

MITCHELL COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2011

MITCHELL COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2011

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

**To the Board of Commissioners
of Mitchell County, Georgia
Camilla, Georgia**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Mitchell County, Georgia**, (the "County"), 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 Mitchell County, Georgia'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 Mitchell County Board of Health, which represent 44% of the assets and 89% of the revenues of the County's component units for the year ended December 31, 2011. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Mitchell County Board of Health, 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 reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Mitchell County, Georgia as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, Mitchell County, Georgia implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of January 1, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2012, on our consideration of Mitchell County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (on pages 3 through 10) and the Required Supplementary Information on page 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mitchell County, Georgia's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of special purpose local option sales tax proceeds is presented for purposes of additional analysis as required by the Official Code of Georgia Annotated 48-8-121, and is not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of special purpose local option sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Mauldin & Jenkins, LLC

Albany, Georgia
October 18, 2012

MITCHELL COUNTY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

As County Administrator of Mitchell County, Georgia, I, along with the Board of Commissioners, offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Mitchell County for the year ended December 31, 2011. This discussion is intended to help provide a comprehensive understanding of the financial performance and condition of Mitchell County, Georgia taken as a whole. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in the financial statements and the notes to the financial statements.

Fiscal Year 2011 is the seventh year Mitchell County has prepared its annual report in compliance with the financial reporting model, GASB 34. This reporting model is a combination of both Government-Wide Financial Statements and Fund Financial Statements. As such, our basic financial statements contain three components:

- 1) Government-Wide Financial Statements including the Statement of Net Assets and the Statement of Activities. These statements provide a broad, long-term overview of the County's finances based upon the driving factors of economic resources available.
- 2) Fund Financial Statements including Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance. These statements focus more on the short-term performance of the County's finances based upon the current financial resources available.
- 3) Notes to financial statements.

The discussion and analysis will assist the reader by highlighting and summarizing in general terms the basic financial information contained within the annual report.

Financial Highlights

Key Financial Highlights for fiscal year 2011 are as follows:

Government-Wide Financial Statements:

- At December 31, 2011 Mitchell County's assets exceeded its liabilities by \$10,621,567 (net assets).
- The County's \$19,452,939 investment in capital assets leaves the County with (\$8,831,372) in net assets of which \$731,258 is restricted in governmental activities.
- Mitchell County, Georgia's total net assets decreased from \$11,293,233 in the prior year to \$10,621,567 in the current year, for a total decrease of \$671,666 or 5.9%.
- Mitchell County, Georgia's revenues for fiscal year 2011 totaled \$21,468,285. Of this amount, 52% are property tax revenues, 13% are sales tax revenues, 3% are other tax revenues, 26% are charges for services and the remaining 6% are other revenues. This is a 8% increase over fiscal year 2010 revenues.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Mitchell County, Georgia's total program expenses for fiscal year 2011 totaled \$19,917,825. Of this amount, 36% are public safety expenses, 21% are general governmental expenses, 1% are housing and development expenses, 30% are public works expenses and the remaining 12% are other expenses. This is a 32% decrease over fiscal year 2010 expenses.

Governmental Funds Financial Statements:

- Mitchell County, Georgia's Governmental Funds recorded total assets of \$5,239,077 for the year ended December 31, 2011. This amount is over the total Governmental Funds liabilities by \$1,799,162 (fund balance).
- Total Governmental Fund's fund balances for the year ending December 31, 2011 decreased by \$592,129 from the previous year. This increase was a result of a \$460,939 decrease in the General Fund, a \$536,644 decrease in the 2006-2011 Sales Tax Fund, and a \$405,454 increase in Other Governmental Funds.
- Total Governmental Fund Balance of \$760,913 is all classified as unassigned.
- Total revenues for the General Fund were under budgeted amounts by \$90,116 or approximately 0.5% and total expenditures for the General Fund were under budget by \$693,285, or approximately 4%.

Overview of the Financial Statements

The reporting model for the Government-Wide Financial Statements is designed to provide readers with a broad overview of the County's financial performance over the past year and the resulting condition thereof. The statements resemble those of private sector business by taking on an "economic resource" approach as opposed to a "current resource" approach traditionally found in Fund Financial Statements. Additionally, this Management Discussion & Analysis helps highlight and emphasize in plain language the events that have occurred over the past year to bring about the current financial condition of the County. I encourage readers to review all of the basic financial statements, along with the MD&A and supplementary information in order to fully understand the overall financial position of Mitchell County, Georgia.

Reporting on the County as a Whole

The model of financial reporting, which includes the Statement of Net Assets and the Statement of Activities beginning on page 11, helps readers identify whether or not the County as a whole is in better condition as a result of the events that have taken place over the past year. These statements capture *all* assets and liabilities using the *accrual basis of accounting*. This format of accounting resembles that used by most private-sector companies by recording all of the current year's revenues and expenses regardless of when cash is received or paid.

In the Statement of Net Assets and the Statement of Activities, the County is presented in two distinct activities:

- Governmental Activities – This section reports most of the familiar governmental services: General Government, Judicial, Public Safety, Public Works, Health and Welfare, Culture and Recreation, Housing and Development, and Interest on Long-term Debt. The majority of funding for these programs comes from property taxes, sales tax, charges for services, and fines & forfeitures.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- **Business-type Activities** – This section reports activities that are financed and operated in a manner similar to private business enterprises where the intent of the governing authority is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing authority has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. For purposes of this paragraph, the term "costs" means expenses, including depreciation.
- **Component units** – There are two component unit reports, the Mitchell County Development Authority and the Mitchell County Board of Health. Although these units are legally separate entities, it is important because the County has a significant financial interest in these units.

Reporting on the County's Most Significant Funds

The Fund Financial Statements beginning on page 15 provide a more detailed look at the County's most significant funds – not the County as a whole. While some funds are required by state law, others are established by the Board of Commissioners to help control budgets and financing for specific purposes. The County maintains three categories of funds: Governmental, Proprietary and Fiduciary.

- **Governmental Funds** – As you might expect, most of the familiar governmental services (General Government, Judiciary, Public Works, Health and Welfare, Culture and Recreation, Housing and Development and Interest on Long-term Debt) are captured and reported in Governmental Funds. These funds use a method of accounting called the modified accrual approach. This method of accounting measures cash and other financial assets that can be readily converted into cash. The Governmental Funds provide a short-term view of the County's general government operations and services, and help determine the amount of financial resources that are available in the near future to fund County programs. On page 15 is the reconciliation between the Statements of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds and the Statements of Activities.
- **Proprietary Funds** - The County maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its Water and Sewer System Fund and Self-Insurance Health Benefit Fund. The accounting method used for these funds is much like that used for a business, the *full accrual* method.
- **Fiduciary Funds**- These funds are established to report on assets being held by the County for the benefit of parties outside the County. Although these funds are presented in the Fund Financial statements, they do not appear in the Government-wide statements because the resources of these funds are not available to support the programs of Mitchell County Local Government. The accounting method used for these funds is much like that used for proprietary funds, the *full accrual* method.

Mitchell County Government-Wide Financial Analysis

The table on the following page presents a summary of the Statement of Net Assets for the County as of December 31, 2011 and 2010.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 1
Summary of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current & Other Assets	\$ 4,782,307	\$ 3,785,021	\$ 32,324	\$ 37,557	\$ 4,814,631	\$ 3,822,578
Capital Assets	19,362,833	20,311,884	762,048	860,810	20,124,881	21,172,694
Total Assets	24,145,140	24,096,905	794,372	898,367	24,939,512	24,995,272
Long-term Liabilities	10,539,829	11,227,991	180,298	656	10,720,127	11,228,647
Other Liabilities	3,029,870	1,966,773	567,948	506,619	3,597,818	2,473,392
Total Liabilities	13,569,699	13,194,764	748,246	507,275	14,317,945	13,702,039
Net Assets:						
Invested in Capital						
Assets, net of debt	18,895,475	19,509,211	557,464	633,887	19,452,939	20,143,098
Restricted	731,258	933,299	-	-	731,258	933,299
Unrestricted	(9,051,292)	(9,540,369)	(511,338)	(242,795)	(9,562,630)	(9,783,164)
Total Net Assets	\$ 10,575,441	\$ 10,902,141	\$ 46,126	\$ 391,092	\$ 10,621,567	\$ 11,293,233

Net Assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$10,621,567 at the close of the most recent fiscal year.

By far the largest portion of the County's net assets (183 percent) reflects its investment in capital assets (e.g., land, building machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets (7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets is (\$9,562,630) and an increase in the millage rate has been approved by the Board of Commissioners to satisfy the guarantee of the FUEL bonds and to eliminate the deficit in unrestricted net assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table summarizes the changes in net assets for the primary government for the fiscal years ended December 31, 2011 and 2010.

Table 2
Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 3,710,885	\$ 3,707,617	\$ 1,782,494	\$ 1,933,381	\$ 5,493,379	\$ 5,640,998
Operating grants	21,450	36,122	-	-	21,450	36,122
Capital grants	1,412,790	263,663	-	-	1,412,790	263,663
General revenue:						
Property taxes	11,132,018	10,908,245	-	-	11,132,018	10,908,245
Sales taxes	2,824,453	2,442,695	-	-	2,824,453	2,442,695
Insurance premium taxes	539,689	618,932	-	-	539,689	618,932
Other taxes	34,145	25,886	-	-	34,145	25,886
Unrestricted investment earnings	4,605	4,735	-	-	4,605	4,735
Gain on sale of assets	5,756	5,475	-	-	5,756	5,475
Total revenues	19,685,791	18,013,370	1,782,494	1,933,381	21,468,285	19,946,751
Program expenses:						
General government	4,113,838	4,131,319	-	-	4,113,838	4,131,319
Judicial	1,033,511	1,079,541	-	-	1,033,511	1,079,541
Public safety	7,206,453	7,198,910	-	-	7,206,453	7,198,910
Public works	5,955,840	6,332,403	-	-	5,955,840	6,332,403
Health & welfare	189,499	108,978	-	-	189,499	108,978
Recreation	394,397	378,401	-	-	394,397	378,401
Housing & development	251,720	9,536,273	-	-	251,720	9,536,273
Interest on long-term debt	772,567	600,067	-	-	772,567	600,067
Water	-	-	378,905	351,011	378,905	351,011
Self-insurance health benefit	-	-	1,843,221	1,623,465	1,843,221	1,623,465
Total expenses	19,917,825	29,365,892	2,222,126	1,974,476	22,139,951	31,340,368
Excess (deficiency)	(232,034)	(11,352,522)	(439,632)	(41,095)	(671,666)	(11,393,617)
Transfers	(94,666)	(161,412)	94,666	161,412	-	-
Change in net assets	(326,700)	(11,513,934)	(344,966)	120,317	(671,666)	(11,393,617)
Net assets - beg of year,	10,902,141	22,416,075	391,092	270,775	11,293,233	22,686,850
Net assets - end of year	\$ 10,575,441	\$ 10,902,141	\$ 46,126	\$ 391,092	\$ 10,621,567	\$ 11,293,233

Total expenses for governmental activities exceed total revenues by \$232,034. By review of Table 2, it is apparent that the bulk of revenues supporting governmental activities are attributable to property taxes, \$11,132,018 or 57%, and charges for services \$3,710,885 or 19%.

Additionally, Table 2 illustrates the bulk of governmental activities expense being reported within the program of public safety, reporting expenses of \$7,206,453 or 36%, with the second largest expense attributable to public works with expenses of \$5,955,840 or 30%.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

The current reporting model provides users with an understanding of how governmental activities are fully supported. Table 3 will help illustrate how these programs fall short of supporting themselves and must therefore rely on general revenues such as property tax, sales tax, fines and grants. The table lists the total cost of each program, and the final net cost (total cost less revenues generated by the program).

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2011	2010	2011	2010
General government	\$ 4,113,838	\$ 4,131,319	\$ 4,070,397	\$ 3,805,201
Judicial	1,033,511	1,079,541	1,033,511	1,079,541
Public safety	7,206,453	7,198,910	3,612,696	3,843,503
Public works	5,955,840	6,332,403	4,696,753	6,050,318
Health and welfare	189,499	108,978	189,499	108,978
Recreation	394,397	378,401	337,546	334,609
Housing and developemnt	251,720	9,536,273	59,731	9,536,273
Interest on long-term debt	772,567	600,067	772,567	600,067
Totals	<u>\$ 19,917,825</u>	<u>\$ 29,365,892</u>	<u>\$ 14,772,700</u>	<u>\$ 25,358,490</u>

As noted in the above table, governmental programs fell \$17,772,700 short of supporting themselves through direct revenues attributable to those programs. As a result, citizens support these programs through payment of property taxes, sales, and other taxes.

While the County was able to support its Governmental Activities, it should be noted that a few significant factors affected total revenues for the year ended December 31, 2011.

The County's Major Governmental Funds

At the end of fiscal year 2011, the County reported its governmental funds (as presented in the balance sheet on page 15) having a combined fund balance of \$1,799,162. This balance decreased by \$592,129 from prior year's balance. This negative result is due to excess expenditures over revenues in the General Fund and 2006-2011 Sales Tax Fund. The statement of Revenues, Expenditures, and Changes in Fund Balances presented on page 16 reports fund balance of \$760,913 in the General Fund, \$396,655 was reported for 2006-2011 Sales Tax Fund and \$641,594 for other Governmental Funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenues for the General Fund totaled \$15,496,680, or approximately 80% of total governmental revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance presented on page 16. Of this amount, \$10,786,548 (or 56%) was collected through property taxes, with second largest source of revenues reported in the line item of charges for services, \$2,216,139 (or 11%).

Expenditures for the General Fund totaled \$15,340,261 (not including other financing sources). Revenues exceeded expenditures \$156,419.

General Fund Budgetary Highlights

Total revenues in the General Fund were under budgeted amounts by \$90,116, or approximately 0.5%. This final result is a combination of both positive and negative variance as reported on the General Fund Budgetary Comparison Statement presented on page 18. The largest positive variance, \$63,748 is reported in the line item of property taxes.

General Fund expenditures (not including Other Financing Uses) for the year ending December 31, 2011 were under budget by \$693,285, or approximately 4%. The largest area of variance of \$653,903 was negative and is reported within the debt service interest.

Capital Asset and Debt Administration

Mitchell County, Georgia's investment in capital assets for its governmental and business-type activities as of December 31, 2011, amounts to \$20,124,881 (net of accumulated depreciation). This is a decrease of \$1,047,813 from last year. The decrease is mostly due to a building and equipment depreciating. Table 4 is summary data of capital assets.

Table 4
Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities	Business-type Activities	Total
Land	\$ 3,008,045	\$ 81,920	\$ 3,089,965
Buildings	5,262,818	442,685	5,705,503
Infrastructure	9,753,008	235,002	9,988,010
Vehicles and equipment	1,338,962	2,441	1,341,403
Totals	<u>\$ 19,362,833</u>	<u>\$ 762,048</u>	<u>\$ 20,124,881</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

It should be noted that the majority of the capital assets in Mitchell County, Georgia have been obtained through the use of Special Purpose Local Option Sales Tax (SPLOST). Currently, the County is approximately 90% complete with the 2006 SPLOST program. More detail on the County's capital assets can be found in Note 6, pages 35-37 of the Notes to the Financial Statements.

At year end, the County had a total \$11,682,546 in outstanding long term liabilities which includes \$2,729,316 in closure and postclosure care costs for the Mitchell County Landfill and the balance being notes payable, bonds payable, capital leases and compensated absences. More information regarding the County's long-term debt can be found in Note 7, pages 38-42, and short-term debt can be found in Note 8, page 42 in the Notes to Financial Statements.

Other Economic Factors

The Board of Commissioners and the County Administrator have considered several factors when establishing the FY12 budget including, the effects rendered on the County as a result of the overall economic issues affecting the entire County as a result in decreased SPLOST and LOST revenues, the impact of the mortgage crisis on the tax digest, the obligations due from the County's guarantee of FUEL bonds, and the closure of businesses.

Finally, the Board in conjunction with the County Administrator will continue to develop various financial policies to help govern the way Mitchell County, Georgia does business. These policies will include standards to track account balances on a monthly basis compared to budget. Furthermore, standards will be implemented to ensure appropriate procurement procedures are followed and adherence to budget is achieved.

Contacting the County's Financial Management

This Annual Financial Report is designed to help citizens, taxpayers, customers, investors, and creditors evaluate the overall condition of Mitchell County, Georgia and the operations thereof. Additional details can be requested by mail at the following address: Mitchell County Board of Commissioners, P.O. Box 187, Camilla, Georgia 31730.

MITCHELL COUNTY, GEORGIA

**STATEMENT OF NET ASSETS
DECEMBER 31, 2011**

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 2,399,832	\$ -	\$ 2,399,832
Investments	-	-	-
Taxes receivable	1,612,164	-	1,612,164
Accounts receivable, net of allowances	376,337	32,324	408,661
Notes receivable	155,825	-	155,825
Due from other governments	216,246	-	216,246
Other assets	21,903	-	21,903
Capital assets:			
Nondepreciable	3,008,045	81,920	3,089,965
Depreciable, net of accumulated depreciation	16,354,788	680,128	17,034,916
Total assets	<u>24,145,140</u>	<u>794,372</u>	<u>24,939,512</u>
LIABILITIES			
Outstanding checks in excess of bank balance	-	111,698	111,698
Accounts payable	364,683	-	364,683
Accrued liabilities	169,674	747	170,421
Claims payable	-	426,481	426,481
Line of credit	350,150	-	350,150
Due to other governments	1,211,966	-	1,211,966
Capital leases payable due within one year	151,911	-	151,911
Capital leases payable due in more than one year	219,365	-	219,365
Notes payable due within one year	58,244	25,233	83,477
Notes payable due in more than one year	37,838	179,351	217,189
Bonds payable due within one year	570,000	-	570,000
Bonds payable due in more than one year	7,515,000	-	7,515,000
Compensated absences due within one year	153,242	3,789	157,031
Compensated absences due more than one year	38,310	947	39,257
Closure and postclosure care costs	2,729,316	-	2,729,316
Total liabilities	<u>13,569,699</u>	<u>748,246</u>	<u>14,317,945</u>
NET ASSETS			
Invested in capital assets, net of related debt	18,895,475	557,464	19,452,939
Restricted for:			
Judicial	49,707	-	49,707
Public Safety	253,688	-	253,688
Economic Development	31,208	-	31,208
Capital outlay	396,655	-	396,655
Special Use	-	-	-
Unrestricted (deficit)	(9,051,292)	(511,338)	(9,562,630)
Total net assets	<u>\$ 10,575,441</u>	<u>\$ 46,126</u>	<u>\$ 10,621,567</u>

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

Component Units	
Mitchell County Board of Health	Mitchell County Development Authority
\$ 372,141	\$ 134,530
-	243,213
-	-
-	-
-	-
32,558	-
-	-
-	50,024
4,664	98,596
409,363	526,363
-	-
21,270	-
-	-
-	-
-	-
-	-
-	-
-	4,068
-	11,494
-	-
-	-
2,784	-
25,060	-
-	-
49,114	15,562
4,664	133,058
-	-
-	-
-	-
-	-
261,273	-
94,312	377,743
\$ 360,249	\$ 510,801

MITCHELL COUNTY, GEORGIA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 4,113,838	\$ 43,441	\$ -	\$ -
Judicial	1,033,511	-	-	-
Public safety	7,206,453	3,568,056	5,134	20,567
Public works	5,955,840	42,537	16,316	1,200,234
Health and welfare	189,499	-	-	-
Recreation	394,397	56,851	-	-
Housing and development	251,720	-	-	191,989
Interest on long-term debt	772,567	-	-	-
Total governmental activities	<u>19,917,825</u>	<u>3,710,885</u>	<u>21,450</u>	<u>1,412,790</u>
Business-type activities:				
Water and sewer system	378,905	296,222	-	-
Self-insurance health benefit	<u>1,843,221</u>	<u>1,486,272</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>2,222,126</u>	<u>1,782,494</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 22,139,951</u>	<u>\$ 5,493,379</u>	<u>\$ 21,450</u>	<u>\$ 1,412,790</u>
Component units:				
Mitchell County Board of Health	818,629	287,322	469,781	-
Mitchell County Development Authority	<u>70,717</u>	<u>11,568</u>	<u>78,333</u>	<u>-</u>
Total component units	<u>\$ 889,346</u>	<u>\$ 298,890</u>	<u>\$ 548,114</u>	<u>\$ -</u>
General revenues:				
Property taxes				
Sales taxes				
Franchise fees				
Insurance premium tax				
Other taxes				
Unrestricted investment earnings				
Gain on sale of capital assets				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning of year				
Net assets, end of year				

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

Net (Expenses) Revenues and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Mitchell County Board of Health	Mitchell County Development Authority
\$ (4,070,397)	\$ -	\$ (4,070,397)	\$ -	\$ -
(1,033,511)	-	(1,033,511)	-	-
(3,612,696)	-	(3,612,696)	-	-
(4,696,753)	-	(4,696,753)	-	-
(189,499)	-	(189,499)	-	-
(337,546)	-	(337,546)	-	-
(59,731)	-	(59,731)	-	-
(772,567)	-	(772,567)	-	-
(14,772,700)	-	(14,772,700)	-	-
-	(82,683)	(82,683)	-	-
-	(356,949)	(356,949)	-	-
-	(439,632)	(439,632)	-	-
(14,772,700)	(439,632)	(15,212,332)	-	-
-	-	-	(61,526)	-
-	-	-	-	19,184
\$ -	\$ -	\$ -	\$ (61,526)	\$ 19,184
\$ 11,132,018	\$ -	\$ 11,132,018	\$ -	\$ -
2,824,453	-	2,824,453	-	-
32,297	-	32,297	-	-
539,689	-	539,689	-	-
1,848	-	1,848	-	-
4,605	-	4,605	-	2,359
5,756	-	5,756	-	-
(94,666)	94,666	-	-	-
14,446,000	94,666	14,540,666	-	2,359
(326,700)	(344,966)	(671,666)	(61,526)	21,543
10,902,141	391,092	11,293,233	421,775	489,258
\$ 10,575,441	\$ 46,126	\$ 10,621,567	\$ 360,249	\$ 510,801

MITCHELL COUNTY, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2011

ASSETS	General Fund	2006-2011 Sales Tax Fund	Other Governmental Funds	Totals Governmental Funds
Cash and cash equivalents	\$ 1,021,114	\$ 881,683	\$ 497,035	\$ 2,399,832
Receivables, net of allowance:				
Taxes	1,612,164	-	-	1,612,164
Accounts	376,141	-	196	376,337
Notes	-	-	155,825	155,825
Due from other funds	-	478,673	-	478,673
Due from other governments	-	216,246	-	216,246
Total assets	<u>\$ 3,009,419</u>	<u>\$ 1,576,602</u>	<u>\$ 653,056</u>	<u>\$ 5,239,077</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 353,221	\$ -	\$ 11,462	\$ 364,683
Accrued liabilities	115,341	-	-	115,341
Due to other funds	478,673	-	-	478,673
Due to other governments	32,019	1,179,947	-	1,211,966
Deferred revenues	919,102	-	-	919,102
Line of credit	350,150	-	-	350,150
Total liabilities	<u>2,248,506</u>	<u>1,179,947</u>	<u>11,462</u>	<u>3,439,915</u>
FUND BALANCES				
Nonspendable:				
Long-term receivable	-	-	140,840	140,840
Restricted for:				
Judicial	-	-	49,707	49,707
Public safety	-	-	253,688	253,688
Economic development	-	-	31,208	31,208
Capital outlay	-	396,655	-	396,655
Assigned for:				
Public safety	-	-	129,357	129,357
Public assistance	-	-	36,794	36,794
Unassigned	760,913	-	-	760,913
Total fund balances	<u>760,913</u>	<u>396,655</u>	<u>641,594</u>	<u>1,799,162</u>
Total liabilities and fund balances	<u>\$ 3,009,419</u>	<u>\$ 1,576,602</u>	<u>\$ 653,056</u>	
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				19,362,833
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				919,102
Net pension asset is not a financial resource and therefore is not reported in governmental funds.				21,903
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.				<u>(11,527,559)</u>
Net assets of governmental activities				<u>\$ 10,575,441</u>

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

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

	General Fund	2006-2011 Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 10,786,548	\$ -	\$ -	\$ 10,786,548
Sales taxes	30,429	2,794,024	-	2,824,453
Franchise taxes	32,297	-	-	32,297
Insurance premium taxes	539,689	-	-	539,689
Other taxes	1,848	-	-	1,848
Licenses and permits	20,664	-	-	20,664
Intergovernmental	1,193,618	1,620	191,989	1,387,227
Charges for services	2,216,139	-	478,051	2,694,190
Fines and forfeitures	614,814	-	320,812	935,626
Interest income	229	47,013	4,376	51,618
Other revenues	60,405	-	-	60,405
Total revenues	<u>15,496,680</u>	<u>2,842,657</u>	<u>995,228</u>	<u>19,334,565</u>
Expenditures				
Current:				
General government	4,106,997	-	-	4,106,997
Judicial	1,009,194	-	12,814	1,022,008
Public safety	6,071,088	-	672,583	6,743,671
Public works	1,914,182	-	-	1,914,182
Health and welfare	189,499	-	-	189,499
Parks and recreation	358,488	-	-	358,488
Housing and development	216,803	-	23,989	240,792
Intergovernmental	-	2,334,137	-	2,334,137
Capital outlay	-	1,277,028	-	1,277,028
Debt service:				
Principal	699,917	235,235	-	935,152
Interest	733,903	11,574	-	745,477
Fiscal agent fees	40,190	-	-	40,190
Total expenditures	<u>15,340,261</u>	<u>3,857,974</u>	<u>709,386</u>	<u>19,907,621</u>
Excess (deficiency) of revenues over (under) expenditures	<u>156,419</u>	<u>(1,015,317)</u>	<u>285,842</u>	<u>(573,056)</u>
Other financing sources (uses)				
Proceeds from the sale of capital assets	5,756	-	-	5,756
Issuance of notes payable	69,837	-	-	69,837
Transfers in	27,000	478,673	146,612	652,285
Transfers out	(719,951)	-	(27,000)	(746,951)
Total other financing sources (uses)	<u>(617,358)</u>	<u>478,673</u>	<u>119,612</u>	<u>(19,073)</u>
Net change in fund balances	(460,939)	(536,644)	405,454	(592,129)
Fund balances, beginning of year	<u>1,221,852</u>	<u>933,299</u>	<u>236,140</u>	<u>2,391,291</u>
Fund balances, end of year	<u>\$ 760,913</u>	<u>\$ 396,655</u>	<u>\$ 641,594</u>	<u>\$ 1,799,162</u>

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

MITCHELL COUNTY, GEORGIA

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

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (592,129)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(949,051)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	345,470
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	865,315
Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported when incurred.	(27,023)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>30,718</u>
	<u>\$ (326,700)</u>

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

MITCHELL COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 10,722,800	\$ 10,722,800	\$ 10,786,548	\$ 63,748
Sales taxes	30,000	30,000	30,429	429
Franchise taxes	26,000	26,000	32,297	6,297
Insurance premium taxes	618,000	618,000	539,689	(78,311)
Other taxes	-	-	1,848	1,848
Licenses and permits	20,500	20,500	20,664	164
Intergovernmental	1,255,800	1,255,800	1,193,618	(62,182)
Charges for services	2,232,000	2,232,000	2,216,139	(15,861)
Fines and forfeitures	632,000	632,000	614,814	(17,186)
Interest revenue	-	-	229	229
Other revenues	49,696	49,696	60,405	10,709
Total revenues	15,586,796	15,586,796	15,496,680	(90,116)
Expenditures:				
Current:				
General government:				
Board of registrars	15,628	15,628	9,453	6,175
Commissioners office	356,386	356,386	371,531	(15,145)
General government	2,309,148	2,309,148	2,636,670	(327,522)
Tax commissioner	221,365	221,365	205,585	15,780
Tax assessor	287,694	287,694	271,418	16,276
Courthouse/public buildings	90,968	90,968	78,604	12,364
Other services	565,400	565,400	533,736	31,664
Total general government	3,846,589	3,846,589	4,106,997	(260,408)
Judicial:				
Superior court	110,257	110,257	106,554	3,703
Clerk of Superior court	258,184	258,184	242,359	15,825
State court	149,968	149,968	153,950	(3,982)
Magistrate court	172,250	172,250	172,076	174
Probate court	127,069	127,069	136,258	(9,189)
Juvenile court	33,066	33,066	31,228	1,838
Victims assistance	-	-	11,856	(11,856)
Indigent defense	152,374	152,374	154,913	(2,539)
Total judicial	1,003,168	1,003,168	1,009,194	(6,026)
Public safety:				
Sheriff	2,592,675	2,592,675	2,654,589	(61,914)
Corrections	1,632,519	1,632,519	1,464,596	167,923
Probation/community service	134,230	134,230	134,317	(87)
Volunteer fire association	236,000	236,000	216,582	19,418
Emergency medical services	1,388,902	1,388,902	1,380,435	8,467
Coroner	37,109	37,109	34,684	2,425
Animal control	103,054	103,054	103,732	(678)
Emergency management agency	74,878	74,878	82,153	(7,275)
Total public safety	6,199,367	6,199,367	6,071,088	128,279
Public works:				
Public works	2,459,996	2,459,996	1,470,808	989,188
Landfill	469,797	469,797	443,374	26,423
Total public works	2,929,793	2,929,793	1,914,182	1,015,611

(Continued)

MITCHELL COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Expenditures: (Continued)				
Current:				
Health and welfare:				
Health centers	\$ 176,700	\$ 176,700	\$ 176,464	\$ 236
Public welfare	15,150	15,150	13,035	2,115
Total health and welfare	<u>191,850</u>	<u>191,850</u>	<u>189,499</u>	<u>2,351</u>
Recreation	<u>389,658</u>	<u>389,658</u>	<u>358,488</u>	<u>31,170</u>
Housing and development:				
NRCS - conservation office	24,757	24,757	9,412	15,345
Extension service	88,408	88,408	83,165	5,243
Development authority	169,206	169,206	124,226	44,980
Total housing and development	<u>282,371</u>	<u>282,371</u>	<u>216,803</u>	<u>65,568</u>
Debt service:				
Principal	1,110,750	1,110,750	699,917	410,833
Interest	80,000	80,000	733,903	(653,903)
Fiscal agent fees	-	-	40,190	(40,190)
Total debt service	<u>1,190,750</u>	<u>1,190,750</u>	<u>1,474,010</u>	<u>(283,260)</u>
Total expenditures	<u>16,033,546</u>	<u>16,033,546</u>	<u>15,340,261</u>	<u>693,285</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(446,750)</u>	<u>(446,750)</u>	<u>156,419</u>	<u>603,169</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	30,000	30,000	5,756	(24,244)
Issuances of notes payable	-	-	69,837	69,837
Transfers in	20,400	20,400	27,000	6,600
Transfers out	<u>(396,350)</u>	<u>(396,350)</u>	<u>(719,951)</u>	<u>(323,601)</u>
Total other financing sources (uses)	<u>(345,950)</u>	<u>(345,950)</u>	<u>(617,358)</u>	<u>(271,408)</u>
Net change in fund balances	<u>(792,700)</u>	<u>(792,700)</u>	<u>(460,939)</u>	<u>331,761</u>
Fund balances, beginning of year	<u>1,221,852</u>	<u>1,221,852</u>	<u>1,221,852</u>	<u>-</u>
Fund balances, end of year	<u>\$ 429,152</u>	<u>\$ 429,152</u>	<u>\$ 760,913</u>	<u>\$ 331,761</u>

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

MITCHELL COUNTY, GEORGIA

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2011**

	Water and Sewer System	Self-Insurance Health Benefit Fund	Totals
ASSETS			
CURRENT ASSETS			
Accounts receivable	\$ 32,324	\$ -	\$ 32,324
Total current assets	32,324	-	32,324
NONCURRENT ASSETS			
Capital assets:			
Nondepreciable	81,920	-	81,920
Depreciable, net of accumulated depreciation	680,128	-	680,128
Total noncurrent assets	762,048	-	762,048
Total assets	794,372	-	794,372
LIABILITIES			
CURRENT LIABILITIES			
Outstanding checks in excess of bank balance	-	111,698	111,698
Claims payable	-	426,481	426,481
Accrued liabilities	747	-	747
Current portion - notes payable	25,233	-	25,233
Current portion - compensated absences	3,789	-	3,789
Total current liabilities	29,769	538,179	567,948
NONCURRENT LIABILITIES			
Notes payable, net of current portion	179,351	-	179,351
Compensated absences, net of current portion	947	-	947
Total long-term liabilities	180,298	-	180,298
Total liabilities	210,067	538,179	748,246
NET ASSETS (DEFICIT)			
Invested in capital assets, net of related debt	557,464	-	557,464
Unrestricted (deficit)	26,841	(538,179)	(511,338)
Total net assets	\$ 584,305	\$ (538,179)	\$ 46,126

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

MITCHELL COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Water and Sewer System	Self-Insurance Health Benefit Fund	Totals
OPERATING REVENUES			
Charges for services	\$ 296,222	\$ 1,486,272	\$ 1,782,494
Total operating revenues	<u>296,222</u>	<u>1,486,272</u>	<u>1,782,494</u>
OPERATING EXPENSES			
Personal services	84,032	-	84,032
Cost of sales and services	87,768	1,843,193	1,930,961
Supplies	98,238	-	98,238
Administration	-	28	28
Depreciation	98,762	-	98,762
Total operating expenses	<u>368,800</u>	<u>1,843,221</u>	<u>2,212,021</u>
Operating loss before transfers	<u>(72,578)</u>	<u>(356,949)</u>	<u>(429,527)</u>
NONOPERATING INCOME (EXPENSES)			
Interest expense	(10,105)	-	(10,105)
Total nonoperating income (expenses)	<u>(10,105)</u>	<u>-</u>	<u>(10,105)</u>
Loss before transfers	(82,683)	(356,949)	(439,632)
TRANSFERS			
Transfers in	69	94,597	94,666
Total transfers	<u>69</u>	<u>94,597</u>	<u>94,666</u>
Change in net assets	(82,614)	(262,352)	(344,966)
NET ASSETS (DEFICIT), beginning of year	<u>666,919</u>	<u>(275,827)</u>	<u>391,092</u>
NET ASSETS (DEFICIT), end of year	<u><u>\$ 584,305</u></u>	<u><u>\$ (538,179)</u></u>	<u><u>\$ 46,126</u></u>

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

MITCHELL COUNTY, GEORGIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Water and Sewer System	Self-Insurance Health Benefit Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 289,577	\$ 1,486,272	\$ 1,775,849
Payments to suppliers	(186,504)	(1,589,834)	(1,776,338)
Payments to employees	(82,576)	-	(82,576)
	<u>20,497</u>	<u>(103,562)</u>	<u>(83,065)</u>
Net cash provided by (used in) operating activities			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	<u>69</u>	<u>94,597</u>	<u>94,666</u>
Net cash provided by noncapital financing activities	<u>69</u>	<u>94,597</u>	<u>94,666</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on notes payable	(22,339)	-	(22,339)
Interest paid	<u>(10,105)</u>	<u>-</u>	<u>(10,105)</u>
Net cash used in capital and related financing activities	<u>(32,444)</u>	<u>-</u>	<u>(32,444)</u>
Decrease in cash and cash equivalents	(11,878)	(8,965)	(20,843)
Cash and cash equivalents:			
Beginning of year	<u>11,878</u>	<u>(102,733)</u>	<u>(90,855)</u>
End of year	<u><u>\$ -</u></u>	<u><u>\$ (111,698)</u></u>	<u><u>\$ (111,698)</u></u>
Classified as:			
Outstanding checks in excess of bank balance	<u><u>\$ -</u></u>	<u><u>\$ (111,698)</u></u>	<u><u>\$ (111,698)</u></u>
	<u><u>\$ -</u></u>	<u><u>\$ (111,698)</u></u>	<u><u>\$ (111,698)</u></u>
Reconciliation of operating loss to net cash provided by (used in) operating activities			
Operating loss	\$ (72,578)	\$ (356,949)	\$ (429,527)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities			
Depreciation	98,762	-	98,762
Changes in assets and liabilities:			
Increase in accounts receivable	(6,645)	-	(6,645)
Increase (decrease) in accounts payable	(1,245)	253,387	252,142
Increase in accrued liabilities	747	-	747
Increase in compensated absences	<u>1,456</u>	<u>-</u>	<u>1,456</u>
Net cash provided by (used in) operating activities	<u><u>\$ 20,497</u></u>	<u><u>\$ (103,562)</u></u>	<u><u>\$ (83,065)</u></u>

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

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

	Agency Funds
	<u> </u>
ASSETS	
Cash and cash equivalents	\$ 207,808
Taxes receivable	<u>1,274,230</u>
Total assets	<u><u>\$ 1,482,038</u></u>
LIABILITIES	
Due to others	\$ 207,808
Uncollected taxes	<u>1,274,230</u>
Total liabilities	<u><u>\$ 1,482,038</u></u>

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

MITCHELL COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

Mitchell County, Georgia, (the "County") operates under a County Commissioner-Administrator form of government and provides the following services to the citizens of Mitchell County: public safety (police and fire), public works, recreation, judicial services, health and welfare services, housing and development, and general administrative services.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationships with the County. In conformity with accounting principles generally accepted in the United States of America, as set forth in Government Accounting Standards Board Statement No. 14, "The Financial Reporting Entity"; the component units' financial statements are discretely presented in the government-wide financial statements.

The **Mitchell County Board of Health** (the "Health Department") provides health services to the citizens of the County. The Health Department is a legally separate entity. The County Commissioners appoint a voting majority of the Health Department. The County has the ability to impose its will on the Health Department in accordance with the Official Code of Georgia (O.C.G.A.) Section 31-3-14. The fiscal year end of the component unit is June 30. Complete financial statements of the Mitchell County Health Department may be obtained from its administrative office at 88 W. Oakland Ave., Camilla, Georgia 31730.

The **Mitchell County Development Authority** (the "Development Authority") is responsible for promoting industrial and commercial development within Mitchell County. The Development Authority is responsible for adopting its own annual budget and making its own operating decisions. A majority of the members of the governing board of the Development Authority are appointed by the County Commission. Separate financial statements for the Development Authority were not prepared.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

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

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

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

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis* of accounting, as are the proprietary fund and the fiduciary fund financial statements. Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Property taxes, sales taxes, franchise taxes, licenses, investment income, Federal and state grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

The **General Fund** 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.

The **2006-2011 Sales Tax Fund** accounts for the proceeds of a 1% Special Purpose Local Option Sales Tax. Funds are used for: road and drainage projects; emergency medical projects; courthouse projects; Flint River Auditorium project; debt service; and various City projects within Mitchell County.

The County reports the following major business-type funds:

The **Water and Sewer System** is an enterprise fund used to account for the provision of water services to the citizens of Mitchell County. Activities of the fund include water administration, operations, billing and collections.

The **Self-Insurance Health Benefit Fund** is used to account for the self-insured health benefit plan provided for the employees of the County.

Additionally, the County reports the following fund types:

The **special revenue funds** account for revenue sources that are legally restricted to expenditures for specific purposes.

The **agency funds** are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals, such as cash bonds, traffic fines, support payments and ad valorem and property taxes.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

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

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

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

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

D. Cash and Investments

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

E. Short-Term Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available resources.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend useful lives are expensed as incurred.

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets is included as part of the capitalized value of the assets constructed. No interest expense was capitalized during the year ended December 31, 2011.

Depreciation is provided on the straight-line method over the following estimated useful lives:

Primary Government

Buildings and improvements	20 years
Infrastructure	50 years
Vehicles and equipment	5 - 10 years

Mitchell County Health Department

Machinery and equipment	5 - 7 years
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Mitchell County Development Authority

Buildings and improvements	20 years
Furniture and equipment	5 years

G. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 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 service expenditures.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The County's policy is to permit employees to accumulate earned but unused vacation as follows: 240 hours for all departments except, 252 hours for Sheriff's department, 300 hours for the Correctional Institute, and 450 hours for Ambulance service employees. All compensated absences are accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. No liability is recorded for nonvesting accumulation rights to receive sick pay benefits.

I. 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 assets and liabilities under the current financial resources measurement focus of accounting. 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 (i.e., 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 Commission through the adoption of a resolution. Only the County Commission 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 purposes, but are neither restricted nor committed. Through resolution, the County Commission has authorized the County Administrator 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 balances only in the general fund. Negative unassigned fund balances may be reported in all funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Fund Equity (Continued)

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

- Committed
- Assigned
- Unassigned

Net Assets – Net assets represent the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. 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 (i.e., the amount that the County has spent) for the acquisition, construction or improvement of those assets. Net assets are reported as restricted using the same definition as used for restricted fund balance as described in the 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.

J. 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$11,527,559 difference are as follows:

Accrued interest payable	\$ 54,333
Capital lease payable	371,276
Notes payable	96,082
Bonds payable	8,085,000
Compensated absences	191,552
Closure and postclosure care costs	2,729,316
Net adjustment to reduce <i>fund balance – total governmental</i> to arrive at <i>net assets – governmental activities</i>	<u>\$ 11,527,559</u>

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$949,051 difference are as follows:

Capital outlay	\$ 109,482
Depreciation expense	(1,058,533)
Net adjustment to decrease <i>net changes in fund balances – total</i> <i>governmental funds</i> to arrive at <i>changes in net assets of</i> <i>governmental activities</i>	<u>\$ (949,051)</u>

Another element of that reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.” The details of this \$865,315 difference are as follows:

Debt issued - notes payable	\$ (69,837)
Principal payments - capital lease	338,492
Principal payments - notes payable	66,660
Principal payments - bonds payable	530,000
Net adjustment to increase <i>net changes in fund balances – total</i> <i>governmental funds</i> to arrive at <i>changes in net assets of</i> <i>governmental activities</i>	<u>\$ 865,315</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

Another element of that reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this \$30,718 difference are as follows:

Compensated absences	\$ 17,737
Accrued interest	13,100
Net pension asset	<u>(119)</u>
Net adjustment to increase <i>net changes in fund balances - total</i> <i>governmental funds to arrive at changes in net assets of</i> <i>governmental activities</i>	<u><u>\$ 30,718</u></u>

NOTE 3. LEGAL COMPLIANCE – BUDGETS

A. Budgets and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to year end, the County Administrator submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the County Courthouse to obtain taxpayer comments.
3. Prior to January 1, the budget is legally enacted through approval by the Board of Commissioners.
4. The Board of Commissioners has the authority to amend the budget. An increase in appropriation in any fund for a department, whether accomplished through a change in anticipated revenues in any fund or through a transfer of appropriations among departments, shall require the approval of the Board of Commissioners. Transfers of appropriations in any fund among the various accounts within a department shall require only the approval of the budget officer.
5. Formal budgetary integration is employed as a measurement control device during the year for the General Fund, Jail Fund, and E-911 Fund. Budgets were not adopted for the Drug Abuse and Treatment Education Fund, Law Library Fund, Jail Commissary Fund, Tornado Relief Fund, or the Revolving Loan Fund. Project-length budgets are adopted for capital projects funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

6. The budget for the General Fund and the Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) and are presented in accordance with finance-related legal and contractual provisions.

Budgeted amounts are as originally adopted on January 1, 2011 or as amended by the Board of Commissioners. Individual amendments were not material in relation to the original appropriations.

B. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to assign or commit that portion of the applicable appropriation, is not utilized by the County.

C. Excess Expenditures Over Appropriations

For the year ended December 31, 2011, the following departments had excess of actual expenditures over appropriations, which were funded by available fund balance of the General Fund:

<u>Department</u>	<u>Excess</u>
General Fund:	
Commissioners office	\$ 15,145
General government	327,522
State court	3,982
Probate court	9,189
Victims assistance	11,856
Indigent defense	2,539
Sheriff	61,914
Probation/community service	87
Animal control	678
Emergency management agency	7,275
Debt service	283,260

NOTE 4. CASH AND INVESTMENTS

Credit risk. State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CASH AND INVESTMENTS (CONTINUED)

At December 31, 2011, the Mitchell County Development Authority, a component unit of the County, had the following investment:

Investments	Maturities	Fair Value
Mitchell County Development Authority Certificates of deposit	363 days	\$ 243,213

Interest rate risk. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial credit risk – deposits. The County does not have a formal custodial credit risk policy. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties or municipalities. As of December 31, 2011, the County, the Development Authority, nor the Board of Health had any deposits exposed to custodial credit risk as uninsured and uncollateralized as defined by GASB pronouncements.

NOTE 5. RECEIVABLES

Receivables consisted of the following at December 31, 2011:

	General	Other Governmental Funds	Water and Sewer System	Total
Receivables:				
Taxes	\$ 1,622,708	\$ -	\$ -	\$ 1,622,708
Accounts	3,477,337	196	32,324	3,509,857
Notes	-	155,825	-	155,825
Gross receivables	5,100,045	156,021	32,324	5,288,390
Less allowance for uncollectibles	(3,111,740)	-	-	(3,111,740)
Net total receivable	<u>\$ 1,988,305</u>	<u>\$ 156,021</u>	<u>\$ 32,324</u>	<u>\$ 2,176,650</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES (CONTINUED)

Property taxes attached as an enforceable lien on property as of January 1, 2011. Property taxes were levied on October 20, 2011, and payable on or before January 12, 2012. The County bills and collects its own property taxes. Property taxes levied for 2011 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended December 31, 2011, and collected by February 29, 2012, are recognized as revenues in the year ended December 31, 2011. Net receivables estimated to be collected subsequent to February 29, 2012, are recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually.

NOTE 6. CAPITAL ASSETS

A. Primary Government

The County's capital asset activity for the year ended December 31, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$ 3,008,045	\$ -	\$ -	\$ 3,008,045
Total capital assets, not being depreciated	<u>3,008,045</u>	<u>-</u>	<u>-</u>	<u>3,008,045</u>
Capital assets, being depreciated:				
Buildings	10,455,791	-	-	10,455,791
Infrastructure	16,864,176	-	-	16,864,176
Vehicles and equipment	11,559,496	109,482	-	11,668,978
Total capital assets, being depreciated	<u>38,879,463</u>	<u>109,482</u>	<u>-</u>	<u>38,988,945</u>
Less accumulated depreciation for:				
Buildings	(4,929,781)	(263,192)	-	(5,192,973)
Infrastructure	(6,799,841)	(311,327)	-	(7,111,168)
Vehicles and equipment	(9,846,002)	(484,014)	-	(10,330,016)
Total accumulated depreciation	<u>(21,575,624)</u>	<u>(1,058,533)</u>	<u>-</u>	<u>(22,634,157)</u>
Total capital assets, being depreciated, net	<u>17,303,839</u>	<u>(949,051)</u>	<u>-</u>	<u>16,354,788</u>
Governmental activities capital assets, net	<u><u>\$ 20,311,884</u></u>	<u><u>\$ (949,051)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 19,362,833</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 81,920	\$ -	\$ -	\$ 81,920
Construction in progress	234,567	-	(234,567)	-
Total capital assets, not being depreciated	316,487	-	(234,567)	81,920
Capital assets, being depreciated:				
Building and improvements	1,522,823	-	-	1,522,823
Infrastructure	486,734	234,567	-	721,301
Vehicles and equipment	29,983	-	-	29,983
Total	2,039,540	234,567	-	2,274,107
Less accumulated depreciation for:				
Building and improvements	(1,018,649)	(61,489)	-	(1,080,138)
Infrastructure	(450,234)	(36,065)	-	(486,299)
Vehicles and equipment	(26,334)	(1,208)	-	(27,542)
Total	(1,495,217)	(98,762)	-	(1,593,979)
Total capital assets, being depreciated, net	544,323	135,805	-	680,128
Business-type activities capital assets, net	\$ 860,810	\$ 135,805	\$ (234,567)	\$ 762,048

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

Governmental activities:	
General government	\$ 12,660
Judicial	14,735
Public safety	526,810
Public works	487,907
Recreation	3,451
Housing and development	12,970
Total depreciation expense - governmental activities	<u>\$ 1,058,533</u>
Business-type activities:	
Water and Sewer System Fund	\$ 98,762
Total depreciation expense - business-type activities	<u>\$ 98,762</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

B. Discretely Presented Component Unit – Mitchell County Board of Health

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Capital assets, being depreciated:				
Machinery and equipment	\$ 17,861	\$ -	\$ -	\$ 17,861
Total	<u>17,861</u>	<u>-</u>	<u>-</u>	<u>17,861</u>
Less accumulated depreciation for:				
Machinery and equipment	(9,625)	(3,572)	-	(13,197)
Total	<u>(9,625)</u>	<u>(3,572)</u>	<u>-</u>	<u>(13,197)</u>
Total capital assets, being depreciated, net	<u>8,236</u>	<u>(3,572)</u>	<u>-</u>	<u>4,664</u>
Board of Health capital assets, net	<u>\$ 8,236</u>	<u>\$ (3,572)</u>	<u>\$ -</u>	<u>\$ 4,664</u>

C. Discretely Presented Component Unit – Mitchell County Development Authority

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 50,024	\$ -	\$ -	\$ 50,024
Total	<u>50,024</u>	<u>-</u>	<u>-</u>	<u>50,024</u>
Capital assets, being depreciated:				
Buildings and improvements	123,750	-	-	123,750
Furniture and equipment	12,878	-	-	12,878
Total	<u>136,628</u>	<u>-</u>	<u>-</u>	<u>136,628</u>
Less accumulated depreciation for:				
Buildings and improvements	(26,469)	(4,124)	-	(30,593)
Furniture and equipment	(6,321)	(1,118)	-	(7,439)
Total	<u>(32,790)</u>	<u>(5,242)</u>	<u>-</u>	<u>(38,032)</u>
Total capital assets, being depreciated, net	<u>103,838</u>	<u>(5,242)</u>	<u>-</u>	<u>98,596</u>
Development Authority capital assets, net	<u>\$ 153,862</u>	<u>\$ (5,242)</u>	<u>\$ -</u>	<u>\$ 148,620</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the year ended December 31, 2011:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Notes payable	\$ 92,905	\$ 69,837	\$ 66,660	\$ 96,082	\$ 58,244
Capital leases payable	709,768	-	338,492	371,276	151,911
Bonds payable	8,615,000	-	530,000	8,085,000	570,000
Compensated absences	209,289	200,880	218,617	191,552	153,242
Closure and postclosure care costs	2,702,293	27,023	-	2,729,316	-
Governmental activities long-term liabilities	<u>\$ 12,329,255</u>	<u>\$ 297,740</u>	<u>\$ 1,153,769</u>	<u>\$ 11,473,226</u>	<u>\$ 933,397</u>
Business-type activities:					
Notes payable	\$ 226,923	\$ -	\$ 22,339	\$ 204,584	\$ 25,233
Compensated absences	3,280	3,080	1,624	4,736	3,789
Business-type activities long-term liabilities	<u>\$ 230,203</u>	<u>\$ 3,080</u>	<u>\$ 23,963</u>	<u>\$ 209,320</u>	<u>\$ 29,022</u>
Component unit - Mitchell County Board of Health:					
Compensated absences	\$ 26,911	\$ 933	\$ -	\$ 27,844	\$ 2,784
Mitchell County Board of Health long-term liabilities	<u>\$ 26,911</u>	<u>\$ 933</u>	<u>\$ -</u>	<u>\$ 27,844</u>	<u>\$ 2,784</u>
Component unit - Mitchell County Development Authority:					
Notes payable	\$ 27,199	\$ -	\$ 11,637	\$ 15,562	\$ 4,068
Mitchell County Development Authority long-term liabilities	<u>\$ 27,199</u>	<u>\$ -</u>	<u>\$ 11,637</u>	<u>\$ 15,562</u>	<u>\$ 4,068</u>

For governmental activities, compensated absences are generally liquidated by the General Fund. For business-type activities, compensated absences are liquidated by the Water and Sewer System Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Notes Payable. The County has incurred debt to various financial institutions for the purchase of equipment. These notes are as follows at December 31, 2011:

Purpose	Original Amount	Interest Rate	Due Date	Balance at December 31, 2011
Equipment	\$ 86,008	5.14%	2012	\$ 8,070
Equipment	163,480	3.95%	2012	27,341
Equipment	69,837	3.44%	2014	60,671
				<u>96,082</u>
			Less current maturities	(58,244)
				<u>\$ 37,838</u>

The notes payable debt service requirements to maturity, including interest are as follows:

Fiscal Year Payable	Total	Principal	Interest
2012	\$ 60,439	\$ 58,244	\$ 2,195
2013	24,591	23,648	943
2014	14,346	14,190	156
	<u>\$ 99,376</u>	<u>\$ 96,082</u>	<u>\$ 3,294</u>

The County has also incurred debt to a financial institution for additions to the water system. This note is as follows at December 31, 2011:

Purpose	Original Amount	Interest Rate	Due Date	Balance at December 31, 2011
Water system additions	\$ 226,923	4.24%	2019	\$ 204,584
				<u>204,584</u>
			Less current maturities	(25,233)
				<u>\$ 179,351</u>

The note payable debt service requirements to maturity, including interest is as follows:

Fiscal Year Payable	Total	Principal	Interest
2012	\$ 33,557	\$ 25,233	\$ 8,324
2013	33,557	26,363	7,194
2014	33,557	27,519	6,038
2015	33,557	28,726	4,831
2016	33,557	29,974	3,583
2017-2019	69,912	66,769	3,143
	<u>\$ 237,697</u>	<u>\$ 204,584</u>	<u>\$ 33,113</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Capital Leases. The County has entered into lease agreements as lessee for financing the acquisition of various equipment. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The following is an analysis of leased assets under capital leases as of December 31, 2011:

	Governmental Activities
Equipment	\$ 2,105,259
Less: Accumulated depreciation	(1,171,883)
	<u>\$ 933,376</u>

The following is a schedule of future minimum lease payments together with the present value of net minimum lease payments as of December 31, 2011:

	Governmental Activities
Year ending December 31,	
2012	\$ 161,132
2013	189,445
2014	<u>34,399</u>
Total minimum lease payments	384,976
Less amount representing interest	(13,700)
Present value of future minimum lease payments	<u>\$ 371,276</u>

Landfill Closure and Postclosure Care Cost. Mitchell County, Georgia has closed its landfill and placed a final cover on the landfill in accordance with state and federal laws regulations. In addition, state and federal laws and regulations require the County to perform certain maintenance and monitoring functions at the site for 30 years after closure. These maintenance and monitoring functions are estimated at \$70,200 per year.

Although the postclosure care costs will be paid when the services are performed, the County reports a liability of \$2,729,316 at December 31, 2011. This amount represents the cumulative amount of landfill postclosure cost based on 100 percent of the capacity of the landfill. The County has no assets restricted for payment of postclosure care cost. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Revenue Bonds. During the year ended December 31, 2006, the County entered into an agreement with the Mitchell County Development Authority, a component unit, for the issuance of bonds in the amount of \$10,000,000 to the First United Ethanol, LLC (FUEL). Under the agreement, the Mitchell County Development Authority is authorized to issue revenue bonds bearing rates of interest and maturities determined by the Mitchell County Development Authority to finance projects consistent with the powers and purposes of the agreement. Such bonds, thus issued, shall be paid first from the income of the Mitchell County Development Authority. In the event such income is not sufficient to pay the principal and interest of such bonds, as they mature, then the Commissioners of the County are authorized and required to provide the additional funds necessary to make such payment, and for this purpose the Commissioners are authorized to levy an annual tax on all taxable property within the County, provided such tax shall not exceed five (5) mills. During the year ended December 31, 2010, FUEL, the original borrower of the bonds, entered into bankruptcy proceedings and the bonds became the responsibility of the County pursuant to the contract between the County and the Mitchell County Development Authority. The County recorded the bond issuance revenue and off-setting economic development expenditures of \$9,250,000 in the General Fund to report the debt at the Fund level. The bonds are accruing interest at 7.75% and payments began on December 1, 2010.

Revenue bonds debt service requirements to maturity are as follows as of December 31, 2011:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending December 31,			
2012	\$ 570,000	\$ 638,728	\$ 1,208,728
2013	615,000	593,697	1,208,697
2014	660,000	545,111	1,205,111
2015	710,000	492,970	1,202,970
2016	765,000	436,879	1,201,879
2017-2021	4,765,000	1,183,838	5,948,838
	<u>\$ 8,085,000</u>	<u>\$ 3,891,223</u>	<u>\$ 11,976,223</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Notes payable – Mitchell County Development Authority

The Development Authority has incurred debt to Georgia Cities Foundation, Inc. for the purchase of a building. This note is as follows at December 31, 2011:

Purpose	Original Amount	Interest Rate	Due Date	Balance at December 31, 2011
Building	\$ 54,050	3.00%	2015	\$ 15,562
				15,562
			Less current maturities	(4,068)
				<u>\$ 11,494</u>

The Development Authority's notes payable debt service requirements to maturity, including interest are as follows:

	Total	Principal	Interest
Year ending December 31,			
2012	\$ 4,479	\$ 4,068	\$ 411
2013	4,479	4,192	287
2014	4,479	4,319	160
2015	3,017	2,983	34
	<u>\$ 16,454</u>	<u>\$ 15,562</u>	<u>\$ 892</u>

NOTE 8. SHORT-TERM DEBT – REVOLVING LINE OF CREDIT

The County used a revolving line of credit to finance a variety of public projects, including financing general operations during periods of uneven property and sales tax collections. The County's General Fund short-term debt activity for the year end December 31, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Line of Credit	<u>\$ -</u>	<u>\$ 5,900,300</u>	<u>\$ 5,550,150</u>	<u>\$ 350,150</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. INTERFUND TRANSFERS

The composition of interfund balances as of December 31, 2011, is as follows:

Due to/from:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
2006 - 2011 Sales Tax Fund	General Fund	\$ 478,673

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Interfund transfers:

<u>Transfer To</u>	<u>Transfer From</u>		
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
General Fund	\$ -	\$ 27,000	\$ 27,000
2006-2011 Sales Tax Fund	478,673	-	478,673
Water and Sewer System	69	-	69
Nonmajor Governmental Funds	146,612	-	146,612
Self-Insurance Health Benefit Fund	94,597	-	94,597
Total	<u>\$ 719,951</u>	<u>\$ 27,000</u>	<u>\$ 746,951</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 10. RETIREMENT PLANS

A. Defined Contribution Plan

Mitchell County maintains a defined contribution pension plan, the Mitchell County Retirement Savings Plan ("the Savings Plan"), which was established by Mitchell County on January 1, 1998 to provide reasonable retirement security for its employees. The plan is administered by Nationwide Retirement Solutions. At December 31, 2011, there were 22 active participants. The County does not make any contributions to the plan. Plan participants can contribute up to 25% of their compensation. Plan provisions and contribution requirements are established by and may be amended by the Mitchell County Board of Commissioners. For the year ended December 31, 2011, County employees contributed \$50,524.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan

Plan Description

The County sponsors the Association County Commissioners of Georgia Restated Pension Plan for Mitchell County Employees (The Plan), which is a defined benefit pension plan. All full-time employees are eligible to participate in the County's noncontributory defined benefit pension plan after completion of three years of service.

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Plan, through execution of the adoption agreement, is affiliated with the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan administered by GEBCorp. The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of the ACCG Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of The Plan, as provided in Section 19.02 of the ACCG Plan document. Complete financial statements for the Association County Commissioners of Georgia (ACCG) Defined Benefit Pension Plan can be obtained from GEBCorp, 1100 Circle 75 Parkway, Suite 300, Atlanta, Georgia 30339.

Participant Data

At January 1, 2011, the date of the most recent actuarial valuation, there were 235 participants as follows:

Active participants	127
Retirees and beneficiaries	33
Vested terminated	75
	<u>235</u>

Funding Policy

The County is required to contribute an actuarially determined amount annually to The Plan's trust. The contribution amount is determined using actuarial methods and assumptions approved by the ACCG Plan trustees and intended to satisfy the minimum contribution requirements as set forth in the State of Georgia statutes. Plan participants do not contribute to the plan.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan (Continued)

Annual Pension Cost and Net Pension Obligation

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

	<u>2011</u>	<u>2010</u>
<u>Derivation of Annual Pension Cost</u>		
Annual Required Contribution	\$ 321,575	\$ 265,799
Interest on Net Pension Obligation	(1,698)	(1,707)
Amortization of Net Pension Obligation	1,816	1,826
Annual Pension Cost	<u>\$ 321,693</u>	<u>\$ 265,918</u>
<u>Derivation of Net Pension Obligation</u>		
Annual Pension Cost for Calendar Year 2011		\$ 265,918
Actual Contributions to Plan for Calendar Year 2011		265,799
Decrease in Net Pension Asset		119
Net Pension Asset as of December 31, 2010		22,022
Net Pension Asset as of December 31, 2011		<u>\$ 21,903</u>

Basis of Valuation

Current valuation date	January 1, 2011
Annual return on invested Plan assets	7.75%
Projected annual salary increases	4.0%-6.5% based on age
Expected annual inflation	3.0%
Actuarial value of assets	Market Value
Actuarial funding method	Projected Unit Credit
Amortization method	Level Percent of Pay (Closed)
Remaining amortization period	10 years

Trend Information for The Plan

<u>Fiscal Year Beginning</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual County Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
1/1/2011	\$ 321,693	\$ N/A	N/A %	\$ (21,903)
1/1/2010	265,918	265,799	100.0	(22,022)
1/1/2009	266,948	266,828	100.0	(22,142)
1/1/2008	284,432	306,574	107.8	-
1/1/2007	275,743	275,743	100.0	-

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan (Continued)

Basis of Valuation (Continued)

As of the most recent valuation date, January 1, 2011, the funded status of the Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
12/31/10	\$ 4,359,111	\$ 4,661,479	\$ 302,368	93.5 %	\$ 4,118,930	7.3 %

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial liability. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2011.

NOTE 11. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in the Association County Commissioners of Georgia (ACCG) Group Self-Insurance Workers' Compensation Fund and the Interlocal Risk Management Agency Property and Liability Insurance Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT (CONTINUED)

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the Workers' Compensation Law of Georgia. The funds are 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.

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

The County maintains a self-insured medical benefit plan for their employees. The plan is accounted for as an internal service fund of the County, is funded according to plan experience, and serves to reduce overall healthcare costs of the County employees. The County purchases specific and aggregate stop loss insurance coverage to protect itself in unusual circumstances. Claims payable at December 31, 2011 were estimated based on the loss analysis report provided by a third-party administrator and pending specific stop loss reimbursements.

Changes in medical claims payable for the year ended December 31 is as follows:

	<u>2011</u>	<u>2010</u>
Unpaid claims, beginning of fiscal year	\$ 173,094	\$ 289,538
Incurred claims and changes in estimates	1,843,221	1,507,021
Claim payments	(1,589,834)	(1,623,465)
Unpaid claims, end of fiscal year	<u>\$ 426,481</u>	<u>\$ 173,094</u>

NOTE 12. COMMITMENTS AND CONTINGENCIES

Litigation

The County is involved in a number of legal matters, which either have or could result in litigation. The nature of the lawsuits varies considerably. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the County.

Grant Contingencies

The County has received Federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, County management believes such disallowances, if any, will not be significant.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. JOINT VENTURE

Under Georgia law, the County, in conjunction with other cities and counties in the fourteen-county Georgia region, is a member of the Southwest Georgia Regional Commission (SGRC) and is required to pay annual dues thereto. During the year ended December 31, 2011, the County paid \$14,390 in such dues. Membership in a Regional Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC's in Georgia. The SGRC 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 an RC. Separate financial statements may be obtained from the Southwest Georgia Regional Commission, 30 West Broad Street, Camilla, Georgia 31730.

NOTE 14. DEFICIT NET ASSETS

The Self-Insurance Health Benefit Fund reported deficit net assets of \$538,179 at December 31, 2011. The Self-Insurance Health Benefit Fund deficit is intended to be eliminated through increased user charges and transfers from the General Fund.

MITCHELL COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
12/31/10	\$ 4,359,111	\$ 4,661,479	\$ 302,368	93.5 %	\$ 4,118,930	7.3 %
12/31/09	4,062,554	4,328,005	265,451	93.9	3,853,200	6.9
12/31/08	3,693,504	4,338,238	644,734	85.1	3,979,700	16.2
12/31/07	3,572,836	3,976,107	403,271	89.9	4,085,132	9.9
12/31/06	3,145,851	3,519,084	373,233	89.4	3,856,329	9.7
12/31/05	2,747,328	3,275,971	528,643	83.9	3,418,022	15.5
12/31/04	2,368,637	2,867,798	499,161	82.6	3,064,411	16.3
12/31/03	2,163,211	2,461,178	297,967	87.9	2,772,613	10.7

MITCHELL COUNTY, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Drug Abuse and Treatment Education Fund is used to account for the collection of additional penalties for certain drug related crimes, donations related to drug education, and for expenditure of those funds solely and exclusively restricted for drug abuse treatment and education programs relating to controlled substances and marijuana. (OCGA 15-21-100).

Jail Fund is used to account for revenues collected by the imposition of a 10% add-on fine as provided for by the Georgia Jail Construction and Staffing Act.

Law Library Fund is used to account for the resources received from the various courts of Mitchell County and disbursements for the support of a centralized law library.

Jail Commissary Fund is used to account for the proceeds from jail inmate commissary sales.

E-911 System Fund is used to account for the County's emergency communications operations by providing an open channel between citizens and public safety providers.

Confiscated Assets Fund is used to account for activities related to drug raids.

Tornado Relief Fund is used to account for the County's activities related to grants received and relief provided for the 2009 tornado.

Revolving Loan Fund is a special revenue fund used to account for the operations of the County's revolving loans. Original funding was provided by the Department of Housing and Urban Development through the State of Georgia Department of Community Affairs.

MITCHELL COUNTY, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

	Special Revenue Funds			
	Drug Abuse and Treatment Education Fund	Jail Fund	Law Library Fund	Jail Commissary Fund
ASSETS				
Cash and cash equivalents	\$ 37,762	\$ 7,211	\$ 49,511	\$ 140,602
Accounts receivable	-	-	196	-
Notes receivable	-	-	-	-
Total assets	<u>\$ 37,762</u>	<u>\$ 7,211</u>	<u>\$ 49,707</u>	<u>\$ 140,602</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 217	\$ -	\$ -	\$ 11,245
Total liabilities	<u>217</u>	<u>-</u>	<u>-</u>	<u>11,245</u>
FUND BALANCES				
Nonspendable:				
Long-term receivable	-	-	-	-
Restricted for:				
Judicial	-	-	49,707	-
Public safety	37,545	7,211	-	-
Economic development	-	-	-	-
Assigned for:				
Public safety	-	-	-	129,357
Public assistance	-	-	-	-
Total fund balances	<u>37,545</u>	<u>7,211</u>	<u>49,707</u>	<u>129,357</u>
Total liabilities and fund balances	<u>\$ 37,762</u>	<u>\$ 7,211</u>	<u>\$ 49,707</u>	<u>\$ 140,602</u>

E-911 Fund	Confiscated Assets Fund	Tornado Relief Fund	Revolving Loan Fund	Totals
\$ -	\$ 208,932	\$ 36,794	\$ 16,223	\$ 497,035
-	-	-	-	196
-	-	-	155,825	155,825
<u>\$ -</u>	<u>\$ 208,932</u>	<u>\$ 36,794</u>	<u>\$ 172,048</u>	<u>\$ 653,056</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,462</u>
-	-	-	-	11,462
-	-	-	140,840	140,840
-	-	-	-	49,707
-	208,932	-	-	253,688
-	-	-	31,208	31,208
-	-	-	-	129,357
-	-	36,794	-	36,794
-	208,932	36,794	172,048	641,594
<u>\$ -</u>	<u>\$ 208,932</u>	<u>\$ 36,794</u>	<u>\$ 172,048</u>	<u>\$ 653,056</u>

MITCHELL COUNTY, GEORGIA

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

	Special Revenue Funds			
	Drug Abuse and Treatment Education Fund	Jail Fund	Law Library Fund	Jail Commissary Fund
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	155,770
Fines and forfeitures	18,030	28,987	9,904	-
Interest revenue	-	24	129	-
Total revenues	<u>18,030</u>	<u>29,011</u>	<u>10,033</u>	<u>155,770</u>
Expenditures:				
Current:				
Judicial	-	-	12,814	-
Public safety	10,202	-	-	133,393
Housing and development	-	-	-	-
Total expenditures	<u>10,202</u>	<u>-</u>	<u>12,814</u>	<u>133,393</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,828</u>	<u>29,011</u>	<u>(2,781)</u>	<u>22,377</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	(27,000)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(27,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	7,828	2,011	(2,781)	22,377
Fund balances, beginning of year	<u>29,717</u>	<u>5,200</u>	<u>52,488</u>	<u>106,980</u>
Fund balances, end of year	<u>\$ 37,545</u>	<u>\$ 7,211</u>	<u>\$ 49,707</u>	<u>\$ 129,357</u>

E-911 Fund	Confiscated Assets Fund	Tornado Relief Fund	Revolving Loan Fund	Totals
\$ -	\$ -	\$ -	\$ 191,989	\$ 191,989
322,281	-	-	-	478,051
-	263,891	-	-	320,812
-	174	1	4,048	4,376
<u>322,281</u>	<u>264,065</u>	<u>1</u>	<u>196,037</u>	<u>995,228</u>
-	-	-	-	12,814
468,893	60,095	-	-	672,583
-	-	-	23,989	23,989
<u>468,893</u>	<u>60,095</u>	<u>-</u>	<u>23,989</u>	<u>709,386</u>
(146,612)	203,970	1	172,048	285,842
146,612	-	-	-	146,612
-	-	-	-	(27,000)
<u>146,612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,612</u>
-	203,970	1	172,048	405,454
-	4,962	36,793	-	236,140
<u>\$ -</u>	<u>\$ 208,932</u>	<u>\$ 36,794</u>	<u>\$ 172,048</u>	<u>\$ 641,594</u>

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

Project Description	Original and Current Estimated Costs	Expenditures		
		Prior Years	Current Year	Total
<u>2006 REFERENDUM</u>				
Road, Street and Bridge Construction or Improvement	\$ 3,522,333	\$ 5,195,786	\$ 1,203,185	\$ 6,398,971
Ambulance Purchase	120,000	97,135	-	97,135
Courthouse Improvements	125,000	130,526	-	130,526
Fire Department Projects	2,500,000	1,700,789	43,629	1,744,418
Flint River Auditorium Project	100,000	-	30,215	30,215
City of Pelham Projects	1,919,520	1,239,993	918,463	2,158,456
City of Sale City Projects	120,000	103,434	32,958	136,392
City of Camilla Projects	2,672,171	1,785,711	1,238,975	3,024,686
City of Baconton Projects	383,349	215,853	131,209	347,062
City of Meigs Projects	11,025	-	12,531	12,531
Totals	\$ 11,473,398	\$ 10,469,227	\$ 3,611,165	\$ 14,080,392

Note: The difference between the above schedule and the Statement of Revenues, Expenditures and Changes in Fund Balances is due to capital lease principal and interest of \$246,809 paid during the year.

MITCHELL COUNTY, GEORGIA

AGENCY FUNDS

Tax Commissioner – This fund is used to account for all real, personal and intangible taxes collected and forwarded to the County and other government units.

Jail Inmate Fund – This fund accounts for jail inmate funds while in custody, and for the purchase of items from the Jail Commissary and related activities on behalf of inmates and the correctional institution.

The following agency funds are used to account for fines, fees and other moneys collected by the courts and Sheriff's Office and remitted to other parties in accordance with court orders and state law:

Clerk of Superior Court

Probate Court

Sheriff's Office

Probation Office

Magistrate Court

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

ASSETS	Clerk of Superior Court	Probate Court	Sheriff's Office	Probation Office
Cash and cash equivalents	\$ 83,575	\$ 1,286	\$ 4,936	\$ 47,774
Taxes receivable	-	-	-	-
Total assets	\$ 83,575	\$ 1,286	\$ 4,936	\$ 47,774
LIABILITIES				
Due to others	\$ 83,575	\$ 1,286	\$ 4,936	\$ 47,774
Uncollected taxes	-	-	-	-
Total liabilities	\$ 83,575	\$ 1,286	\$ 4,936	\$ 47,774

Jail Inmate	Tax Commissioner	Magistrate Court	Total
\$ 19,571	\$ 17,719	\$ 32,947	\$ 207,808
-	1,274,230	-	1,274,230
<u>\$ 19,571</u>	<u>\$ 1,291,949</u>	<u>\$ 32,947</u>	<u>\$ 1,482,038</u>
\$ 19,571	\$ 17,719	\$ 32,947	\$ 207,808
-	1,274,230	-	1,274,230
<u>\$ 19,571</u>	<u>\$ 1,291,949</u>	<u>\$ 32,947</u>	<u>\$ 1,482,038</u>

COMPONENT UNIT STATEMENTS

MITCHELL COUNTY, GEORGIA
BALANCE SHEET
COMPONENT UNIT - DEVELOPMENT AUTHORITY
DECEMBER 31, 2011

ASSETS

Cash and cash equivalents	\$ 134,530
Investments	<u>243,213</u>
Total assets	<u><u>\$ 377,743</u></u>

FUND BALANCE

Assigned for:	
Housing and development	<u>\$ 377,743</u>
Total fund balance	<u><u>\$ 377,743</u></u>

MITCHELL COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
COMPONENT UNIT - DEVELOPMENT AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2011

Revenues:

Intergovernmental	\$ 78,333
Charges for services	11,568
Interest revenues	2,359
Total revenues	<u>92,260</u>

Expenditures:

Current:	
Housing and development	64,933
Debt service:	
Principal	11,637
Interest	615
Total expenditures	<u>77,185</u>

Net change in fund balances	15,075
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Fund balance, beginning of year	<u>362,668</u>
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Fund balance, end of year	<u><u>\$ 377,743</u></u>
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COMPLIANCE SECTION



CERTIFIED PUBLIC ACCOUNTANTS, LLC

**INDEPENDENT AUDITOR'S 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**

**Board of Commissioners
of Mitchell County, Georgia
Camilla, Georgia**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Mitchell County, Georgia as of and for the year ended December 31, 2011, which collectively comprise Mitchell County Georgia's basic financial statements and have issued our report thereon dated October 18, 2012. Our report includes a reference to other auditors. As referenced in our report and discussed in Note 1, Mitchell County, Georgia implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of January 1, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Mitchell County Board of Health, as described in our report on Mitchell County, Georgia's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

Management of Mitchell County, Georgia is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Mitchell County, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose expressing an opinion on the effectiveness of Mitchell County, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Mitchell County, Georgia's internal control over financial reporting.

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

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2011-3, 2011-5, 2011-6, and 2011-8 to be material weaknesses.

A significant deficiency is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2011-1 and 2011-4 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mitchell 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2011-2 and 2011-7.

We noted certain additional matters that we reported to management of Mitchell County, Georgia in a separate letter dated October 18, 2012.

Mitchell County, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Mitchell County, Georgia's responses and, accordingly, we express no opinion on them.

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

Mauldin & Jenkins, LLC

Albany, Georgia
October 18, 2012

MITCHELL 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 auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weakness identified?	<u> X </u> yes <u> </u> no
Significant deficiencies identified?	<u> X </u> yes <u> </u> none reported
Noncompliance material to financial statements noted?	<u> X </u> yes <u> </u> no

Federal Awards

There was not an audit of major federal award programs as of December 31, 2011 due to the total amount expended being less than \$500,000.

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2011 – 1. Segregation of Duties

Criteria: Internal controls should be in place to provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition: There is not appropriate segregation of duties between recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds possessed by the County. This is especially prominent in the offices of the County Administration, Clerk of Court, Probate Court, Magistrate Court, Law Library, Sheriff's Department, and Probation Department.

Context: Several instances of overlapping duties were noted during interviews regarding internal control procedures.

Effect: Failure to properly segregate duties between recording, distribution, and reconciliation of accounts can lead to misappropriation of funds that is not detected during the normal course of business.

Cause: The lack of segregation of duties is due to the limited number of individuals in each office available to perform all of the required duties.

Recommendation: The County should consider having checks and balances in place, so that if overlapping duties exist, an appropriate level of review is performed.

Views of Responsible Officials and Planned Corrective Action: We concur with the recommendation. Such segregation of duties will be implemented as soon as economically possible.

MITCHELL COUNTY, GEORGIA

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

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2011 - 2. Special Purpose Local Option Sales Tax Proceeds

Criteria: In accordance with the Official Code of Georgia (OCGA) Section 48-8-121, Special Purpose Local Option Sales Tax proceeds shall be used exclusively for the purpose or purposes specified in the resolution or ordinance calling for imposition of the tax. Such proceeds shall be kept in a separate account from other funds of such County receiving proceeds of the sales and use tax and shall not in any manner be commingled with other funds.

Condition: For the year ended December 31, 2011, the County was not in compliance with OCGA Section 48-8-121. Funds transferred from the Sales Tax Fund to the General Fund in prior years have not yet been transferred back to the 2006-2011 Sales Tax Fund.

Context: See above condition.

Effect: By transferring the Sales Tax proceeds to the General Fund, the County commingled funds and, therefore, is not in compliance with state law.

Cause: The County transferred proceeds from the 2006-2011 Sales Tax Fund to the General Fund, and these amounts have not yet been returned to the 2006-2011 Sales Tax Fund.

Recommendation: The County should immediately transfer the proceeds back to the 2006-2011 Sales Tax Fund.

Views of Responsible Officials and Planned Corrective Action: We concur. We have initiated a plan to pay back the 2006-2011 Sales Tax Fund.

2011 - 3. Taxes Receivable

Criteria: Generally accepted accounting principles require revenue to be recognized in the accounting period in which it becomes both measurable and available to finance expenditures of the current period.

Condition: The County did not properly record the year end property tax receivable and revenue in the General Fund as of December 31, 2011.

Context: We addressed this matter with the County and they were able to determine the appropriate property taxes receivable that should be recorded as of December 31, 2011.

Effect: Adjustments to increase cash by \$181,519, decrease property taxes receivable by \$93,825, decrease allowance for uncollectible taxes by \$40,088, increase deferred tax revenue by \$345,471, and increase property tax revenues by \$217,689 were required to be recorded in the General Fund.

Cause: The County did not review all tax revenue transactions after year end to determine reporting in the proper period.

MITCHELL COUNTY, GEORGIA

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

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2011 - 3. Taxes Receivable (Continued)

Recommendation: We recommend the County establish procedures to review all tax revenue transactions after year end to determine reporting in the proper period.

Views of Responsible Official and Planned Corrective Action: We concur. We will establish procedures to review all tax revenue transactions after year end to determine reporting in the proper period.

2011 - 4. Management of Accounts Receivable Accounts

Criteria: Generally accepted accounting principles require revenues to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. As a part of these processes, the County should review all revenue transactions to determine reporting in the proper period.

Condition: The County did not properly record fees receivable in the General Fund and Water and Sewer System Fund as of December 31, 2011.

Context: See above condition.

Effect: An adjustment to decrease accounts receivable by \$109,606, decrease allowance for uncollectible accounts by \$10,213, and decrease revenue by \$99,393 was required to be recorded in the General Fund. Adjustments to decrease accounts receivable in the amount of \$6,646 and to increase revenues in the same amount were required to be recorded in the Water and Sewer System Fund.

Cause: The County did not review all revenue transactions after year-end to determine reporting in the proper period.

Recommendation: We recommend the County establish procedures to review all revenue transactions after year-end to determine reporting in the proper period.

Views of Responsible Official and Planned Corrective Action: We concur. We will establish procedures to review all revenue transactions after year end to determine reporting in the proper period.

2011 - 5. Management of Accounts Payable and Accrued Expenses

Criteria: Generally accepted accounting principles require reporting of all current liabilities whose liquidation is expected to require the use of current assets when the goods have been received or services have been performed.

Condition: The County did not properly address the above criteria as of December 31, 2011 as it relates to accrued payroll liabilities in the General Fund and claims payable in the Self-Insurance Health Benefit Fund.

MITCHELL COUNTY, GEORGIA

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

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2011 - 5. Management of Accounts Payable and Accrued Expenses (Continued)

Context: We addressed this matter with County officials and they were able to determine the amount of accounts payable and accrued expenditures/expenses that should be recorded in these funds as of December 31, 2011.

Effect: Adjustments to decrease cash by \$72,419, decrease accrued payroll liabilities by \$136,883, increase expenditures by \$33,971, and decrease transfers out by \$98,435 were required to be recorded in the General Fund. An adjustment to increase claims payable by \$253,387, increase expenses by \$152,523, and decrease transfers out by \$100,864 was required to be recorded in the Self-Insurance Benefit Fund.

Cause: Reconciliations of accounts payable and accrued expenses are not being performed on a monthly basis.

Recommendation: We recommend the County implement procedures to reconcile all accounts payable and accrued expenses subsidiary ledgers to the appropriate funds' general ledger on a monthly basis.

Views of Responsible Officials and Planned Corrective Action: We concur. We will establish procedures to reconcile subsidiary ledgers with the general ledger on a monthly basis.

2011 - 6. Management of Capital Asset Accounts

Criteria: Generally accepted accounting principles generally require the reporting of all capital assets at their historical cost, which is written off periodically, or depreciated, in a systematic and rational manner.

Condition: The County did not properly record depreciation of capital assets in the Water and Sewer System Fund.

Context: See above condition.

Effect: An audit adjustment to increase accumulated depreciation expense and depreciation expense by \$98,762 was required to be recorded in the Water and Sewer System.

Recommendation: We recommend the County review all capital asset activity and depreciate assets in accordance with generally accepted accounting principles.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will review all capital asset activity and properly depreciate items based on generally accepted accounting principles.

2011 - 7. Special Revenue Fund Budgets

Criteria: House Bill 1364 of the 1998 session of the Georgia General Assembly requires an annual balanced budget for the General Fund, each special revenue fund, each debt service fund and requires a project length balanced budget for each capital projects fund.

MITCHELL COUNTY, GEORGIA

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

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2011 - 7. Special Revenue Fund Budgets (Continued)

Condition: For the year ending December 31, 2011, no annual budget was adopted for the Drug Abuse and Treatment Education Fund, Jail Fund, Law Library Fund, Jail Commissary Fund, Confiscated Assets Fund, Tornado Relief Fund, and Revolving Loan Fund in accordance with the Official Code of Georgia (OCGA) Sections 36-81-2 through 36-81-6.

Context: See above condition.

Effect: By not adopting a budget for all of the required funds, the County is not in compliance with state law.

Cause: The County did not include the above funds in the budgeting process.

Recommendation: The County should adopt an annual balanced budget for each special revenue fund.

Views of Responsible Officials and Planned Corrective Action: We concur. A budget will be adopted for all required funds going forward.

2011 - 8. Management of Due To / From (Internal) Accounts

Criteria: Generally accepted accounting principles require consideration of the collectibility of receivables of all kinds whether external or internal to the County. As part of that process, the County should review the amounts included in due to/from accounts (interfund receivables and payables) in each fund to determine the proper amount due during the year.

Condition: The County did not properly record the amounts due from other agency funds in the General Fund and amount due to the 2006-2011 Sales Tax Fund during the year ended December 31, 2011.

Context: See above condition.

Effect: An adjustment to increase due to other funds by \$478,673, increase revenue by \$1,157,922 and increase transfers out by \$1,636,595 was required to be recorded in the General Fund. Adjustments to increase due from other funds by \$478,673 and increase transfers in by the same amount were required to be recorded in the 2006-2011 Sales Tax Fund.

Cause: All due to/from activity between funds is not being properly recorded at the end of each financial reporting cycle.

Recommendation: We recommend the County begin recognizing and recording all necessary internal accounts receivable at the end of each financial reporting cycle.

MITCHELL COUNTY, GEORGIA

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2011**

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)**

Views of Responsible Officials and Planned Corrective Action: We concur. We will work to record and reconcile all due to/from transactions at the end of each financial reporting cycle.

**SECTION III
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Not applicable.

MITCHELL COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2011

2010 – 1. Segregation of Duties

Criteria: Internal controls should be in place, which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition: There is not appropriate segregation of duties between recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds possessed by the County. This is especially prominent in the offices of the County Administration, Clerk of Court, Probate Court, Magistrate Court, Law Library, Sheriff's Department, and Probation Department.

Auditee Response/Status: Unresolved – See current year finding 2011-1.

2010 - 2. Special Purpose Local Option Sales Tax Proceeds

Criteria: In accordance with the Official Code of Georgia (OCGA) Section 48-8-121, Special Purpose Local Option Sales Tax proceeds shall be used exclusively for the purpose or purposes specified in the resolution or ordinance calling for imposition of the tax. Such proceeds shall be kept in a separate account from other funds of such County receiving proceeds of the sales and use tax and shall not in any manner be commingled with other funds.

Condition: For the fiscal year ended December 31, 2010, the County did not comply with OCGA Section 48-8-121 as it transferred proceeds from the Sales Tax Fund to the General Fund.

Auditee Response/Status: Unresolved – See current year finding 2011-2.

2010 - 3. Taxes Receivable

Criteria: Generally accepted accounting principles require revenue to be recognized in the accounting period in which it becomes both measurable and available to finance expenditures of the current period.

Condition: The County did not properly record the year end property tax receivable and revenue in the General Fund as of December 31, 2010.

Auditee Response/Status: Unresolved – See current year finding 2011-3.

2010 - 4. Management of Accounts Receivable Accounts

Criteria: Generally accepted accounting principles require revenues to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. As a part of these processes, the County should review all revenue transactions to determine reporting in the proper period.

Condition: The County did not properly record fees receivable in the General Fund and Water and Sewer System, and Due from other governments in the 2006-2011 Sales Tax Fund as of December 31, 2010.

Auditee Response/Status: Due from other governments in the 2006-2011 Sales Tax Fund was resolved in the current year. Other items are unresolved – See current year finding 2011-4.

MITCHELL COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2011

2010 - 5. Management of Due To / From (Internal) Accounts

Criteria: Generally accepted accounting principles require consideration of the collectibility of receivables of all kinds whether external or internal to the County. As part of that process, the County should review the amounts included in due to/from accounts (interfund receivables and payables) in each fund to determine the proper amount due during the fiscal year.

Condition: The County did not properly record the amounts due from other agency funds in the General Fund and Non-major Funds during the year ended December 31, 2010.

Auditee Response/Status: Unresolved – See current year finding 2011-8.

2010 - 6. Management of Capital Asset Accounts

Criteria: Generally accepted accounting principles generally require the reporting of all capital assets at their historical cost, which is written off periodically, or depreciated, in a systematic and rational manner.

Condition: The County did not properly record depreciation of capital assets in the Water and Sewer System Fund.

Auditee Response/Status: Unresolved – See current year finding 2011-6.

2010 - 7. Management of Accounts Payable and Accrued Expenses

Criteria: Generally accepted accounting principles require reporting of all current liabilities whose liquidation is expected to require the use of current assets when the goods have been received or services have been performed.

Condition: The County did not properly address the above criteria as of December 31, 2010 as it relates to accrued payroll liabilities in the General Fund and claims payable in the Self-Insurance Health Benefit Fund.

Auditee Response/Status: Unresolved – See current year finding 2011-5.

2010 - 8. Special Revenue Fund Budgets

Criteria: House Bill 1364 of the 1998 session of the Georgia General Assembly requires an annual balanced budget for the General Fund, each special revenue fund, each debt service fund and requires a project length balanced budget for each capital projects fund.

Condition: For the fiscal year ended December 31, 2011, no annual budget was adopted for the Drug Abuse and Treatment Education Fund, Law Library Fund, Jail Commissary Fund, Tornado Relief Fund, and CDBG Fund in accordance with the Official Code of Georgia (OCGA) Sections 36-81-2 through 36-81-6

Auditee Response/Status: Unresolved – See current year finding 2011-7.