TELFAIR COUNTY, GEORGIA

FINANCIAL STATEMENTS
AS OF **JUNE 30, 2011**
TOGETHER WITH AUDITOR'S REPORT

TELFAIR COUNTY, GEORGIA
FINANCIAL STATEMENTS

TABLE OF CONTENTS

FOR THE YEAR ENDED JUNE 30, 2011

Page(s)

I. FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT 1-2

BASIC FINANCIAL STATEMENTS:

Government-wide Financial Statements:
Statement of Net Assets 3
Statement of Activities 4
Fund Financial Statements:
Governmental Funds:
Balance Sheet - Governmental Funds 5
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets 6
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds 7
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities - Governmental Funds 8
Proprietary Fund:
Statement of Net Assets - Proprietary Fund 9
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Fund 10
Statement of Cash Flows - Proprietary Fund 11
Fiduciary Funds -
Statement of Fiduciary Assets and Liabilities – Agency Funds 12
Notes to the Financial Statements 13-41

REQUIRED SUPPLEMENTARY INFORMATION:

Pension Plan – Schedule of Funding Progress 42
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund 43-44
Schedule of Revenues and Expenditures – Budget and Actual – Department of Transportation - Section 18 45
Schedule of Revenues and Expenditures – Budget and Actual – Heart of Georgia - Council on Aging 46

TELFAIR COUNTY, GEORGIA
FINANCIAL STATEMENTS

TABLE OF CONTENTS

FOR THE YEAR ENDED JUNE 30, 2011

	Page(s)
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES:	
Combining Balance Sheet - Nonmajor Governmental Funds	47
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	48
Combining Statement of Fiduciary Assets and Liabilities - Agency Funds	49
Statement of Changes in Fiduciary Assets and Liabilities - Agency Funds	50-51
Combining Statement of Net Assets - Component Units	52
Combining Statement of Activities - Component Units	53
SUPPLEMENTARY SCHEDULES:	
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds	54
Revolving Loan Fund - Schedule of Expenditures of Federal Awards	55
Revolving Loan Fund - Schedule of Program Loans	56
II. REPORTS REQUIRED BY GOVERNMENTAL AUDITING STANDARDS	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*	57-58
Schedule of Financial Statement Findings	59

I. FINANCIAL SECTION

- **INDEPENDENT AUDITOR'S REPORT**
- **BASIC FINANCIAL STATEMENTS**

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
of Telfair County, Georgia
McRae, Georgia

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Telfair 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 Telfair County, Georgia's elected officials and management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the component unit financial statements of the Telfair County Hospital Authority, Telfair County Board of Health, Telfair County Airport Authority, and Telfair County Development Authority. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Telfair County Hospital Authority, Telfair County Board of Health, Telfair County Airport Authority, and Telfair County Development Authority

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. The financial statements of the Telfair County Hospital Authority, Telfair County Board of Health, Telfair County Airport Authority, and Telfair County Development Authority were audited in accordance with auditing standards generally accepted in the United States of America but were not audited in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Telfair County, Georgia, as of June 30, 2011, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 43 through 46 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.

Telfair County, Georgia has not presented Management's Discussion and Analysis that the Government Accounting Standards Board has determined is necessary to supplement, although not required to be a part of the basic financial statements.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Telfair County, Georgia's basic financial statements as a whole. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Telfair County, Georgia. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying schedule of Special Purpose Local Option Sales Tax Proceeds is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Bowen Phillips, LLP

December 27, 2011
Tifton, Georgia

TELFAIR COUNTY, GEORGIA
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	$ 6,325,116	$ -	$ 6,325,116	$ 1,435,473
Investments	-	-	-	450,673
Taxes receivable - net of uncollectible accounts	730,658	-	730,658	-
Other receivables	647,441	24,680	672,121	21,142
Intergovernmental receivables	14,652	-	14,652	-
Internal balances	(1,233,219)	1,233,219	-	-
Prepaids	157,590	-	157,590	-
Capital assets:				
Nondepreciable	1,683,702	707,670	2,391,372	235,780
Depreciable, net	4,444,720	2,273,070	6,717,790	1,342,444
Total assets	$ 12,770,660	$ 4,238,639	$ 17,009,299	$ 3,485,512
LIABILITIES				
Accounts payable	$ 224,693	$ 8,089	$ 232,782	$ 23,204
Cash overdraft	-	14,731	14,731	-
Other liabilities	37,033	-	37,033	32,487
Noncurrent liabilities:				
Due within one year:				
Capital lease payable	40,564	-	40,564	-
Notes payable	12,035	-	12,035	87,463
Due in more than one year:				
Capital lease payable	212,729	-	212,729	-
Closure/post closure accrued liability	-	1,476,676	1,476,676	-
Notes payable	47,183	-	47,183	360,592
Total liabilities	574,237	1,499,496	2,073,733	503,746
NET ASSETS				
Invested in capital assets, net of related debt	5,815,911	2,980,740	8,796,651	1,130,169
Restricted:				
Special revenue	205,663	-	205,663	-
Capital projects	4,725,319	-	4,725,319	-
Prior year program income	-	-	-	1,945
Unrestricted	1,449,530	(241,597)	1,207,933	1,849,652
Total net assets	12,196,423	2,739,143	14,935,566	2,981,766
Total liabilities and net assets	$ 12,770,660	$ 4,238,639	$ 17,009,299	$ 3,485,512

The accompanying Notes to Financial Statements are an integral part of these statements.

TELFAIR 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
Primary government:			
Governmental activities:			
General government	$ 1,362,118	$ 75,265	$ -
Judicial	559,209	248,137	-
Public safety	2,774,662	639,874	-
Public works	838,342	84,932	-
Health and welfare	424,277	96,671	-
Culture and recreation	188,204	9,063	-
Housing and development	192,467	-	-
Intergovernmental payments	412,921	-	-
Interest on long-term debt	2,389	-	-
Total governmental activities	6,754,589	1,153,942	-
Business-type activities -			
Landfill	485,779	203,287	-
Total business-type activities	485,779	203,287	-
Total primary government	7,240,368	1,357,229	-
Component units:			
Governmental type	712,016	339,384	417,354
Total component units	$ 712,016	$ 339,384	$ 417,354
General revenues:			
Property taxes			
Timber taxes			
Local Option Sales taxes			
Hotel and motel taxes			
Beer and wine taxes			
Insurance premium taxes			
Other taxes			
Interest income			
Loss on sale of capital assets			
Miscellaneous			
Transfers			
Total general revenues and transfers			
Change in net assets			
Net assets - beginning			
Net assets - ending			

Program Revenues	Net (Expense) Revenue and Changes in Net Assets			
	Primary Government			Component Unit
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
$ -	$ (1,286,853)	$ -	$ (1,286,853)	
-	(311,072)	-	(311,072)	
92,094	(2,042,694)	-	(2,042,694)	
1,277,790	524,380	-	524,380	
-	(327,606)	-	(327,606)	
-	(179,141)	-	(179,141)	
-	(192,467)	-	(192,467)	
-	(412,921)	-	(412,921)	
-	(2,389)	-	(2,389)	
1,369,884	(4,230,763)	-	(4,230,763)	
-	-	(282,492)	(282,492)	
-	-	(282,492)	(282,492)	
1,369,884	(4,230,763)	(282,492)	(4,513,255)	
-				44,722
$ -				44,722
	3,352,604	-	3,352,604	-
	101,519	-	101,519	-
	442,780	-	442,780	-
	12,720	-	12,720	-
	3,184	-	3,184	-
	219,498	-	219,498	-
	40,373	-	40,373	-
	13,749	50	13,799	17,180
	(5,909)	-	(5,909)	-
	66,598	-	66,598	24,638
	(24,613)	24,613	-	
	4,222,503	24,663	4,247,166	41,818
	(8,260)	(257,829)	(266,089)	86,540
	12,204,683	2,996,972	15,201,655	2,895,226
	$ 12,196,423	$ 2,739,143	$ 14,935,566	$ 2,981,766

The accompanying Notes to Financial Statements are an integral part of these statements.

TELFAIR COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General	SPLOST	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 1,698,855	$ 4,519,790	$ 106,471	$ 6,325,116
Taxes receivable - net of allowance for uncollectibles	626,163	104,495	-	730,658
Other receivables - net of allowance for uncollectibles	488,408	1,558	157,475	647,441
Intergovernmental receivable	-	14,652	-	14,652
Due from other funds	-	144,366	-	144,366
Prepaids	157,590	-	-	157,590
Total assets	$ 2,971,016	$ 4,784,861	$ 263,946	$ 8,019,823
LIABILITIES				
Accounts payable	$ 106,868	$ 59,542	$ 58,283	$ 224,693
Other liabilities	37,033	-	-	37,033
Deferred revenue	579,421	-	-	579,421
Due to other funds	1,377,585	-	-	1,377,585
Total liabilities	2,100,907	59,542	58,283	2,218,732
FUND BALANCES				
Nonspendable	157,590	-	-	157,590
Restricted	-	4,725,319	205,663	4,930,982
Unassigned	712,519	-	-	712,519
Total fund balances	870,109	4,725,319	205,663	5,801,091
Total liabilities and fund balances	$ 2,971,016	$ 4,784,861	$ 263,946	$ 8,019,823

The accompanying Notes to Financial Statements are an integral part of these statements.

TELFAIR COUNTY, GEORGIA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

Amounts reported for governmental activities in the statement of net assets are different because:		
Total governmental fund balances		$ 5,801,091
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.		
Cost of capital assets	$ 9,193,788	
Less accumulated depreciation	(3,065,366)	6,128,422
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		579,421
Long-term liabilities, such as compensated absences and capital leases are not due and payable in the current period and, therefore, are not reported in the funds.		(312,511)
Net assets of governmental activities		$ 12,196,423

The accompanying Notes to Financial Statements are an integral part of these statements.

TELFAIR COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	General	SPLOST	Other Governmental Funds	Total Governmental Funds
REVENUES				
General property taxes	$ 3,837,057	$ -	$ -	$ 3,837,057
Other taxes	705,835	1,133,424	12,720	1,851,979
Charges for services	484,962	-	-	484,962
Intergovernmental	198,914	144,366	92,094	435,374
Fines and forfeitures	414,458	-	-	414,458
Interest income	7,273	46,545	6,476	60,294
Miscellaneous income	66,598	-	9,063	75,661
Total revenues	5,715,097	1,324,335	120,353	7,159,785
EXPENDITURES				
Current:				
General government	1,332,400	-	7,379	1,339,779
Judicial	559,209	-	-	559,209
Public safety	2,607,108	-	3,422	2,610,530
Public works	592,057	-	-	592,057
Health and welfare	424,277	-	-	424,277
Culture and recreation	149,000	2,861	6,387	158,248
Housing and development	187,126	-	5,341	192,467
Intergovernmental	-	242,032	170,889	412,921
Debt service:				
Principal	3,269	-	2,391	5,660
Interest	1,942	-	447	2,389
Capital outlay :				
General government	-	464,499	18,472	482,971
Public safety	123,455	-	141,210	264,665
Public works	201,140	547,580	-	748,720
Culture and recreation	-	5,950	-	5,950
Total expenditures	6,180,983	1,262,922	355,938	7,799,843
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	201,140	-	-	201,140
Loan proceeds	-	-	51,400	51,400
Transfers in (out)	2,373	(29,824)	2,838	(24,613)
Total other financing sources	203,513	(29,824)	54,238	227,927
Net change in fund balances	(262,373)	31,589	(181,347)	(412,131)
Fund balances, beginning	1,132,482	4,693,730	387,010	6,213,222
Fund balances, ending	$ 870,109	$ 4,725,319	$ 205,663	$ 5,801,091

The accompanying Notes to Financial Statements are an integral part of these statements.

TELFAIR COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ (412,131)
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.		
Capital outlay	$ 1,502,306	
Depreciation expense	(462,712)	1,039,594
The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets.		(5,909)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes:		
Deferred at June 30, 2011	$ 579,421	
Deferred at June 30, 2010	(962,355)	(382,934)
The issuance of long-term debt (e.g. bonds, leases), provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Capital lease proceeds	$ (252,540)	
Principal repayments	5,660	(246,880)
Change in net assets of governmental activities		$ (8,260)

The accompanying Notes to Financial Statements are an integral part of these statements.

TELFAIR COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2011

	Business-Type Activity - Enterprise Fund Landfill
ASSETS	
Current assets:	
Accounts receivable, net	$ 24,680
Due from other funds	1,233,219
Total current assets	1,257,899
Noncurrent assets -	
Capital assets:	
Land, nondepreciable	707,670
Equipment, depreciable	3,991,155
Buildings and improvements, depreciable	40,257
Less - accumulated depreciation	(1,758,342)
Capital assets, net	2,980,740
Total assets	$ 4,238,639
LIABILITIES	
Current liabilities:	
Accounts payable	$ 8,089
Cash overdraft	14,731
Noncurrent liabilities -	
Closure/post closure accrued liability	1,476,676
Total liabilities	1,499,496
NET ASSETS	
Invested in capital assets, net of related debt	2,980,740
Unrestricted net assets	(241,597)
Total net assets	2,739,143
Total liabilities and net assets	$ 4,238,639

The accompanying Notes to Financial Statements are an integral part of these statements.

TELFAIR COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Business-Type Activity - Enterprise Fund
	Landfill
OPERATING REVENUES	
Charges for services	$ 203,287
Total operating revenues	203,287
OPERATING EXPENSES	
Personnel services	92,189
Employee benefits	41,522
Professional services	49,292
Repairs and maintenance	33,974
Communication services	2,899
Other purchased services	912
Supplies	20,310
Utilities	4,899
Gasoline / diesel	42,327
Depreciation	103,752
Closure / post closure	63,259
Lease expense	24,613
Other operating	5,831
Total operating expenses	485,779
Operating income (loss)	(282,492)
NON-OPERATING REVENUES (EXPENSES)	
Interest income	50
Transfers in (out)	24,613
Total non-operating revenues, net	24,663
Change in net assets	(257,829)
Net assets, beginning	2,996,972
Net assets, ending	$ 2,739,143

The accompanying Notes to Financial Statements are an integral part of these statements.

TELFAIR COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Business-Type Activity - Enterprise Fund Landfill
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	198,832
Cash paid to suppliers for goods and services	(182,805)
Cash paid to employees for services	(92,189)
Cash paid for employee taxes and benefits	(41,522)
Cash received from other funds	87,000
Net cash used by operating activities	(30,684)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfer in - SPLOST Fund	24,613
Net cash provided by operating activities	24,613
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income on investments	50
Net cash provided by investing activities	50
Net decrease in cash	(6,021)
Cash, beginning of year	(8,710)
Cash, end of year	$ (14,731)
Reconciliation of income from operations to net cash used by operating activities:	
Income from operations	$ (282,492)
Depreciation	103,752
Change in accounts receivable	(4,455)
Change in due from other funds	87,000
Change in accounts payable	2,252
Change in accrued liabilities	-
Change in accrued closure/post closure	63,259
Net cash used by operating activities	$ (30,684)

The accompanying Notes to Financial Statements are an integral part of these statements.

TELFAIR COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2011

ASSETS		
Cash	$	182,383
Taxes receivable (net allowance for uncollectible accounts)		726,080
Total assets	$	908,463
LIABILITIES		
Other liabilities	$	908,463
Total liabilities	$	908,463

The accompanying Notes to Financial Statements are an integral part of these statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Telfair County, Georgia (the County), was incorporated December 10, 1807, under provisions of the laws of the State of Georgia. The County is governed by a five-member elected board of commissioners and provides the following services in addition to general administrative responsibilities: public safety, roads and bridges, health, recreation activities and sanitation.

The financial statements of the County have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting. Pronouncements of the Financial Accounting Standards Board ("FASB") issued after November 30, 1989 are not applied in the preparation of the financial statements of the business-type activities and enterprise funds in accordance with an election made by the County under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting.*. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

A. Reporting Entity

In evaluating the County as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the County may be financially accountable and, as such, should be included within the County's financial statements. The County (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the County. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. The component units are discretely presented.

Brief descriptions of discretely presented component units follow:

Telfair County Department of Leisure Services - Actively serves the Community by planning and providing recreational activities for the children and youth of the community. The County appoints the majority of the Board of Directors and has a significant relationship with the Department.

Telfair County Hospital Authority - Actively serves the community by providing for the planning and availability of health care facilities, encouraging physicians and other necessary medical personnel to locate and practice within the County and to asset in funding indigent care. The County appoints the majority of the Board of Directors and has a significant relationship with the Authority.

Development Authority of Telfair County - Provides for the development and promotion for the public good, trade, commerce industry and employment opportunities and to promote the general welfare of the State of Georgia. The County appoints the majority of the Board of Directors and has a significant relationship with the Authority.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Telfair County Board of Health - Provides for various health services for citizens in Telfair County under a contract with the Georgia Department of Human Resources. The County appoints the majority of the Board of Directors and has a significant relationship with the Board of Health.

A complete copy of the component unit financial statements can be obtained from Telfair County Board of Commissioners, 713 Telfair Avenue, McRae, Georgia 31055.

Governmental accounting standards require reasonable separation between the Primary Government and it's discretely presented component units, both in the financial statements and in the related notes and required supplementary information. Because the discretely presented component units, although legally separate, have been and are operated as if each is part of the primary government, there are limited instances where special note reference or separation will be required. If no separate note reference or categorization is made, the user should assume that information presented is equally applicable.

B. Basic Financial Statements

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. While the previous model emphasized fund types (the total of all funds of a particular type), in the new reporting model the focus is on either the County as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements categorize activities as governmental activities. In the government-wide Statement of Net Assets, both the governmental and business type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, general government, etc.), which are otherwise being supported by general government revenues (property and other taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function. Program revenues include revenues from fines and forfeitures, licenses and permits fees, service assessments, and charges for services. The operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property or other taxes, intergovernmental revenues, interest income, etc.). Historically, the previous model did not summarize or present net cost by function or activity.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The government-wide focus is more on the substantiality of the County as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The fund financial statements are, in substance, very similar to the financial statements presented in the previous model. Emphasis here is on the major funds in the governmental categories. Non-major funds are summarized into a single column.

The governmental funds statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. The presentation is deemed most appropriate to (a) demonstrate legal and covenant compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the County's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

The County's fiduciary funds are presented in the fund financial statements. Since by definition these assets are being held for the benefit of a third party and cannot be used to finance activities or obligations of the government, these funds are not incorporated in the government-wide statements.

C. Basis of Presentation

The financial transactions of the County are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The County reports the following major governmental funds:

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

SPLOST Fund is a capital projects fund and accounts for 1% sales tax proceeds required to be used for capital outlay projects for purposes authorized by local referendum.

The County reports the following major proprietary fund:

Landfill Fund is a proprietary fund which accounts for the operations of the landfill and is treated similar to a private business enterprise.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Additionally, the County reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of revenue sources other than special assessments that are legally restricted to expenditures for specified purposes. They include the Revolving Loan Fund, Multipurpose Grant Fund, Expendable Trust Fund and Hotel-Motel Tax Fund.

Capital Projects Funds – Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. They include the SPLOST Fund and the Capital Projects Grant Fund.

Agency Funds - Agency Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Non-Current Governmental Assets/Liabilities:

GASB Statement No. 34 *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*, eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the Governmental column in the government-wide Statement of Net Assets.

D. Basis of Accounting

Governmental funds:

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements, fiduciary units and proprietary funds are presented on an accrual basis of accounting. The governmental funds in the fund financial statements are presented on a modified accrual basis.

Accrual – Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual – All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County defined the length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements to be 60 days.

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

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any is recognized when due.

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenue when the applicable eligibility requirements including time requirements, are met. Resources transmitted before the eligibility requirements are met should, under most circumstances, be reported as advances by the provider and as deferred revenue by the recipient.

Proprietary funds:

Propriety funds employ the economic resources measurement focus. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales and service. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Telfair County has one Enterprise Fund, the Landfill. The County maintains certain debt service cash funds to account for the accumulation or resources, and the payment of related cost of the Landfill Fund. These funds have been consolidated into the Landfill Fund for reporting purposes.

Fiduciary funds:

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include Expendable Trust, Unexpendable Trust and Agency Funds. Unexpendable Trust Funds are accounted for using the full accrual method of accounting for assets since maintenance of capital is critical. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Internal Activity:

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements, Exceptions to this general rule are any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

E. Assets, Liabilities and Net Assets

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

   State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and investment pools. Investments in non-negotiable certificates of deposit are stated using a cost-based measure.

   The investments of the Telfair County Hospital Authority consist of Marketable Debt Securities with a cost of $450,673 and a market value of $457,761.

   The Telfair County Board of Health certificate of deposits balance at 6/30/2010 was $384,703.

2. ***Short-term Interfund Receivables/Payables*** - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The purpose of the interfund balances is to account for those transactions that have not been settled as of the financial statement date. These receivables and payables are classified as "due from other funds" or "due to other funds" on the respective fund's balance sheet and as internal balances on the statement of net assets. All interfund balances shown are expected to be settled within one year.

3. ***Taxes Receivable and Other Receivables*** - Taxes receivable and other receivables, are shown net of an allowance for uncollectible accounts. The allowance for general government accounts receivable is derived from the age of the individual receivable and consists of a percentage of the receivable, based upon actual historical losses.

4. ***Prepaid Items*** - Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items.

5. ***Capital Assets*** - Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized in the government-wide financial statements to the extent the County's capitalization threshold of $5,000 is met. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on capital assets is calculated on the straight-line basis over the estimated useful lives of the respective assets as follows:

• Buildings and plant	40 years
• Machinery and equipment	5 - 20 years

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6. **Compensated Absences -** National Council on Governmental Accounting Statement 4, effective for fiscal years beginning after December 31, 1982, requires that vacation and sick pay benefits be accrued when: 1) the employer's obligation to employees' right to receive compensation for future benefits is attributable to employee's service already rendered; 2) the obligation relates to rights that vest or accumulate; 3) payment of the compensation is probable; and 4) the amount can be reasonably estimated.

The County compensates all employees for unused vacation at fiscal year-end; therefore, no accrual for vacation is necessary at June 30, 2011.

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

7. ***Long-term Obligations*** - In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financings sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received are reported as debt services expenditures.

8. ***Fund Equity:***

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

Fund Balance - Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund 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 amounts cannot be spent because they are either (a) not in spendable form (ie., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

- **Restricted** - fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- **Committed -** fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the County Commissioners through the adoption of a resolution. The County Commissioners also may modify or rescind the commitment.

- **Assigned** - fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purpose, but are neither restricted nor committed. Through resolution, the County Commissioners have authorized the Chairman 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 funds.

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

- Committed
- Assigned
- Unassigned

Net assets – represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation reduced by the outstanding balances of any borrowing used (ie., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net assets are reported as restricted as described in the fund balance section above. All other net assets are reported as unrestricted.

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

9. Management Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

The County's procedures in establishing, maintaining and revising budgetary data reflected in the financial statements are as follows: Prior to July 1, the Board of Commissioners (the Board) prepares a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and expected means of financing. Public hearings are conducted in the Board's Office to obtain taxpayer comments. Prior to July 1, the budget is legally enacted through approval by the Board. The Board is authorized to transfer budgeted amounts between departments within any fund. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds. Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles. All appropriations lapse at the end of the fiscal year on June 30th.

B. Encumbrances

Encumbrances accounting, the method by which purchase orders, contracts, and other commitments for expenditures of funds are recorded in order to reserve that portion of the applicable appropriation of expected revenues, is not utilized by the County because it is, at present, not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

C. Expenditures Exceed Appropriations

During the year ended June 30, 2011, expenditures exceeded appropriations in the following functions:

Fund	Department	Expenditures Over Budget
General	General administration	$ 17,960
	Tax Commissioner	11,523
	General government buildings and plant	191
	Probate court	21,972
	Law enforcement administration	270,379
	Emergency Management Agency	252
	Enhanced 911	3,366
	Intergovernmental - Welfare	8,964
	Community services	5,468
	Conservation administration	2,956
	Agricultural resources	7,931
	Debt service - principal	3,269
	Debt service - interest	1,942
	Capital outlay - emergency medical services	66,455

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

A summary of the County's deposits and investments at June 30, 2011 follows:

Account Balances	
Petty cash	$ 900
Demand deposits	5,636,281
Certificates of deposit	2,123,408
Investments	450,673
Total reporting entity	$ 8,211,262

Ownership of Funds	
Primary Government -	
Governmental funds:	
Cash	$ 4,601,142
Certificates of deposit	1,738,705
Proprietary fund -	
Cash overdraft	(14,731)
Total primary government	$ 6,325,116
Component Units:	
Cash	$ 1,050,770
Certificates of deposit	384,703
Investments	450,673
Total component units	1,886,146
Total reporting entity	$ 8,211,262

Custodial Credit Risk is the risk that in the event of a bank failure, the County's deposits (in excess of FDIC insurance) may not be returned to us.

***Deposits**:*

The County's deposits at year-end were entirely covered by federal depository insurance or by collateral held by the County's custodial banks in the County's name.

Investments:

Interest Rate Risk is the risk that changes in interest rates will adversely affect the value of an investment. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

III. DETAILED NOTES ON ALL FUNDS

Credit Risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The County has no investment policy that would further limit its investment choices from those authorized and listed in Note I E 1.

B. Taxes Receivable and Allowances for Uncollectible Accounts

Taxes receivable and allowances for uncollectible accounts at June 30, 2011 are as follows:

	Receivable	Allowance	Net
General fund-			
Property taxes	$ 654,627	$ (69,269)	$ 585,358
Special purpose local option sales tax	104,495	-	104,495
Local option sales taxes	40,805	-	40,805
Total	$ 799,927	$ (69,269)	$ 730,658

Property taxes for 2010-2011 were levied September 14, 2010 and due December 20, 2010 on property valued as of January 1, 2010. The tax rate to finance general governmental services for the fiscal year ended June 30, 2011 was $13.199 per $1,000 of assessed taxable property value for the unincorporated areas of Telfair County, and $13.199 per $1,000 of assessed taxable property value for the incorporated areas. Property tax revenues are recognized when they have become available. Available means when due, or past due and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Taxes relating to the current budget and collected within 60 days after the fiscal year end are recognized as revenue currently.

C. Interfund Receivables and Payables

Generally, outstanding balances between funds reported as due to/from other funds includes outstanding charges by one fund to another for services or goods, subsidy commitments outstanding, and other miscellaneous receivables and payable s between funds. Balances to which a fiduciary fund is a party are treated as external receivables and payables.

A summary of interfund receivables and payables at June 30, 2011 follows:

	Payable to:		
Payable from -	SPLOST	Landfill	Total
General fund	$ 144,366	$ 1,233,219	$ 1,377,585

III. DETAILED NOTES ON ALL FUNDS

D. Transfers

A summary of fund transfers for the year ended June 30, 2011 follows:

	Transfer in:			
Transfer out:	General Fund	Nonmajor Multipurpose Grant	Enterprise Fund Landfill	Total
SPLOST	$ 5,211	$ -	$ 24,613	$ 29,824
General Fund	-	2,838	-	2,838
Total transfer in	$ 5,211	$ 2,838	$ 24,613	$ 32,662

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move unrestricted revenues collected in the funds to finance various programs accounted for in other funds in accordance with budgetary authorizations; and to segregate money for anticipated capital projects.

The voter referendum which created the SPLOST Fund authorized a portion of the SPLOST proceeds to be used for roads and bridges as well as for the landfill. From time to time, such expenditures of the SPLOST Fund for these approved projects are reported as a transfer out of the SPLOST Fund to either the General Fund or Landfill Fund. Therefore, the related improvements are reported in these respective funds.

III. DETAILED NOTES ON ALL FUNDS

E. Capital Assets

Following is a summary of changes in Capital Assets:

Primary Government:

	Balance June 30, 2010	Additions	Retirements or Transfers	Balance June 30, 2011
Governmental activities:				
Capital assets, not being depreciated -				
Land	$ 217,535	$ -	$ -	$ 217,535
Construction in progress	1,001,668	464,499	-	1,466,167
Total not being depreciated	1,219,203	464,499	-	1,683,702
Capital assets, being depreciated:				
Equipment	4,187,683	664,443	(149,726)	4,702,400
Buildings and improvements	2,322,322	485,364	-	2,807,686
Total being depreciated	6,510,005	1,149,807	(149,726)	7,510,086
Less accumulated depreciation for:				
Equipment	2,316,063	376,385	(31,817)	2,660,631
Buildings and improvements	318,408	86,327	-	404,735
Total accumulated depreciation	2,634,471	462,712	(31,817)	3,065,366
Total being depreciated, net	3,875,534	687,095	(117,909)	4,444,720
Governmental activities capital assets, net	$ 5,094,737	$ 1,151,594	$ (117,909)	$ 6,128,422

III. DETAILED NOTES ON ALL FUNDS

	Balance June 30, 2010	Additions	Retirements or Transfers	Balance June 30, 2011
Business-type activities:				
Capital assets, not being depreciated -				
Land	$ 707,670	$ -	$ -	$ 707,670
Total not being depreciated	707,670	-	-	707,670
Capital assets, being depreciated:				
Equipment	3,991,155	-	-	3,991,155
Buildings and improvements	40,257	-	-	40,257
Total being depreciated	4,031,412	-	-	4,031,412
Less accumulated depreciation for:				
Equipment	1,639,119	102,746	-	1,741,865
Buildings and improvements	15,471	1,006	-	16,477
Total accumulated depreciation	1,654,590	103,752	-	1,758,342
Total being depreciated, net	2,376,822	(103,752)	-	2,273,070
Business-type activities capital assets, net	$ 3,084,492	$ (103,752)	$ -	$ 2,980,740

Depreciation expense was charged to functions / programs as follows:

Governmental activities:	
General government	$ 22,339
Public safety	164,132
Public works	246,285
Culture and recreation	29,956
Total depreciation expense - governmental activities	$ 462,712
Business-type activities -	
Landfill	$ 103,752
Total depreciation expense - business-type activities	$ 103,752

III. DETAILED NOTES ON ALL FUNDS

Component Units:

	Balance June 30, 2010	Additions	Retirements or Transfers	Balance June 30, 2011
Capital assets, not being depreciated -				
Land	$ 235,780	$ -	$ -	$ 235,780
Total not being depreciated	235,780	-	-	235,780
Capital assets, being depreciated:				
Equipment	74,815	-	(2,425)	72,390
Buildings and improvements	1,569,547	-	-	1,569,547
Total being depreciated	1,644,362	-	(2,425)	1,641,937
Less accumulated depreciation for:				
Equipment	69,997	792	(2,425)	68,364
Buildings and improvements	190,769	40,360	-	231,129
Infrastructure	-	-	-	-
Total accumulated depreciation	260,766	41,152	(2,425)	299,493
Total being depreciated, net	1,383,596	(41,152)	-	1,342,444
Governmental activities capital assets, net	$ 1,619,376	$ (41,152)	$ -	$ 1,578,224

Depreciation expense was charged to functions / programs as follows:

Component units:	
Telfair County Department of Leisure Services	$ 792
Telfair County Hospital Authority	12,828
Development Authority of Telfair County	27,532
Telfair County Board of Health	-
Total depreciation expense - component units	$ 41,152

III. DETAILED NOTES ON ALL FUNDS

F. Long-Term Obligations

The following is a summary of changes in long-term obligations of the County for the year ended June 30, 2011

	Beginning Balance	Additions	Payments/ Retirements	Ending Balance	Current Portion	Long-term Portion
Primary Government:						
Governmental activities:						
Capital lease payables	$ 55,422	$ 201,140	$ (3,269)	$ 253,293	$ 40,564	$ 212,729
USDA note payable #1	10,209	-	(2,391)	7,818	2,496	5,322
USDA note payable #2	-	6,900	-	6,900	1,281	5,619
USDA note payable #3	-	44,500	-	44,500	8,258	36,242
Governmental activity - long-term liabilities	$ 65,631	$ 252,540	$ (5,660)	$ 312,511	$ 52,599	$ 259,912
Business-type activities -						
Closure/post closure	$ 1,413,417	$ 63,259	$ -	$1,476,676	$ -	$ 1,476,676
Business-type activity - long-term liabilities	$ 1,413,417	$ 63,259	$ -	$1,476,676	$ -	$ 1,476,676

Capital Leases

During fiscal year 2011 the County entered into a capital lease agreement with TCF Equipment Finance, Inc. for the purchase of a Peterbilt garbage truck for use by the solid waste department with an original amount of $201,140. The agreement calls for five annual payments of $45,104 beginning in October of 2011 and ending in October of 2015 at an interest rate of 3.87%. As of June 30, 2011 the net book value of this leased vehicle was $193,597. The annual requirements to amortize the remaining balance of $201,140 as of June 30, 2011, including interest payments of $24,378 are as follows:

Year Ending June 30	Principal	Interest	Total
2012	$ 37,181	$ 7,923	$ 45,104
2013	38,646	6,458	45,104
2014	40,168	4,936	45,104
2015	41,750	3,354	45,104
2016	43,395	1,709	45,104
Total	$ 201,140	$ 24,380	$ 225,520

III. DETAILED NOTES ON ALL FUNDS

During fiscal year 2010 the County entered into a capital lease agreement with Yancy Brothers Company for the purchase of a Caterpillar Backhoe for use by the highways and streets department with an original amount of $55,422. The agreement calls for five annual payments of $5,211 beginning in September of 2010 and ending in September of 2014 with a balloon payment of $38,000 due October 25, 2014 at an interest rate of 3.45%. As of June 30, 2011 the net book value of this leased vehicle was $58,817. The annual requirements to amortize the remaining balance of $52,153 as of June 30, 2011, including interest payments of $6,693 are as follows:

Year Ending June 30	Principal	Interest	Total
2012	$ 3,383	$ 1,828	$ 5,211
2013	3,502	1,709	5,211
2014	3,625	1,586	5,211
2015	41,643	1,570	43,213
Total	$ 52,153	$ 6,693	$ 58,846

USDA Note Payable #1

During fiscal year 2009, the County received a community facility loan from the USDA in the amount of $12,500 for the purchase of equipment. The loan is payable in five annual installments of $2,838 beginning in November 2009 at a rate of 4.375%. The annual requirements to amortize the remaining balance of $7,818 as of June 30, 2011, including interest payments of $696 are as follows:

Year Ending June 30	Principal	Interest	Total
2012	$ 2,496	$ 342	$ 2,838
2013	2,605	233	2,838
2014	2,717	121	2,838
Total	$ 7,818	$ 696	$ 8,514

III. DETAILED NOTES ON ALL FUNDS

USDA Note Payable #2

During fiscal year 2011, the County received a loan from the USDA in the amount of $6,900 for the purchase of public safety equipment. The loan is payable in five annual installments of $1,540 beginning in December 2011 at a rate of 3.75%. The annual requirements to amortize the remaining balance of $6,900 as of June 30, 2011, including interest payments of $800 are as follows:

Year Ending June 30	Principal	Interest	Total
2012	$ 1,281	$ 259	$ 1,540
2013	1,329	211	1,540
2014	1,379	161	1,540
2015	1,431	109	1,540
2016	1,480	60	1,540
Total	$ 6,900	$ 800	$ 7,700

USDA Note Payable #3

During fiscal year 2011, the County received a loan from the USDA in the amount of $44,500 for the purchase of public safety equipment. The loan is payable in five annual installments of $9,927 beginning in December 2011 at a rate of 3.75%. The annual requirements to amortize the remaining balance of $44,500 as of June 30, 2011, including interest payments of $5,135 are as follows:

Year Ending June 30	Principal	Interest	Total
2012	$ 8,258	$ 1,669	$ 9,927
2013	8,568	1,359	9,927
2014	8,889	1,038	9,927
2015	9,223	704	9,927
2016	9,562	365	9,927
Total	$ 44,500	$ 5,135	$ 49,635

III. DETAILED NOTES ON ALL FUNDS

The following is a summary of changes in long-term obligations of the component units for the year ended June 30, 2011

	Beginning Balance	Additions	Payments/ Retirements	Ending Balance	Current Portion	Long-term Portion
Component Units:						
Development Authority of Telfair County:						
One Georgia loan	362,500	-	(25,000)	337,500	25,000	312,500
SSB Land Loan	20,250	-	(20,250)	-	-	-
EIP Note	171,174	-	(60,619)	110,555	62,463	48,092
Total component units long-term liabilities	$ 553,924	$ -	$ (105,869)	$ 448,055	$ 87,463	$ 360,592

Component unit long-term debt – Development Authority of Telfair County

The annual requirements to amortize the remaining balance of principal and interest are as follows:

Year Ending June 30	One Georgia Loan		EIP Note		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	$ 25,000	$ -	$ 62,463	$ 2,462	$ 87,463	$ 2,462
2013	25,000	-	48,092	603	73,092	603
2014	25,000	-	-	-	25,000	-
2015	25,000	-	-	-	25,000	-
2016	25,000	-	-	-	25,000	-
2017-2021	125,000	-	-	-	125,000	-
2022-2025	87,500	-	-	-	87,500	-
	$ 337,500	$ -	$ 110,555	$ 3,065	$ 448,055	$ 3,065

III. DETAILED NOTES ON ALL FUNDS

G. Fund Equity

Fund Balances:

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

General fund -	
Prepaids	$ 157,590

... ***Restricted*** - The following fund balances are restricted for:

Capital Projects Fund -	
Special Purpose Local Option Sales Tax Fund (SPLOST) –	
used to account for capital projects financed with SPLOST.	$ 4,725,319
Special Revenue Funds:	
Revolving Loan Fund -	
used to account for the proceeds of revenue sources legally restricted to expenditures for small business development projects.	$ 156,918
Multipurpose Grant Fund -	
used to account for the proceeds of revenue sources legally restricted to expenditures for specific capital or operating projects.	4,791
Expendable Trust Fund -	
used to account for the operations of the County law library.	43,954
	$ 205,663

III. DETAILED NOTES ON ALL FUNDS

Net Assets:

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:

	Governmental Activities	Business-Type Activities
Invested in capital assets, net of related debt		
Cost of capital assets	$ 9,193,788	$ 4,739,082
Less accumulated depreciation	(3,065,366)	(1,758,342)
Book value	6,128,422	2,980,740
Less capital related debt	(312,511)	-
Invested in capital assets, net of related debt	$ 5,815,911	$ 2,980,740

H. Retirement Commitments

The following retirement and pension plans are in effect for County officials but are under control of the State of Georgia, not the County:

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. Clerk of Superior Court Retirement Fund

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 and Clerk of Superior Court to the pension plans before the payment of any costs or other claims.

III. DETAILED NOTES ON ALL FUNDS

I. Commitments and Contingencies

The County receives grant monies for various purposes. All grant monies received by the County are subject to examination and adjustment by the applicable governmental agency or their designee. However, in the opinion of the County officials, adjustments resulting from such examination are not expected to differ materially from amounts reflected in the accompanying financial statements.

There are several lawsuits pending in which the County is involved. The County Attorney has advised that potential claims against the County resulting from such litigation are such that they would not materially affect the financial statements of the County.

IV. OTHER INFORMATION

A. Risk Management

The County is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability.

The County is also part of the ACCG Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

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

The responsibilities of the pool are to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability. The pool is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment and all expenses incurred for investigation, negotiation or defense.

IV. OTHER INFORMATION

B. Landfill Closure and Post closure Care Costs

Under state and federal laws and regulations, the County is required to place a final cover upon closure and to continue to perform various maintenance and monitoring functions at the landfill site for a period of 30 years after closure. The expense and related liability are based on landfill capacity used to date. The estimated total cost of the landfill closure and postclosure care is estimated to be $2,808,677. This amount is based on equipment, facilities, and services necessary to close, monitor, and maintain the landfill. However, the actual cost may vary due to inflation or deflation, changes in technology, or changes in landfill laws and regulations. To date, the County has used 52% of the landfill capacity and the landfill has an estimated remaining life of twenty-five years.

C. Joint Venture

Telfair County, in conjunction with cities and counties in the sixteen (16) county Heart of Georgia area are members of the Heart of Georgia Altamaha Regional Commission (RC). Membership in an RC 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 RCs. Each county and municipality in the state is required by law to pay minimum annual dues to the RC. The county paid annual dues in the amount of $4,380 to the RC for the year ended June 30, 2011. The RC 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. Copies of the RC's financial statements may be obtained from the Heart of Georgia Altamaha Regional Commission.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RDCs 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 RDC beyond its resources. (O.C.G.A. 50-8-39.1)

D. Hotel/Motel Tax

The County levies a hotel/motel tax under the provisions of O.C.G.A. 48-13-51. The code section provides that the County shall expend for the purpose of promoting tourism, conventions, and trade shows a percentage of the total taxes collected under this Code section which is not less than the percentage of such tax collections expended for such purposes during the immediately preceding fiscal year. For the year ended June 30, 2011, the County received $12,720 in hotel/motel tax. The County distributed $5,341 to the Telfair County Chamber of Commerce for the promotion of tourism and retained $7,379 for general government purposes. The expended amounts total 100% of the amount received by the County.

For the year ended June 30, 2011, the County has complied with the expenditure requirements of code section 48-13-51.

IV. OTHER INFORMATION

E. Note Receivable

In May 2004, the Development Authority of Telfair County (the Authority) borrowed $470,000 from the Revolving Loan Fund of Telfair County. The loan is being paid back to Telfair County in monthly installments of $5,410 through March 1, 2013. The note bears an interest rate of 3.0%.

In April 2008, the Development Authority of Telfair County borrowed $90,000 from the Revolving Loan Fund of Telfair County. During the year ended June 30, 2011 the General fund repaid the Georgia Department of Community Affairs (DCA) the remaining balance of this loan of $72,174. The loan to the Development Authority of Telfair County is now being collected and accounted for in the general fund and is due in monthly installments of $954.59. The note bears an interest rate of 3.0%.

On June 15, 2010, the Georgia Department of Community Affairs (DCA) notified the County that the Revolving Loan Fund (RLF) was being closed because of non-compliance in utilizing and protecting the RLF assets and a potential conflict of interest loan. During the year ended June 30, 2011, the County returned a total of $170,889 to DCA and reflected this payment as an intergovernmental expense in the RLF. The remaining notes receivable in the RLF are to be collected by the County and remitted to DCA upon their request.

F. Retirement Plan

1. Plan Description

The County sponsors the Association County Commissioners of Georgia Restated Pension Plan for Telfair County Employees (The Plan), which is a defined benefit pension plan.

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Plan, through execution of the adoption agreement, is affiliated with the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan, administered by GEBCorp. 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.

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 age 65 with 3 years of participation in the Plan. Upon eligibility to retire, participants are entitled to a monthly benefit for life equal to 1.0% of average annual compensation plus $36.00 for each year of service. Average annual compensation is the highest average of the Participant's annual compensation over five consecutive years during the ten plan years preceding the date of 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.

IV. OTHER INFORMATION

The following is the plan membership at January 1, 2010

Active plan participants	34
Retirees and beneficiaries currently receiving benefits	30
Active or terminated plan participants entitled to, but not yet receiving benefits	47
Disabled pay status	2
Total	113

Copies of the Plan's financial statements may be obtained by contacting:

Government Employee Benefits Corporation of Georgia
400 Galleria Parkway, Suite 1250
Atlanta, Georgia 30339

2. Funding Policy

The County employees are not required to contribute to the Plan. The County is required to contribute at an actuarially determined rate annually to the Plan's trust. The contribution amount is determined using actuarial methods and assumptions approved by the ACCG Plan trustees and must satisfy the minimum contribution requirements contained in the State of Georgia statutes. The County can always meet its funding obligation by making the Recommended Contribution.

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

The County's funding policy is to contribute at least the minimum actuarially determined contribution in accordance with the State of Georgia's requirements. There are no legal or contractual maximum contributions to the plan.

3. Funded Status

The amount shown on the following pages as the pension benefit obligation is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funded status of the Plan on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to the Plan. The pension benefits obligation was computed as part of an actuarial valuation as of January 1, 2011.

IV. OTHER INFORMATION

	January 1, 2011	
Actuarial present value of accumulated plan benefits:		
Vested:		
Retirees (and others in pay status)		$ 950,680
Deferred vested (former employees)		384,256
Vested active participants		462,601
		1,797,537
Nonvested		62,113
Actuarial present value of accumulated plan benefits	$ 1,859,650	1,859,650
Effect of future salary increases	83,720	
Total actuarial accrued liability	$ 1,943,370	
Net assets available for benefits (including receivables)		1,483,294
Net assets in excess of actuarial present value of accumulated plan benefits		$ (376,356)

4. Annual Pension Cost

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

	January 1, 2011
Derivation of Net Pension Obligation:	
Net pension obligation as of beginning of prior year	$ 10,989
Annual pension cost for prior year	94,421
Actual contributions to plan for prior year	95,752
Increase in net pension obligation	(1,331)
Net pension obligation as of beginning of year	$ 9,658
Derivation of Annual Pension Cost	
Annual required contribution	$ 105,649
Interest on net pension obligation	748
Amortization of net pension obligation	(801)
Annual pension cost	$ 105,596

IV. OTHER INFORMATION

Contributions totaling $106,289 were made in accordance with actuarially determined contribution requirements determined by an actuarial valuation performed as of January 1, 2011. Employer contributions attributable to the 2011 Plan year was made in May 2011. These contributions consist of the following:

Normal cost for the plan year	$ 41,787
Pre-retirement death benefit expense	3,024
Administrative expenses	6,215
Amortization charges	83,766
Total charges	134,792
Amortization credits	(28,503)
Total employer contribution	$ 106,289

5. Basis of Valuation

Current valuation date	January 1, 2011
Annual return on invested plan assets	7.75%
Projected annual salary increases	4.0%-6.5% based on age
Expected annual inflation	3.00%
Actuarial value of assets	Market value
Actuarial funding method	Projected Unit Credit
Amortization method	Level Percent of Pay (Closed)
Amortization periods:	
Initial unfunded actuarial accrued liability	Over 30 years from 1989
Changes in the unfunded actuarial liability (from the end of the year during which such changes arise):	
Actuarial gains and losses	Over 15 years
Plan provisions	Over 20 years
Actuarial assumptions and cost methods	Over 30 years

IV. OTHER INFORMATION

6. Trend Information

Prior year employer contributions expressed as percentages of annual covered payroll are as follows:

Fiscal Year	Annual Pension Cost (APC)	Actual City Contribution	Percentage of APC Contributed	Net Pension Obligation	Percentage of Annual Covered Payroll
2011	$ 105,596	N/A	N/A	$ 9,658	0.0%
2010	$ 94,421	$ 95,752	101.41%	$ 10,989	14.5%
2009	$ 119,890	$ 76,455	63.77%	$ (32,446)	8.8%
2008	$ 131,568	$ 136,034	103.39%	$ (27,980)	10.8%
2007	$ 93,958	$ 96,596	102.81%	$ (25,342)	11.0%

7. Funding Progress

Plan Year Ended Dec. 31	Actuarial Value of Assets (a)		Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [b-a)/c]
2010	1,511,244	*	1,918,886	407,642	78.76%	661,085	61.66%

* Reflects change to asset smoothing adopted by the ACCG Pension Plan and Trust Board of Trustees

The schedule of funding progress immediately following the notes to financial statements 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.

TELFAIR COUNTY, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION

PENSION PLAN

SCHEDULE OF FUNDING PROGRESS

Fiscal Year	Actuarial Value of Assets (a)		Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [b-a)/c]
2010	1,511,244	*	1,918,886	407,642	78.76%	661,085	61.66%
2009	1,451,946	*	1,894,208	442,262	76.65%	871,579	50.74%
2008	1,383,192	*	1,873,183	489,991	73.84%	1,254,293	39.07%
2007	1,358,874		1,595,588	236,714	85.16%	1,018,271	23.25%
2006	1,228,398		1,497,947	269,549	82.01%	1,088,505	24.76%

* Reflects change to asset smoothing adopted by the ACCG Pension Plan and Trust Board of Trustees.

The assets and liabilities shown above reflect expected amounts as of the last day of the plan year. These amounts may vary from those used in determining the required contribution, since those calculations use actual amounts as of the first day of the next plan year.

Analysis of the dollar amount 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 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 financially stronger or weaker. Generally, the greater this 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 accumulated sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the Plan.

TELFAIR COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			Variance with Final Budget - Over
	Original	Final	Actual	(Under)
REVENUES				
Taxes	$ 4,341,293	$ 4,341,293	$ 4,542,892	$ 201,599
Charges for services and fines	988,000	988,000	899,420	(88,580)
Other	378,587	378,587	272,785	(105,802)
Total revenues	5,707,880	5,707,880	5,715,097	7,217
EXPENDITURES				
Current:				
General government:				
General government	113,078	113,078	93,858	(19,220)
Elections	66,374	66,374	58,085	(8,289)
General adminstration	618,680	618,680	636,640	17,960
Tax Commisioner	193,577	229,248	240,771	11,523
Tax Assessor	238,743	238,743	218,164	(20,579)
General government buildings and plant	84,691	84,691	84,882	191
Judicial:				
Superior court	157,222	157,222	148,106	(9,116)
Clerk of court	165,221	165,221	146,969	(18,252)
Magistrate court	115,307	115,307	109,179	(6,128)
Probate court	132,983	132,983	154,955	21,972
Public safety:				
Law enforcement administration	808,029	808,029	1,078,408	270,379
School resources - Sheriff	39,086	39,086	37,023	(2,063)
Jail operations	508,920	508,920	493,110	(15,810)
Dispatcher	-	-	-	-
Fire administration	21,000	21,000	14,894	(6,106)
Emergency medical services	767,111	767,111	766,823	(288)
Emergency Management Agency	16,551	16,551	16,803	252
Coroner / medical examiner	26,390	26,390	23,893	(2,497)
Enhanced 911	172,788	172,788	176,154	3,366
Public works:				
Highways and streets	573,865	573,865	534,787	(39,078)
Solid waste and recycling	85,927	85,927	57,270	(28,657)
Health and welfare:				
Public health administration	95,010	95,010	94,362	(648)
Health department building	52,801	52,801	49,943	(2,858)
Intergovernment - Welfare	8,250	8,250	17,214	8,964
Senior citizens center	114,783	114,783	103,054	(11,729)

TELFAIR COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			Variance with Final Budget - Over
	Original	Final	Actual	(Under)
EXPENDITURES (Continued)				
Current:				
Community services	37,450	37,450	42,918	5,468
Transportation services	152,030	152,030	116,786	(35,244)
Culture and recreation:				
Culture and recreation administration	100,000	100,000	100,000	-
Library administration	49,000	49,000	49,000	-
Housing and development:				
Conservation administration	30,145	30,145	33,101	2,956
Agricultural resources	58,433	58,433	66,364	7,931
Forest resources	38,459	38,459	13,422	(25,037)
Economic development	69,800	69,800	62,000	(7,800)
Airport	24,088	24,088	12,239	(11,849)
Debt Service:				
Principal	-	-	3,269	3,269
Interest	-	-	1,942	1,942
Capital outlay :				
Emergency medical services	57,000	57,000	123,455	66,455
Solid waste and recycling	-	-	201,140	201,140
Total expenditures	5,792,792	5,828,463	6,180,983	352,520
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	-	-	201,140	201,140
Transfers in (out)	-	-	2,373	2,373
Total other financing sources	-	-	203,513	203,513
Excess of revenues over (under) expenditures	$ (84,912)	$ (120,583)	(262,373)	$ (141,790)
Fund balance, beginning			1,132,482	
Fund balance, ending			$ 870,109	

TELFAIR COUNTY, GEORGIA
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - DEPARTMENT OF TRANSPORTATION - SECTION 18
FOR THE YEAR ENDED JUNE 30, 2011

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Over (Under)
REVENUES			
Georgia Department of Transportation	$ 43,000	$ 21,829	$ (21,171)
Fares and other	-	11,409	11,409
Total revenues	43,000	33,238	(9,762)
EXPENDITURES			
Current:			
Employee benefits	-	8	8
Heart of Georgia CAC Administration	100,800	109,240	8,440
Repairs and maintenance	1,000	2,473	1,473
Other purchased services	50,230	4,900	(45,330)
Repair parts	-	90	90
Travel	-	75	75
Total expenditures	152,030	116,786	(35,244)
Excess of revenues over/(under) expenditures	$ (109,030)	$ (83,548)	$ 25,482

Note:

The Department of Transportation is included in the Health and Welfare department of the Statement of Revenues, Expenditures and Changes in Fund Balance.

TELFAIR COUNTY, GEORGIA
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - HEART OF GEORGIA - COUNCIL ON AGING
FOR THE YEAR ENDED JUNE 30, 2011

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Over (Under)
REVENUES			
Council on Aging - receipts	$ 35,000	$ 33,391	$ (1,609)
Total revenues	35,000	33,391	(1,609)
EXPENDITURES			
Current:			
Salaries	46,891	47,794	903
Employee benefits	45,587	38,016	(7,571)
Repairs and maintenance	2,500	4,120	1,620
Communications	1,320	1,458	138
Travel	185	295	110
Education and training	300	-	(300)
Small equipment	1,200	-	(1,200)
Other purchased services	200	180	(20)
Supplies and materials	2,300	1,828	(472)
Utilities	9,700	9,363	(337)
Capital outlay -			
Machinery and equipment	4,600	-	(4,600)
Total expenditures	114,783	103,054	(11,729)
Excess of revenues over/(under) expenditures	$ (79,783)	$ (69,663)	$ 10,120

Note:

The Heart of Georgia Council on Aging is included in the Health and Welfare department of the Statement of Revenues, Expenditures and Changes in Fund Balance.

TELFAIR COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	Special Revenue				Total Nonmajor
	Revolving Loan Fund	Multipurpose Grant	Expendable Trust Fund	Hotel/Motel Tax	Governmental Funds
ASSETS					
Cash and cash equivalents	$ 58,283	$ 4,791	$ 43,397	$ -	$ 106,471
Other receivables - net of allowance for uncollectibles	156,918	-	557	-	157,475
Total assets	$ 215,201	$ 4,791	$ 43,954	$ -	$ 263,946
LIABILITIES					
Accounts payable	$ 58,283	$ -	$ -	$ -	$ 58,283
FUND BALANCES					
Restricted	156,918	4,791	43,954	-	$ 205,663
Total fund balances	156,918	4,791	43,954	-	205,663
Total liabilities and fund balances	$ 215,201	$ 4,791	$ 43,954	$ -	$ 263,946

The accompanying Notes to Financial Statements are an integral part of these statements.

TELFAIR COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue				Total Nonmajor
	Revolving Loan Fund	Multipurpose Grant	Expendable Trust Fund	Hotel/Motel Tax	Governmental Funds
REVENUES					
Intergovernmental	$ -	$ 92,094	$ -	$ -	$ 92,094
Other taxes	-	-	-	12,720	12,720
Interest income	6,319	54	103	-	6,476
Miscellaneous income	-	-	9,063	-	9,063
Total revenues	6,319	92,148	9,166	12,720	120,353
EXPENDITURES					
Current:					
General government	-	-	-	7,379	7,379
Public safety	-	3,422	-	-	3,422
Culture and recreation	-	-	6,387	-	6,387
Housing and development	-	-	-	5,341	5,341
Intergovernmental	170,889	-	-	-	170,889
Debt service:					
Principal	-	2,391	-	-	2,391
Interest	-	447	-	-	447
Capital outlay:					
General government			18,472		18,472
Public safety	-	141,210	-	-	141,210
Total expenditures	170,889	147,470	24,859	12,720	355,938
OTHER FINANCING SOURCES					
Loan proceeds	-	51,400	-	-	51,400
Transfers in	-	2,838	-	-	2,838
Total other financing sources	-	54,238	-	-	54,238
Net change in fund balances	(164,570)	(1,084)	(15,693)	-	(181,347)
Fund balances, beginning	321,488	5,875	59,647	-	387,010
Fund balances, ending	$ 156,918	$ 4,791	$ 43,954	$ -	$ 205,663

The accompanying Notes to Financial Statements are an integral part of these statements.

TELFAIR COUNTY, GEORGIA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2011

	Agency Funds					
	Clerk of Superior Court	Sheriff	Judge of Probate Court	Tax Commissioner	Magistrate Court	Total Fiduciary Funds
ASSETS						
Cash	$ 87,976	$ 14,347	$ 20,459	$ 122,344	$ 22,571	$ 267,697
Taxes receivable (net allowance for uncollectible accounts)	-	-	-	1,311,438	-	1,311,438
Total assets	$ 87,976	$ 14,347	$ 20,459	$ 1,433,782	$ 22,571	$ 1,579,135
LIABILITIES						
Due to general fund	$ 6,814	$ 12,585	$ 6,623	$ 639,583	$ 5,067	$ 670,672
Due to expendable trust fund	150	-	217	-	190	557
Other liabilities	81,012	1,762	13,619	794,199	17,314	907,906
Total liabilities	$ 87,976	$ 14,347	$ 20,459	$ 1,433,782	$ 22,571	$ 1,579,135

The accompanying Notes to Financial Statements are an integral part of these statements.

TELFAIR COUNTY, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Clerk of Superior Court:				
ASSETS				
Restricted assets -				
Cash	$ 101,404	$ 310,818	$ (324,246)	$ 87,976
Total assets	$ 101,404	$ 310,818	$ (324,246)	$ 87,976
LIABILITIES				
Payable from resticted assets:				
Due to general fund	$ 16,825	$ 104,308	$ (114,319)	$ 6,814
Due to expendable trust fund	245	2,165	(2,260)	150
Other liabilities	84,334	204,345	(207,667)	81,012
Total liabilities	$ 101,404	$ 310,818	$ (324,246)	$ 87,976
Sheriff:				
ASSETS				
Restricted assets -				
Cash	$ 41,372	$ 141,638	$ (168,663)	$ 14,347
Total assets	$ 41,372	$ 141,638	$ (168,663)	$ 14,347
LIABILITIES				
Payable from resticted assets:				
Due to general fund	$ 14,956	$ 138,168	$ (140,539)	$ 12,585
Other liabilities	26,416	3,470	(28,124)	1,762
Total liabilities	$ 41,372	$ 141,638	$ (168,663)	$ 14,347
Judge of Probate Court:				
ASSETS				
Restricted assets -				
Cash	$ 111,759	$ 166,642	$ (257,942)	$ 20,459
Total assets	$ 111,759	$ 166,642	$ (257,942)	$ 20,459
LIABILITIES				
Payable from resticted assets:				
Due to general fund	$ 7,526	$ 81,214	$ (82,117)	$ 6,623
Due to expendable trust fund	320	4,117	(4,220)	217
Other liabilities	103,913	81,311	(171,605)	13,619
Total liabilities	$ 111,759	$ 166,642	$ (257,942)	$ 20,459

The accompanying Notes to Financial Statements are an integral part of these statements.

TELFAIR COUNTY, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Tax Commissioner:				
ASSETS				
Restricted assets -				
Cash	$ 149,306	$ 8,630,476	$ (8,657,438)	$ 122,344
Taxes receivable, net	2,231,782	6,726,212	(7,646,556)	1,311,438
Total assets	$ 2,381,088	$ 15,356,688	$ (16,303,994)	$ 1,433,782
LIABILITIES				
Payable from resticted assets:				
Due to general fund	$ 1,059,508	$ 2,635,132	$ (3,055,057)	$ 639,583
Other liabilities	1,321,580	3,230,803	(3,758,184)	794,199
Total liabilities	$ 2,381,088	$ 5,865,935	$ (6,813,241)	$ 1,433,782
Magistrate Court:				
ASSETS				
Restricted assets -				
Cash	$ 16,968	$ 212,624	$ (207,021)	$ 22,571
Total assets	$ 16,968	$ 212,624	$ (207,021)	$ 22,571
LIABILITIES				
Payable from resticted assets:				
Due to general fund	$ 1,320	$ 23,699	$ (19,952)	$ 5,067
Due to expendable trust fund	180	2,505	(2,495)	190
Other liabilities	15,468	186,420	(184,574)	17,314
Total liabilities	$ 16,968	$ 212,624	$ (207,021)	$ 22,571

The accompanying Notes to Financial Statements are an integral part of these statements.

TELFAIR COUNTY, GEORGIA
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
JUNE 30, 2011

	Leisure Services	Hospital Authority	Development Authority	County Board of Health	Total
ASSETS					
Cash and cash equivalents	$ 274	$ 826,194	$ 156,271	$ 452,734	$ 1,435,473
Investments	-	450,673	-	-	450,673
Other receivables, net	-	14,400	-	6,742	21,142
Capital assets:					
Nondepreciable	-	15,000	220,780	-	235,780
Depreciable, net	4,026	423,529	914,889	-	1,342,444
Total assets	$ 4,300	$ 1,729,796	$ 1,291,940	$ 459,476	$ 3,485,512
LIABILITIES					
Accounts payable	$ 23,204	$ -	$ -	$ -	$ 23,204
Other liabilities	8,323	-	-	24,164	32,487
Noncurrent liabilities:					
Due within one year -					
Notes payable	-	-	87,463	-	87,463
Due in more than one year -					
Notes payable	-	-	360,592	-	360,592
Total liabilities	31,527	-	448,055	24,164	503,746
NET ASSETS					
Invested in capital assets, net of related debt	4,026	438,529	687,614	-	1,130,169
Restricted	-	-	-	1,945	1,945
Unrestricted	(31,253)	1,291,267	156,271	433,367	1,849,652
Total net assets	(27,227)	1,729,796	843,885	435,312	2,981,766
Total liabilities and net assets	$ 4,300	$ 1,729,796	$ 1,291,940	$ 459,476	$ 3,485,512

The accompanying Notes to Financial Statements are an integral part of these statements.

TELFAIR COUNTY, GEORGIA
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
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) Revenue and Changes in Net Assets: Component Units: Leisure Services	Hospital Authority	Development Authority	County Board of Health	Total Component Units
Component units:									
Leisure Services	$ 198,993	$ 59,779	$ 139,245	$ -	$ 31	$ -	$ -	$ -	$ 31
Hospital Authority	19,614	28,800	-	-	-	9,186	-	-	9,186
Development Authority	77,397	72,250	59,900	-	-	-	54,753	-	54,753
County Board of Health	416,012	178,555	218,209	-	-	-	-	(19,248)	(19,248)
Total component units	$ 712,016	$ 339,384	$ 417,354	$ -	31	9,186	54,753	(19,248)	44,722
General revenues:									
Interest income					-	16,934	246	-	17,180
Miscellaneous					-	19	400	24,219	24,638
Total general revenues and transfers					-	16,953	646	24,219	41,818
Change in net assets					31	26,139	55,399	4,971	86,540
Net assets - beginning					(27,258)	1,703,657	788,486	430,341	2,895,226
Net assets - ending					$ (27,227)	$ 1,729,796	$ 843,885	$ 435,312	$ 2,981,766

The accompanying Notes to Financial Statements are an integral part of these statements.

TELFAIR COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2011

Project Description Per SPLOST Referendum	Original Estimated Cost	Expenditures				Estimated Percentage of Completion
		Prior Years	Current Year	Adjustment*	Total	
1999 - SPLOST						
Roads and bridges	$ 1,500,000	$ 1,500,000	$ -	$ -	$ 1,500,000	100.00%
Courthouse renovation	1,000,000	1,000,000	-	-	1,000,000	100.00%
City of McRae	457,756	457,756	-	-	457,756	100.00%
City of Lumber City	217,537	217,537	-	-	217,537	100.00%
City of Helena	191,201	191,201	-	-	191,201	100.00%
City of Milan	76,876	76,876	-	-	76,876	100.00%
City of Scotland	37,144	37,144	-	-	37,144	100.00%
City of Jacksonville	19,486	19,486	-	-	19,486	100.00%
Recreation facility	750,000	750,000	-	-	750,000	100.00%
Subtitle "D" landfill	550,000	503,695	24,613	-	528,308	96.06%
Total	$ 4,800,000	$ 4,753,695	$ 24,613	$ -	$ 4,778,308	
2004 - SPLOST						
Roads and bridges	$ 2,250,000	$ 747,496	$ 552,791	$ -	$ 1,300,287	57.79%
Courthouse renovation	1,000,000	331,065	464,499	-	795,564	79.56%
City of McRae	652,925	676,112	-	(23,187)	652,925	100.00%
City of Lumber City	303,625	314,407	-	(10,782)	303,625	100.00%
City of Helena	561,575	581,877	-	(20,302)	561,575	100.00%
City of Milan	140,700	145,697	-	(4,997)	140,700	100.00%
City of Scotland	62,475	63,694	-	(1,219)	62,475	100.00%
City of Jacksonville	28,700	29,719	-	(1,019)	28,700	100.00%
Recreation facility	500,000	482,753	8,811	-	491,564	98.31%
Total	$ 5,500,000	$ 3,372,820	$ 1,026,101	$ (61,506)	$ 4,337,415	
2009 - SPLOST						
Jail (Level 1)	$ 2,000,000	$ -	$ -	$ -	$ -	0.00%
Roads and bridges	912,000	-	-	-	-	0.00%
Landfill	500,000	-	-	-	-	0.00%
Recreation facility	150,000	-	-	-	-	0.00%
City of McRae	909,600	-	90,301	-	90,301	9.93%
City of Lumber City	422,800	-	41,973	-	41,973	9.93%
City of Helena	782,400	-	77,672	-	77,672	9.93%
City of Milan	196,000	-	19,458	-	19,458	9.93%
City of Scotland	87,200	-	8,657	-	8,657	9.93%
City of Jacksonville	40,000	-	3,971	-	3,971	9.93%
Total	$ 6,000,000	$ -	$ 242,032	$ -	$ 242,032	

* - Adjustment noted above is to properly reflect the amount paid to Cities. The amount relates to excess proceeds paid by the County to the Cities. Absent of an intergovernmental contract to the contrary, excess proceeds are to be paid to the County. All excess proceeds have been recouped by the County with the exception of $14,652 which is reflected as intergovenmental receivable on the SPLOST fund Balance Sheet.

TELFAIR COUNTY, GEORGIA
REVOLVING LOAN FUND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

	Federal CFDA No. 14.219	Federal CFDA No. 14.219
Total Federal grant allocation	$ 200,000	$ 500,000
Grant adjustment	-	-
Adjusted total Federal grant allocation	200,000	500,000
Less: unadvanced funds	-	-
Prior year funds advanced	200,000	500,000
Current year funds advanced	-	-
Total Federal grant funds advanced to date	200,000	500,000
Local matching funds commitment	-	-
Less: unadvanced funds	-	-
Prior year funds advanced	-	-
Current year funds advanced	-	-
Total local funds advanced to date	-	-
Total funds advanced to date	200,000	500,000
Prior year program expenditures	200,000	500,000
Current year program expenditures	-	-
Total program expenditures	200,000	500,000
Funds available after expenditures	-	-
Prior years program income	132,005	61,713
Current year program income	987	4,306
Total program income to date	132,992	66,019
Total transfers in to date	-	-
Funds available for disposition	$ 132,992	$ 66,019

TELFAIR COUNTY, GEORGIA
REVOLVING LOAN FUND
PROGRAM YEAR 1994, CDBG NO. 94Q-Y-134-000-9413
SCHEDULE OF PROGRAM LOANS
FOR THE YEAR ENDED JUNE 30, 2011

Program Activity and Related Projects:	Authorized Loans	Funds Advanced
Direct assistance to private for-profit entity:		
Direct loans to local industry for creation of area jobs	$ 200,000	$ 200,000
Prior years repayment of principal	(123,805)	(123,805)
Current year repayment of principal	(29,832)	(29,832)
Loan balance outstanding	$ 46,363	$ 46,363

II. REPORTS REQUIRED BY GOVERNMENTAL AUDITING STANDARDS

INDEPENDENT AUDITORS' 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*

To the Board of Commissioners
of Telfair County, Georgia
McRae, Georgia

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Telfair County, Georgia, as of and for the year ended June 30, 2011, which collectively comprise Telfair County, Georgia's basic financial statements and have issued our report thereon dated December 27, 2011. We did not audit the financial statements of the Telfair County Hospital Authority, Telfair County Board of Health, Telfair County Airport Authority and Telfair County Development Authority. Those financial statements were audited by other auditors whose reports have been furnished to us. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Telfair 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 Telfair County, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Telfair 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Telfair County, Georgia's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Telfair County, Georgia's financial statements that is more than inconsequential will not be prevented or detected by Telfair County Georgia's internal control. We consider the deficiencies described in the accompanying schedule of financial statement findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Telfair County, Georgia's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies above, we consider item 2011-1 to be a material weakness

Compliance and Other Matters

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

Telfair County, Georgia's response to the findings identified in our audit is described in the accompanying schedule of financial statement findings. We did not audit Telfair County, Georgia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Commissioners of Telfair County, Georgia, management 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.

Bowen Phillips, LLP

December 27, 2011
Tifton, Georgia

SECTION II - FINANCIAL STATEMENT FINDINGS

Findings noted on the 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.*

2011 - 1

Criteria:

Duties should be segregated between employees so that the responsibility for authorizing transactions, recording transactions, and maintaining custody of assets are assigned to different personnel.

Condition:

Telfair County, Georgia is a small local government and has a limited amount of resources and employees. Therefore, The County does not have an adequate number of employees to provide for the proper segregation of duties.

Cause of Condition:

Since the County is a small local government, it is not financially feasible for the County to hire additional employees to provide for an adequate segregation of duties.

Effect of Condition:

The County's internal control structure does not contain adequate safeguarding controls provided by segregation of duties that would provide for the prevention or timely detection of unauthorized transactions and unauthorized access to assets that could result in losses that are material to the financial statements.

Response of Management:

Management concurs with the finding and is continually working to improve controls to mitigate the risks associated with this condition.

See independent auditors' report.