TERRELL COUNTY, GEORGIA

Financial Statements and Supplementary Information
For the Years Ended September 30, 2011 and 2010

and

Auditors' Report

GARLAND, WILLIAMS & ASSOCIATES
Certified Public Accountants
P.O. Box 70427
Albany, Georgia 31708

TERRELL COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2011

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CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Terrell County, Georgia
Dawson, Georgia 39842

Gentlemen:

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 Terrell County, Georgia, as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Terrell County Board of Health Component Unit, which statements reflect total assets of $ 241,642. as of June 30, 2011, and total revenues of $ 454,018. for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the Terrell County Board of Health Component Unit, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

MEMBERS:
THE AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

GREGORY R. GARLAND, C.P.A. GGARLAND@GARLANDWILLIAMS.COM
WILLIAM H. WILLIAMS, JR., CPA WILLCPA@AOL.COM

THE GEORGIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

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

Terrell County, Georgia has not presented *management's discussion and analysis,* that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 15, 2011 on our consideration of Terrell County, Georgia's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise Terrell County, Georgia's basic financial statements. The combining and individual fund financial statements 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

Garland, Williams & Associates

GARLAND, WILLIAMS & ASSOCIATES

November 15, 2011

TERRELL COUNTY, GEORGIA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Terrell County Board of Health	Development Authority of Terrell County
ASSETS					
Cash	$ 2,628,482.	$ -	$ 2,628,482.	$ 211,705.	$ 28,486.
Taxes Receivable	366,084.	-	366,084.	-	-
Accounts Receivable	343,929.	-	343,929.	-	-
Internal Balances	-	-	-	-	-
Due from Federal Government	-	-	-	-	-
Due from State Government	83,360.	-	83,360.	29,937.	-
Capital Assets:					
Capital Assets Not Being Depreciated	144,966.	-	144,966.	-	-
Capital Assets Being Depreciated, net of Depreciation	9,831,735.	-	9,831,735.	-	-
Total Assets	13,398,556.	-	13,398,556.	241,642.	28,486.
LIABILITIES					
Accounts Payable	298,792.	-	298,792.	12,661.	-
Property Tax Escrow	294.	-	294.	-	-
Deferred Revenue-Firefighters Grant	30,074.	-	30,074.	-	-
Compensated Absences Payable	-	-	-	17,197.	-
Notes Payable - Due In One Year	26,045.	-	26,045.	-	-
Notes Payable - Due After One Year	57,174.	-	57,174.	-	-
Total Liabilities	412,379.	-	412,379.	29,858.	-
NET ASSETS					
Investment in Capital Assets, Net of Related Debt	9,893,482.	-	9,893,482.	-	-
Restricted:					
Restricted for Health and Welfare	-	-	-	102,588.	-
Restricted for Development Purposes	-	-	-	-	28,486.
Unrestricted	3,092,695.	-	3,092,695.	109,196.	-
Total Net Assets	$ 12,986,177.	$ -	$ 12,986,177.	$ 211,784.	$ 28,486.

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

TERRELL COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

Function/Programs	Expenses	Program Revenues: Fees, Fines, Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	$ 2,088,038.	$ 51,879.	$ -	$ -
Public Safety	1,717,745.	21,599.	33,202.	-
Court System	511,058.	428,562.	-	-
Roads and Bridges	2,057,469.	14,484.	990,560.	6,915.
Health and Welfare	1,669,094.	575,121.	-	-
Recreation	83,341.	-	-	-
Interest on Long-Term Debt	20,291.	-	-	-
Total Governmental Activities	8,147,036.	1,091,645.	1,023,762.	6,915.
Business-Type Activities	-	-	-	-
Total Business-Type Activities	-	-	-	-
Total Primary Government	8,147,036.	1,091,645.	1,023,762.	6,915.
Component Units:				
Terrell County Board of Health	452,129.	189,628.	254,987.	-
Development Authority of Terrell County	5,430.	6,500.	-	-
Total Component Units	457,559.	196,128.	254,987.	-

General Revenues:
Property Tax
Insurance Premium Tax
Beer, Wine, and Liquor Tax
Intangible Recording Tax
Railroad Equipment Tax
Real Estate Transfer Tax
Local Option Sales Tax
Special Purpose Sales Tax
Financial Institution Tax
Interest Income
Miscellaneous
Gain on Disposition of Capital Assets
Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

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

TERRELL COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Net (Expense) Revenue and Changes in Net Assets			Component Units	
	Governmental Activities	Business-Type Activities	Total	Terrell County Board of Health	Development Authority of Terrell County
	$(2,036,159.)	$ -	$ (2,036,159.)		
	(1,662,944.)	-	(1,662,944.)		
	(82,496.)	-	(82,496.)		
	(1,045,510.)	-	(1,045,510.)		
	(1,093,973.)	-	(1,093,973.)		
	(83,341.)	-	(83,341.)		
	(20,291.)	-	(20,291.)		
	(6,024,714.)	-	(6,024,714.)		
	-	-	-		
	-	-	-		
	(6,024,714.)	-	(6,024,714.)		
				(7,514.)	-
				-	1,070.
				(7,514.)	1,070.
	3,871,384.	-	3,871,384.		
	231,176.	-	231,176.		
	14,249.	-	14,249.		
	18,458.	-	18,458.		
	13,985.	-	13,985.		
	8,337.	-	8,337.		
	590,392.	-	590,392.		
	982,826.	-	982,826.		
	22,487.	-	22,487.		
	19,069.	-	19,069.	-	256.
	16,301.	-	16,301.	-	27,160.
	6,142.	-	6,142.	-	-
	-	-	-	-	-
	5,794,806.	-	5,794,806.	-	27,416.
	(229,908.)	-	(229,908.)	(7,514.)	28,486.
	13,216,085.	-	13,216,085.	219,298.	-
	$ 12,986,177.	$ -	$ 12,986,177.	$ 211,784.	$ 28,486.

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

TERRELL COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	General Fund	2001-2005 Special Purpose Fund	2006-2010 Special Purpose Fund	2011-2016 Special Purpose Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash	$ 598,437.	$ 763,494.	$ 693,598.	$ 343,653.	$ 229,300.	$ 2,628,482.
Taxes Receivable	282,683.	-	-	83,401.	-	366,084.
Accounts Receivable	275,796.	-	-	54,943.	13,190.	343,929.
Due from Other Funds	-	-	-	-	230.	230.
Due from Federal Government	-	-	-	-	-	-
Due from State Government	83,360.	-	-	-	-	83,360.
Other Assets	-	-	-	-	-	-
Total Assets	1,240,276.	763,494.	693,598.	481,997.	242,720.	3,422,085.
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	166,302.	-	54,943.	77,547.	-	298,792.
Deferred Revenue	260,603.	-	-	-	-	260,603.
Due to Other Funds	230.	-	-	-	-	230.
Tax Sale Escrow	294.	-	-	-	-	294.
Total Liabilities	427,429.	-	54,943.	77,547.	-	559,919.
Fund Balances:						
Restricted:						
Special Purpose Sales Tax Projects	-	763,494.	638,655.	404,450.	-	1,806,599.
Jail Fund Projects	-	-	-	-	77,273.	77,273.
Drug Abuse Education and Treatment Purposes	-	-	-	-	54,197.	54,197.
Law Enforcement Purposes	-	-	-	-	4,229.	4,229.
E-911 Purposes	-	-	-	-	62,024.	62,024.
Spinal Injury Purposes	-	-	-	-	410.	410.
Law Library Purposes	-	-	-	-	44,587.	44,587.
Unassigned	812,847.	-	-	-	-	812,847.
Total Fund Balance	812,847.	763,494.	638,655.	404,450.	242,720.	2,862,166.
Total Liabilities and Fund Balances	$ 1,240,276.	$ 763,494.	$ 693,598.	$ 481,997.	$ 242,720.	$ 3,422,085.

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

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

Total Fund Equity per Balance Sheet of Governmental Funds	$ 2,862,166.
Amounts reported for governmental activities in the Statement of Net Assets differ from amounts reported in the Balance Sheet of Governmental Funds due to the following:	
Capital Assets:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Cost of the assets	17,074,407.
Accumulated depreciation	(7,097,706.)
Revenues:	
Some of the government's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	230,529.
Long-term Liabilities:	
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities both current and long-term are reported in the Statement of Net Assets. Long-term liabilities at year-end consist of the following:	
Notes Payable	(83,219.)
Landfill Postclosure Costs	-
Total Adjustments	10,124,011.
Net Assets of Governmental Activities	$ 12,986,177.

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

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

	General Fund	2001-2005 Special Purpose Fund	2006-2010 Special Purpose Fund	2011-2016 Special Purpose Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	$ 4,732,123.	$ -	$ 241,245.	$ 741,581.	$ -	$ 5,714,949.
Licenses and Permits	12,327.	-	-	-	-	12,327.
Fines and Forfeitures	179,195.	-	-	-	41,633.	220,828.
Charges for Services	709,707.	-	-	-	109,581.	819,288.
Federal Government	33,202.	-	-	-	-	33,202.
State Government	997,475.	-	-	-	-	997,475.
Miscellaneous	45,971.	2,089.	21,139.	3,032.	2,341.	74,572.
Total Revenues	6,710,000.	2,089.	262,384.	744,613.	153,555.	7,872,641.
EXPENDITURES						
Current:						
General Government	1,530,457.	1,559.	24,140.	-	-	1,556,156.
Public Safety	1,491,581.	-	-	-	640.	1,492,221.
Court System	504,091.	-	-	-	6,967.	511,058.
Roads and Bridges	1,957,423.	-	-	-	-	1,957,423.
Health and Welfare	1,310,676.	-	38,456.	-	229,881.	1,579,013.
Recreation	51,980.	-	-	-	-	51,980.
Debt Service:						
Principal	-	-	730,000.	-	24,486.	754,486.
Interest	-	-	13,432.	-	6,859.	20,291.
Capital Outlay:						
Capital Expenditures	310,724.	-	-	-	-	310,724.
Intergovernmental	-	-	-	340,163.	-	340,163.
Total Expenditures	7,156,932.	1,559.	806,028.	340,163.	268,833.	8,573,515.
Excess (Deficiency) of Revenues Over Expenditures	(446,932.)	530.	(543,644.)	404,450.	(115,278.)	(700,874.)
OTHER FINANCING SOURCES (USES)						
Proceeds of Capital Asset Dispositions	6,142.	-	-	-	-	6,142.
Transfers In	-	-	-	-	151,465.	151,465.
Transfers Out	(151,465.)	-	-	-	-	(151,465.)
Net Other Financing Sources (Uses)	(145,323.)	-	-	-	151,465.	6,142.
Net Changes in Fund Balance	(592,255.)	530.	(543,644.)	404,450.	36,187.	(694,732.)
FUND BALANCE - BEGINNING	1,405,102.	762,964.	1,182,299.	-	206,533.	3,556,898.
FUND BALANCE - ENDING	$ 812,847.	$ 763,494.	$ 638,655.	$ 404,450.	$ 242,720.	$ 2,862,166.

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

TERRELL COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	$ (694,732.)
Amounts reported for governmental activities in the Statement of Activities differ from amounts reported in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances due to the following:	
Capital assets:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.	
Total capital outlays	310,724.
Total depreciation	(638,731.)
The net effect of transactions involving capital assets (i.e. sales) is to decrease net assets.	
Cost of capital assets sold	(52,061.)
Accumulated depreciation	52,061.
Long-term debt:	
The issuance of bonds and similar long-term debt provides current financial resources to governmental funds and thus contributes to the change in fund balance. In the Statement of Net Assets, however, issuing debt increases long-term liabilities and does not affect the Statement Of Activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Assets. The amounts of the items that make up these differences in the treatment of long-term debt and related items are as follows:	
Debt issued or incurred	-
Principal paid by governmental funds	754,486.
Revenues:	
Because some revenues will not be collected for several months after the government's fiscal year end, they are not considered available revenues and are deferred in the governmental funds. Deferred revenues increased (decreased) by this amount during the fiscal year.	38,345.
Total Adjustments	464,824.
Change in Net Assets of Governmental Activities	$ (229,908.)

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

TERRELL COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	General Fund		
	Original And Final Budget	Actual	Variance
REVENUES			
Taxes	$ 4,835,370.	$ 4,732,123.	$ (103,247.)
Licenses and Permits	14,100.	12,327.	(1,773.)
Fines and Forfeitures	195,000.	179,195.	(15,805.)
Charges for Services	690,850.	709,707.	18,857.
Federal Government	-	33,202.	33,202.
State Government	1,080,000.	997,475.	(82,525.)
Miscellaneous	319,900.	45,971.	(273,929.)
Total Revenues	7,135,220.	6,710,000.	(425,220.)
EXPENDITURES			
General Government	1,616,952.	1,530,457.	86,495.
Public Safety	1,418,977.	1,552,181.	(133,204.)
Court System	545,117.	504,091.	41,026.
Roads and Bridges	2,043,666.	2,207,547.	(163,881.)
Health and Welfare	1,333,054.	1,310,676.	22,378.
Recreation	50,000.	51,980.	(1,980.)
Debt Service	-	-	-
Total Expenditures	7,007,766.	7,156,932.	(149,166.)
Excess (Deficiency) of Revenues Over Expenditures	127,454.	(446,932.)	(574,386.)
OTHER FINANCING SOURCES (USES)			
Proceeds of Capital Assets Dispositions	8,000.	6,142.	(1,858.)
Transfers In	-	-	-
Transfers Out	(135,454.)	(151,465.)	(16,011.)
Net Other Financing Sources (Uses)	(127,454.)	(145,323.)	(17,869.)
Net Changes in Fund Balance	-	(592,255.)	(592,255.)
FUND BALANCE - BEGINNING	1,405,102.	1,405,102.	-
FUND BALANCE - ENDING	$ 1,405,102.	$ 812,847.	$ (592,255.)

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

TERRELL COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
SEPTEMBER 30, 2011

	Agency Funds
ASSETS	
Cash on Hand and in Banks	$ 647,913.
Due from Other Agencies, Officials and Individuals	-
Other Assets	483,297.
Total Assets	1,131,210.
LIABILITIES	
Liabilities:	
Retirement Funds Payable	-
Due to Other Agencies, Officials and Individuals	260,623.
Due to State of Georgia	26,506.
Due to School System	230,214.
Due to Other Municipalities	5,997.
Garnishments Payable	18,593.
Other Liabilities	589,277.
Total Liabilities	$ 1,131,210.

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

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting Entity

Terrell County operates under a County Commissioner form of government and provides the following services as authorized by state law; public safety (police and fire), highway and streets, health and social services, recreation, public improvements, planning and zoning, and general administrative services.

The financial statements of the reporting entity include those of Terrell County, Georgia (the primary government) and its component unit. A component unit is a legally separate organization for which elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The component units discussed below is included in the County's reporting entity because of the significance of the operational and financial relationships with the County. In conformity with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards No. 14, *The Financial Reporting Entity*, the financial statements of the component units have been included as discretely presented component units. The component units column in the basic financial statements include the financial data for the County's component units, as reflected in their most recent audited financial statements. This is reported in columns separate from the County's financial information to emphasize that they are legally separate from the County.

Terrell County Board of Health - The County Board of Health provides health services to the citizenry of Terrell County, Georgia. The County Board of Health is a legally separate entity. The Board of Commissioners of Terrell County appoint a voting majority of the Board of Health. The County has the ability to impose its will on the Board of Health in accordance with Georgia Laws O.C.G.A. 31-3-14. Complete financial statements of the Terrell County Board of Health may be obtained at the offices in Terrell County, Georgia.

Development Authority of Terrell County - The Development Authority of Terrell County promotes development in Terrell County. The authority is a legally separate entity. The Board of Commissioners of Terrell County appoint a voting majority of the authority's board. The county ahs the ability to impose its will on the development authority. Complete financial statements of the Development Authority of Terrell County may be obtained at the offices in Terrell County, Georgia.

In addition, Terrell County, Georgia, in conjunction with other cities and counties are members of the Southwest Georgia Regional Commission. Membership is a regional commission is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the regional commissions. Each county and municipality in the state is required by law to pay minimum annual dues to the regional commission. Terrell County, Georgia paid annual dues in the amount of $3,779. to the regional commission for the year ended September 30, 2011. The regional commission board membership is includes the chairman of each county (or his/her designee), a municipal representative from each county, three appointees named by the governor, and one each by the lieutenant governor and speaker of the House of Representatives. Complete financial statements of the Southwest Georgia Regional Commission may be obtained at the offices in Mitchell County, Georgia.

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

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1-B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the County) and its component units. These statements include financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the County's funds, including it fiduciary funds. 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.

Operating income reported in proprietary fund financial statements include revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1-B. Basis of Presentation, Basis of Accounting, continued

Basis of Presentation, continued

The County reports the following major governmental funds:

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

2001-2005 Special Purpose Sales Tax Fund - This fund accounts for the County's proceeds from the 2001-2005 Special Purpose Sales Tax.

2006-2010 Special Purpose Sales Tax Fund - This fund accounts for the County's proceeds from the 2006-2010 Special Purpose Sales Tax.

2011-2016 Special Purpose Sales Tax Fund - This fund accounts for the County's proceeds from the 2011-2016 Special Purpose Sales Tax.

The county reports the following major enterprise fund:

-None-

The County reports the following fund types:

Agency Funds - These funds account for monies received and disbursed by various elected and appointed officials.

Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgements, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1-B. Basis of Presentation, Basis of Accounting, continued

Measurement Focus, Basis of Accounting, continued

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs followed by categorical block grants, and then by general revenues.

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

1-C. Assets, Liabilities, and Equity

Deposits and Investments

The cash and investment balances consist entirely of cash on hand, demand deposits, and money market accounts.

Cash and Cash Equivalents

The County considers cash and cash equivalents in proprietary funds to be cash on hand, demand deposits, money market accounts, and certificates of deposit with maturities of less than three months.

Receivable and Payables

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

Property Tax Calendar

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. Property taxes are levied on the date the millage rate is set (September 27, 2010) and are due and payable between October 20th and December 20th (typically. The lien date for property is January 1st (typically).

Inventories and Prepaid Items

The County maintains no significant inventories or prepaid items.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1-C. Assets, Liabilities and Equity, continued

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to July 1, 2002 consist of the road network assets that were acquired or that received substantial improvements. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

As a Phase 3 government the County can elect to capitalize infrastructure from the date of inception forward. The County has elected to do so.

Capital assets are depreciated using the straight-line method over the following useful lives:

Asset Class	Estimated Useful Lives
Infrastructure	20
Buildings	30
Building Improvements	10-20
Vehicles and Equipment	5-10

Compensated Absences

Costs of vacation pay is not recorded until such benefits are paid. GASB Standards require that vacation pay be accrued when:

(1) The employer's obligation to employees' right to receive compensation for future benefits is attributable to employees' service already rendered.
(2) The obligation related to rights that vest or accumulate.
(3) Payment of compensation is probable, and
(4) the amount can be reasonably estimated.

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

NOTE 2 - DEPOSITS AND INVESTMENTS

PRIMARY GOVERNMENT

The following is a summary of the County's deposit and investment balances at September 30, 2011:

	Government-wide Statement Of Net Assets	Fiduciary Funds Statement Of Net Assets	Total
Cash	$ 2,628,482.	$ 647,913.	$ 3,276,395.
Total	$ 2,628,482.	$ 647,913.	$ 3,276,395.

The cash and investment balances consist entirely of cash on hand, demand deposits, and money market accounts. At September 30, 2011, the carrying amount of the County's cash balances was $ 3,276,395 and the bank balance was $3,382,864. Of the bank balance, $1,394,637 was covered by federal depository insurance and $ 1,988,227 was covered by collateral held by the pledging bank's agent in the County's name.

Terrell County did not maintain any investments during the fiscal year ended September 30, 2010. When applicable, investing is performed in accordance with investment policies complying with State Statutes. According to State Statutes, funds may be invested in (1) obligations of this state or of other states, (2) obligations issued by the United States Government, (3) obligations fully insured or guaranteed by the United States Government or by a government agency of the United States, (4) obligations of any corporation of the United States government, (5) prime bankers acceptances, (6) the Local Government Investment Pool established by the Georgia Code, (7) repurchase agreements, and (8) obligations of other political subdivisions of this State.

It is the policy of Terrell County to deposit any available excess funds into interest-bearing money market accounts or certificates of deposit.

COMPONENT UNIT

Terrell County Board of Health - At June 30, 2011 (the fiscal year end of the component unit), the carrying amount of the Terrell County Health Department's deposits was $211,705 and the bank balances were $211,705 Of the bank balances, $ 211,705 was covered by Federal Depository Insurance and $ 0 was covered by collateral held by the pledging bank in the Health Department's name.

Development Authority of Terrell County - At September 30, 2011, the carrying amount of the Development Authority of Terrell County deposits was $28,486 and the bank balances were $28,916 Of the bank balances, $ 28,816 was covered by Federal Depository Insurance and $ 0 was covered by collateral held by the pledging bank in the authority's name.

NOTE 3 - CAPITAL ASSETS

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

	Balance 10/01/10	Additions	Deletions	Balance 09/30/11
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 144,966.	$ -	$ -	$ 144,966
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	144,966.	-	-	144,966
Capital Assets Being Depreciated:				
Infrastructure	522,890.	237,424.	-	760,314
Building and Improvements	11,085,057.	-	-	11,085,057
Equipment, Furniture and Vehicles	5,062,831.	73,300.	52,061.	5,084,070
Total Capital Assets Being Depreciated	16,670,778.	310,724.	52,061.	16,929,441
Less Accumulated Depreciation For:				
Infrastructure	93,307.	24,301.	-	117,608
Building and Improvements	2,273,626.	369,887.	-	2,643,513
Equipment, Furniture and Vehicles	4,144,103.	244,543.	52,061.	4,336,585
Total Accumulated Depreciation	6,511,036.	638,731.	52,061.	7,097,706
Governmental Activity Assets, Net	$ 10,304,708.	$ (328,007.)	$ -	$ 9,976,701

NOTE 3 - CAPITAL ASSETS, continued

	Balance 10/01/10	Additions	Deletions	Balance 09/30/11
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Land	$ -	$ -	$ -	$ -
Total Capital Assets Not Being Depreciated	-	-	-	-
Capital Assets Being Depreciated:				
Infrastructure	-	-	-	-
Building and Improvements	-	-	-	-
Equipment, Furniture and Vehicles	-	-	-	-
Total Capital Assets Being Depreciated	-	-	-	-
Less Accumulated Depreciation For:				
Infrastructure	-	-	-	-
Building and Improvements	-	-	-	-
Equipment, Furniture and Vehicles	-	-	-	-
Total Accumulated Depreciation	-	-	-	-
Business-type Activity Assets, Net	-	-	-	-
Total Governmental and Business-Type, Net	$ 10,304,708.	$ (328,007.)	$ -	$ 9,976,701.

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	$ 191,719.
Public Safety	225,524.
Court System	-
Roads and Bridges	100,046.
Health and Welfare	90,081.
Recreation	31,361.
Total Governmental Activities Depreciation	$ 638,731.
Business-Type Activities:	
Water and Sewer System	-
Total Business-Type Activities Depreciation	$ -

NOTE 3 - CAPITAL ASSETS, continued

COMPONENT UNIT

Terrell County Board of Health:
Capital asset activity for the year ended June 30, 2011 was as follows:

Governmental Activities:	Balance 07/01/10	Additions	Deletions	Balance 06/30/11
Capital Assets Being Depreciated:				
Building and Improvements	$ -	$ -	$ -	$ -
Equipment, Furniture and Vehicles	166,835.	-	-	166,835
Total Capital Assets Being Depreciated	166,835.	-	-	166,835
Less Accumulated Depreciation For:				
Building and Improvements	-	-	-	-
Equipment, Furniture and Vehicles	166,835.	-	-	166,835
Total Accumulated Depreciation	166,835.	-	-	166,835
Terrell County Board of Health Assets, Net	$ -	$ -	$ -	$ -

Development Authority of Terrell County:
Capital asset activity for the year ended September 30, 2011 was as follows:

Governmental Activities:	Balance 10/01/10	Additions	Deletions	Balance 09/30/11
Capital Assets Being Depreciated:				
Building and Improvements	$ -	$ -	$ -	$ -
Equipment, Furniture and Vehicles	-	-	-	-
Total Capital Assets Being Depreciated	-	-	-	-
Less Accumulated Depreciation For:				
Building and Improvements	-	-	-	-
Equipment, Furniture and Vehicles	-	-	-	-
Total Accumulated Depreciation	-	-	-	-
Development Authority of Terrell County Assets, Net	$ -	$ -	$ -	$ -

NOTE 4 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables balance at September 30, 2011 were:

Fund	Interfund Receivables	Interfund Payables
General Fund:		
Law Library Special Revenue Fund	$ -	$ 230.
Total General Fund	-	230.
Law Library Special Revenue Fund:		
General Fund	230.	-
Total Law Library Special Revenue Fund	230.	-
Totals	$ 230.	$ 230.

Due to/from balances are the result of short term borrowing between the funds. It is the county's intent to repay these interfund balances during the next fiscal year.

A reconciliation of transfers is as follows:

	Transfer From	Transfer To
General Fund:		
E-911 Special Revenue Fund	$ -	$ 151,465.
Total General Fund	-	151,465.
E-911 Special Revenue Fund:		
General Fund	151,465.	-
Total E-911 Special Revenue Fund	151,465.	-
Totals	$ 151,465.	$ 151,465.

Transfers to and from other funds were for operating expenditures.

NOTE 5 - SHORT-TERM DEBT

Terrell County, Georgia did not any short-term for the year ended September 30, 2011.

NOTE 6 - LONG-TERM OBLIGATIONS

PRIMARY GOVERNMENT

The following is a summary of the notes payable and liabilities for landfill postclosure costs for Terrell County Georgia for the year ended September 30, 2011:

	Payable at October 1, 2010	Additions	Deletions	Payable at September 30, 2011	Portion Due Within One Year
Notes Payable:					
(1) Motorola Corporation for E-911 Centracom System, Due in annual installments of $ 31,345. each through February, 2014 at 6.369% interest, (Original Amount $ 233,471.)	$ 107,705.	$ -	$ 24,486.	$ 83,219.	$ 26,045.
(2) RBC Centura for Jail Construction, Due in annual principal istallments of $ 665,000. each through April 1, 2011 and semi-annual interest payments through April, 2011 at 3.68% interest, (Original Amount $ 3,060,000.)	730,000.	-	730,000.	-	-
Total Notes Payable	837,705.	-	754,486.	83,219.	26,045.
Landfill Postclosure Costs	-	-	-	-	-
Totals	$ 837,705.	$ -	$ 754,486.	$ 83,219.	$ 26,045.