**Johnson County, Georgia**

**Annual Financial Report**

**With Independent Auditors' Report**

**For the Fiscal Year Ended December 31, 2011**

Johnson County, Georgia
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# INDEPENDENT AUDITORS' REPORT

Honorable Board of Commissioners
Johnson County, Georgia

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Johnson County, Georgia (the Government) as of and for the year ended December 31, 2011, which collectively comprise the Government's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Government's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Johnson County Public Health Center, which represents 43%, 43% and 82%, respectively, of the assets, net assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Johnson County Public Health Center, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Johnson County, Georgia, as of December 31, 2011, and the respective changes in financial position 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 June 26, 2012, on our consideration of the Government'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 9 and 46 through 51 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 Government's basic financial statements as whole. The combining and individual nonmajor fund financial statements, as listed in the table of contents, 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 schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Christian, Kelly, Thigpen & Co., LLC*

Dublin, Georgia
June 26, 2012

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of Johnson County's (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 December 31, 2011. The County's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

## Financial Highlights

Key financial highlights for FY 2011 are as follows:

- The County's combined net assets of the primary government totaled $9,936,594, which was an increase of 6.57% from last fiscal year.
- The County's governmental funds reported total ending fund balance of $3,109,143 this year. This compares to the prior year ending fund balance of $2,911,987, showing an increase of $197,156 during the current year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $2,427,842, or 65.84% of total General Fund expenditures.
- Overall, the County continues to maintain a strong financial position.

The above financial highlights are explained in more detail throughout this report.

## 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.

### *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. Over time, increases or decreases in net assets may 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 would extend 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.

The government-wide financial statements are presented on pages 10-11 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 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 12-16 of this report.

Individual fund information for non-major governmental funds is found in combining statements in a later section of this report.

*Proprietary funds* are used for business type activities. Johnson County does not have any business type activities.

*Fiduciary fund type* includes the County's agency funds, which temporarily hold resources primarily for the County's constitutional officers. There is one basic statement, a "statement of fiduciary assets and liabilities" which reports the various agency funds' assets and liabilities. This statement is presented on page 17.

***Notes to the Basic Financial Statements***

The accompanying notes to the basic 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 18 of this report.

***Required Supplementary Information (RSI)***

A budgetary comparison schedule is included as "required supplementary information" for the general fund. This schedule is presented on pages 46-48. Budgetary comparison schedules for all other major governmental funds can be found on pages 49-51.

***Other Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the County's non-major funds. Combining and individual statements and schedules for non-major funds are presented pages 52-57.

**Financial Analysis of the County as a Whole**

The county has implemented a financial reporting model that will allow us to compare data from different fiscal years. As data is collected over time, changes in net assets may be observed and used to discuss the changing financial position of the County as a whole. The County's primary government net assets at fiscal year-end are $9,936,594. The following table provides a condensed summary of the County's net assets:

**Table 1: Condensed Statement of Net Assets**

| Governmental Activity | 2011 | 2010 | %Change |
|---|---|---|---|
| **Assets** | | | |
| Current and Other Assets | $ 3,845,438 | $ 3,438,641 | 11.83% |
| Capital Assets | 7,239,745 | 7,426,249 | -2.51% |
| Total Assets | 11,085,183 | 10,864,890 | 2.03% |
| **Liabilities** | | | |
| Other Liabilities | 686,166 | 552,519 | 24.19% |
| Long-term Liabilities | 462,423 | 988,108 | -53.20% |
| Total Liabilities | 1,148,589 | 1,540,627 | -25.45% |
| **Net Assets** | | | |
| Invested in Capital Assets, Net of Related Debt | 6,369,842 | 6,047,722 | 5.33% |
| Restricted | 615,810 | 805,891 | -23.59% |
| Unrestricted | 2,950,942 | 2,470,650 | 19.44% |
| Total Net Assets | $ 9,936,594 | $ 9,324,263 | 6.57% |

The County uses the current ratio as a managerial formula to track financial condition. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The County has a current ratio of 5.6 to 1 for fiscal year 2011 as compared to 6.2 to 1 in fiscal year 2010. The current ratio decreased due to an increase accounts payable for year-end 2011. This could have been due to a timing issue. This ratio is still considered to be very strong.

Net assets increased 6.57% during fiscal year 2011. This increased the overall financial position of the County by $612,331.

Note that approximately 65.3% of the governmental activities' total assets are tied up in capital assets. The County uses these capital assets to provide service to its citizens.

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

**Table 2: Condensed Statement of Activities**

| | Governmental Activities | |
|---|---|---|
| | 2011 | 2010 |
| **Revenues** | | |
| Program Revenues | | |
| Charges for Services | $ 823,426 | $ 529,271 |
| Operating Grants | 269,458 | 311,525 |
| Capital Grants and Contributions | 37,658 | 123,276 |
| Total Program Revenue | 1,130,542 | 964,072 |
| General Revenues: | | |
| Property Taxes | 2,156,976 | $2,086,114 |
| Other Taxes | 1,750,416 | 1,579,056 |
| Other Revenues | 66,537 | 32,955 |
| Total General Revenues | 3,973,929 | 3,698,125 |
| Total Revenues | 5,104,471 | 4,662,197 |
| **Expenses** | | |
| General Government | 1,344,404 | 1,380,677 |
| Transportation | 1,029,842 | 677,860 |
| Public Safety | 982,628 | 1,133,544 |
| Sanitation and Environmental | 325,344 | 247,866 |
| Health and Welfare | 634,320 | 547,484 |
| Recreation and Culture | 45,827 | 45,629 |
| Intergovernmental | 92,603 | 97,245 |
| Interest on Long-term Debt | 37,172 | 60,939 |
| Total Expenses | 4,492,140 | 4,191,244 |
| Increase (Decrease) in Net Assets | 612,331 | 470,953 |
| Transfers In | - | - |
| Transfers Out | - | - |
| Beginning Net Assets | 9,324,263 | 8,853,310 |
| Ending Net Assets | $ 9,936,59 | $ 9,324,26 |

**Governmental Revenues**

The County is heavily reliant on property taxes and sales taxes to support governmental operations and capital. In fiscal year 2011, property taxes accounted for approximately 42.26% of all revenue, while in fiscal year 2010 property tax accounted for approximately 44.75%. Sales tax is the second largest source of revenue for the County accounting for approximately 19.6% of all revenue as compared to 19.5% in fiscal year 2010.

**Governmental Functional Expenses**

Approximately 21.87% of the County's expenditures come from public safety. This figure is slightly skewed, because another critical element of public safety is listed under Health and Welfare—EMS. Public works includes transportation and sanitation and environmental. It accounts for approximately 30.17% of government expenditures.

**Table 3: Program Expenses and Revenues**

**2011**

| Programs | Program Expenses | Program Revenues | Net Program (Expenses) Revenues |
|---|---|---|---|
| General Government | $ 1,344,404 | $ 61,262 | $ (1,283,142) |
| Transportation | 1,029,842 | 5,557 | (1,024,285) |
| Public Safety | 982,628 | 368,950 | (613,678) |
| Sanitation and Environmental | 325,344 | 5,229 | (320,115) |
| Health and Welfare | 634,320 | 387,985 | (246,335) |
| Recreation and Culture | 45,827 | - | (45,827) |
| Intergovernmental | 92,603 | 301,559 | 208,956 |
| Interest on Long-Term Debt | 37,172 | - | (37,172) |
| | $ 4,492,140 | $ 1,130,542 | $ (3,361,598) |

**2010**

| Programs | Program Expenses | Program Revenues | Net Program (Expenses) Revenues |
|---|---|---|---|
| General Government | $ 1,380,677 | $ 70,031 | $ (1,310,646) |
| Transportation | 677,860 | 8,851 | (669,009) |
| Public Safety | 1,133,544 | 399,656 | (733,888) |
| Sanitation and Environmental | 247,866 | 5,686 | (242,180) |
| Health and Welfare | 547,484 | 333,606 | (213,878) |
| Recreation and Culture | 45,629 | - | (45,629) |
| Intergovernmental | 97,245 | 146,242 | 48,997 |
| Interest on Long-Term Debt | 60,939 | - | (60,939) |
| | $ 4,191,244 | $ 964,072 | $ (3,227,172) |

Program revenues are allocated based on which program collects the revenue. Therefore, intergovernmental expenses were more than covered by program revenues. Overall, program revenues were not sufficient to cover program expenses for governmental activities. The net program expenses of these governmental activities were therefore supported by general revenues, mainly taxes.

**Financial Analysis of the County's Funds**

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

As of the close of the fiscal year, the County's governmental funds reported a combined ending fund balance of $3,109,143 with $65,491 reported as non-spendable, $615,810 reported as restricted, and $2,427,842 unassigned fund balance.

The General Fund is the operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was $2,427,842 and total fund balance was $2,493,333. As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance to total fund balance. The County's General Fund's fund balance is considered to have very good liquidity. The net change in the General Fund's fund balance for fiscal year ended December 31, 2011, was an increase of $387,237 or 18.39%. This increase helped the County achieve a two year goal of replenishing fund balance.

**Budgetary Highlights**

During the fiscal year, the County may revise the budget on several occasions. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; (3) increases in appropriations that become necessary to maintain services.

Revenues for the General Fund exceed the budget by $208,410. This was due to an increase in the amount of Local Option Sales Tax collected. Also, other revenue line items increased significantly including insurance premium tax, intergovernmental, and charges for services. Fines and court cost revenues were down significantly.

Most General Fund expenditure categories came under budget including general government, public safety, recreation and culture, and intergovernmental. Transportation, sanitation and environmental, and health and welfare were all over budget.

**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 any questions about this report or would like to request additional information, contact the County's Administrator at 2557 East Elm Street, Wrightsville, Georgia 31096.

Johnson County, Georgia
Statement of Net Assets
December 31, 2011

| | Primary Government | |
|---|---|---|
| | Governmental Activities | Total |
| **Assets** | | |
| Cash and cash equivalents | $ 2,820,334 | $ 2,820,334 |
| Cash - restricted | 620,634 | 620,634 |
| Certificates of deposit - unrestricted | - | - |
| Accounts receivable (net of $177,868 allowance) | 160,637 | 160,637 |
| Sales tax receivable | 178,342 | 178,342 |
| Prepaid items | 65,491 | 65,491 |
| Land and other nondepreciable assets | 601,199 | 601,199 |
| Capital assets, net of depreciation | 6,638,546 | 6,638,546 |
| **Total assets** | 11,085,183 | 11,085,183 |
| **Liabilities** | | |
| Accounts payable | 212,081 | 212,081 |
| Compensated absences payable | 66,605 | 66,605 |
| Notes payable | 407,480 | 407,480 |
| **Noncurrent liabilities:** | | |
| Compensated absences payable | - | - |
| Notes payable | 462,423 | 462,423 |
| **Total liabilities** | 1,148,589 | 1,148,589 |
| **Net Assets** | | |
| Invested in capital assets, net of related debt | 6,369,842 | 6,369,842 |
| Restricted for: | | |
| Roads and road machinery | 145,911 | 145,911 |
| Jail construction debt | 382,207 | 382,207 |
| Capital outlay | 12,538 | 12,538 |
| Capital projects | 380 | 380 |
| Drug education | 6,389 | 6,389 |
| Rural fire department and emergency management | 51,647 | 51,647 |
| Jail expenditures | 7,209 | 7,209 |
| Law library | 9,529 | 9,529 |
| Unrestricted | 2,950,942 | 2,950,942 |
| **Total net assets** | $ 9,936,594 | $ 9,936,594 |

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

| Component Units | | |
|---|---|---|
| Recreation Department | Development Authority | Public Health Center |
| $ 10,110 | $ 18,327 | $ 115,242 |
| - | - | - |
| - | - | 241,631 |
| - | - | - |
| - | - | 6,648 |
| - | - | - |
| 58,000 | 310,179 | - |
| 56,338 | 20,740 | 578 |
| 124,448 | 349,246 | 364,099 |
| | | |
| - | - | 6,243 |
| - | - | 1,085 |
| - | - | - |
| | | |
| - | - | 4,343 |
| - | - | - |
| - | - | 11,671 |
| | | |
| 114,338 | 330,919 | 578 |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| | | |
| - | - | - |
| - | - | - |
| - | - | - |
| 10,110 | 18,327 | 351,850 |
| $ 124,448 | $ 349,246 | $ 352,428 |

Johnson County, Georgia
Statement of Activities
For the Year Ended December 31, 2011

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions |
|---|---|---|---|---|
| **Governmental activities:** | | | | |
| General government | $ 1,344,404 | $ 61,262 | $ - | $ - |
| Transportation | 1,029,842 | - | 5,557 | - |
| Public safety | 982,628 | 368,950 | - | - |
| Sanitation and environmental | 325,344 | 5,229 | - | - |
| Health and welfare | 634,320 | 387,985 | - | - |
| Recreation and culture | 45,827 | - | - | - |
| Intergovernmental | 92,603 | - | 263,901 | 37,658 |
| Interest on long-term debt | 37,172 | - | - | - |
| **Total governmental activities and primary government** | $ 4,492,140 | $ 823,426 | $ 269,458 | $ 37,658 |
| **Component Units** | | | | |
| Johnson County Recreation Department | 46,156 | 27,002 | 2,447 | - |
| Johnson County Development Authority | 4,161 | - | - | - |
| Johnson County Public Health Center | 271,293 | 92,113 | 169,782 | - |
| **Total component units** | $ 321,610 | $ 119,115 | $ 172,229 | $ - |
| General revenues: | | | | |
| Property taxes | | | | |
| Sales tax | | | | |
| Motor vehicle tax | | | | |
| Insurance premium tax | | | | |
| Other taxes | | | | |
| Interest income | | | | |
| Miscellaneous | | | | |
| Gain on sale of assets | | | | |
| Intergovernmental | | | | |
| Intra-inter agency | | | | |
| Other local funds | | | | |
| Total general revenues | | | | |
| Transfers in | | | | |
| Transfers out | | | | |
| Total transfers in (out) | | | | |
| Change in net assets | | | | |
| Net Assets, beginning of year | | | | |
| Net Assets, end of year | | | | |

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

| Net (Expense) Revenue and Changes in Net Assets | | | | |
|---|---|---|---|---|
| Primary Government | | Component Units | | |
| Governmental Activities | Total | Recreation Department | Development Authority | Public Health Center |
| $ (1,283,142) | $ (1,283,142) | $ - | $ - | $ - |
| (1,024,285) | (1,024,285) | - | - | - |
| (613,678) | (613,678) | - | - | - |
| (320,115) | (320,115) | - | - | - |
| (246,335) | (246,335) | - | - | - |
| (45,827) | (45,827) | - | - | - |
| 208,956 | 208,956 | - | - | - |
| (37,172) | (37,172) | - | - | - |
| (3,361,598) | (3,361,598) | - | - | - |
| - | - | (16,707) | - | - |
| - | - | - | (4,161) | - |
| - | - | - | - | (9,398) |
| - | - | (16,707) | (4,161) | (9,398) |
| 2,156,976 | 2,156,976 | - | - | - |
| 1,000,483 | 1,000,483 | - | - | - |
| 230,576 | 230,576 | - | - | - |
| 299,060 | 299,060 | - | - | - |
| 220,297 | 220,297 | - | - | - |
| 5,504 | 5,504 | 26 | 35 | - |
| 58,650 | 58,650 | - | - | - |
| 2,383 | 2,383 | - | - | - |
| - | - | 17,000 | 16,500 | - |
| - | - | - | - | 12,656 |
| - | - | - | - | 5,470 |
| 3,973,929 | 3,973,929 | 17,026 | 16,535 | 18,126 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 612,331 | 612,331 | 319 | 12,374 | 8,728 |
| 9,324,263 | 9,324,263 | 124,129 | 336,872 | 343,700 |
| $ 9,936,594 | $ 9,936,594 | $ 124,448 | $ 349,246 | $ 352,428 |

Johnson County, Georgia
Balance Sheet
Governmental Funds
December 31, 2011

| | General Fund | SPLOST Roads, Streets and Bridges | SPLOST Jail Construction |
|---|---|---|---|
| **ASSETS** | | | |
| **Assets:** | | | |
| Cash and cash equivalents | $ 2,820,334 | $ - | $ - |
| Cash - restricted | - | 283,086 | 273,462 |
| Accounts receivable (net of allowance of $177,868) | 155,516 | - | - |
| Due from other governments | 69,597 | - | 108,745 |
| Prepaid assets | 65,491 | - | - |
| Due from other funds | - | - | - |
| **Total assets** | $ 3,110,938 | $ 283,086 | $ 382,207 |
| **LIABILITIES AND FUND BALANCES** | | | |
| **Liabilities:** | | | |
| Accounts payable | $ 74,906 | $ 137,175 | $ - |
| Deferred revenue | 524,214 | - | - |
| Due to other funds | 18,485 | - | - |
| **Total liabilities** | 617,605 | 137,175 | - |
| **Fund balances:** | | | |
| **Nonspendable:** | | | |
| Prepaid assets | 65,491 | - | - |
| **Restricted for:** | | | |
| Roads and road machines | - | 145,911 | - |
| Jail construction debt | - | - | 382,207 |
| Jail expenditures | - | - | - |
| Capital projects | - | - | - |
| Drug education | - | - | - |
| Law library | - | - | - |
| Rural fire department & emergency management | - | - | - |
| Capital outlay | - | - | - |
| **Unassigned** | 2,427,842 | - | - |
| **Total fund balances** | 2,493,333 | 145,911 | 382,207 |
| **Total liabilities and fund balances** | $ 3,110,938 | $ 283,086 | $ 382,207 |

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

| Local Resource Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|
| $ - | $ - | $ 2,820,334 |
| 12,538 | 51,548 | 620,634 |
| - | 5,121 | 160,637 |
| - | - | 178,342 |
| - | - | 65,491 |
| - | 18,485 | 18,485 |
| $ 12,538 | $ 75,154 | $ 3,863,923 |

| | | |
|---|---|---|
| $ - | $ - | $ 212,081 |
| - | - | 524,214 |
| - | - | 18,485 |
| - | - | 754,780 |
| - | - | 65,491 |
| - | - | 145,911 |
| - | - | 382,207 |
| - | 7,209 | 7,209 |
| - | 380 | 380 |
| - | 6,389 | 6,389 |
| - | 9,529 | 9,529 |
| - | 51,647 | 51,647 |
| 12,538 | - | 12,538 |
| - | - | 2,427,842 |
| 12,538 | 75,154 | 3,109,143 |
| $ 12,538 | $ 75,154 | $ 3,863,923 |

Johnson County, Georgia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
December 31, 2011

**Amounts reported for governmental activities on the statement of net assets are different because of the following:**

| | |
|---|---|
| Fund balances - total governmental funds | $ 3,109,143 |
| Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds | 7,239,745 |
| Certain long-term assets are not available to pay current expenditures and are therefore deferred in the funds | 524,214 |
| Certain liabilities are not due and payable in the current period and therefore are not reported in the funds | (66,605) |
| The proceeds of debt provide current financial resources to government funds, but debt increases long-term liabilities in the statement of net assets | (869,903) |
| **Net assets of governmental activities** | $ 9,936,594 |

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

Johnson County, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2011

| | General Fund | SPLOST Roads, Streets and Bridges | SPLOST Jail Construction |
|---|---|---|---|
| **Revenues:** | | | |
| Property taxes | $ 2,053,826 | $ - | $ - |
| Intangible taxes (recording) | 9,170 | - | - |
| Mobile home taxes | 41,690 | - | - |
| Motor vehicle | 230,576 | - | - |
| Sales tax | 390,429 | - | 610,054 |
| Alcoholic beverage tax | 4,260 | - | - |
| Transfer tax | 3,331 | - | - |
| Insurance premium tax | 299,060 | - | - |
| Timber tax | 76,663 | - | - |
| Other taxes | 85,183 | - | - |
| Intergovernmental | 64,346 | 237,213 | - |
| Charges for services | 558,358 | - | - |
| Fines and court costs | 210,146 | - | - |
| Interest | 5,502 | 5,557 | 597 |
| Other | 58,650 | - | - |
| **Total revenues** | 4,091,190 | 242,770 | 610,651 |
| **Expenditures:** | | | |
| **Current:** | | | |
| General government | 1,270,491 | - | - |
| Transportation | 506,402 | 404,659 | - |
| Public safety | 844,041 | - | 15 |
| Sanitation and environmental | 325,304 | - | - |
| Health and welfare | 586,860 | - | - |
| Recreation and culture | 30,951 | - | - |
| **Intergovernmental:** | | | |
| Payments to local government agencies | 92,603 | - | - |
| **Capital outlays:** | | | |
| General government | - | - | - |
| Health and welfare | 3,178 | - | - |
| Transportation | - | 80,044 | - |
| Public safety | 16,686 | - | - |
| **Debt service:** | | | |
| Principal | 5,171 | - | 503,453 |
| Interest | 5,625 | - | 31,547 |
| **Total expenditures** | 3,687,312 | 484,703 | 535,015 |
| **Excess of revenues over/ (under) expenditures** | 403,878 | (241,933) | 75,636 |

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

| Local Resources Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|
| $ - | $ - | $ 2,053,826 |
| - | - | 9,170 |
| - | - | 41,690 |
| - | - | 230,576 |
| - | - | 1,000,483 |
| - | - | 4,260 |
| - | - | 3,331 |
| - | - | 299,060 |
| - | - | 76,663 |
| - | - | 85,183 |
| - | - | 301,559 |
| - | 29,008 | 587,366 |
| - | 25,317 | 235,463 |
| - | 2 | 11,658 |
| - | - | 58,650 |
| - | 54,327 | 4,998,938 |
| | | |
| - | - | 1,270,491 |
| - | - | 911,061 |
| - | 21,683 | 865,739 |
| - | - | 325,304 |
| - | - | 586,860 |
| - | - | 30,951 |
| - | - | 92,603 |
| - | - | - |
| - | - | 3,178 |
| - | - | 80,044 |
| - | 75,452 | 92,138 |
| - | - | 508,624 |
| - | - | 37,172 |
| - | 97,135 | 4,804,165 |
| - | (42,808) | 194,773 |

Johnson County, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2011

| | General Fund | SPLOST Roads, Streets and Bridges | SPLOST Jail Construction |
|---|---|---|---|
| **Other financing sources (uses):** | | | |
| Sale of assets | $ - | $ - | $ - |
| Transfers from other funds | - | - | - |
| Transfers to other funds | (16,641) | - | - |
| **Total other financing sources (uses)** | (16,641) | - | - |
| **Excess of revenues and other sources over/(under) expenditures and other uses** | 387,237 | (241,933) | 75,636 |
| **Fund balance, January 1, 2011** | 2,106,096 | 387,844 | 306,571 |
| **Fund balance, December 31, 2011** | $ 2,493,333 | $ 145,911 | $ 382,207 |

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

| Local Resources Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|
| $ 2,383 | $ - | $ 2,383 |
| 4,000 | 12,641 | 16,641 |
| - | - | (16,641) |
| 6,383 | 12,641 | 2,383 |
| 6,383 | (30,167) | 197,156 |
| 6,155 | 105,321 | 2,911,987 |
| $ 12,538 | $ 75,154 | $ 3,109,143 |

Johnson County, Georgia
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2011

| | | |
|---|---|---|
| Net changes in fund balances - Total government funds | | $ 197,156 |
| **Amounts reported for governmental activities on the statement of activities are different because of the following:** | | |
| Governmental funds report capital outlays as expenditures. However, on the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year: | | |
| Capital outlay - Depreciable capital assets | $ 175,360 | |
| Depreciation | (361,864) | (186,504) |
| Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds: | | |
| Property taxes | | 103,150 |
| Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds: | | |
| Compensated absences payable | | (10,095) |
| The repayment of long-term debt consumes the current financial resources of government funds, debt repayment decreases long-term liabilities in the statement of net assets | | 508,624 |
| Changes in net assets of governmental activities | | $ 612,331 |

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

Johnson County, Georgia
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2011

| | Agency Funds |
|---|---|
| **Assets:** | |
| Cash and cash equivalents | $ 628,325 |
| Taxes receivable | 2,040,391 |
| **Total assets** | $ 2,668,716 |
| **Liabilities:** | |
| Due to other governmental units | $ 2,668,716 |
| **Total liabilities** | $ 2,668,716 |

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

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. The Reporting Entity

The County is governed by a board of five Commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are Clerk of Court, Sheriff, Tax Commissioner, Coroner, Probate Judge and Magistrate Judge. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the entire County.

Section 2100 of the standards published by the Governmental Accounting Standards Board (GASB) defines the reporting entity as the primary government and all its component units, if any, according to GASB-14. The identification of a financial reporting entity is based on the concept of financial accountability. GASB-14 defines a primary government as a government that:

1. Has a separately elected governing body;
2. Is legally separate;
3. Is fiscally independent of other statement local governments.

For financial reporting purposes, in accordance with the criteria in GASB Standards, the County includes all funds, agencies, boards, commissions, and authorities that are within its primary government. A component unit is a legally separate organization for which elected officials of a primary government are financially accountable. There are three sets of criteria that the County evaluates to determine whether a potential component unit will be included in the reporting entity of Johnson County. They are financial accountability, financial accountability as a result of fiscal dependency, and misleading to exclude the component units.

Certain County officials collect and disburse taxes, fees, fines, etc. Separate records of accountability are maintained for such receipts. For purposes of this report, these records are included as a part of agency trust funds with remittances to the General Fund from these officials recorded as revenue. Operating costs for these officials are included as a part of the County's General Fund. These units included Tax Commissioner, Sheriff, Clerk of Courts, Probate Court and Magistrate Court.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### A. The Reporting Entity (Continued)

The component unit columns on the basic financial statements include the financial data of the County's discretely presented component units. They are reported in separate columns to emphasize that they are legally separate from the County.

**Johnson County Recreation Department**

This component unit is served by a five-member board that is appointed by the Board of Commissioners. The County is financially accountable for all operations and the budget adopted. The Department offers sports related activities to the citizens of Johnson County. Program revenues are generated mainly from user fees and donations.

**Johnson County Development Authority**

This component unit is served by an five-member board that is appointed by the Board of Commissioners. The County is financially accountable for all operations. The Authority serves to promote economic development in Johnson County. Revenues are generated from donations and grants.

**Johnson County Public Health Center**

This component unit is served by a six-member board that is appointed by the Board of Commissioners. The Center provides various health services for citizens of Johnson County under a contract with the Georgia Department of Human Resources (DHR). Under this contractual agreement DHR provides certain administrative and other services to the Center in addition to the grant-in-aid funding. These services are funded through other government entities or directly by DHR and therefore the value of these services are not reflected in these financial statements.

This component unit issues separately audited financial statements. Copies of this report may be obtained from the Health Center. The Johnson County Health Center's fiscal year for reporting is June 30. The fiscal year incorporated into these financial statements is June 30, 2011.

Based on the GASB criteria, the following units are not under the oversight responsibilities of the Board of Commissioners and their operations are not included in this report: Johnson County Board of Education, Johnson County Department of Family and Children's Services.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### A. The Reporting Entity (Continued)

The financial statements of Johnson County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Also Financial Accounting Standards Board (FASB) pronouncements and Accounting Principle Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements. Following are the more significant of the County's accounting policies.

### B. Basis of Presentation

The County's basic financial statements consist of government-wide financial 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 statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities. There are no business type activities at December 31, 2011.

The statement of net assets presents the financial condition of the governmental activities of the County at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods, or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the County.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### B. Basis of Presentation (Continued)

**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 borrowings used for the acquisition, construction or improvement of those assets. 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 regulation of other governments.

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

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

**Nonspendable** - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

**Restricted** - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (County ordinances).

Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the County can be compelled by an external party - such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### B. Basis of Presentation (Continued)

#### Fund Balance (Continued)

**Committed** - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the Board of Commissioners. The committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** - Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Commissioners or a County official delegated that authority by the County or ordinance.

**Unassigned** - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, or unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### B. Basis of Presentation (Continued)

**Fund Financial Statements**

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type. The County has no proprietary funds.

### C. Fund Accounting

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

**Governmental Funds**

Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the sources, uses, and balances, of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities are reported as fund balance. The following are the County's major governmental funds:

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

**SPLOST – Roads, Streets, and Bridges.** This fund accounts for monies from the special 1% sales tax. These funds are restricted for road repair and road machinery.

**SPLOST – Jail Construction.** This fund accounts for monies from the special 1% sales tax. These funds are restricted for repayment of jail construction debt.

**LOCAL RESOURCES FUND.** This fund accounts for monies that are held for the purchase of equipment and vehicles that are normally purchased from the General Fund.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### C. Fund Accounting (Continued)

#### Governmental Funds (Continued)

The other governmental funds of the County account for grants and other resources whose use is restricted for a particular purpose and the acquisition or construction of major capital facilities.

#### Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The County's investment trust fund accounts for the external portion of the cash management pool, which represents resources that belong to legally separate entities. The County's agency funds account for assets held by the County for political subdivisions in which the County acts as fiscal agent and for taxes, state-levied shared revenues, and finances and forfeitures collected and distributed to other political subdivisions.

### D. Measurement Focus

#### Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the statement of net assets.

#### Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of 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 fund financial statements for governmental funds.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### E. 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. Governmental funds use the modified accrual basis of accounting; fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**Revenues – Exchange and Nonexchange Transactions**

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recognized in the year in which the resources are measurable and become available. Available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within sixty days after year end.

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, sales taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from sales taxes is recognized in the period in which the sales are made. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the county must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### E. Basis of Accounting (Continued)

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: sales taxes, charges for services, fines and forfeitures, grants, interest, and rent.

#### Deferred Revenues

Deferred revenues arise when assets are recognized before the revenue recognition criteria have been satisfied.

Property taxes for which there was an enforceable legal claim at December 31, 2011, and were levied to finance 2011 operations, have been recorded as deferred revenue.

On governmental fund financial statements, receivables that were not collected within the available period are recorded as deferred revenue. The property tax deferred revenue on these statements amounts to $524,214.

#### Expenses/Expenditures

On the accrual basis, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

### F. Budgetary Data

1. Prior to December 1, the County Budget Officer submits to the Commission a proposed operating budget for fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### F. Budgetary Data (Continued)

2. The Commission holds a public hearing on the budget, giving notice thereof at least fourteen days in advance by publication in the official organ.

3. The budget is then reviewed and adopted by the Commission at the last regular meeting in December for the next year to which it applies.

4. The budget so adopted may be revised during the year only by formal action of the Commission in a regular meeting and no increase shall be made therein without provision also being made for financing same.

5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles.

6. Budgeted amounts are as originally adopted, or as amended by the Commission, if such amendments are considered material to the budget as a whole.

### G. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed. Accordingly, encumbrances outstanding at year-end are not reported as reservations of fund balances nor do they constitute expenditures or liabilities. Generally accepted accounting principles do not require encumbrance accounting. Likewise, Johnson County does not use encumbrance accounting.

### H. Inventories

Inventory consists of expendable supplies held for consumption. The cost of these supplies on hand are considered immaterial to the balance sheets of the various funds and are not shown as assets of the funds nor is any portion of the fund balance reported as reserved for inventories. Inventory type items are recorded as an expense/expenditure when purchased.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### I. Cash and Investments

For purposes of the statement of net assets, cash and investments with a maturity of three months or less at the time they are purchased by the County are considered to be cash and cash equivalents. Investments with maturity of more than three months are reported as investments.

### J. Prepaid Items

Payments to vendors for services that will benefit periods beyond December 31, 2011, are reported as prepaid items by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

### K. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Certain cash resources are set aside for various purposes in the special revenue funds. These restricted funds are classified as restricted assets on the balance sheet because their use is limited.

### L. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The County maintains a capitalization threshold of five thousand dollars. The County's infrastructure consists of roads, bridges, and culverts. Improvements 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 not capitalized. Prior infrastructure has not been capitalized.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### L. Capital Assets (Continued)

All capital assets are depreciated, except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using mainly straight-line method over the following useful lives:

| Description | Estimated Lives |
|---|---|
| Buildings and Building Improvements | 40-100 years |
| Improvements Other Than Buildings | 40 years |
| Machinery and Equipment | 7-10 years |
| Vehicles | 5 years |
| Infrastructure | 5-50 years |
| Land Improvements | 15 years |

### M. Compensated Absences

**Primary government**

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 the County will compensate the employees for the benefits through paid time.

The compensated absences liability for vacation is reported on the government-wide financial statements.

Employees accumulate sick leave at the rate of ten (10) hours per month. The maximum permissible accumulation is 90 days. No sick leave is paid upon employee termination.

Accumulated sick leave benefits have not been recorded as a liability because these benefits are paid only upon the illness of an employee, and the amount of such payment cannot be reasonably estimated.

**Component Unit**

**Johnson County Public Health Center**

Annual and sick leave costs are charged to operations at the time the expenditure is made.

Employees can earn annual leave at the rate of ten (10) hours per month during the first five (5) years of employment; twelve (12) hours per month after five (5) through ten (10) years of employment; and fourteen (14) hours per month after ten (10) years of employment.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### M. Compensated Absences (Continued)

#### Component Unit (Continued)

There is no requirement that annual leave be taken, but the maximum accumulated annual leave is forty-five (45) days. At termination, employees are paid for any accumulated annual leave. The liability for accumulated annual leave at June 30, 2011, is estimated to be $5,428 as recorded in the statement of net asset.

### N. Interfund Receivables/Payables

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due to other funds/Due from other funds." Interfund balances within governmental activities are eliminated on the government-wide statement of net assets.

### O. Estimates

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

## NOTE 2. CHANGES IN ACCOUNTING PRINCIPLES

Effective January 1, 2003, the County implemented the provisions of GASB 34, "*Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.*" This statement significantly changes the financial reporting model and reporting requirements. The County implemented the new reporting model one year in advance.

The County also has adopted GASB 33 "*Accounting and Financial Reporting for Nonexchange Transactions*"; GASB 36 "*Recipient Reporting for Certain Shared Nonexchange Revenues*"; GASB 37 "*Basic Financial Statements and Management's Discussion and Analysis for State Local Governments: Omnibus*"; GASB 38 "*Certain Financial Statement Note Disclosures*"; and GASB Interpretation 6 "*Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*."

GASB 37 makes certain clarifications regarding escheat property and modifies several provisions of GASB 34 including the Management's Discussion and Analysis. GASB 38 modifies, establishes and rescinds certain financial statement disclosure requirements.

## NOTE 2. CHANGES IN ACCOUNTING PRINCIPLES (CONTINUED)

GASB 34 creates new basic financial statements for reporting on the County's financial activities. The financial statements include government-wide financial statements prepared on the accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are aggregated and presented in a single column. A major fund is determined by those whose revenues, expenditures/expenses, assets or liabilities are at least 10% of corresponding totals for all governmental or all enterprise funds and for that same element at least 5% of the combined totals of the governmental and enterprise funds.

## NOTE 3. CUSTODIAL CREDIT RISK - DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government's deposit policy requires pledges of collateral for all cash deposits in depository institutions.

Primary government:

The County government had the following depository accounts. All deposits are carried at cost plus accrued interest.

| Primary government: | Carrying Amount | Bank Balance |
|---|---|---|
| Cash and cash equivalents | $ 2,820,334 | $ 1,153,205 |
| Cash restricted | 620,634 | 792,421 |
| Certificates of deposit (unrestricted) | - | - |
| | $ 3,440,968 | $ 1,945,626 |

As of December 31, 2011, the government's bank balance of $1,945,626 was exposed to custodial credit risk as follows:

| | |
|---|---|
| Insured or collateralized with securities held by the entity or by its agent in the entity's name. | $ 1,870,672 |
| Underinsured or undercollateralized funds held by the entity or by its agent in the entity's | $ 74,954 |

Georgia statute requires collateral at 110% of the government's bank balance, less the amount of FDIC insurance, to be held in the government's name by the safe keeping agent. The County has notified the depository of this matter of noncompliance.

Agency Funds:
The Johnson County Tax Commissioner had the following depository accounts.

| | Carrying Amount | Bank Balance |
|---|---|---|
| Cash and Cash equivalents | $ 559,814 | $ 1,034,882 |

**NOTE 3. CUSTODIAL CREDIT RISK – DEPOSITS (CONTINUED)**

As of December 31, 2011, the agency's bank balance of $1,034,882 was exposed to custodial credit risk as follows:

| | |
|---|---|
| Insured or collateralized with securities held by the entity or by its agent in the entity's name. | $ 669,561 |
| Underinsured or undercollateralized funds held by the entity or by its agent in the entity's name. | $ 365,321 |

Georgia statute requires collateral at 110% of the government's bank balance, less the amount of FDIC insurance, to be held in the government's name by the safe keeping agent. Accordingly, the depository holding the public funds has ten (10) days within which it must secure the deposits with the appropriate collateral. While the Tax Commissioner's bank balance on December 31, 2011, exceeded the amount of deposits insured or collateralized, it did not do so for a period of greater than ten (10) days.

**Component units –**

**Johnson County Recreation Department**

The Recreation Department had the following depository accounts:

| | Carrying Amount | Bank Balance |
|---|---|---|
| Cash and Cash Equivalents | $ 10,110 | $ 9,460 |

As of December 31, 2011, the Recreation Department bank balance of $9,460 was exposed to custodial credit risk as follows:

| | |
|---|---|
| Insured by FDIC insurance | $ 9,460 |

**Johnson County Development Authority**

The Development Authority had the following depository accounts

| | Carrying Amount | Bank Balance |
|---|---|---|
| Cash and Cash Equivalents | $ 18,327 | $ 18,327 |

As of December 31, 2011, the Development Authority's bank balance of $18,327 was exposed to custodial credit risk as follows:

| | |
|---|---|
| Insured by FDIC insurance | $ 18,327 |

**Johnson County Public Health Center**

The Public Health Center had the following depository accounts

| | Carrying Amount | Bank Balance |
|---|---|---|
| Cash and Cash Equivalents | $ 115,192 | $ 126,497 |
| Certificates of Deposit (unrestricted) | 241,631 | 241,631 |
| | $ 356,823 | $ 368,128 |

## NOTE 3. CUSTODIAL CREDIT RISK – DEPOSITS (CONTINUED)

As of June 30, 2011, the Public Health Center's bank balance of $ 368,128 was exposed to custodial credit risk as follows:

| | |
|---|---|
| Insured or collateralized with securities held by the entity or by its agent in the entity's name. | $ 368,128 |

Georgia statute requires collateral at 110% of the government's bank balance, less the amount of FDIC insurance, to be held in the government's name by the safe keeping agent.

## NOTE 4. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are recognized when levied to the extent they result in current receivables. Taxes of real and personal property are payable once a year. In the governmental funds, taxes not collected within sixty days after year-end, are reported as deferred revenue. The government-wide financial statements are reported on the accrual basis, therefore, no deferred revenues are reflected for property taxes.

Taxes were levied on October 20th and were due by December 31st. As required by law, the County must submit a tax digest to the State of Georgia each year for approval.

The Tax Commissioner collects property taxes on behalf of all taxing districts within the County. The Tax Commissioner periodically remits to the taxing districts their portions of the taxes collected. The Tax Commissioner is one of the agency funds.

The Tax Commissioner had taxes receivable of $2,040,391. The total deferred revenue in the governmental funds at December 31, 2011, totals $524,214 which is deferred revenue on property taxes.

## NOTE 5. SIGNIFICANT CONTINGENCIES, STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

**Retirement Commitments – primary government**

The County participates in several retirement and pension plans funded by fees received by the County. The County is not in direct control of the plans and are only committed to fund actual fees collected on a per case basis. The plans are The Probate Judges' Retirement Fund of Georgia, Clerk of Superior Court Retirement Fund, and the Sheriff's Retirement Fund/Peace Officers Annuity and Benefit Fund.

During 2010 the County enrolled in GEBC Corp 457(b) Deferred Compensation plan. All full-time and part-time employees are eligible to participate in the Plan. The County government has elected not to make contributions to this plan on behalf of any employee. Age 50 catch-up contributions are allowed. The employee can contribute 100% of his pay up to a maximum of $16,500. Any contributions made by the employee are immediately 100% vested along with the investment earnings. At year end there were 52 employees eligible to participate and eleven employees were participating.

## NOTE 5. SIGNIFICANT CONTINGENCIES, STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

**Component Unit**

**Johnson County Public Health Center**

The employees of the Center participate in The Georgia State Employees' Retirement System. The plan is administered by the State of Georgia, and accumulated benefits and plan assets are not determined or allocated to the individual participating governmental entities. The retirement contributions for the year ended June 30, 2011, were 13,719. Contributions are fully vested to employees after ten (10) years of continuous service.

## NOTE 6. PERMISSIVE SALES TAX

The County Commissioners, by resolution, imposed a one percent tax on all retail taxable sales made in the County. As required by State Statute, the County Commissioners established how the sales tax proceeds would be allocated. The sales tax proceeds are credited to special revenue funds. Part of the sales tax proceeds are used for new jail construction and the other proceeds are used for roads, streets and bridges. A receivable is recognized at year-end for amounts that will be receivable from sales in 2011. The total amount of special sales tax receivable at December 31, 2011, totaled $108,745.

## NOTE 7. RECEIVABLES

Receivables at December 31, 2011, consist of accounts, sales taxes, motor vehicle taxes, mobile home taxes, property taxes and user charged services. All amounts due from other governments are considered collectible in full. The County's ambulance service fees have a 60% allowance for uncollectibles recorded. This allowance amount is $177,868.

A summary of the principal amounts due from other governments follows:

| Fund | Description | Amount |
|---|---|---|
| General Fund | Sales tax | $ 69,597 |
| Special Revenue Funds | | |
| SPLOST Jail Construction | Special sales tax | 108,745 |
| Total | | $ 178,342 |

## NOTE 8. CAPITAL ASSETS

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

| | Balance at January 1, 2011 | Additions | Reductions | Balance at December 31, 2011 |
|---|---|---|---|---|
| Primary Government | | | | |
| Governmental Activities | | | | |
| Non Depreciable Capital Assets | | | | |
| Land | $ 591,309 | $ - | $ - | $ 591,309 |
| Construction in Process | - | 9,890 | | 9,890 |
| Total Non Depreciable Capital Assets | 591,309 | 9,890 | - | 601,199 |
| Depreciable Capital Assets | | | | |
| Land improvements | 18,201 | 10,100 | - | 28,301 |
| Infrastructure | 562,075 | - | - | 562,075 |
| Buildings | 7,664,727 | 41,445 | - | 7,706,172 |
| Equipment | 1,292,451 | 76,066 | - | 1,368,517 |
| Furniture and fixtures | 450,303 | - | - | 450,303 |
| Vehicles | 728,765 | 37,859 | - | 766,624 |
| Total Depreciable Capital Assets | 10,716,522 | 165,470 | - | 10,881,992 |
| Less Accumulated Depreciation for: | | | | |
| Land improvements | (481) | (1,662) | - | (2,143) |
| Infrastructure | (143,060) | (29,335) | - | (172,395) |
| Buildings | (1,849,390) | (148,696) | - | (1,998,086) |
| Equipment | (997,442) | (101,775) | - | (1,099,217) |
| Furniture and fixtures | (384,094) | (17,504) | - | (401,598) |
| Vehicles | (507,115) | (62,892) | - | (570,007) |
| Total Accumulated Depreciation | (3,881,582) | (361,864) | - | (4,243,446) |
| Total Depreciable Capital Assets, Net | 6,834,940 | (196,394) | - | 6,638,546 |
| Governmental Activities Capital Assets, Net | $7,426,249 | $(186,504) | $ - | $ 7,239,745 |

## NOTE 8. CAPITAL ASSETS (CONTINUED)

**Component units**

**Johnson County Development Authority**

| | Balance at January 1, 2011 | Additions | Reductions | Balance at December 31, 2011 |
|---|---|---|---|---|
| Non Depreciable Capital Assets | | | | |
| Land | $310,179 | $ - | $ - | $ 310,179 |
| Total Non Depreciable Capital Assets | 310,179 | - | - | 310,179 |
| Depreciable Capital Assets | | | | |
| Land improvements | 24,342 | 7,600 | - | 31,942 |
| Total Depreciable Capital Assets | 24,342 | 7,600 | - | 31,942 |
| Less Accumulated Depreciation for: | | | | |
| Land improvements | (8,776) | (2,426) | - | (11,202) |
| Total Accumulated Depreciation | (8,776) | (2,426) | - | (11,202) |
| Total Depreciable Capital Assets, Net | 15,566 | 5,174 | - | 20,740 |
| Capital Assets, Net | $325,745 | $ 5,174 | $ - | $ 330,919 |

**Johnson County Public Health Center**

| | Balance at July 1, 2010 | Additions | Reductions | Balance at June 30, 2011 |
|---|---|---|---|---|
| Depreciable Capital Assets | | | | |
| Equipment | $ 44,724 | $ 314 | $ 403 | $ 44,635 |
| Total Depreciable Capital Assets | 44,724 | 314 | 403 | 44,635 |
| Less Accumulated Depreciation for: | | | | |
| Equipment | (44,234) | (226) | (403) | (44,057) |
| Total Accumulated Depreciation | (44,234) | (226) | (403) | (44,057) |
| Total Depreciable Capital Assets, Net | $ 490 | $ 88 | $ - | $ 578 |

## NOTE 8. CAPITAL ASSETS (CONTINUED)

**Johnson County Recreation Department**

| | Balance at January 1, 2011 | Additions | Reductions | Balance at December 31, 2011 |
|---|---|---|---|---|
| Non Depreciable Capital Assets | | | | |
| Land | $ 58,000 | $ - | $ - | $ 58,000 |
| Total Non Depreciable Capital Assets | 58,000 | - | - | 58,000 |
| Depreciable Capital Assets | | | | |
| Buildings | 50,000 | - | - | 50,000 |
| Equipment | 61,128 | 5,459 | 6,995 | 59,592 |
| Total Depreciable Capital Assets | 111,128 | 5,459 | 6,995 | 109,592 |
| Less Accumulated Depreciation for: | | | | |
| Buildings | (17,000) | (1,000) | - | (18,000) |
| Equipment | (37,811) | (4,438) | (6,995) | (35,254) |
| Total Accumulated Depreciation | (54,811) | (5,438) | (6,995) | (53,254) |
| Total Depreciable Capital Assets, Net | 56,317 | 21 | - | 56,338 |
| Capital Assets, Net | $114,317 | $ 21 | $ - | $ 114,338 |

Depreciation expense charged to governmental functions was as follows:

| | |
|---|---|
| Governmental activities: | |
| General government | $ 71,483 |
| Public safety | 114,681 |
| Health and welfare | 44,792 |
| Transportation | 116,160 |
| Sanitation and environmental | - |
| Recreation and culture | 14,748 |
| Total depreciation expense - governmental activities | $ 361,864 |

## NOTE 9. NOTES PAYABLE

At the beginning of 2010 the County owed Suntrust Leasing Corporation $2,526,306 on the jail constructed in 2005. Repayment of this debt occurs from the collection of special purpose local option sales tax. On January 28, 2010, the County refinanced this installment sales agreement with Suntrust Leasing Corporation at an annual interest rate of 3.30%. Regular monthly payment amounts excluding any extra principal payments are $35,000 a month. The following is a summary of this year's activity on the note:

| | Balance January 1, 2011 | Additions | Reductions | Balance December 31, 2011 |
|---|---|---|---|---|
| Suntrust Leasing Corporation | $ 1,228,527 | $ - | $ 503,453 | $ 725,074 |

Note maturities for the upcoming years on this debt are as follows:

| | Total Payments | Principal | Interest |
|---|---|---|---|
| December 31, 2012 | $ 420,000 | $ 402,118 | $ 17,882 |
| December 31, 2013 | 327,585 | 322,956 | 4,629 |
| Total | $ 747,585 | $ 725,074 | $ 22,511 |

The above schedule does not include any prepayment penalties.

## NOTE 9. NOTES PAYABLE (CONTINUED)

On December 10, 2010, the County purchased improved real estate for an emergency medical service and road department facility. The total cost of the facility was $200,000 purchased with a $50,000 grant and $150,000 debt through the United States Department of Agriculture. The debt is based on a 20 year payout with annual payments of $10,796 beginning December 10, 2011. The interest rate is calculated at 3.75% per annum. This note is secured by the purchased real estate. The following is a summary of this year's activity on the note:

| | Balance January 1, 2011 | Additions | Reductions | Balance December 31, 2011 |
|---|---|---|---|---|
| United States Department of Agriculture | $ 150,000 | $ - | $ 5,171 | $ 144,829 |

Note maturities for the upcoming years in five year increments on this debt are as follows:

| | Total Payments | Principal | Interest |
|---|---|---|---|
| December 31, 2012 | $ 10,796 | $ 5,362 | $ 5,434 |
| December 31, 2013 | 10,796 | 5,563 | 5,233 |
| December 31, 2014 | 10,796 | 5,772 | 5,024 |
| December 31, 2015 | 10,796 | 5,988 | 4,808 |
| December 31, 2016 | 10,796 | 6,213 | 4,583 |
| | 53,980 | 28,898 | 25,082 |
| December 31, 2017 | 10,796 | 6,446 | 4,350 |
| December 31, 2018 | 10,796 | 6,688 | 4,108 |
| December 31, 2019 | 10,796 | 6,939 | 3,857 |
| December 31, 2020 | 10,796 | 7,200 | 3,596 |
| December 31, 2021 | 10,796 | 7,470 | 3,326 |
| | 53,980 | 34,743 | 19,237 |
| December 31, 2022 | 10,796 | 7,750 | 3,046 |
| December 31, 2023 | 10,796 | 8,041 | 2,755 |
| December 31, 2024 | 10,796 | 8,342 | 2,454 |
| December 31, 2025 | 10,796 | 8,655 | 2,141 |
| December 31, 2026 | 10,796 | 8,980 | 1,816 |
| | 53,980 | 41,768 | 12,212 |
| December 31, 2027 | 10,796 | 9,317 | 1,479 |
| December 31, 2028 | 10,796 | 9,667 | 1,129 |
| December 31, 2029 | 10,796 | 10,029 | 767 |
| December 31, 2030 | 10,797 | 10,407 | 390 |
| | 43,185 | 39,420 | 3,765 |
| Total | $ 205,125 | $ 144,829 | $ 60,296 |

## NOTE 10. INTERFUND BALANCES

Generally outstanding balances between funds are reported as due from/due to other funds. The due to and due from are current and involve no long-term receivables and payables. The following table shows the due from/due to among the funds:

| | Payable from: |
|---|---|
| Payable to: | General Fund |
| Fire Fee Fund | $ 18,485 |

The County General Fund will pay to the Fire Fee Fund the above amount within one year. The fire fee is collected by the Tax Commissioner when payments are made for property taxes. The Tax Commissioner pays the County portion of property taxes along with the fire fee to the General Fund. The General Fund at various times during the year transfers the fire fee to the Fire Fee Fund.

## NOTE 11. OTHER LONG-TERM LIABILITIES

**Primary government:**

Vacation benefits are accrued as a liability as benefits are earned if the employees right to receive compensation are attributable to services already rendered. The following is a schedule of vacation benefits payable during the year.

| Compensated Absences Payable | |
|---|---|
| Beginning Balance | $ 56,513 |
| Increases | 66,605 |
| Decreases | (56,513) |
| Ending Balances | $ 66,605 |
| Current | $ 66,605 |
| Long Term | $ - |

In the past all compensated absences have been paid out of the general fund and the current amount is expected to be paid from the same fund.

## NOTE 11. OTHER LONG-TERM LIABILITIES (CONTINUED)

**Component unit:**

The Johnson County Public Health Center has accumulated annual leave at June 30, 2011, totaling $5,428. The following is a schedule of annual leave payable during the year.

| | |
|---|---|
| Compensated Absences Payable | |
| Beginning Balance | $ 4,770 |
| Increases | 658 |
| Decreases | - |
| Ending Balances | $ 5,428 |
| Current | $ 1,085 |
| Long Term | $ 4,343 |

In the past all compensated absences has been paid out of the general fund of the health center and the current amount is expected to be paid from the same fund.

## NOTE 12. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has joined together with other municipalities in the state as part of the Georgia Municipal Association Group Self-Insurance Workers Compensation Fund and the Association County Commissioners of Georgia – Interlocal Risk Management Agency (ACCG-IRMA), public entity risk pools currently operating as a common risk management and insurance program for member local governments. The County pays an annual premium to the funds for its insurance coverage. The funds are owned by participating member municipalities and is to be self-sustaining through member premiums. The funds are to defend and protect members of the fund against liability or loss as prescribed in the member governments' contracts and in accordance with the worker's compensation laws of Georgia. The agreement between the members of the public entity risk pool provides that members may be required to pay additional assessments as shall be established by the Board of the pool; however, no additional assessments have been required of the members since formation of the pool.

## NOTE 13. JOINT VENTURE

Under Georgia law, Johnson County, in conjunction with other cities and counties in the seventeen county west central Georgia area, is a member of the Heart of Georgia Altamaha 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 may be obtained from:

Heart of Georgia Altamaha Regional Commission
5405 Oak Street
Eastman, Georgia 31023

## NOTE 14. SANITARY LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

State and federal laws and regulations require Johnson County to place a final cover on its landfill sites 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 cash 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 landfill capacity used as of each balance sheet date.

The County received a closure certificate from the Georgia Department of Natural Resources on August 26, 1996. The County no longer accepts waste at the site and contracts waste management services to private entities.

Due to the competitive nature of the market which serves landfill monitoring and care and changes in inflation and technology, the estimated post-closure and closure care costs may fluctuate from year to year. There was no change in the estimated post-closure and closure care costs during the fiscal year ended December 31, 2011.

## NOTE 15. CONTINGENCIES

There are no contingencies or threatened litigation that would have a material effect on the financial statements.

## NOTE 16. CONDUIT DEBT

The County had no conduit debt at December 31, 2011.

## NOTE 17. INTERFUND TRANSFERS

The following is a schedule of transfers between funds:

| | Transfers In | | Out |
|---|---|---|---|
| Local Resources Fund | $ 4,000 | Fund | $ 4,000 |
| Fire Fee Fund | 12,641 | General | 12,641 |
| Total | $ 16,641 | | $ 16,641 |

The purpose for most of these interfund transfers is to provide funds with sufficient cash resources for ongoing operations.

## NOTE 18. SUBSEQUENT EVENTS

There are no events after December 31, 2011, that would have a material effect on the financial statements.

## NOTE 19. FUND BALANCE CLASSIFICATION

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds are presented below.

| Primary Government: | General Fund | SPLOST Streets and Bridges | SPLOST Jail Construction | Local Resource Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| Nonspendable: | | | | | | |
| Prepaid assets | $ 65,491 | $ - | $ - | $ - | $ - | $ 65,491 |
| Restricted for: | | | | | | |
| SPLOST - Roads, Streets, and Bridges | - | 145,911 | - | - | - | 145,911 |
| SPLOST - Jail Construction Debt | - | - | 382,207 | - | - | 382,207 |
| Jail Fund | - | - | - | - | 7,209 | 7,209 |
| Drug Fund | - | - | - | - | 6,389 | 6,389 |
| Fire Fee Fund | - | - | - | - | 51,647 | 51,647 |
| Capital Outlay | - | - | - | 12,538 | - | 12,538 |
| Capital Projects Fund | - | - | - | - | 380 | 380 |
| Law Library Fund | - | - | - | - | 9,529 | 9,529 |
| Unassigned | 2,427,842 | - | - | - | - | 2,427,842 |
| | $ 2,493,333 | $ 145,911 | $ 382,207 | $ 12,538 | $ 75,154 | $ 3,109,143 |

## NOTE 20. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Separate financial statements on the Johnson County Public Health Center may be obtained from:

Laurens County Board of Health
2121-D Bellevue Road
Dublin, Georgia 31021

Separate financial statements are not issued on the Johnson County Development Authority and Johnson County Recreation Department and are included since they are component units.

Johnson County's policy for the use of restricted net assets where both unrestricted and restricted are available for an expense is to use the restricted net assets first before applying the unrestricted.

## NOTE 21. COMPONENT UNITS

### A. Johnson County Recreation

Basis of Accounting – The financial statements of The Johnson County Recreation Department have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results may differ from those estimates.

### B. Johnson County Development Authority

Basis of Accounting – The financial statements of The Johnson County Development Authority have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results may differ from those estimates.

### C. Johnson County Public Health Center

Basis of Accounting – The financial statements of The Johnson County Public Health Center have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results may differ from those estimates.

## NOTE 22. FINANCIAL RESPONSIBILITY AND COMPLIANCE

**Budgetary Comparisons:**

**General Fund:**

Items over budget in the general government category include governing body, county attorney and magistrate court. The governing body was over budget due to higher than expected costs for education and training. The county attorney was over budget due to under budgeting for handling of legal issues. The magistrate court was over budget due to under budgeting for salaries.

Under public safety the E-911 was over budget due to the under budgeting for costs necessary to prepare for future implementation of a E-911 system.

Under transportation highways and streets were over budget due to higher than expected costs for fuel and repairs.

Solid waste and recycling and solid waste disposal were over budget due to higher than expected salaries and the cost of solid waste disposal.

Under health and welfare, the ambulance service was over budget due to higher than expected fuel costs and repairs. The senior citizens center was over budget due to higher than anticipated utilities and building repairs.

Capital outlays for public safety was over budget due to the final cost of equipment purchased was higher than anticipated.

Debt service was over budget because of an administrative oversight for not budgeting for principal and interest payments.

Transfers to other funds was over budget due to the fact the budget was not amended to correctly report the amount of transfers to the Fire Fee Fund.

**SPLOST-Jail Roads, Streets and Bridges:**

The County Government prepared only an original budget. During the year the County resurfaced two roads and purchased equipment. The original budget was never amended to take into account these transactions.

**SPLOST-Jail Construction:**

The County Government prepared only an original budget. Debt service was over budget. The County made an additional $150,000 payment in February on the jail debt. The original budget was never amended to take into account this additional payment.

Johnson County, Georgia
General Fund
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual
(GAAP Budget Basis)
For the Year Ended December 31, 2011

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Property taxes | $ 2,060,000 | $ 2,060,000 | $ 2,053,826 | $ (6,174) |
| Intangible taxes (recording) | 15,000 | 15,000 | 9,170 | (5,830) |
| Mobile home taxes | 43,500 | 43,500 | 41,690 | (1,810) |
| Motor vehicle | 205,000 | 205,000 | 230,576 | 25,576 |
| Sales tax | 355,000 | 355,000 | 390,429 | 35,429 |
| Alcoholic beverage tax | 20,000 | 5,000 | 4,260 | (740) |
| Transfer tax | 3,000 | 3,000 | 3,331 | 331 |
| Insurance premium tax | 276,000 | 276,000 | 299,060 | 23,060 |
| Timber tax | 45,000 | 45,000 | 76,663 | 31,663 |
| Other taxes | 82,950 | 82,950 | 85,183 | 2,233 |
| Intergovernmental | 22,500 | 22,500 | 64,346 | 41,846 |
| Charges for services | 461,100 | 461,100 | 558,358 | 97,258 |
| Fines and court costs | 266,000 | 266,000 | 210,146 | (55,854) |
| Interest | 2,500 | 10,000 | 5,502 | (4,498) |
| Other | 3,000 | 32,730 | 58,650 | 25,920 |
| **Total revenues** | 3,860,550 | 3,882,780 | 4,091,190 | 208,410 |
| **Expenditures:** | | | | |
| **Current:** | | | | |
| **General government:** | | | | |
| Governing body | 55,855 | 55,855 | 56,687 | (832) |
| Board of Equalization | 2,825 | 2,825 | 738 | 2,087 |
| Chief Executive (Administrator) | 65,529 | 65,529 | 64,276 | 1,253 |
| Board of Elections | 43,466 | 43,466 | 39,262 | 4,204 |
| County administration | 117,486 | 118,886 | 103,187 | 15,699 |
| County Attorney | 14,000 | 17,000 | 17,271 | (271) |
| Tax Commissioner | 132,222 | 132,222 | 129,024 | 3,198 |
| Tax Assessor | 147,223 | 147,223 | 130,445 | 16,778 |
| County Extension Agent | 53,610 | 53,610 | 51,056 | 2,554 |
| Clerk of Superior Court | 151,500 | 150,100 | 148,164 | 1,936 |
| Superior Court | 206,930 | 206,930 | 177,041 | 29,889 |
| Juvenile Court | 41,150 | 41,150 | 27,408 | 13,742 |
| Probate Court | 122,750 | 131,300 | 124,325 | 6,975 |
| Magistrate Court | 50,273 | 27,448 | 28,345 | (897) |
| Coroner | 12,324 | 12,324 | 10,741 | 1,583 |
| Public buildings | 169,650 | 169,650 | 162,521 | 7,129 |
| **Total general government** | 1,386,793 | 1,375,518 | 1,270,491 | 105,027 |

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

Johnson County, Georgia
General Fund
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual
(GAAP Budget Basis)
For the Year Ended December 31, 2011

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **Public safety:** | | | | |
| Sheriff | $ 548,489 | $ 548,489 | $ 515,499 | $ 32,990 |
| Jail | 296,608 | 296,608 | 294,135 | 2,473 |
| Civil defense | 21,655 | 52,147 | 20,815 | 31,332 |
| Rural fire departments | 17,000 | 17,000 | 8,267 | 8,733 |
| E-911 | 4,500 | 4,500 | 5,325 | (825) |
| **Total public safety** | 888,252 | 918,744 | 844,041 | 74,703 |
| **Transportation:** | | | | |
| Highways and streets | 485,395 | 485,395 | 506,402 | (21,007) |
| **Total transportation** | 485,395 | 485,395 | 506,402 | (21,007) |
| **Sanitation and environmental:** | | | | |
| Solid waste and recycling administration | 49,483 | 89,883 | 107,581 | (17,698) |
| Solid waste disposal | 231,900 | 191,500 | 202,308 | (10,808) |
| Landfill post closure | 21,500 | 21,500 | 15,415 | 6,085 |
| **Total sanitation and environmental** | 302,883 | 302,883 | 325,304 | (22,421) |
| **Health and welfare:** | | | | |
| Ambulance service | 510,320 | 510,320 | 527,789 | (17,469) |
| Senior citizens | 55,712 | 55,712 | 59,071 | (3,359) |
| **Total health and welfare** | 566,032 | 566,032 | 586,860 | (20,828) |
| **Recreation and culture:** | | | | |
| Parks and recreation | 32,240 | 32,240 | 30,951 | 1,289 |
| **Total recreation and culture** | 32,240 | 32,240 | 30,951 | 1,289 |
| **Intergovernmental:** | | | | |
| Payments to local government agencies | 93,380 | 93,380 | 92,603 | 777 |
| **Total intergovernmental** | 93,380 | 93,380 | 92,603 | 777 |

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

Johnson County, Georgia
General Fund
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual
(GAAP Budget Basis)
For the Year Ended December 31, 2011

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **Capital outlays:** | | | | |
| General government | $ 25,000 | $ 25,000 | $ - | $ 25,000 |
| Health and welfare | 5,000 | 5,000 | 3,178 | 1,822 |
| Public safety | 1,000 | 16,508 | 16,686 | (178) |
| **Total capital outlay** | 31,000 | 46,508 | 19,864 | 26,644 |
| **Debt service:** | | | | |
| Principal retirement | - | - | 5,171 | (5,171) |
| Interest | - | - | 5,625 | (5,625) |
| **Total debt service** | - | - | 10,796 | (10,796) |
| **Total expenditures** | 3,785,975 | 3,820,700 | 3,687,312 | 133,388 |
| **Excess of revenues over/ (under) expenditures** | 74,575 | 62,080 | 403,878 | 341,798 |
| **Other financing sources (uses):** | | | | |
| Transfers from other funds | 15,000 | - | - | - |
| Transfers to other funds | (4,575) | (4,575) | (16,641) | (12,066) |
| Appropriated contingencies | (85,000) | (57,505) | - | 57,505 |
| **Total other financing sources (uses)** | (74,575) | (62,080) | (16,641) | 45,439 |
| **Excess of revenues and other sources over/ (under) expenditures and other uses** | - | - | 387,237 | 387,237 |
| **Fund balance, January 1, 2011** | 2,106,096 | 2,106,096 | 2,106,096 | - |
| **Fund balance, December 31, 2011** | $ 2,106,096 | $ 2,106,096 | $ 2,493,333 | $ 387,237 |

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

Johnson County, Georgia
SPLOST - Roads, Streets and Bridges
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
(GAAP Budget Basis)
For the Year Ended December 31, 2011

| | Original Budget | Final Budget | Actual | Variance Final Budget Positive (Negative) |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Intergovernmental revenue | $ 125,000 | $ 125,000 | $ 237,213 | $ 112,213 |
| County sales tax | - | - | - | - |
| Interest | - | - | 5,557 | 5,557 |
| Other | - | - | - | - |
| **Total revenues** | 125,000 | 125,000 | 242,770 | 117,770 |
| **Expenditures:** | | | | |
| Transportation | 100,000 | 100,000 | 404,659 | (304,659) |
| Capital outlay | - | - | 80,044 | (80,044) |
| **Total expenditures** | 100,000 | 100,000 | 484,703 | (384,703) |
| **Excess (deficiency) of revenues over expenditures** | 25,000 | 25,000 | (241,933) | (266,933) |
| **Other financing sources (uses):** | | | | |
| Reserved for roads, streets, and bridges | (25,000) | (25,000) | - | 25,000 |
| **Total other financing sources (uses)** | (25,000) | (25,000) | - | 25,000 |
| **Excess of revenues and other sources over (under) expenditures and other uses** | - | - | (241,933) | (241,933) |
| **Fund balance, January 1, 2011** | 387,844 | 387,844 | 387,844 | - |
| **Fund balance, December 31, 2011** | $ 387,844 | $ 387,844 | $ 145,911 | $ (241,933) |

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

Johnson County, Georgia
SPLOST - Jail Construction
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
(GAAP Budget Basis)
For the Year Ended December 31, 2011

| | Original Budget | Final Budget | Actual | Variance Final Budget Positive (Negative) |
|---|---|---|---|---|
| **Revenues:** | | | | |
| County sales tax | $ 480,000 | $ 480,000 | $ 610,054 | $ 130,054 |
| Interest | - | - | 597 | 597 |
| **Total revenues** | 480,000 | 480,000 | 610,651 | 130,651 |
| **Expenditures:** | | | | |
| Public safety | - | - | 15 | (15) |
| Capital outlay | - | - | - | - |
| Debt service | 420,000 | 420,000 | 535,000 | (115,000) |
| **Total expenditures** | 420,000 | 420,000 | 535,015 | (115,015) |
| **Excess (deficiency) of revenues over expenditures** | 60,000 | 60,000 | 75,636 | 15,636 |
| **Other financing sources (uses):** | | | | |
| Reserved for jail construction | (25,000) | (25,000) | - | 25,000 |
| **Total other financing sources (uses)** | (25,000) | (25,000) | - | 25,000 |
| **Excess of revenues and other sources over (under) expenditures and other uses** | 35,000 | 35,000 | 75,636 | 40,636 |
| **Fund balance, January 1, 2011** | 306,571 | 306,571 | 306,571 | - |
| **Fund balance, December 31, 2011** | $ 341,571 | $ 341,571 | $ 382,207 | $ 40,636 |

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

Johnson County, Georgia
Local Resources Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
(GAAP Budget Basis)
For the Year Ended December 31, 2011

| | Original Budget | Final Budget | Actual | Variance Final Budget Positive (Negative) |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Other | $ - | $ - | $ - | $ - |
| **Total revenues** | - | - | - | - |
| **Expenditures:** | | | | |
| Health and welfare | - | - | - | - |
| Capital outlay | - | - | - | - |
| **Total expenditures** | - | - | - | - |
| **Excess (deficiency) of revenues over expenditures** | - | - | - | - |
| **Other financing sources (uses)** | | | | |
| Sale of assets | - | - | 2,383 | 2,383 |
| Transfer from other funds | 5,000 | 5,000 | 4,000 | (1,000) |
| **Total other financing sources (uses)** | 5,000 | 5,000 | 6,383 | 1,383 |
| **Excess of revenues and other sources over (under) expenditures and other (uses)** | 5,000 | 5,000 | 6,383 | 1,383 |
| **Fund balance, January 1, 2011** | 6,155 | 6,155 | 6,155 | - |
| **Fund balance, December 31, 2011** | $ 11,155 | $ 11,155 | $ 12,538 | $ 1,383 |

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

Johnson County, Georgia
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011

| | Nonmajor Special Revenue Funds | Nonmajor Capital Project Funds | Total Nonmajor Governmental Funds |
|---|---|---|---|
| **ASSETS** | | | |
| **Assets:** | | | |
| Cash and cash equivalents | $ 51,168 | $ 380 | $ 51,548 |
| Accounts receivable | 5,121 | - | 5,121 |
| Due from other funds | 18,485 | - | 18,485 |
| **Total assets** | $ 74,774 | $ 380 | $ 75,154 |
| **LIABILITIES AND FUND BALANCES** | | | |
| **Liabilities:** | | | |
| Accounts payable | $ - | $ - | $ - |
| Due to other funds | - | - | - |
| **Total liabilities** | - | - | - |
| **Fund balances:** | | | |
| **Restricted:** | | | |
| Rural fire department & emergency management | 51,647 | - | 51,647 |
| Jail expenditures | 7,209 | - | 7,209 |
| Drug education | 6,389 | - | 6,389 |
| Law library | 9,529 | - | 9,529 |
| Capital projects | - | 380 | 380 |
| **Total fund balances** | 74,774 | 380 | 75,154 |
| **Total liabilities and fund balances** | $ 74,774 | $ 380 | $ 75,154 |

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

Johnson County, Georgia
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2011

| | Nonmajor Special Revenue Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|---|---|---|---|
| **Revenues:** | | | |
| Fines and forfeitures | $ 25,317 | $ - | $ 25,317 |
| Charges for services | 29,008 | - | 29,008 |
| Interest income | - | 2 | 2 |
| **Total Revenues** | 54,325 | 2 | 54,327 |
| **Expenditures:** | | | |
| **Current:** | | | |
| Public safety | 21,683 | - | 21,683 |
| **Capital outlay** | 75,452 | - | 75,452 |
| | 97,135 | - | 97,135 |
| **Excess of revenues/ under expenditures** | (42,810) | 2 | (42,808) |
| **Other financing sources (uses) :** | | | |
| Transfers in | 12,641 | - | 12,641 |
| Transfers out | - | - | - |
| **Total other financing sources (uses)** | 12,641 | - | 12,641 |
| **Excess of revenues and other sources over/(under) expenditures and other (uses)** | (30,169) | 2 | (30,167) |
| **Fund balances, January 1, 2011** | 104,943 | 378 | 105,321 |
| **Fund balances, December 31, 2011** | $ 74,774 | $ 380 | $ 75,154 |

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

Johnson County, Georgia
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011

| | Jail Fund | Drug Fund | Law Library Fund |
|---|---|---|---|
| **ASSETS** | | | |
| **Assets:** | | | |
| Cash and cash equivalents | $ 3,827 | $ 4,650 | $ 9,529 |
| Accounts receivable | 3,382 | 1,739 | - |
| Due from other funds | | | |
| **Total assets** | $ 7,209 | $ 6,389 | $ 9,529 |
| **LIABILITIES AND FUND BALANCES** | | | |
| **Liabilities:** | | | |
| Accounts payable | $ - | $ - | $ - |
| Due to other funds | - | - | - |
| **Total liabilities** | - | - | - |
| **Fund Balances:** | | | |
| **Restricted:** | | | |
| Rural fire department & emergency management | - | - | - |
| Jail expenditures | 7,209 | - | - |
| Drug education | - | 6,389 | - |
| Law library | - | - | 9,529 |
| **Total fund balances** | 7,209 | 6,389 | 9,529 |
| **Total liabilities and fund balances** | $ 7,209 | $ 6,389 | $ 9,529 |

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

| Fire Fee Fund | Total Nonmajor Special Revenue Funds |
|---|---|
| $ 33,162 | $ 51,168 |
| - | 5,121 |
| 18,485 | 18,485 |
| $ 51,647 | $ 74,774 |
| | |
| $ - | $ - |
| - | - |
| - | - |
| | |
| 51,647 | 51,647 |
| - | 7,209 |
| - | 6,389 |
| - | 9,529 |
| 51,647 | 74,774 |
| | |
| $ 51,647 | $ 74,774 |

Johnson County, Georgia
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011

| | Jail Fund | Drug Fund | Law Library Fund |
|---|---|---|---|
| **Revenues:** | | | |
| Fines and forfeitures | 16,589 | 4,236 | 4,492 |
| Charges for services | - | - | |
| **Total revenues** | 16,589 | 4,236 | 4,492 |
| **Expenditures:** | | | |
| **Current:** | | | |
| Public safety | - | 496 | 3,021 |
| Capital outlay | 23,070 | - | 25,682 |
| **Total expenditures** | 23,070 | 496 | 28,703 |
| **Excess of revenues over/ (under) expenditures** | (6,481) | 3,740 | (24,211) |
| **Other financing sources (uses):** | | | |
| Transfers from other funds | - | - | - |
| Transfers to other funds | - | - | - |
| **Total other financing sources (uses)** | - | - | - |
| **Excess of revenues and other sources over/(under) expenditures and other (uses)** | (6,481) | 3,740 | (24,211) |
| **Fund balances, January 1, 2011** | 13,690 | 2,649 | 33,740 |
| **Fund balances, December 31, 2011** | $ 7,209 | $ 6,389 | $ 9,529 |

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

| Fire Fee Fund | Nonmajor Special Revenue Funds |
|---|---|
| - | 25,317 |
| 29,008 | 29,008 |
| 29,008 | 54,325 |
| | |
| 18,166 | 21,683 |
| 26,700 | 75,452 |
| 44,866 | 97,135 |
| | |
| (15,858) | (42,810) |
| | |
| 12,641 | 12,641 |
| - | - |
| 12,641 | 12,641 |
| | |
| (3,217) | (30,169) |
| | |
| 54,864 | 104,943 |
| $ 51,647 | $ 74,774 |

Johnson County, Georgia
Combining Balance Sheet
Nonmajor Capital Project Funds
December 31, 2011

| | Major Grants | Total Nonmajor Capital Project Funds |
|---|---|---|
| **ASSETS** | | |
| **Assets:** | | |
| Cash and cash equivalents | $ 380 | $ 380 |
| **Total assets** | 380 | 380 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities:** | | |
| Due to other funds | $ - | $ - |
| **Total liabilities** | - | - |
| **Fund balances:** | | |
| **Restricted:** | | |
| Capital projects | 380 | 380 |
| **Total fund balances** | 380 | 380 |
| **Total liabilities and fund balances** | $ 380 | $ 380 |

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

Johnson County, Georgia
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Capital Project Funds
For the Year Ended December 31, 2011

| | Major Grants | Total Nonmajor Capital Project Funds |
|---|---|---|
| **Revenues:** | | |
| Intergovernmental | $ - | $ - |
| Interest income | 2 | 2 |
| **Total Revenues** | 2 | 2 |
| **Expenditures:** | | |
| **Current:** | | |
| General government | - | - |
| **Capital outlay** | - | - |
| **Total expenditures** | - | - |
| **Excess of revenues over/ (under) expenditures** | 2 | 2 |
| **Other financing sources (uses) :** | | |
| Transfers in | - | - |
| Transfers out | - | - |
| Loan proceeds | - | - |
| **Total other financing sources (uses)** | - | - |
| **Excess of revenues and other sources over/(under) expenditures and other (uses)** | 2 | 2 |
| **Fund balances, January 1, 2011** | 378 | 378 |
| **Fund balances, December 31, 2011** | $ 380 | $ 380 |

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

## Agency Funds

| | |
|---|---|
| Clerk of Courts | This agency fund accounts for monies held in trust for the Superior Court prior to disbursement. |
| Office of Sheriff | This agency fund accounts for drug seizure funds held in a custodial capacity. |
| Tax Commissioner | This agency fund acts as a clearing account for property taxes, mobile home taxes, motor vehicle taxes, and timber taxes collected by the commissioner. |
| Probate Court | This agency fund accounts for traffic case fines, probate fees, and marriage license fees. |
| Magistrate Court | This agency fund accounts primarily for bad check cases and garnishments in a custodial capacity. |

Johnson County, Georgia
Combining Statement of Fiduciary Assets and Liabilities
All Agency Funds
December 31, 2011

| | Clerk of Courts | Office of Sheriff |
|---|---|---|
| **ASSETS** | | |
| **Assets:** | | |
| Cash and cash equivalents | $ 37,488 | $ 21,972 |
| Taxes receivable | - | - |
| **Total assets** | $ 37,488 | $ 21,972 |
| **LIABILITIES** | | |
| **Liabilities:** | | |
| Due to other governmental units | $ 37,488 | $ 21,972 |
| **Total liabilities** | $ 37,488 | $ 21,972 |

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

| Tax Commissioner | Probate Court | Magistrate Court | Total |
|---|---|---|---|
| $ 559,814 | $ 7,079 | $ 1,972 | $ 628,325 |
| 2,040,391 | - | - | 2,040,391 |
| $ 2,600,205 | $ 7,079 | $ 1,972 | $ 2,668,716 |
| $ 2,600,205 | $ 7,079 | $ 1,972 | $ 2,668,716 |
| $ 2,600,205 | $ 7,079 | $ 1,972 | $ 2,668,716 |

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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 Board of Commissioners
Johnson County, Georgia

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Johnson County, Georgia as of and for the year ended December 31, 2011, which collectively comprise Johnson County, Georgia's basic financial statements and have issued our report thereon dated June 26, 2012. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Johnson County Public Health Center, which is a component unit, as described in our report on Johnson County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Johnson County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying *Schedule of Findings and Questioned Costs* as Item 2011-1.

Johnson County, Georgia's responses to the findings identified in our audit are described in the accompanying *Schedule of Findings and Questioned Costs*. We did not audit Johnson County, Georgia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, County Commissioners, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

*Christian, Kelly, Thigpen & Co., LLC*

Dublin, Georgia
June 26, 2012

Johnson County, Georgia
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2011

## Section I - Summary of Auditor's Results

### Financial Statements

Type of auditor's report issued: unqualified

Internal Control over financial reporting:

| | | | | |
|---|---|---|---|---|
| Material weaknesses identified? | ☐ | Yes | ☒ | No |
| Control deficiency (s) identified not considered to be material weaknesses? | ☐ | Yes | ☒ | None reported |
| Noncompliance material to financial statements notes? | ☐ | Yes | ☒ | No |

## Section II - Financial Statement Findings

Item 2011-1:
Custodial Credit Risk
Finding:
Georgia statute requires collateral of 110% of the government's bank balance, less the amount of FDIC insurance. As of December 31, 2011, the bank balance for the SPLOST-Road, Streets and Bridges account held at the Bank of Wrightsville was undercollateralized by $74,954. As of December 31, 2011, the bank balances for the Tax Commissioners accounts, also held at the Bank of Wrightsville, were undercollateralized by $365,321. A depository holding public funds has ten (10) days within which it must secure the deposits with the appropriate collateral. While the Tax Commissioner's bank balances on December 31, 2011, exceeded the amount of deposits insured or collateralized, it did not do so for a period of greater than ten (10) days.

Recommendation:

We recommend that the County communicate with the Bank to ensure that the County's balances are sufficiently insured and collateralized.

Planned corrective action:

The Bank was made aware of the insufficient collateralization. The County will monitor account balances and communicate with the Bank when it sees that account balances will exceed coverage provided by FDIC insurance and the last known market value of pledged securities.