MORGAN COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2011

Prepared by:

Finance Department

MORGAN COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended June 30, 2011

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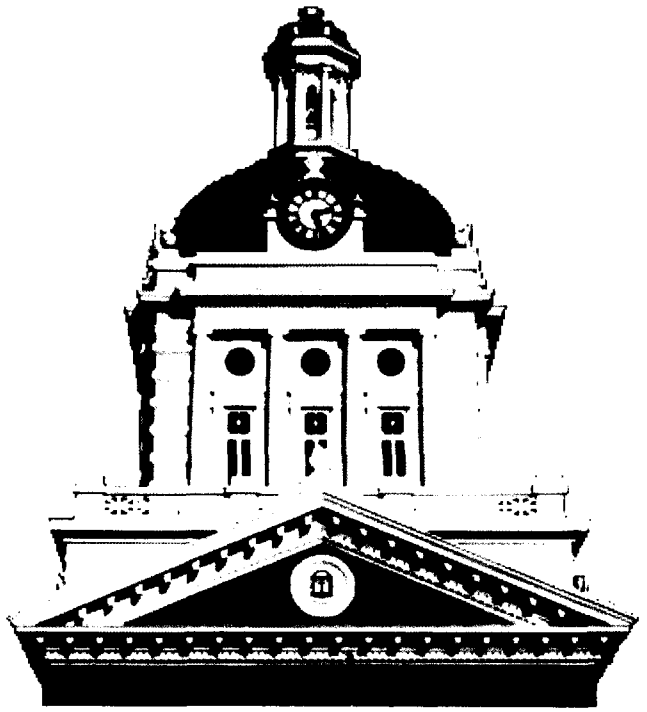
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INTRODUCTORY SECTION



August 8, 2011

Chairman
Members of the Board of Commissioners
Morgan County, Georgia

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to the requirements, we hereby issue the comprehensive annual financial report of Morgan County, Georgia for the fiscal year ended June 30, 2011.

This report demonstrates how the County receives, spends, and accounts for financial resources and illustrates the key indicators of its financial strength. Responsibility for the accuracy of the data and the completeness and fairness of the presentation rests with the County. We believe that the data as presented is accurate in all material aspects. Readers are encouraged to consider the presented information in conjunction with the information provided in management's discussion and analysis, the financial statements, and the notes to the financial statements.

Profile of the Government
Morgan County is located 58 miles southeast of the city limits of the City of Atlanta and encompasses 349.7 square miles. The 2011 population estimate from the U.S. Census Bureau is 17,961. The County was formed from sections of Baldwin County in 1807. Georgia's 32nd county is named for Revolutionary War General Daniel Morgan who defeated the British at Cowpens. It is the home of Hard Labor Creek State Park, Georgia's largest state park. The City of Madison has been the county seat since its incorporation in 1809. Madison has the largest designated historic district in Georgia, which encompasses most of the town. Morgan County is also home to the City of Rutledge, founded in 1845, the City of Bostwick, and the City of Buckhead, founded in 1891. Additional demographic information is provided in the Statistical Section of this report.

The County operates under a Commission-Manager Form of Government. Under this system of local government, the Commissioners are policy makers who establish a vision for the County, and who hire the Manager to carry out policy. The Board of Commissioners consists of five members, who serve on a part-time basis and are elected to staggered terms of four years. The Manager is responsible for directing day-to-day operations and coordinating the work of department heads and other employees.

Morgan County provides a full range of services, including law enforcement; corrections; the construction and maintenance of buildings, parks, streets and highways; parks and recreation activities; 911 emergency communications, voter registration and elections county systems tax assessment and collection building inspections planning and zoning solid waste collection and recycling and general administrative and support activities.

Economic condition and outlook
In these uncertain economic times, the County has not been immune to the economic realities but continues to maintain a strong financial position. Although many economic factors are largely outside of local government control, the Board of Commissioners, County Manager and departments have displayed impressive financial stewardship over the years. This philosophy entails reviewing the needs of the County relative to a standard that services and associated costs should not be appropriated unless they are justified as strategic goals of the organization that serve to accomplish our guiding principles.

At the State level, revenue short falls are requiring significant budget reductions and negatively impact local government funding as the state reduces programs to live within its means. Challenges facing local government are expected to mount as the demands for services grow while revenue sources struggle to achieve last year's levels and costs continue to climb. Property values – Total taxable assessed property values decreased by 14.5 percent for the 2010 property tax year. Communities across Georgia and throughout the nation are experiencing declines in new home construction, increases in the number of filings for foreclosures and increased in commercial vacancy rates.

The recession has changed the way governments operate at the local level. Short-term solutions of leaving vacant positions unfilled, deferring capital projects, and implement targeted cuts in expenditures will not resolve the issue entirely. These steps implemented during the recession now represent a new way of doing business that will continue beyond this fiscal crisis.

Internal controls
County management is responsible for establishing and maintaining an internal accounting control system. This system is designed to ensure that County assets are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal accounting controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of an accounting control should not exceed the benefits likely to be derived, and 2) the evaluation of costs and benefits requires estimates and judgment by management.

Budget controls
The annual budget serves as the foundation for the County's financial plan and assists in control of the financial stability and health of the government. As required by the statues of the State of Georgia, the County adopts annually a balanced budget. The legal level of control (i.e. the spending level at which expenditures may not legal exceed appropriations) is at the department level within a given fund. Reallocation of appropriations between line-items is acceptable within a given department. Additional details regarding budgetary controls may be found in Note 3 of the notes to the financial statements.

Cash management
The County's funds are deposited into interest-bearing accounts. The County's investment program is managed in accordance with all applicable laws. Investment objectives include the safeguarding of public funds through minimization of market and security risk and maximizing utilization of funds with respect to liquidity and earnings.

Independent audit
The financial statements included in this report are prepared in compliance with governmental financial reporting standards issued by the Governmental Accounting Standards Board; guidelines issued by the Government Finance Officers Association of the United States and Canada, and generally accepted accounting principles applicable to governmental entities. State of Georgia statutes require an annual audit by an independent Certified Public Accountant. The accounting firm of Bates Carter & Co., LLP report on the County's basic financial statements is included in the financial section of this CAFR.

Awards
The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for the fiscal year ended June 30, 2010. This was the first year the County received this prestigious award. This program recognizes those governments that go beyond the minimum requirements of generally accepted accounting principles to prepare CAFR's that represent the spirit of transparency and full disclosure. This award is valid for a period of one year only.

CAFR's that represent the spirit of transparency and full disclosure. This award is valid for a period of one year only.

Acknowledgements

The preparation and production of this document would not be possible without the cooperation of all County departments. Their willingness to work together has enabled the County to exceed expectations in financial reporting by producing a quality report that is readable, informative, and beneficial to citizens. We also extend our appreciation and gratitude to our independent auditors, Bates Carter & Co., LLP, for the professional guidance and assistance in producing a technically sound document. Finally, we thank the Board of Commissioners for their support and direction in conducting the financial affairs of the County in a responsible manner.

Respectfully submitted,



Michael Lamar, County Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Morgan County Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

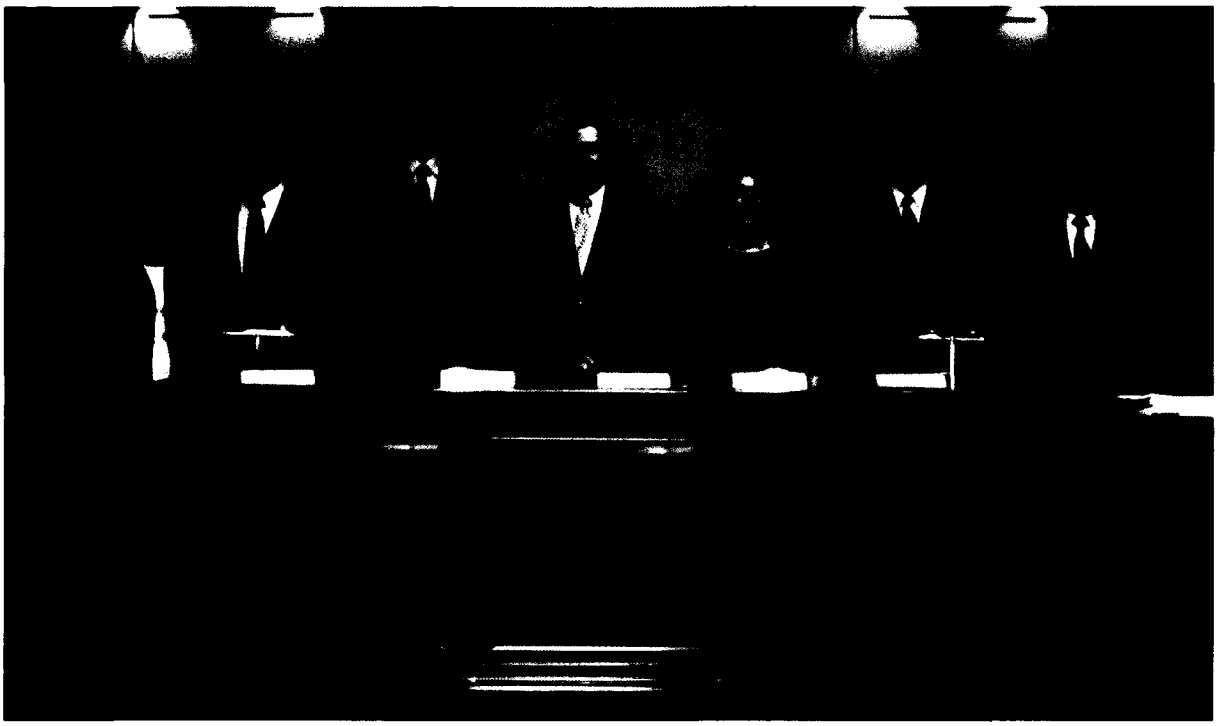
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davidson

President

Executive Director



Board of Commissioners

Commissioner District 1 Donald B. Harris
Commissioner District 2 Andy Ainslie,
Commissioner District 3 Mack B. Bohlen, Sr., Chairman
Commissioner District 4 Ellen Warren
Commissioner District 5 Samuel Cathey, Vice Chairman

Count Manager	County Clerk
Michael Lamar	Jane Laseter

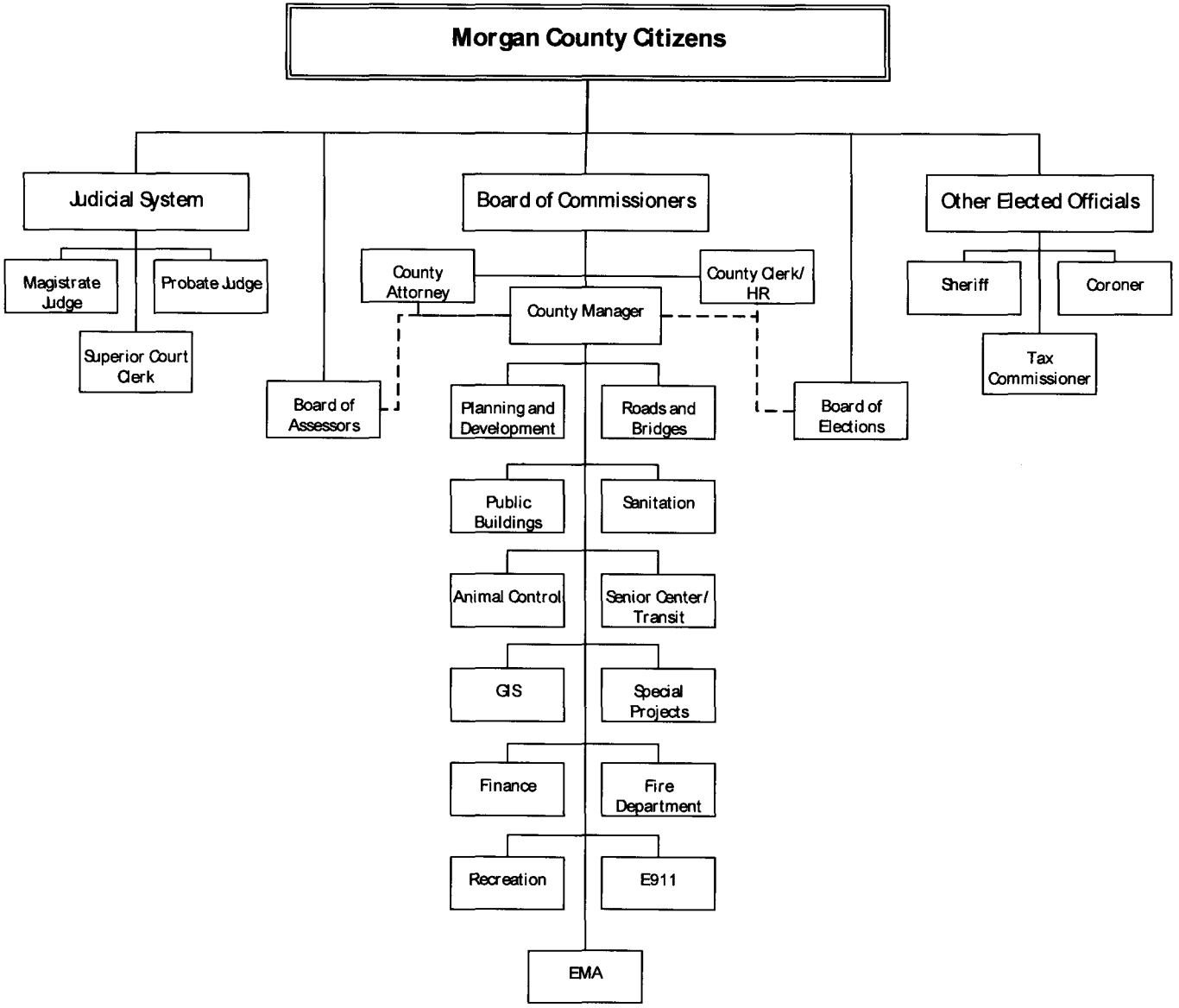
Elected Officials

Chief Magistrate Judge Connie Holt	Clerk of Superior Court Jody M. Moss	Coroner Adam Carter
District Attorney Fred D. Bright	Probate Court Judge Michael F. Bracewell	Sheriff Robert S. Markley
Superior Court Judges William A. Prior, Jr., Chief Judge John Lee Parrott Hulane E. George Hugh V. Wingfield, III James L. Cline, Jr.		Tax Commissioner Becky Astin

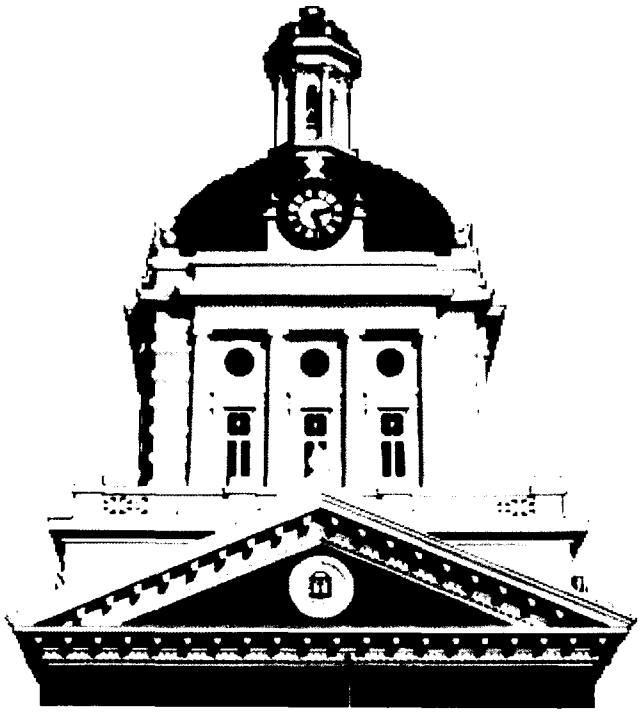
Department Directors

Animal Control Donna Prior, Director	Elections Bobby Howington	Extension Services Bobby Smith, Agent
Emergency Management Gwyn Ruark, Director	E911 Bill Crew, Director	Finance Department Lori Sayer, Director
Fire Department Vacant	IT Drew Neighbors, Director	Parks and Recreation Bill Wood, Director
Planning & Development Chuck Jarrell, Director	Public Buildings Alan Cagle, Director	Roads and Bridges Gregg Pennington, Director
Senior Center and Transit Benita Watkins, Director	Tax Assessor Chuck Anglin, Chief Appraiser	

Morgan County Organizational Chart



Financial Section



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INDEPENDENT AUDITORS' REPORT

August 8, 2012

Board of Commissioners
MORGAN COUNTY, GEORGIA
Madison, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of MORGAN COUNTY, GEORGIA, as of, and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Commissioners of MORGAN COUNTY, GEORGIA. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Morgan County Health Department and Morgan County Hospital Authority, component units of the County, as of and for the year then ended June 30, 2011, which statements reflect total assets of $424,397 and $6,744,000, as of June 30, 2011, and total revenues of $546,749 and $14,023,000, respectively, for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Morgan County Health Department and Morgan County Hospital Authority, 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 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of MORGAN COUNTY, GEORGIA, as of June 30, 2011, and the respective changes in financial position, and where applicable, cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the County adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in 2011.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 8, 2012, on our consideration of MORGAN COUNTY, GEORGIA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulation, contracts, grants, 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, Schedule of Pension Funding Progress, Budgetary Comparison Schedule-General Fund 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 compromise MORGAN COUNTY, GEORGIA's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The accompanying schedule of projects constructed with Special Sales Tax Proceeds is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-12. The combining and individual nonmajor fund financial statements, supplemental budgetary comparison schedules, the schedule of expenditures of federal awards, and schedule of projects constructed with Special Sales Tax Proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Butler, Carter + Co, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of Morgan County's financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2011. Please read i-iii in conjunction with the County's financial statements, which begin on page 1.

As a result of the enactment of GASB 34, the County is required to present a discussion and analysis of its financial condition and performance for the year ended June 30, 2011.

FINANCIAL HIGHLIGHTS

- The County's assets exceeded its liabilities at June 30, 2011 by $65,876,641 (Net Assets). Of this amount, $7,352,081 is considered unrestricted and can be used to meet the County's ongoing obligations.

- The County's total net assets decreased by $612,540 (Change in Net Assets). This is discussed in further detail in the Government-Wide Financial Analysis.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Morgan County's basic financial statements. Morgan County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements, presented on pages 1 and 2, provide a broad overview of Morgan County's finances in a manner similar to that of private-sector businesses. The statements include the following:

- The Statement of Net Assets presents the County's assets and liabilities, with the difference between the two reported as net assets. Over time, the change in net assets is an indicator of the improvement (an increase) or deterioration (a decrease) in the County's financial condition.

- The Statement of Activities presents the revenues and expenses of the County. The difference between these is the change in net assets for the year.

Both of the government-wide financial statements identify the various functions of Morgan County that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Morgan County, Georgia include general government, public safety, court systems, health and welfare, recreation and culture, public works, and housing and development. The business-type activity of Morgan County, Georgia is the Solid Waste operation.

The government-wide financial statements include not only Morgan County, Georgia itself (known as the primary government), but also a legally separate Health Department and Hospital Authority for which Morgan County, Georgia is financially accountable. Financial information for these component units is reported separately from financial information presented for the primary government itself.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund (which was closed during the year), and SPLOST, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 48 and 49 of this report.

The County adopts an annual appropriated budget for its General Fund and Special Revenue Funds. Project length budgets are adopted for the Capital Projects Funds. A Budgetary Comparison Schedule has been provided for the General Fund and Special Revenue Funds to demonstrate compliance with this budget.

The basic governmental funds financial statements can be found on pages 3 and 5 of this report.

Proprietary funds. The County maintains one proprietary fund. Enterprise (proprietary) funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for the Solid Waste operation.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 7-9 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 10 and 11 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14-44 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's pension plans on pages 45 and a schedule of budgetary comparisons for the general fund on pages 46 and 47. Combining and individual fund statements and schedules can be found on pages 48-56 of this report, and Schedules of Projects Constructed with Special Purpose Local Option Sales Tax can be found on page 57-59.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

During FY 2011, Morgan County, on an entity-wide basis, had a decrease in net assets of $612,540 which is the result of adding the $582,944 decrease in governmental activities and the decrease in net assets for business type activities of $29,596. The change in governmental activities is discussed below, and the change in business type activities is discussed under the heading Proprietary Funds.

The County had total Net Assets of $65,876,641, of which $56,535,600, net of debt and accumulated depreciation, was invested in capital assets. The table below shows the split of net assets between governmental and business-type activities.

Morgan County, Georgia's Net Assets
June 30

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Capital assets (net of depreciation)	$ 72,498,517	$ 74,931,772	$ 423,478	$ 435,751	$ 72,921,995	$ 75,367,523
Current and other assets	11,573,292	10,324,370	139,913	112,330	11,713,205	10,436,700
Total Assets	84,071,809	85,256,142	563,391	548,081	84,635,200	85,804,223
Long-term liabilities	17,642,456	18,671,620	563,391	342,187	18,205,847	19,013,807
Other liabilities	685,770	257,995	(133,058)	43,240	552,712	301,235
Total liabilities	18,328,226	18,929,615	430,333	385,427	18,758,559	19,315,042
Net assets:						
Invested in capital assets, net of related debt	56,112,122	56,528,239	423,478	435,751	56,535,600	56,963,990
Restricted	1,988,960	1,034,074	-	-	1,988,960	1,034,074
Unrestricted	7,642,501	8,764,214	(290,420)	(273,097)	7,352,081	8,491,117
Total net assets	$ 65,743,583	$ 66,326,527	$ 133,058	$ 162,654	$ 65,876,641	$ 66,489,181

Total government-wide revenue for Fiscal Year 2011 was $19,385,493. Of this amount, $19,057,887 was in governmental activities and $327,606 in business-type activities. The chart below shows the distribution of total primary government revenues.

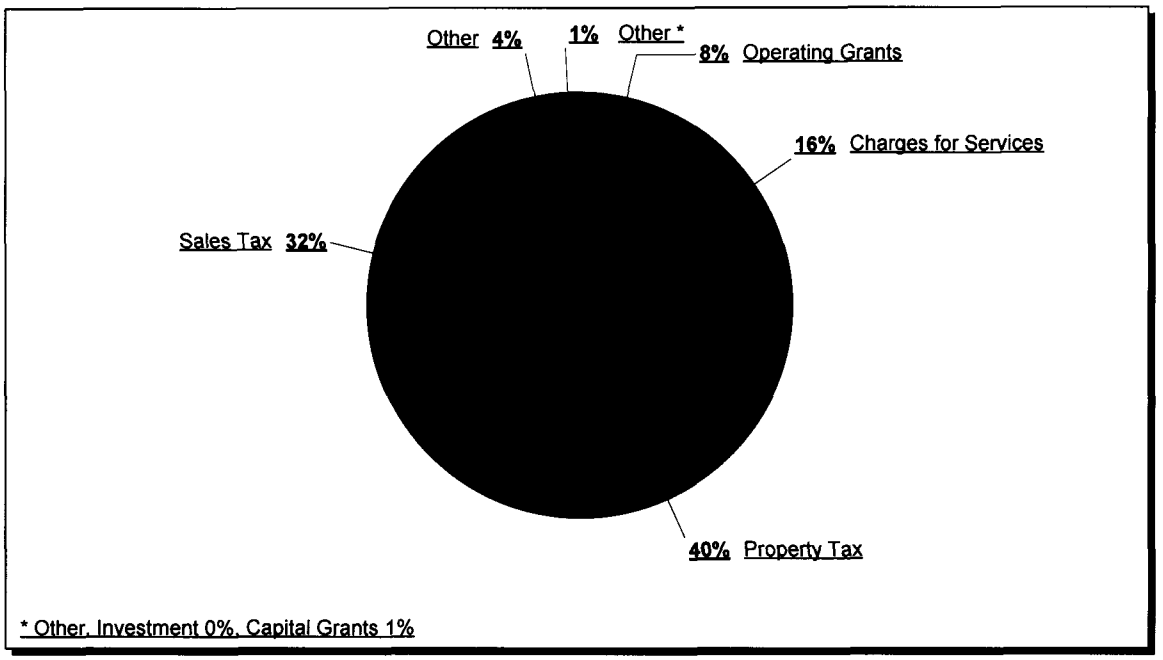
Morgan County, Georgia's Changes in Net Assets
Year Ended June 30

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
REVENUES						
Program revenues						
Charges for Services	$ 2,704,654	$ 2,731,734	$ 327,258	$ 287,163	$ 3,031,912	3,018,897
Operating Grants and Contributions	1,498,111	1,021,163	-	-	1,498,111	1,021,163
Capital Grants and Contributions	182,113	320,317	-	-	182,113	320,317
Subtotal for Program Revenues	4,384,878	4,073,214	327,258	287,163	4,712,136	4,360,377
General revenues						
Property Taxes	7,609,634	8,312,443	-	-	7,609,634	8,312,443
Sales Taxes	6,059,666	5,963,470	-	-	6,059,666	5,963,470
Other Taxes	742,145	769,287	-	-	742,145	769,287
Unrestricted Investment Earnings	28,191	92,485	348	453	28,539	92,938
Grants and Contributions not restricted to a specific program	228,308	-	-	-	228,308	-
Gain on sale of capital assets	5,065	45,037	-	-	5,065	45,037
Subtotal for General Revenues	14,673,009	15,182,722	348	453	14,673,357	15,183,175
Total Revenues	19,057,887	19,255,936	327,606	287,616	19,385,493	19,543,552
EXPENSES						
Program expenses						
General Government	3,387,849	3,351,744	-	-	3,387,849	3,351,744
Judicial	1,189,888	1,184,957	-	-	1,189,888	1,184,957
Public Safety	6,433,955	5,307,303	-	-	6,433,955	5,307,303
Public Works	4,010,735	4,855,857	-	-	4,010,735	4,855,857
Health & Welfare	1,655,525	1,659,014	-	-	1,655,525	1,659,014
Recreation & Culture	1,000,265	1,219,227	-	-	1,000,265	1,219,227
Housing and Development	568,418	661,589	-	-	568,418	661,589
Interest and Paying Agent Fees	764,021	830,572	-	-	764,021	830,572
Solid Waste	-	-	987,377	954,279	987,377	954,279
Total expenses	19,010,656	19,070,263	987,377	954,279	19,998,033	20,024,542
Change in Net Assets before Transfers	47,231	185,673	(659,771)	(666,663)	(612,540)	(480,990)
Transfers	(630,175)	(425,000)	630,175	425,000	-	-
Change in Net Assets	(582,944)	(239,327)	(29,596)	(241,663)	(612,540)	(480,990)
Net Assets, beginning of year	66,326,527	66,565,854	162,654	404,317	66,489,181	66,970,171
Net Assets, end of year	$ 65,743,583	$ 66,326,527	$ 133,058	$ 162,654	$ 65,876,641	$ 66,489,181

General Revenues such as Property Taxes and Local Option Sales Tax supplement the Governmental Activities. General Government required $2,610,318, Judicial required $331,807, Public Safety required $4,930,099, Public Works required $3,488,475, Health and Welfare required $1,332,716, Recreation required $727,402, Housing and Development $440,940 of General Revenues.

Revenues by Source

Government-Wide Activities

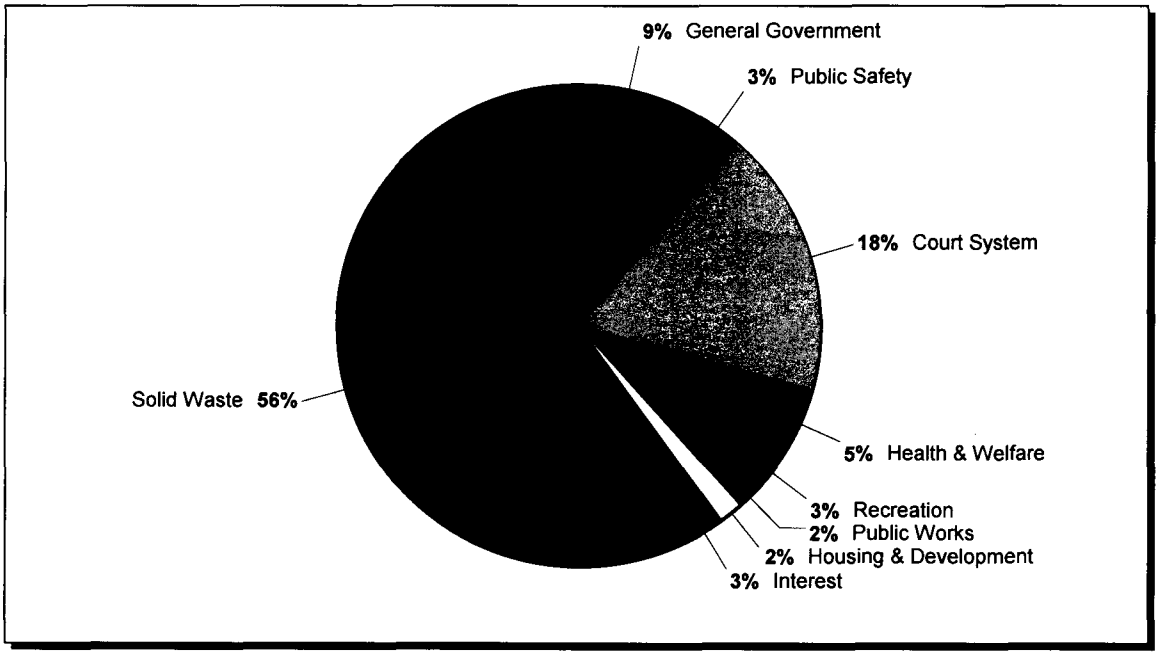


*Due to rounding, charts may not always equal 100%

Government-wide expenses were $19,998,033 for 2011, of which $19,010,656 were for governmental activities and $987,377 for business-type activities. The chart below shows further detail of total primary government expenses.

Expenses by Function

Government-Wide Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows and outflows of spendable resources. Such information is useful in evaluating a government's near-term financing requirements.

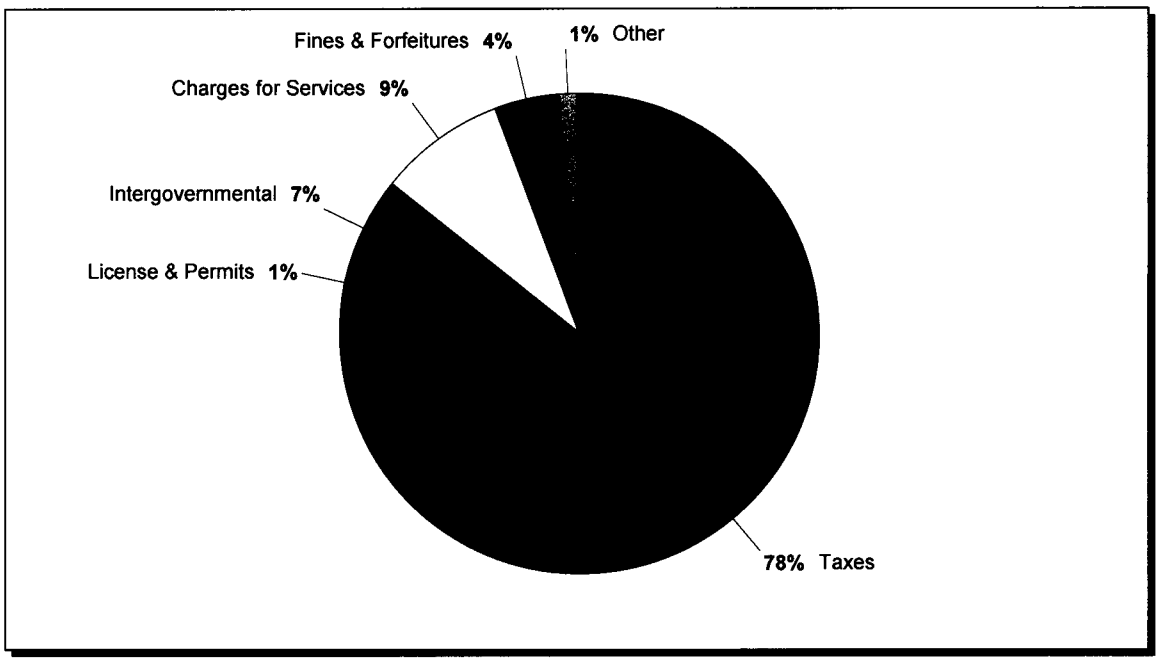
The primary governmental funds are the General Fund, the Capital Projects Fund, and SPLOST. As the county completed the year, its governmental funds (as presented in the balance sheet on page 3) reported a combined fund balance of $8,761,898, which is $1,247,488 more than last year's total. The increase in the SPLOST fund balance was $1,071,497, which is the collection of sales tax for future debt service payments. The fund balance in the General Fund increased $303,862. Local Option Sales taxes collected were about $35,237 above projected budget and Property tax collections exceeded budgeted amount by $318,774.

In 2011, Governmental revenues were up $134,370 from fiscal year 2010. Property taxes were down $(373,597) due to slight increase in the digest. Intergovernmental revenue was up $501,694 due to two additional substantial grants for Public Safety. Investment income was down $61,786 due to lower interest rates and cash balances.

The total amount of sales tax revenue for fiscal year 2011 was $6,059,666 which is a 1.6% increase from FY 2010 due to the slight economic recovery. Morgan County currently shares two different taxes on all sales within the county. The Local Option Sales Tax (LOST) is a direct offset to the property taxes and is renewed every ten years by agreement with the City of Madison, the City of Bostwick, the City of Buckhead and the City of Rutledge. The latest agreement renewed in FY 2003 distributes the funds 73% to the County, 22% to the City of Madison, 4% to the City of Rutledge, .60% to the City of Bostwick, and .40% to the City of Buckhead. A SPLOST referendum passed in a November 2006 election was effective April 1, 2007 with an expiration date of March 31, 2013 or at the end of the quarter where the raising of $26,000,000 is reached, whichever occurs first. Distribution of monthly SPLOST V funds are based on a percentage distribution as agreed upon by the following municipalities: City of Madison receives 6.94%, City of Rutledge receives .61%, City of Bostwick receives .23% and the City of Buckhead .14%. The County's SPLOST V projects include a new public safety/detention center, road and bridge improvements, library facility improvements, water system equipment and improvements, purchase of sanitation equipment and improvement of solid waste facility and the purchase of the a county administrative building. The City of Madison has designated projects for road and bridge improvements, a public works building, renovation to City Hall and park improvements. The City of Rutledge has designated funds for water and sewer improvements. The City of Bostwick will improve roads and bridges, city hall improvements and water system improvements and equipment. The City of Buckhead will improve the fire station and roads and bridges.

Revenues by Source

Fund Level - Governmental



Expenditures in the governmental funds were $17,060,135, down $(11,895,005) from FY 2010. Expenditures for the General Fund of $13,540,412 were up $444,630. The General fund transferred $630,175 and $176,174 to Solid Waste and E911 funds, respectively, to subsidize operations this year. The County expenditures in SPLOST funds of $2,435,437 were $(12,524,199) less than prior year due to the timing of expenditures. Of the SPLOST expenditures, $65,943 of this was for capital outlay on planned projects and $1,846,563 was for debt service payments on the jail bonds. The remaining $522,931 is spread over multiple departments, primarily for the purpose of infrastructure repaving which is expensed.

In FY 2011, Morgan County's Fund balance of all governmental funds was 47% of revenues. At year end, the Fund Balance in the General Fund was 47% of general fund revenues.

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

Beginning in FY 2003, Morgan County has reported the Solid Waste fund as a proprietary fund. This change has allowed users of the financial statements to analyze the County's Solid Waste Department as a business-like activity and focus attention on the cost of providing services.

In FY 2011, Morgan County's Solid Waste Facility reported a loss of $29,596. Operating revenues increased by $40,095 from FY 2010. Of the total increase in operating revenue, recycling and transfer fees increased $40,123. The Solid Waste Fund on its own doesn't generate sufficient revenues to fund operations; it relies on a subsidy from the General Fund. In fiscal year 2010 transfers between funds were made with a more conservative approach by just meeting the needed cash flow of the Solid Waste Fund. In order to not deplete all of fund balance in the Solid Waste Fund, the General Fund had to increase the transfer in from $425,000 in 2010 to $630,175 in 2011.

Expenses increased $33,098 from fiscal year 2010, which was due to an increase in landfill closure/postclosure cost of $80,476

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Morgan County's Government-wide investment in capital assets at June 30, 2011 was $56,535,600, net of accumulated depreciation and related debt. This investment, which includes land, buildings, roads, bridges, machinery and equipment, park facilities, and vehicles, is discussed in Note 6.

Government-wide additions in FY 2011 were $0.46 million. Major capital asset activities in FY 2011 were:

In Governmental Activities:

- Donated roads and right of way were accepted by the County with a value of $519,754. Additional right of way was purchased for bridge projects in the amount of $17,102.

- Upgrades to equipment at E911 with a cost of $230,693.

- Various other machinery and equipment - accounting software $38,008, dental equipment for the detention center $8,060, a compressor for public buildings $15,284, and various other equipment for fire administration $37,198.

Long-term debt. At June 30, 2011, Morgan County governmental activities had outstanding debt of $17,550,908. Of this amount $354,940 is from various capital leases, $16,926,032 is from contracts payable, and $269,936 is from compensated absences payable. See note 7, for more details. Payments of $110,688 were made on capital leases. Payments of $1,108,614 were made on contracts payable.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget, the final budget and actual results for the General Fund are shown on pages 46 and 47.

The reasons for major changes to the original budget are as follows:

Each year, Morgan County adopts the General Fund budget in June based on a preliminary digest. The millage rate is set in September when the digest is finalized by the Georgia Department of Revenue. The final, amended budget was up $323,926. The budget increase is a result of the County being awarded the Assistance to Firefighters Grant which was for the purchase of equipment and administered by the U.S. Department of Homeland Security. The grant award was made September 2010 after the fiscal year 2011 budget was adopted. These funds are provided through the American Recovery and Reinvestment Act of 2009 (ARRA). The total grant award was $313,144. The budget increase of $271,196 resulting from the grant did not impact fund balance as there is an offsetting increase in intergovernmental revenues.

Fines and forfeitures were increased by 20% due to forfeited cash bonds from drug related Superior Court cases. These monies are not considered reoccurring revenues and as such are not budgeted annually.

Charges for services revenues increased 8%. This increase is a result of the County receiving reimbursement for prior years and current year expenditures through an agreement with the Morgan County Board of Education for school resource officers.

Contingency funds were budgeted in the Financial Administration Department. These funds were used to cover additional expenditures in other departments as needed.

ECONOMIC FACTORS AND THE 2012 BUDGET

The County continues to face challenges during these economic times with declining revenues and controlling costs to meet the expectations for and use of services provided to citizens. Steps were taken to reduce expenditures which allowed the County to end fiscal year 2011 with a moderate fund balance.

The economic outlook for 2012 is stable considering the County maintained a careful and conservative approach to the preparation of the 2012 budget. The fiscal year 2012 annual budget for the general fund is $13,893,819; this is a decrease of 2.8% from the adopted 2011 budget.

Most of the County's revenue sources for fiscal year 2012 are expected to struggle to achieve last year's levels. The 2012 budget was adopted assuming a millage rate of 8.99. Although this rate is up .49 mills from the 2011 millage rate of 8.4 most taxpayers aren't expected see an increase in their property tax bills due to the declining trend in assessed property values.

The County actively searches for funding sources and has been successful in obtaining various grants in the area of public safety and energy efficiency and conservation. Through the energy efficiency and conservation block grant the County anticipates reducing future energy costs. With this grant being shared with the City of Madison and the Board of Education, benefits are expected to reach county wide.

In order to reduce fiscal year 2012 expenditures, short term solutions of deferring capital projects, reducing the retirement contribution, and reducing travel and training cost were implemented. Other reductions in expenditures came from changes in personnel where vacant positions were eliminated, overtime was reduced through revised scheduling, and work hours and salary reductions were implemented.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Morgan County's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Morgan County Commissioners Office, PO Box 168, Madison, Georgia 30650.

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

	PRIMARY GOVERNMENT			
ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
Cash	$ 7,899,775	$ 195,719	$ 8,095,494	$ 795,630
Receivables (net of allowance for uncollectibles)	1,955,494	22,725	1,978,219	2,075,866
Internal balances	78,531	(78,531)	-	-
Inventories	67,947	-	67,947	346,000
Prepaid items	83,224	-	83,224	78,000
Investment in joint venture	1,302,834	-	1,302,834	-
Restricted assets:				
Cash	189	-	189	536,000
Non-current assets:				
Receivables	-	-	-	97,000
Deferred charges	185,298	-	185,298	38,000
Capital assets:				
Capital assets not being depreciated	9,734,113	284,864	10,018,977	990,000
Capital assets being depreciated	97,902,838	1,049,433	98,952,271	7,775,253
Less: accumulated depreciation	(35,138,434)	(910,819)	(36,049,253)	(5,563,352)
Capital assets, net of depreciation	72,498,517	423,478	72,921,995	3,201,901
TOTAL ASSETS	84,071,809	563,391	84,635,200	7,168,397
LIABILITIES				
Accounts payable	437,295	46,523	483,818	589,117
Other accrued items	167,681	-	167,681	585,000
Due to other governments	80,794	-	80,794	-
Noncurrent liabilities:				
Due within one year				
Compensated absences payable	188,955	10,423	199,378	7,868
Accrued landfill closure / postclosure	-	30,145	30,145	-
Notes payable	-	-	-	116,000
Capital leases payable	135,381	-	135,381	327,000
Revenue bonds payable	-	-	-	80,000
Contracts payable	1,245,799	-	1,245,799	-
Due in more than one year				
Compensated absences payable	80,981	4,467	85,448	33,671
Net pension obligation	91,548	-	91,548	-
Accrued landfill closure / postclosure	-	338,775	338,775	-
Notes payable	-	-	-	306,000
Capital leases payable	219,559	-	219,559	1,294,000
Revenue bonds payable	-	-	-	555,000
Contracts payable	15,680,233	-	15,680,233	-
TOTAL LIABILITIES	18,328,226	430,333	18,758,559	3,893,656
NET ASSETS				
Invested in capital assets, net of related debt	56,112,122	423,478	56,535,600	977,901
Restricted for:				
Debt service	-	-	-	250,000
Capital outlay projects	1,639,808	-	1,639,808	121,000
Judicial programs	6,549	-	6,549	-
Public safety programs	323,505	-	323,505	-
Health and welfare programs	19,098	-	19,098	148,000
Unrestricted	7,642,501	(290,420)	7,352,081	1,777,840
TOTAL NET ASSETS	$ 65,743,583	$ 133,058	$ 65,876,641	$ 3,274,741

The accompanying notes are an integral part of this statement.

MORGAN COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) AND CHANGES IN NET ASSETS: PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES	NET (EXPENSE) AND CHANGES IN NET ASSETS: PRIMARY GOVERNMENT: BUSINESS-TYPE ACTIVITIES	NET (EXPENSE) AND CHANGES IN NET ASSETS: PRIMARY GOVERNMENT: TOTAL	NET (EXPENSE) AND CHANGES IN NET ASSETS: COMPONENT UNITS
PRIMARY GOVERNMENT								
GOVERNMENTAL ACTIVITIES								
General government	$ 3,387,849	$ 757,176	$ 20,355	$ -	$ (2,610,318)	$ -	$ (2,610,318)	$ -
Judicial	1,189,888	853,314	4,767	-	(331,807)	-	(331,807)	-
Public safety	6,433,955	669,836	654,413	179,607	(4,930,099)	-	(4,930,099)	-
Public works	4,010,735	-	519,754	2,506	(3,488,475)	-	(3,488,475)	-
Public health and welfare	1,655,525	46,382	276,427	-	(1,332,716)	-	(1,332,716)	-
Recreation and culture	1,000,265	250,468	22,395	-	(727,402)	-	(727,402)	-
Housing and development	568,418	127,478	-	-	(440,940)	-	(440,940)	-
Interest	764,021	-	-	-	(764,021)	-	(764,021)	-
Total Governmental Activities	19,010,656	2,704,654	1,498,111	182,113	(14,625,778)	-	(14,625,778)	-
BUSINESS-TYPE ACTIVITIES								
Solid waste/recycling	987,377	327,258	-	-	-	(660,119)	(660,119)	-
Total Business-Type Activities	987,377	327,258	-	-	-	(660,119)	(660,119)	-
TOTAL PRIMARY GOVERNMENT	$ (19,998,033)	$ 3,031,912	$ 1,498,111	$ 182,113	(14,625,778)	(660,119)	(15,285,897)	-
COMPONENT UNITS								
Health Department	$ 554,329	$ 166,920	$ 378,763	$ -	-	-	-	(8,646)
Hospital Authority	14,127,000	13,031,000	880,000	98,000	-	-	-	(118,000)
TOTAL COMPONENT UNITS	$ 14,681,329	$ 13,197,920	$ 1,258,763	$ 98,000	-	-	-	(126,646)
GENERAL REVENUES								
Property taxes					7,609,634	-	7,609,634	-
Sales taxes					6,059,666	-	6,059,666	-
Insurance premium taxes					504,631	-	504,631	-
Real estate recording taxes					99,292	-	99,292	-
Other taxes					138,222	-	138,222	-
Total taxes					14,411,445	-	14,411,445	-
Unrestricted investment earnings					28,191	348	28,539	15,066
Grants and contributions not restricted to a specific program					228,308	-	228,308	-
Gain on sale of capital assets					5,065	-	5,065	-
TRANSFERS					(630,175)	630,175	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					14,042,834	630,523	14,673,357	15,066
CHANGES IN NET ASSETS					(582,944)	(29,596)	(612,540)	(111,580)
NET ASSETS, Beginning					66,326,527	162,654	66,489,181	3,386,321
NET ASSETS, Ending					$ 65,743,583	$ 133,058	$ 65,876,641	$ 3,274,741

The accompanying notes are an integral part of this statement.

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

ASSETS	GENERAL	SPLOST	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Cash	$ 6,285,136	$ 1,380,535	$ 234,106	$ 7,899,777
Receivables (net of allowance for uncollectibles)	1,378,605	415,607	161,282	1,955,494
Interfund receivables	182,548	-	-	182,548
Prepaid items	79,442	-	3,781	83,223
Inventories	67,947	-	-	67,947
Restricted assets:				
Cash	-	189	-	189
TOTAL ASSETS	$ 7,993,678	$ 1,796,331	$ 399,169	$ 10,189,178
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 415,567	$ 21,258	$ 470	$ 437,295
Other accrued items	167,681	-	-	167,681
Due to other governments	-	80,794	-	80,794
Interfund payables	-	54,471	49,546	104,017
Deferred revenue	637,493	-	-	637,493
TOTAL LIABILITIES	1,220,741	156,523	50,016	1,427,280
FUND BALANCES				
Nonspendable:				
Prepaid expenditure	79,442	-	3,781	83,223
Inventories	67,947	-	-	67,947
Restricted:				
Capital outlay projects	-	1,639,808	-	1,639,808
Judicial programs	-	-	6,549	6,549
Public safety programs	-	-	319,725	319,725
Health and welfare programs	-	-	19,098	19,098
Unassigned:	6,625,548	-	-	6,625,548
TOTAL FUND BALANCES	6,772,937	1,639,808	349,153	8,761,898
TOTAL LIABILITIES AND FUND BALANCES	$ 7,993,678	$ 1,796,331	$ 399,169	$ 10,189,178

The accompanying notes are an integral part of this statement.

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

Total Fund Balances for Governmental Funds (page 3)		$ 8,761,898
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.		72,498,517
Some assets are not available in the current period and therefore are not reported in the funds.		
Investment in joint venture	1,302,834	
Deferred charge for issuance cost	185,298	1,488,132
Revenues in the statement of activities that do not provide current financial resources are reported as deferred revenues in the funds.		
Property Taxes	501,680	
Fines	135,813	
		637,493
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Net pension obligation	(91,548)	
Compensated absences	(269,936)	
Capital leases	(354,940)	
Contracts payable	(16,926,032)	
		(17,642,456)
Rounding		(1)
Total net assets of governmental activities (page 1)		$ 65,743,583

The accompanying notes are an integral part of this statement.

MORGAN COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

REVENUES	GENERAL	SPLOST	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Taxes	$ 11,101,086	$ 3,504,429	$ 36,570	$ 14,642,085
Licenses and permits	113,417	-	-	113,417
Intergovernmental	1,204,622	-	117,734	1,322,356
Fines and forfeitures	601,126	-	205,680	806,806
Charges for services	1,305,732	-	300,973	1,606,705
Contributions and donations	50,608	-	13,308	63,916
Investment income	27,198	2,505	996	30,699
Miscellaneous	147,639	-	-	147,639
TOTAL REVENUES	14,551,428	3,506,934	675,261	18,733,623
EXPENDITURES				
Current Expenditures				
General government	2,961,023	-	-	2,961,023
Judicial	1,116,449	-	36,295	1,152,744
Public safety	4,706,529	-	709,698	5,416,227
Public works	1,434,579	245,667	-	1,680,246
Public health and welfare	1,602,250	-	817	1,603,067
Recreation and culture	931,105	-	-	931,105
Housing and development	504,503	-	22,440	526,943
Intergovernmental	-	277,264	-	277,264
Capital outlay	90,491	65,943	299,911	456,345
Debt service				
Principal	162,593	1,045,000	11,710	1,219,303
Interest	30,890	801,563	3,415	835,868
TOTAL EXPENDITURES	13,540,412	2,435,437	1,084,286	17,060,135
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	1,011,016	1,071,497	(409,025)	1,673,488
OTHER FINANCING SOURCES (USES)				
Sale of county property	5,065	-	-	5,065
Capital lease proceeds	-	-	199,110	199,110
Transfers in	94,130	-	176,174	270,304
Transfers out	(806,349)	-	(94,130)	(900,479)
TOTAL OTHER FINANCING SOURCES (USES)	(707,154)	-	281,154	(426,000)
NET CHANGE IN FUND BALANCES	303,862	1,071,497	(127,871)	1,247,488
FUND BALANCES, Beginning of year	6,469,075	568,311	477,024	7,514,410
FUND BALANCES, End of year	$ 6,772,937	$ 1,639,808	$ 349,153	$ 8,761,898

The accompanying notes are an integral part of this statement.

MORGAN COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

Net change in fund balances (page 5)		$ 1,247,488
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlays	456,345	
Depreciation expense	(3,409,354)	
		(2,953,009)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	501,680	
Donated assets	519,754	
Fines	135,813	
Investment in joint venture	1,302,834	
		2,460,081
Revenues reported in the funds that relate to prior years are not reported as revenue in the statement of activities.		
Property taxes	(732,320)	
Investment in joint venture	(1,258,211)	
Fines	(150,350)	
		(2,140,881)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, where as these amounts are deferred and amortized in the statement of activities. This adjustment combines the net change of two balances.		
Proceeds from borrowing including premiums and discounts	(199,110)	
Principal payments on long-term debt	1,219,303	
Amortization of bond premium, discounts and issuance cost	71,846	
		1,092,039
Some expenses reported in 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, current year	(269,936)	
Compensated absences, prior year	268,086	
		(1,850)
Net pension obligation is not available during the current period and therefore is not reported in the funds.		
End of year	(91,548)	
Beginning of year	(195,263)	
		(286,811)
Rounding		1
Changes in net assets of governmental activities (page 2)		$ (582,944)

The accompanying notes are an integral part of this statement.

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

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS
	SOLID WASTE DISPOSAL FACILITY
ASSETS	
Current Assets	
Cash	$ 195,719
Receivables (net of allowance for uncollectibles)	22,725
TOTAL CURRENT ASSETS	218,444
Noncurrent Assets	
Capital assets	
Capital assets not being depreciated	284,864
Capital assets being depreciated	1,049,433
Less: accumulated depreciation	(910,819)
TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	423,478
TOTAL NONCURRENT ASSETS	423,478
TOTAL ASSETS	641,922
LIABILITIES	
Current Liabilities	
Accounts payable	46,523
Interfund payables	78,531
Compensated absences payable	10,423
Accrued landfill closure/postclosure	30,145
TOTAL CURRENT LIABILITIES	165,622
Noncurrent Liabilities	
Compensated absences payable	4,467
Accrued landfill closure/postclosure	338,775
TOTAL NONCURRENT LIABILITIES	343,242
TOTAL LIABILITIES	508,864
NET ASSETS	
Invested in capital assets	423,478
Unrestricted	(290,420)
TOTAL NET ASSETS	$ 133,058

The accompanying notes are an integral part of this statement.

MORGAN COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2011

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS
	SOLID WASTE DISPOSAL FACILITY
OPERATING REVENUES	
Recycling and transfer fees	$ 327,230
Charges for services-other	28
Total Operating Revenues	327,258
OPERATING EXPENSES	
Salaries and benefits	260,126
Other services and charges	128,139
Landfill closure/postclosure costs	70,860
Depreciation	49,834
Waste disposal fees	449,510
Professional fees	8,739
Repairs and maintenance	20,169
Total Operating Expenses	987,377
OPERATING INCOME (LOSS)	(660,119)
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	348
Total Nonoperating Revenues (Expenses)	348
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(659,771)
Transfer in	630,175
CHANGE IN NET ASSETS	(29,596)
TOTAL NET ASSETS, Beginning of year	162,654
TOTAL NET ASSETS, End of year	$ 133,058

The accompanying notes are an integral part of this statement.

MORGAN COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2011

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS SOLID WASTE DISPOSAL FACILITY
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customer	$ 337,129
Payments to suppliers	(580,475)
Payments to employees	(258,196)
Net cash provided by (used in) operating activities	(501,542)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers in	630,175
Net Cash provided (used) by non-capital financing activities	630,175
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(37,561)
Net cash provided (used) by capital and related financing activities	(37,561)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment earnings	348
Net cash provided (used) by investing activities	348
Net increase (decrease) in cash and cash equivalents	91,420
CASH, Beginning of year	104,299
CASH, End of year	$ 195,719
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	$ (660,119)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	49,834
(Increase) decrease in:	
Accounts receivable	9,871
Increase (decrease) in:	
Accounts payable	3,283
Compensated absences	1,930
Accrued landfill costs	39,693
Interfund payables	53,966
Net cash provided by (used in) operating activities	$ (501,542)

The accompanying notes are an integral part of this statement.

MORGAN COUNTY, GEORGIA
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
June 30, 2011

	BRASWELL FUND PRIVATE PURPOSE TRUST FUND
ASSETS	
Cash	$ 5,001
Investments:	
Common stocks	48,793
Mutual funds, equities	209,025
Mutual funds, debt securities	39,650
TOTAL ASSETS	302,469
LIABILITIES	
Accrued liabilities	254
TOTAL LIABILITIES	254
NET ASSETS	
Restricted for orphan care	302,215
TOTAL NET ASSETS	$ 302,215

The accompanying notes are an integral part of this statement.

MORGAN COUNTY, GEORGIA
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
For the Year Ended June 30, 2011

	BRASWELL FUND PRIVATE PURPOSE TRUST FUND
ADDITIONS	
Investment earnings	
Interest earned	$ 11
Dividend income	7,437
Net change in fair value of investments	59,098
Total investment earnings	66,546
Interest and investment expense	(3,300)
Net investment earnings	63,246
TOTAL ADDITIONS	63,246
DEDUCTIONS	
Tuition	10,000
Administrative expenses	8,210
TOTAL DEDUCTIONS	18,210
CHANGE IN NET ASSETS	45,036
NET ASSETS, Beginning of year	257,179
NET ASSETS, End of year	$ 302,215

The accompanying notes are an integral part of this statement.

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

ASSETS	HEALTH DEPARTMENT	HOSPITAL AUTHORITY	TOTAL
Cash	$ 368,630	$ 427,000	$ 795,630
Receivables (net of allowance for uncollectibles)	48,866	2,027,000	2,075,866
Inventories	-	346,000	346,000
Prepaid items	-	78,000	78,000
Restricted assets:			
Cash	-	536,000	536,000
Non-current assets:			
Receivables	-	97,000	97,000
Deferred charges	-	38,000	38,000
Capital assets:			
Capital assets not being depreciated	-	990,000	990,000
Capital assets being depreciated	46,253	7,729,000	7,775,253
Less: accumulated depreciation	(39,352)	(5,524,000)	(5,563,352)
Capital assets, net of depreciation	6,901	3,195,000	3,201,901
TOTAL ASSETS	424,397	6,744,000	7,168,397
LIABILITIES			
Accounts payable	10,117	579,000	589,117
Other accrued items	-	585,000	585,000
Noncurrent liabilities:			
Due within one year			
Compensated absences payable	7,868	-	7,868
Notes payable	-	116,000	116,000
Capital leases payable	-	327,000	327,000
Revenue bonds payable	-	80,000	80,000
Due in more than one year			
Compensated absences payable	33,671	-	33,671
Notes payable	-	306,000	306,000
Capital leases payable	-	1,294,000	1,294,000
Revenue bonds payable	-	555,000	555,000
TOTAL LIABILITIES	51,656	3,842,000	3,893,656
NET ASSETS			
Invested in capital assets, net of related debt	6,901	971,000	977,901
Restricted for:			
Debt service		250,000	250,000
Capital outlay projects	-	121,000	121,000
Public health and welfare	-	148,000	148,000
Unrestricted	365,840	1,412,000	1,777,840
TOTAL NET ASSETS	$ 372,741	$ 2,902,000	$ 3,274,741

The accompanying notes are an integral part of this statement.

MORGAN COUNTY, GEORGIA
COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

		.....PROGRAM REVENUES.....			....NET (EXPENSE) AND CHANGES IN NET ASSETS....		
FUNCTIONS/PROGRAMS	**EXPENSES**	**CHARGES FOR SERVICES**	**OPERATING GRANTS AND CONTRIBUTIONS**	**CAPITAL GRANTS AND CONTRIBUTIONS**	**HEALTH DEPARTMENT**	**HOSPITAL AUTHORITY**	**TOTAL**
COMPONENT UNITS							
GOVERNMENTAL ACTIVITIES							
Health Department	$ 554,329	$ 166,920	$ 378,763	$ -	$ (8,646)	$ -	$ (8,646)
Hospital Authority	14,127,000	13,031,000	880,000	98,000	-	(118,000)	(118,000)
TOTAL COMPONENT UNITS	$ 14,681,329	$ 13,197,920	$ 1,258,763	$ 98,000	(8,646)	(118,000)	(126,646)
GENERAL REVENUES							
Unrestricted investment earnings					1,066	14,000	15,066
TOTAL GENERAL REVENUES AND TRANSFERS					1,066	14,000	15,066
CHANGES IN NET ASSETS					(7,580)	(104,000)	(111,580)
NET ASSETS, Beginning					380,321	3,006,000	3,386,321
NET ASSETS, Ending					$ 372,741	$ 2,902,000	$ 3,274,741

The accompanying notes are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of MORGAN COUNTY, GEORGIA have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

(A) REPORTING ENTITY

The government is a political subdivision of the State of Georgia governed by an elected five-member commission. In addition, there are four Constitutional Officers; the Tax Commissioner, Probate Court Judge, Sheriff, and Clerk of Superior Court. The Constitutional Officers are elected county wide. The Board of County Commissioners budgets and approves all funding used by the separate Constitutional Officers. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. Each discretely presented component unit has a June 30 year-end.

Brief descriptions of discretely presented component units follow:

MORGAN COUNTY HOSPITAL AUTHORITY: The hospital authority owns and operates a twenty bed acute care facility and a twenty-one bed hospital-based skilled nursing unit. The County appoints all the members of the seven-member board that governs the hospital authority. The hospital authority is fiscally dependent on the County since the County provides a subsidy which allows the Authority to remain solvent and the County guarantees the Authority's debt. During 2011, the County transferred $880,000 to the hospital authority. The hospital authority is presented as a proprietary fund type.

MORGAN COUNTY HEALTH DEPARTMENT: The health department is charged with determining the health needs and resources of its jurisdiction, developing programs, activities, and facilities responsive to those needs, and enforcing all laws related to health matters unless they fall under the jurisdiction of other agencies. The health department is governed by the Morgan County Board of Health (Board). The Board includes seven members representing government, health professions, and the needy. The County appoints the voting majority of the board. Additionally, the health department is fiscally dependent on the County since it must have its budget approved by the County. During 2011, the County transferred $180,339 to the health department. The health department is presented as a governmental fund type.

Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices.

Morgan County Health Department
259 North Second Street
Madison, Georgia 30650-1317

Morgan County Hospital Authority
1077 South Main Street
Madison, Georgia 30650-2073

(B) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

(C) MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statement (fiduciary funds use the economic resources measurement focus to indicate that agency funds have no measurement focus.) Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property taxes as available if they are collected by the end of the current fiscal year. Fines are considered available if they are collected within 60 days of the end of the current fiscal period for which they are levied. Other revenues susceptible to accrual are considered available if they are collected within 90 days of the end of the current fiscal period for which they are imposed. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales tax, franchise taxes, fines, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *SPLOST Capital Projects Fund* accounts for funds received from a local 1% sales tax reserved for construction of various capital projects.

The government reports the following major proprietary funds:

The *Solid Waste Enterprise Fund* accounts for the activities of the County's solid waste disposal and recycling programs.

Additionally, the government reports the following fund types:

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others.

Private-purpose trust funds account for assets held by the government under the terms of a formal trust agreement and are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The Braswell Fund, a testamentary trust fund, is the private-purpose trust fund. The fund is restricted to the use of educating orphaned children who reside in the County.

Agency funds are custodial in nature and do not represent results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the Tax Commissioner, Clerk of Court, Probate Court, Magistrate Court, and Sheriff holds for others in an agency capacity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interfund services provided and used are not eliminated in the process of consolidation. Elimination of these charges would distort the direct costs and program revenues for the various functions concerned.

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

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

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

(D) ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

1. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are recorded as fair value based on quoted market prices as of the balance sheet date. Increases or decreases in fair value during the year are recognized as part of investment income.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable, available financial resources.

All trade and property tax receivables are shown net of an allowance of uncollectibles.

Property taxes attach as an enforceable lien on property as of January 1. The 2010 taxes were levied October 20, 2010, and were due 60 days after issuance. Interest and penalties are assessed on taxes not paid by this date. The taxes are subject to lien after March 20, 2011.

The County's property taxes were levied on the assessed values of all real and personal property including mobile homes and motor vehicles located in the County.

3. Inventories and Prepaid Items

Inventories, consisting of expendable supplies, not held for resale are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e. roads, bridges, sidewalks, culverts, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of $5,000 and an estimated useful life in excess of three years. Roads, bridges and culverts are defined by the County as projects with an individual cost of $5,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Roads, bridges and culverts acquired prior to July 1, 1980 have been reported.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building improvements	10-25
Machinery and Equipment	5-10
Vehicles	5
Infrastructure	10-50
Land improvements	10-20

5. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. In accordance with the provisions of Statement of Governmental Accounting Standards No. 16, "Accounting for Compensated Absences," no liability is reported for unpaid accumulated sick leave because the benefits are paid only upon illness of an employee, and the amount of such payments cannot be reasonably estimated. All vacation pay is accrued when incurred in the government-wide and proprietary financial statements. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. Upon retirement, unused vacation and sick leave will be included in years of service for benefit calculation purposes. At the end of each calendar year unused vacation time above 240 hours and unused sick time above 480 hours is rolled over to credit the years of service for retirement purposes.

6. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund type statement of net assets.

7. *Fund Equity/Net Assets*

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

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

- *Nonspendable* - Fund balances are reported as nonspendable when the amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash like inventories and prepaid items) or (b) legally or contractually required to be maintained intact.
- *Restricted* - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Committed* - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners through the adoption of a resolution prior to the end of the fiscal year. In order to modify or rescind the commitment, the Board of Commissioners must adopt another resolution.
- *Assigned* - Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board of Commissioners has authorized the County's finance director to assign fund balances.
- *Unassigned* - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all other governmental funds.

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 debt used for the acquisition, construction, or improvement of those assets. In determining the outstanding balance of any borrowing, proceeds of that debt which has not been spent is deducted. Accounts payable for costs related to acquisition, construction, or improvement of those capital assets is considered debt for this calculation. Net assets are reported as restricted as described in the fund balance section above. All other net assets are reported as unrestricted.

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

8. Invested in Capital Assets, Net of Related Debt

The "invested in capital assets, net of related debt" reported on the government-wide statement of net assets as of June 30, 2011 are as follows:

Invested in capital assets, net of related debt:	Governmental Activities	Business-type Activities
Cost of capital assets	$ 107,636,951	$ 1,334,297
Less accumulated depreciation	(35,138,434)	(910,819)
Book value	72,498,517	423,478
Less capital related debt	(16,386,395)	-
Invested in capital assets, net of related debt	$ 56,112,122	$ 423,478

9. Management Estimates

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

NOTE 2 - FUND BALANCE/NET ASSETS

The government-wide statement of net assets reports $1,988,960 of restricted net assets, of which $- is restricted by enabling legislation.

Additional details related to fund balances at the governmental fund level are presented below:

Restricted:

SPLOST Fund

Capital outlay projects - For funds received from the imposition of the Special Purpose Local Option Sales Tax (SPLOST) restricted by the voter approved referendum $ 1,639,808

Nonmajor Special Revenue Funds

Judicial Programs -

Law Library - Used to account for surcharges on fines and forfeitures which are for the operation of the County Law Library and other expenditures as restricted by the OCGA-36-15 6,549

Public Safety Programs -	
Emergency E911 Telephone Services Fund - For fund to operate the E911 center as restricted by the OCGA-46-5	143,447
Special Revenue Fund - To account for funds received from surcharges on fines and forfeitures restricted for operation of the county jail, and drug abuse, treatment and education programs	89,492
Sheriff's Law Enforcement - to account for funds from seizures to be used for law enforcement activities	86,786
Health and Welfare Programs -	
Special Revenue Fund - To account for funds received from surcharges on fines and forfeitures restricted for youth enrichment activities	19,098
Total Restricted Fund Balance	$ 1,985,180

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(A) BUDGETARY INFORMATION

Annual appropriated budgets are adopted on a basis consistent with generally accepted accounting principles.

Annual appropriated budgets are adopted for the general fund and all special revenue funds. Project-length budgets are adopted for capital projects funds. All annual appropriations lapse at fiscal year end.

All agencies of the government submit requests for appropriation to the County's manager so that a budget may be prepared. The budget is prepared by fund, function and activity and line item, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the government's Board of Commissioners for review. The government's Board of Commissioners holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the County's manager or the revenue estimates must be changed by an affirmative vote of a majority of the government's Board of Commissioners.

The County manager may amend the line item budget within a department's appropriation. However, expenditures may not legally exceed budgeted appropriations at the department level. The legal level of budgetary control is at the department level within individual funds.

During the year, the Board of Commissioners authorized amendments to include appropriations for some activities that were not originally budgeted and to reclassify certain character and functional expenditures.

NOTE 4 - DEPOSITS AND INVESTMENTS

The County's investments are held in a private purpose trust fund known as the Braswell Fiduciary Fund and held as cash equivalents in the SPLOST fund. Investments are carried at fair value. Unrealized gain is recognized as income.

Primary Government

Custodial credit risk - deposits. Custodial credit risk for deposits is the risk that, that in the event of a bank failure, the government's deposits may not be returned. The County's policies permit it to exceed the FDIC insured limit in making deposits in commercial banks and savings and loans institutions if the funds are otherwise adequately secured. As of June 30, 2011, all deposits of the County were insured or collateralized.

State statutes require collateral pledged in the amount of 110% of deposits. Depositories may secure deposits of public funds using the dedicated method or the pooled method as described below.

- Under the dedicated method, a depository shall secure the deposits of each of its public depositors separately.

- Under the pooled method, a depository shall secure deposits of public bodies which have deposits with it through a pool of collateral established by the depository with a custodian for the benefit of public bodies having deposits with such depository as set forth in code Section 45-8-13.1.

The County utilized both methods to secure its deposits of public funds.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Interest rate risk. Interest rate risk is the risk that changes in interest rates may adversely affect an investment's fair value. Since the price of a bond fluctuates with market interest rates, the risk that an investor faces is that the price of a bond held in a portfolio will decline if market interest rates rise. Morgan County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State statutes authorize the government to invest in obligations of the U.S. Treasury and of its agencies and instrumentalities; bonds or certificates of indebtedness of this state or of other states and of its agencies and instrumentalities; certificates of deposits of banks insured by FDIC; the State of Georgia Local Government Investment Pool; repurchase agreements; bonds, debentures, notes or other evidence of indebtedness of any solvent corporation of the United States government. Morgan County does not have an investment policy that would further limit these investment choices.

Concentration of credit risk. Morgan County places no limit on the amount it may invest in any one issuer.

Fiduciary Fund
Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.
Interest rate risk. The Braswell Fiduciary Fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The Braswell fund is authorized to invest in securities in accordance with the will that established the fund. The Braswell Fiduciary Fund has no investment policy that would further limit its investment choices. At June 30, 2011, the ratings of its investments are shown above.

Concentration of credit risk. The Braswell Fiduciary Fund places no limit on the amount it may invest in any one issuer. As of June 30, 2011, the Braswell Fiduciary Fund held 6% of the total investments in common stocks of both the Atlanta Gas Company and the Southern Company.

As of June 30, 2011, the Braswell Fiduciary Fund had the following investments:

Investment Type	Fair Value	Rating	Rating Agency	Weighted Average Maturity (Years)
Common Stocks	$ 48,793	n/a	n/a	n/a
Mutual Funds	209,025	n/a	n/a	n/a
Subtotal Equity Securities	257,818			
Mutual Fund Debt Securities	39,650	BB	Morningstar	10.30
Total Investments	$ 297,468			

The goal of the Braswell Fiduciary Fund in investing is to obtain a reasonable return on investments with a minimum exposure to potential loss of capital due to market fluctuations.

NOTE 5 - RECEIVABLES

Receivables as of year-end for the County's individual major funds, nonmajor governmental funds in the aggregate, and enterprise fund including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	SPLOST	Nonmajor Governmental Funds	Enterprise Fund Solid Waste
Receivables:				
Property Taxes	$ 501,680	$ -	$ -	$ -
Fines	2,901,441	-	-	-
Accounts	76,731	-	45,876	22,725
Intergovernmental	645,887	415,607	115,406	-
Total Gross Receivables	4,125,739	415,607	161,282	22,725
Less: Allowance for Uncollectibles	(2,747,134)	-	-	-
Total Net Receivables	$ 1,378,605	$ 415,607	$ 161,282	$ 22,725

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	UNAVAILABLE	UNEARNED	TOTAL
Delinquent property taxes receivable (General Fund)	$ 501,680	$ -	$ 501,680
Probation Fines (General Fund)	135,813	-	135,813
Total deferred/unearned revenue for governmental funds	$ 637,493	$ -	$ 637,493

Property taxes receivable at June 30, 2011, consist of the following:

DIGEST YEAR	GENERAL FUND
2011[1]	$ 7,681
2010	293,043
2009	47,366
2008	22,428
2007	15,293
2006	44,484
2005	37,798
2004	2,318
2003	8,220
2002	5,223
2001	1,819
2000	1,404
1999	2,933
1998	523
1997	8,920
1996	285
1995	1,918
1994	4
1993	8
1992	12
Total	$ 501,680

(1) 2011 only consists of taxes due on mobile homes. Taxes on real and personal property are not levied until after fiscal year end. Therefore, they are not included.

Receivables as of year-end for the County's component units, including the applicable allowances for uncollectible accounts, are as follows:

	Health Department	Hospital Authority
Receivables:		
Accounts	$ 32,822	$ 2,887,000
Intergovernmental	16,044	238,000
Total Gross Receivables	48,866	3,125,000
Less: Allowance for Uncollectibles	-	(1,098,000)
Total Net Receivables	$ 48,866	$ 2,027,000

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

Governmental Activities:	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Non-Depreciable Assets:					
Land and improvements	$ 9,634,390	$ 99,723	$ -	$ -	$ 9,734,113
Construction in progress	154,931	91,760	-	(246,691)	-
Total non-depreciable capital assets	9,789,321	191,483	-	(246,691)	9,734,113
Depreciable Assets:					
Land improvements	515,820	-	-	-	515,820
Buildings and improvements	33,943,376	-	-	246,691	34,190,067
Machinery and equipment	3,422,551	334,583	-	-	3,757,134
Vehicles	5,017,276	12,900	(20,044)	-	5,010,132
Infrastructure	53,992,552	437,133	-	-	54,429,685
Total depreciable capital assets	96,891,575	784,617	(20,044)	246,691	97,902,838
Less Accumulated Depreciation for:					
Land improvements	251,701	24,777	-	-	276,478
Buildings and improvements	4,191,686	860,627	-	-	5,052,313
Machinery and equipment	2,200,990	313,030	-	-	2,514,020
Vehicles	3,550,710	298,641	(20,044)	-	3,829,307
Infrastructure	21,554,037	1,912,279	-	-	23,466,316
Total accumulated depreciation	31,749,124	3,409,354	(20,044)	-	35,138,434
Total depreciable capital assets, net	65,142,451	(2,624,737)	-	246,691	62,764,404
Governmental activities capital assets, net	$ 74,931,772	$ (2,433,254)	$ -	$ -	$ 72,498,517

Additions to governmental activities capital assets for fiscal year ending June 30, 2011 consist of the following:

Capital Outlay	$ 456,345
Donated assets	519,754
Total	$ 976,099
Non-depreciable capital assets additions	$ 191,483
Depreciable capital assets additions	784,617
Rounding	(1)
Total	$ 976,099

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Business-type Activities:					
Non-Depreciable Assets:					
Land and improvements	$ 284,864	$ -	$ -	$ -	$ 284,864
Depreciable Assets:					
Land improvements	55,473	12,500	-	-	67,973
Buildings and improvements	119,724	-	-	-	119,724
Machinery and equipment	494,441	25,061	-	-	519,502
Vehicles	342,234	-	-	-	342,234
Total depreciable capital assets	1,011,872	37,561	-	-	1,049,433
Less Accumulated Depreciation for:					
Land improvements	30,898	4,024	-	-	34,922
Buildings	76,323	2,993	-	-	79,316
Equipment	447,867	19,587	-	-	467,454
Vehicles	305,897	23,230	-	-	329,127
Total accumulated depreciation	860,985	49,834	-	-	910,819
Total depreciable capital assets, net	150,887	(12,273)	-	-	138,614
Business-type activities capital assets, net	$ 435,751	$ (12,273)	$ -	$ -	$ 423,478

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	$ 370,935
Public Safety	889,498
Public Works	2,018,994
Public Health and Welfare	37,906
Recreation and Culture	56,022
Housing and Development	35,999
Total depreciation expense-governmental activities	$ 3,409,354
Business-type Activities:	
Solid Waste	$ 49,834

Health Department Discretely Presented Component Unit

Activity for the Health Department for the year ended June 30, 2011, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Depreciable Assets:				
Machinery and equipment	$ 43,773	$ -	$ 2,480	$ 46,253
Less Accumulated Depreciation	(37,071)	-	(2,281)	(39,352)
Capital Assets, net	$ 6,702	$ -	$ 199	$ 6,901

Hospital Authority Discretely Presented Component Unit

Activity for the Hospital Authority for the year ended June 30, 2011, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Non-Depreciable Assets:				
Land	$ 105,000	$ -	$ -	$ 105,000
Construction in progress	594,000	416,000	(125,000)	885,000
Total Non-Depreciable Assets	699,000	416,000	(125,000)	990,000
Depreciable Assets:				
Land improvements	61,000	-	-	61,000
Buildings and improvements	3,555,000	-	-	3,555,000
Equipment	3,785,000	-	328,000	4,113,000
Total Depreciable assets	7,401,000	-	328,000	7,729,000
Less Accumulated Depreciation for:				
Land improvements	(61,000)	-	-	(61,000)
Buildings and improvements	(2,533,000)	(102,000)	-	(2,635,000)
Equipment	(2,491,000)	(337,000)	-	(2,828,000)
Total accumulated depreciation	(5,085,000)	(439,000)	-	(5,524,000)
Total depreciable capital assets, net	2,316,000	(439,000)	328,000	2,205,000
Capital Assets, net	$ 3,015,000	$ (23,000)	$ 203,000	$ 3,195,000

NOTE 7 - LONG TERM DEBT

Long-term liability activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Governmental Activities:						
Capital leases	$ 266,518	$ 199,110	$ (110,688)	$ 354,940	$ 135,381	$ 219,559
Contracts payable	17,413,191	-	(1,108,614)	16,304,577	1,148,785	15,155,792
Plus: Original issue Premiums	723,824	-	(102,369)	621,455	97,014	524,441
Subtotal Contracts Payable	18,137,015	-	(1,210,983)	16,926,032	1,245,799	15,680,233
Net pension obligation	(195,263)	620,706	(333,895)	91,548	-	91,548
Compensated absences	268,086	250,977	(249,127)	269,936	188,955	80,981
Governmental activities long-term liabilities	$ 18,671,619	$ 450,087	$ (1,570,798)	$ 17,550,908	$ 1,570,135	$ 15,980,773
Business-type Activities:						
Compensated absences	$ 12,960	$ 8,451	$ (6,521)	$ 14,890	$ 10,423	$ 4,467
Landfill closure/postclosure	329,227	(9,616)	49,309	368,920	30,145	338,775
Business-type activities long-term liabilities	$ 342,187	$ (1,165)	$ 42,788	$ 383,810	$ 40,568	$ 343,242

Capital Leases

The County leases certain land and facilities under non-cancelable capital leases. The leases relate to the DFACS/Health Department building and E911 equipment. Ownership of the related assets will be transferred to the County at the end of the lease terms. The assets acquired through capital leases are as follows:

	Governmental Activities
Buildings and improvements	$ 885,714
Machinery and equipment	199,110
Less: Accumulated Depreciation	(310,000)
Total	$ 774,824

The County entered into a capital lease agreement in 1997 with Wachovia Bank to finance the construction of a DFACS building. The lease term is one year with fourteen one-year renewable lease terms.

The County entered into a capital lease agreement in 2011 with AT&T to finance the acquisition of Vesta equipment for the E911 center. The lease term is 60 months.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011, were as follows:

Year Ending June 30,	Governmental Activities
2012	$ 152,382
2013	115,463
2014	45,375
2015	45,376
2016	30,250
Total minimum lease payments	388,846
Less: amount representing interest (6.45%)	(33,906)
Present value of minimum lease payments	$ 354,940

Contracts payable

During 2000, the County entered into an intergovernmental contract with the Development Authority of Walton County to acquire land for an industrial park and issue the "Development Authority of Walton County (Georgia) Industrial Park Revenue Bond Anticipation Note, Series 1998" in order to finance the acquisition of land for the Industrial Park Project. The total amount of this issue is $7,500,000. Morgan County's share of the debt was 15%, or $1,125,000. During 2001, this revenue bond anticipation note was replaced by a revenue bond issued by the Joint Development Authority of Jasper County, Morgan County, Newton County, and Walton County in the amount of $9,000,000. Morgan County's share of the debt is 15%. The outstanding balance of this debt at June 30, 2011 is $5,600,000 with Morgan County's share being $840,000.

The bonds are variable rate demand bonds. A common feature of such bonds is that bondholders have the right to tender their bonds back for purchase each week for any reason. Should the Remarketing Agent be unable to find new buyers for any tendered bonds, a bank is obligated to purchase the bonds under a Liquidity Facility. Should that happen, the bonds become "Bank Bonds" with an interest rate equal to the greater of prime rate or Federal Funds rate plus 0.50% per annum. In addition, the fees for providing the Liquidity Facility would increase from 0.195% per annum to 0.440% per annum; also, the repayment of principal would be accelerated on a five year schedule commencing with the next principal payment.

Just after June 30, 2008, the rating for the bond issuer for the Joint Development Authority of Jasper County, Morgan County, Newton County, and Walton County, (JDA) Series 2001 bonds was downgraded from a triple-A rating. As a result, the Remarketing Agent was unable to find new investors and the Bank purchased the bonds under the Liquidity Facility. This bank bond rate was 5.0% at June 30, 2008. On September 23, 2008 the interest rate was 6.0% with a total rate of 6.44% per annum.

In an effort to reduce the interest rate back to the terms in effect at June 30, 2008, the JDA obtained a letter of credit from a bank in the amount of $6,474,667 ($6,400,000 principal and

$74,667 interest component). This letter of credit has a stated expiration date of September 15, 2011. The variable interest rate as of June 30, 2011 is 0.35%. The annual requirements to amortize the JDA bond using terms in effect as of June 30, 2011, are as follows:

Year ending, June 30,	Principal	Interest	Total
2012	$ 60,000	$ 1,680	$ 61,680
2013	75,000	1,560	76,560
2014	75,000	1,410	76,410
2015	75,000	1,260	76,260
2016	75,000	1,110	76,110
2017-2021	480,000	2,970	482,970
2022	-	-	-
Total	$ 840,000	$ 9,990	$ 849,990

During 2008, the County acquired a GEFA loan of $67,311 for the extension of water and wastewater to the Joint Industrial Development Authority Industrial Park property. Morgan County is required to pay 13.8% of the total loan. The total debt outstanding at June 30, 2011 is $54,577.

The annual requirements to amortize the GEFA loan using terms in effect as of June 30, 2011, are as follows:

Year ending June 30,	Principal	Interest	Total
2012	$ 3,785	$ 2,472	$ 6,257
2013	3,965	2,293	6,258
2014	4,152	2,106	6,258
2015	4,349	1,909	6,258
2016	4,554	1,704	6,258
2017-2021	26,216	5,073	31,289
2021-2025	7,556	267	7,823
Total	$ 54,577	$ 15,824	$ 70,401

During 2008, the County entered into an intergovernmental contract with the Morgan County Building Authority for $19,000,000 to acquire the land and make renovations to the Jail building and build an aquatic center. The County is to make annual payments. Interest rates vary from 4% to 5%. The outstanding balance of this debt at June 30, 2011 is $15,410,000.

The annual requirements to amortize Jail Bonds using terms in effect as of June 30, 2011, are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	$ 1,085,000	$ 757,263	$ 1,842,263
2013	1,140,000	703,012	1,843,012
2014	1,195,000	646,013	1,841,013
2015	1,255,000	586,262	1,841,262
2016	1,320,000	523,513	1,843,513
2017-2021	7,650,000	1,559,812	9,209,812
2022-2026	1,765,000	75,013	1,840,013
Total	$ 15,410,000	$ 4,850,888	$ 20,260,888

Compensated Absences

Typically, the general fund has been used to liquidate compensated absences except for items related to the solid waste enterprise fund.

Health Department Discretely Presented Component Unit

Long-term debt activity for the Health Department for the year ended June 30, 2011, was as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Compensated absences	$ 41,747	$ 41,539	$ (41,747)	$ 41,539	$ 7,868	$ 33,671
Difference SB ZERO					(7,868)	(33,671)

Hospital Authority Discretely Presented Component Unit

Long-term debt activity for the Hospital Authority for the year ended June 30, 2011 , was as follows:

Business-type Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Bonds	$ 710,000	$ -	$ (75,000)	$ 635,000	$ 80,000	$ 555,000
Notes payable	472,000	-	(50,000)	422,000	116,000	306,000
Capital leases	483,000	547,000	591,000	1,621,000	327,000	1,294,000
Total long-term liabilities	$ 1,665,000	$ 547,000	$ 466,000	$ 2,678,000	$ 523,000	$ 2,155,000

The terms and due dates of the Hospital Authority's long-term debt, including capital lease obligations, at June 30, 2011, are as follows:

- 1997 Series Revenue Certificates, at varying rates of interest from 3.85% to 5.35%, principal maturing in varying annual amounts, due July 2017, secured by County commitment to provide revenues, through tax levy, sufficient to meet obligations under the bond contract and to pay all reasonable operating expenses of the Authority. The original proceeds of $1,385,000 were used to build a 21 bed skilled nursing unit.

- 2001 Series Revenue Anticipation certificate No.1, at 7.75% interest rate, due August 2011, payable in monthly installments of $3,000, collateralized by real estate and guaranteed by Morgan County Board of Commissioners.

- 2001 Series Revenue Anticipation certificate No.2, at 5.00% interest rate, due August 2011, payable in monthly installments of $32,000, collateralized by real estate and guaranteed by Morgan County Board of Commissioners.

- Note payable for line-of-credit refinance at 3.229% interest rate, due July 5, 2012, payable in seven monthly interest only installments then four monthly installments of $15,000 with the remaining balance due at maturity, collateralized by real property.

- Capital lease obligation, at varying rates of inputed interest from 3.48% to 5.37%, collateralized by leased equipment.

The annual requirements to amortize long-term debt as of June 30, 2011 are as follows:

Year Ending June 30,	Bonds and notes payable			Capital Leases		
	Principal	Interest	Total	Principal	Interest	Total
2012	$ 196,000	$ 42,000	$ 238,000	$ 327,000	$ 59,000	$ 386,000
2013	386,000	28,000	414,000	415,000	43,000	458,000
2014	85,000	23,000	108,000	432,000	26,000	458,000
2015	90,000	18,000	108,000	365,000	9,000	374,000
2016	95,000	13,000	108,000	82,000	1,000	83,000
2017-2021	205,000	11,000	216,000	-	-	-
Total	$ 1,057,000	$135,000	$ 1,192,000	$ 1,621,000	$138,000	$ 759,000

Short-Term Borrowings

On November 3, 2009, the Hospital Authority and the Morgan County Board of Commissioners jointly entered into a $1,000,000 line-of-credit agreement with a local financial institution. The line-of-credit is being used to fund project development costs associated with the replacement facility. The line-of-credit bears interest at 3.229%, is collateralized by real property, and has a maturity date of June 30, 2011. On June 30, 2011, the Authority and County refinanced the balance of the line-of-credit with a note exceeding one year in maturity.

A schedule of changes in the Authority's short-term debt for 2011 follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Line-of-credit	$ 399,000	$ 12,000	$ (411,000)	$ -

On August 1, 2011, the Authority issued $3,320,000 in Revenue Anticipation Certificates No. 1 and No. 2 to refinance outstanding accounts payable, lines of credit, capital leases, and a portion of long-term debt. These certificates are guaranteed by the Morgan County Board of Commissioners.

Under the terms of the 1997 Series Revenue Certificates, the Authority is required to maintain certain deposits with a trustee.Such deposits are included in the statement of net assets as part of restricted cash.

NOTE 8 - INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at June 30, 2011, consist of the following:	
Due to the General Fund from SPLOST fund for expenses paid by General Fund	$ 54,471
Subtotal - due to General fund from SPLOST funds	54,471
Due to the General Fund from E911 nonmajor fund for salary reimbursements	49,546
Subtotal - due to other funds from other nonmajor governmental funds	49,546
Due to General Fund from Solid Waste for operating expenses	78,531
Subtotal - due to other funds from the proprietary funds	78,531
Total due to other funds	$ 182,548
Summary of balances due from other funds reported in fund financial statements:	
Due from other funds, Balance Sheet - Governmental Funds	$ 182,548
Total due from other funds	$ 182,548
Interfund transfers for the year ended June 30, 2011, consist of the following:	
Transfers from General fund	
From General fund to Solid Waste Fund to supplement fiscal year 2011 operations	$ 630,175
From General fund to Emergency 911 nonmajor fund to supplement fiscal year 2011 operations	176,174
Total transferred out from the General Fund	806,349
Transfers from Other Nonmajor Governmental funds	
From Special Revenue fund to General fund for use of fiscal year 2011 jail fees for operating expenses	62,000
From Special Revenue fund to General fund for use of fiscal year 2011 drug abuse fees for operating expenses	18,000
From Hotel/Motel fund to General fund for activities during fiscal year 2011	14,130
Total transferred out from Other Nonmajor Governmental funds.	94,130
Total	$ 900,479
Summary of Transfers out to other funds reported in fund financial statements:	
Transfers Out, Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental	$ 900,479

NOTE 9 - RETIREMENT PLANS

Defined Benefit Pension Plan

A. Plan Description

The County contributes to the Association County Commissioners of Georgia Defined Benefit Plan (the Plan), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating counties in Georgia. The Plan was effective January 1, 1998.

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Plan, through execution of an adoption agreement, is affiliated with the Association County Commissioners of Georgia Defined Benefit Plan (the ACCG Plan), an agent multiple-employer pension plan administered by Georgia Employees Benefits Corporation of Georgia. The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of The ACCG Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of the Plan, as provided in Section 19.02 of the ACCG Plan Document. The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to Morgan County Board of Commissioners, P.O. Box 168, Madison, Georgia 30650.

All full-time County employees are eligible to participate in the Plan after completing three years of service. Benefits vest after five years of service. Participants become eligible to retire at 60 with 3 years of participation in the Plan. The County's covered payroll for employees participating in the Plan as of January 1, 2010 (the most recent actuarial valuation date) was $3,217,395 (based on covered earnings for the preceding year).

Upon eligibility to retire, participants are entitled to an annual benefit in the amount of 2.0% of average annual compensation multiplied by the years of service. Compensation is averaged over a five-year period prior to retirement or termination. The Plan also provides benefits in the event of death or disability. These benefit provisions were established by an adoption agreement executed by the County Board of Commissioners.

B. Funding Policy

The County is required to contribute at an actuarially determined rate. The contribution amount is determined using actuarial methods and assumptions approved by the ACCG Plan trustees and must satisfy the minimum contribution requirement contained in the State of Georgia Statutes. Section 47-20 of the Georgia Code sets forth the funding standards for state and local governmental pension plans.

County employees are not required to contribute to the Plan. Contributions totaling $333,895 ($333,895 employer and $0 employee) were made in accordance with the contribution requirements determined by an actuarial valuation performed as of January 1, 2010. This was equal to the minimum required contribution of $333,895.

C. Annual Pension Cost

The cost of administering the plan is funded with earnings from investments.

The Georgia Constitution enables the governing authority of the county, the Board of Commissioners, to establish and amend from time to time, the contribution rates for the employer and its plan members.

The County's contributions to the Plan for the years ended June 30, 2011, 2010, and 2009 were $333,895, $578,600, and $502,002 respectively, and were equal to or greater than the required contribution for each year.

Schedule I included in the required supplementary information presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. The data for the most current year are as follows:

Actuarial Date of January 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll [(b-a)/c]
2010	$ 5,164,339	$6,986,114	$ 1,821,775	73.9%	$ 3,217,395	56.6 %

The annual required contribution and percentage contributed for the current year and prior years are as follows:

Fiscal Year June 30,	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation
2011	$ 620,706	$ 333,895	53.8 %	$ 91,548
2010	552,903	578,600	104.6 %	(195,263)
2009	$ 484,612	$ 502,002	103.6 %	$ (169,566)

The information was determined as part of the actuarial valuation as of January 1, 2010. Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2010
Actuarial Cost method	Projected Unit Credit
Asset Valuation method	Market Value
Amortization method	Level Percent of Pay (Closed)
Remaining amortization period (This represents the estimated amortization period for all unfunded liabilities combined into one amortization base.)	10 years
Actuarial assumptions:	
Assumed rate of return on assets*	8.0% per annum
Expected future salary increases*	6.0% per annum
Cost of Living Adjustments*	0.0% per annum
*Includes inflation at	3.0%

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

Annual required contribution	$ 619,647
Interest on net pension obligation	(15,133)
Amortization of net pension obligation	16,192
Annual pension cost	620,706
Contribution made	(333,895)
Increase (decrease) in Net Pension Obligation	286,811
Net pension obligation, January 1, 2010	(195,263)
Net pension obligation, January 1, 2011	$ 91,548

Other Plans

In addition to the above pension plans, the following pension plans cover County employees but the county is not legally responsible for contributions to the pension plans. Other governmental entities are legally responsible for these contributions as well as required disclosures:

(A) PROBATE JUDGES' RETIREMENT FUND OF GEORGIA: The Probate Judge is covered under a pension plan which requires that certain sums from marriage licenses and fines or bond forfeitures be remitted to the pension plan before the payment of any costs or other claims.

(B) SUPERIOR COURT CLERKS' RETIREMENT FUND OF GEORGIA: The Clerk of Superior Court is covered under a pension plan which requires that certain sums from fees and fines or bond forfeitures be remitted to the pension plan before the payment of any costs or other claims.

(C) SHERIFF'S RETIREMENT FUND/PEACE OFFICER'S ANNUITY AND BENEFIT FUND: The Sheriff and Sheriff's Deputies are covered under separate pension plans which require that certain sums from fines or bond forfeitures be remitted by the Probate Judge or Clerk of Superior Court to the pension plans before the payment of any costs or other claims.

(D) GEORGIA STATE EMPLOYEES' RETIREMENT SYSTEM: The Health Department's eligible employees participate in the Georgia State Employees' Retirement System (ERS), a statewide multiple-employer public employee retirement system covering employees of local boards of health and various agencies and departments of the State of Georgia. ERS is funded through employer and employee contributions and the Health Department has no legal obligation for paying benefits.

NOTE 10 - CONTINGENT LIABILITIES

Amounts received or receivable for grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The County is subject to possible legal actions in the nature of claims for damages to persons and property, civil rights isolation and other similar types of actions arising in the course of normal County operations. In the opinion of County management, after consultation with legal counsel, the ultimate outcome of these possible legal actions will not have a material impact on the financial position of the County.

The County has an agreement with The Morgan County Hospital Authority to reimburse the Authority for all expenditures necessary for the maintenance, operation, and providing of adequate and necessary facilities for medical care and hospitalization of the indigent sick. The County shall also reimburse reasonable reserves for expansion and make payment of the cost of all facilities of Morgan Memorial Hospital. The County agrees to adequately and fully pay all sums due to the Authority under the agreement out of general funds of the County and/or by levying all required taxes up to a maximum of seven (7) mils.

In March of 2001, the County accepted a Community Development Block Grant from the Department of Community Affairs in the amount of $500,000 for the construction of a new Senior Center. As a condition of the grant, the County must agree to use the facility for the approved purpose throughout the life of the facility. Should the facility be converted to an ineligible use, the Department of Community Affairs will require repayment of the grant. The repayment will be based on 20-year straight-line depreciation, except 100% repayment of the grant funds will be required to be repaid if the facility is converted during the first five years after the grant closeout date. The period for calculating the repayment amount began upon the closeout of the grant in 2003 and will continue until year 2023.

NOTE 11 - RISK MANAGEMENT

The County is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The following are ways the County handles these risks:

WORKERS' COMPENSATION

The County participates in the Association County Commissioners of Georgia (ACCG) Group Self Insurance Workers' Compensation Fund (GSIWCF), a self-insured pool cooperative arrangement among its members to finance workers' compensation coverage. The fund is owned by its members and is managed by a seven member Board of Trustees who are representatives from participating counties. The ACCG-GSIWCF operates under the authority of O.C.G.A. 34-9-150 et seq. and the Georgia Insurance Commissioner's Office. The members of ACCG-Group Self Insurance Workers' Compensation Fund are assessable if the losses that ACCG must pay exceed the assets of the pool. At June 30, 2011, there was no need for such an assessment. Therefore, no liability has been recorded in these financial statements.

OTHER

The County participates in the Association County Commissioners of Georgia (ACCG) Interlocal Risk Management Agency (IRMA), a risk sharing arrangement among Georgia County Governments. The fund exists by authority of O.C.G.A. 36-85-1 et seq. Premium liabilities are based on the estimated ultimate cost of settling the claims, including effects of inflation and other society and economic factors. The IRMA Limits of Liability shall not be charged with the first $2,500 of any loss. IRMA pays losses up to $100,000 per individual claim or $5,000,000 for all claims. However, excess losses, if any, are covered by reinsurance and would be paid by the reinsurer.

The members of IRMA are assessable if the losses that IRMA must pay exceed the assets of the pool. At June 30, 2011, there was no need for such an assessment. Therefore, no liability has been recorded in these financial statements.

As part of these risk pools (IRMA & GSIWCF), the County is obligated to pay all contributions and assessments to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents that could require the funds to pay any type of loss. The County is also to allow all the pools' agents and attorneys to represent the County in investigations, settlement discussions, and all levels of litigation arising out of any claim made against the County.

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

The County also purchases combined automobile, crime, liability and property insurance coverage from the ACCG-IRMA. A $2,500 deductible applies to each claim. The County also purchases catastrophic coverage for inmate medical costs with a $20,000 deductible per inmate. The following is a summary of coverage at June 30, 2011:

Property Losses	$	5,000,000	aggregate
Comprehensive General and Law Enforcement Liability		5,000,000	per occurrence
Automobile Liability		5,000,000	per occurrence
Errors and Omissions Liability		5,000,000	per occurrence
		10,000,000	aggregate
Crime Coverage		150,000	per occurrence
		50,000	per employee
Boiler and Machinery		100,000,000	per occurrence
Inmate medical		250,000	Specific limit per inmate
Inmate medical	$	750,000	Aggregate limit

The County has no outstanding claims in excess of coverage for which a liability should be recorded as of June 30, 2011.

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

NOTE 12 - NORTHEAST GEORGIA REGIONAL COMMISSION

Morgan County, in conjunction with cities and counties in the area are members of the Northeast Georgia Regional Commission (NEGRC). Membership in the NEGRC is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the regional commissions. Each county and municipality in the state is required by law to pay minimum annual dues to the NGRC. The county paid annual dues in the amount of $17,492 to the NEGRC for the year ended June 30, 2011. The NEGRC Board membership includes the chief elected official of each county and the chief elected official of each municipality. The County board members and municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as the nonpublic Board member from a County.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines regional commissions as "public agencies and instrumentalities of their members." Georgia laws also provide that the member governments are liable for any debts or obligations of an regional commission beyond its resources. (O.C.G.A. 50-8-39.1)

Separate financial statements for the NEGRC may be obtained from: Northeast Georgia Regional Commission, 305 Research Drive, Athens, Georgia 30605.

NOTE 13 - LANDFILL CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations required the County to place a final cover on its U.S. Highway 441 landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as a current operating expenditure in each period based on landfill capacity used as of each balance sheet date.

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

The County is also required to demonstrate financial assurance that the closure and postclosure care cost can be paid in the future. The County is in compliance at June 30, 2011, based on requirements issued by the EPA.

NOTE 14 - SIGNIFICANT ESTIMATES

As discussed in NOTE 1, estimates are used in the preparation of these financial statements. Three of the estimates qualify as significant estimates in that it is reasonably possible that the estimates will change in the near term due to one or more future confirming events and this change will have a material effect on the financial statements.

These estimates are as follows:

- The liability for landfill closure and postclosure care cost is based on estimates provided by the County's engineering consultants and reduced each year by expenses related to the closure and postclosure of the landfill. These estimates are based on what it would cost to perform closure and postclosure care currently. Actual costs may change due to higher inflation, changes in technology, or changes in regulations.

- The estimate for allowance for doubtful accounts related to fines. This estimate is calculated as 50% of the fines due to the County less amounts received in the first 60 days after year end. This estimate will be assessed in future periods and adjusted as necessary based on actual results.

- The estimate for accumulated depreciation on capital assets. This estimate is based on the original or estimated cost of the assets, depreciated over the estimated useful lives using the straight line method and composite method.

NOTE 15 - HOTEL/ MOTEL TAX

During the year ended June 30, 2011, the County had receipts of $36,570 and spent $22,440 to promote tourism, conventions, and trade shows. Of this amount $13,020 was for state parks operated by the Department of Natural Resources. The total expenditures represent 100% of the tax receipts to be expended for these purposes under OCGA 48-13-51. The County has complied with the requirements of this law.

NOTE 16 - RELATED PARTY TRANSACTIONS

On October 6, 1998, Morgan County Commissioners voted to approve a resolution authorizing the release of Morgan County from the Joint Development Authority consisting of Athens-Clarke, Jackson, Madison, Morgan, Oconee, Oglethorpe and Walton counties.

During 1998, the Joint Development Authority of Jasper County, Morgan County, Newton County, and Walton County, a joint venture, was formed for the purpose of purchasing and developing an industrial site. The land was purchased through the Walton County Development Authority with temporary financing from Walton County until such time as the Joint Authority could issue permanent bond financing for the project. The Joint Authority issued $9,000,000 in bonded debt in October 2000 for repayment of the Walton County Development Authority, to pay issuance costs of the bond, and to provide initial development costs. The stated percentages of ownership and debt assumption are as follows: Newton County 37.5%, Walton County 37.5%, Morgan County 15%, and Jasper County 10%. The debt will amortize from 2001 and continue through 2021. This debt is discussed more fully in Note 6. The County records the investment in the joint venture at a value of $1,302,834, using the equity interest method.

The Authority entered into an agreement with Technology Park/Atlanta in 2000 that gave Technology Park/Atlanta the option to purchase land at the site at approximately 10% over the Authority's cost. The takedown schedule is summarized as follows:

			Revenue Generated (for Authority)
Phase 1 - Within 3 years	100 acres	Taken down in 2003	$ 702,000
Phase 2 - Within 5 years	100 acres	225 acres taken down in 2005	1,650,000
Phase 3 - 2010	17 acres	17 acres taken down in 2010	208,080
Phase 4 - 2011	22 acres	22 acres taken down in 2011	275,375
Phase 5 - 2012	20 acres		-
Phase 6 - 2012	19 acres		-
Phase 7 - 2014	18 acres		-
Phase 8 - 2015	379 acres		-
Phase 9 - 2020	Balance of property		-

Should Technology Park/Atlanta fail to exercise an option, the balance of the property would be available for sale to other properties.

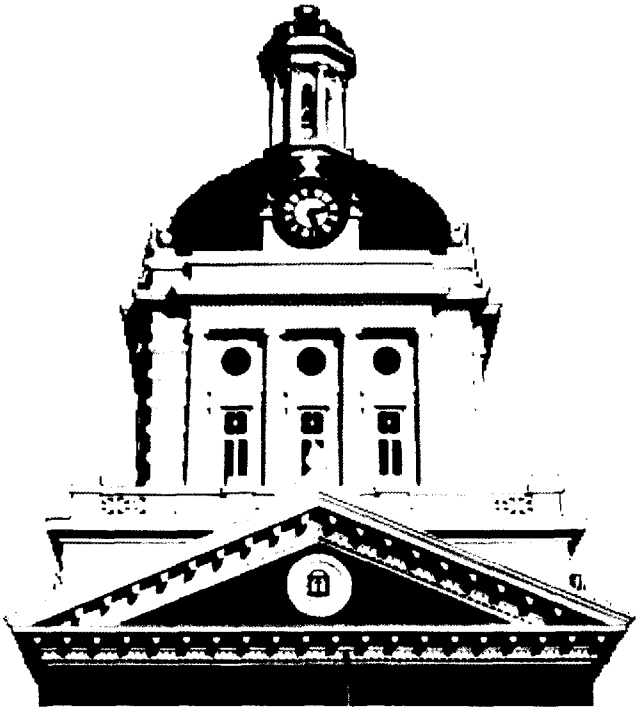
Separate financial statements of the Joint Development Authority of Jasper County, Morgan County, Newton County, and Walton County can be obtained directly from: Joint Development Authority of Jasper County, Morgan County, Newton County, and Walton County, C/O Madison Chamber of Commerce, 115 East Jefferson Street, Madison, Georgia 30650.

NOTE 17 - SUBSEQUENT EVENTS

Changes in the fair value of the investments of the Braswell Fund between July 1, 2011 and August 6, 2012 were as follows:

	Unrealized Gain / (Loss)
Debt Securities	$ (268)
Equities	(6,080)
Net unrealized gain / (loss)	$ (6,348)

Required Supplementary Information



MORGAN COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION FUNDING PROGRESS
For the Year Ended June 30, 2011
"Unaudited"

Actuarial Valuation Date (1/1)	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Annual Covered Payroll (prior year)	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
2010	$ 5,164,339	$ 6,986,114	73.9 %	$ 1,821,775	$ 3,217,395	56.6 %
2009	4,610,501	6,480,259	71.1 %	1,869,758	2,842,259	65.8 %
2008	4,556,779	5,872,195	77.6 %	1,315,416	2,672,957	49.2 %
2007	3,995,995	5,266,541	75.9 %	1,270,546	2,706,560	46.9 %
2006	3,388,004	4,902,313	69.1 %	1,514,309	2,573,219	58.8 %
2005	$ 2,915,941	$ 4,286,640	68.0 %	$ 1,370,699	$ 2,369,938	57.8 %

Analysis of the dollar amounts of actuarial value of assets available for benefits, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets available for benefits as a percentage of the actuarial accrued liability provides one indication of funding status on a going concern basis. Analysis of this percentage over time indicates whether the system is becoming financial stronger or weaker. Generally, the greater this percentage, the stronger the Plan.

Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the Plan's progress in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the Plan.

MORGAN COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2011
(Required Supplementary Information)

	BUDGET AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 6,469,075	$ 6,469,075	$ 6,469,075	$ -
RESOURCES (INFLOWS)				
Taxes	10,787,100	10,787,100	11,101,086	313,986
Licenses and permits	82,400	82,400	113,417	31,017
Intergovernmental	742,963	1,014,159	1,204,622	190,463
Fines and forfeitures	455,000	455,000	601,126	146,126
Charges for services	969,035	1,021,535	1,305,732	284,197
Contributions and donations	44,200	44,430	50,608	6,178
Investment income	73,000	73,000	27,198	(45,802)
Miscellaneous	10,000	10,000	147,639	137,639
Sale of county property	15,000	15,000	5,065	(9,935)
Transfers in	464,986	464,986	94,130	(370,856)
Total Resources (Inflows)	13,643,684	13,967,610	14,650,623	683,013
AMOUNTS AVAILABLE FOR APPROPRIATION	20,112,759	20,436,685	21,119,698	683,013
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
General Government				
Board of commissioners	61,458	62,269	62,269	-
County manager	309,130	309,130	303,666	5,464
County clerk	63,428	63,428	60,615	2,813
Finance	591,379	395,878	309,019	86,859
Law	107,750	115,610	115,609	1
Management information	349,490	362,452	362,452	-
Human resources	47,165	54,769	46,274	8,495
Tax commissioner	217,668	225,272	225,272	-
Tax assessor	438,671	431,067	417,913	13,154
Risk management	201,000	201,000	195,832	5,168
General government	667,641	712,912	712,912	-
Records management	-	548	548	-
General administration fees	21,145	21,620	21,620	-
Board of equalization	51,959	51,959	20,361	31,598
Board of registrars	168,392	168,392	159,955	8,437
Total General Government	3,296,276	3,176,306	3,014,317	161,989
Judicial				
Ocmulgee Circuit	20,613	25,510	25,510	-
Clerk of superior court	433,119	428,222	425,646	2,576
District attorney	52,927	68,293	67,588	705
Magistrate court	274,569	275,344	275,344	-
Probate court	239,998	239,998	237,542	2,456
Juvenile court	28,145	33,798	33,798	-
Public defender	51,018	51,018	51,018	-
Total Judicial	1,100,389	1,122,183	1,116,446	5,737
Public Safety				
Law enforcement administration	357,269	451,974	451,974	-
Criminal investigation	260,359	274,057	274,057	-
Uniform patrol	861,933	896,794	896,794	-
Jail operation	1,481,758	1,608,226	1,608,226	-
Court services	131,395	117,554	117,554	-
Fire administration	490,797	793,785	793,785	-
Ambulance	309,005	312,414	312,414	-
Coroner/Medical Examiner	23,076	23,849	23,849	-
E-911/Communications center	417,257	176,174	176,174	-
Emergency Management Agency	55,222	56,207	56,207	-
Animal control	215,651	215,651	208,867	6,784
Total Public Safety	4,603,722	4,926,685	4,919,901	6,784
Public Works				
Highways and streets	1,228,498	1,324,406	1,324,406	-
Solid waste and recycling	630,175	630,175	629,969	206
Maintenance and shop	112,526	112,526	110,379	2,147
Total Public Works	1,971,199	2,067,107	2,064,754	2,353

MORGAN COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2011
(Required Supplementary Information)

CONTINUED.....	BUDGET AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
Public Health and Welfare				
Senior citizens center	244,146	244,381	244,381	-
Transportation services	220,431	232,328	232,328	-
D.F.A.C.S. building	105,757	114,674	114,674	-
D.F.A.C.S.	22,000	22,000	22,000	-
Advantage behavioral	22,200	22,200	22,200	-
Walton/Morgan unlimited	21,002	21,002	21,002	-
Health care facilities	1,180,339	1,060,339	1,060,339	-
Total Public Health and Welfare	1,815,875	1,716,924	1,716,924	-
Recreation and Culture				
Parks and recreation	672,973	778,240	772,740	5,500
Library	158,365	158,365	158,365	-
Total Recreation and Culture	831,338	936,605	931,105	5,500
Housing and development				
Soil conservation	17,913	17,913	15,852	2,061
Forestry services	32,265	32,265	32,265	-
Building inspection	177,946	180,096	180,096	-
Planning and zoning	103,062	100,912	92,074	8,838
Code enforcement	83,587	83,587	57,086	26,501
County agent	80,149	80,149	79,877	272
Development authority	167,623	167,623	116,809	50,814
Action, Inc.	12,340	9,255	9,255	-
Total Housing and Development	674,885	671,800	583,314	88,486
TOTAL CHARGES TO APPROPRIATIONS	14,293,684	14,617,610	14,346,761	270,849
CHANGE IN FUND BALANCE	(650,000)	(650,000)	303,862	953,862
FUND BALANCE, End of year	$ 5,819,075	$ 5,819,075	$ 6,772,937	$ 953,862

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted for specific purposes. The following special revenue funds are maintained by the County:

Emergency Telephone Service - to account for the monthly "911" charge to help fund the cost of providing the service as provided in title 46, Chapter 5 of the Official Code of Georgia Annotated.

Special Revenue Fund - to account for funds, such as fines, confiscated monies and donations received by Elected Officials of Morgan County to be expended within legal guidelines of each program.

Hotel/Motel Tax – to account for taxes charged on rental of hotel/motel rooms as provided in title 48, chapter 13 of the Official Code of Georgia Annotated. These funds are used for the promotion of tourism, conventions and trade shows in the County.

Law Library - to account for funds collected from fines and forfeitures to be used to maintain the Law Library as provided in title 36, chapter 15 of the Official Code of Georgia Annotated.

Sheriff's Law Enforcement - to account for funds from seizures to be used for law enforcement activities.

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

	SPECIAL REVENUE FUNDS				
	EMERGENCY TELEPHONE SERVICES	SPECIAL REVENUE FUND	LAW LIBRARY	SHERIFF'S LAW ENFORCEMENT	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS					
Cash	$ 32,333	$ 107,968	$ 7,019	$ 86,786	$ 234,106
Receivables (net of allowance for uncollectibles)	160,660	622	-	-	161,282
Prepaid items	3,781	-	-	-	3,781
TOTAL ASSETS	$ 196,774	$ 108,590	$ 7,019	$ 86,786	$ 399,169
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ -	$ -	$ 470	$ -	$ 470
Due to other funds	49,546	-	-	-	49,546
TOTAL LIABILITIES	49,546	-	470	-	50,016
FUND BALANCES					
Nonspendable:					
Prepaid expenditure	3,781	-	-	-	3,781
Restricted:					
Judicial programs	-	-	6,549	-	6,549
Public safety programs	143,447	89,492	-	86,786	319,725
Health and welfare programs	-	19,098	-	-	19,098
TOTAL FUND BALANCES	147,228	108,590	6,549	86,786	349,153
TOTAL LIABILITIES AND FUND BALANCES	$ 196,774	$ 108,590	$ 7,019	$ 86,786	$ 399,169

MORGAN COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	SPECIAL REVENUE FUNDS					
REVENUES	EMERGENCY TELEPHONE SERVICE	SPECIAL REVENUE FUND	HOTEL/ MOTEL TAX	LAW LIBRARY	SHERIFF'S LAW ENFORCEMENT	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Taxes	$ -	$ -	$ 36,570	$ -	$ -	$ 36,570
Intergovernmental	115,406	-	-	-	2,328	117,734
Fines and forfeitures	-	84,426	-	31,583	89,671	205,680
Charges for services	296,948	-	-	-	4,025	300,973
Contributions and donations	-	-	-	-	13,308	13,308
Investment income	394	289	-	-	313	996
TOTAL REVENUES	412,748	84,715	36,570	31,583	109,645	675,261
EXPENDITURES						
Current Expenditures						
Judicial	-	-	-	36,295	-	36,295
Public safety	598,373	4,868	-	-	106,457	709,698
Public health and welfare	-	817	-	-	-	817
Housing and development	-	-	22,440	-	-	22,440
Capital outlay	273,557	-	-	-	26,354	299,911
Debt service						
Principal	11,710	-	-	-	-	11,710
Interest	3,415	-	-	-	-	3,415
TOTAL EXPENDITURES	887,055	5,685	22,440	36,295	132,811	1,084,286
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(474,307)	79,030	14,130	(4,712)	(23,166)	(409,025)
OTHER FINANCING SOURCES (USES)						
Capital lease proceeds	199,110	-	-	-	-	199,110
Transfers in	176,174	-	-	-	-	176,174
Transfers out	-	(80,000)	(14,130)	-	-	(94,130)
TOTAL OTHER FINANCING SOURCES (USES)	375,284	(80,000)	(14,130)	-	-	281,154
NET CHANGE IN FUND BALANCES	(99,023)	(970)	-	(4,712)	(23,166)	(127,871)
FUND BALANCES, Beginning of year	246,251	109,560	-	11,261	109,952	477,024
FUND BALANCES, End of year	$ 147,228	$ 108,590	$ -	$ 6,549	$ 86,786	$ 349,153

MORGAN COUNTY, GEORGIA
EMERGENCY TELEPHONE SYSTEM SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2011

	BUDGET AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 246,251	$ 246,251	$ 246,251	$ -
RESOURCES (INFLOWS)				
Intergovernmental	(110,000)	(115,406)	115,406	230,812
Charges for services	(240,000)	(296,948)	296,948	593,896
Investment income	(1,700)	(393)	394	787
Capital lease proceeds	-	199,111	199,110	(1)
Transfer in	176,174	176,174	176,174	-
Total Resources (Inflows)	(175,526)	(37,462)	788,032	825,494
AMOUNTS AVAILABLE FOR APPROPRIATION	70,725	208,789	1,034,283	825,494
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	527,874	887,111	887,055	56
TOTAL CHARGES TO APPROPRIATIONS	527,874	887,111	887,055	56
CHANGE IN FUND BALANCE	(703,400)	(924,573)	(99,023)	825,550
FUND BALANCE, End of year	$ (457,149)	$ (678,322)	$ 147,228	$ 825,550

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

MORGAN COUNTY, GEORGIA
SPECIAL REVENUE SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2011

	BUDGET AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 109,560	$ 109,560	$ 109,560	$ -
RESOURCES (INFLOWS)				
Fines and forfeitures	89,800	89,800	84,426	(5,374)
Investment income	200	400	289	(111)
Total Resources (Inflows)	90,000	90,200	84,715	(5,485)
AMOUNTS AVAILABLE FOR APPROPRIATION	199,560	199,760	194,275	(5,485)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	4,700	4,900	4,868	32
Public health and welfare	5,300	5,300	817	4,483
Transfers out	80,000	80,000	80,000	-
TOTAL CHARGES TO APPROPRIATIONS	90,000	90,200	85,685	4,515
CHANGE IN FUND BALANCE	-	-	(970)	(970)
FUND BALANCE, End of year	$ 109,560	$ 109,560	$ 108,590	$ (970)

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

MORGAN COUNTY, GEORGIA
HOTEL / MOTEL TAX SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2011

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ -	$ -	$ -	$ -
RESOURCES (INFLOWS)				
Taxes	38,000	38,000	36,570	(1,430)
Total Resources (Inflows)	38,000	38,000	36,570	(1,430)
AMOUNTS AVAILABLE FOR APPROPRIATION	38,000	38,000	36,570	(1,430)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Housing and development	23,000	21,500	22,440	(940)
Transfers out	15,000	16,500	14,130	2,370
TOTAL CHARGES TO APPROPRIATIONS	38,000	38,000	36,570	1,430
CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, End of year	$ -	$ -	$ -	$ -

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

MORGAN COUNTY, GEORGIA
LAW LIBRARY SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2011

	BUDGET AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 11,261	$ 11,261	$ 11,261	$ -
RESOURCES (INFLOWS)				
Fines and forfeitures	50,750	50,750	31,583	(19,167)
Total Resources (Inflows)	50,750	50,750	31,583	(19,167)
AMOUNTS AVAILABLE FOR APPROPRIATION	62,011	62,011	42,844	(19,167)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Judicial	50,750	50,750	36,295	14,455
TOTAL CHARGES TO APPROPRIATIONS	50,750	50,750	36,295	14,455
CHANGE IN FUND BALANCE	-	-	(4,712)	(4,712)
FUND BALANCE, End of year	$ 11,261	$ 11,261	$ 6,549	$ (4,712)

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

MORGAN COUNTY, GEORGIA
SHERIFF'S LAW ENFORCEMENT SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2011

	BUDGET AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 109,952	$ 109,952	$ 109,952	$ -
RESOURCES (INFLOWS)				
Intergovernmental	-	-	2,328	2,328
Fines and forfeitures	125,500	125,500	89,671	(35,829)
Charges for services	5,000	5,000	4,025	(975)
Contributions and donations	15,000	15,000	13,308	(1,692)
Investment income	500	500	313	(187)
Total Resources (Inflows)	146,000	146,000	109,645	(36,355)
AMOUNTS AVAILABLE FOR APPROPRIATION	255,952	255,952	219,597	(36,355)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	146,000	146,000	132,811	13,189
TOTAL CHARGES TO APPROPRIATIONS	146,000	146,000	132,811	13,189
CHANGE IN FUND BALANCE	-	-	(23,166)	(23,166)
FUND BALANCE, End of year	$ 109,952	$ 109,952	$ 86,786	$ (23,166)

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

FIDUCIARY FUNDS

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds. Agency funds maintained by the County are as follows:

Tax Commissioner - to account for the collection of property taxes, motor vehicle tag and title fees and mobile home fees, etc. which are disbursed to various taxing units.

Clerk of Superior Court - to account for the collection of various fines, forfeitures, jury fund receipts, real estate transfer taxes, recording of intangibles, fees, civil awards, etc. which are disbursed to other parties.

Probate Court - to account for the collection of fees for a probate of wills, administration of estates, issuance of marriage licenses, and maintenance of other vital records which are disbursed to other parties.

Magistrate Court - to account for the collection of fees in jurisdiction of small claims courts which are disbursed to other parties.

Sheriff - to account for the collection of cash bonds, fines, forfeitures, fifas, etc. which are disbursed to other parties.

MORGAN COUNTY, GEORGIA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
ALL AGENCY FUNDS
June 30, 2011

	TAX COMMISSIONER	CLERK OF SUPERIOR COURT	PROBATE COURT	MAGISTRATE COURT	SHERIFF	TOTAL
ASSETS						
Cash	$ 36,218	$ 135,308	$ 53,950	$ 5,574	$ 37,556	$ 268,606
TOTAL ASSETS	$ 36,218	$ 135,308	$ 53,950	$ 5,574	$ 37,556	$ 268,606
LIABILITIES						
Amounts held in trust	$ 36,218	$ 135,308	$ 53,950	$ 5,574	$ 37,556	$ 268,606
TOTAL LIABILITIES	$ 36,218	$ 135,308	$ 53,950	$ 5,574	$ 37,556	$ 268,606

MORGAN COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended June 30, 2011

	TAX COMMISSIONER	CLERK OF SUPERIOR COURT	PROBATE COURT	MAGISTRATE COURT	SHERIFF	TOTAL
ASSETS						
Cash						
Balance, July 1, 2010	$ 22,422	$ 166,373	$ 70,234	$ 1,792	$ 63,131	$ 323,952
Additions	23,923,096	847,991	760,185	394,775	191,773	26,117,820
Deductions	(23,909,300)	(879,056)	(776,469)	(390,993)	(217,348)	(26,173,166)
Balance, June 30, 2011	36,218	135,308	53,950	5,574	37,556	268,606
TOTAL ASSETS	$ 36,218	$ 135,308	$ 53,950	$ 5,574	$ 37,556	$ 268,606
LIABILITIES						
Due to County						
Balance, July 1, 2010	$ -	$ -	$ -	$ -	$ -	$ -
Additions	8,575,219	400,486	532,407	99,152	36,127	9,643,391
Deductions	(8,575,219)	(400,486)	(532,407)	(99,152)	(36,127)	(9,643,391)
Balance, June 30, 2011	-	-	-	-	-	-
Amounts held in trust						
Balance, July 1, 2010	22,422	166,373	70,234	1,792	63,131	323,952
Additions	15,347,877	447,505	227,778	295,623	155,646	16,474,429
Deductions	(15,334,081)	(478,570)	(244,062)	(291,841)	(181,221)	(16,529,775)
Balance, June 30, 2011	36,218	135,308	53,950	5,574	37,556	268,606
Total Liabilities						
Balance, July 1, 2010	22,422	166,373	70,234	1,792	63,131	323,952
Additions	23,923,096	847,991	760,185	394,775	191,773	26,117,820
Deductions	(23,909,300)	(879,056)	(776,469)	(390,993)	(217,348)	(26,173,166)
TOTAL LIABILITIES	$ 36,218	$ 135,308	$ 53,950	$ 5,574	$ 37,556	$ 268,606

Supplementary Information

MORGAN COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the Year Ended June 30, 2011

PROJECT	ORIGINAL ESTIMATED COSTS	CURRENT ESTIMATED COSTS	EXPENDITURES PRIOR YEARS	EXPENDITURES CURRENT YEAR
SPLOST #IV (Commenced April 1, 2002)				
Joint Morgan County and City of Madison water line capital outlay project	$ 1,000,000	$ 189,753	$ 189,753	$ -
Various roads and bridges projects	7,380,000	5,919,496	5,919,496	-
Various public buildings capital outlay projects	2,000,000	3,582,117	3,582,117	-
Various solid waste capital outlay projects	600,000	150,181	150,181	-
Various Fire Department capital outlay projects	4,000,000	3,315,969	3,315,969	-
Various Recreation capital outlay projects	2,200,000	808,261	733,021	-
City of Madison entitlement	820,000	655,562	655,562	-
Total SPLOST #4	$ 18,000,000	$ 14,621,339	$ 14,546,099	$ -

MORGAN COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the Year Ended June 30, 2011

SPLOST #V - Commenced April 1, 2007 Project	Original Estimated Cost	Current Estimated Cost	Amount Expended Year 1 2007	Year 2 2008	Year 3 2009	Year 4 2010	Year 5 2011	Total
LEVEL 1 COUNTY PROJECTS								
Public safety/Detention Center	$ 10,500,000	$12,000,000	$ -	$4,403,358	$7,419,912	$12,182,166	$ 850,404	$24,855,840
LEVEL 2 COUNTY PROJECTS								
Road and Bridge Improvements and Equipment	10,500,000	10,500,000	-	293,469	1,351,017	898,810	262,768	2,806,064
Library Facility Improvements and Equipment	900,000	900,000	-		-	300,000	-	300,000
Recreational Facility Improvements and Equipment	750,000	1,000,000	-	22,800	950,948	-	-	973,748
Water System Improvements and Equipment	233,391	233,391	-		1,456	-	-	1,456
Sanitation Improvements and Equipment	59,000	59,000	-		-	550	-	550
Purchase of and Improvements to County Administration Building	1,000,000	1,000,000	-	157,094	-	-	-	157,094
Interest expense on Bonds, less interest income	-	-	(346)	28,252	-	-	-	27,906
Subtotal All County Projects	23,942,391	25,692,391	(346)	4,904,973	9,723,333	13,381,526	1,113,172	29,122,658
MUNICIPAL PROJECTS								
City of Madison								
Road and Bridge Improvements and Equipment	600,000	600,000	21,779	87,558	77,334	79,499	80,874	347,044
Public Works Building Construction/Improvements and Equipment	400,000	400,000	14,520	58,372	51,556	53,000	53,916	231,364
Public Safety Building Construction/Improvements and Equipment	350,000	350,000	12,705	51,075	45,111	46,375	47,177	202,443
City Hall Renovations	250,000	250,000	9,075	36,482	32,222	33,125	33,698	144,602
Park Improvements and Equipment	204,400	204,400	7,419	29,828	26,345	27,083	27,551	118,226
Subtotal	1,804,400	1,804,400	65,498	263,315	232,568	239,082	243,216	1,043,679
City of Rutledge								
Water and Sewer System Improvements and Equipment	158,600	158,600	5,757	23,040	20,357	20,934	21,296	91,384
City of Bostwick								
Road and Bridge Improvements and Equipment	30,000	30,000	1,089	4,407	3,946	3,885	4,044	17,371
City Hall Improvements and Equipment	13,435	13,435	488	1,974	1,767	1,740	1,811	7,780
Water System Improvements and Equipment	15,000	15,000	544	2,203	1,973	1,942	2,022	8,684
Subtotal	58,435	58,435	2,121	8,584	7,686	7,567	7,877	33,835
City of Buckhead								
Road and Bridge Improvements and Equipment	21,174	21,174	769	3,093	2,778	2,755	2,854	12,249
Fire Station Improvements/Addition	15,000	15,000	544	2,191	1,968	1,952	2,022	8,677
Subtotal	36,174	36,174	1,313	5,284	4,746	4,707	4,876	20,926
Total All City Projects **(1)**	2,057,609	2,057,609	74,689	300,223	265,357	272,290	277,265	1,189,824
Total All Projects	$ 26,000,000	$27,750,000	$ 74,343	$5,205,196	$9,988,690	$13,653,816	$1,390,437	$30,312,482

1. The County remits the tax collected to the Municipalities who are responsible for reporting on the expenditures in accordance with OCGA 48-8-121.

MORGAN COUNTY, GEORGIA
Reconciliation of Expenditures for SPLOST
For the Year Ended June 30, 2011

Amounts may not add due to rounding

Statement of Revenues, Expenditures and Changes in Fund Balance (page 5)		
	Expenditures	2,435,437
	Transfers out	-
Subtotal		2,435,437
Less items not included as expenditures on SPLOST schedule below:		
	Principal payments on debt	(1,045,000) 1
	Miscellaneous revenue used for expenditures first before SPLOST funds	-
	Revenue from State grants used for expenditures first before SPLOST funds	-
	Expenditures from debt proceeds	- 1
Subtotal of adjustments		(1,045,000)
Expenditures reported on Splost schedule below		**1,390,437**
Schedule of Projects Constructed With Special Purpose Local Option Sales Tax (pages 57-58)		
	Splost #4	-
	Splost #5	1,390,437
		1,390,437
	Difference	-

1. In some cases, debt in the form of capital leases or general obligation debt was issued. The cost of projects paid for from debt proceeds were counted as SPLOST expenditures so that the costs would be allocated to the appropriate project category. Therefore the payment of principal was not counted as a SPLOST expenditure to avoid double counting expenditures.

STATISTICAL SECTION

This part of the county's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	**Table**
Financial Trends	
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Net Assets by Component	1
Changes in Net Assets	2
Fund Balances of Governmental Funds	3
Changes in Fund Balances of Governmental Funds	4
Five Year General Fund History	4A
General Governmental Tax Revenues by Source	5
Revenue Capacity	
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Assessed Value and Estimated Actual Value of Taxable Property	6
Property Tax Rates (Direct and Overlapping Governments)	7
Principal Property Taxpayers	8
Property Tax Levies and Collections	9
Debt Capacity	
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Ratios of Outstanding Debt by Type	10
Other Long-Term Liabilities	10A
Reserved for Future Use	11
Direct and Overlapping Governmental Activities Debt	12
Legal Debt Margin Information	13
Reserved for Future Use	14
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Demographic and Economic Statistics	15
Principal Employers	16
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	
Full-Time Equivalent County Government Employees by Function	17
Operating Indicators by Function	18
Capital Asset Statistics by Function	19

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Note: Tables may not add due to rounding

MORGAN COUNTY, GEORGIA
NET ASSETS BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	2003	2004	2005 [1]	2006	2007	2008	2009	2010	2011
GOVERNMENTAL ACTIVITIES									
Invested in capital assets, net of related debt	$ 13,227,331	$ 15,661,171	$ 18,837,911	$ 20,320,166	$ 60,744,769	$ 61,204,935	$ 55,714,514	$ 56,528,239	$ 56,112,122
Restricted	-	-	391,525	4,213,208	3,371,944	4,656,654	2,894,625	1,034,074	1,988,959
Unrestricted:	4,645,559	5,122,065	4,681,821	4,949,319	6,013,298	6,387,344	7,956,715	8,764,214	7,642,504
Total governmental activities net assets	$ 17,872,890.00	$ 20,783,236.00	$ 23,911,257.00	$ 29,482,693.00	$ 70,130,011.00	$ 72,248,933.00	$ 66,565,854.00	$66,326,527.00	$ 65,743,585.00
BUSINESS-TYPE ACTIVITIES									
Invested in capital assets, net of related debt	$ 523,483.00	$ 523,095.00	$ 488,361.00	$ 494,434.00	$ 623,605.00	$ 553,538.00	$ 498,269.00	$ 435,751.00	$ 423,478.00
Unrestricted	(308,226)	(347,562)	(348,984)	(384,063)	(389,821)	(197,287)	(93,952)	(273,097)	(290,420)
Total business-type activities net assets	$ 215,257.00	$ 175,533.00	$ 139,377.00	$ 110,371.00	$ 233,784.00	$ 356,251.00	$ 404,317.00	$ 162,654.00	$ 133,058.00
PRIMARY GOVERNMENT									
Invested in capital assets, net of related debt	$ 13,750,814.00	$ 16,184,266.00	$ 19,326,272.00	$ 20,814,600.00	$ 61,368,374.00	$ 61,758,473.00	$ 56,212,783.00	$56,963,990.00	$ 56,535,600.00
Restricted	-	-	391,525	4,213,208	3,371,944	4,656,654	2,894,625	1,034,074	1,988,959
Unrestricted	4,337,333	4,774,503	4,332,837	4,565,256	5,623,477	6,190,057	7,862,763	8,491,117	7,352,084
Total primary government net assets	$ 18,088,147	$ 20,958,769	$ 24,050,634	$ 29,593,064	$ 70,363,795	$ 72,605,184	$ 66,970,171	$ 66,489,181	$ 65,876,643

Note: The County adopted GASB 34 in 2003. Data for years prior to this are not available.

(1) Retroactive infrastructure was added in 2007.

(2) In 2009, the County changed its method of depreciation expense for road infrastructure assets.
As a result, invested in capital assets decreased $5,271,148

(3) In 2011, the County implemented GASB 54.

MORGAN COUNTY, GEORGIA
CHANGES IN NET ASSETS
Last Ten Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
EXPENSES									
Governmental activities:									
General government	$ 1,649,852.00	$ 1,833,593.00	$ 1,937,747.00	$ 2,183,580.00	$ 2,829,700.00	$ 2,855,057.00	$ 3,133,984.00	$ 3,351,744.00	$ 3,387,849.00
Judicial	932,446	911,146	914,292	947,640	991,742	1,109,741	1,157,153	1,184,957	1,189,888
Public safety	3,450,982	3,617,274	3,962,080	4,405,079	4,554,357	4,913,787	5,191,945	5,307,303	6,433,955
Public works	1,937,000	2,277,712	2,665,452	2,319,947	4,608,035	4,522,872	4,792,370	4,855,857	4,010,735
Health and welfare	1,709,232	1,653,325	1,714,015	1,769,044	1,736,282	1,819,094	1,828,844	1,659,014	1,655,525
Recreation and culture	804,686	583,112	742,137	709,565	791,172	846,539	944,780	1,219,227	1,000,265
Housing and development	517,303	438,871	639,383	669,125	756,911	884,788	764,023	661,589	568,418
Intergovernmental	100,860	183,661	142,012	165,561	-	-	-	-	-
Interest on long-term debt	264,414	243,250	199,383	180,184	171,729	623,216	869,746	830,572	764,021
Total governmental activities expenses	11,366,775	11,741,944	12,916,501	13,349,725	16,439,928	17,575,094	18,682,845	19,070,263	19,010,656
Business-type activities:									
Solid waste disposal facility	$ 848,597.00	$ 562,979.00	$ 599,244.00	$ 953,260.00	$ 1,099,220.00	$ 1,229,757.00	$ 1,173,153.00	$ 954,279.00	$ 987,377.00
Total business-type activities expenses	848,597	562,979	599,244	953,260	1,099,220	1,229,757	1,173,153	954,279	987,377
Total primary government expenses	12,215,372	12,304,923	13,515,745	14,302,985	17,539,148	18,804,851	19,855,998	20,024,542	19,998,033
PROGRAM REVENUES									
Governmental activities:									
Charges for services:									
General government	$ 328,993	344,267	373,630	388,148	491,005	702,075	562,398	583,893	757,176
Judicial	881,350	1,046,759	965,623	969,501	802,409	937,425	985,746	1,039,309	853,314
Public safety	397,344	422,013	576,625	690,812	469,412	617,775	623,592	646,449	669,836
Public works	-	-	-	-	-	-	-	-	-
Health and welfare	232,864	206,143	221,360	214,077	197,622	70,531	59,628	49,433	46,382
Recreation and culture	139,577	135,495	122,864	129,017	165,268	221,360	206,481	262,664	250,468
Housing and development	167,963	279,776	344,664	349,000	426,486	345,103	415,055	149,986	127,478
Total charges for services	2,148,091	2,434,453	2,604,766	2,740,555	2,552,202	2,894,269	2,852,900	2,731,734	2,704,654
Operating grants and contributions	409,825	496,118	453,368	423,841	524,910	423,937	345,115	1,021,163	1,498,111
Capital grants and contributions	1,067,411	448,632	196,956	1,060,470	501,932	590,657	412,386	320,317	182,113
Total governmental activities program revenues	3,625,327	3,379,203	3,255,090	4,224,866	3,579,044	3,908,863	3,610,401	4,073,214	4,384,878

continued

MORGAN COUNTY, GEORGIA
CHANGES IN NET ASSETS
Last Ten Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Business-type activities:									
Charges for services:									
Solid waste disposal facility	707,579	343,791	415,477	348,093	385,146	406,576	341,034	287,163	327,258
Total charges for services	707,579	343,791	415,477	348,093	385,146	406,576	341,034	287,163	327,258
Operating grants and contributions	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	707,579	343,791	415,477	348,093	385,146	406,576	341,034	287,163	327,258
Total primary government program revenues	$ 4,332,906	$ 3,722,994	$ 3,670,567	$ 4,572,959	$ 3,964,190	$ 4,315,439	$ 3,951,435	$ 4,360,377	$ 4,712,136
Net (expense)/revenue									
Governmental activities	$ (7,741,448)	$ (8,362,741)	$ (9,661,411)	$ (9,124,859)	$ (12,860,884)	$ (13,666,231)	$ (15,072,444)	$ (14,997,049)	$ (14,625,778)
Business-type activities	(141,018)	(219,188)	(183,767)	(605,167)	(714,074)	(823,181)	(832,119)	(667,116)	(660,119)
Total primary government net expense	(7,882,466)	(8,581,929)	(9,845,178)	(9,730,026)	(13,574,958)	(14,489,412)	(15,904,563)	(15,664,165)	(15,285,897)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS									
Governmental activities:									
Taxes									
Property Taxes	5,679,232	6,119,749	6,688,847	7,442,866	7,692,493	8,329,546	8,263,596	8,312,443	7,609,634
Sales Taxes	3,868,401	4,127,396	4,998,280	6,303,494	6,359,917	6,569,439	5,797,590	5,963,470	6,059,666
Insurance premium tax	376,331	403,595	436,698	466,340	488,710	513,885	526,410	518,862	504,631
Real estate and recording taxes	212,405	229,384	217,697	289,000	261,507	213,685	173,461	116,810	99,292
Other taxes	175,163	133,462	184,186	163,146	167,705	152,497	141,240	133,615	138,222
Total taxes	10,311,532	11,013,587	12,525,708	14,664,846	14,970,332	15,779,052	14,902,297	15,045,200	14,411,445
Unrestricted grants and contributions	332,929	294,967	341,074	348,739	353,997	304,611	307,172	-	228,308
Investment earnings	126,777	65,508	58,014	219,374	435,174	615,431	261,418	92,485	28,193
Miscellaneous	626,460	20,167	11,720	38,157	26,663	26,087	68,111	45,037	-
Gain on sale of capital assets	-	-	-	-	-	-	-	-	5,065
Transfers	(55,000)	(121,141)	(147,084)	(574,821)	(835,990)	(940,028)	(878,485)	(425,000)	(630,175)
Total governmental activities	11,342,698	11,273,088	12,789,432	14,696,295	14,950,176	15,785,153	14,660,513	14,757,722	14,042,836

continued

MORGAN COUNTY, GEORGIA
CHANGES IN NET ASSETS
Last Ten Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Business-type activities:									
Investment earnings	967	469	527	1,340	1,497	5,620	1,700	454	348
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers	55,000	121,141	147,084	574,821	835,990	940,028	878,485	425,000	630,175
Total business-type activities	55,967	121,610	147,611	576,161	837,487	945,648	880,185	425,454	630,523
Total primary government	11,398,665	11,394,698	12,937,043	15,272,456	15,787,663	16,730,801	15,540,698	15,183,176	14,673,359
CHANGE IN NET ASSETS									
Governmental activities	3,601,250	2,910,347	3,128,021	5,571,436	2,089,292	2,118,922	(411,931)	(239,327)	(582,942)
Business-type activities	(85,051)	(97,578)	(36,156)	(29,006)	123,413	122,467	48,066	(241,662)	(29,596)
Total primary government	$ 3,516,199	$ 2,812,769	$ 3,091,865	$ 5,542,430	$ 2,212,705	$ 2,241,389	$ (363,865)	$ (480,989)	$ (612,538)

Note: The County adopted GASB 34 in 2003. Data for years prior to this are not available.
Note: After 2006, intergovernmental expense has been allocated to other functions.

MORGAN COUNTY, GEORGIA
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General fund										
Reserved	$ 62,589	$ 1,565,805	$ 210,099	$ 246,566	$ 237,122	$ 240,340	$ 478,082	$ 174,675	$ 86,720	-
Unreserved	$ 3,741,702	2,540,394	2,701,430	3,239,492	4,949,884	5,270,887	4,970,032	5,241,711	6,382,355	-
Nonspendable	-	-	-	-	-	-	-	-	-	147,389
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	6,625,548
Total general fund	$ 3,804,291	$ 4,106,199	$ 2,911,529	$ 3,486,058	$ 5,187,006	$ 5,511,227	$ 5,448,114	$ 5,416,386	$ 6,469,075	$ 6,772,937
All other governmental funds										
Reserved	$ -	$ -	1,300,000	391,525	3,824,606	2,937,843	19,573,659	11,759,473	568,311	-
Unreserved, reported inr:										
Special Revenue Funds	580,542	355,002	393,823	459,967	611,276	778,291	1,006,678	1,084,759	477,024	-
Capital Projects Funds	8,103,342	4,454,479	1,696,865	1,697,418	192,801	93,038	151,785	6,926	-	-
Unreserved	8,683,884	4,809,481	2,090,688	2,157,385	804,077	871,329	1,158,463	1,091,685	477,024	-
Nonspendable	-	-	-	-	-	-	-	-	-	3,781
Restricted	-	-	-	-	-	-	-	-	-	1,026,236
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	958,943
Total all other governmental funds	$ 8,683,884	$ 4,809,481	$ 3,390,688	$ 2,548,910	$ 4,628,683	$ 3,809,172	$ 20,732,122	$ 12,851,158	$ 1,045,335	$ 1,988,960

Note: In 2011, the County implemented GASB 54.

MORGAN COUNTY, GEORGIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
REVENUES										
Taxes (see table 5)	$ 10,403,648	$ 10,291,534	10,919,795	12,612,054	14,589,486	14,948,577	15,671,614	14,824,505	14,946,628	$ 14,642,085
Licenses and permits	234,448	178,307	281,667	346,057	350,273	281,189	185,857	106,293	79,545	113,417
Intergovernmental	949,079	1,763,120	893,887	946,497	918,447	1,198,059	1,256,711	988,058	820,662	1,322,356
Fines and forfeitures	690,821	735,017	693,608	971,988	956,255	991,313	929,737	937,734	1,016,568	806,806
Charges for services	1,683,853	1,029,087	1,072,241	1,068,454	1,251,210	1,324,183	1,449,018	1,393,637	1,540,489	1,606,705
Contributions and donations	90,576	47,980	60,139	44,901	72,403	117,835	62,493	61,615	47,836	63,916
Investment earnings	109,404	126,777	65,510	56,284	219,374	435,174	615,434	261,419	92,483	30,698
Miscellaneous	39,594	158,957	171,024	200,553	190,270	98,457	179,700	38,473	37,758	147,639
Total revenues	14,201,423	14,330,779	14,157,871	16,246,788	18,547,718	19,394,787	20,350,564	18,611,734	18,581,969	18,733,622
EXPENDITURES										
General government	1,785,301	1,601,641	1,526,380	1,749,118	1,880,958	2,167,012	2,458,476	2,709,580	2,985,625	2,961,023
Judicial	899,338	901,626	908,245	914,538	947,600	990,846	1,101,157	1,160,088	1,187,120	1,152,745
Public safety	2,674,254	3,188,971	3,286,966	3,606,815	4,015,281	4,182,382	4,519,721	4,723,188	4,810,568	5,416,228
Public works	3,947,837	1,779,222	1,980,225	2,157,914	1,735,893	1,987,833	1,849,568	2,571,885	2,555,869	1,680,246
Health and welfare	2,282,767	1,621,892	1,605,470	1,644,649	1,675,515	1,692,187	1,742,113	1,791,126	1,616,343	1,603,067
Recreation and culture	563,011	750,074	569,539	730,900	698,983	771,673	796,297	889,943	1,185,626	931,105
Housing and development	-	508,830	431,335	630,731	664,207	751,833	847,346	725,381	626,148	526,943
Intergovernmental	135,195	100,860	183,661	142,012	165,561	198,978	300,223	264,766	272,291	277,264
Capital Outlay	1,694,416	6,059,576	4,593,280	3,391,537	1,504,040	5,597,617	6,847,486	8,869,174	11,664,706	456,345
Principal on long-term debt	404,694	1,443,494	1,590,743	1,467,301	1,462,489	1,576,870	1,915,897	1,104,840	1,144,811	1,219,303
Interest on long-term debt	107,880	264,414	243,250	199,383	180,184	163,518	681,468	948,678	906,033	835,867
Issuance costs on long-term debt	-	-	-	-	-	-	302,674	-	-	-
Total expenditures	14,494,693	18,220,600	16,919,094	16,634,898	14,930,711	20,080,749	23,362,426	25,758,649	28,955,140	17,060,136
Excess of revenues over (under) expenditures	(293,270)	(3,889,821)	(2,761,223)	(388,110)	3,617,007	(685,962)	(3,011,862)	(7,146,915)	(10,373,171)	1,673,486
OTHER FINANCING SOURCES (USES)										
Sale of capital assets	36,562	27,470	18,901	17,945	38,535	26,663	729,307	112,708	45,037	5,065
Debt premiums and discounts	-	-	-	-	-	-	1,015,109	-	-	-
Proceeds from borrowing	5,637,336	501,566	250,000	250,000	700,000	1,000,000	19,067,311	-	-	199,110
Transfers in	1,078,478	1,233,258	2,743,990	1,585,848	979,105	1,028,181	2,552,257	869,586	542,600	270,304
Transfers out	(1,078,478)	(1,288,258)	(2,865,131)	(1,732,932)	(1,553,926)	(1,864,172)	(3,492,285)	(1,748,071)	(967,600)	(900,479)
Total other financing sources (uses)	5,673,898	474,036	147,760	120,861	163,714	190,672	19,871,699	(765,777)	(379,963)	(426,000)
Net change in fund balances	$ 5,380,628	$ (3,415,785)	$ (2,613,463)	$ (267,249)	$ 3,780,721	$ (495,290)	$ 16,859,837	$ (7,912,692)	$ (10,753,134)	$ 1,247,486
Debt service as a percentage of noncapital expenditures	4.00%	14.04%	14.88%	12.59%	12.23%	12.02%	15.73%	12.16%	11.86%	12.38%

Housing and development was not segegarated as a function in 2002

MORGAN COUNTY, GEORGIA
General Fund History
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Last Five Fiscal Years

	2007	2008	2009	2010	2011
REVENUES					
Taxes	$ 11,228,806	$ 11,831,581	$ 11,431,646	$ 11,465,747	$ 11,101,086
Licenses and permits	281,189	185,357	105,793	101,929	113,417
Intergovernmental	540,105	318,861	359,709	390,345	1,204,622
Fines and forfeitures	781,701	684,319	639,598	771,061	601,126
Charges for services	829,859	891,097	841,316	1,207,090	1,305,732
Donations	5,725	145	90	35,810	50,608
Interest income	248,425	241,500	91,535	78,097	27,197
Other	97,955	50,619	15,393	35,202	147,639
TOTAL REVENUES	14,013,765	14,203,479	13,485,080	14,085,281	14,551,428
EXPENDITURES					
Current					
General government	2,158,664	2,455,193	2,676,798	2,985,485	2,961,023
Judicial	956,915	1,056,516	1,109,135	1,136,456	1,116,449
Public safety	3,524,318	3,648,713	3,970,104	4,175,227	4,706,529
Public works	1,781,081	1,693,644	1,437,395	1,410,296	1,434,579
Health and welfare	1,230,132	1,257,261	1,318,927	1,613,427	1,602,250
Recreation and culture	488,599	539,226	573,514	885,626	931,105
Housing and development	726,479	818,546	692,717	605,095	504,503
Intergovernmental	-	-	-	-	-
Capital Outlay	2,125,194	-	80,612	80,089	90,491
Debt Service					
Principal	200,283	132,045	139,840	139,811	162,593
Interest	113,135	88,592	71,438	64,270	30,890
TOTAL EXPENDITURES	13,304,800	11,689,736	12,070,480	13,095,782	13,540,412
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	708,965	2,513,743	1,414,600	989,499	1,011,016
OTHER FINANCING SOURCES (USES)					
Proceeds from borrowings	1,000,000	67,311	-	-	-
Proceeds from sale of fixed assets	26,663	4,000	46,908	25,284	5,065
Transfers in	109,453	397,159	101,613	462,906	94,130
Transfers out	(1,520,860)	(3,045,326)	(1,594,849)	(425,000)	(806,349)
TOTAL OTHER FINANCING SOURCES (USES)	(384,744)	(2,576,856)	(1,446,328)	63,190	(707,154)
EXCESS OF REVENUES AND OTHER FINANCING OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	324,221	(63,113)	(31,728)	1,052,689	303,862
FUND BALANCES, JANUARY 1	5,187,006	5,511,227	5,448,114	5,416,386	6,469,075
FUND BALANCES, DECEMBER 31	$ 5,511,227	$ 5,448,114	$ 5,416,386	$ 6,469,075	$ 6,772,937

The accompanying notes are an integral part of this statement.

Source: Audited Financial Statements of Morgan County

MORGAN COUNTY, GEORGIA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Taxes	Sales Taxes	Insurance Premium Tax	Real Estate & Recording Taxes	Other Taxes	Total
2002	$ -	$ -	$ -	$ -	$ 10,403,648	$ 10,403,648
2003	5,679,232	3,868,401	376,331	212,405	175,163	10,311,532
2004	6,119,749	4,127,396	403,595	229,384	133,462	11,013,587
2005	6,688,847	4,998,280	436,698	217,697	184,186	12,525,708
2006	7,442,866	6,303,494	466,340	289,000	163,146	14,664,846
2007	7,692,493	6,359,917	488,710	261,507	167,705	14,970,332
2008	8,329,546	6,569,439	513,885	213,685	152,497	15,779,052
2009	8,263,593	5,797,590	526,410	173,461	141,240	14,902,294
2010	8,312,443	5,963,470	518,862	116,810	133,615	15,045,200
2011	$ 7,840,274	$ 6,059,666	$ 504,631	$ 99,292	$ 138,222	$ 14,642,085

The details by type are not available for 2002

MORGAN COUNTY, GEORGIA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(modified accrual basis of accounting)

Tax Year	Residential Property	Commercial Property	Motor Vehicles	Other (1)	Less Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate (2)	Estimated Actual Value (3)	Assessed Value as a Percentage of Actual Value
2001	$ 457,247,070	$ 141,836,439	$ 41,998,500	$ 6,947,180	$ 129,720,062	$ 518,309,127	11.250	$ 1,295,772,818	40.00%
2002	469,536,743	141,941,008	44,568,320	5,170,014	133,198,772	528,017,313	10.910	1,320,043,283	40.00%
2003	658,534,935	149,267,589	48,213,150	6,829,226	206,268,713	656,576,187	11.250	1,641,440,468	40.00%
2004	670,445,561	145,267,117	48,479,760	4,276,804	225,031,597	643,437,645	9.490	1,608,594,113	40.00%
2005	697,170,204	166,301,715	48,073,660	5,530,399	234,666,879	682,409,099	10.700	1,706,022,748	40.00%
2006	722,375,585	185,820,008	47,142,720	6,518,751	241,193,898	720,663,166	10.700	1,801,657,915	40.00%
2007	1,088,822,025	233,779,171	53,109,520	9,906,196	391,998,538	993,618,374	10.700	2,484,045,935	40.00%
2008	1,109,310,928	236,448,698	55,981,010	7,957,615	402,640,730	1,007,057,521	8.430	2,517,643,803	40.00%
2009	1,129,607,268	236,562,590	58,619,790	7,129,457	413,943,966	1,017,975,139	8.350	2,544,937,848	40.00%
2010	$ 939,418,951	$ 219,530,036	$ 50,661,300	$ 5,384,390	$ 336,780,704	$ 878,213,973	8.178	$ 2,195,534,933	40.00%

Source: Georgia Department of Revenue

(1) Includes Mobile homes, aircraft, boats, miscellaneous personal property, timber and heavy equipment.

(2) This is the rate applicable to the unincorporated portion of the county.

(3) Property that is exempt from taxation has not been included. That is typically property owned by governments and not-for-profit organizations like churches.

MORGAN COUNTY, GEORGIA
DIRECT AND OVERLAPPING PROPERTY TAX RATES - MILLS
LAST TEN FISCAL YEARS
(Mills - rate per $1,000 of taxable assessed value)

Tax Year / *Fiscal Year*	*2001* / *2002*	*2002* / *2003*	*2003* / *2004*	*2004* / *2005*	*2005* / *2006*	*2006* / *2007*	*2007* / *2008*	*2008* / *2009*	*2009* / *2010*	*2010* / *2011*
County - Incorporated	10.910	11.250	9.490	10.700	10.700	10.700	8.430	8.350	8.178	8.400
County - Unincorporated (1)	10.910	11.250	9.490	10.700	10.700	10.700	8.430	8.350	8.178	8.400
School Operations	16.000	16.000	15.500	15.442	16.000	15.985	12.735	12.724	12.461	13.743
State of Georgia	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250
Total Incorporated	27.160	27.500	25.240	26.392	26.950	26.935	21.415	21.324	20.889	22.393
Total Unincorporated	27.160	27.500	25.240	26.392	26.950	26.935	21.415	21.324	20.889	22.393
Municipalities										
Bostwick	0.965	0.962	0.970	0.970	0.970	0.970	0.970	0.970	0.970	1.123
Buckhead	3.250	3.500	2.930	2.960	2.960	2.960	2.245	2.245	2.105	2.000
Madison	3.218	3.199	3.660	3.900	3.738	3.995	3.312	3.583	3.577	4.794
Madison Commercial Business Light	-	-	-	1.150	1.150	1.150	0.809	0.804	0.881	0.962
Madison Interstate Light	-	-	-	1.150	1.150	1.150	0.809	0.804	0.790	0.843
Rutledge	5.190	5.190	5.190	5.190	5.000	5.000	3.779	3.779	3.734	3.734

Source: Georgia Department of Revenue

Overlapping rates are those of local and county governments that apply to property owners within the County. Not all overlapping rates apply to all County property owners (e.g., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district. The districts that are within the city limits of municipalities that do not levy a city tax are considered with the unincorporated areas in computing the maximum rates.

(1) For purposes of this schedule, the County unincorporated rate is considered the total direct rate.

Maximum rates:										
Total Incorporated	32.350	32.690	30.430	31.582	31.950	31.935	25.194	25.103	24.623	27.187
Total Unincorporated	27.160	27.500	25.240	26.392	26.950	26.935	21.415	21.324	20.889	22.393

MORGAN COUNTY, GEORGIA
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago
(amounts expressed in thousands)

	Tax Year 2010			Tax Year 2001		
	1	2		1	2	
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Weyerhaeuser Real Estate	$ 9,854,551	1	0.81%	$ 12,029,219	2	1.86%
Georgia-Pacific Wood Products Llc	9,602,898	2	0.79%	11,207,174	3	1.73%
Georgia Power Co	7,268,323	3	0.60%	4,578,578	7	0.71%
C R Bard Inc	7,833,076	4	0.64%	-		0.00%
Georgia Transmission Corp	4,932,901	5	0.41%	-		0.00%
Amtico International, Inc.	4,811,543	6	0.40%	4,796,456	5	0.74%
Pennington Seed, Inc.	8,674,358	7	0.71%	7,372,173	4	1.14%
Lowes Home Centers Inc	4,078,800	8	0.34%	-		0.00%
Walmart (Zorn Eric S Trustee of)	3,669,920	9	0.30%	-		0.00%
New Forestry LLC	3,274,680	10	0.27%	-		0.00%
Denon Digital Ind	-			12,561,506	1	1.94%
Bellsouth Telecommunications	-			4,590,095	6	0.71%
Walton Emc	-			3,340,328	8	0.52%
Apple South Inc	-			3,303,881	9	0.51%
Wellington-Puritan Mills	-			2,824,781	10	0.44%
	-					
Totals	$ 64,001,050		5.27%	$ 66,604,191		10.28%

Source: Morgan County Tax Commissioner

1. Amounts expressed in thousands.
2. Rank is based on the amount of County maintenance & operations taxes billed since exemptions that reduce the assessed value can vary by entity.

MORGAN COUNTY, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Tax Years
(amounts expressed in thousands)

Tax Year	Tax Due Date	Taxes Levied for the Tax Year (Original Levy)	Adjustments	Interest, Costs, & Penalties	Total Adjusted Levy	Collected within Fiscal year of the Levy		Collections in Subsequent Years	Total Collections to Date		Uncollected Balance
						Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy	
2002	12/20/2002	$ 5,571	$ 53	$ 158	$ 5,782	$ 5,422	97.33%	$ 355	$ 5,777	99.91%	$ 5
2003	12/20/2003	5,992	(4)	173	6,161	5,692	94.99%	461	6,153	99.87%	8
2004	12/20/2004	6,485	110	172	6,767	6,370	98.23%	395	6,765	99.97%	2
2005	12/20/2005	6,905	125	166	7,196	6,839	99.04%	319	7,158	99.47%	38
2006	12/20/2006	7,364	44	171	7,579	7,207	97.87%	328	7,535	99.42%	44
2007	12/20/2007	8,157	16	286	8,459	7,904	96.90%	540	8,444	99.82%	15
2008	12/20/2008	8,186	(28)	286	8,444	7,860	96.02%	562	8,422	99.74%	22
2009	12/20/2009	8,179	(51)	289	8,417	7,747	94.72%	623	8,370	99.44%	47
2010	12/20/2010	7,364	(11)	113	7,466	7,158	97.20%	18	7,176	96.12%	290
2011	12/20/2011	$ 453	4	25	$ 482	$ 474	104.64%	$ -	$ 474	98.34%	$ 8

Source: Morgan County Tax Commissioner's Office.

Schedule includes amounts for County maintenance and operations.
Taxes levied include real and personal property, motor vehicle, mobile home, timber, and heavy equipment taxes.
(1) Since real and personal property taxes are levied in the fall after the June 30 year end, those taxes are included in the next fiscal year.
For example the 2010 property taxes due December 20, 2010 are reported as revenues in the fiscal year ended June 30, 2011.
Motor vehicle taxes are reported in the fiscal year that they are collected.
(2) Since mobile home taxes are levied in April, they are recorded in the fiscal year that they are levied.
For example the 2011 mobile home taxes are recorded in the year ended June 30, 2011. Likewise for timber and heavy equipment taxes.

MORGAN COUNTY, GEORGIA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

	Governmental Activities				
Fiscal Year	**Capital Leases**	**Contracts Payable (2)**	**Total Primary Government**	**Percentage of Personal Income (1)**	**Per Capita (1)**
2002	$ 6,312,277	$ 1,305,000	$ 7,617,277	1.64%	$ 465
2003	5,415,349	1,260,000	6,675,349	1.41%	402
2004	4,119,606	1,215,000	5,334,606	1.03%	316
2005	2,947,305	1,170,000	4,117,305	0.76%	238
2006	2,229,816	1,125,000	3,354,816	0.59%	189
2007	789,811	1,988,135	2,777,946	0.43%	153
2008	419,423	19,509,938	19,929,361	3.01%	1,071
2009	342,878	18,481,643	18,824,521	3.02%	1,003
2010	266,518	17,413,191	17,679,709	2.79%	989
2011	$ 354,940	$ 16,926,032	$ 17,280,972	2.68%	$ 962

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics on Table 15 for personal income and population data.

(2) Debt excludes premiums, discounts, and amounts deferred on refunding.

In 2008, the County entered into a $19,000,000 contract to finance the renovations to the county jail and an aquatic center.

MORGAN COUNTY, GEORGIA
OTHER LONG-TERM LIABILITIES
Last Ten Fiscal Years

	Governmental Activities			Business-Type Activities					
Fiscal Year	Landfill Closure/ Post-closure (2)	Compensated Absences	Total	Landfill Closure/ Post-closure	Compensated Absences	Total	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2002	$ 439,486	$ 145,823	$ 585,309	$ -	$ -	$ -	$ 585,309	0.13%	$ 36
2003	-	146,980	146,980	415,460	-	415,460	562,440	0.12%	34
2004	-	168,558	168,558	396,972	-	396,972	565,530	0.11%	33
2005	-	184,833	184,833	384,995	-	384,995	569,828	0.11%	33
2006	-	196,184	196,184	372,234	-	372,234	568,418	0.10%	32
2007	-	196,252	196,252	358,509	13,210	371,719	567,971	0.09%	31
2008	-	192,242	192,242	361,657	33,923	395,580	587,822	0.09%	32
2009	-	258,459	258,459	362,196	12,001	374,197	632,656	0.10%	34
2010	-	268,086	268,086	329,227	12,960	342,187	610,273	0.10%	34
2011	$ -	$ 269,936	$ 269,936	$368,920	$ 14,890	$ 383,810	$ 653,746	0.10%	$ 36

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.
(1) See the Schedule of Demographic and Economic Statistics on Table 15 for personal income and population data.
(2) Landfill closure/postclosure costs were moved from the General fund to the Solid Waste Enterprise fund in 2003.

MORGAN COUNTY, GEORGIA
DIRECT AND OVERLAPPING GOVERNMENT ACTIVITIES DEBT
GENERAL OBLIGATION DEBT
June 30, 2011

Jurisdiction	*Debt Outstanding*	*Percentage Applicable to Government*	*Amount Applicable to Government*
Direct Obligations			
Intergovernmental Contracts Obligation			
Morgan County Public Purpose Corporation	$ 167,540	100.00%	$ 167,540
Joint Development Authority of Jasper County, Morgan County, Newton County, and Walton County Bonds	840,000	100.00%	840,000
Joint Development Authority of Jasper County, Morgan County, Newton County, and Walton County Bonds	54,577	100.00%	54,577
Morgan County Building Authority	15,410,000	100.00%	15,410,000
Total Intergovernmental Contracts Obligation	16,472,117		16,472,117
Total Direct obligations	16,472,117		16,472,117
Overlapping General Obligation Debt:			
Morgan County School System - Installment Sales Agreement	220,104	100.00%	220,104
City of Madison - Capital lease obligations Board of Education	1,541,896	100.00%	1,541,896
City of Rutledge GEFA loans	435,555	100.00%	435,555
City of Buckhead - GEFA loans	54,147	100.00%	54,147
City of Bostwick - no overlapping debt	-	100.00%	-
Total Overlapping General Obligation Debt	2,251,702		2,251,702
Total	$ 18,723,819		$ 18,723,819

Sources: Assessed value data used to estimate applicable percentages provided by the State Department of Revenue. Debt outstanding provided by the County & eacg local government. See Table 10.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the county. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the county. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the overlapping government's boundaries and dividing it by the overlapping government's total taxable assessed value.

MORGAN COUNTY, GEORGIA
DIRECT AND OVERLAPPING GOVERNMENT ACTIVITIES DEBT
GENERAL OBLIGATION DEBT
June 30, 2011

Debt and Assessed Value per Capita[1]

	Per Capita	Debt Amount
Direct General Obligation (G.O.) debt per capita	$ -	-
Direct and Contractual G.O. debt per capita	$ 917	16,472,117
Direct debt, Contractual Debt, Notes, and Leases per capita	$ 917	16,472,117
Direct and Contractual Debt, Notes, Leases, and Overlapping Debt per capita	$ 1,042	18,723,819
Fair Market Value of Taxable Property per capita	$ 169,116	
Grossed Assessed value of property before exemptions	$ 1,214,994,677	
Net Tax digest for Maintenance and operations	$ 878,213,973	
Estimated Fair Market Value of Taxable Property	$ 3,037,486,693	
Population, estimated 2011	17,961	

1 Based on estimated population for the County as shown above.

2 Contractual debt represents long term Intergovernmental Contract obligations of Morgan County.

3 Includes all G.O. Debt, contract obligations, leases and short-term notes secured by ad valorem taxes and general revenues of Morgan County.

4 Includes all G.O. Debt, contract obligations, leases and short-term notes secured by ad valorem taxes and general revenues of Morgan County and overlapping direct general obligation debt.

5 Based on 2010 gross assessed valuation before exemptions and estimated fair market value of taxable property in the County shown above.

MORGAN COUNTY, GEORGIA
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year									
	2001	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Assessed value of property	$ 648,029,189	$ 661,216,085	$ 862,844,900	$ 868,469,242	$ 917,075,978	$ 961,857,064	$ 1,385,616,912	$ 1,409,698,251	$ 1,431,919,105	$ 1,214,994,677
Debt limit (10% of total assessed value)	64,802,919	66,121,609	86,284,490	86,846,924	91,707,598	96,185,706	138,561,691	140,969,825	143,191,911	121,499,468
Amount of Debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Less: Resources restricted to paying principal	-	-	-	-	-	-	-	-	-	-
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	$ 64,802,919	$ 66,121,609	$ 86,284,490	$ 86,846,924	$ 91,707,598	$ 96,185,706	$ 138,561,691	$ 140,969,825	$ 143,191,911	$ 121,499,468
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

MORGAN COUNTY, GEORGIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2002	16,373	$ 464,174,550	$ 28,350	4.1%
2003	16,602	472,326,900	28,450	4.2%
2004	16,890	516,725,000	30,594	4.2%
2005	17,279	540,884,537	31,303	4.5%
2006	17,774	573,229,274	32,251	4.3%
2007	18,185	650,544,000	35,774	4.4%
2008	18,600	662,781,000	35,633	6.0%
2009	18,761	622,566,000	33,184	9.6%
2010	17,868	633,402,000	35,449	9.9%
2011	17,961	$ 644,426,605	$ 35,879	9.8%

Data sources:
(1) US Bureau of the Census
(2) Federal Bureau of Economic Analysis; Then projected for 2011
(3) US Bureau of Labor Statistics

MORGAN COUNTY, GEORGIA
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

	2011			2002		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Board of Education	500	1	8.87%	450	1	7.62%
Georgia-Pacific Wood Products LI	375	2	6.65%	400	2	6.77%
Wal-Mart	300	3	5.32%		6	0.00%
Pennington Partners LP	225	4	3.99%	55	9	0.93%
Morgan Memoral Hospital	180	5	3.19%	120	7	2.03%
Morgan County Government	175	6	3.10%	150	6	2.54%
Lowes Home Centers Inc	140	7	2.48%			0.00%
Bard Manufacturing	130	8	2.31%	100	8	1.69%
Anthony International (Sovis)	130	9	2.31%	25	10	0.42%
Flambeau	110	10	1.95%	160	5	2.71%
Denon Digital Ind	-			210	4	3.56%
Wellington Puritan	-			350	3	5.93%
	-					
All other employers	3,374		59.83%	3,885		65.79%
Total	5,639		100.00%	5,905		100.00%

Source: Morgan County Chamber of Commerce and Georgia Department of Labor

MORGAN COUNTY, GEORGIA
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

Function	2007	2008	2009	2010	2011
General government	36.5	36.5	39.0	34.0	32.0
Judicial	20.0	20.0	20.0	20.0	19.0
Public safety	73.0	73.0	73.0	83.5	87.0
Public works	42.0	42.0	42.0	33.5	32.0
Health and welfare	9.0	9.0	9.0	9.0	11.0
Recreation and culture	7.5	7.5	7.5	7.5	10.0
Housing and development	9.5	9.5	9.5	9.0	8.0
Total	197.5	197.5	200.0	196.5	199.0

Source: Morgan County Finance Department - budget and payroll data

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time-equivalent employment is calculated by dividing total labor hours by 2,080. Information for years prior to 2007 is not available.

MORGAN COUNTY, GEORGIA
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

Function	2007	2008	2009	2010	2011
Sheriff					
Accident reports	298	237	272	208	215
Criminal incidents	543	490	576	418	474
Deputies/1,000 population	1	1	1	1	1
Fire					
Calls	469	352	296	320	151
Judicial					
Marriage license	138	104	145	100	104
Pistol permits	102	176	399	217	174
Highways and streets					
Miles of right-of-way mowed			2,104	1,559	2171
Miles of shoulder work			134	148	139
Sanitation					
Refuse collected (tons/day)	684	620	639	547	538
Recyclables collected (tons/day)	322	365	377	343	263
Parks and recreation					
Adult athletic participants				6,492	3,749
Aquatic center participants				21,880	24,187
Youth athletic participants				21,060	18,068
Senior Center					
Congregate meals	6,263	6,283	6,739	7,470	6,864
Home delivered meals	3,970	4,253	5,247	6,686	8,146
Transit					
Average daily trips			91	96	103
Protective inspection					
Building permits	254	165	93	66	26

Sources: Various County departments

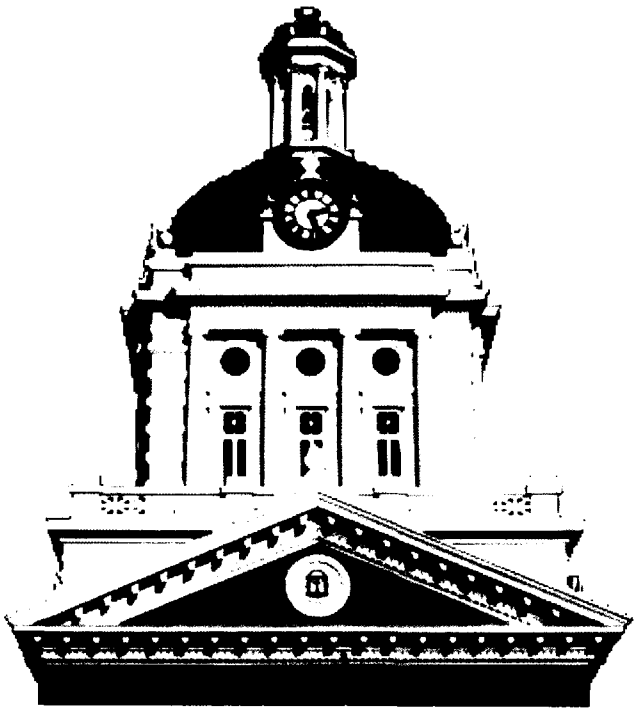
Note: Information is not available prior to 2007. Remaining information is not available for many years.

MORGAN COUNTY, GEORGIA
CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years

	Fiscal Year									
Function	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
General government										
Vehicles	5	6	6	6	7	7	7	8	8	8
Public Safety										
Jail cells	67	67	67	78	78	78	78	78	192	192
K-9 units	0	1	1	1	1	1	3	3	2	2
Fire Stations	9	11	13	13	13	13	13	13	13	13
Public works										
Streets (miles)	443	438	438	438	438	438	438	438	438	438
Health and welfare										
Senior service centers	1	1	1	1	1	1	1	1	1	1
Transit buses	3	4	4	4	4	4	4	4	4	4
Parks and recreation										
Acreage total	50	120	120	120	120	120	120	120	120	120
Swimming pools	2	1	1	1	-	-	-	1	1	1
Tennis courts	4	4	4	4	12	12	12	12	12	12
Baseball fileds	6	9	9	9	9	9	9	9	8	8
Soccer fileds	1	1	1	1	1	1	1	1	1	1
Playgrounds	6	6	6	5	7	7	7	7	5	5
Libraries	1	1	1	1	1	1	1	1	1	1
Sanitation										
Compactor sites	12	12	12	12	12	12	12	12	12	13

Sources: Various county departments

Compliance and Internal Control Reports



MORGAN COUNTY, GEORGIA.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended June 30, 2011

FEDERAL GRANTOR/ PASS-THRU GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT/ CONTRACT NUMBER	PROGRAM OR AWARD AMOUNT	Expenditures
U.S DEPARTMENT OF JUSTICE				
Passed-through the Council of Juvenile Court Judges				
Purchase of Service, Juvenile Offenders Program	16.523	JB-08ST-0002	$ 5,000	$ 4,767
ARRA-Assistance to Rural Law Enforcement	16.810	2009-SD-B9-0019	434,964	215,780
Equitable Sharing Program	16.000	2011	24,126	24,126
Total U.S. Department of Justice			**464,090**	**244,673**
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through Georgia Department of Transportation				
Transit Operating Assistance Grant	20.509	GA-18-4031 / Project T003367	71,033	48,142
Georgia Department of Transportation	20.509	GA-86-9001	32,605	10,228
Total U.S. Department of Transportation			**103,638**	**58,370**
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through Northeast Georgia Regional Commission				
Title III C1, C2	93.045	FY 2011	51,947	51,947
Nutrition Services Incentive Program	93.053	FY 2011	5,232	5,230
Title III B Supportive Services	93.044	FY 2011	8,277	8,277
		Aging Cluster	65,456	65,454
OAA Title III E	93.052		3,374	3,374
Passed through Georgia Secretary of State				
Help America Vote Act- Voting Access for Individuals with Disablilties	93.617	HHS-2009-ACF-ADD-VOTE-0062	6,004	6,004
Total U.S. Department of Health and Human Services			**74,834**	**74,832**
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Assistance to Firefighter's Grant	97.044	EMW-2010-FO-00209	313,144	280,860
Passed through Georgia Emergency Management Agency				
FEMA/GEMA FY09	83.516	FEMA-1973-DR-GA	56,254	56,254
				-
FY11 GEMA EMPG Grant	97.042	FY-2011	11,236	11,236
FY10 GEMA EMPG Grant	97.042	OEM09-106	6,425	6,425
			17,661	17,661
Total Federal Emergency Management Agency			**387,059**	**354,775**
U.S. DEPARTMENT OF ENERGY				
Passed through Georgia Environmental Finance Authority				
ARRA -GEFA Energy Grant - Multi Jurisdictional	81.128	EECBG-ARRA-GOV-2010-DE-EE000806	246,208	177,280
Total U.S. Department of Energy			**246,208**	**177,280**
		GRAND TOTALS	**$ 1,275,829**	**$ 909,930**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
This schedule is prepared on the modified accrual basis of accounting.

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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*

August 8, 2012

Board of Commissioners
Morgan County, Georgia
Madison, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of MORGAN COUNTY, GEORGIA as of and for the year ended June 30, 2011, which collectively comprise the MORGAN COUNTY, GEORGIA's basic financial statements and have issued our report thereon dated August 8, 2012. Our report was modified to include 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 Morgan County Health Department and Morgan County Hospital Authority, as described in our report on MORGAN COUNTY, GEORGIA's basic financial statements. This report does not include the results of the other auditor's 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 MORGAN 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 MORGAN COUNTY, GEORGIA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the MORGAN COUNTY, GEORGIA's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We considered the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness, finding 11-02.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MORGAN 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 one instance 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 finding 11-01.

MORGAN COUNTY, GEORGIA's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit MORGAN COUNTY, GEORGIA's response, and accordingly, we express no opinion on it.

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

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

August 8, 2012

Board of Commissioners
MORGAN COUNTY, GEORGIA
Madison, Georgia

Compliance

We have audited the compliance of MORGAN COUNTY, GEORGIA with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. MORGAN COUNTY, GEORGIA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants, applicable to each of its major federal programs is the responsibility of MORGAN COUNTY, GEORGIA's management. Our responsibility is to express an opinion on MORGAN COUNTY, GEORGIA's compliance based on our audit.

MORGAN COUNTY, GEORGIA's basic financial statements include the operations of a legally separate component units, Morgan County Health Department and Morgan County Hospital Authority. Any amounts of federal awards received by that component unit are not included in the accompanying schedule of expenditures of federal awards. Our audit, described below, did not include the operations of Morgan County Health Department and Morgan County Hospital Authority because those component units engaged other auditors to perform any audit required in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about MORGAN COUNTY,

GEORGIA's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on MORGAN COUNTY, GEORGIA's compliance with those requirements.

In our opinion, MORGAN COUNTY, GEORGIA complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

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

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

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

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MORGAN COUNTY, GEORGIA
AUDITORS' SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

I SUMMARY OF AUDITORS' RESULTS:

1. Report issued on Financial Statements – Unqualified opinion.
2. Compliance (financial statements) – One instance of noncompliance.
3. Internal Control (financial statements) – One material weakness.
4. Compliance (major programs) – Unqualified opinion, no instances of noncompliance.
5. Internal control (major programs) – No material weaknesses.
6. Audit findings required to be reported under A133 Section 510(a)
    i) Significant deficiencies in internal controls over major programs – None reported
    ii) Material noncompliance related to major programs – None reported
    iii) Known questioned costs greater than $10,000 for major programs – None reported
    iv) Known questioned costs greater than $10,000 for a program not audited as major – None reported
    v) Circumstances if report on compliance is other than unqualified – N/A
    vi) Known fraud – N/A
    vii) Misrepresentation in schedule of prior audit findings – None reported
7. Major programs for the year – ARRA-Assistance to Rural Law Enforcement, CFDA 16.810, Federal Emergency Management Agency, Assistance to Firefighters's Grant, CFDA 97.044.
8. Dollar threshold used to distinguish between Type A and Type B programs – $300,000.
9. Does the auditee qualify as a low risk auditee under A133 Section 530 – No.

II AUDIT FINDINGS - GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS

Finding Number

COMPLIANCE

11-01 ***Statement of Condition:***

The County's June 30, 2011 audited financial statements were not completed until August 2012.

Criteria:

The County is required to submit audited financial statements to the Department of Audits as required by state law six months following year end. To comply with bond covenant requirements, the audited financial statements must be submitted to the Electronic Municipal Market Access (EMMA) system to fullfill Municipal Secondary Market disclosure requirements six months following year end. In order to comply with OMB A-133, the single audit reporting package and data collection form should be submitted to the Federal Audit Clearinghouse nine months following year end.

Effect of Condition:

As a result, the County did not meet required deadlines.

Cause of Condition:

The previous finance director failed to prepare for the June 30, 2011 audit. The County hired a new Finance Director in May 2012, who was able to complete the necessary preparation..

Recommendation:

We recommend that the County make every effort to meet audit and reporting deadlines in the future.

Response:

We concur with this recommendation and will meet all deadlines going forward.

MATERIAL WEAKNESS

11-02 ***Statement of Condition:***

During the course of the audit, we noted that bank statements for the operating account had not been reconciled since April 2011.

Criteria:

Cash is the most liquid of assets and highest risk for theft, embezzlement, and

misappropriation. To ensure cash is properly safeguarded, bank reconciliations should be performed on a timely basis at the end of each month.

Effect of conditions:
As a result, an adjustment in the amount of $55,759 was necessary to properly reflect operating cash as of June 30, 2011.

Cause of Condition:
Cause of condition is not known.

Recommendation:
We recommend that all bank accounts be reconciled monthly to the general ledger and that all suspicious reconciling items be promptly investigated and adjusted with adequate explanations.

Response:
We concur with this recommendation and all bank statements will be reconciled in a timely manner.

III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs relating to Federal awards reported for the year ended June 30, 2011.