WHEELER COUNTY, GEORGIA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2011

HILLIARD & MILTON, LLC
Certified Public Accountants
Certified Internal Auditors
Certified Government Auditing Professionals

WHEELER COUNTY, GEORGIA
FINANCIAL STATEMENTS

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I. FINANCIAL SECTION

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

HILLIARD & MILTON, LLC
A Professional Services Firm of:
Certified Public Accountants
Certified Government Auditing Professionals
Certified Internal Auditors

Partners:
David Hilliard, CPA
Chris Milton, CPA, CIA, CGAP

18 S. Third Ave.
McRae, GA 31055

INDEPENDENT AUDITOR'S REPORT

Wheeler County Board of Commissioners
Wheeler County, Georgia
Alamo, Georgia 30411

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Wheeler County, Georgia, as of and for the year ended December 31, 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 discretely presented component unit, Wheeler County Public Health Center. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Wheeler County Public Health Center, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the discretely presented component unit and the aggregate remaining fund information of Wheeler County, Georgia, as of December 31, 2011, and the respective changes in financial position 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 May 31, 2011, on our consideration of Wheeler County, Georgia's internal control structure over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The County 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.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information identified in the Required Supplementary Information section of the accompanying table of contents 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 or economic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wheeler County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and the budgetary schedules presented on pages 29 through 35 are presented for purposes of additional analysis and are not a required part of the basic financial statements. These statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

In the conduct of our audit, we verified and tested expenditures of each project constructed or under construction, which were identified in the resolution or ordinance calling for imposition of the special sales and use tax authorized by OCGA, Section 48-8-110. The accompanying Schedule of Special Purpose Local Option Sales Tax on page 36 lists each project and contains the information required by OCGA, Section 48-8-121. In our opinion this Schedule presents fairly the original estimated cost of each project, expenditures incurred and the estimated percentage of completion of each project through December 31, 2011 and in our opinion, are fairly stated in all material respects, in relation to the financial statements taken as a whole.

Hilliard & Milton, LLC

McRae, Georgia

June 1, 2012

WHEELER COUNTY, GEORGIA
STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	Primary Government		Component Unit
	Governmental Activities	Prior Year	Wheeler County Public Health Center
ASSETS			
Cash and cash equivalents	$ 1,611,322	$ 904,299	$ 191,819
Taxes receivable -			
net of uncollectible accounts	2,127,951	2,085,682	-
Other receivables	12,647	11,026	3,027
Deferred charge	45,580	-	-
Capital assets:			
Nondepreciable	291,804	127,086	-
Depreciable, net	1,977,245	2,068,696	160
Total assets	$ 6,066,549	$ 5,196,789	$ 195,006
LIABILITIES			
Accounts payable	$ 49,769	$ 29,514	$ -
Other liabilities	4,393	5,519	20,823
Tax anticipation note payable	100,000	-	-
Noncurrent liabilities:			
Due within one year	130,300	-	-
Due in more than one year	704,700	-	-
Total liabilities	989,162	35,033	20,823
NET ASSETS			
Invested in capital assets, net of related debt	1,434,049	2,195,782	160
Restricted			
SPLOST	1,158,718	247,384	-
Multi-grant	6,321	6,321	-
Expendable Trust	8,587	6,980	-
Prior year program income	-	-	26,324
Unrestricted	2,469,712	2,705,289	147,699
Total net assets	5,077,387	5,161,756	174,183
Total liabilities and net assets	$ 6,066,549	$ 5,196,789	$ 195,006

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

WHEELER COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Primary government -			
Governmental activities:			
General government	$ 774,423	$ 9,621	$ -
Judicial	350,964	122,562	-
Public safety	1,004,098	94,456	11,850
Public works	780,375	38,462	-
Health and welfare	214,799	84,039	-
Culture and recreation	113,933	3,739	-
Housing and development	85,015	-	-
Interest on long-term debt	16,408	-	-
Total primary government	$ 3,340,015	$ 352,879	$ 11,850
Component unit -			
Wheeler County Public Health Center	$ 254,354	$ 74,294	$ 148,733
Total component units	$ 254,354	$ 74,294	$ 148,733
General revenues:			
Property taxes			
Transfer taxes			
Railroad equipment taxes			
Sales taxes			
Hotel and motel taxes			
Beer and wine taxes			
Insurance premium taxes			
Intra/inter agency			
Other local funds			
Interest income			
Miscellaneous revenue			
Total general revenues			
Change in net assets			
Net assets - beginning			
Net assets - ending			

Program Revenues	Net (Expense) Revenue and Changes in Net Assets		
	Primary Government		Component Unit
Capital Grants and Contributions	Governmental Activities	Prior Year	Wheeler County Public Health Center
$ 356,252	$ (408,550)	$ (706,293)	
-	(228,402)	(196,896)	
41,227	(856,565)	(865,641)	
-	(741,913)	(646,113)	
-	(130,760)	(98,530)	
-	(110,194)	(107,461)	
-	(85,015)	(90,175)	
-	(16,408)	-	
$ 397,479	(2,577,807)	(2,711,109)	
$ -			$ (31,327)
$ -			(31,327)
	2,016,764	2,062,493	-
	3,983	3,999	-
	-	14,537	-
	271,039	263,595	-
	33,776	33,986	-
	5,365	6,750	-
	160,489	157,724	-
	-	-	38,032
	-	-	2,248
	2,022	8,085	-
	-	-	-
	2,493,438	2,551,169	40,280
	(84,369)	(159,940)	8,953
	5,161,756	5,321,696	165,230
	$ 5,077,387	$ 5,161,756	$ 174,183

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

WHEELER COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	General	SPLOST 2011	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 481,711	$ 912,053	$ 217,558	$ 1,611,322
Taxes receivable - net of uncollectible accounts	2,083,936	44,015	-	2,127,951
Other receivables	12,647	-	-	12,647
Total assets	$ 2,578,294	$ 956,068	$ 217,558	$ 3,751,920
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 49,769	$ -	$ -	$ 49,769
Other liabilities	4,393	-	-	4,393
Tax anticipation note payable	100,000	-	-	100,000
Deferred revenue	1,568,356	-	-	1,568,356
Total liabilities	1,722,518	-	-	1,722,518
Fund balances:				
Restricted:				
SPLOST	-	956,068	202,650	1,158,718
Multipurpose grant	-	-	6,321	6,321
Expendable trust	-	-	8,587	8,587
Unassigned	855,776	-	-	855,776
Total fund balances	855,776	956,068	217,558	2,029,402
Total liabilities and fund balances	$ 2,578,294	$ 956,068	$ 217,558	$ 3,751,920

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

WHEELER COUNTY, GEORGIA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2011

Amounts reported for governmental activities in the statement of net assets are different because:		
Total governmental fund balance (page 5)		$ 2,029,402
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.		
Cost of capital assets	$ 4,274,115	
Less accumulated depreciation	(2,005,066)	2,269,049
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		1,568,356
Long-term liabilities, such as bonds payable and capital leases are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable		(835,000)
Bond issuance costs are reported as expenditures on the governental fund financial statements, but deferred on the government-wide statement of net assets.		45,580
Net assets of governmental activities (page 3)		$ 5,077,387

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

WHEELER COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	General	SPLOST 2011	Nonmajor Funds	Total Governmental Funds
REVENUES				
General property taxes	$ 2,210,904	$ -	$ -	$ 2,210,904
Other taxes	440,876	354,194	33,889	828,959
Licenses and permits	225	-	-	225
Intergovernmental	138,699	-	-	138,699
Interest income	2,022	-	1,945	3,967
Other income	263,293	-	3,739	267,032
Total revenues	3,056,019	354,194	39,573	3,449,786
EXPENDITURES				
Current:				
General government	748,297	-	1,014	749,311
Judicial	350,301	-	-	350,301
Public safety	939,237	-	-	939,237
Public works	721,113	-	-	721,113
Health and welfare	202,897	-	-	202,897
Culture and recreation	91,209	-	2,132	93,341
Housing and development	52,253	-	32,762	85,015
Debt service:				
Interest	-	16,408	-	16,408
Bond issuance costs	-	52,000	-	52,000
Capital outlay :				
General government	6,834	164,718	-	171,552
Public safety	23,845	-	-	23,845
Public works	7,050	-	46,792	53,842
Total expenditures	3,143,036	233,126	82,700	3,458,862
Excess (deficiency) of revenues over (under) expenditures	(87,017)	121,068	(43,127)	(9,076)
OTHER FINANCING SOURCES (USES)				
General obligation sales tax bond proceeds	-	835,000	-	835,000
Net change in fund balances	(87,017)	956,068	(43,127)	825,924
Fund balances, beginning	942,793	-	260,685	1,203,478
Fund balances, ending	$ 855,776	$ 956,068	$ 217,558	$ 2,029,402

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

WHEELER COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

Amounts reported for governmental activities in the statement of activities (page 4) are different because:		
Net change in fund balances - total governmental funds (page 7)		$ 825,924
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	$ 249,239	
Depreciation expense	(175,972)	73,267
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Balance of deferred revenue as of 12/31/10	$ (1,762,496)	
Balance of deferred revenue as of 12/31/11	1,568,356	(194,140)
The issuance of bonds are reported as an other financing source on the governmental funds' operating statements but reported as a liability on the government-wide statement of net assets.		(835,000)
Bond issue costs are reported as expenditures on the governental funds' operating statement, but deferred on the government-wide statement of net assets and amortized over the life of the bond.		
Bond issuance costs	$ 52,000	
Amortization expense	(6,420)	45,580
Change in net assets of governmental activities (page 4)		$ (84,369)

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

WHEELER COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2011

ASSETS		
Cash	$	564,671
Taxes receivable (net allowance for uncollectible accounts)		1,900,665
Total assets	$	2,465,336
LIABILITIES		
Other liabilities	$	2,465,336
Total liabilities	$	2,465,336

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Wheeler County, Georgia (the County), was incorporated August 14, 1912, under provisions of the laws of the State of Georgia. The County operates under a three member board of commissioners form of government and provides the following services in addition to general administrative responsibilities: public safety, construction and maintenance of roads and bridges, health and sanitation.

The financial statements report on the financial activities of Wheeler County. Certain potential component units might be considered for inclusion in the financial report because of the significance of the County's influence over their operations or finances. Significant influence or accountability is based primarily on operational or financial relations with the County (as distinct from legal relationships). Based on the above criteria, the County has one component unit. As required by generally accepted accounting principles, the financial reporting entity consists of (1) the primary government, (2) organizations for which the Government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The component unit columns included on the government-wide financial statements identify the financial data of the County's discretely presented component units. They are reported separately to emphasize that they are legally separate from the County.

The discretely presented component unit is the Wheeler County Health Department (Health Department). The Health Department works to promote and preserve the health of the citizens of the County. The Health Department is reported on a June 30, 2011 fiscal year. Complete financial statements for the Health Department may be obtained from its administrative office by calling 912-568-7161.

The financial statements of the County have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

A. Basic Financial Statements – GASB Statement No. 34

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

The focus of the current model is on the County as a whole and the fund financial statements, including major individual funds of the governmental and business-type categories, as well as the fiduciary funds, by category. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Basis of Presentation

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

The County reports the following major governmental funds:

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

SPLOST 2011 Capital Projects Fund accounts for 1% sales tax proceeds required to be used for capital outlay for equipment and infrastructure enhancement purposes as authorized by local referendum.

Additionally, the County reports the following fund types:

Capital Projects Funds - Used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Special Revenue Funds - Used to account for the proceeds of revenue sources other than special assessments, or major capital projects that are legally restricted to expenditures for specified purposes.

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

Non-Current Governmental Assets/Liabilities:

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

C. Basis of Accounting

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

D. Assets, Liabilities and Net Assets

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

   State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and investment pools.

   Investments in non-negotiable certificates of deposit are stated using a cost-based measure.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 December 31, 2011, are recorded as prepaid items.

5. ***Bond Issuance Costs*** – On the government-wide statement of net assets bond issuance costs are reported as deferred charges. On the government-wide statement of activities, bond issuance costs are deferred and amortized over the life of the bonds using the straight-line method.

   At the government fund reporting level, bond proceeds are reported as other financing sources at the face amount of the bonds issued. Bond issuance costs are reported as debt service expenditures.

6. ***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 $1,500 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:

• Infrastructure	30 - 40 years
• Buildings and plant	40 years
• Machinery and equipment	5 - 20 years

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

   The County compensates all employees for unused vacation at fiscal year-end; therefore, no accrual for vacation is necessary at December 31, 2011.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

9. Fund Equity:

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

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

- **Nonspendable** - fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (ie., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

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

- **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 has authorized the County Clerk 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

- Committed
- Assigned
- Unassigned

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

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

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budget Policy and Budgetary Data

The County's procedures in establishing, maintaining and revising budgetary data reflected in the financial statements are as follows: Prior to January 1, the Board of Commissioners (the Board) prepares a proposed operating budget for the fiscal year commencing the following January 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 January 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 December 31st. For fiscal year December 31, 2011, there were no amendments that required supplemental appropriations.

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

The individual departments which had expenditures in excess of appropriations are as follows:

	Expenditures	Appropriations	Variance
General fund:			
General government			
General government	$ 365,485	$ 357,131	$ (8,354)
General administration	367,358	344,967	(22,391)
Public safety			
Emergency medical services	209,950	208,000	(1,950)
Other protection	190,375	128,851	(61,524)
Public works			
Highways and streets	539,699	518,183	(21,516)
Culture and recreation	91,209	81,548	(9,661)
Housing and development			
Airport	4,754	2,000	(2,754)

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

A summary of the County's deposits and investments at December 31, 2011 follows:

Account Balances	
Petty cash	$ 400
Demand deposits	1,557,434
Certificates of deposit	245,307
	$ 1,803,141

Ownership of Funds	
Primary Government -	
Governmental funds	$ 1,611,322
Component Unit -	
Wheeler County Public Health Center	191,819
Total reporting entity	$ 1,803,141

III. DETAILED NOTES ON ALL FUNDS

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.

B. Taxes Receivable and Allowances for Uncollectible Accounts

Taxes receivable and allowances for uncollectible accounts at December 31, 2011 are as follows:

	Receivable	Allowance	Net
General fund -			
Taxes receivable	$ 2,413,035	$ (329,099)	$ 2,083,936
SPLOST 2011 -			
Taxes receivable	44,015	-	44,015
Total	$ 2,457,050	$ (329,099)	$ 2,127,951

Property taxes for 2011 were levied on December 16, 2011 and due on February 16, 2012 on property valued as of January 1, 2011. The tax rate to finance general governmental services for the fiscal year ended December 31, 2011 was $16.113 per $1,000 of assessed taxable property value for the unincorporated areas of Wheeler County, and $17.887 per $1,000 of assessed taxable property value for the incorporated areas. The taxable values for the unincorporated and incorporated areas amounted to $127,624,403 and $37,704,178 respectively. 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 payables between funds. Balances to which a fiduciary fund is a party are treated as external receivables and payables.

III. DETAILED NOTES ON ALL FUNDS

D. Capital Assets and Long-Term Debt

Following is a summary of changes in capital assets:

	Balance December 31, 2010	Additions	Transfers/ Retirements	Balance December 31, 2011
Capital assets, not being depreciated -				
Land	$ 127,086	$ -	$ -	$ 127,086
Land	-	164,718	-	164,718
Total capital assets not being depreciated	127,086	164,718	-	291,804
Capital assets, being depreciated:				
Infrastructure	880,686	-	-	880,686
Buildings and improvements	1,184,327	22,076	-	1,206,403
Machinery and equipment	1,832,777	62,445	-	1,895,222
Total capital assets being depreciated	3,897,790	84,521	-	3,982,311
Less accumulated depreciation for:				
Infrastructure	51,056	29,356	-	80,412
Buildings and improvements	376,374	32,149	-	408,523
Machinery and equipment	1,401,664	114,467	-	1,516,131
Total accumulated depreciation	1,829,094	175,972	-	2,005,066
Total capital assets, being depreciated, net	2,068,696	(91,451)	-	1,977,245
Governmental activities capital assets, net	$ 2,195,782	$ 73,267	$ -	$ 2,269,049

Depreciation expense was charged to functions / programs as follows:

General government	$ 18,692
Judicial	663
Public safety	64,861
Public works	59,262
Health and welfare	11,902
Culture and recreation	20,592
Total depreciation expense	$ 175,972

III. DETAILED NOTES ON ALL FUNDS

E. Short-Term Obligations

Tax Anticipation Note Payable

During fiscal year 2011 the County issued a tax anticipation note on December 21, 2011 in the amount of $100,000, at an interest rate of 4.00%. The note was issued for cash flow purposes and was retired on March 2, 2012 from the 2011 property tax revenues collected during that time.

F. Long-Term Obligations

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2011:

	Beginning Balance	Additions	Payments/ Retirements	Ending Balance	Current Portion	Long-term Portion
Governmental activities -						
General obligation sales tax bond, series 2011	$ -	$ 835,000	$ -	$ 835,000	$ 130,300	$ 704,700
Governmental activities - long-term liabilities	$ -	$ 835,000	$ -	$ 835,000	$ 130,300	$ 704,700

General Obligation Sales Tax Bond, Series 2011

During fiscal year 2011 Wheeler County voters passed a one percent special local option sales tax for funding various capital projects. In March 2011, the County issued $835,000 of general obligation sales tax bonds, series 2011. The total proceeds of the bond net of issuance costs totaled $783,000. The bonds were issued to provide immediate funding for one of the capital projects. The bonds are to be repaid from the sales tax proceeds and require that annually, the sales tax be set aside in a sinking fund sufficient to pay that year's debt service before any sales tax proceeds are utilized for capital project expenditures.

III. DETAILED NOTES ON ALL FUNDS

Annual debt service requirements as of December 31,. 2011 for the General Obligation Sales Tax Bond, Series 2011 are as follows:

Year Ending December 31,	Principal	Interest	Total Payment
2012	$ 130,300	$ 21,878	$ 152,178
2013	133,700	18,464	152,164
2014	137,300	14,960	152,260
2015	140,900	11,362	152,262
2016	144,500	7,672	152,172
2017	148,300	3,886	152,186
Total	$ 835,000	$ 78,222	$ 913,222

G. 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.

H. 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.

III. DETAILED NOTES ON ALL FUNDS

I. Fund Equity

Fund Balances:

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

Capital Projects Fund:		
SPLOST 2011 – used to account for capital projects financed with SPLOST	$	956,068
SPLOST 2004 – used to account for capital projects financed with SPLOST		202,650
Special Revenue Funds:		
Multipurpose Grant – used to account for grant proceeds and expenditures to be used for specific purposes as called for in grant agreements		6,321
Expendable Trust – used to provide resources for the operating activities of the law library		8,587
	$	1,173,626

Net Assets:

Invested in capital assets reported on the government-wide statement of net assets as of December 31, 2011 are as follows:

	Governmental Activities
Invested in capital assets	
Cost of capital assets	$ 4,274,115
Less accumulated depreciation	(2,005,066)
Invested in capital assets	2,269,049
Less related debt	(835,000)
Invested in capital assets, net of related debt	$ 1,434,049

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. During the fiscal year ending December 31, 2011, the County was covered by general liability insurance with Scottsdale Indemnity General Liability through Stamps-Walker Insurance Agency.

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 fund.

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.

B. Landfill Closure and Post closure Care Costs

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

The County closed its landfill in 1998 and will continue to monitor functions at the site for the next twenty-five years. As of December 31, 2006, the landfill has reached 100% capacity and recognized $335,490 of the estimated total closure and post-closure costs of $335,490. Actual costs for closure and post-closure may be higher due to inflation, changes in technology, or changes in regulation.

IV. OTHER INFORMATION

C. Joint Venture

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain (a) an ongoing financial interest or (b) an on-going financial responsibility. The County participates in the following joint venture:

Heart of Georgia Altamaha Regional Commission – Under Georgia law, the City, in conjunction with other cities and counties in the region, is a member of the Heart of Georgia Altamaha Regional Commission (RC) and is required to pay annual dues thereto. During its year ended December 31, 2011, the County paid $3,684 in such dues. Membership in a RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC of Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a RC. Separate financial statements may be obtained from:

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

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. During 2011, the County received $33,776 in hotel/motel tax. The County distributed $16,381 to the Wheeler County Chamber of Commerce, $16,381 to the State of Georgia Department of Natural Resources and $1,014 for general government purposes. The expended amounts total 100% of the amount received by the County.

For the year ended December 31, 2011, the County has complied with the expenditure requirements of code section 48-13-51.

E. Defined Contribution Plan

The County's defined contribution plan, the Wheeler County Deferred Compensation Plan (the "Plan"), allows employees to contribute pretax to a retirement annuity with a portion matched by the County. Matching portions by the County are determined based on number of years of service for the County. The plan is affiliated with the National Association of Counties and is administered by Nationwide Retirement Solutions, Inc. The Plan was established under the Internal Revenue Service Code Section 457(b) and the County is assigned the authority to establish and amend the provisions of the Plan.

IV. OTHER INFORMATION

Employees are not required to contribute to the plan but may begin contributing once employed by the County. The County has chosen to match a portion of the amounts contributed by the employees based on number of years experience. Once an employee has reached 2 years of service, the County matches amounts paid by employees up to 2 percent of the employee's gross salary. After 5 years of service, the County matches 3 percent of the employee's gross salary. In the employee's 10^{th} year of service, the County matches 4 percent of the employee's gross salary and after 15 years of service, the County matches 5 percent of the employee's gross salary. Five percent is the maximum the County will match.

During 2011, County employees contributed $38,007 and the County matched $20,969.

WHEELER COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts			Variance with Final Budget - Over (Under)
	Original	Final	Actual	
REVENUES				
General property taxes	$ 2,329,214	$ 2,329,214	$ 2,210,904	$ (118,310)
Other taxes	450,000	450,000	440,876	(9,124)
Licenses and permits	4,350	4,350	225	(4,125)
Intergovernmental	67,500	67,500	138,699	71,199
Interest income	6,000	6,000	2,022	
Other income	251,900	251,900	263,293	11,393
Total revenues	3,108,964	3,108,964	3,056,019	(48,967)
EXPENDITURES				
Current:				
General government:				
General government	357,131	357,131	365,485	8,354
Elections	75,640	75,640	15,454	(60,186)
General adminstration	344,967	344,967	367,358	22,391
Judicial	357,115	357,115	350,301	(6,814)
Public safety:				
Sheriff	532,402	532,402	524,526	(7,876)
Fire	5,180	5,180	2,421	(2,759)
Emergency medical services	208,000	208,000	209,950	1,950
Coroner / medical examiner	13,365	13,365	11,965	(1,400)
Other protection	128,851	128,851	190,375	61,524
Public works:				
Highways and streets	518,183	518,183	539,699	21,516
Solid waste and recycling	219,468	219,468	181,414	(38,054)
Health and welfare:				
Health	55,488	55,488	55,174	(314)
Welfare	2,800	2,800	2,800	-
Community services	175,350	175,350	144,923	(30,427)
Culture and recreation	81,548	81,548	91,209	9,661
Housing and development:				
Conservation	54,928	54,928	47,499	(7,429)
Economic development and assistance	40,740	40,740	-	(40,740)
Airport	2,000	2,000	4,754	2,754

WHEELER COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts			Variance with Final Budget - Over (Under)
	Original	Final	Actual	
EXPENDITURES (Continued)				
Capital outlay:				
General government	8,600	8,600	6,834	(1,766)
Public safety	26,500	26,500	23,845	(2,655)
Public works	60,000	60,000	7,050	(52,950)
Total expenditures	3,268,256	3,268,256	3,143,036	(125,220)
Net change in fund balances	$ (159,292)	$ (159,292)	(87,017)	$ 76,253
Fund balances, beginning			942,793	
Fund balances (deficits), ending			$ 855,776	

1. Budgetary Policy

The budget is prepared by the Board of Commissioners (the Board) using generally accepted accounting principles. The budget is then adopted by ordinance of the Board, as required by generally accepted accounting principles.

The level of budgetary control (the level at which expenditures may not exceed appropriations) is at the department level with the following provisions:

- The County Clerk may transfer funds from one object or purpose to another within the same department.
- The Board may amend the budget by motion during the fiscal year.

Formal budgetary integration is employed as a management control device during the year for all budgeted funds.

2. Excess of Expenditures Over Appropriations in Individual Funds

During the year ended December 31, 2011, expenditures exceeded appropriations in the following functions:

	Expenditures	Appropriations	Variance
General fund:			
General government			
General government	$ 365,485	$ 357,131	$ (8,354)
General administration	367,358	344,967	(22,391)
Public safety			
Emergency medical services	209,950	208,000	(1,950)
Other protection	190,375	128,851	(61,524)
Public works			
Highways and streets	539,699	518,183	(21,516)
Culture and recreation	91,209	81,548	(9,661)
Housing and development			
Airport	4,754	2,000	(2,754)

WHEELER COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	Special Revenue			Capital Projects	Total Nonmajor
	Multipurpose Grant	Expendable Trust Fund	Hotel/Motel Tax	SPLOST 2004	Governmental Funds
ASSETS					
Cash and cash equivalents	$ 6,321	$ 8,587	$ -	$ 202,650	$ 217,558
Taxes receivable	-	-	-	-	-
Total assets	$ 6,321	$ 8,587	$ -	$ 202,650	$ 217,558
LIABILITIES AND FUND BALANCES					
Liabilities -					
Accounts payable	$ -	$ -	$ -	$ -	$ -
Total liabilities	-	-	-	-	-
Fund balances -					
Restricted	6,321	8,587	-	202,650	217,558
Total fund balances	6,321	8,587	-	202,650	217,558
Total liabilities and fund balances	$ 6,321	$ 8,587	$ -	$ 202,650	$ 217,558

WHEELER COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Special Revenue			Capital Projects	Total Nonmajor
	Multipurpose Grant	Expendable Trust Fund	Hotel/Motel Tax	SPLOST 2004	Governmental Funds
REVENUES					
Intergovernmental	$ -	$ -	$ -	$ -	$ -
Other taxes	-	-	33,776	113	33,889
Interest income	-	-	-	1,945	1,945
Other income	-	3,739	-	-	3,739
Total revenues	-	3,739	33,776	2,058	39,573
EXPENDITURES					
Current:					
General government	-	-	1,014	-	1,014
Culture and recreation	-	2,132	-	-	2,132
Housing and development	-	-	32,762	-	32,762
Intergovernmental	-	-	-	-	-
Capital outlay -					
Public safety	-	-	-	46,792	46,792
Culture and recreation	-	-	-	-	-
Total expenditures	-	2,132	33,776	46,792	82,700
Net change in fund balances	-	1,607	-	(44,734)	(43,127)
Fund balances, beginning	6,321	6,980	-	247,384	260,685
Fund balances, ending	$ 6,321	$ 8,587	$ -	$ 202,650	$ 217,558

Refer to Independent Auditor's Report.

WHEELER COUNTY, GEORGIA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2011

	Agency Funds					
	Clerk of Superior Court	**Sheriff**	**Judge of Probate Court**	**Tax Commissioner**	**Magistrate Court**	**Total Fiduciary Funds**
ASSETS						
Cash	$ 284,102	$ 9,781	$ 9,789	$ 547,880	$ 7,957	$ 859,509
Taxes receivable (net allowance for uncollectible accounts)	-	-	-	3,952,177	-	3,952,177
Total assets	$ 284,102	$ 9,781	$ 9,789	$ 4,500,057	$ 7,957	$ 4,811,686
LIABILITIES						
Due to general fund	$ 2,813	$ -	$ 6,424	$ 2,335,908	$ 690	$ 2,345,835
Due to expendable trust fund	305	-	210	-	-	515
Other liabilities	280,984	9,781	3,155	2,164,149	7,267	2,465,336
Total liabilities	$ 284,102	$ 9,781	$ 9,789	$ 4,500,057	$ 7,957	$ 4,811,686

WHEELER COUNTY, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Balance December 31, 2010	Additions	Deductions	Balance December 31, 2011
Clerk of Superior Court:				
ASSETS				
Restricted assets -				
Cash	$ 32,707	$ 406,453	$ (155,058)	$ 284,102
Total assets	$ 32,707	$ 406,453	$ (155,058)	$ 284,102
LIABILITIES				
Payable from resticted assets:				
Due to general fund	$ 2,456	$ 43,730	$ (43,373)	$ 2,813
Due to expendable trust fund	210	1,940	(1,845)	305
Other liabilities	30,041	360,784	(109,841)	280,984
Total liabilities	$ 32,707	$ 406,454	$ (155,059)	$ 284,102
Sheriff:				
ASSETS				
Restricted assets -				
Cash	$ 23,545	$ 82,806	$ (96,570)	$ 9,781
Total assets	$ 23,545	$ 82,806	$ (96,570)	$ 9,781
LIABILITIES				
Payable from resticted assets:				
Other liabilities	$ 23,545	$ 82,806	$ (96,570)	$ 9,781
Total liabilities	$ 23,545	$ 82,806	$ (96,570)	$ 9,781
Judge of Probate Court:				
ASSETS				
Restricted assets -				
Cash	$ 8,224	$ 92,123	$ (90,558)	$ 9,789
Total assets	$ 8,224	$ 92,123	$ (90,558)	$ 9,789
LIABILITIES				
Payable from resticted assets:				
Due to general fund	$ 5,143	$ 59,321	$ (58,040)	$ 6,424
Due to expendable trust fund	150	1,704	(1,644)	210
Other liabilities	2,931	31,098	(30,874)	3,155
Total liabilities	$ 8,224	$ 92,123	$ (90,558)	$ 9,789

WHEELER COUNTY, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Balance December 31, 2010	Additions	Deductions	Balance December 31, 2011
Tax Commissioner:				
ASSETS				
Restricted assets -				
Cash	$ 364,261	$ 4,052,155	$ (3,868,536)	$ 547,880
Taxes receivable, net	3,921,831	3,485,277	(3,454,931)	3,952,177
Total assets	$ 4,286,092	$ 7,537,432	$ (7,323,467)	$ 4,500,057
LIABILITIES				
Payable from resticted assets:				
Due to general fund	$ 2,238,844	$ 1,809,207	$ (1,712,143)	$ 2,335,908
Other liabilities	2,047,248	1,676,070	(1,559,169)	2,164,149
Total liabilities	$ 4,286,092	$ 3,485,277	$ (3,271,312)	$ 4,500,057
Magistrate Court:				
ASSETS				
Restricted assets -				
Cash	$ 7,332	$ 98,269	$ (97,644)	$ 7,957
Total assets	$ 7,332	$ 98,269	$ (97,644)	$ 7,957
LIABILITIES				
Payable from resticted assets:				
Due to general fund	$ 665	$ 15,574	$ (15,549)	$ 690
Other liabilities	6,667	82,695	(82,095)	7,267
Total liabilities	$ 7,332	$ 98,269	$ (97,644)	$ 7,957

Refer to Independent Auditor's Report.

WHEELER COUNTY, GEORGIA
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - DEPARTMENT OF TRANSPORTATION
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Over (Under)
REVENUES			
Georgia Department of Transportation	$ 40,000	$ 47,345	$ 7,345
Fares and other	4,000	-	(4,000)
Total revenues	44,000	47,345	3,345
EXPENDITURES			
Current:			
Regular employees	52,197	42,098	(10,099)
Group health insurance	23,700	9,585	(14,115)
Social security contributions	3,236	2,543	(693)
Medicare	757	595	(162)
Unemployment insurance	266	190	(76)
Substance abuse program	240	368	128
Repairs and maintenance	2,300	-	(2,300)
Communications services	1,400	1,299	(101)
Advertising	130	126	(4)
Travel	700	566	(134)
Education and training	300	-	(300)
Other purchased services	600	400	(200)
Vehicle operation supplies	1,200	1,048	(152)
Repair parts	1,200	2,524	1,324
General supplies and materials	350	236	(114)
Water and sewer	425	287	(138)
Electricity	2,050	1,944	(106)
Gasoline / diesel	15,000	16,822	1,822
Capital outlay -			
Machinery and equipment	2,000	-	(2,000)
Total expenditures	108,051	80,631	(27,420)
Excess of revenues over (under) expenditures	$ (64,051)	$ (33,286)	$ 30,765

Note:

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

WHEELER COUNTY, GEORGIA
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - HEART OF GEORGIA ALTAMAHA RDC
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Over (Under)
REVENUES			
Heart of Georgia Altamaha RDC	$ 20,000	$ 16,301	$ (3,699)
Program income	800	3,186	2,386
Total revenues	20,800	19,487	(1,313)
EXPENDITURES			
Current:			
Salaries	25,981	27,021	1,040
Payroll taxes	1,988	2,218	230
Group health insurance	7,900	7,757	(143)
Repairs and maintenance	800	1,710	910
Insurance other than employee benefits	133	-	(133)
Communications services	1,500	1,556	56
Travel	200	1,045	845
Education and training	50	-	(50)
Contract labor	300	-	(300)
Other purchased services	400	460	60
Vehicle operation supplies	50	-	(50)
Repair parts	200	-	(200)
General supplies and materials	400	936	536
Water and sewer	680	332	(348)
Electricity	3,200	6,267	3,067
Gasoline / diesel	500	513	13
Food	3,522	-	(3,522)
Books and periodicals	120	54	(66)
Small equipment	200	-	(200)
Capital outlay -			
Machinery and equipment	500	-	(500)
Total expenditures	48,624	49,869	1,245
Excess of revenues over (under) expenditures	$ (27,824)	$ (30,382)	$ (2,558)

Note:

The Heart of Georgia Altamaha RDC is included in the Community Services department of the Statement of Revenues, Expenditures and Changes in Fund Balance.

WHEELER COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2004
FOR THE YEAR ENDED DECEMBER 31, 2011

Project Description Per SPLOST Referendum	Original Estimated Cost	Amended Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
SPLOST 2004:						
Wheeler County 911 Emergency Services						
Law Enforcement, and Sanitation Vehicles						
and Equipment						
911 Emergency Services Equipment			$ 131,017	$ -	$ 131,017	
Sanitation Vehicles			223,289	32,592	255,881	
Law Enforcement Vehicle			62,000	14,200	76,200	
Subtotal	$ 576,000	$ 465,467	416,306	46,792	463,098	99.49%
Wheeler County Recreation Facilities	576,000	658,435	658,435	-	658,435	100.00%
City of Alamo, Georgia	144,000	158,049	158,049	-	158,049	100.00%
City of Glenwood, Georgia	144,000	158,049	158,049	-	158,049	100.00%
TOTAL	$ 1,440,000	$ 1,440,000	$ 1,390,839	$ 46,792	$ 1,437,631	
SPLOST 2011:						
Courthouse renovation (1)			$ -	$ 164,718	$ 164,718	
Jail renovation			-	-	-	
Construction of new EMS facility			-	-	-	
Road, street and bridge purposes			-	-	-	
Road department vehicles and equipment			-	-	-	
Recreation facilities improvements			-	-	-	
Recreation department equipment			-	-	-	
Fire and rescue services equipment			-	-	-	
Subtotal	$ 1,792,000	$ 1,792,000	-	164,718	164,718	9.19%
City of Alamo, Georgia	504,000	504,000	-	-	-	0.00%
City of Glenwood, Georgia	504,000	504,000	-	-	-	0.00%
Subtotal	1,008,000	1,008,000	-	-	-	
Total	$ 2,800,000	$ 2,800,000	$ -	$ 164,718	$ 164,718	

(1) In addition to the expenditures shown above, the County has incurred expenditures to provide advance funding for the above project as follows:

Prior years	$ -
Current year:	
Interest	16,408
Bond issuance costs	52,000
Total	$ 68,408

Refer to Independent Auditor's Report.

II. REPORTS REQUIRED BY GOVERNMENTAL AUDITING STANDARDS

HILLIARD & MILTON, LLC
A Professional Services Firm of:
Certified Public Accountants
Certified Government Auditing Professionals
Certified Internal Auditors

Partners:
David Hilliard, CPA
Chris Milton, CPA, CIA, CGAP

18 S. Third Ave.
McRae, GA 31055

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*

Wheeler County Board of Commissioners
Wheeler County, Georgia
Alamo, Georgia 30411

We have audited the financial statements of the governmental activities, each major fund, the discretely presented component unit and the aggregate remaining fund information of Wheeler County, Georgia, as of and for the year ended December 31, 2011, which collectively comprise Wheeler County, Georgia's basic financial statements and have issued our report thereon dated June 1, 2012. We did not audit the financial statements of Wheeler County Public Health Center. Those basic financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Wheeler County Public Health Center, 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Wheeler 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 Wheeler County, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Wheeler County, Georgia's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses as items 2011-1 and 2011-2 that we consider to be significant deficiencies in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wheeler 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.*

Wheeler County, Georgia's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Wheeler 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, management and others within the government, and is not intended to be and should not be used by anyone other than these specified parties.

Hilliard & Milton, LLC

McRae, Georgia

June 1, 2012

WHEELER COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2011

Section I – Summary of Auditor's Results

Financial Statements:

Type of report issued on the financial statements -	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to the financial statements noted?	No

Section II – Financial Statement Findings:

The following conditions were disclosed for the year ended December 31, 2011:

Audit Finding

2011-1 Lack of segregation of duties

The audit fieldwork disclosed that the County does not have adequate segregation of duties. It was noted that many of the day to day activities are performed by the same employees.

This overlapping of duties presents a situation where unauthorized use of assets could occur and not be detected on a timely basis.

We recommend management continually exercise alert supervision of employees in order to protect the assets of the County

Management's Response:

We realize that with limited personnel adequate segregation of duties is not possible. Therefore, to mitigate this we exercise alert supervision over all employees.

2011-2 Expenditures over appropriations

The audit fieldwork disclosed that the County over-expended funds in the general government and general administration departments; the public safety emergency medical services and other protection departments; the public works highways and streets department; the culture and recreation department; and the housing and development airport department. The County lacks budgetary controls to ensure that actual expenses do not exceed budgeted expenses.

It is recommended that the County review a budget versus actual on a monthly basis to prevent expenditures in excess of budgeted amounts.

Management's Response:

The County recognizes that maintaining appropriate budgetary controls on its expenditures is important in keeping costs below approved amounts and serves as a management tool in evaluating results of operations. In our efforts to continuously improve and to comply with the highest form of governmental accounting and financial reporting we have implemented a formal review process to compare actual to budgeted amounts on a monthly basis. Expenditures which will cause the County to go over budget will require prior approval of the County Commissioners and an amended budget will be prepared.

HILLIARD & MILTON, LLC
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Certified Internal Auditors

Partners:
David Hilliard, CPA
Chris Milton, CPA, CIA, CGAP

18 S. Third Ave.
McRae, GA 31055

We have examined management's assertion included in the accompanying State of Georgia Grant Certification Forms about Wheeler County Georgia's compliance during the fiscal year ended December 31, 2011 with the requirement to use grant proceeds solely for the purpose or purposes for which the grant was made for each of the following grant awards:

1) Grant #03-C-L-992 – Local Assistance Grant Wheeler County Recreation
2) Grant #03-C-L-994 – Local Assistance Grant Wheeler County Senior Citizens Grant

Management is responsible for Wheeler County Georgia's compliance with this requirement. Our responsibility is to express an opinion on management's assertion about Wheeler County, Georgia's compliance based on our examination.

Our examination was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Wheeler County, Georgia's compliance with this requirement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Wheeler County, Georgia's compliance with the specified requirement.

In our opinion, management's assertion that Wheeler County, Georgia complied with the aforementioned requirement during the fiscal year ended December 31, 2011 is fairly stated, in all material respects.

This report is intended solely for the information and use of the Georgia Department of Audits and Accounts and the State grantor agency identified on the Grant Certification Form and is not intended to be and should not be used by anyone other than the specified parties.

Hilliard & Milton, LLC

McRae, Georgia

June 4, 2012

State of Georgia Grant Certification Form
Local Government Recipient (with no subrecipient)

LINE		
A	Local Government	Wheeler County, Georgia
B	State Awarding Agency	Georgia Department of Community Affairs
C	Grant Identification Number	03-C-L-994
D	Grant Title	Local Assistance Grant Wheeler County Senior Citizens Grant
E	Grant Award Date	08/07/02
F	Grant Amount	$4,000.00

		COLUMN 1 Current Year Activity For the Year Ended:	COLUMN 2 Cumulative Grant Activity Through the Year Ended:
G		12/31/2011	12/31/2011
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	$400.00	
I	Grant Receipts or Revenue Recognized	$0.00	$4,000.00
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	$0.00	$3,600.00
K	Disbursements or Expenditures for Audit Fees	$0.00	$0.00
L	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K]	$400.00	$400.00

EDIT CHECKS IF FORM COMPLETED ON EXCEL SPREADSHEET:

Column 1, Line L equals Column 2, Line L.
Grant Receipts/Revenue Does Not Exceed Grant Award.
Date Is Provided in Line G, Column 1.
Date Is Provided in Line G, Column 2.
Year End Dates On Line G Agree.
Column 1, Line L Foots Correctly.
Column 2, Line L Foots Correctly.
NO AUDIT FEES CHARGEABLE TO GRANTS OF $5,000 OR LESS

Line A Is Completed.
Line B Is Completed.
Line C Is Completed.
Line D Is Completed.
Line E Is Completed.
Line F Is Completed.

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made.

Signature of Chief Elected Official _____ Date 6-14-12

Signature of Chief Financial Officer Elaine J. Clark Date 6-14-12

Rev. 8/2006

State of Georgia Grant Certification Form
Local Government Recipient (with no subrecipient)

LINE		
A	Local Government	Wheeler County, Georgia
B	State Awarding Agency	Georgia Department of Community Affairs
C	Grant Identification Number	03-C-L-992
D	Grant Title	Local Assistance Grant Wheeler County Recreation
E	Grant Award Date	08/07/02
F	Grant Amount	$5,000.00

		COLUMN 1 Current Year Activity For the Year Ended:	COLUMN 2 Cumulative Grant Activity Through the Year Ended:
G		12/31/2011	12/31/2011
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	$5,000.00	
I	Grant Receipts or Revenue Recognized	$0.00	$5,000.00
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	$0.00	$0.00
K	Disbursements or Expenditures for Audit Fees	$0.00	$0.00
L	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K]	$5,000.00	$5,000.00

EDIT CHECKS IF FORM COMPLETED ON EXCEL SPREADSHEET:

Column 1, Line L equals Column 2, Line L.
Grant Receipts/Revenue Does Not Exceed Grant Award.
Date Is Provided in Line G, Column 1.
Date Is Provided in Line G, Column 2.
Year End Dates On Line G Agree.
Column 1, Line L Foots Correctly.
Column 2, Line L Foots Correctly.
NO AUDIT FEES CHARGEABLE TO GRANTS OF $5,000 OR LESS

Line A Is Completed.
Line B Is Completed.
Line C Is Completed.
Line D Is Completed.
Line E Is Completed.
Line F Is Completed.

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made.

Signature of Chief Elected Official _____ Date 6-14-12

Signature of Chief Financial Officer _____ Date 6-14-12

Rev. 8/2006

KEITH E. McNEAL
Chairman
ISAAC J. CULVER, JR.
Vice-Chairman
DANNY CLARK
Commissioner

WHEELER COUNTY
BOARD OF COMMISSIONERS

20 West Forest Avenue • Alamo, Georgia 30411
Phone (912) 568-7135 • Fax (912) 568-1909

ELAINE T. CLARK, CCC
County Clerk

June 4, 2012

Georgia Department of Audits and Accounts
Local Government Audits
270 Washington Street, S.W., Room 1-156
Atlanta, Georgia 30334-8400

Dear Sir or Madam:

The following is the corrective action plan for Wheeler County, Georgia for the year ended December 31, 2011. We are in concurrence with the findings and/or recommendations noted in the report. With regards to:

2011-1 – Segregation of Duties:

The audit field work disclosed that due to a limited number of personnel, overlapping of duties exists in the County's operations, primarily in the area of cash receipts and disbursements. We realize that with limited personnel adequate segregation of duties is not possible. Therefore, to mitigate this we will continue to exercise alert supervision of all employees.

2011-2 – Expenditures Exceeded Appropriations at the Legal Level of Control:

The audit field work disclosed that the County over-expended funds in general government, administration, emergency medical services, other protection, highways and streets, culture and recreation and airport for the year ended December 31, 2011. The County recognizes that maintaining appropriate budgetary controls on its expenditures is important in keeping costs below approved amounts and serves as a management tool in evaluating results of operations. In our efforts to continuously improve and to comply with the highest form of governmental accounting and financial reporting we have implemented a formal review process to compare actual to budgeted amounts on a monthly basis. Expenditures which will cause the County to go over budget will require prior approval of the County Commissioners and an amended budget will be prepared.

Sincerely

Elaine T. Clark
County Clerk/Finance Officer