TELFAIR COUNTY, GEORGIA

FINANCIAL STATEMENTS
AS OF **JUNE 30, 2012**
TOGETHER WITH AUDITOR'S REPORT

TELFAIR COUNTY, GEORGIA
FINANCIAL STATEMENTS

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TELFAIR COUNTY, GEORGIA
FINANCIAL STATEMENTS

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I. FINANCIAL SECTION

- INDEPENDENT AUDITOR'S REPORT
- BASIC FINANCIAL STATEMENTS

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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, 2012, 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 Department of Leisure Services, 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 Department of Leisure Services, and Telfair County Development Authority is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Telfair County Hospital Authority, Telfair County Board of Health, Telfair County Department of Leisure Services, 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, 2012, and the respective changes in financial position, the respective budgetary comparison for the General Fund, and, where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 20, 2012, on our consideration of the County of Telfair Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 44 through 47 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 conducted 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. The combining and individual fund financial statements and schedules listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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.

Carr, Rigge & Ingram, L.L.C.

December 20, 2012
Tifton, Georgia

TELFAIR COUNTY, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	$ 6,095,310	$ 41,574	$ 6,136,884	$ 1,438,681
Investments	-	-	-	450,091
Taxes receivable - net of uncollectible accounts	476,175	-	476,175	-
Notes receivable	105,946	-	105,946	-
Other receivables	180,974	20,566	201,540	28,800
Intergovernmental receivables	14,652	-	14,652	-
Internal balances	(1,183,219)	1,183,219	-	-
Prepaids	165,329	-	165,329	-
Capital assets:				
Nondepreciable	217,535	707,670	925,205	235,780
Depreciable, net	5,675,021	2,741,336	8,416,357	1,305,949
Total assets	11,747,723	4,694,365	16,442,088	3,459,301
LIABILITIES				
Accounts payable	208,500	11,431	219,931	9,846
Other liabilities	54,871	-	54,871	28,678
Net pension obligation	8,965	-	8,965	-
Noncurrent liabilities:				
Due within one year:				
Capital lease payable	75,744	74,499	150,243	-
Notes payable	12,502	-	12,502	73,091
Due in more than one year:				
Capital lease payable	278,837	497,239	776,076	-
Notes payable	34,681	-	34,681	287,500
Closure/post closure accrued liability	-	1,580,420	1,580,420	-
Total liabilities	674,100	2,163,589	2,837,689	399,115
NET POSITION				
Net investment in capital assets	5,490,792	2,877,268	8,368,060	1,181,138
Restricted:				
Special revenue	101,726	-	101,726	-
Capital projects	5,083,837	-	5,083,837	-
Prior year program income	-	-	-	4,256
Unrestricted	397,268	(346,492)	50,776	1,874,792
Total net position	$ 11,073,623	$ 2,530,776	$ 13,604,399	$ 3,060,186

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, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Primary government:			
Governmental activities:			
General government	$ 1,443,287	$ 1,890	$ -
Judicial	592,151	227,141	-
Public safety	2,978,208	509,902	-
Public works	1,614,358	64,388	-
Health and welfare	430,278	142,567	-
Culture and recreation	221,744	6,642	-
Housing and development	254,683	-	-
Interest on long-term debt	17,841	-	-
Total governmental activities	7,552,550	952,530	-
Business-type activities - Landfill	568,233	300,790	-
Total business-type activities	568,233	300,790	-
Total primary government	8,120,783	1,253,320	-
Component units:			
Governmental type	712,023	268,450	466,447
Total component units	$ 712,023	$ 268,450	$ 466,447
General revenues:			
Property taxes			
Timber taxes			
Local Option Sales taxes			
Hotel and motel taxes			
Beer and wine taxes			
Insurance premium taxes			
Other taxes			
Investment earnings			
Gain on sale of capital assets			
Miscellaneous			
Transfers			
Total general revenues and transfers			
Change in net position			
Net position - beginning			
Net position - ending			

Program Revenues	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
$ -	$ (1,441,397)	$ -	$ (1,441,397)	
-	(365,010)	-	(365,010)	
-	(2,468,306)	-	(2,468,306)	
1,209,308	(340,662)	-	(340,662)	
-	(287,711)	-	(287,711)	
-	(215,102)	-	(215,102)	
-	(254,683)	-	(254,683)	
-	(17,841)	-	(17,841)	
1,209,308	(5,390,712)	-	(5,390,712)	
-	-	(267,443)	(267,443)	
-	-	(267,443)	(267,443)	
1,209,308	(5,390,712)	(267,443)	(5,658,155)	
-				22,874
$ -				22,874
	3,257,950	-	3,257,950	-
	65,146	-	65,146	-
	472,237	-	472,237	-
	11,986	-	11,986	-
	2,845	-	2,845	-
	240,378	-	240,378	-
	44,319	-	44,319	-
	13,089	117	13,206	19,115
	-	35,063	35,063	-
	180,908	2,950	183,858	36,431
	(20,946)	20,946	-	
	4,267,912	59,076	4,326,988	55,546
	(1,122,800)	(208,367)	(1,331,167)	78,420
	12,196,423	2,739,143	14,935,566	2,981,766
	$ 11,073,623	$ 2,530,776	$ 13,604,399	$ 3,060,186

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

TELFAIR COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General	SPLOST	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 1,136,771	$ 4,873,026	$ 85,513	$ 6,095,310
Taxes receivable - net of allowance for uncollectibles	361,587	114,588	-	476,175
Notes receivable, net	57,855	-	48,091	105,946
Other receivables, net	178,093	2,271	610	180,974
Intergovernmental receivable	-	14,652	-	14,652
Due from other funds	-	144,044	-	144,044
Prepaids	165,329	-	-	165,329
Total assets	$ 1,899,635	$ 5,148,581	$ 134,214	$ 7,182,430
LIABILITIES				
Accounts payable	$ 111,268	$ 64,744	$ 32,488	$ 208,500
Other liabilities	54,871	-	-	54,871
Due to other funds	1,327,263	-	-	1,327,263
Total liabilities	1,493,402	64,744	32,488	1,590,634
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	309,087	-	-	309,087
Total deferred inflows of resources	309,087	-	-	309,087
FUND BALANCES				
Nonspendable	165,329	-	-	165,329
Restricted	-	5,083,837	101,726	5,185,563
Unassigned	(68,183)	-	-	(68,183)
Total fund balances	97,146	5,083,837	101,726	5,282,709
Total liabilities, deferred inflows of resources, and fund balances	$ 1,899,635	$ 5,148,581	$ 134,214	$ 7,182,430

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

TELFAIR COUNTY, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2012

Amounts reported for governmental activities in the statement of net position are different because:		
Total governmental fund balances		$ 5,282,709
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.		
Cost of capital assets	$ 9,498,861	
Less accumulated depreciation	(3,606,305)	5,892,556
The net pension obligation does not require current available resources and, therefore, is not reported in the funds.		(8,965)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		309,087
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.		(401,764)
Net position of governmental activities		$ 11,073,623

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, 2012

	General	SPLOST	Other Governmental Funds	Total Governmental Funds
REVENUES				
General property taxes	$ 3,593,430	$ -	$ -	$ 3,593,430
Other taxes	759,779	1,209,308	11,986	1,981,073
Charges for services	376,507	-	-	376,507
Intergovernmental	147,367	-	-	147,367
Fines and forfeitures	396,013	-	-	396,013
Investment earnings	6,215	26,001	6,874	39,090
Miscellaneous	180,908	-	6,642	187,550
Total revenues	5,460,219	1,235,309	25,502	6,721,030
EXPENDITURES				
Current:				
General government	1,319,595	-	7,201	1,326,796
Judicial	592,151	-	-	592,151
Public safety	2,806,776	-	1,534	2,808,310
Public works	588,109	-	-	588,109
Health and welfare	430,278	-	-	430,278
Culture and recreation	184,000	-	4,577	188,577
Housing and development	203,535	-	51,148	254,683
Intergovernmental	-	730,922	64,979	795,901
Debt service:				
Principal	70,090	3,383	12,035	85,508
Interest	13,743	1,828	2,270	17,841
Capital outlay :				
General government	-	73,709	-	73,709
Public safety	10,600	-	-	10,600
Public works	174,761	46,003	-	220,764
Total expenditures	6,393,638	855,845	143,744	7,393,227
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	174,761	-	-	174,761
Transfers in (out)	(14,305)	(20,946)	14,305	(20,946)
Total other financing sources	160,456	(20,946)	14,305	153,815
Net change in fund balances	(772,963)	358,518	(103,937)	(518,382)
Fund balances, beginning	870,109	4,725,319	205,663	5,801,091
Fund balances, ending	$ 97,146	$ 5,083,837	$ 101,726	$ 5,282,709

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 OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ (518,382)
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	$ 305,073	
Depreciation expense	(540,939)	(235,866)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes:		
Unavailable revenue - property taxes at June 30, 2012	$ 309,087	
Unavailable revenue - property taxes at June 30, 2011	(579,421)	(270,334)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Net pension obligation at June 30, 2012	$ (8,965)	
Net pension obligation recognized at June 30, 2011	-	(8,965)
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 position.		
Capital lease proceeds	$ (174,761)	
Principal repayments	85,508	(89,253)
Change in net position of governmental activities		$ (1,122,800)

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

TELFAIR COUNTY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2012

	Business-Type Activity - Enterprise Fund Landfill
ASSETS	
Current assets:	
Cash	$ 41,574
Accounts receivable, net	20,566
Due from other funds	1,183,219
Total current assets	1,245,359
Noncurrent assets -	
Capital assets:	
Land, nondepreciable	707,670
Equipment, depreciable	4,547,332
Buildings and improvements, depreciable	40,257
Less - accumulated depreciation	(1,846,253)
Total noncurrent assets	3,449,006
Total assets	4,694,365
LIABILITIES	
Current liabilities:	
Accounts payable	11,431
Capital lease payable	74,499
Total current liabilities	85,930
Noncurrent liabilities:	
Capital lease payable	497,239
Closure/post closure accrued liability	1,580,420
Total noncurrent liabilities	2,077,659
Total liabilities	2,163,589
NET POSITION	
Net investment in capital assets	2,877,268
Unrestricted	(346,492)
Total net position	$ 2,530,776

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

TELFAIR COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activity - Enterprise Fund Landfill
OPERATING REVENUES	
Charges for services	$ 300,790
Miscellaneous	2,950
Total operating revenues	303,740
OPERATING EXPENSES	
Personnel services	87,814
Employee benefits	49,801
Professional services	39,578
Repairs and maintenance	21,492
Communication services	3,193
Other purchased services	18,945
Supplies	15,811
Utilities	5,921
Gasoline / diesel	48,501
Depreciation	153,423
Closure / post closure	103,744
Other operating	5,670
Total operating expenses	553,893
Operating income (loss)	(250,153)
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	117
Interest expense	(14,340)
Gain on sale of capital assets	35,063
Total nonoperating revenues (expenses)	20,840
Income before transfers	(229,313)
Transfers in (out)	20,946
Change in net position	(208,367)
Net position, beginning	2,739,143
Net position, ending	$ 2,530,776

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, 2012

	Business-Type Activity - Enterprise Fund Landfill
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 307,854
Payments to suppliers for goods and services	(155,769)
Payments to employees for services	(87,814)
Payments for employee taxes and benefits	(49,801)
Receipts from other funds	50,000
Net cash provided by operating activities	64,470
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on capital leases	(54,189)
Interest paid on capital leases	(14,340)
Proceeds from the sale of capital assets	39,301
Receipts from SPLOST Fund	20,946
Net cash used by operating activities	(8,282)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	117
Net cash provided by investing activities	117
Net increase in cash	56,305
Cash, beginning of year	(14,731)
Cash, end of year	$ 41,574
Reconciliation of income from operations to net cash used by operating activities:	
Income from operations	$ (250,153)
Depreciation	153,423
Change in accounts receivable	4,114
Change in due from other funds	50,000
Change in accounts payable	3,342
Change in accrued closure/post closure	103,744
Net cash provided by operating activities	$ 64,470
Schedule of non-cash capital and related financing activities:	
Purchase of capital assets through issuance of capital lease payables	$ 625,927

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, 2012

ASSETS		
Cash	$	124,401
Taxes receivable (net allowance for uncollectible accounts)		389,920
Total assets	$	514,321
LIABILITIES		
Other liabilities	$	514,321
Total liabilities	$	514,321

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting entity

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 accompanying financial statements present the County and its component units, entities for which the County is considered to be financially accountable.

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 component units are discretely presented and are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

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.

C. Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise fund. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the County has four discretely presented component units. While none are considered to be a major component unit, they are nevertheless shown in a separate column in the government-wide financial statements.

D. Basis of presentation – fund financial statements

The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category - governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

During the course of operations the County has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting.* Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the County.

The agency funds have no measurement focus but utilizes the *accrual basis of accounting* for reporting their assets and liabilities.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

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 $450,091 and a market value of $467,652.

   The Telfair County Board of Health certificate of deposits balance at 6/30/2012 was $386,622.

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 position. 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, 2012, 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

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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County compensates all employees for unused vacation at fiscal year-end; therefore, no accrual for vacation is necessary at June 30, 2012.

There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amounts when the employees separate from service with the County.

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The County has no item that qualifies for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue,* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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 position".

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.

9. Fund balance flow assumptions

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

10. Net position flow assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the County's policy to consider restricted – net position to have been depleted before unrestricted - net position is applied.

11. 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G. Revenues and expenditures/expenses

1. Program revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the landfill fund are charges to customers for landfill usage. 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 nonoperating revenues and expenses.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary basis of 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, 2012, expenditures exceeded appropriations in the following functions:

Fund	Department	Expenditures Over Budget
General	General government	$ 6,982
	Elections	30,189
	General government buildings and plant	2,750
	Magistrate court	12,007
	Law enforcement administration	260,879
	Emergency medical services	53,986
	Emergency Management Agency	2,468
	Highways and streets	50,106
	Health department building	806
	Senior citizens center	1,404
	Conservation administration	1,959
	Agricultural resources	4,337
	Debt Service:	
	Principal	70,090
	Interest	13,743
	Capital outlay :	
	Emergency medical services	600
	Highways and streets	174,761

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

A summary of the County's deposits and investments at June 30, 2012 follows:

Account Balances	
Petty cash	$ 854
Demand deposits	5,391,029
Certificates of deposit	2,183,682
Investments	450,091
Total reporting entity	$ 8,025,656

Ownership of Funds	
Primary Government -	
Governmental funds:	
Cash	$ 4,298,250
Certificates of deposit	1,797,060
Proprietary fund -	
Cash	41,574
Total primary government	$ 6,136,884
Component Units:	
Cash	$ 1,052,059
Certificates of deposit	386,622
Investments	450,091
Total component units	1,888,772
Total reporting entity	$ 8,025,656

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 ACTIVITIES AND 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 F 1.

B. Taxes Receivable and Allowances for Uncollectible Accounts

Taxes receivable and allowances for uncollectible accounts at June 30, 2012 are as follows:

	Receivable	Allowance	Net
General fund-			
Property taxes	$ 337,014	$ (20,173)	$ 316,841
Special purpose local option sales tax	114,588	-	114,588
Local option sales taxes	44,746	-	44,746
Total	$ 496,348	$ (20,173)	$ 476,175

Property taxes for 2011-2012 were levied September 27, 2011 and due December 20, 2011 on property valued as of January 1, 2011. The tax rate to finance general governmental services for the fiscal year ended June 30, 2012 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, 2012 follows:

	Payable to:		
Payable from -	SPLOST	Landfill	Total
General fund	$ 144,044	$ 1,183,219	$ 1,327,263

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

D. Transfers

A summary of fund transfers for the year ended June 30, 2012 follows:

	Transfer in:		
	Nonmajor Multipurpose Grant	Enterprise Fund Landfill	Total
Transfer out:			
SPLOST	$ -	$ 20,946	$ 20,946
General Fund	14,305	-	14,305
Total transfer in	$ 14,305	$ 20,946	$ 35,251

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 ACTIVITIES AND FUNDS

E. Capital Assets

Following is a summary of changes in Capital Assets:

Primary Government:

	Balance June 30, 2011	Additions	Retirements or Transfers	Balance June 30, 2012
Governmental activities:				
Capital assets, not being depreciated -				
Land	$ 217,535	$ -	$ -	$ 217,535
Construction in progress	1,466,167	-	(1,466,167)	-
Total not being depreciated	1,683,702	-	(1,466,167)	217,535
Capital assets, being depreciated:				
Equipment	4,702,400	185,361	-	4,887,761
Buildings and improvements	2,807,686	119,712	1,466,167	4,393,565
Total being depreciated	7,510,086	305,073	1,466,167	9,281,326
Less accumulated depreciation for:				
Equipment	2,660,631	411,859	-	3,072,490
Buildings and improvements	404,735	129,080	-	533,815
Total accumulated depreciation	3,065,366	540,939	-	3,606,305
Total being depreciated, net	4,444,720	(235,866)	1,466,167	5,675,021
Governmental activities capital assets, net	$ 6,128,422	$ (235,866)	$ -	$ 5,892,556

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

	Balance June 30, 2011	Additions	Retirements or Transfers	Balance June 30, 2012
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	625,927	(69,750)	4,547,332
Buildings and improvements	40,257	-	-	40,257
Total being depreciated	4,031,412	625,927	(69,750)	4,587,589
Less accumulated depreciation for:				
Equipment	1,741,865	152,417	(65,513)	1,828,769
Buildings and improvements	16,477	1,007	-	17,484
Total accumulated depreciation	1,758,342	153,424	(65,513)	1,846,253
Total being depreciated, net	2,273,070	472,503	(4,237)	2,741,336
Business-type activities capital assets, net	$ 2,980,740	$ 472,503	$ (4,237)	$ 3,449,006

Depreciation expense was charged to functions / programs as follows:

Governmental activities:	
General government	$ 42,547
Public safety	169,898
Public works	295,327
Culture and recreation	33,167
Total depreciation expense - governmental activities	$ 540,939
Business-type activities -	
Landfill	$ 153,424
Total depreciation expense - business-type activities	$ 153,424

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

Component Units:

	Balance June 30, 2011	Additions	Retirements or Transfers	Balance June 30, 2012
Capital assets, not being depreciated -				
Land	$ 235,780	$ -	$ -	$ 235,780
Total not being depreciated	235,780	-	-	235,780
Capital assets, being depreciated:				
Equipment	72,390	4,697	-	77,087
Buildings and improvements	1,569,547	-	-	1,569,547
Total being depreciated	1,641,937	4,697	-	1,646,634
Less accumulated depreciation for:				
Equipment	68,364	832	-	69,196
Buildings and improvements	231,129	40,360	-	271,489
Infrastructure	-	-	-	-
Total accumulated depreciation	299,493	41,192	-	340,685
Total being depreciated, net	1,342,444	(36,495)	-	1,305,949
Governmental activities capital assets, net	$ 1,578,224	$ (36,495)	$ -	$ 1,541,729

Depreciation expense was charged to functions / programs as follows:

Component units:	
Telfair County Department of Leisure Services	$ 792
Telfair County Hospital Authority	12,829
Development Authority of Telfair County	27,531
Telfair County Board of Health	40
Total depreciation expense - component units	$ 41,192

III. DETAILED NOTES ON ALL ACTIVITIES AND 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, 2012

	Beginning Balance	Additions	Payments/ Retirements	Ending Balance	Current Portion	Long-term Portion
Primary Government:						
Governmental activities:						
Capital lease payables	$ 253,293	$ 174,761	$ (73,473)	$ 354,581	$ 75,744	$ 278,837
USDA note payable #1	7,818	-	(2,496)	5,322	2,605	2,717
USDA note payable #2	6,900	-	(1,281)	5,619	1,329	4,290
USDA note payable #3	44,500	-	(8,258)	36,242	8,568	27,674
Governmental activity - long-term liabilities	$ 312,511	$ 174,761	$ (85,508)	$ 401,764	$ 88,246	$ 313,518
Business-type activities -						
Capital lease payables	$ -	$ 625,927	$ (54,189)	$ 571,738	$ 74,499	$ 497,239
Closure/post closure	1,476,676	103,744	-	1,580,420	-	1,580,420
Business-type activity - long-term liabilities	$ 1,476,676	$ 729,671	$ (54,189)	$2,152,158	$ 74,499	$ 2,077,659

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, 2012 the net book value of this leased vehicle was $183,540. The annual requirements to amortize the remaining balance of $163,958 as of June 30, 2012, including interest payments of $16,458 are as follows:

Year Ending June 30	Principal	Interest	Total
2013	$ 38,646	$ 6,458	$ 45,104
2014	40,168	4,936	45,104
2015	41,750	3,354	45,104
2016	43,394	1,710	45,104
Total	$ 163,958	$ 16,458	$ 180,416

III. DETAILED NOTES ON ALL ACTIVITIES AND 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, 2012 the net book value of this leased equipment was $47,613. The annual requirements to amortize the remaining balance of $48,770 as of June 30, 2012, including interest payments of $4,865 are as follows:

Year Ending June 30	Principal	Interest	Total
2013	$ 3,502	$ 1,709	$ 5,211
2014	3,625	1,586	5,211
2015	41,643	1,570	43,213
Total	$ 48,770	$ 4,865	$ 53,635

During fiscal year 2012 the County entered into a capital lease agreement with Caterpillar Financial Services Corporation for the purchase of a Caterpillar 416E Backhoe Loader for use by the highways and streets department with an original amount of $62,263. The agreement calls for five annual payments of $13,770 beginning in June of 2012 and ending in June of 20116 at an interest rate of 3.45%. As of June 30, 2012 the net book value of this leased equipment was $49,810. The annual requirements to amortize the remaining balance of $50,525 as of June 30, 2012, including interest payments of $4,556 are as follows:

Year Ending June 30	Principal	Interest	Total
2013	$ 11,979	$ 1,791	$ 13,770
2014	12,404	1,366	13,770
2015	12,843	927	13,770
2016	13,299	472	13,771
Total	$ 50,525	$ 4,556	$ 55,081

During fiscal year 2012 the County entered into a capital lease agreement with Caterpillar Financial Services Corporation for the purchase of a Caterpillar 12M Motorgrader for use by the highways and streets department with an original amount of $112,498. The agreement calls for five annual payments of $24,958 beginning in June of 2012 and ending in June of 20116 at an interest rate of 3.45%. As of June 30, 2012 the net book value of this leased equipment was $89,998. The annual requirements to amortize the remaining balance of $91,328 as of June 30, 2012, including interest payments of $8,505 are as follows:

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

Year Ending June 30	Principal	Interest	Total
2013	$ 21,617	$ 3,341	$ 24,958
2014	22,408	2,550	24,958
2015	23,227	1,731	24,958
2016	24,076	883	24,959
Total	$ 91,328	$ 8,505	$ 99,833

During fiscal year 2012 the County entered into a capital lease agreement with Komatsu Financial for the purchase of a Komatsu Dozier for use at the County landfill with an original amount of $132,687. The agreement calls for five annual payments of $24,613 beginning in April of 2012 and ending in April of 2015 and a balloon payment of $56,938 due April 2015 at an interest rate of 5.25%. As of June 30, 2012 the net book value of this leased equipment was $99,516. The annual requirements to amortize the remaining balance of $115,211 as of June 30, 2012, including interest payments of $15,564 are as follows:

Year Ending June 30	Principal	Interest	Total
2013	$ 18,416	$ 6,197	$ 24,613
2014	19,407	5,206	24,613
2015	77,388	4,161	81,549
Total	$ 115,211	$ 15,564	$ 130,775

During fiscal year 2012 the County entered into a capital lease agreement with Chesapeake Industrial Leasing Co., Inc. for the purchase of a Bomag landfill compactor for use at the County landfill with an original amount of $353,940. The agreement calls for sixty monthly payments of $5,743 beginning in May of 2012 and ending in April of 2017 and a balloon payment of $79,588 due April 2017 at an interest rate of 6.209%. As of June 30, 2012 the net book value of this leased equipment was $342,142. The annual requirements to amortize the remaining balance of $338,174 as of June 30, 2012, including interest payments of $62,994 are as follows:

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

Year Ending June 30	Principal	Interest	Total
2013	$ 40,870	$ 16,555	$ 57,425
2014	51,911	16,999	68,910
2015	55,228	13,682	68,910
2016	58,756	10,154	68,910
2017	131,409	5,604	137,013
Total	$ 338,174	$ 62,994	$ 401,168

During fiscal year 2012 the County entered into a capital lease agreement with Komatsu Financial for the purchase of a Komatsu Excavator for use at the County landfill with an original amount of $139,300. The agreement calls for five annual payments of $20,946 beginning in March of 2012 and ending in March of 2016 and a balloon payment of $52,936 due March 2016 at an interest rate of 4.74%. As of June 30, 2012 the net book value of this leased equipment was $132,335. The annual requirements to amortize the remaining balance of $118,353 as of June 30, 2012, including interest payments of $18,367 are as follows:

Year Ending June 30	Principal	Interest	Total
2013	$ 15,213	$ 5,733	$ 20,946
2014	15,950	4,996	20,946
2015	16,722	4,224	20,946
2016	70,468	3,414	73,882
Total	$ 118,353	$ 18,367	$ 136,720

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

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 $5,322 as of June 30, 2012, including interest payments of $354 are as follows:

Year Ending June 30	Principal	Interest	Total
2013	$ 2,605	$ 233	$ 2,838
2014	2,717	121	2,838
Total	$ 5,322	$ 354	$ 5,676

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 $5,619 as of June 30, 2012, including interest payments of $541 are as follows:

Year Ending June 30	Principal	Interest	Total
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	$ 5,619	$ 541	$ 6,160

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

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 $36,242 as of June 30, 2012, including interest payments of $3,466 are as follows:

Year Ending June 30	Principal	Interest	Total
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	$ 36,242	$ 3,466	$ 39,708

The following is a summary of changes in long-term obligations of the component units for the year ended June 30, 2012

	Beginning Balance	Additions	Payments/ Retirements	Ending Balance	Current Portion	Long-term Portion
Component Units:						
Development Authority of Telfair County:						
One Georgia loan	337,500	-	(25,000)	312,500	25,000	287,500
EIP Note	110,555	-	(62,464)	48,091	48,091	-
Total component units long-term liabilities	$ 448,055	$ -	$ (87,464)	$ 360,591	$ 73,091	$ 287,500

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

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
2013	$ 25,000	$ -	$ 48,091	$ 603	$ 73,091	$ 603
2014	25,000	-	-	-	25,000	-
2015	25,000	-	-	-	25,000	-
2016	25,000	-	-	-	25,000	-
2017	25,000	-	-	-	25,000	-
2018-2022	125,000	-	-	-	125,000	-
2023-2025	62,500	-	-	-	62,500	-
	$ 312,500	$ -	$ 48,091	$ 603	$ 360,591	$ 603

G. Fund Equity

Fund Balances:

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

General fund -	
Prepaids	$ 165,329

- ***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.	$ 5,083,837
Special Revenue Funds:	
Revolving Loan Fund -	
used to account for the proceeds of revenue sources legally restricted to expenditures for small business development projects.	$ 48,091
Multipurpose Grant Fund -	
used to account for the proceeds of revenue sources legally restricted to expenditures for specific capital or operating projects.	3,271
Expendable Trust Fund -	
used to account for the operations of the County law library.	50,364
	$ 101,726

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

Net Position:

Net Investment in capital assets reported on the government-wide statement of net position as of June 30, 2012 are as follows:

	Governmental Activities	Business-Type Activities
Net investment in capital assets		
Cost of capital assets	$ 9,498,861	$ 5,295,259
Less accumulated depreciation	(3,606,305)	(1,846,253)
Book value	5,892,556	3,449,006
Less capital related debt	(401,764)	(571,738)
Net investment in capital assets	$ 5,490,792	$ 2,877,268

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 ACTIVITIES AND 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 $2,850,093. 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 55% of the landfill capacity and the landfill has an estimated remaining life of 16.9 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, 2012. 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 a RC 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, 2012, the County received $11,986 in hotel/motel tax. The County distributed $4,785 to the Telfair County Chamber of Commerce for the promotion of tourism and retained $7,201 for general government purposes. The expended amounts total 100% of the amount received by the County.

For the year ended June 30, 2012, 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%. As of June 30, 2012 the balance on this note was $48,091.

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%. As of June 30, 2012 the balance on this note was $57,855.

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, 2012, the County returned a total of $64,979 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, 2012

Active plan participants	42
Retirees and beneficiaries currently receiving benefits	31
Active or terminated plan participants entitled to, but not yet receiving benefits	46
Disabled pay status	1
Total	120

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, 2012.

IV. OTHER INFORMATION

	January 1, 2012	
Actuarial present value of accumulated plan benefits:		
Vested:		
Retirees (and others in pay status)		$ 944,228
Deferred vested (former employees)		400,711
Vested active participants		527,299
		1,872,238
Nonvested		83,645
Actuarial present value of accumulated plan benefits	$ 1,955,883	1,955,883
Effect of future salary increases	103,355	
Total actuarial accrued liability	$ 2,059,238	
Net assets available for benefits (including receivables)		1,454,802
Net assets in excess of actuarial present value of accumulated plan benefits		$ (501,081)

4. Annual Pension Cost

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

	January 1, 2012
Derivation of Net Pension Obligation:	
Net pension obligation as of beginning of prior year	$ 9,658
Annual pension cost for prior year	105,596
Actual contributions to plan for prior year	106,289
Increase in net pension obligation	(693)
Net pension obligation as of beginning of year	$ 8,965
Derivation of Annual Pension Cost	
Annual required contribution	$ 134,007
Interest on net pension obligation	695
Amortization of net pension obligation	(743)
Annual pension cost	$ 133,959

IV. OTHER INFORMATION

Contributions totaling $134,007 were made in accordance with actuarially determined contribution requirements determined by an actuarial valuation performed as of January 1, 2012. Employer contributions attributable to the 2012 Plan year was made in May 2012. These contributions consist of the following:

Normal cost for the plan year	$ 56,360
Pre-retirement death benefit expense	-
Administrative expenses	7,813
Amortization charges	95,208
Total charges	159,381
Amortization credits	(25,374)
Total employer contribution	$ 134,007

5. Basis of Valuation

Current valuation date	January 1, 2012
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
2012	$ 133,959	N/A	N/A	$ 8,965	0.0%
2011	$ 105,596	$ 106,289	100.66%	$ 9,658	13.9%
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%

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]
2011	1,553,809 *	2,025,573	471,764	76.71%	766,292	61.56%

* 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]
2011	1,553,809	*	2,025,573	471,764	76.71%	766,292	61.56%
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%

* 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, 2012

	Budgeted Amounts			Variance with Final Budget - Over
	Original	Final	Actual	(Under)
REVENUES				
Taxes	$ 4,494,295	$ 4,494,295	$ 4,353,209	$ (141,086)
Charges for services and fines	1,019,500	1,019,500	772,520	(246,980)
Other	319,887	319,887	334,490	14,603
Total revenues	5,833,682	5,833,682	5,460,219	(373,463)
EXPENDITURES				
Current:				
General government:				
General government	113,072	113,072	120,054	6,982
Elections	66,697	66,697	96,886	30,189
General adminstration	585,706	585,706	535,502	(50,204)
Tax Commisioner	240,915	240,915	233,360	(7,555)
Tax Assessor	269,007	269,007	204,417	(64,590)
General government buildings and plant	126,626	126,626	129,376	2,750
Judicial:				
Superior court	147,360	147,360	144,192	(3,168)
Clerk of court	199,158	199,158	173,075	(26,083)
Magistrate court	124,948	124,948	136,955	12,007
Probate court	180,266	180,266	137,929	(42,337)
Public safety:				
Law enforcement administration	966,047	966,047	1,226,926	260,879
School resources - Sheriff	38,387	38,387	42,417	4,030
Jail operations	525,058	525,058	490,340	(34,718)
Dispatcher	-	-	-	-
Fire administration	21,000	21,000	17,575	(3,425)
Emergency medical services	752,375	752,375	806,361	53,986
Emergency Management Agency	17,052	17,052	19,520	2,468
Coroner / medical examiner	27,525	27,525	24,117	(3,408)
Enhanced 911	179,520	179,520	179,520	-
Public works:				
Highways and streets	513,523	513,523	563,629	50,106
Solid waste and recycling	48,694	48,694	24,480	(24,214)
Health and welfare:				
Public health administration	95,010	95,010	95,010	-
Health department building	52,907	52,907	53,713	806
Intergovernment - Welfare	18,000	18,000	10,186	(7,814)
Senior citizens center	110,497	110,497	111,901	1,404

TELFAIR COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			Variance with Final Budget - Over
	Original	Final	Actual	(Under)
EXPENDITURES (Continued)				
Current:				
Community services	55,800	55,800	55,616	(184)
Transportation services	110,976	110,976	103,852	(7,124)
Culture and recreation:				
Culture and recreation administration	125,000	125,000	125,000	-
Library administration	59,000	59,000	59,000	-
Housing and development:				
Conservation administration	31,161	31,161	33,120	1,959
Agricultural resources	53,582	53,582	57,919	4,337
Forest resources	38,459	38,459	38,459	-
Economic development	68,000	68,000	63,250	(4,750)
Airport	38,450	38,450	10,787	(27,663)
Debt Service:				
Principal	-	-	70,090	70,090
Interest	-	-	13,743	13,743
Capital outlay :				
Emergency medical services	10,000	10,000	10,600	600
Highways and streets	-	-	174,761	174,761
Total expenditures	6,009,778	6,009,778	6,393,638	383,860
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	-	-	174,761	174,761
Transfers in (out)	-	-	(14,305)	(14,305)
Total other financing sources	-	-	160,456	160,456
Net change in fund balance	$ (176,096)	$ (176,096)	(772,963)	$ (596,867)
Fund balance, beginning			870,109	
Fund balance, ending			$ 97,146	

See Independent Auditors' Report

TELFAIR COUNTY, GEORGIA
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - DEPARTMENT OF TRANSPORTATION - SECTION 18
FOR THE YEAR ENDED JUNE 30, 2012

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Over (Under)
REVENUES			
Georgia Department of Transportation	$ 20,000	$ 69,839	$ 49,839
Fares and other	4,000	35,477	31,477
Total revenues	24,000	105,316	81,316
EXPENDITURES			
Current:			
Heart of Georgia CAC Administration	102,876	102,876	-
Repairs and maintenance	2,000	973	(1,027)
Other purchased services	6,000	-	(6,000)
General supplies and materials	-	3	3
Travel	100	-	(100)
Total expenditures	110,976	103,852	(7,124)
Excess of revenues over/(under) expenditures	$ (86,976)	$ 1,464	$ 88,440

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, 2012

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Over (Under)
REVENUES			
Council on Aging - receipts	$ 34,000	$ 32,999	$ (1,001)
Total revenues	34,000	32,999	(1,001)
EXPENDITURES			
Current:			
Salaries	47,160	48,687	1,527
Employee benefits	40,887	40,928	41
Repairs and maintenance	3,000	4,468	1,468
Communications	1,500	1,693	193
Travel	250	166	(84)
Education and training	200	70	(130)
Small equipment	5,800	3,818	(1,982)
Other purchased services	200	30	(170)
Supplies and materials	2,000	2,429	429
Utilities	9,500	9,612	112
Total expenditures	110,497	111,901	1,404
Excess of revenues over/(under) expenditures	$ (76,497)	$ (78,902)	$ (2,405)

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, 2012

	Special Revenue				Total Nonmajor Governmental Funds
	Revolving Loan Fund	Multipurpose Grant	Expendable Trust Fund	Hotel/Motel Tax	
ASSETS					
Cash and cash equivalents	$ 32,488	$ 3,271	$ 49,754	$ -	$ 85,513
Notes receivable, net	48,091	-	-	-	48,091
Other receivables, net	-	-	610	-	610
Total assets	$ 80,579	$ 3,271	$ 50,364	$ -	$ 134,214
LIABILITIES					
Accounts payable	$ 32,488	$ -	$ -	$ -	$ 32,488
FUND BALANCES					
Restricted	48,091	3,271	50,364	-	101,726
Total fund balances	48,091	3,271	50,364	-	101,726
Total liabilities and fund balances	$ 80,579	$ 3,271	$ 50,364	$ -	$ 134,214

TELFAIR COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue				Total Nonmajor Governmental Funds
	Revolving Loan Fund	Multipurpose Grant	Expendable Trust Fund	Hotel/Motel Tax	
REVENUES					
Intergovernmental	$ -	$ -	$ -	$ -	$ -
Other taxes	-	-	-	11,986	11,986
Investment earnings	2,515	14	4,345	-	6,874
Miscellaneous	-	-	6,642	-	6,642
Total revenues	2,515	14	10,987	11,986	25,502
EXPENDITURES					
Current:					
General government	-	-	-	7,201	7,201
Public safety	-	1,534	-	-	1,534
Culture and recreation	-	-	4,577	-	4,577
Housing and development	46,363	-	-	4,785	51,148
Intergovernmental	64,979	-	-	-	64,979
Debt service:					
Principal	-	12,035	-	-	12,035
Interest	-	2,270	-	-	2,270
Total expenditures	111,342	15,839	4,577	11,986	143,744
OTHER FINANCING SOURCES					
Transfers in	-	14,305	-	-	14,305
Total other financing sources	-	14,305	-	-	14,305
Net change in fund balances	(108,827)	(1,520)	6,410	-	(103,937)
Fund balances, beginning	156,918	4,791	43,954	-	205,663
Fund balances, ending	$ 48,091	$ 3,271	$ 50,364	$ -	$ 101,726

See Independent Auditors' Report

TELFAIR COUNTY, GEORGIA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2012

	Agency Funds					
	Clerk of Superior Court	Sheriff	Judge of Probate Court	Tax Commissioner	Magistrate Court	Total Fiduciary Funds
ASSETS						
Cash	$ 91,579	$ 845	$ 12,542	$ 4,461	$ 14,974	$ 124,401
Taxes receivable (net allowance for uncollectible accounts)	-	-	-	389,920	-	389,920
Total assets	$ 91,579	$ 845	$ 12,542	$ 394,381	$ 14,974	$ 514,321
LIABILITIES						
Due to expendable trust fund	$ 180	$ -	$ 140	$ -	$ 290	$ 610
Other liabilities	91,399	845	12,402	394,381	14,684	513,711
Total liabilities	$ 91,579	$ 845	$ 12,542	$ 394,381	$ 14,974	$ 514,321

TELFAIR COUNTY, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
Clerk of Superior Court:				
ASSETS				
Restricted assets -				
Cash	$ 81,162	$ 1,184,306	$ (1,173,889)	$ 91,579
Total assets	$ 81,162	$ 1,184,306	$ (1,173,889)	$ 91,579
LIABILITIES				
Payable from resticted assets:				
Due to expendable trust fund	$ 150	$ 1,965	$ (1,935)	$ 180
Other liabilities	81,012	1,182,341	(1,171,954)	91,399
Total liabilities	$ 81,162	$ 1,184,306	$ (1,173,889)	$ 91,579
Sheriff:				
ASSETS				
Restricted assets -				
Cash	$ 1,762	$ 4,171	$ (5,088)	$ 845
Total assets	$ 1,762	$ 4,171	$ (5,088)	$ 845
LIABILITIES				
Payable from resticted assets -				
Other liabilities	$ 1,762	$ 4,171	$ (5,088)	$ 845
Total liabilities	$ 1,762	$ 4,171	$ (5,088)	$ 845
Judge of Probate Court:				
ASSETS				
Restricted assets -				
Cash	$ 13,836	$ 46,204	$ (47,498)	$ 12,542
Total assets	$ 13,836	$ 46,204	$ (47,498)	$ 12,542
LIABILITIES				
Payable from resticted assets:				
Due to expendable trust fund	$ 217	$ 2,003	$ (2,080)	$ 140
Other liabilities	13,619	44,201	(45,418)	12,402
Total liabilities	$ 13,836	$ 46,204	$ (47,498)	$ 12,542

See Independent Auditors' Report

TELFAIR COUNTY, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
Tax Commissioner:				
ASSETS				
Restricted assets -				
Cash	$ 68,119	$ 4,904,484	$ (4,968,142)	$ 4,461
Taxes receivable, net	726,080	3,627,608	(3,963,768)	389,920
Total assets	$ 794,199	$ 8,532,092	$ (8,931,910)	$ 394,381
LIABILITIES				
Payable from resticted assets -				
Other liabilities	$ 794,199	$ 3,092,050	$ (3,491,868)	$ 394,381
Total liabilities	$ 794,199	$ 3,092,050	$ (3,491,868)	$ 394,381
Magistrate Court:				
ASSETS				
Restricted assets -				
Cash	$ 17,504	$ 187,719	$ (190,249)	$ 14,974
Total assets	$ 17,504	$ 187,719	$ (190,249)	$ 14,974
LIABILITIES				
Payable from resticted assets:				
Due to expendable trust fund	$ 190	$ 2,455	$ (2,355)	$ 290
Other liabilities	17,314	185,264	(187,894)	14,684
Total liabilities	$ 17,504	$ 187,719	$ (190,249)	$ 14,974

TELFAIR COUNTY, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2012

	Leisure Services	Hospital Authority	Development Authority	County Board of Health	Total
ASSETS					
Cash and cash equivalents	$ 536	$ 853,312	$ 116,798	$ 468,035	$ 1,438,681
Investments	-	450,091	-	-	450,091
Other receivables, net	-	28,800	-	-	28,800
Capital assets:					
Nondepreciable	-	15,000	220,780	-	235,780
Depreciable, net	7,731	410,700	887,358	160	1,305,949
Total assets	8,267	1,757,903	1,224,936	468,195	3,459,301
LIABILITIES					
Accounts payable	9,846	-	-	-	9,846
Other liabilities	5,591	-	-	23,087	28,678
Noncurrent liabilities:					
Due within one year -					
Notes payable	-	-	73,091	-	73,091
Due in more than one year -					
Notes payable	-	-	287,500	-	287,500
Total liabilities	15,437	-	360,591	23,087	399,115
NET POSITION					
Net investment in capital assets	7,731	425,700	747,547	160	1,181,138
Restricted	-	-	-	4,256	4,256
Unrestricted	(14,901)	1,332,203	116,798	440,692	1,874,792
Total net position	$ (7,170)	$ 1,757,903	$ 864,345	$ 445,108	$ 3,060,186

See Independent Auditors' Report

TELFAIR COUNTY, GEORGIA
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2012

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 Position: Component Units: Leisure Services	Hospital Authority	Development Authority	County Board of Health	Total Component Units
Component units:									
Leisure Services	$ 187,361	$ 37,298	$ 170,120	$ -	$ 20,057	$ -	$ -	$ -	$ 20,057
Hospital Authority	19,663	28,800	-	-	-	9,137	-	-	9,137
Development Authority	79,439	20,833	59,400	-	-	-	794	-	794
County Board of Health	425,560	181,519	236,927	-	-	-	-	(7,114)	(7,114)
Total component units	$ 712,023	$ 268,450	$ 466,447	$ -	20,057	9,137	794	(7,114)	22,874
General revenues:									
Investment earnings					-	18,949	166	-	19,115
Miscellaneous					-	21	19,500	16,910	36,431
Total general revenues and transfers					-	18,970	19,666	16,910	55,546
Change in net position					20,057	28,107	20,460	9,796	78,420
Net position - beginning					(27,227)	1,729,796	843,885	435,312	2,981,766
Net position - ending					$ (7,170)	$ 1,757,903	$ 864,345	$ 445,108	$ 3,060,186

See Independent Auditors' Report

TELFAIR COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2012

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	528,308	20,946	-	549,254	99.86%
Total	$ 4,800,000	$ 4,778,308	$ 20,946	$ -	$ 4,799,254	
2004 - SPLOST						
Roads and bridges	$ 2,250,000	$ 1,300,287	$ 51,214	$ -	$ 1,351,501	60.07%
Courthouse renovation	1,000,000	795,564	73,709	-	869,273	86.93%
City of McRae	652,925	652,925	-	-	652,925	100.00%
City of Lumber City	303,625	303,625	-	-	303,625	100.00%
City of Helena	561,575	561,575	-	-	561,575	100.00%
City of Milan	140,700	140,700	-	-	140,700	100.00%
City of Scotland	62,475	62,475	-	-	62,475	100.00%
City of Jacksonville	28,700	28,700	-	-	28,700	100.00%
Recreation facility	500,000	491,564	-	-	491,564	98.31%
Total	$ 5,500,000	$ 4,337,415	$ 124,923	$ -	$ 4,462,338	
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	272,701	-	363,002	39.91%
City of Lumber City	422,800	41,973	126,757	-	168,730	39.91%
City of Helena	782,400	77,672	234,567	-	312,239	39.91%
City of Milan	196,000	19,458	58,762	-	78,220	39.91%
City of Scotland	87,200	8,657	26,143	-	34,800	39.91%
City of Jacksonville	40,000	3,971	11,992	-	15,963	39.91%
Total	$ 6,000,000	$ 242,032	$ 730,922	$ -	$ 972,954	

TELFAIR COUNTY, GEORGIA
REVOLVING LOAN FUND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

	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	132,992	66,019
Current year program income	-	2,462
Total program income to date	132,992	68,481
Prior year State loan repayments	(132,992)	(66,019)
Current year State loan repayments	-	(2,462)
Total transfers in to date	-	-
Funds available for disposition	$ -	$ -

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, 2012

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	(153,637)	(153,637)
Current year repayment of principal	-	-
Loan balance outstanding	$ 46,363	$ 46,363

See Independent Auditors' Report

II. REPORTS REQUIRED BY GOVERNMENTAL AUDITING STANDARDS

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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, 2012, which collectively comprise Telfair County, Georgia's basic financial statements and have issued our report thereon dated December 20, 2012. 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

Management of Telfair County, Georgia is responsible for establishing and maintaining effective 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of financial statement findings we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of financial statements findings 2012-1 and 2012-2 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of financial statement findings 2012-1 and 2012-2 to be significant deficiencies.

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.

Carr, Riggs & Ingram, L.L.C.

December 20, 2012
Tifton, Georgia

TELFAIR COUNTY, GEORGIA
SCHEDULE OF FINANCIAL STATEMENT FINDINGS
June 30, 2012

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.*

2012 - 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.

2012-2

Criteria:

Policies, procedures and monitoring controls should be in place to provide for the recording of property, plant and equipment.

Condition:

The City's policies and procedures for recording and monitoring property, plant and equipment did not prevent an understatement in the funds.

Cause of Condition:

The City's monitoring controls were not implemented.

Effect of Condition:

Property, plant and equipment were misstated in the funds.

Response of Management:

Management concurs with this finding and is developing additional policies and procedures and monitoring activities over property, plant and equipment.

See independent auditors' report.

CRI CARR RIGGS & INGRAM
CPAs and Advisors

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December 20, 2012

To the Board of Commissioners and Management of
Telfair County, Georgia

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Telfair County, Georgia for the year ended June 30, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 1, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Telfair County, Georgia are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2012. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We did not note any estimates that we considered to be particularly sensitive.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of significant accounting policies in Note I. to the financial statements which describes the significant accounting policies used in preparing the audited financial statements.

The disclosure of capital asset activity in Note III.E to the financial statements which describes the significance of these transactions.

The disclosure of certain agreements and terms related to borrowings in Notes III.F. to the financial statements.

The disclosure of information regarding the County's defined benefit pension plan in Note IV.F. to the financial statements.

The disclosure of the County's commitments and contingent liabilities in Note III.I. to the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedules summarize all of the misstatements of the financial statements. Exhibit A summarizes the uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The misstatements contained in Exhibit B have been corrected by management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 20, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Commissioners and management of Telfair County, Georgia and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC

Attachment A

Telfair County, Georgia
Landfill Effects Schedule
June 30, 2012

	Description	Dr/(Cr) Asset	Liability	Fund Bal	Comprehensive Income
	Adjusting entries				
	Komatsu D51PX22 Dozier				
1	350-0000-11.7500 Machinery & Equipment	24,613			
	350-0000-13.4220 Fund Balances - Beginning			6,847	
	350-4530-56.1000 Depreciation Expense			(1,712)	
	350-0000-11.7510 Accumulated Depreciation	(29,748)			
2					
	Reclass entries				
1	None for June 30, 2012				
2					
	Total Effect	(5,135)	-	5,135	-
	Rollover entries				
	Total Effect	(5,135)	-	5,135	
	Total per Financial Statements	4,694,365	2,163,589	2,530,776	
	%	0.28%	0.00%	0.20%	0.00%

Attachment A

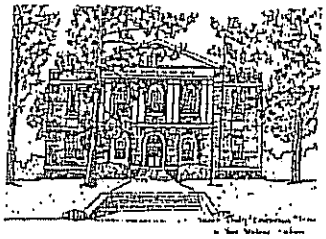
Telfair County, Georgia
SPLOST Effects Schedule
June 30, 2012

	Description	Dr/(Cr) Asset	Liability	Fund Bal	Comprehensive Income
	Adjusting entries				
	City of Lumber City				
1	*320-1517-57-3010 City of Lumber City*				14,652
	320-0000-11-2700 Due from Cities	(14,652)			
2					
	Reclass entries				
1	None for June 30, 2012				
2					
	Total Effect	(14,652)	-	-	14,652
	Rollover entries				
	Total Effect	(14,652)	-	-	14,652
	Total per Financial Statements	5,148,581	64,744	5,083,837	358,518
	%	0.28%	0.00%	0.00%	4.09%

Attachment B

Client: *2129 - Telfair County, Georgia*
Engagement: *2012 - Telfair County, Georgia*
Period Ending: *06/30/12*
Trial Balance: *B-C10 - WTB - Revolving Loan Fund*
Workpaper: *ASF-J205 - Adjusting Journal Entries Report*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1001				
To create allowance for Crossroads				
Homes due to being uncollectible				
BP 50.1000	Bad Debt Expense		46,363.00	
BP 11.2000	Allowance for Bad Debt			46,363.00
Total			**46,363.00**	**46,363.00**



Telfair County
Board of Commissioners

91 Telfair Avenue
Suite A
McRae, Georgia 31055

Office: 1-229-868-5688 Fax: 1-229-868-7950

December 20, 2012

Mr. Jeff Cown
Georgia Environmental Protection Division
Solid Waste Management Program
4244 International Parkway Suite 104
Atlanta, Georgia 30354

RE: Financial Assurance Requirements
EPD Permit # 134-009D(SL), 134-015D(MSWL)
Telfair County, Georgia
713 Telfair Avenue
McRae, Georgia

Dear Mr. Cown:

I am writing on behalf of Telfair County, Georgia, with respect to the Financial Assurance Requirements for Solid Waste Handling and Processing Facilities effective April 9, 1997. The audit firm of Carr, Riggs & Ingram, LLC, applied the necessary financial tests to ensure that we are in compliance with the financial assurance requirements. These tests were applied based on the Comprehensive Annual Financial Report of Telfair County, Georgia, (CAFR) fiscal year ended June 30, 2012, which I have enclosed.

The financial statements for Telfair County, Georgia, are prepared in conformity with Generally Accepted Accounting Principles for governments. Telfair County, Georgia, had an operating surplus of .03% as of June 30, 2012 and an operating surplus of .11% as of June 30, 2011. Telfair County, Georgia, is not in default on any outstanding general obligation bonds, and does not have outstanding general obligation bonds that are rated less than investment grade.

The assured costs related to Telfair County Landfill are identified in both the annual operating budget and in the CAFR. For costs assured for closure and post-closure care, Telfair County, is in conformance with Governmental Accounting Standards Board Statement 18. Please refer to Note 13 of the Financial Section of the CAFR for compliance with the public notice component of the financial assurance tests. As of June 30, 2012, assured costs were approximately 41% of total revenues, which meets the requirements of the relative financial strength ratio.

A copy of this letter, a letter from an external CPA regarding the financial assurance of the Telfair County Landfill, the financial assurance tests applied and their results, and the Comprehensive Annual Financial Report will be maintained in the operating records of Telfair County, Landfill. Should you have any questions, please call me at 229-868-5688.

Sincerely,

Howard Hart

Howard Hart, Chairman

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
202 Love Avenue
Tifton, GA 31794
P.O. Box 7650
Tifton, GA 31793

(229) 382-8576
(229) 238-0643 (fax)
www.cricpa.com

December 20, 2012

Mr. Jeff Cown
Georgia Environmental Protection Division
Solid Waste Management Program
4244 International Parkway, Suite 104
Atlanta, Georgia 30354

RE: Financial Assurance Requirements
EPD Permit # 134-009D(SL), 134-015D(MSWL)
Telfair County, Georgia
713 Telfair Avenue
McRae, Georgia

Dear Mr. Cown:

We have examined the statements made in the letter of Mr. Howard Hart to you dated December 20, 2012 which was prepared to comply with regulations of the Georgia Department of Natural Resources, Environmental Protection Division concerning financial responsibility for solid waste handling facilities.

We performed the June 30, 2012 financial audit for Telfair County, Georgia and issued our unqualified opinion dated December 20, 2012. We have confirmed that the aforementioned statements in Mr. Howard Hart's letter are consistent with the 2012 Annual Financial Report.

During the course of our audit, no matters came to our attention that would cause us to believe the information contained within the letter should be adjusted.

Sincerely,

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the United States Environmental Protection Agency and the Georgia Department of Natural Resources, Environmental Protection Division, solely to assist the users in evaluating management's assertion about Telfair County, Georgia's compliance with the financial assurance provisions of the Municipal Solid Waste Landfill Criteria under Subtitle D of the Resource Conservation Recovery Act during the period ending June 30, 2012. Management is responsible for Telfair County, Georgia's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specific users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. Our procedures and findings are as follows:

1) We computed the financial test alternative 2 ratios. The resulting liquid ratio for Telfair County, Georgia was computed at 0.89. Therefore, Telfair County, Georgia meets the threshold for the ratio of cash plus marketable securities to total expenditures. Telfair County, Georgia's ratio value of 0.89 is greater than the value of 0.05, which is the minimum threshold established by the regulations. Telfair County, Georgia's resulting annual debt to service ratio was computed to be 0.00, which is less than 0.20, the maximum threshold established by the regulations.

   The relative financial strength ratio was computed to be 0.41, a ratio value less than the established threshold value of 0.43. Therefore Telfair County, Georgia satisfies the requirements to use the financial test to demonstrate financial assurance for the estimated closure and post-closure care costs.

2) We verify that Telfair County, Georgia has not run an operating deficit of 5% or more in the past two (2) consecutive fiscal years.

3) We verify that the Telfair County, Georgia's annual financial report was prepared in accordance with generally accepted accounting principles. An unqualified opinion was issued for Telfair County, Georgia's financial statements for the completed fiscal year ended June 30, 2012.

4) We verify that the assured costs estimated for the solid waste handling facility are identified in Telfair County, Georgia's annual financial report. The assured costs are the closure, post-closure, and corrective action costs taken from the solid waste handling facility's design and operation plan.

5) We verify the Chief Financial Officer of Telfair County, Georgia has written a letter containing the information specified in the regulations (40CFR 258.74 (f) (3) (I) (A) and has placed a copy of this letter in the operating record of the solid waste handling facility in Telfair County, Georgia.

6) We verify that Telfair County, Georgia meets the requirements of the Governmental Accounting Standard Board (GASB) statement 18. We also verify that Telfair County, Georgia's annual financial report discloses the GASB 18 requirements and that a copy has been placed in the operating file at the solid waste handling site.

7) We verify that a copy of the report of the independent certified public accountant on Telfair County, Georgia's financial statement for the year ended June 30, 2012, has been placed in the operating record of the waste handling facility.

These agreed upon procedures are substantially less in scope than an examination, the objective of which is the expression of an opinion on Telfair County, Georgia's compliance with the financial assurance provisions of the Municipal Solid Waste Landfill Criteria under subtitle D of the Resource Conservation and Recovery Act. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information of the management of Telfair County, Georgia, and the parties listed in the first paragraph, and should not be used by those who did not participate in determining the procedures.

Carr, Riggs & Ingram, L.L.C.

December 20, 2012
Tifton, Georgia

Alternative 2 - Local Government Work Sheet (page 1 of 4)
for **Closure, Post Closure, and Corrective Action Costs:**

1. Name of County/City & Facility Name(s): Telfair County-S 2316, Sanitary Landfill
Telfair County-CR 144 (MSWL)

2. GA EPD Permit(s): 134-009D(SL)
134-015D(MSWL),(active)

3. Fiscal Year Ending June 30, 2012

4. Closure Costs = $1,159,315

5. Post-Closure Costs = $1,690,778

6. Corrective Action Costs =

7. **TOTAL ASSURED COSTS = $2,850,093**

8. Comments: _____

Alternative 2 - Local Government Work Sheet (page 2 of 4)
for **1. A. Resulting Liquid Ratio & 1. B. Resulting Annual Debt to Service Ratio**

1. A. Resulting Liquid Ratio:

($6,095,310 + $0) / $6,807,776 =
Cash; Marketable Securities; Total Expenditures

.89
Resulting Liquid Ratio

Resulting Liquid Ratio = .89 **MUST** be ≥ **0.05**

Cash - found on page 3 of our government's Annual Financial Statements for fiscal year ending June 30, 2012 .

Marketable Securities - found on page - of our government's Annual Financial Statements for fiscal year ending June 30, 2011 .

Total Expenditures - found on page 7 & 10 of our government's Annual Financial Statements for fiscal year ending June 30, 2012 .

1. B. Resulting Annual Debt to Service Ratio:

$0 / $6,807,776 = 0.00 ≤ 0.20
Annual Debt Service; Total Expenditures; Resulting Debt to Service Ratio

Resulting Debt to Service Ratio = 0.00 **MUST** be ≤ **0.20**

Annual Debt Service - found on page NA of our government's Annual Financial Statements for fiscal year ending June 30, 2012 .

Total Expenditures - found on page 7 & 10 of our government's Annual Financial Statements for fiscal year ending June 30, 2012 .

Alternative 2 - Local Government Work Sheet (page 3 of 4)

2. Relative Financial Strength Ratio:

$2,850,093	/	$7,024,770	=	.41
Total Assured Cost		Total Revenue		Relative Financial Strength Ratio

Relative Financial Strength Ratio = .41 **MUST** be ≤ **0.43**

Total Assured Cost (Closure + Post Closure + Corrective Action Care Costs) - found on page 37 of our government's Annual Financial Statements for fiscal year ending June 30, 2012 .

Total Revenue - found on page 7 & 10 of our government's Annual Financial Statements for fiscal year ending June 30, 2012 .

Total Assured Cost is (Closure + Post Closure + Corrective Action Care Cost) – These are found on the local government's landfill Design & Operation plan and indicate the environmental estimated obligations for each individual landfill, and after being adjusted for inflation should be shown on these worksheets. These should be totaled to get the total assured cost.

The **Operating Deficit Requirement,** the **Resulting Liquid Ratio,** and the **Resulting Annual Debt to Service Ratio** should also reflect any year-to-year real costs.

Any year-to-year real closure/post-closure/corrective action costs for the landfill can be reported below.

Comments: _____

Alternative 2 - Local Government Work Sheet (page 4 of 4)

3. Operating Deficit Requirement:

(Total Annual Revenues-Total Annual Expenditures) / Revenues ≤ 0.05 for past two years

($7,024,770 - $7,947,120) / $7,024,770

Total Annual Revenues | Total Annual Expenditures | Revenues

= .03 Surplus
Operating Deficit

.03 Surplus **MUST** be ≤ **0.05 for past two years**
Operating Deficit

Total Annual Revenues - found on page 7 & 10 of our government's Annual Financial Statements for fiscal year ending June 30, 2012 .

Total Annual Expenditures - found on page 7 & 10 of our government's Annual Financial Statements for fiscal year ending June 30, 2012 .

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4. Not be in default on any **Outstanding General Obligation Debt.**
(stated in the letter from the local government - **III. 3. A. EXAMPLE LETTER** - from local government official to GA EPD (page 16)

5. Not have any outstanding **General Obligation Bonds** that are rated less than investment grade.
(stated in the letter from the local government - **III. 3. A. EXAMPLE LETTER** - from local government official to GA EPD (page 16)

Tom E. Carmichael, Jr.
(Type/print name of representative for CPA/auditing firm)

Carr, Riggs & Ingram, LLC
(type/print name of CPA/auditing firm)

(Signature of representative for CPA/auditing firm)

229-386-8576
(telephone number of representative for CPA/auditing firm)