other financing source at the fund reporting level but is reported as a liability on the government-wide statement of net assets		(480,708)
Repayment of general obligation debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		149,031
Certain liabilities are reported in the statement of activities, but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences:		
Liability, end of year	$ (101,405)	
Liability, beginning of year	80,095	(21,310)
Landfill post-closure care:		
Liability, end of year	(1,332,625)	
Liability, beginning of year	1,751,650	419,025
Change In Net Assets of Governmental Activities		$ 809,333

See accompanying notes to the basic financial statements.

Jefferson County, Georgia
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Solid Waste	Total
Assets			
Current Assets:			
Cash and cash equivalents	$ 166,621	$ 27,385	$ 194,006
Accounts receivable	23,413	80,875	104,288
Total Current Assets	190,034	108,260	298,294
Noncurrent Assets:			
Restricted Assets:			
Cash and cash equivalents	-	290,953	290,953
Deferred Charges	2,652	-	2,652
Capital Assets:			
Nondepreciable, net	-	349,788	349,788
Depreciable, net	927,035	1,794,470	2,721,505
Total Noncurrent Assets	929,687	2,435,211	3,364,898
Total Assets	1,119,721	2,543,471	3,663,192
Liabilities			
Current Liabilities:			
Accounts payable	9,018	31,874	40,892
Other liabilities	2,199	-	2,199
Compensated absences	3,784	7,094	10,878
Customer deposits	22,911	-	22,911
Interfund payable	-	142,474	142,474
Revenue bonds payable	13,000	-	13,000
Total Current Liabilities	50,912	181,442	232,354
Long-Term Liabilities:			
Revenue bonds payable (net of current portion)	151,000	-	151,000
Landfill closure/post-closure care costs	-	533,079	533,079
Total Long-Term Liabilities	151,000	533,079	684,079
Total Liabilities	201,912	714,521	916,433
Net Assets			
Invested in capital assets, net of related debt	763,035	2,144,258	2,907,293
Restricted for landfill trust purposes	-	290,953	290,953
Unrestricted	154,774	(606,261)	(451,487)
Total Net Assets	$ 917,809	$ 1,828,950	$ 2,746,759

See accompanying notes to the basic financial statements.

Jefferson County, Georgia
Statement of Revenues, Expenses and
Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Solid Waste	Total
Operating Revenues			
Charges for services	$ 285,513	$ 263,172	$ 548,685
Solid waste maintenance fees	-	429,249	429,249
Miscellaneous	13,786	-	13,786
Total Operating Revenues	299,299	692,421	991,720
Operating Expenses			
Cost of water	103,087	-	103,087
Salaries	68,419	90,613	159,032
Employee benefits	26,654	32,187	58,841
Repairs	12,500	50,708	63,208
Supplies	-	41,025	41,025
Utilities	6,964	7,715	14,679
Other	33,627	209,174	242,801
Landfill closure/postclosure care costs	-	9,550	9,550
Depreciation	54,161	411,713	465,874
Amortization	295	-	295
Total Operating Expenses	305,707	852,685	1,158,392
Operating Income (Loss)	(6,408)	(160,264)	(166,672)
Non-Operating Revenues (Expenses)			
Interest and fiscal charges	(8,802)	-	(8,802)
Investment earnings	82	5,382	5,464
Total Non-Operating Revenues (Expenses)	(8,720)	5,382	(3,338)
Change in Net Assets	(15,128)	(154,882)	(170,010)
Net Assets, Beginning of Year	932,937	1,983,832	2,916,769
Net Assets, End of Year	$ 917,809	$ 1,828,950	$ 2,746,759

See accompanying notes to the basic financial statements.

Jefferson County, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Solid Waste	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash received from customers	$ 306,178	$ 670,276	$ 976,454
Cash payments to employees for services	(67,240)	(88,572)	(155,812)
Cash payments for employee benefits	(26,654)	(32,187)	(58,841)
Cash payments for goods and services	(158,757)	(433,987)	(592,744)
Net Cash Provided by (Used in) Operating Activities	53,527	115,530	169,057
Cash Flows from Capital and Related Financing Activities			
Principal paid on revenue bonds	(12,000)	-	(12,000)
Interest paid on revenue bonds	(8,802)	-	(8,802)
Payments for capital acquisitions	(37,391)	(250,254)	(287,645)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(58,193)	(250,254)	(308,447)
Cash Flows from Investing Activities			
Investment earnings	82	5,382	5,464
Net Increase (Decrease) in Cash and Cash Equivalents	(4,584)	(129,342)	(133,926)
Cash and Cash Equivalents, Beginning of Year	171,205	447,680	618,885
Cash and Cash Equivalents, End of Year	$ 166,621	$ 318,338	$ 484,959

Continued

See accompanying notes to the basic financial statements.

Jefferson County, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

(Continued)

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Solid Waste	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	$ (6,408)	$ (160,264)	$ (166,672)
Adjustments:			
Depreciation and amortization	54,456	411,713	466,169
Change in estimate of closure and post-closure care	-	9,550	9,550
(Increase) Decrease in Assets:			
Accounts receivable	4,879	(22,145)	(17,266)
Increase (Decrease) in Liabilities:			
Accounts payable	(4,699)	(267,839)	(272,538)
Other liabilities	2,120	-	2,120
Compensated absences payable	1,179	2,041	3,220
Customer deposits	2,000	-	2,000
Interfund payable	-	142,474	142,474
Net Cash Provided by (Used in) Operating Activities	$ 53,527	$ 115,530	$ 169,057

See accompanying notes to the basic financial statements.

Jefferson County, Georgia
Comparative Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2012 and 2011

	2012	2011
Assets		
Cash and cash equivalents	$ 945,176	$ 1,040,465
Liabilities		
Due to others	$ 945,176	$ 1,040,465
Total Liabilities	$ 945,176	$ 1,040,465

See accompanying notes to the basic financial statements.

Jefferson County, Georgia
Combining Statement of Net Assets
Component Units
June 30, 2012

	Jefferson County Department of Health	Development Authority of Jefferson County	Jefferson County Library System	Total
Assets				
Current:				
Cash and cash equivalents	$ 178,472	$ 1,905,011	$ 426,570	$ 2,510,053
Receivables:				
Taxes	-	20,341	-	20,341
Intergovernmental	-	89,654	-	89,654
Other	45,546	579,169	1,106	625,821
Capital Assets:				
Nondepreciable capital assets	-	2,115,589	-	2,115,589
Depreciable capital assets, net	-	3,311,482	173,314	3,484,796
Total Assets	224,018	8,021,246	600,990	8,846,254
Liabilities				
Current Liabilities:				
Accounts payable	8,673	44,108	3,427	56,208
Other liabilities	-	10,441	21,893	32,334
Compensated absences	15,817	-	-	15,817
Notes payable	-	121,673	-	121,673
Long-term Liabilities				
Compensated absences	20,048	-	10,819	30,867
Total Liabilities	44,538	176,222	36,139	256,899
Net Assets				
Invested in capital assets, net of related debt	-	5,305,398	173,314	5,478,712
Restricted	54,575	-	237,136	291,711
Unrestricted	124,905	2,539,626	154,401	2,818,932
Total Net Assets	$ 179,480	$ 7,845,024	$ 564,851	$ 8,589,355

See accompanying notes to the basic financial statements.

Jefferson County, Georgia
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2012

	Jefferson County Department of Health	Development Authority of Jefferson County	Jefferson County Library System	Total
Expenses				
Health and welfare	$ 570,449	$ -	$ -	$ 570,449
Culture and recreation	-	-	401,352	401,352
Economic development	-	876,681	-	876,681
Interest	-	3,480	-	3,480
Total Expenses	570,449	880,161	401,352	1,851,962
Revenues				
Program revenues:				
Charges for services	252,784	205,007	22,345	480,136
Operating grants and contributions	363,416	-	340,770	704,186
Capital grants and contributions	-	464,393	-	464,393
Total Program Revenues	616,200	669,400	363,115	1,648,715
Net Program (Expense)	45,751	(210,761)	(38,237)	(203,247)
General Revenues				
Property taxes	-	323,864	-	323,864
Other taxes	-	449	-	449
Investment earnings	144	565	2,932	3,641
Miscellaneous	-	-	1,008	1,008
Total General Revenues	144	324,878	3,940	328,962
Change in Net Assets	45,895	114,117	(34,297)	125,715
Net Assets, Beginning of Year	133,585	7,730,907	599,148	8,463,640
Net Assets, End of Year	$ 179,480	$ 7,845,024	$ 564,851	$ 8,589,355

See accompanying notes to the basic financial statements.

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Jefferson County, Georgia (the County) is a political subdivision of the State of Georgia. The County is governed by a five member elected board of county commissioners which is governed by state statutes and regulations. There are certain elected officials whose operations are wholly included within the financial records and financial statements of the County. These elected officials include the Sheriff, Tax Commissioner, Probate Court Judge, Magistrate Court Judge and Clerk of Superior Court. The cost of operations of the Superior Court Judges and the District Attorney, which are elected court functions, is shared with the State of Georgia. Only that portion of the cost for which the County is responsible is reported in the County's financial statements.

Note 1 - Summary of Significant Accounting Policies

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The County also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise funds at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements.

The most significant of the County's accounting policies are described below.

1-A. Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards and agencies that are not legally separate from the County. For the County, this entity includes the various constitutional officers including the Clerk of Court, the Sheriff, the Probate Court, the Tax Commissioner and the Magistrate Court.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organizations; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the County in that the County approves the budget, levies their taxes or issues their debt.

The component unit column included on the government-wide financial statements identifies the financial data of the County's discretely presented component units. They are reported separately to emphasize that they are legally separate from the County.

Brief descriptions of the discretely presented component units follow:

Jefferson County Department of Health (the Health Department) – The Health Department works to promote and preserve the health of the citizens of the County. The Health Department board consists of seven members, four of these members are appointed by the county commission. Although the County does not have the authority to approve or modify the Department of Health's budgets, it does have the ability to control the amount of funding it provides to the Health Department and such funding is significant to the overall operations of the Department of Health. Complete financial statements for the Health Department may be obtained from its administrative office.

The Development Authority of Jefferson County (the Development Authority) – The Development Authority is responsible for encouraging economic development within the County. The county commission appoints a majority of the members of the authority board. Complete financial statements may be obtained from its administrative office.

Jefferson County Library System (the Library) – The Library operates to provide public library services with costs shared by participating local government agencies and grants from the State of Georgia. The county commission appoints a majority of the members of the governing board. Complete financial statements may be obtained from its administrative office.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-B. Basis of Presentation

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

Government-wide Financial Statements - The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the County as a whole. All funds other than fiduciary activities are included at the government-wide reporting level. The primary government and the component units are presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and the County's general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of net assets presents the financial position of the governmental and business-type activities of the County and it's discretely presented component units at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and for each identifiable activity of the business-type activities of the County. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The County does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the County's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted.*

Other revenue sources not properly included with program revenues are reported as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the County.

Fund Financial Statements - During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. Fund financial statements are provided for government and proprietary funds.

Major individual governmental and business-type activities are reported in separate columns.

Fund Accounting - The County uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The County uses three categories of funds: governmental, proprietary and fiduciary.

> ***Governmental Funds*** - Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The County reports the difference between governmental fund assets and liabilities as fund balance. The following are the County's major governmental funds:

Note 1 - Summary of Significant Accounting Policies (Continued)

The General Fund – The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Georgia.

The SPLOST #2 Capital Projects Fund – This fund is used to account for the acquisition or construction of capital projects authorized and funded by the 2006 special local option sales tax.

The SPLOST #3 Capital Projects Fund – This fund is used to account for the acquisition or construction of capital projects and intergovernmental expenditures authorized and funded by the 2011 special local option sales tax.

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. The proprietary funds are classified as major enterprise funds as follows:

The Water and Sewer Fund – This fund is used to account for the County's water and sewer system.

The Solid Waste Fund – This fund is used to account for the County's solid waste program.

Fiduciary Funds – Fiduciary fund reporting focuses on changes in assets and liabilities. The County's fiduciary funds are agency funds.

1-C. Measurement Focus

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

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net assets. The statements of revenues, expenses and changes in fund net assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

1-D. Basis of Accounting

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

Revenues – Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected

Note 1 - Summary of Significant Accounting Policies (Continued)

soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, the phrase "available for exchange transactions" means expected to be received within 60 days of year-end.

Revenues - Non-exchange Transactions - Non-exchange transactions in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (Note 3-C) Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

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

Deferred/Unearned Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

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

Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as deferred revenue.

On the government-wide statement of net assets, deferred revenue is reclassified as "unearned revenue."

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

1-E. Assets, Liabilities and Fund Equity

1-E-1 Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County.

Investments are stated at fair value based on quoted market prices.

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

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the United States Government or Government agency
- Obligations of any corporation of the United States Government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-2 Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable. Uncollected and unbilled water/sewer charges and landfill user charges are accrued as receivables and revenue at June 30, 2012.

1-E-3 Interfund Balances

On the fund financial statements, receivables and payables resulting from short term interfund loans are classified as "interfund receivables/interfund payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

1-E-4 Consumable Inventories

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e., the consumption method).

On the fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first in, first out basis. The cost of inventory items is recorded as expenditure in the governmental fund types when consumed. Inventories of the proprietary funds are expensed when consumed.

1-E-5 Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2012, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reserved as this amount is not available for general appropriation.

1-E-6 Restricted Assets

As of June 30, 2012, the County, in accordance with state and federal guidelines, held $ 290,953 in a trust to finance estimated landfill closure and post-closure care costs.

1-E-7 Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The County reports these assets in the governmental activities column of the government-wide statement of net assets but does not report these assets in the Government fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net assets and in the enterprise funds' statement of net assets.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of five thousand dollars. The County's infrastructure consists of roads and bridges. Currently, the County is reporting its infrastructure prospectively beginning with fiscal year 2004. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by the enterprise fund is capitalized.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Note 1 - Summary of Significant Accounting Policies (Continued)

	Estimated Lives	
Asset Class	Governmental Activities	Business-type Activities
Buildings	20-40 Years	40 Years
Fixed equipment	5-20 Years	---
Vehicles	5 Years	---
Mobile equipment	15-20 Years	---
Roads and infrastructure	40-50 Years	---
Equipment	---	5-25 Years
Site improvements	---	19-76 Years
Water/sewer system components	---	5-50 Years

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

1-E-8 Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the County's past experience of making termination payments.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only "*when due.*"

1-E-9 Accrued Liabilities and Long-term Obligations

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

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

1-E-10 Bond Premiums, Discounts and Issuance Costs

On the government-wide statement of net assets and the proprietary fund type statement of net assets, bond premiums and discounts are netted against bonds payable and bond issuance costs are reported as deferred charges. On the government-wide and proprietary fund type statement of activities, bond premiums and discounts and bond issuance costs are deferred and amortized over the life of the bonds using the effective interest method.

At governmental fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as expenditure.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-11 Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net assets."

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

- ***Non-spendable*** – Fund balances are reported as non-spendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the County commission through the adoption of a resolution. The County also may modify or rescind the commitment.
- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. By policy, the County has authorized the County administrator to assign fund balances.
- ***Unassigned*** - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all other funds.

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

- Committed
- Assigned
- Unassigned

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net asset amount also is adjusted by any bond issuance deferral amounts. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are reported as unrestricted. The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

1-E-12 Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for water and sewer and solid waste. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of each fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-13 Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

1-E-14 Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business type activities column are eliminated.

1-E-15 Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

1-E-16 Comparative Data

Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been restated and reclassified to be consistent with the current year's presentation.

Note 2 – Stewardship, Compliance and Accountability

2-A. Budgetary Information

The County adopts an annual operating budget for the general fund and each special revenue fund. A project budget is adopted for each capital projects fund. The budget resolution reflects the total of each department's appropriation in each fund.

The general fund, special revenue and debt service fund budgets are adopted on a basis consistent with GAAP. Budgets for capital projects funds are adopted on a basis consistent with GAAP except the budget period is a project period rather than an annual period.

Total appropriations for any fund may be increased if, during the year, sources of revenue become available to the County in excess of original anticipations, and these amounts are anticipated by the Finance Committee and subsequently appropriated by the Board of Commissioners. The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. Any change in total to a fund or departmental appropriation within a fund requires approval of the County Commissioners.

Note 3 – Detailed Notes on All Funds

Department directors may approve budget transfers within departments, with certain exceptions. During the year, the Board of Commissioners approved budget revisions. All unexpended annual appropriations lapse at year-end.

The following functions overspent the final 2012 budget:

General Fund:		
Debt service –landfill post-closure costs	$	2,734

3-A. Deposits and Investments

Custodial Credit Risk - Deposits – Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be recovered. State statutes require all deposits and investments to be collateralized by depository insurance, obligations of the U. S. government, or bonds of public authorities, counties or municipalities. The County's custodial credit risk policy requires all deposits in excess of Federal Deposit Insurance be collateralized by securities equal to at least 110% of the excess deposits.

At June 30, 2012, the carrying amount of County's deposits totaled $ 3,300,396 and the bank balances of these deposits were $ 3,452,990. The County's bank balances were exposed to custodial credit risk as follows: $ 2,082,243 was uninsured and collateralized with securities held by the pledging financial institution, by its trust department or agent, but not in the County's name.

Cash & Investment Reconciliation:

	Cash and Cash Equivalents
Fund Reporting Level:	
Governmental Funds - Balance Sheet	$ 1,870,261
Proprietary Fund Type Statement of Net Assets	194,006
Proprietary Fund Type Statement of Net Assets - Restricted Assets	290,953
Statement of Fiduciary Assets and Liablilities	945,176
Total	$ 3,300,396

At June 30, 2012, the County's component units' carrying amount of the deposits totaled $ 2,510,053 and the bank balances of these deposits were $ 2,562,551. The component units' bank balances were exposed to custodial credit risk as follows: $ 248,322 was uninsured and collateralized with securities held by the financial institution, by its trust department or agency, but not in the component unit's name.

3-B. Receivables

Receivables at June 30, 2012, consisted of taxes, interest, accounts (billings for user charges, including unbilled utility receivables), and intergovernmental receivables arising from grants.

Receivables and payables are recorded on the County's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

3-C. Property Taxes

County property taxes are based on assessments of property values on January 1, 2011, assessed by the County Tax Assessors' office. The digest is prepared by the assessor's office and verified by the Georgia Department of Revenue. The Board of Commissioners set the property tax millage rate in July 2011. Property tax bills were mailed on October 1, 2011 and were due by December 20, 2011. Property taxes attach as an enforceable lien on property as of January 1. The County bills and collects its own property taxes and also collects property taxes for the County Board of Education and the State of Georgia. Any taxes not paid by due date are considered delinquent and are subject to a 10% penalty and an interest charge. If taxes remain delinquent by May of the following year, a fifa is issued against the property, and the county can advertise and sell the property at a tax sale.

Note 3 - Detailed Notes on All Funds (Continued)

3-D. Capital Assets

Capital asset activity for the year ended June 30, 2012, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
GOVERNMENTAL ACTIVITIES:				
Nondepreciable capital assets:				
Land	$ 935,851	$ 102,589	$ -	$ 1,038,440
Total capital assets not being depreciated	935,851	102,589	-	1,038,440
Depreciable capital assets:				
Buildings	12,158,885	97,907	-	12,256,792
Fixed equipment	807,206	842,496	-	1,649,702
Vehicles	1,919,387	138,843	86,188	1,972,042
Roads and infrastructure	795,578	254,478	-	1,050,056
Mobile equipment	1,801,561	82,605	-	1,884,166
Total depreciable capital assets	17,482,617	1,416,329	86,188	18,812,758
Total capital assets	18,418,468	1,518,918	86,188	19,851,198
Accumulated depreciation:				
Buildings	3,116,893	318,689	-	3,435,582
Fixed equipment	461,301	73,093	-	534,394
Vehicles	827,437	171,772	86,188	913,021
Roads	115,384	29,064	-	144,448
Mobile equipment	1,020,849	76,842	-	1,097,691
Total accumulated depreciation	5,541,864	669,460	86,188	6,125,136
Governmental activitivties capital assets, net	$ 12,876,604	$ 849,458	$ -	$ 13,726,062

Governmental activities depreciation expense:

General government	$ 62,040
Public safety	351,382
Public works	144,202
Health and welfare	52,825
Culture and recreation	53,311
Conservation of natural resources	5,700
Total governmental activities depreciation expense	$ 669,460

(Continued on the next page)

Note 3 - Detailed Notes on All Funds (Continued)

	Beginning Balance, Restated	Additions	Deductions	Ending Balance
BUSINESS-TYPE ACTIVITIES:				
Non-depreciable capital assets:				
Land	$ 349,788	$ -	$ -	$ 349,788
Total non-depreciable capital assets	349,788	-	-	349,788
Depreciable capital assets:				
Land improvements	2,544,163	250,254	-	2,794,417
Buildings and improvements	618,209	-	-	618,209
Water and sewer system	2,074,275	37,391	-	2,111,666
Machinery and equipment	2,080,514	-	-	2,080,514
Total depreciable capital assets	7,317,161	287,645	-	7,604,806
Total capital assets	7,666,949	287,645	-	7,954,594
Accumulated depreciation:				
Land improvements	1,542,549	310,375	-	1,852,924
Buildings and improvements	192,987	15,455	-	208,442
Water and sewer system	1,145,637	48,492	-	1,194,129
Machinery and equipment	1,536,254	91,552	-	1,627,806
Total accumulated depreciation	4,417,427	465,874	-	4,883,301
Business-type activities capital assets, net	$ 3,249,522	$ (178,229)	$ -	$ 3,071,293

(Continued on the next page)

Note 3 - Detailed Notes on All Funds (Continued)

	Beginning Balance, Restated	Additions	Deductions	Ending Balance
COMPONENT UNITS:				
Non-depreciable capital assets:				
Land	$ 2,768,434	$ 64,553	$ 717,398	$ 2,115,589
Construction in progress	523,156	-	523,156	-
Total non-depreciable capital assets	3,291,590	64,553	1,240,554	2,115,589
Buildings and improvements	3,020,131	786,857	-	3,806,988
Library collections	639,354	17,538	7,292	649,600
Equipment and vehicles	166,519	-	-	166,519
Total depreciable capital assets	3,826,004	804,395	7,292	4,623,107
Total capital assets	7,117,594	868,948	1,247,846	6,738,696
Accumulated depreciation:				
Buildings and improvements	436,177	74,475	-	510,652
Library collections	441,658	41,920	7,292	476,286
Equipment and vehicles	141,880	9,493	-	151,373
Total accumulated depreciation	1,019,715	125,888	7,292	1,138,311
Component unit capital assets, net	$ 6,097,879	$ 743,060	$ 1,240,554	$ 5,600,385

(Continued on the next page)

Note 3 - Detailed Notes on All Funds (Continued)

3-E. Interfund Balances and Transfers

Interfund balances and transfers for the year ended June 30, 2012, consisted of the following:

Inferfund Balances

	Due from:			
Due to:	SPLOST #2 Capital Projects	Non-Major Governmental Fund	Solid Waste Fund	Total
General Fund	$ 15,000	$ 5,264	$ 142,474	$ 162,738
	$ 15,000	$ 5,264	$ 142,474	$ 162,738

Interfund Transfers

	Transfers From:		
Transfer to:	General Fund	Non-Major Governmental Fund	Total
General Fund	$ -	$ 44,000	$ 44,000
Non-Major Governmental Fund	420,113	-	420,113
	$ 420,113	$ 44,000	$ 464,113

The transfer from the general fund to E-911 fund (non-major governmental fund) is necessary because the costs associated with the fund are more than the operating revenues of the fund. Transfer from jail improvement fund to the general fund is to help offset costs associated with jail operations.

3-F. Compensated Absences

The following is a breakdown of compensated absences by department for the year ended June 30, 2012:

General administration	$ 15,798
Court system	3,442
Public safety	49,786
Public works	23,720
Health and welfare	7,167
Culture and recreation	1,492
TOTAL	$ 101,405

Note 3 - Detailed Notes on All Funds (Continued)

3-G. Landfill Closure and Post-closure Care Costs

The County operates a landfill, which opened in January 2000. State and federal laws and regulations require the County to place a final cover on its County Road 138 landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on capacity used as of each balance sheet date. The $ 533,079 reported as landfill closure and post-closure care liability at June 30, 2012, represents the cumulative amount reported to date based on the percentage used (22%) of the estimated total capacity of the landfill. The County will recognize the remaining estimated cost of closure and post-closure care of approximately $ 2 million as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2012. The landfill's remaining estimated useful life is 49 years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and post-closure care. The County is in compliance with these requirements, and at June 30, 2012, investments of $ 290,953 ($ 290,953 market value) are held for these purposes. These are reported as restricted assets on the balance sheet. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations), these costs may need to be covered by charges to future landfill users or from tax revenue.

3-H. Long-term Debt

Governmental Activities Capital Leases - The County has entered into lease agreements as lessee for financing the acquisition of various pieces of equipment and vehicles. The lease agreements meet the criteria of capital leases since they transfer benefits and risks of ownership to the lessee at the end of the lease term. The leases have been recorded at the present value of the future minimum lease payments as of the date of their inceptions. The equipment acquired by the leases outstanding at year end is included in governmental activities general capital assets in the amount of $ 474,534 (cost of $510,477 less accumulated depreciation of $ 35,943). The outstanding balance of the corresponding liabilities is included in governmental activities general long-term debt. Future minimum lease payments are as follows:

Fiscal Year	Governmental Activities
2013	$ 161,897
2014	161,897
2015	40,941
2016	29,335
2017	19,557
Total minimum lease payments	413,627
Less amount representing interest	(23,899)
Present value of future minimum lease payments	$ 389,728

Landfill Closure and Post-closure Care Costs – Also included in general long-term debt are the estimated costs of post-closure care of the County's Avera Road landfill, as required by the Governmental Accounting Standards Board's Statement # 18, "Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs." State and federal laws and regulations require the County to place a final cover on the landfill when they stop accepting waste, and to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. Recognition of a liability for landfill closure and post-closure care costs is based upon the capacity used to date of the County's landfill.

Note 3 - Detailed Notes on All Funds (Continued)

During the fiscal year ended June 30, 2000, the County ceased accepting trash at the Avera Road landfill. After delays in the closure process, the County's Avera Road landfill was officially closed in December 2004. The County has recognized 100% of the estimated closure and post-closure care costs. The estimated liability recognized in the financial statements for landfill closure and post-closure care costs ($ 1,332,625) is 100% of the expected costs. The estimates of post-closure care activities will be revised on an annual basis, with the total estimated liability reduced as these costs are incurred. The estimated costs are the engineers' best estimate of future costs and could increase or decrease due to changes in inflation or deflation, technology or applicable laws and regulations.

Business-type Activities Revenue Bonds – In 1983, the County issued $ 359,000 of water and sewerage revenue bonds, Series 1983-A at an interest rate of 5% with annual principal and interest maturity installments due June 30. Proceeds from this issuance were utilized in the extension of the water/sewer system. Annual debt service requirements to amortize the revenue bonds outstanding, as of June 30, 2012, follow:

Fiscal Year	Principal	Interest	Total
2013	$ 13,000	$ 8,200	$ 21,200
2014	14,000	7,550	21,550
2015	15,000	6,850	21,850
2016	15,000	6,100	21,100
2017	16,000	5,350	21,350
2018-2022	91,000	14,050	105,050
Total	$ 164,000	$ 48,100	$ 212,100

COMPONENT UNITS

Development Authority – Notes Payable - At June 30, 2012, the Development Authority's long-term debt consisted of a note payable as follows:

Note payable to First State Bank, Wrens, Georgia, having a principal balance of $ 121,673. The note has a variable interest rate tied to the prime rate. The note is a single maturity due September 2012. The debt is secured by real estate.

Annual debt service requirements to amortize the notes payable outstanding, as of June 30, 2012, follow:

Fiscal Year	Principal	Interest	Total
2013	$ 121,673	$ 1,977	$ 123,650
Total	$ 121,673	$ 1,977	$ 123,650

(Continued on the next page)

Note 3 - Detailed Notes on All Funds (Continued)

Changes in Long-term Debt - Changes in the County's long-term obligations consisted of the following for the year ended June 30, 2012:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due in One Year
Capital leases	$ 58,051	$ 480,708	$ 149,031	$ 389,728	$ 148,765
Landfill post-closure care costs	1,751,650	-	419,025	1,332,625	60,574
Compensated absences	80,095	103,611	82,301	101,405	101,405
Total Governmental Activities	$ 1,889,796	$ 584,319	$ 650,357	$ 1,823,758	$ 310,744
Business-Type Activities					
Water revenue bonds	$ 176,000	$ -	$ 12,000	$ 164,000	$ 13,000
Landfill post-closure care costs	523,529	9,550	-	533,079	-
Total Business-Type Activities	$ 699,529	$ 9,550	$ 12,000	$ 697,079	$ 13,000
Component Units:					
Notes payable	$ 121,673	$ -	$ -	$ 121,673	$ 121,673
Compensated absences	59,163	36,483	48,962	46,684	15,817
Total Component Units	$ 180,836	$ 36,483	$ 48,962	$ 168,357	$ 137,490

All long-term obligations of the County's governmental funds will be financed through future general fund expendable available financial sources as they become due. Principal and interest payments related to the County's water enterprise fund are financed from income derived from the operation of the water system.

The compensated absences liability will be paid from the fund from which the employees' salaries are paid. The employees' salaries are paid through the general fund except the enterprise funds. The governmental activities capital lease obligations will be paid from the general fund and the business-type activities capital lease will be paid from the solid waste fund. The landfill post-closure care costs will be paid from the general fund.

(Continued on the next page)

Note 3 - Detailed Notes on All Funds (Continued)

3-I. Pension

The County has a defined contribution retirement plan whereby all full-time county employees meeting eligibility requirements are eligible to participate in the plan. The plan, administered by the GEB Corp., is open to all full-time employees with more than six months of service, exclusive of elected officials who are eligible for state provided retirement benefits. The county contributes 3.0% of their salary to a 401A plan annually. Employees are 100% vested in the county contribution after three years of service. Employees do not contribute to the 401A Plan. In conjunction with resolution establishing the 401A plan, the County adopted a 457 Deferred Compensation Plan. Under this plan, employees are eligible to receive up to an additional 2% contribution to the 401A if they participate in the 457 Deferred Compensation Plan. The current year covered payroll was approximately $ 3,686,245 and the total current payroll is $ 4,488,338. The County's required and actual contribution for fiscal year ended June 30, 2012, for 401A was $ 155,052 which was 4.2% of covered payroll.

3-J. Net Assets

Net assets on the government-wide statement of net assets as of June 30, 2012, are as follows:

Investments in capital assets, net of related debt:	Governmental Activities	Business Type Activities	Component Units
Cost of capital assets	$ 19,851,198	$ 7,954,594	$ 6,738,696
Less accumulated depreciation	(6,125,136)	(4,883,301)	(1,138,311)
Book value	13,726,062	3,071,293	5,600,385
Less capital related debt	(389,728)	(164,000)	(121,673)
Investments in capital assets, net of related debt	$ 13,336,334	$ 2,907,293	$ 5,478,712

3-K. Fund Equity

Fund Balances:

Nonspendable – The following fund balances are nonspendable because they are allocated to:

General Fund:	
Inventory	$ 26,456
Prepaid items	68,207
	$ 94,663

Restricted – The following fund balances are restricted for:

Special Revenue Funds:	
Federal Sharing Fund – used to account for drug related expenditures earned in conjunction with federal authorities	$ 18,033
E-911 Fund – used to account for operations of the E-911 center	17,724
Jail Fund – used to account for operations of the County jail	19,384
Condemned Funds Fund – used to account for drug related Expenditures	10,286

Note 3 - Detailed Notes on All Funds (Continued)

Special Revenue Funds (Continued):	
Drug Abuse T&E Fund – used to account for surcharges on drug related fines to be spent on drug abuse treatment and education expenditures	$ 100,109
Law Library Fund – used to account for operations of the County law library	58,199
	$ 223,735
Capital Projects Funds:	
SPLOST #2 – to account for capital projects financed with this SPLOST	$ 49,385
SPLOST #3 – to account for capital projects financed with this SPLOST	556,333
	$ 605,718

Note 4 - Other Notes

4-A. Risk Management

The County is exposed to potential risk of loss in the areas of: theft, damage or destruction of County assets; errors and omission; natural disasters; and injuries to employees. Significant losses in these areas are covered by commercial insurance with the exception of workers' compensation. There have been no significant reductions in the amount of insurance coverage in the past year in any major category of risk. There have been no insurance settlements that exceeded coverage during the past three years.

Insurance Risk - The County has its property and liability insurance with the ACCG-Inter-local Risk Management Agency, a self-insurance pool and a risk financing mechanism, whereby the members join together to provide a source of coverage for their property, automobiles, general liability, law enforcement liability, public officials liability, crime, and boiler and machinery exposures. The Fund is owned by its members and is managed by a seven-member board of trustees who are representatives from participating counties. The Fund is operated under the authority of OCGA 36-85-20 et seq. The ACCG-IRMA estimates the anticipated losses for its members and self-funds a portion of that exposure. The funds which are allocated for the anticipated losses are deposited and invested until such time that they are needed to pay claims. The ACCG-IRMA purchases appropriate reinsurance coverage to provide for catastrophic losses or for an unanticipated increase in frequency of smaller claims.

The County is a member of the Association County Commissioners of Georgia Group Self-Insurance Workers' Compensation Fund, a risk sharing public entity risk pool currently operating as a common risk management and insurance program for member local governments. This fund was created to provide its members with an alternative method in which to finance their workers' compensation coverage. The County pays an annual premium to the fund for its workers' compensation coverage. The fund purchases excess insurance to protect the fund from catastrophic losses and for any unexpected increase in frequency of smaller claims.

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 agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

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

Note 4 - Other Notes (Continued)

4-B. Contingent Liabilities

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the County believes such disallowances, if any, will be immaterial.

The County was a defendant in several lawsuits at June 30, 2012. In the opinion of County management, the outcome of these contingencies will not have a material effect on the financial position of the County.

The County and the City of Wrens, Georgia, jointly purchased land for the purpose of opening and operating a public landfill. The City of Wrens was in charge of operating the landfill and the County had use of the facility for disposing waste. This landfill was closed in 1997. The City of Wrens has agreed to be responsible for all post-closure care costs. Because of its past association with this facility, there is potential for the County to have some liability for these post-closure costs.

4-C. Commitments

The County has an agreement with the Hospital Authority of Jefferson County and the City of Louisville to supplement the Hospital Authority's revenues, if necessary, for the redemption of debt associated with the purchase of Jefferson Hospital. Payments made to the Hospital Authority totaled $150,000 for the year ended June 30, 2012. This payment is made to the Hospital Authority in lieu of payments to the Hospital Authority for medical care of the County's indigent residents.

4-D. Joint Ventures

Under Georgia law, the County, in conjunction with other cities and counties in the fourteen county east central Georgia area, is a member of the Central Savannah River Area Regional Commission (RC) and is required to pay annual dues thereto. 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 of 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. Separate financial statements of the CSRA RC may be obtained from:

Central Savannah River Area Regional Commission
3023 Riverwatch Parkway, Suite A
Augusta, Georgia 30907

4-E. Compliance with O.M.B. Circular A-133

The County is not subject to the requirements of O.M.B. Circular A-133 for the year ended June 30, 2012.

Jefferson County, Georgia
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Taxes	$ 7,170,217	$ 7,170,217	$ 6,972,944	$ (197,273)
Licenses and permits	35,325	35,325	32,787	(2,538)
Intergovernmental	283,289	283,289	324,099	40,810
Charges for services	2,136,290	2,255,821	2,271,124	15,303
Fines, forfeitures and fees	574,760	590,500	504,028	(86,472)
Investment earnings	5,800	5,800	500	(5,300)
Miscellaneous	216,998	271,247	187,710	(83,537)
Total Revenues	10,422,679	10,612,199	10,293,192	(319,007)
Expenditures				
Current:				
General government	1,647,249	1,575,921	1,454,253	121,668
Judicial	972,605	966,072	957,593	8,479
Public safety	3,327,207	3,508,746	3,503,687	5,059
Public works	2,988,570	3,008,066	2,979,481	28,585
Health and welfare	709,996	749,437	732,778	16,659
Culture and recreation	396,358	397,173	381,238	15,935
Conservation of natural resources	75,551	77,491	76,992	499
Debt Service:				
Principal retirement	45,090	44,278	44,278	-
Interest and fiscal charges	1,928	2,740	2,739	1
Landfill closure/monitoring	37,012	61,162	63,896	(2,734)
Total Expenditures	10,201,566	10,391,086	10,196,935	194,151
Excess (Deficiency) of Revenues Over (Under) Expenditures	221,113	221,113	96,257	(124,856)
Other Financing Sources (Uses)				
Transfers in	44,000	44,000	44,000	-
Transfers out	(265,113)	(420,113)	(420,113)	-
Total Other Financing Sources (Uses)	(221,113)	(376,113)	(376,113)	-
Net Change in Fund Balances	$ -	$ (155,000)	(279,856)	$ (124,856)
Fund Balances, Beginning of Year			1,680,536	
Fund Balances, End of Year			$ 1,400,680	

Note 1 - Budgetary Information

The budget for the general fund is adopted on a basis that is consistent with accounting principles generally accepted in the United States as applied to governments.

The following functions overspent the final 2012 annual budget:

General Fund:		
Debt service - landfill postclosure costs	$	2,734

Jefferson County, Georgia
General Fund
Comparative Balance Sheet
June 30, 2012 and 2011

	2012	2011
Assets		
Cash and cash equivalents	$ 1,070,610	$ 1,498,564
Prepaid items	68,207	58,427
Receivables:		
Property taxes	404,209	341,936
Intergovernmental	273,206	317,403
Interfund	162,738	-
Inventory	26,456	26,456
Total Assets	$ 2,005,426	$ 2,242,786
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 178,720	$ 225,082
Accrued expenses	66,622	44,331
Other liabilities	5,516	-
Deferred revenue	353,888	292,837
Total Liabilities	604,746	562,250
Fund Balances		
Nonspendable		
Inventory	26,456	26,456
Prepaid items	68,207	58,427
Unassigned	1,306,017	1,595,653
Total Fund Balances	1,400,680	1,680,536
Total Liabilities and Fund Balances	$ 2,005,426	$ 2,242,786

Jefferson County, Georgia
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

	2012				
	Original Budget	Final Budget	Actual	Variance Over (Under)	2011 Actual
REVENUES					
Taxes					
General property tax	$ 4,625,757	$ 4,625,757	$ 4,572,475	$ (53,282)	$ 4,640,471
Vehicle property tax	450,000	450,000	447,930	(2,070)	437,461
Mobile home property tax	98,000	98,000	89,783	(8,217)	76,072
Railroad equipment tax	23,763	23,763	25,246	1,483	23,763
Timber tax	55,000	55,000	47,966	(7,034)	54,257
Transfer & recording intangible taxes	29,000	29,000	24,660	(4,340)	27,027
Insurance premium tax	460,000	460,000	385,600	(74,400)	443,429
Local option sales tax	1,193,164	1,193,164	1,158,613	(34,551)	1,137,362
Bank licenses and taxes	54,000	54,000	53,675	(325)	52,361
Franchise taxes	15,500	15,500	14,233	(1,267)	13,355
Alcoholic beverage licenses/taxes	30,677	30,677	31,822	1,145	30,676
Penalties & interest/costs	135,356	135,356	120,941	(14,415)	130,669
Total Taxes	7,170,217	7,170,217	6,972,944	(197,273)	7,066,903
Licenses and Permits	35,325	35,325	32,787	(2,538)	35,392
Intergovernmental					
Federal grant funds	-	-	53,391	53,391	1,612
Federal P.I.L.O.T.	-	-	1,675	1,675	-
Rec. dept. supplement - Louisville	6,100	6,100	6,100	-	4,575
Nutrition Program	40,050	40,050	24,054	(15,996)	34,610
DOT transit program revenues/reciepts	224,639	224,639	226,176	1,537	226,462
State grant funds	12,500	12,500	12,703	203	8,429
Juvenile Offenders Program	-	-	-	-	5,205
Total Intergovernmental	283,289	283,289	324,099	40,810	280,893
Charges for Services					
Judicial surcharges	-	-	2,850	2,850	-
Commissions on tax collections	167,000	167,000	166,069	(931)	165,801
Correction Inst.-inmate cost rebate	1,339,690	1,415,161	1,412,170	(2,991)	1,398,220
Jail subsidies	514,000	558,060	604,538	46,478	490,391
Department of Corrections:					
Correctional officer contract	82,500	82,500	53,509	(28,991)	55,752
Recreation fees and sponsorships	33,100	33,100	31,988	(1,112)	32,788
Total Charges for Services	2,136,290	2,255,821	2,271,124	15,303	2,142,952

Continued

Jefferson County, Georgia
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

Continued

	2012				
	Original Budget	Final Budget	Actual	Variance Over (Under)	2011 Actual
REVENUES					
Fines, Forfeitures and Fees					
State and superior courts	$ 257,300	$ 273,040	$ 239,460	$ (33,580)	$ 218,542
Sheriff's fees	177,003	177,003	129,178	(47,825)	129,832
Magistrate court	114,200	114,200	97,523	(16,677)	98,349
Probate court	26,257	26,257	37,867	11,610	26,088
Total Fines, Forfeitures and Fees	574,760	590,500	504,028	(86,472)	472,811
Investment Earnings	5,800	5,800	500	(5,300)	7,751
Miscellaneous					
Nutrition program revenues	5,000	5,000	3,722	(1,278)	3,893
Shop revenue	25,000	25,000	17,723	(7,277)	24,990
Sale of surplus property	64,500	64,500	24,869	(39,631)	55,707
Other	122,498	176,747	141,396	(35,351)	110,236
Total Miscellaneous	216,998	271,247	187,710	(83,537)	194,826
TOTAL REVENUES	$ 10,422,679	$ 10,612,199	$ 10,293,192	$ (319,007)	$ 10,201,528

Jefferson County, Georgia
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

	2012				
	Original Budget	Final Budget	Actual	Variance Over (Under)	2011 Actual
EXPENDITURES					
General Government					
Board of commissioners	$ 104,217	$ 105,317	$ 105,084	$ 233	$ 103,914
Administration and accounting	693,663	579,960	471,219	108,741	501,617
Tax commissioner	240,865	243,065	241,963	1,102	238,617
Tax assessor	391,795	374,795	371,436	3,359	342,954
County buildings	134,422	148,422	142,381	6,041	149,204
CDBG project	-	5,601	5,601	-	14,921
Elections and registrar	67,068	104,418	102,227	2,191	97,177
Community service	15,219	14,343	14,342	1	13,577
Total General Government	1,647,249	1,575,921	1,454,253	121,668	1,461,981
Judicial					
State and superior courts	661,854	657,020	650,479	6,541	636,116
Magistrate court	206,326	205,441	204,144	1,297	205,660
Probate court	104,425	103,611	102,970	641	105,483
Total Judicial	972,605	966,072	957,593	8,479	947,259
Public Safety					
Sheriff	1,176,500	1,317,048	1,309,361	7,687	1,172,479
County jail	1,331,422	1,355,422	1,348,830	6,592	1,387,212
Civil division	135,866	138,066	145,519	(7,453)	151,920
Ambulance services	475,912	476,518	474,250	2,268	464,239
County fire departments	34,022	46,215	45,488	727	50,266
Fire - intergovernmental	70,500	70,500	78,516	(8,016)	70,500
Emergency management	38,102	33,894	33,343	551	21,907
Code enforcement	31,296	32,496	31,549	947	37,565
Animal control	350	650	525	125	403
Coroner	33,237	37,937	36,306	1,631	35,249
Total Public Safety	3,327,207	3,508,746	3,503,687	5,059	3,391,740
Public Works					
Correction institute	1,849,428	1,890,677	1,878,452	12,225	2,029,085
Roads department	868,796	896,637	886,430	10,207	1,014,643
Shop	212,536	164,442	159,399	5,043	237,271
Building inspection	57,810	56,310	55,200	1,110	69,087
Total Public Works	2,988,570	3,008,066	2,979,481	28,585	3,350,086

Continued

Jefferson County, Georgia
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

Continued

	2012				
	Original Budget	Final Budget	Actual	Variance Over (Under)	2011 Actual
EXPENDITURES					
Health and Welfare					
Hospital authority	$ 150,000	$ 150,000	$ 150,000	$ -	$ 150,000
Health department	152,816	166,816	153,286	13,530	163,006
Transportation program	288,051	311,907	310,774	1,133	307,559
Nutrition program	111,398	110,883	109,359	1,524	107,297
Family connection	5,052	7,052	7,073	(21)	5,929
Other programs	2,679	2,779	2,286	493	1,999
Total Health and Welfare	709,996	749,437	732,778	16,659	735,790
Culture and Recreation					
Recreation department	213,717	202,032	198,597	3,435	199,014
Recreation - intergovernmental	25,000	37,500	25,000	12,500	25,000
Library	157,641	157,641	157,641	-	161,553
Total Culture and Recreation	396,358	397,173	381,238	15,935	385,567
Conservation of Natural Resources					
Agriculture resources	51,675	53,615	53,116	499	57,656
Forestry resources	23,876	23,876	23,876	-	23,876
Total Conservation of Natural Resources	75,551	77,491	76,992	499	81,532
Debt Service					
Principal	45,090	44,278	44,278	-	68,244
Interest	1,928	2,740	2,739	1	6,961
Landfill post-closure/monitoring	37,012	61,162	63,896	(2,734)	75,046
Total Debt Service	84,030	108,180	110,913	(2,733)	150,251
TOTAL EXPENDITURES	$ 10,201,566	$ 10,391,086	$ 10,196,935	$ 194,151	$ 10,504,206

Jefferson County, Georgia
SPLOST #2 Capital Projects Fund
Comparative Balance Sheet
June 30, 2012 and 2011

	2012	2011
Assets		
Cash and cash equivalents	$ 1,291	$ 201,308
Intergovernmental receivable	63,094	-
Total Assets	$ 64,385	$ 201,308
Liabilities and Fund Balances		
Liabilities		
Interfund payable	$ 15,000	$ -
Total Liabilities	15,000	-
Fund Balances		
Restricted for capital projects	49,385	201,308
Total Fund Balances	49,385	201,308
Total Liabilities and Fund Balances	$ 64,385	$ 201,308

Jefferson County, Georgia
SPLOST #2 Capital Projects Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended June 30, 2012 and 2011

	2012	2011
Revenues		
Sales taxes	$ -	$ 1,095,552
Grant - Georgia Department of Natural Resources	63,094	-
Investment earnings	90	6,570
Total Revenues	63,184	1,102,122
Expenditures		
Intergovernmental	-	643,122
Capital outlay	215,107	553,275
Debt service:		
Principal	-	390,959
Interest	-	5,881
Total Expenditures	215,107	1,593,237
Net Change in Fund Balances	(151,923)	(491,115)
Fund Balances, Beginning of Year	201,308	692,423
Fund Balances, End of Year	$ 49,385	$ 201,308

Jefferson County, Georgia
SPLOST #3 Capital Projects Fund
Comparative Balance Sheet
June 30, 2012 and 2011

	2012	2011
Assets		
Cash and cash equivalents	$ 588,278	$ 198,731
Intergovernmental receivable	196,134	179,958
Total Assets	$ 784,412	$ 378,689
Liabilities and Fund Balances		
Liabilities		
Other liabilities	$ 228,079	$ 107,435
Total Liabilities	228,079	107,435
Fund Balances		
Restricted for capital projects	556,333	271,254
Total Fund Balances	556,333	271,254
Total Liabilities and Fund Balances	$ 784,412	$ 378,689

Jefferson County, Georgia
SPLOST#3 Capital Projects Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended June 30, 2012 and 2011

	2012	2011
Revenues		
Sales taxes	$ 2,146,771	$ 1,011,001
Dept. of Transportation - road contracts	99,919	-
Total Revenues	2,246,690	1,011,001
Expenditures		
Intergovernmental	1,277,586	601,855
Capital outlay	924,928	137,892
Debt service:		
Principal	98,008	-
Interest	9,729	-
Total Expenditures	2,310,251	739,747
(Deficiency) of Revenues (Under) Expenditures	(63,561)	271,254
Other Financing Sources		
Inception of capital lease obligations	348,640	-
Net Change in Fund Balances	285,079	271,254
Fund Balances, Beginning of Year	271,254	-
Fund Balances, End of Year	$ 556,333	$ 271,254

Jefferson County, Georgia
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2012

	Federal Sharing	E -911	Jail Improvement	Condemned Funds	Drug Abuse T & E	Law Library	CDBG 08 Capital Projects	Total
Assets								
Cash and cash equivalents	$ 18,033	$ 4,233	$ 19,222	$ 10,286	$ 100,109	$ 58,199	$ -	$ 210,082
Other receivables	-	41,931	162	-	-	-	-	42,093
Total Assets	$ 18,033	$ 46,164	$ 19,384	$ 10,286	$ 100,109	$ 58,199	$ -	$ 252,175
Liabilities								
Accounts payable	$ -	$ 18,348	$ -	$ -	$ -	$ -	$ -	$ 18,348
Accrued expenses	-	4,828	-	-	-	-	-	4,828
Interfund payables	-	5,264	-	-	-	-	-	5,264
Total Liabilities	-	28,440	-	-	-	-	-	28,440
Fund Balances								
Restricted for program purposes	18,033	17,724	19,384	10,286	100,109	58,199	-	223,735
Total Liabilities and Fund Balances	$ 18,033	$ 46,164	$ 19,384	$ 10,286	$ 100,109	$ 58,199	$ -	$ 252,175

Jefferson County, Georgia

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-major Governmental Funds

For theYear Ended June 30, 2012

	Federal Sharing	E -911	Jail Improvement	Condemned Funds	Drug Abuse T & E	Law Library	CDBG 08 Capital Projects	Total
Revenues								
Intergovernmental	$ -	$ 100,000	$ -	$ -	$ -	$ -	$ 46,805	$ 146,805
Charges for services	-	239,254	-	-	-	-	-	239,254
Fines and forfeitures	-	-	34,376	3,616	2,998	14,452	-	55,442
Investment earnings	16	88	145	12	50	-	-	311
Miscellaneous	-	11,254	-	-	-	-	-	11,254
Total Revenues	16	350,596	34,521	3,628	3,048	14,452	46,805	453,066
Expenditures								
Current:								
Judicial	-	-	-	-	-	8,800	-	8,800
Public safety	1,000	549,260	-	10,652	1,544	-	-	562,456
Capital Outlay	-	353,922	-	-	-	-	46,805	400,727
Debt Service:								
Principal retirement	-	6,745	-	-	-	-	-	6,745
Interest and fiscal charges	-	3,033	-	-	-	-	-	3,033
Total Expenditures	1,000	912,960	-	10,652	1,544	8,800	46,805	981,761
Excess (Deficiency) of Revenues Over (Under) Expenditures	(984)	(562,364)	34,521	(7,024)	1,504	5,652	-	(528,695)
Other Financing (Uses)								
Transfers in (out), net	-	420,113	(44,000)	-	-	-	-	376,113
Inception of capital lease obligation	-	132,068	-	-	-	-	-	132,068
Net Change in Fund Balances	(984)	(10,183)	(9,479)	(7,024)	1,504	5,652	-	(20,514)
Fund Balances, Beginning of Year	19,017	27,907	28,863	17,310	98,605	52,547	-	244,249
Fund Balances, End of Year	$ 18,033	$ 17,724	$ 19,384	$ 10,286	$ 100,109	$ 58,199	$ -	$ 223,735

Jefferson County, Georgia
Federal Sharing Fund
Comparative Balance Sheet
June 30, 2012 and 2011

	2012	2011
Assets		
Cash and cash equivalents	$ 18,033	$ 19,017
Fund Balances		
Restricted for program purposes	$ 18,033	$ 19,107

Jefferson County, Georgia
Federal Sharing Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

	2012				2011
	Original Budget	Final Budget	Actual	Variance Over (Under)	Actual
Revenues					
Fines and forfeitures	$ 1,000	$ 1,000	$ -	$ (1,000)	$ -
Investment earnings	-	-	16	16	4
Total Revenues	1,000	1,000	16	(984)	4
Expenditures					
Current:					
Public safety	1,000	1,000	1,000	-	25,091
Net Change in Fund Balances	$ -	$ -	(984)	$ (984)	(25,087)
Fund Balances, Beginning of Year			19,017		44,104
Fund Balances, End of Year			$ 18,033		$ 19,017

Jefferson County, Georgia
E-911 Fund
Comparative Balance Sheet
June 30, 2012 and 2011

	2012	2011
Assets		
Cash and cash equivalents	$ 4,233	$ 5,003
Accounts receivable	41,931	42,680
Total Assets	$ 46,164	$ 47,683
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 18,348	$ 16,608
Accrued expenses	4,828	3,168
Interfund payables	5,264	-
Total Liabilities	28,440	19,776
Fund Balances		
Restricted for program purposes	17,724	27,907
Total Liabilities and Fund Balances	$ 46,164	$ 47,683

Jefferson County, Georgia
E-911 Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

	2012				2011
	Original Budget	Final Budget	Actual	Variance Over (Under)	Actual
Revenues					
Intergovernmental revenue:					
Federal grant - Dept. of Justice	$ 100,000	$ 100,000	$ 100,000	$ -	$ -
Charges for services	263,931	263,931	239,254	(24,677)	252,089
Investment earnings	150	150	88	(62)	1,027
Miscellaneous	-	-	11,254	11,254	-
Total Revenues	364,081	364,081	350,596	(13,485)	253,116
Expenditures					
Current:					
Public safety	559,194	559,194	549,260	9,934	579,812
Capital Outlay	225,000	347,068	353,922	(6,854)	-
Debt Service:					-
Principal retirement	-	6,900	6,745	155	-
Interest and fiscal charges	-	3,100	3,033	67	-
Total Expenditures	784,194	916,262	912,960	3,302	579,812
Excess (Deficiency) of Revenues Over (Under) Expenditures	(420,113)	(552,181)	(562,364)	(10,183)	(326,696)
Other Financing Sources (Uses)					
Transfers in	265,113	420,113	420,113	-	111,756
Inception of capital lease obligation	-	132,068	132,068	-	-
Net Change in Fund Balances	$ (155,000)	$ -	(10,183)	$ (10,183)	(214,940)
Fund Balances, Beginning of Year			27,907		242,847
Fund Balances, End of Year			$ 17,724		$ 27,907

Jefferson County, Georgia
Jail Improvement Fund
Comparative Balance Sheet
June 30, 2012 and 2011

	2012	2011
Assets		
Cash and cash equivalents	$ 19,222	$ 28,863
Accounts receivable	162	-
Total Assets	$ 19,384	$ 28,863
Fund Balances		
Restricted for program purposes	$ 19,384	$ 28,863

Jefferson County, Georgia
Jail Improvement Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

	2012				2011
	Original Budget	Final Budget	Actual	Variance Over (Under)	Actual
Revenues					
Fines and forfeitures	$ 44,000	$ 44,000	$ 34,376	$ (9,624)	$ 53,950
Investment earnings	-	-	145	145	2
Total Revenues	44,000	44,000	34,521	(9,479)	53,952
Expenditures					
Current:					
Public safety	-	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	44,000	44,000	34,521	(9,479)	53,952
Other Financing Sources (Uses)					
Transfers out	(44,000)	(44,000)	(44,000)	-	(43,930)
Net Change in Fund Balances	$ -	$ -	(9,479)	$ (9,479)	10,022
Fund Balances, Beginning of Year			28,863		18,841
Fund Balances, End of Year			$ 19,384		$ 28,863

Jefferson County, Georgia
Condemned Funds Fund
Comparative Balance Sheet
June 30, 2012 and 2011

	2012	2011
Assets		
Cash and cash equivalents	$ 10,286	$ 17,310
Fund Balances		
Restricted for program purposes	$ 10,286	$ 17,310

Jefferson County, Georgia
Condemned Funds Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

	2012				2011
	Original Budget	Final Budget	Actual	Variance Over (Under)	Actual
Revenues					
Fines and forfeitures	$ 4,000	$ 4,000	$ 3,616	$ (384)	$ 7,251
Investment earnings	-	-	12	12	3
Total Revenues	4,000	4,000	3,628	(372)	7,254
Expenditures					
Current:					
Public safety	4,000	4,000	10,652	(6,652)	10,895
Net Change in Fund Balances	$ -	$ -	(7,024)	$ (7,024)	(3,641)
Fund Balances, Beginning of Year			17,310		20,951
Fund Balances, End of Year			$ 10,286		$ 17,310

Jefferson County, Georgia
Drug Abuse T&E Fund
Comparative Balance Sheet
June 30, 2012 and 2011

	2012	2011
Assets		
Cash and cash equivalents	$ 100,109	$ 98,605
Fund Balances		
Restricted for program purposes	$ 100,109	$ 98,605

Jefferson County, Georgia
Drug Abuse T&E Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

	2012				2011
	Original Budget	Final Budget	Actual	Variance Over (Under)	Actual
Revenues					
Fines and forfeitures	$ 3,000	$ 3,000	$ 2,998	$ (2)	$ 2,885
Investment earnings	-	-	50	50	644
Total Revenues	3,000	3,000	3,048	48	3,529
Expenditures					
Current:					
Public safety	3,000	3,000	1,544	1,456	143
Net Change in Fund Balances	$ -	$ -	1,504	$ 1,504	3,386
Fund Balances, Beginning of Year			98,605		95,219
Fund Balances, End of Year			$ 100,109		$ 98,605

Jefferson County, Georgia
Law Library Fund
Comparative Balance Sheet
June 30, 2012 and 2011

	2012	2011
Assets		
Cash and cash equivalents	$ 58,199	$ 52,547
Fund Balances		
Restricted for program purposes	$ 58,199	$ 52,547

Jefferson County, Georgia
Law Library Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

	2012				2011
	Original Budget	Final Budget	Actual	Variance Over (Under)	Actual
Revenues					
Fines and forfeitures	$ 10,000	$ 10,000	$ 14,452	$ 4,452	$ 24,369
Expenditures					
Current:					
Judicial	10,000	10,000	8,800	1,200	19,438
Net Change in Fund Balances	$ -	$ -	5,652	$ 5,652	4,931
Fund Balances, Beginning of Year			52,547		47,616
Fund Balances, End of Year			$ 58,199		$ 52,547

Jefferson County, Georgia
CDBG 2008 Capital Projects Fund
Comparative Balance Sheet
June 30, 2012 and 2011

	2012	2011
Assets		
Cash and cash equivalents	$ -	$ -
Intergovernmental receivables	-	-
Total Assets	$ -	$ -
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ -	$ -
Interfund payable	-	-
Total Liabilities	-	-
Fund Balances		
Restricted for program purposes	-	-
Total Fund Balances	-	-
Total Liabilities and Fund Balances	$ -	$ -

Jefferson County, Georgia
CDBG 2008 Capital Projects Fund
Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended June 30, 2012 and 2011

	2012	2011
Revenues		
Intergovernmental revenue	$ 46,805	$ 89,876
Expenditures		
Capital Outlay		
Buildings	46,805	89,876
Net Change in Fund Balances	-	-
Fund Balances, Beginning of Year	-	-
Fund Balances, End of Year	$ -	$ -

Jefferson County, Georgia
Water and Sewer Fund
Comparative Statement of Net Assets
June 30, 2012 and 2011

	2012	2011
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 166,621	$ 171,205
Receivables:		
Accounts	23,413	28,292
Total Current Assets	190,034	199,497
Noncurrent Assets:		
Deferred Charges	2,652	2,947
Capital Assets:		
Depreciable, net	927,035	943,805
Total Noncurrent Assets	929,687	946,752
TOTAL ASSETS	1,119,721	1,146,249
LIABILITIES		
Current Liabilities:		
Accounts payable	9,018	13,717
Other liabilities	2,199	79
Compensated absences	3,784	2,605
Customer deposits	22,911	20,911
Revenue bonds payable	13,000	12,000
Total Current Liabilities	50,912	49,312
Long-Term Liabilities:		
Revenue bonds payable (net of current portion)	151,000	164,000
TOTAL LIBILITIES	201,912	213,312
Net Assets		
Invested in capital assets, net of related debt	763,035	767,805
Unrestricted	154,774	165,132
TOTAL NET ASSETS	$ 917,809	$ 932,937

Jefferson County, Georgia
Water and Sewer Fund
Comparative Statement of Revenues,
Expenses and Changes in Fund Net Assets
For the Years Ended June 30, 2012 and 2011

	2012	2011
Operating Revenues		
Charges for services	$ 285,513	$ 262,259
Miscellaneous	13,786	12,071
Total Operating Revenues	299,299	274,330
Operating Expenses		
Cost of water	103,087	104,383
Salaries	68,419	67,192
Employee benefits	26,654	28,873
Repairs	12,500	9,904
Utilities	6,964	6,067
Other	33,627	30,805
Depreciation	54,161	46,265
Amortization	295	295
Total Operating Expenses	305,707	293,784
Operating Income (Loss)	(6,408)	(19,454)
Non-Operating Revenues (Expenses)		
Interest and fiscal charges	(8,802)	(9,400)
Investment earnings	82	1,123
Total Non-Operating Revenues (Expenses)	(8,720)	(8,277)
Change in Net Assets	(15,128)	(27,731)
Net Assets, Beginning of Year	932,937	960,668
Net Assets, End of Year	$ 917,809	$ 932,937

Jefferson County, Georgia
Solid Waste Fund
Comparative Statement of Net Assets
June 30, 2012 and 2011

	2012	2011
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 27,385	$ 186,069
Accounts receivable	80,875	58,730
Total Current Assets	108,260	244,799
Noncurrent Assets:		
Restricted Assets:		
Cash and cash equivalents	290,953	261,611
Capital Assets:		
Nondepreciable, net	349,788	349,788
Depreciable, net	1,794,470	1,955,929
Total Noncurrent Assets	2,435,211	2,567,328
TOTAL ASSETS	2,543,471	2,812,127
LIABILITIES		
Current Liabilities:		
Accounts payable	31,874	299,713
Compensated absences	7,094	5,053
Interfund payable	142,474	-
Total Current Liabilities	181,442	304,766
Long-Term Liabilities:		
Landfill closure/post-closure care costs	533,079	523,529
Total Long-Term Liabilities	533,079	523,529
TOTAL LIABILITIES	714,521	828,295
Net Assets		
Invested in capital assets, net of related debt	2,144,258	2,305,717
Restricted for landfill purposes	290,953	261,611
Unrestricted (deficit)	(606,261)	(583,496)
Total Net Assets	$ 1,828,950	$ 1,983,832

Jefferson County, Georgia
Solid Waste Fund
Comparative Statement of Revenues,
Expenses and Changes in Fund Net Assets
For the Years Ended June 30, 2012 and 2011

	2012	2011
Operating Revenues		
Charges for services	$ 263,172	$ 245,827
Solid waste maintenance fees	429,249	401,305
Miscellaneous	-	26,912
Total Operating Revenues	692,421	674,044
Operating Expenses		
Salaries	90,613	93,862
Employee benefits	32,187	32,596
Repairs	50,708	75,912
Supplies	41,025	51,683
Utilities	7,715	7,685
Other	209,174	213,146
Depreciation	411,713	302,634
Landfill closure/post-closure care costs	9,550	15,528
Total Operating Expenses	852,685	793,046
Operating Income (Loss)	(160,264)	(119,002)
Non-Operating Revenues (Expenses)		
Interest and fiscal charges	-	(1,104)
Gain on sale of assets	-	20,100
Investment earnings	5,382	5,622
Total Non-Operating Revenues (Expenses)	5,382	24,618
Income (Loss) Before Transfers	(154,882)	(94,384)
Transfers in (out)	-	(20,100)
Change in Net Assets	(154,882)	(114,484)
Net Assets, Beginning of Year	1,983,832	2,098,316
Net Assets, End of Year	$ 1,828,950	$ 1,983,832

Jefferson County, Georgia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For The Year Ended June 30, 2012

Clerk of Court	Beginning Balance	Additions	Deductions	Eliminations	Ending Balance
Assets					
Cash	$ 284,895	$ 672,871	$ 686,792	$ -	$ 270,974
Liabilities					
Interfund payable	$ -	$ 305,257	$ 305,257	$ -	$ -
Due to others	284,895	367,614	381,535	-	270,974
Total Liabilities	$ 284,895	$ 672,871	$ 686,792	$ -	$ 270,974

Probate Court	Beginning Balance	Additions	Deductions	Eliminations	Ending Balance
Assets					
Cash	$ 3,002	$ 37,330	$ 35,427	$ 3,248	$ 1,657
Liabilities					
Interfund payable	$ -	$ 26,870	$ 23,622	$ 3,248	$ -
Due to others	3,002	10,460	11,805	-	1,657
Total Liabilities	$ 3,002	$ 37,330	$ 35,427	$ 3,248	$ 1,657

Sheriff	Beginning Balance	Additions	Deductions	Eliminations	Ending Balance
Assets					
Cash	$ 276,696	$ 1,228,021	$ 1,173,414	$ 50,199	$ 281,104
Liabilities					
Interfund payable	$ -	$ 715,953	$ 665,754	$ 50,199	$ -
Due to others	276,696	512,068	507,660	-	281,104
Total Liabilities	$ 276,696	$ 1,228,021	$ 1,173,414	$ 50,199	$ 281,104

Continued

Jefferson County, Georgia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For The Year Ended June 30, 2012

Continued

Tax Commissioner	Beginning Balance	Additions	Deductions	Eliminations	Ending Balance
Assets					
Cash	$ 294,468	$ 12,914,232	$ 12,870,150	$ 133,482	$ 205,068
Liabilities					
Interfund payable	$ -	$ 5,856,874	$ 5,723,392	$ 133,482	$ -
Due to others	294,468	7,057,358	7,146,758	-	205,068
Total Liabilities	$ 294,468	$ 12,914,232	$ 12,870,150	$ 133,482	$ 205,068

Magistrate Court	Beginning Balance	Additions	Deductions	Eliminations	Ending Balance
Assets					
Cash	$ 29,185	$ 343,199	$ 339,083	$ 6,834	$ 26,467
Liabilities					
Interfund payable	$ -	$ 98,238	$ 91,404	$ 6,834	$ -
Due to others	29,185	244,961	247,679	-	26,467
Total Liabilities	$ 29,185	$ 343,199	$ 339,083	$ 6,834	$ 26,467

JCCI Accounts	Beginning Balance	Additions	Deductions	Eliminations	Ending Balance
Assets					
Cash	$ 152,219	$ 121,164	$ 113,477	$ -	$ 159,906
Liabilities					
Due to others	$ 152,219	$ 121,164	$ 113,477	$ -	$ 159,906

Continued

Jefferson County, Georgia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For The Year Ended June 30, 2012

Continued

Total	Beginning Balance	Additions	Deductions	Eliminations	Ending Balance
Assets					
Cash	$ 1,040,465	$ 15,316,817	$ 15,218,343	$ 193,763	$ 945,176
Liabilities					
Interfund payable	$ -	$ 7,003,192	$ 6,809,429	$ 193,763	$ -
Due to others	1,040,465	8,313,625	8,408,914	-	945,176
Total Liabilities	$ 1,040,465	$ 15,316,817	$ 15,218,343	$ 193,763	$ 945,176

Jefferson County, Georgia
SECTION 5311 TRANSPORTATION PROGRAM
STATEMENT OF REVENUES AND EXPENDITURES
For the Year Ended June 30, 2012

Contract Number T003508
Grant Number GA-18-4032

REVENUES		
Reimbursements received from GA Department of Transportation	$	67,937
Participant contributions		30,220
Other program income		128,019
TOTAL		226,176
EXPENDITURES		
Salaries and Fringe Benefits		
Administrative		32,651
Operating		190,314
Operating Expenditures		
Fuel and operational supplies		45,989
Vehicle maintenance		6,910
General insurance		9,771
Computer software		240
Telephone		8,891
Office supplies		2,680
Audit		1,500
Other operating expenses		11,828
TOTAL		310,774
Revenues in Excess of (less than) Expenditures	$	(84,598)

Jefferson County, Georgia
Community Development Block Grant
CDBG No. 08P-Y-081-1-5053
Statement of Source and Application of Funds
For the Year Ended June 30, 2012

SOURCE OF FUNDS:		
CDBG Funds drawn down by recipient during the fiscal year ended June 30, 2012		$ 46,805
APPLICATION OF FUNDS:		
Construction costs for recreation building	$ 31,216	
Administration costs	15,589	46,805
SOURCE OF FUNDS IN EXCESS OF (LESS THAN) APPLICATION		$ -

Jefferson County, Georgia
Community Development Block Grant
CDBG No. 08P-Y-081-1-5053
Statement of Project Cost - Budget and Actual
For the Year Ended June 30, 2012

	Total Budgeted Costs For CDBG	Cost Prior To FYE 6/30/2012	Actual Costs FYE 6/30/2012	Total Project Costs To Date	(Over) Under Budget
Construction costs for recreation building	$ 430,000	$ 422,701	$ 31,216	$ 453,917	$ (23,917)
Contingencies	40,000	-	-	-	40,000
Administration	30,000	14,411	15,589	30,000	-
Total	$ 500,000	$ 437,112	$ 46,805	$ 483,917	$ 16,083

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INDEPENDENT ACCOUNTANTS' REPORT ON THE SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX

We have audited the accompanying Schedule of Special Purpose Local Option Sales Tax for Jefferson County, Georgia for the year ended June 30, 2012. This schedule is the responsibility of Jefferson County, Georgia's management. Our responsibility is to express an opinion on the Schedule of Special Purpose Local Option Sales Tax based on our audit.

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 Schedule of Special Purpose Local Option Sales Tax is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Special Purpose Local Option Sales Tax. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule of Special Purpose Local Option Sales Tax. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the Schedule of Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project in Jefferson County, Georgia's resolution or ordinance calling for the tax for the year ended June 30, 2012, in conformity with accounting principles generally accepted in the United States of America.

Jones, Jones, Davis & Associates

Louisville, Georgia
January 23, 2013

Jefferson County, Georgia
Schedule of Projects Funded
with Special Sales Tax Proceeds
For the Year Ended June 30, 2012

Special Sales Tax Imposed January 1, 2006	Original Estimated Cost	Revised Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Expenditures Total	Estimated Percent Completed
Projects:						
FIRE DEPARTMENT						
Debt Service						
Principal	$ 3,009,178	$ 2,728,000	$ 2,871,350	$ -	$ 2,871,350	105.3%
Interest	58,076	137,606	123,736	-	123,736	89.9%
Intergovernmental						
City of Wadley	-	31,648	31,648	-	31,648	100.0%
City of Wrens	-	170,000	170,007	-	170,007	100.0%
	3,067,254	3,067,254	3,196,741	-	3,196,741	
RECREATION						
Capital						
Buildings and improvements **	1,435,000	1,310,000	1,127,896	152,013	1,279,909	97.7%
Intergovernmental						
City of Louisville	-	125,000	125,000	-	125,000	100.0%
City of Avera	75,000	75,000	76,045	-	76,045	101.4%
City of Bartow	183,000	183,000	184,048	-	184,048	100.6%
City of Stapleton	207,000	207,000	208,186	-	208,186	100.6%
City of Wadley	443,000	443,000	445,340	-	445,340	100.5%
City of Wrens	1,690,000	1,690,000	1,699,688	-	1,699,688	100.6%
	4,033,000	4,033,000	3,866,203	152,013	4,018,216	
ECONOMIC DEVELOPMENT						
Intergovernmental						
Jefferson County Development Authority	3,399,746	3,399,746	3,399,746	-	3,399,746	100.0%
TOTAL	$ 10,500,000	$ 10,500,000	$ 10,462,690	$ 152,013	$ 10,614,703	

** - Expenditures for recreation buildings and improvements were netted with grants received and used to offset costs ($215,107-$152,013).

Jefferson County, Georgia
Schedule of Projects Funded
with Special Sales Tax Proceeds
For the Year Ended June 30, 2012

Special Sales Tax Imposed January 1, 2011	Original Estimated Cost	Revised Estimated Cost	Expenditures: Prior Years	Expenditures: Current Year	Expenditures: Total	Estimated Percent Completed
Jefferson County						
General Government						
Buildings renovation and rehabilitation	$ 550,000	$ 550,000	$ -	$ 102,589	$ 102,589	18.7%
Vehicles and equipment	132,607	132,607	-	4,000	4,000	3.0%
Public Safety						
Vehicles and equipment/facilities	460,143	352,406	99,652	102,610	202,262	57.4%
Debt service - principal ***	-	98,008	-	98,008	98,008	100.0%
Debt service - interest ***	-	9,729	-	9,729	9,729	100.0%
Public Works						
Vehicles and equipment/facilities	1,369,013	1,369,013	38,240	112,611	150,851	11.0%
Road improvements **	1,930,565	1,930,565	-	154,559	154,559	8.0%
Economic Development						
Jefferson County Development Authority	1,458,000	1,458,000	134,323	285,223	419,546	28.8%
	5,900,328	5,900,328	272,215	869,329	1,141,544	
Intergovernmental						
City of Avera	103,855	103,855	12,709	26,985	39,694	38.2%
City of Bartow	150,279	150,279	18,517	38,920	57,437	38.2%
City of Louisville	1,297,952	1,297,952	158,827	337,255	496,082	38.2%
City of Stapleton	152,193	152,193	18,623	39,546	58,169	38.2%
City of Wadley	997,872	997,872	122,108	259,284	381,392	38.2%
City of Wrens	1,117,521	1,117,521	136,748	290,373	427,121	38.2%
	3,819,672	3,819,672	467,532	992,363	1,459,895	
TOTAL	$ 9,720,000	$ 9,720,000	$ 739,747	$ 1,861,692	$ 2,601,439	

** - Expenditures for road improvements were netted with DOT project funding received and used to offset costs ($254,478 - $154,559).
*** - For public safety assets acquired through capital leases, capital acquisition costs are netted with obligations incurred and expenditures are recognized as debt service payments are made ($451,250 - $348,640).

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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 of Jefferson County
Louisville, 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 Jefferson County, Georgia, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 23, 2013. 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 Jefferson County, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jefferson County, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. The material weaknesses are described in the accompanying schedule of findings and responses as items 2012-01 thru 2012-02.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2012-03 thru 2012-4 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jefferson County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain additional matters that we reported to the management of Jefferson County, Georgia, in a separate letter dated January 23, 2013.

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

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

Jones, Jones, Davis & Associates

Louisville, Georgia
January 23, 2013

Section 2 - Findings Related to the Audit of the Financial Statements

Finding 2012-01 Lack of Segregation of Duties (Repeat Finding)

Condition: There is not adequate segregation of duties between the recording, processing, distribution and reconciliation of cash accounts and other operational functions in the various funds, departments and offices maintained by the County. This condition exists not only in the funds and accounts maintained by the County's financial office, but also in the other constitutionally elected offices of the County.

Criteria: The internal control environment of an entity will allow proper segregation of duties so that an employee will not have access to overlapping duties in regards to the receipt and/or disbursement of funds, reconciliation of accounts, posting of accounting records, etc.

Effect: An absence of appropriate segregation of duties could increase the risk of misappropriation of assets if other controls are not in place or do not function properly.

Recommendation: The County should continue to monitor this situation and use alternative control measures where available to assist in safeguarding County assets.

Management's Response: We are aware of this situation and will continue to evaluate the costs and related benefits of adding additional personnel in certain departments to alleviate this problem We will continue to use alternative measures where available to assist in safeguarding assets.

Finding 2012-02 Accounting Expertise - Preparation of Financial Statements (Repeat Finding)

Criteria: Statement on Auditing Standards No. 112 describes examples of circumstances that are to be considered to be a significant deficiency and a strong indicator of a material weakness in internal control. Deficiencies in the design of controls exist when employees or management lack the qualifications and training to prepare year-end financial statements in accordance with generally accepted accounting principles.

Condition: The County did not have an employee with adequate time, qualifications, and training to prepare year-end financial statements.

Effect: The independent auditor has prepared financial statements from the records of the County. The County's management and staff are unable to evaluate the adequacy and completeness of the information presented.

Cause: The material weakness is the result of the County not having employees with adequate time, training, and expertise in generally accepted accounting principles and governmental accounting standards to prepare or adequately review and evaluate the financial statements which were prepared by the independent auditor.

Recommendation: The County should evaluate the cost/benefit implications of improving internal control with the preparation of year-end financial statements.

Management's Response: Management concurs with the finding, and has discussed this situation with our auditors. The County is aware of this situation and will continue to evaluate the costs and related benefits of internally preparing the financial statements and/or explore contracting this service to an outside party.

Section 2 -Findings Related to the Audit of the Financial Statements (Continued)

Finding 2012-03 Frequency of Deposits (Repeat Finding)

Condition: Funds collected by all offices of the County should be deposited in a timely manner. This condition is especially noticeable in the offices of the Clerk of Court.

Criteria: In order to properly account for and safeguard County assets, funds collected by all offices of the County should be deposited preferably on a daily basis, or at any time at which funds on hand exceed $1,000.00.

Effect: Failure to deposit funds collected in a timely manner could result in loss or theft, and makes the process of reconciliation of funds collected to funds deposited to the bank more difficult.

Recommendation: A County-wide policy should be adopted requiring the deposit of funds collected by all offices on not more than a daily basis, or at any time in which funds collected exceeds $ 1,000.00.

Management's Response: A policy has been developed and relayed to all county offices and departments regarding the prompt deposit of funds collected. We will encourage compliance by the Clerk of Court's office.

Finding 2012-04 Timeliness of Deposits - Clerk of Court (Repeat Finding)

Condition: During our audit of the office of Clerk of Courts, we noted that there are often delays of several days between the cutoff established (per office records) for deposit of funds collected with the actual date of deposit to the bank (per bank statement).

Criteria: Funds collected should be deposited immediately upon establishment of a cutoff for deposit in the office's records.

Effect: Failure to deposit funds collected in a timely manner could result in loss or theft, and does not properly safeguard County assets.

Recommendation: Deposits of funds collected should be made immediately upon establishment of a cutoff for deposit in the office's books.

Management's Response: We concur with this finding, and will encourage compliance by the Clerk of Court's office.