

**HARRIS COUNTY, GEORGIA  
FINANCIAL STATEMENTS AND  
OTHER FINANCIAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2009**

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Independent Auditors' Report

Harris County Board of Commissioners  
Harris County, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Harris County, Georgia, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We 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 provides a reasonable basis for our opinions.

In our opinion, 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 discretely presented component units, each major fund, and the aggregate remaining fund information of Harris County, Georgia, as of June 30, 2009, 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.

In accordance with Government Auditing Standards, we have also issued our report dated November 11, 2009, on our consideration of Harris 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.

Harris County Board of Commissioners  
Harris County, Georgia  
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The management's discussion and analysis on pages 3 - 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedules (pages 56 - 58) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures and federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of Harris County, Georgia. The supplementary schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Robinson, Grimes + Company, P.C.*

Certified Public Accountants

November 11, 2009



## **HARRIS COUNTY BOARD OF COMMISSIONERS**

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Hamilton, Georgia 31811-0365

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### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The discussion and analysis of the financial performance of Harris County, Georgia (the "County") provides an overview of its financial performance for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the basic financial statements' related notes to enhance their understanding of the County's financial performance.

#### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Harris County, Georgia as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and the Statement of Activities provide information about the activities of the County as a whole, presenting both an aggregate view of the County's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how these services were financed in the short-term as well as what remains for future spending. The fund financial statements also report on the County's most significant funds with all other non-major funds presented in total in one column. In the case of Harris County, the General Fund is by far the most significant fund.

The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

## **REPORTING ON THE COUNTY AS A WHOLE**

### *Government-Wide Financial Statements - The Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the County to provide programs and activities, this view of the County as a whole looks at all financial transactions. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net assets and changes in those assets. Net assets, the difference between assets and liabilities, are one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating. The causes of this change may be the result of many factors, some financial, some not. Readers will need to consider non-financial factors, such as changes in the County's property tax base and the condition of the County's roads, to assess the overall health of the County.

In the Statement of Net Assets and the Statement of Activities, we divide the County into three kinds of activities:

**Governmental activities**—Most of the County's programs and basic services are reported here, including the human services, public safety, public works, parks, and general government. These services are funded primarily by taxes, intergovernmental revenues, and include state and federal grants.

**Business-type activities**—The County charges a fee to customers to help it cover all or most of the cost of certain services it provides. The County's water and garbage collection, landfill operations, and airport are reported here.

**Component units**—The County includes two separate legal entities in its report - the Harris County Health Department and the Development Authority of Harris County.

## **REPORTING ON THE COUNTY'S MOST SIGNIFICANT FUNDS**

### *Fund Financial Statements*

Fund financial statements provide detailed information about the most significant funds, not the County as a whole. Some funds are required to be established by State law and by bond covenants. However, the Board of Commissioners establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. All of the funds of the County can be divided into three fund categories: governmental, proprietary and fiduciary.

Governmental funds—Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. The relationship (or differences) between governmental activities, as reported in the Statement of Net Assets and the Statement of Activities, and governmental funds, is provided in a reconciliation in the financial statements.

Proprietary funds—When the County charges customers for the services it provides—whether to outside customers or to other units of the County—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The County's proprietary funds include the activities of the following enterprise funds: Solid Waste, Water Works, and Airport. These are reported as business-type activities in the government-wide statements.

Fiduciary Funds – Fiduciary funds of the County include various agency funds as described in the financial statements. All of the County's fiduciary activities are reported in separate Statements of Fiduciary Net Assets. We exclude these activities from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## FINANCIAL RESULTS - GOVERNMENT-WIDE

The following statements present certain condensed financial information as of and for the years ended June 30, 2009 and 2008.

	Governmental activities		Business activities		Total	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Current and other assets	\$ 19,552,984	\$ 21,470,649	\$ 6,606,806	\$ 4,517,377	\$ 26,159,790	\$ 25,988,026
Capital assets	36,034,699	37,279,842	20,210,299	18,012,739	56,244,998	55,292,581
Total assets	<u>\$ 55,587,683</u>	<u>\$ 58,750,491</u>	<u>\$ 26,817,105</u>	<u>\$ 22,530,116</u>	<u>\$ 82,404,788</u>	<u>\$ 81,280,607</u>
Current and other liabilities	\$ 1,694,596	\$ 1,017,867	\$ 2,827,855	\$ 711,097	\$ 4,522,451	\$ 1,728,964
Noncurrent liabilities	2,143,247	556,443	9,217,706	9,895,902	11,360,953	10,452,345
Total liabilities	<u>3,837,843</u>	<u>1,574,310</u>	<u>12,045,561</u>	<u>10,606,999</u>	<u>15,883,404</u>	<u>12,181,309</u>
Net assets						
Invested in capital assets, net of related debt	35,883,057	36,946,804	11,042,209	8,526,712	46,925,266	45,473,516
Restricted	4,690,244	5,894,490	222,017	216,371	4,912,261	6,110,861
Unrestricted	11,176,539	14,334,887	3,507,318	3,180,034	14,683,857	17,514,921
Total net assets	<u>51,749,840</u>	<u>57,176,181</u>	<u>14,771,544</u>	<u>11,923,117</u>	<u>66,521,384</u>	<u>69,099,298</u>
Total liabilities and net assets	<u>\$ 55,587,683</u>	<u>\$ 58,750,491</u>	<u>\$ 26,817,105</u>	<u>\$ 22,530,116</u>	<u>\$ 82,404,788</u>	<u>\$ 81,280,607</u>
	For the year ended June 30, 2009	For the year ended June 30, 2008	For the year ended June 30, 2009	For the year ended June 30, 2008	For the year ended June 30, 2009	For the year ended June 30, 2008
Revenues						
Program revenues						
Charges for services	\$ 4,205,586	\$ 4,169,998	\$ 5,888,812	\$ 4,934,811	\$ 10,094,398	\$ 9,104,809
Operating grants and contributions	109,534	1,917,570	0	0	109,534	1,917,570
Capital grants and contributions	2,716,450	0	2,208,681	0	4,925,131	0
General Revenues						
Property taxes	7,269,450	7,381,531	0	0	7,269,450	7,381,531
Sales taxes	4,145,016	4,903,185	0	0	4,145,016	4,903,185
Other taxes and revenues	2,242,234	3,166,769	381,699	135,773	2,623,933	3,302,542
Total program and general revenues	<u>20,688,270</u>	<u>21,539,053</u>	<u>8,479,192</u>	<u>5,070,584</u>	<u>29,167,462</u>	<u>26,609,637</u>
Expenses						
General government	4,646,542	4,150,404	0	0	4,646,542	4,150,404
Judicial	897,920	975,004	0	0	897,920	975,004
Public safety	7,543,341	7,210,318	0	0	7,543,341	7,210,318
Public works	5,255,796	4,025,061	0	0	5,255,796	4,025,061
Health and welfare	288,558	235,337	0	0	288,558	235,337
Culture and recreation	2,582,091	574,213	0	0	2,582,091	574,213
Housing and development	4,864,856	992,135	0	0	4,864,856	992,135
Interest	35,507	17,226	0	0	35,507	17,226
Water	0	0	4,103,242	4,137,866	4,103,242	4,137,866
Solid Waste	0	0	1,470,590	1,480,361	1,470,590	1,480,361
Airport	0	0	56,933	0	56,933	0
Total expenses	<u>26,114,611</u>	<u>18,179,698</u>	<u>5,630,765</u>	<u>5,618,227</u>	<u>31,745,376</u>	<u>23,797,925</u>
Change in net assets	(5,426,341)	3,359,355	2,848,427	(547,643)	(2,577,914)	2,811,712
Net assets, beginning	<u>57,176,181</u>	<u>53,816,826</u>	<u>11,923,117</u>	<u>12,470,760</u>	<u>69,099,298</u>	<u>66,287,586</u>
Net assets, ending	<u>\$ 51,749,840</u>	<u>\$ 57,176,181</u>	<u>\$ 14,771,544</u>	<u>\$ 11,923,117</u>	<u>\$ 66,521,384</u>	<u>\$ 69,099,298</u>



## Government Wide

The government-wide change in net assets totaled \$2.6 million for the year ended June 30, 2009 compared to June 30, 2008. This decrease was a result of the following:

### *Government Activities*

Governmental activities experienced a \$5.4 million decrease in net assets during the year ended June 30, 2009. This decrease in net assets was primarily due to planned expenditures at the County's business park. As of June 30, 2009, net assets were approximately \$51.8 million, of which \$35.9 million is invested in fixed assets net of related debt and \$4.7 million is restricted for future capital projects.

### *Business-type Activities*

Net assets for business-type activities increased \$2.8 million during the year ended June 30, 2009. This amount is primarily due to the reporting of the County's airport as a business-type activity in 2009. The initial operation of the airport by the County began July 1, 2008. During the fiscal year 2009, the airport was expanded and improved through grant funds and added \$2.5 million in net assets to Business-type Activities. Operations of the County's garbage collection system (Solid Waste) contributed \$488,000 while the County's water system (Water Works) reduced net assets by \$157,000. As of June 30, 2009, net assets were approximately \$14.8 million of which \$11.0 million is invested in fixed assets net of related debt and \$222,000 is restricted for future debt service.

## FINANCIAL RESULTS – FUND LEVEL

These factors affecting net assets of the governmental and business-type activities of the County are discussed in greater detail below.

Comparative information of various specific funds is as follows:

	<u>2009</u>	<u>2007</u>
<b>General Fund</b>		
Revenues	\$ 15,523,275	\$ 16,437,235
Expenditures	<u>(18,540,925)</u>	<u>(15,215,201)</u>
Excess of revenues over expenditures	(3,017,650)	1,222,034
Other financing sources (uses)	<u>(306,879)</u>	<u>68,176</u>
Excess of revenues over expenditures and other financing sources	<u>\$ (3,324,529)</u>	<u>\$ 1,290,210</u>

General Fund- Actual revenues decreased \$914,000, or 5.6%, in 2009 over 2008, for the County's General Fund and was primarily the result of decreases in Taxes and License, Interest Income, Other Income, and Property Taxes. Taxes and Licenses decreased \$581,000, or 12.1%, due to decreases in LOST revenue, Vehicle Ad Valorem Tax, and Building Permits. The decrease in LOST (sales tax revenue) of \$328,000 accounts for approximately 57% of the

General Fund (continued) - decrease and was primarily due to the slowing economy. The economic downturn experienced during 2009 was also the main factor in decreases in Ad valorem taxes and building permit fees. Decreased investment rates and balances to invest were the main factors contributing to the \$314,000, or 66.9%, decrease in Interest Income. Other Income provided a \$172,000 decrease due to decreases in 2009 reimbursements from insurance claims on equipment and state highway contracts. Property Taxes decreased slightly, 1.9%, from the prior year as assets values remained constant.

Expenditures for the year 2009 increased \$3.3 million, or 21.9% over the year 2008. The business park currently being developed by the County provided substantially all of this increase, with increased expenditures of \$3.0 million over the prior year. As of year end 2009, the business park has been substantially completed. The balance of the increase in expenses was due to increased health insurance costs and equipment purchases for public safety departments.

	2009	2007
<b>Water Works</b>		
Operating revenues	\$ 3,926,210	\$ 3,604,824
Operating expenses	<u>(3,681,665)</u>	<u>(3,708,234)</u>
Operating income	244,545	(103,410)
Nonoperating expenses	<u>(401,921)</u>	<u>(338,245)</u>
Change in net assets	<u>\$ (157,376)</u>	<u>\$ (441,655)</u>

Water Works- The Water Works reported a \$321,000, or 8.9% increase in operating revenues in 2009 over 2008. This was primarily due to a rate increase effective July of 2008. Operating expenses for the year decreased \$27,000, or .71%. This is primarily due to decreased expenses for water system maintenance and repair. The above items combined to result in a \$348,000 increase in Operating Income. Non-operating expenses for the year increased by approximately \$64,000 due to a decrease in investment revenue of \$72,000 offset by a \$8,000 decrease in interest expense.

	2009	2007
<b>Solid Waste</b>		
Operating revenues	\$ 1,935,650	\$ 1,329,987
Operating expenses	<u>(1,470,590)</u>	<u>(1,480,361)</u>
Operating income	465,060	(150,374)
Nonoperating revenues	<u>23,153</u>	<u>44,386</u>
Change in net assets	<u>\$ 488,213</u>	<u>\$ (105,988)</u>

Solid Waste- Solid Waste operating revenues increased \$606,000, or 45.5% in 2009 over 2008. This increase was primarily due to a annual rate increase in the amount charged households from \$106.00 in 2008 to \$149.00 in 2009. Increases in Tipping Fee rate also provided an increase of \$20,000 in the current year. Operating expenses decreased slightly by \$10,000, or .6%. Decreased fuel expense and depreciation expense contributed to this decrease. The decrease in Nonoperating revenue was completely due to decreases in interest income resulting from the decreasing interest rate environment and invested balances.

## GENERAL FUND BUDGET RESULTS

The Board of Commissioners adopts the annual operating budget of the County by June 30 of each year for the following year. For all major special revenue funds changes from the original to the final budget have been minimal. The most significant variance between the original and final budget for the County's General Fund was the approval of \$4.0 million for expenses at the new business park. Other adjustments to the budget include grant funds received and equipment purchases for public safety departments.

Revenues of the County were only \$105,000 or .7%, less than budgeted due to the following factors: collections of sales taxes, building permit fee income and interest income below that budgeted; offset by increased fee income due to increased traffic violations and increased ambulance fees.

Expenditures for the year 2009 were lower than budgeted amounts by \$1,587,000, or 7.9%. This amount is due to several functions reporting underbudget for the year. Court related expenses were less than expected by \$102,000 and fire protection services were \$193,000 less than budgeted. Approximately \$158,000 budgeted for building inspection related activities were not spent due to the decrease in the home building industry and \$184,000 of budgeted dollars for the business park were not spent. Less than expected road work expenses were also a contributing factor.

## CAPITAL ASSET AND LONG TERM DEBT ACTIVITY

At the end of 2009, the County had \$56.2 million invested in its governmental and business-type activities and included a broad range of capital assets. Additional information can be found in the Notes to the financial statements.

### *Governmental Activities*

At June 30, 2009, \$36.0 million was invested in capital assets. Net depreciation expense for the year was \$1.9 million. Acquisitions during the year totaled \$1.5 million and \$.2 million in disposals. The major acquisitions are detailed below:

	(In Millions)
Railroad	\$ .14
Public Safety Firetrucks	.42
Public Safety Vehicles	.48
Public Safety Equipment	.46

\$ 1.5

During the year the General Fund transferred land to the Development Authority with a total value of \$673,497. This included land for two building sites and the main road in the business park.

### *Business-type Activities*

At June 30, 2009, a total of \$20.2 million was invested in capital assets with the majority of this being at the Water Works. Depreciation expense on these assets amounted to \$678,000 for the year. Acquisitions for the year totaled \$2.8 million. Approximately \$335,000 of this amount is due to completed water systems during the year with the majority being due to completed and construction in progress at the County Airport.

In the fiscal year ended 2004, a total of \$10.7 million in Harris County Water System Revenue Bonds was sold and used to retire approximately \$6.5 million in debt. The remaining funds from this debt issue were used to fund current and future water system expansion, alterations, and improvements. No additional debt was obtained during the current year and principal payments of \$305,000 were made on the revenue bonds mentioned above. Additional information can be found in the Notes to the financial statements.

### **ECONOMIC FACTORS AND FINANCIAL OUTLOOK**

The Board of Commissioners considers many factors when setting the fiscal year budget, tax rates, and fees charged for various services. One of the greatest factors is the economy. Harris County is primarily a rural community with a number of small business and retail outlets. In spite of the recent nationwide slowdown in the housing market, current economic conditions are not expected to result in any significant effects in the County's services or financial performance.

Careful analysis of the County's financials reveals that the County is in a sound financial position for the future. The County carries little debt as recent capital expansions have been paid from current funds or through proceeds from a one percent special use sales tax. This special use sales tax is currently approved to extend to 2014 and will be used to fund a number of planned capital projects along with road maintenance.

This financial information should be read in conjunction with the audited financial statements and related note disclosure contained herein.

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Daniel B. Bridges, County Manager

HARRIS COUNTY, GEORGIA  
STATEMENT OF NET ASSETS  
JUNE 30, 2009

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and cash equivalents	\$ 14,606,483	\$ 3,541,299	\$ 18,147,782
Restricted cash and cash equivalents	98,531	631,784	730,315
Receivables			
Accounts	162,483	2,106,453	2,268,936
Taxes	270,271	0	270,271
Notes	1,951,163	0	1,951,163
Due from other funds	26,309	(26,309)	0
Due from component unit	1,000,000	0	1,000,000
Due from other governments	756,796	0	756,796
Due from primary government	0	0	0
Prepaid expenses	436,326	0	436,326
Other assets	0	219,716	219,716
Inventories-parts and supplies	244,622	133,863	378,485
Capital assets, non depreciable	12,456,199	2,706,492	15,162,691
Capital assets, depreciable, net of accumulated depreciation	23,578,500	17,503,807	41,082,307
Total assets	55,587,683	26,817,105	82,404,788
<b>LIABILITIES</b>			
Accounts payable	399,403	216,319	615,722
Construction contracts payable	0	1,771,958	1,771,958
Other accrued expenses	600,066	105,048	705,114
Due to primary government	0	0	0
Due to component unit	488,593	0	488,593
Customer deposits	0	381,846	381,846
Interest payable	0	0	0
Noncurrent liabilities:			
Due within one year	206,534	352,684	559,218
Due after one year	2,143,247	9,217,706	11,360,953
Total liabilities	3,837,843	12,045,561	15,883,404
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	35,883,057	11,042,209	46,925,266
Restricted for:			
Capital projects	4,665,713	0	4,665,713
Debt service	24,531	222,017	246,548
Restricted for special use	0	0	0
Unrestricted	11,176,539	3,507,318	14,683,857
Total net assets	\$ 51,749,840	\$ 14,771,544	\$ 66,521,384

The Notes to the Financial Statements are an Integral Part of this Statement.

DISCRETELY PRESENTED  
COMPONENT UNITS

HEALTH DEPARTMENT		DEVELOPMENT AUTHORITY	
\$	246,500	\$	80,693
	0		152,937
	20,833		0
	0		0
	0		0
	0		0
	10,086		1,000,000
			488,593
	0		0
	0		224,319
	0		0
	0		2,567,275
	0		7,064,197
	<u>277,419</u>		<u>11,578,014</u>
	2,175		541,970
	0		0
	10,086		0
	0		1,000,000
	0		0
	0		0
	0		53,920
	3,330		274,920
	<u>29,974</u>		<u>5,663,709</u>
	<u>45,565</u>		<u>7,534,519</u>
	0		3,692,843
	0		0
	0		152,937
	104,467		0
	<u>127,387</u>		<u>197,715</u>
\$	<u>231,854</u>	\$	<u>4,043,495</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

HARRIS COUNTY, GEORGIA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Primary government:				
Governmental activities:				
General government	\$ 4,646,542	\$ 880,384	\$ 31,780	\$ 382,057
Judicial	897,920	1,063,997	0	0
Public safety	7,543,341	1,997,087	7,109	0
Public works	5,255,796	75,313	70,645	0
Health and welfare	288,558	12,858	0	334,393
Culture and recreation	2,582,091	3,375	0	2,000,000
Housing and development	4,864,856	136,829	0	0
Interest	35,507	35,743	0	0
Total governmental activities	26,114,611	4,205,586	109,534	2,716,450
Business-type activities:				
Water Works	4,103,242	3,926,210	0	0
Solid Waste	1,470,590	1,935,650	0	0
Airport	56,933	26,952	0	2,208,681
Total business-type activities	5,630,765	5,888,812	0	2,208,681
Total primary government	\$ 31,745,376	\$ 10,094,398	\$ 109,534	\$ 4,925,131
Component unit:				
Health Department	\$ 613,670	\$ 182,964	\$ 426,527	\$ 0
Development Authority	5,342,357	7,506	0	9,039,790
Total component units	\$ 5,956,027	\$ 190,470	\$ 426,527	\$ 9,039,790

General Revenues  
 Property taxes  
 Vehicle ad valorem and tags  
 Sales taxes  
 Insurance premium tax  
 Other taxes  
 Unrestricted investment earnings  
 Transfers in (out)  
 Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

The Notes to the Financial Statements are an Integral Part of this Statement.

**NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS**

PRIMARY GOVERNMENT			COMPONENT UNITS	
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	HEALTH DEPARTMENT	DEVELOPMENT AUTHORITY
\$ (3,352,321)	\$ 0	\$ (3,352,321)	\$ 0	\$ 0
166,077	0	166,077	0	0
(5,539,145)	0	(5,539,145)	0	0
(5,109,838)	0	(5,109,838)	0	0
58,693	0	58,693	0	0
(578,716)	0	(578,716)	0	0
(4,728,027)	0	(4,728,027)	0	0
236	0	236	0	0
(19,083,041)	0	(19,083,041)	0	0
0	(177,032)	(177,032)	0	0
0	465,060	465,060	0	0
0	2,178,700	2,178,700		
0	2,466,728	2,466,728	0	0
(19,083,041)	2,466,728	(16,616,313)	0	0
			(4,179)	0
			0	3,704,939
			(4,179)	3,704,939
7,269,450	0	7,269,450	0	0
620,122	0	620,122	0	0
4,145,016	0	4,145,016	0	0
1,008,916	0	1,008,916	0	0
723,266	0	723,266	0	0
228,820	42,809	271,629	0	0
(338,890)	338,890	0	0	0
13,656,700	381,699	14,038,399	0	0
(5,426,341)	2,848,427	(2,577,914)	(4,179)	3,704,939
57,176,181	11,923,117	69,099,298	236,033	338,556
\$ 51,749,840	\$ 14,771,544	\$ 66,521,384	\$ 231,854	\$ 4,043,495

The Notes to the Financial Statements are an Integral Part of this Statement.



HARRIS COUNTY, GEORGIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009

	GENERAL FUND	CAPITAL PROJECTS FUND		OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
		2004 SPLOST			
ASSETS					
Cash and cash equivalents	\$ 9,831,487	\$	3,983,631	\$ 791,365	\$ 14,606,483
Cash and cash equivalents, restricted	74,000		0	24,531	98,531
Receivables, net					
Accounts	83,610		2,297	76,578	162,485
Taxes	270,271		0	0	270,271
Due from other funds	176,633		0	10,790	187,423
Due from component unit	1,000,000		0	0	1,000,000
Due from other governments	287,931		0	468,865	756,796
Prepaid expenses	530,301		0	0	530,301
Inventories-parts and supplies	244,624		0	0	244,624
Total assets	\$ 12,498,857	\$	3,985,928	\$ 1,372,129	\$ 17,856,914

LIABILITIES AND FUND BALANCES

Liabilities:					
Accounts payable	169,359		20,360	209,689	399,408
Other accrued expenses	580,027		0	20,039	600,066
Deferred revenue	104,448		0	0	104,448
Due to other funds	108,535		0	52,578	161,113
Due to component unit	488,593		0	0	488,593
Total liabilities	1,450,962		20,360	282,306	1,753,628

The Notes to the Financial Statements are an Integral Part of this Statement.

HARRIS COUNTY, GEORGIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009

	GENERAL FUND	CAPITAL PROJECTS FUND 2004 SPLOST	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Fund balances:				
Reserved for:				
Prepaid expenses and inventories	774,925	0	0	774,925
Capital projects	74,000	3,965,568	626,145	4,665,713
Unreserved, reported in:				
General fund-designated	507,401	0	0	507,401
General fund-undesignated	9,691,569	0	0	9,691,569
Special revenue funds	0	0	463,678	463,678
Total fund balances	11,047,895	3,965,568	1,089,823	16,103,286
Total liabilities and fund balances	\$ 12,498,857	\$ 3,985,928	\$ 1,372,129	
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.				
Other long-term assets (receivables) are not available to pay for current period expenditures and therefore are deferred in the funds:				
Callaway Foundation (Note 6)			1,951,163	36,034,699
Deferred tax revenue			104,448	2,055,611
Long-term liabilities, including capital lease payments and compensated absences, are not due and payable in the current period and therefore are not reported in the funds:				
Callaway Foundation (Note 11)			(1,965,322)	(2,349,781)
Capital leases & other			(384,459)	(93,975)
Other - net				\$ 51,749,840
Net assets of governmental activities				

The Notes to the Financial Statements are an Integral Part of this Statement.

HARRIS COUNTY, GEORGIA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	GENERAL FUND	CAPITAL PROJECTS FUND 2004 SPLOST	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>				
Fees and fines	\$ 1,141,768	\$ 0	\$ 111,247	\$ 1,253,015
Property taxes	7,235,298	0	0	7,235,298
Taxes and licenses	4,216,984	1,940,534	60,556	6,218,074
Charges for services	2,095,751	0	481,314	2,577,065
Interest income	155,074	69,991	39,496	264,561
Other income	195,598	0	49,165	244,763
Total revenues	15,523,275	2,010,525	3,508,371	21,042,171
<b>EXPENDITURES</b>				
Current:				
General government	4,630,376	0	43,549	4,673,925
Judicial	881,634	0	5,467	887,101
Public safety	6,554,269	0	712,375	7,266,644
Public works	1,335,104	0	0	1,335,104
Health and welfare	287,184	0	336,084	623,268
Culture and recreation	537,320	0	2,000,000	2,537,320
Housing and development	4,124,942	0	0	4,124,942
Debt Service:				
Principal (capital leases)	179,961	0	35,006	214,967
Interest	10,135	0	25,372	35,507
Capital projects	0	3,515,054	126,781	3,641,835
Total expenditures	18,540,925	3,515,054	3,284,634	25,340,613
Excess (deficiency) of revenues over (under) expenditures	(3,017,650)	(1,504,529)	223,737	(4,298,442)

The Notes to the Financial Statements are an Integral Part of this Statement.

HARRIS COUNTY, GEORGIA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

OTHER FINANCING SOURCES (USES)	CAPITAL PROJECTS FUND		OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	2004 SPLOST		
Debt proceeds	0	0		2,000,328
Other financing uses	0	0	2,000,328	(2,000,328)
Transfers in	16,725	0	239,734	256,459
Transfers out	(323,604)	0	(16,725)	(340,329)
Total other financing sources	(306,879)	0	223,009	(83,870)
Net change in fund balances	(3,324,529)	(1,504,529)	446,746	(4,382,312)
Fund balances, beginning	14,372,424	5,470,097	643,077	
Fund balances, ending	\$ 11,047,895	\$ 3,965,568	\$ 1,089,823	

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

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. The detail of the amount by which capital outlays exceed depreciation in the current period is as follows:

Capital outlay	1,831,129
Depreciation expense	(2,146,649)
Distributions and other disposal of capital assets	(929,623)
Other - net	9,138

Net adjustment

(1,236,005)

Because some property taxes will not be collected for several months after the County's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Therefore, they do not provide current financial resources and are not reported as revenues in the fund. However, they are reported in the Statement of Activities. This amount represents the change in these taxes.

Long-term liabilities for compensated absences and capital leases are not due and payable in the current period and therefore are not reported in the funds. This amount is the net increase for the year.

The issuance of long term note receivables to finance capital grants is an expenditure in the governmental funds, but increases receivables in the Statement of Net Assets. (Note 6)

The acquisition of long term debt is an other financing source in the governmental funds, but increases long-term liabilities in the Statement of Net Assets. (Note 11)

Payments received on long term note receivables is current income in the governmental funds, but decreases the receivable in the Statement of Net Assets. (Note 6)

The payment of capital leases is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Assets.

Change in net assets of governmental activities

(49,165)

The Notes to the Financial Statements are an Integral Part of this Statement.

\$ 214,967

(5,426,341)

HARRIS COUNTY, GEORGIA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive (Negative)
<b>REVENUES</b>				
Fees and fines	\$ 846,500	\$ 957,549	\$ 1,141,768	\$ 184,219
Property taxes	7,075,000	7,075,000	7,235,298	160,298
Taxes and licenses	4,632,000	4,632,000	4,216,984	(415,016)
Intergovernmental	2,800	407,848	482,802	74,954
Charges for services	1,840,700	1,981,153	2,095,751	114,598
Interest income	400,000	400,000	155,074	(244,926)
Other income	117,500	174,846	195,598	20,752
Total revenues	14,914,500	15,628,396	15,523,275	(105,121)
<b>EXPENDITURES</b>				
General government				
Administration	707,423	713,675	634,491	79,184
Tax commissioner	334,605	342,346	324,105	18,241
Extension services	69,532	70,619	65,773	4,846
Tax assessor	370,453	379,773	370,670	9,103
Facilities maintenance	408,681	457,911	443,360	14,551
Voter registration	76,116	76,264	70,721	5,543
Insurance expenditures	1,747,500	1,814,895	1,751,415	63,480
Operations	656,374	1,296,723	969,841	326,882
Total general government	4,370,684	5,152,206	4,630,376	521,830
Judicial				
Clerk of Superior Court	306,687	310,962	264,390	46,572
Probate court	144,101	154,635	151,910	2,725
Court services	348,479	352,475	250,656	101,819
Magistrate court	161,172	169,962	158,428	11,534
Assistant district attorney	56,250	56,250	56,250	0
Total judicial	1,016,689	1,044,284	881,634	162,650
Public safety				
Emergency medical services	1,243,029	1,285,368	1,281,002	4,366
Sheriff's department	2,366,640	2,442,068	2,369,229	72,839
Jail	1,221,470	1,239,023	1,203,506	35,517
Correctional institute	1,141,773	1,155,353	1,103,797	51,556
Fire protections	403,102	790,054	596,735	193,319
Total public safety	6,376,014	6,911,866	6,554,269	357,597
Public works				
Road maintenance	1,157,744	1,215,097	1,100,901	114,196
Vehicle maintenance operations	216,697	221,100	197,050	24,050
Animal shelter	41,617	42,495	37,153	5,342
Total public works	1,416,058	1,478,692	1,335,104	143,588

The Notes to the Financial Statements are an Integral Part of this Statement.

HARRIS COUNTY, GEORGIA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive (Negative)
Health and welfare				
Coroner	31,783	31,783	25,550	6,233
Child support	6,129	6,129	5,634	495
Health department	256,000	256,000	256,000	0
Total health and welfare	293,912	293,912	287,184	6,728
Culture and recreation				
Library	173,562	173,862	173,765	97
Recreation department	406,095	410,088	363,555	46,533
Total culture and recreation	579,657	583,950	537,320	46,630
Housing and development				
County engineer	43,637	43,637	39,595	4,042
Building inspection	420,956	427,377	269,311	158,066
Economic development	0	4,000,000	3,816,036	183,964
Total housing and development	464,593	4,471,014	4,124,942	346,072
Debt service				
Principal and interest	191,498	191,498	190,096	1,402
Total expenditures	14,709,105	20,127,422	18,540,925	1,586,497
Excess (deficiency) of revenues over (under) expenditures	205,395	(4,499,026)	(3,017,650)	1,481,376
OTHER FINANCING SOURCES (USES)				
Transfers in	20,000	20,000	16,725	(3,275)
Transfers out	(225,395)	(373,180)	(323,604)	49,576
Total other financing uses	(205,395)	(353,180)	(306,879)	46,301
Net change in fund balance	0	(4,852,206)	(3,324,529)	1,527,677
FUND BALANCE, BEGINNING	14,372,424	14,372,424	14,372,424	0
FUND BALANCE, ENDING	\$ 14,372,424	\$ 9,520,218	\$ 11,047,895	\$ 1,527,677

The Notes to the Financial Statements are an Integral Part of this Statement.

HARRIS COUNTY, GEORGIA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2009

	ENTERPRISE FUNDS			
	WATER WORKS	SOLID WASTE	AIRPORT	TOTAL
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,756,568	\$ 1,784,731	\$ 0	\$ 3,541,299
Receivables, net	424,184	8,057	1,674,212	2,106,453
Due from other funds	0	0	97,746	97,746
Other assets	176,050	39,596	4,070	219,716
Inventories	133,863	0	0	133,863
Total current assets	2,490,665	1,832,384	1,776,028	6,099,077
Noncurrent assets:				
Restricted cash and cash equivalents	631,784	0	0	631,784
Capital assets, net	17,091,959	598,005	2,520,335	20,210,299
Total noncurrent assets	17,723,743	598,005	2,520,335	20,842,083
Total assets	20,214,408	2,430,389	4,296,363	26,941,160
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	184,697	26,731	4,891	216,319
Construction contracts payable	0	0	1,771,958	1,771,958
Other accrued expenses	83,374	20,134	1,540	105,048
Due to other funds	0	124,055	0	124,055
Customer deposits	381,846	0	0	381,846
Total current liabilities	649,917	170,920	1,778,389	2,599,226
Noncurrent liabilities:				
Compensated absences	34,477	17,561	384	52,422
Revenue bonds including premium	9,019,372	0	0	9,019,372
Other loans payable	148,718	0	0	148,718
Landfill closure/postclosure liability	0	349,878	0	349,878
Total noncurrent liabilities	9,202,567	367,439	384	9,570,390
Total liabilities	9,852,484	538,359	1,778,773	12,169,616
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	7,923,869	598,005	2,520,335	11,042,209
Restricted for debt service	222,017	0	0	222,017
Unrestricted	2,216,038	1,294,025	(2,745)	3,507,318
Total net assets	\$ 10,361,924	\$ 1,892,030	\$ 2,517,590	\$ 14,771,544

The Notes to the Financial Statements are an Integral Part of this Statement.

HARRIS COUNTY, GEORGIA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	ENTERPRISE FUNDS			
	WATER WORKS	SOLID WASTE	AIRPORT	TOTAL
OPERATING REVENUES				
Charges for services	\$ 3,926,210	\$ 1,935,650	\$ 26,952	\$ 5,888,812
OPERATING EXPENSES				
Salaries and related expenses	994,311	457,494	32,122	1,483,927
Utilities	176,137	6,764	3,084	185,985
Water purchases	831,825	0	0	831,825
Fuel, oil, and tires	55,183	138,012	18,342	211,537
Repairs and maintenance	537,881	81,888	1,137	620,906
Chemicals, small tools and supplies	123,659	2,407	0	126,066
Legal and professional	8,250	3,000	0	11,250
Tipping fees	0	526,667	0	526,667
Other general and administrative fees	371,533	149,669	2,248	523,450
Depreciation and amortization	582,886	104,689	0	687,575
Total operating expenses	3,681,665	1,470,590	56,933	5,209,188
Operating income (loss)	244,545	465,060	(29,981)	679,624
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental revenue	0	0	2,208,681	2,208,681
Interest income	19,656	23,153	0	42,809
Interest expense	(421,577)	0	0	(421,577)
Total nonoperating revenues (expenses)	(401,921)	23,153	2,208,681	1,829,913
Income before transfers	(157,376)	488,213	2,178,700	2,509,537
Transfers in	0	0	338,890	338,890
Change in net assets	(157,376)	488,213	2,517,590	2,848,427
Total net assets, beginning	10,519,300	1,403,817	0	11,923,117
Total net assets, ending	\$ 10,361,924	\$ 1,892,030	\$ 2,517,590	\$ 14,771,544

The Notes to the Financial Statements are an Integral Part of this statement.



HARRIS COUNTY, GEORGIA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	ENTERPRISE FUNDS			
	WATER WORKS	SOLID WASTE	AIRPORT	TOTALS
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers	\$ 3,891,522	\$ 1,925,145	\$ 26,952	\$ 5,843,619
Payments to suppliers	(2,126,955)	(921,635)	(23,990)	(3,072,580)
Payments to employees	(986,824)	(453,526)	(30,198)	(1,470,548)
Transfers (to) / from other funds	0	(15,622)	27,236	11,614
Net cash provided by operating activities	<u>777,743</u>	<u>534,362</u>	<u>0</u>	<u>1,312,105</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceeds from federal grant	0	0	481,022	481,022
Transfers from other funds	0	0	12,334	12,334
Purchases of capital assets	(355,626)	0	(493,356)	(848,982)
Principal paid on capital debt	(315,256)	0	0	(315,256)
Interest paid on capital debt	(424,969)	0	0	(424,969)
Net cash used in capital and related financing activities	<u>(1,095,851)</u>	<u>0</u>	<u>0</u>	<u>(1,095,851)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest and dividends received	20,871	22,079	0	42,950
Net cash provided by investing activities	<u>20,871</u>	<u>22,079</u>	<u>0</u>	<u>42,950</u>
Net increase (decrease) in cash and cash equivalents	(297,237)	556,441	0	259,204
Cash and cash equivalents, beginning (including \$619,264 reported in restricted accounts)	<u>2,685,589</u>	<u>1,228,290</u>	<u>0</u>	<u>3,913,879</u>
Cash and cash equivalents, ending (including \$631,784 reported in restricted accounts)	<u>\$ 2,388,352</u>	<u>\$ 1,784,731</u>	<u>\$ 0</u>	<u>\$ 4,173,083</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 244,545	\$ 465,060	\$ (29,981)	\$ 679,624
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	582,886	104,689	0	687,575
Changes in:				
Receivables, net	(37,413)	(10,506)	0	(47,919)
Inventories	28	0	0	28
Accounts payable	(22,967)	2,245	4,890	(15,832)
Other accrued expenses	2,358	(13,438)	1,924	(9,156)
Transfers to (from) other funds	0	(15,622)	27,236	11,614
Customer deposits	2,725	0	0	2,725
Other (net)	5,581	1,934	(4,069)	3,446
Total adjustments	<u>533,198</u>	<u>69,302</u>	<u>29,981</u>	<u>632,481</u>
Net cash provided by operating activities	<u>\$ 777,743</u>	<u>\$ 534,362</u>	<u>\$ 0</u>	<u>\$ 1,312,105</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

HARRIS COUNTY, GEORGIA  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
JUNE 30, 2009

	AGENCY FUNDS
ASSETS	
Cash and cash equivalents	\$ 1,523,302
Receivables	376,053
Total assets	<u>\$ 1,899,355</u>
LIABILITIES	
Payable to others	\$ 1,899,355
Total liabilities	<u>\$ 1,899,355</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

HARRIS COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 1: Reporting Entity

Harris County ("the County") is a political subdivision of the State of Georgia governed by a five member Board of County Commissioners, elected from single-member districts. The Board has no powers other than those expressly vested in it by state statute and its governmental powers cannot be delegated.

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing government accounting and financial reporting principles. The more significant of the County's accounting policies are in Note 2.

As required by GAAP these financial statements present the government and its component units. The two discretely presented component units of the County are reported in separate columns in the combined financial statements to emphasize that they are legally separate from the government. The discretely presented component units each have a June 30 year-end.

The criteria for including organizations as component units within the County's reporting entity, as set forth in Section 2100 of the GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate
- the County holds the corporate powers of the organization
- the County appoints a voting majority of the organization's board
- the County is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- there is a fiscal dependency by the organization on the County

*Discretely Presented Component Units.*

The Harris County Health Department (the "Health Department") is responsible for providing healthcare to the citizens of the County that have no health insurance. The Health Department is considered a component unit of the primary government based on the aforementioned criteria. Specifically, a voting majority of the Health Department is appointed by the Harris County Board of Commissioners ("the Board") and the Board can impose its will on the Health Department. Complete financial statements may be obtained from the Health Department in Hamilton, Georgia.

HARRIS COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 1: Reporting Entity (Continued)

The Harris County Development Authority (the "Authority") is responsible for promoting industrial and commercial development within Harris County. The Authority is considered a component unit of the primary government based on the aforementioned criteria. Specifically, a voting majority of the Authority is appointed by the Board, and it can impose its will on the Authority. There are no separately issued financial statements available for the Authority.

*Related Organization.* The County appoints the entire Board of the Housing Authority of Harris County. The County's accountability for this organization does not extend beyond making appointments. Therefore, the Housing Authority of Harris County is a related organization.

Certain County officials collect and disburse taxes, fees, fines, etc. Separate records of accountability are maintained for such receipts. For purposes of this report, these records are included as a part of agency funds with remittances to the General Fund from these officials recorded as revenue. Operating costs for these officials are included as a part of the County's General Fund. These units include:

- Tax Commissioner
- Sheriff
- Clerk of Superior Court
- Probate Court
- Magistrate Court

Based on the GASB criteria, the following units are either not under the oversight responsibilities of the Board of Commissioners or their activities are immaterial. Therefore, their operations are not included in this report:

- Harris County Board of Education
- Harris County Board of Family and Children Services
- Harris County Agricenter

Disbursements to these units based on contractual agreements have been budgeted and expended as a part of the regular operations of the County.

HARRIS COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 1: Reporting Entity (Continued)

*Joint Venture.* The County is a member of the Lower Chattahoochee Regional Development Center ("RDC") located in Columbus, Georgia and is required to pay dues thereto. During the year ended June 30, 2009, the County paid \$21,781 in dues to the RDC. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from:

Lower Chattahoochee Regional Development Center  
1428 Second Avenue  
Columbus, GA 31902

NOTE 2: Summary of Significant Accounting Policies

Basis of Presentation

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

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

**Fund Financial Statements:** The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

HARRIS COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 2: Summary of Significant Accounting Policies (Continued)

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Operating expenses for enterprise funds include cost of sales and services, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

The County reports the following major governmental funds:

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

**Capital Projects Fund - 2004 SPLOST.** This fund accounts for the amounts collected from the special local option sales tax beginning in 2004 and related expenditures used for various capital improvements of the County. This fund was included with the other governmental funds in the prior year.

The County reports the following major enterprise funds:

**Water Works.** This fund accounts for the operation and maintenance of the County's water distribution system.

**Solid Waste.** This fund accounts for the operation, maintenance, and development of various landfills and disposal sites.

**Airport.** This fund accounts for the operation, maintenance, and development of the County's Airport.

The County reports the following fiduciary funds:

**Agency Funds.** These funds account for monies collected through the courts, property taxes collected on behalf of other governments, and funds collected on behalf of other organizations.

HARRIS COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 2: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting

**Government-wide, Proprietary, and Fiduciary Fund Financial Statements.** The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. Fiduciary funds have no measurement focus. The government-wide, proprietary fund and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**Governmental Fund Financial Statements.** Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Those revenues susceptible to accrual are property taxes, franchise taxes, licenses, interest revenue and charges for services. Sales taxes collected and held by the state at year-end on behalf of the government also are recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

HARRIS COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 2: Summary of Significant Accounting Policies (Continued)

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

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

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

Budgetary Accounting - The County's annual budget is prepared based on anticipated revenues and appropriated expenditures. Revenue anticipations, generally conservative, are designed to help insure fiscal responsibility and maintain a balanced budget. The responsibility of budgeting lies with the County Commissioners.

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 reserve that portion of the applicable appropriation, is not utilized in the governmental funds of the County. However, any encumbrances outstanding at year-end would be reported as reservations of fund balance since they do not constitute expenditures or liabilities. See Note 11.

Cash and Cash Equivalents - Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. The short-term investments are reported at cost which approximates fair market value.

Receivables - The County utilizes the services of the County Attorney in pursuing and collecting delinquent past due taxes receivable. Upon approval of the Board of Commissioners, the direct write-off method is used to write off taxes which are deemed uncollectible.



HARRIS COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 2: Summary of Significant Accounting Policies (Continued)

The County's Enterprise Funds have elected to record bad debts using the direct write-off method. These accounts receivable are uncollateralized customer obligations due under normal trade terms generally requiring payment within 30 days from the invoice date. After 30 days, a late charge is assessed. After 40 days, water meters are shut off.

GAAP requires that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would be obtained under the allowance method. The balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to bad debt expense and a credit to accounts receivable.

Short-Term Interfund Receivables/Payables - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the governmental fund balance sheet. These amounts are eliminated on the government-wide Statement of Net Assets.

Inventories and Prepaid Items - Inventories of both the governmental funds and the enterprise funds are priced at the lower of cost or market, with cost being determined by the first-in, first-out method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Capital Assets - Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized but are expensed currently. However, major renewals and betterments are capitalized. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Capital assets are depreciated using the straight-line method. General infrastructure includes roads and bridges placed into service since July 1, 1980.

HARRIS COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 2: Summary of Significant Accounting Policies (Continued)

The estimated useful lives and standard thresholds for capitalizing assets for each major class of assets are detailed below:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>	<u>Capitalization Threshold</u>
Buildings	40	\$ 5,000
Equipment and personal property	3-20	5,000
Water system, filter plant and waterlines	20-50	5,000
Infrastructure	20-30	100,000

Compensated Absences - Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vacation pay is accrued when incurred in proprietary funds and reported as a fund liability. In accordance with the provisions of Government Accounting Standards Board, Statement No. 16, "Accounting for Compensated Absences", no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

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. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. 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.

Fund Equity - In the fund financial statements, reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Property Tax - Revenue Recognition - The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The County's property tax was levied July 17, 2008, on the assessed value for all real and personal property as of January 1, 2008 and is recorded as revenue for the year ended June 30, 2009. Taxes were due December 20, 2008 following the levy date and became delinquent on December 21, 2008.

Statement of Cash Flows - Enterprise Funds - For purposes of the statement of cash flows, the County considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

HARRIS COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 2: Summary of Significant Accounting Policies (Continued)

Subsequent Events – Management has evaluated subsequent events through November 11, 2009, which is the date the financial statements were available to be issued.

NOTE 3: Component Unit – Development Authority of Harris County

The County has partnered with the Authority in the development of the Northwest Harris Business Park (the “Business Park”). The County purchased the land that makes up the Business Park during 2005 and 2007. According to an intergovernmental agreement, the County will transfer the land to the Authority for development and subsequent sale of the property with proceeds being remitted to the County. During fiscal year 2009, the Authority was awarded grant funding from OneGeorgia Authority’s EDGE Fund to assist with the costs incurred in the development of three projects: Daehan, Progress Parkway and Johnson Controls. Under the terms of the grant awards, all land associated with these projects at a cost of \$673,497 was transferred from the County to the Authority. The land transferred was treated as a County expenditure and a capital contribution to the Authority.

Daehan

The purpose of the Daehan project was to assist in the location of an automotive component manufacturing facility, Daehan Solution Georgia, LLC (“Daehan”), in the Business Park. It is estimated that Daehan will create 300 jobs and make a private investment of approximately \$30 million within 24 months. Land with a value of \$335,054 was transferred from the County to the Authority. The Authority was awarded \$1.2 million in EDGE grant funding in April 2009 for the Daehan project which was spent on land improvements. The project also received funding for site work from the County of approximately \$3.59 million. Approximately \$3.51 million and \$80,000 was provided by the General Fund and the 2004 SPLOST, respectively. All improvements were shown as economic development expense. The land is subject to a capital lease commitment with a nominal purchase option, thus reflected as economic development expense as well.

HARRIS COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 3: Component Unit – Harris County Development Authority (Continued)

Progress Parkway

The purpose of Progress Parkway is to construct a road in the Business Park. During 2008, the Authority was awarded \$150,000 in EDGE grant funding to be spent on road construction to assist in locating a concrete manufacturer, Xpress Materials, LLC ("Xpress") in West Point, Georgia. Xpress has committed to creating 72 jobs and making a private investment of approximately \$10.35 million. During 2008, Xpress provided in kind contributions of \$242,647 for the construction of the road. The value of the land for the road of \$34,341 was transferred from the County to the Authority during 2009. Also during 2009, approximately \$1.8 million from the 2004 SPLOST revenue and \$150,000 from grant funding received were spent on Progress Parkway. Costs of the road are included in the Authority's construction in progress at June 30, 2009.

Johnson Controls

The purpose of the Johnson Controls project was to assist in the location of a manufacturing company, Johnson Controls, Inc. ("JCI"), in the Business Park. During 2009, a building was constructed for JCI for a total cost of approximately \$7.06 million. The building was funded by bonds issued by the Authority (see Note 11) and by the County. The Authority was awarded \$1,000,000 in EDGE funds associated with the project. These funds have not been received as of June 30, 2009; however, the expenditures have already been made by the County. Upon receipt of these funds, the Authority will reimburse the County for its costs incurred up to \$1,000,000. As of November 2009, approximately \$890,000 was received.

NOTE 4: Budget

A budget is adopted by the Board of Commissioners each fiscal year for the General Fund. The budget is prepared on the cash basis, except for property tax revenues which are budgeted on the accrual basis. For comparative purposes, the actual results of operations of the General Fund presented in the "Budget to Actual" financial statement have been restated to be in conformity with budget classification of various expenditures. Budgets for each special revenue fund and a project-length balanced budget for each capital projects fund are also adopted.

Legal budgetary control is maintained at the department level. All supplemental appropriations and transfers among departments must be enacted by the Board of Commissioners. The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund reflects these revisions. Actual expenditures should not legally exceed "budget" appropriations at the individual department level.

HARRIS COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 5: Cash and Cash Equivalents

Deposits- Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. State statutes require that deposits be secured by an amount equal to or not less than 110 percent of the deposited funds. Statutes exclude demand deposit checking accounts from the security requirements if the funds are not on deposit for more than ten days. The County does not have a deposit policy for custodial risk that is more restrictive than required by State statutes.

Investments- Statutes authorize the County to invest in obligations of the State of Georgia or other state; 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 Georgia law, repurchase agreements and obligations of other political subdivision of the State of Georgia, and additionally, certificates of deposit, NOW accounts and money market accounts of banks which have deposits insured by the Federal Deposit Insurance Corporation, provided, however that portions of such investments shall be secured by direct obligation of the State of Georgia or the United States which are of a par value equal to 110 percent of funds on deposit at the institution.

The County does not have an investment policy more restrictive than the one authorized by State statutes. The County does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Due to the nature of the County's investment, the County's investments are not subject to custodial credit risk or concentration of credit risk.

Of the entire bank balance of \$20,401,399 (bank deposits and certificates of deposit, restricted and unrestricted) in deposits as of the balance sheet date of the County's reporting entity \$20,059,023 is either insured or collateralized with securities held by the County's agent in the County's name. The remaining \$342,376 of the County's certificates of deposit was uninsured and uncollateralized and found to be subject to custodial risk due to lack of collateral and depository insurance coverage. The deposits of the discretely presented component units were also either completely insured or collateralized.

HARRIS COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 5: Cash and Cash Equivalents (Continued)

The County has considered all bank deposits, certificates of deposit and money market funds currently owned as cash and cash equivalents as follows:

Type	Bank Deposits	Certificates of Deposit	Money Market Funds	Less Restricted Cash	Unrestricted Cash and Cash Equivalents
General Fund	2,256,555	\$ 7,648,932	\$ 0	\$ (74,000)	\$ 9,831,487
2004 SPLOST	1,483,631	2,500,000	0	0	3,983,631
Other Governmental Funds	815,896	0	0	(24,531)	791,365
Water Works	347,806	409,767	1,630,779	(631,784)	1,756,568
Solid Waste	534,731	1,250,000	0	0	1,784,731
Total Government-wide	5,438,619	11,808,699	1,630,779	(730,315)	18,147,782
Agency Funds	1,523,302	0	0	0	1,523,302
Total	<u>\$ 6,961,921</u>	<u>\$ 11,808,699</u>	<u>\$ 1,630,779</u>	<u>\$ (730,315)</u>	<u>\$ 19,671,084</u>

NOTE 6: Note Receivable

The note receivable of \$1,951,163 is the result of an agreement entered into by the County and the Ida Cason Callaway Foundation (the "Foundation"). The County acquired a land conservation easement from the Foundation with the funding it received from the Georgia Environmental Facilities Authority, including a \$2,000,000 land conservation grant and a \$2,000,000 loan from the Clean Water State Revolving Fund for Land Conservation (see Note 11). Under the agreement between the County and the Foundation, the Foundation will reimburse the County for costs related to the loan as follows:

	Principal	Interest	Total
June 30:			
2010	\$ 72,024	\$ 47,941	\$ 119,965
2011	88,804	55,153	143,957
2012	91,421	52,536	143,957
2013	94,367	49,590	143,957
2014	97,156	46,801	143,957
2015-2019	531,940	187,846	719,786
2020-2024	617,890	101,896	719,786
2025-2027	357,561	14,454	372,015
Totals	<u>\$ 1,951,163</u>	<u>\$ 556,217</u>	<u>\$ 2,507,380</u>

HARRIS COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 7: Interfund Receivables, Payables and Transfers

During the course of normal operations, transactions take place between funds such as expenditures or transfers of resources to provide services, purchase assets or construct assets. These interfund transactions are not eliminated and no interest is charged on such advances on the fund level statements. These interfund transactions have been eliminated on the government-wide statements.

Interfund receivable and payable balances at June 30, 2009 are reflected in the financial statements as due from other funds and due to other funds and are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 52,578
	Solid Waste Fund	124,055
		<u>\$ 176,633</u>
Other Governmental Funds	General Fund	\$ 10,790
Airport Fund	General Fund	97,746
		<u>\$ 108,536</u>

Due to/from primary government and component units are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary government - General Fund	Component unit - Development Authority	<u>\$ 1,000,000</u>
Component unit - Development Authority	Primary government - General Fund	<u>\$ 488,593</u>

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

Transfers from the General Fund to other governmental funds represent transfers to E-911 Special Revenue fund of \$239,734 for operations.

HARRIS COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 7: Interfund Receivables, Payables and Transfers (Continued)

Transfers from the General Fund to the Airport enterprise fund represent transfers of \$56,633 for construction and \$27,237 for operations. Land was also transferred to the airport with a basis of \$255,020. A total of \$338,890 was transferred from the General Fund to the Airport as shown on the Statement of Activities and on the Proprietary Fund statements.

Transfers from other governmental funds represent transfers from the hotel motel tax fund to the General Fund.

	Transfers In:			
	General Fund	Other Governmental Funds	Airport Enterprise Fund	Total
<u>Transfers out:</u>				
General fund	\$ 0	\$ 239,734	\$ 83,870	\$ 323,604
Other governmental funds	<u>16,725</u>	<u>0</u>	<u>0</u>	<u>16,725</u>
Total	<u>\$ 16,725</u>	<u>\$ 239,734</u>	<u>\$ 83,870</u>	<u>\$ 340,329</u>

NOTE 8: Due From Other Governments

Amounts due from (to) other governments are summarized as follows:

	General Fund	Other Governmental Funds
State of Georgia		
Department of Revenue-Sales Tax	\$ 201,558	\$ 269,391
Department of Transportation	26,333	0
State Board of Corrections	65,180	0
Department of Natural Resources	(5,140)	0
Department of Community Affairs	<u>0</u>	<u>199,474</u>
Net due from other governments	<u>\$ 287,931</u>	<u>\$ 468,865</u>



HARRIS COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 9: Other Accrued Expenses

Other accrued expenses are summarized as follows:

	General Fund	Other Governmental Funds	Water Works	Solid Waste	Airport
Accrued payroll and withholdings	\$ 580,054	20,039	\$ 42,623	\$ 20,134	\$ 1,540
Accrued interest payable	0	0	34,835	0	0
Pension expense payable	(27)	0	0	0	0
Deposits	0	0	5,916	0	0
Total other accrued expenses	<u>\$ 580,027</u>	<u>\$ 20,039</u>	<u>\$ 83,374</u>	<u>\$ 20,134</u>	<u>\$ 1,540</u>

NOTE 10: Capital Assets

**Primary Government** - Capital asset activity for the year ended June 30, 2009 was as follows:

	Balance at June 30, 2008	Additions	Disposals	Reclassifications	Balance at June 30, 2009
<b>Governmental activities:</b>					
Capital assets not depreciable:					
Land	\$ 12,862,444	\$ 104,497	\$ (928,516)	\$ 0	\$ 12,038,425
Construction in progress	318,779	188,165	0	(89,170)	417,774
Total assets not depreciable	<u>13,181,223</u>	<u>292,662</u>	<u>(928,516)</u>	<u>(89,170)</u>	<u>12,456,199</u>
Capital assets depreciable:					
Buildings	12,004,663	29,006	0	89,170	12,122,839
Equipment and personal property	13,383,445	1,363,253	(236,139)	0	14,510,559
Infrastructure	20,521,603	146,208	0	0	20,667,811
Total assets depreciable	<u>45,909,711</u>	<u>1,538,467</u>	<u>(236,139)</u>	<u>89,170</u>	<u>47,301,209</u>
Less accumulated depreciation:					
Buildings	(3,060,858)	(308,848)	0	0	(3,369,706)
Equipment and personal property	(9,619,956)	(966,057)	235,032	0	(10,350,981)
Infrastructure	(9,130,278)	(871,744)	0	0	(10,002,022)
Total accumulated depreciation	<u>(21,811,092)</u>	<u>(2,146,649)</u>	<u>235,032</u>	<u>0</u>	<u>(23,722,709)</u>
Total assets depreciable, net	<u>24,098,619</u>	<u>(608,182)</u>	<u>(1,107)</u>	<u>89,170</u>	<u>23,578,500</u>
Capital assets (net)	<u>\$ 37,279,842</u>	<u>\$ (315,520)</u>	<u>\$ (929,623)</u>	<u>\$ 0</u>	<u>\$ 36,034,699</u>

HARRIS COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 10: Capital Assets (Continued)

	Balance at June 30, 2008	Additions	Disposals	Reclassifications	Balance at June 30, 2009
<b>Business-type activities:</b>					
Capital assets not depreciable:					
Land	\$ 309,274	\$ 255,020	\$ 0	\$ 0	\$ 564,294
Construction in progress	1,229,324	1,064,702	0	(151,828)	2,142,198
Total assets not depreciable	1,538,598	1,319,722	0	(151,828)	2,706,492
Capital assets depreciable:					
Buildings and land improvements	447,721	0	0	0	447,721
Equipment and personal property	2,462,193	1,556,240	0	0	4,018,433
Water system, filter plant and waterlines	23,106,025	0	0	151,828	23,257,853
Total assets depreciable	26,015,939	1,556,240	0	151,828	27,724,007
Less accumulated depreciation :					
Buildings and land improvements	(183,974)	(10,992)	0	0	(194,966)
Equipment and personal property	(2,037,954)	(134,404)	0	0	(2,172,358)
Water system, filter plant and waterlines	(7,319,870)	(533,006)	0	0	(7,852,876)
Total accumulated depreciation	(9,541,798)	(678,402)	0	0	(10,220,200)
Total assets depreciable, net	16,474,141	877,838	0	151,828	17,503,807
Capital assets (net)	\$ 18,012,739	\$ 2,197,560	\$ 0	\$ 0	\$ 20,210,299

Depreciation expense was charged to governmental and business-type activities as follows:

<b>Governmental activities</b>	
General government	\$ 152,642
Judicial	10,819
Public safety	852,631
Public works	1,070,236
Culture and recreation	40,737
Housing and development	19,584
Total depreciation expense - governmental activities	<u>\$ 2,146,649</u>
<b>Business-type activities</b>	
Water works	\$ 573,713
Solid waste	104,689
Total depreciation expense - business-type activities	<u>\$ 678,402</u>

HARRIS COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 10: Capital Assets (Continued)

**Discretely Presented Component Units - Capital asset activity for the year ended June 30, 2009 was as follows:**

	Balance at				Balance at
	<u>June 30, 2008</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclassifications</u>	<u>June 30, 2009</u>
<b>Discretely presented component unit:</b>					
<b>Harris County Development Authority</b>					
Capital assets not depreciable:					
Land	\$ 0	\$ 673,497	\$ (335,054)	\$ 0	\$ 338,443
Construction in progress	<u>242,647</u>	<u>1,986,185</u>	<u>0</u>	<u>0</u>	<u>2,228,832</u>
Total assets not depreciable	<u>242,647</u>	<u>2,659,682</u>	<u>(335,054)</u>	<u>0</u>	<u>2,567,275</u>
Capital assets depreciable:					
Buildings and land improvements	<u>0</u>	<u>7,064,197</u>	<u>0</u>	<u>0</u>	<u>7,064,197</u>
Total assets depreciable	<u>0</u>	<u>7,064,197</u>	<u>0</u>	<u>0</u>	<u>7,064,197</u>
Capital assets (net)	<u>\$ 242,647</u>	<u>\$ 9,723,879</u>	<u>\$ (335,054)</u>	<u>\$ 0</u>	<u>\$ 9,631,472</u>

HARRIS COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 11: Noncurrent Liabilities

A summary of changes in noncurrent liabilities for 2009 follows:

	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Due within</u> <u>one year</u>	<u>Due after</u> <u>one year</u>
<b>Primary Government</b>						
Governmental Activities:						
Loans payable	\$ 0	\$ 2,000,328	\$ (35,006)	\$ 1,965,322	\$ 86,183	\$ 1,879,139
Capital lease obligations	331,603	0	(179,961)	151,642	73,788	77,854
Compensated absences	<u>224,840</u>	<u>7,977</u>	<u>0</u>	<u>232,817</u>	<u>46,563</u>	<u>186,254</u>
Totals	<u>\$ 556,443</u>	<u>\$ 2,008,305</u>	<u>\$ (214,967)</u>	<u>\$ 2,349,781</u>	<u>\$ 206,534</u>	<u>\$ 2,143,247</u>
Business-Type Activities:						
Revenue bonds including premium	\$ 9,327,053	\$ 0	\$ (307,681)	\$ 9,019,372	\$ 315,000	\$ 8,704,372
Other loans payable	158,974	0	(10,256)	148,718	10,256	138,462
Compensated absences	<u>44,524</u>	<u>7,898</u>	<u>0</u>	<u>52,422</u>	<u>10,484</u>	<u>41,938</u>
Postclosure liability	<u>365,351</u>	<u>0</u>	<u>(15,473)</u>	<u>349,878</u>	<u>16,944</u>	<u>332,934</u>
Totals	<u>9,895,902</u>	<u>7,898</u>	<u>(333,410)</u>	<u>9,570,390</u>	<u>352,684</u>	<u>9,217,706</u>
Totals - primary government	<u>\$ 10,452,345</u>	<u>\$ 2,016,203</u>	<u>\$ (548,377)</u>	<u>\$ 11,920,171</u>	<u>\$ 559,218</u>	<u>\$ 11,360,953</u>
<b>Discretely presented component unit - Development Authority:</b>						
Bond payable	<u>\$ 0</u>	<u>\$ 6,005,000</u>	<u>\$ (66,371)</u>	<u>\$ 5,938,629</u>	<u>\$ 274,920</u>	<u>\$ 5,663,709</u>

Compensated Absences

The County accrues compensated absences for its employees. Governmental compensated absences are paid through the general fund. Business type compensated absences are paid through the Water Works fund or Solid Waste fund respectively.

HARRIS COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 11: Noncurrent Liabilities (Continued)

Revenue Bonds – Primary Government

During the year ended June 30, 2003, the County issued the Harris County Water System Revenue Bonds, Series 2002 in the amount of \$10,665,000. Proceeds from the 2002 Series Bonds were used to refund the outstanding Revenue Bonds, Series 1995A, 1995B, 1995C and 1995D; make additions, alterations and improvements to the County's water system; provide for a debt service reserve; and to pay the costs of issuing and insuring the Series 2002 Bonds. The Series 2002 Bonds do not constitute a debt of the County or a pledge of faith and credit of the County. The Series 2002 Bonds are limited obligations of the County payable solely from and secured by a first lien on the pledged revenues of the County's water system. The bonds bear interest from November 1, 2002, payable semiannually on June 1 and December 1 of each year, commencing June 1, 2003 at rates ranging from 1.35% to 5.00%. Annual principal payments began December 1, 2003. The bonds are not subject to optional redemption prior to December 1, 2012.

The annual maturity of the Series 2002 revenue bonds subsequent to June 30, 2009 is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30:			
2010	\$ 315,000	\$ 413,294	\$ 728,294
2011	320,000	403,368	723,368
2012	335,000	392,516	727,516
2013	345,000	380,825	725,825
2014	355,000	380,825	735,825
2015-2019	2,065,000	1,537,315	3,602,315
2020-2024	2,630,000	953,915	3,583,915
2025-2029	<u>2,605,000</u>	<u>254,957</u>	<u>2,859,957</u>
Totals	8,970,000	<u>\$ 4,717,015</u>	<u>\$ 13,687,015</u>
Unamortized bond premium	<u>49,372</u>		

Revenue bonds including premium \$ 9,019,372

Under provisions of the Bond Resolution the County, is required to maintain certain restricted funds. These funds include a revenue fund, sinking fund, debt service reserve account, rebate fund, and renewal and extension fund.

HARRIS COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 11: Noncurrent Liabilities (Continued)

Revenue Bonds – Component Unit

During 2009, the Authority issued bonds for \$6,000,500 to construct a building for a manufacturing company in the Business Park (see Note 3). The annual maturity of the bonds subsequent to June 30, 2009 is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30:			
2010	\$ 274,920	\$ 327,858	\$ 602,778
2011	290,664	312,115	602,779
2012	307,313	295,466	602,779
2013	324,920	277,859	602,779
2014	343,540	259,239	602,779
2015-2019	4,397,272	867,921	5,265,193
Totals	<u>\$ 5,938,629</u>	<u>\$ 2,340,458</u>	<u>\$ 8,279,087</u>

The company executed a ten year operating lease for the facility with monthly payments of \$50,469 due to the Authority.

Loans

During the year ended June 30, 2003, the County entered into a contract with the Georgia Environmental Facilities Authority ("GEFA") under which it received certain funds made available through the Drinking Water State Revolving Loan Fund. In connection with the contract, the County signed a promissory note in the amount of \$700,000. However, under the terms of the note, the County is only required to repay principal in the amount of \$200,000. The other \$500,000 was reported as grant revenue.

Proceeds were required to be used to reimburse construction costs for specified projects related to the County's water system. Additionally, the County was required to meet certain covenants related to commencement and completion of construction. As of June 30, 2009 the County was in compliance with these covenants. The loan is payable quarterly in seventy-eight equal installments of \$2,564 with principal maturities as follows:

HARRIS COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 11: Noncurrent Liabilities (Continued)

Loans (Continued)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30:			
2010	\$ 10,256	\$ 0	\$ 10,256
2011	10,256	0	10,256
2012	10,256	0	10,256
2013	10,256	0	10,256
2014	10,256	0	10,256
2015-2019	51,280	0	51,280
2020-2024	<u>46,158</u>	<u>0</u>	<u>46,158</u>
Totals	<u>\$ 148,718</u>	<u>\$ 0</u>	<u>\$ 148,718</u>

During the year ended June 30, 2009, the County entered into a contract with GEFA under which it received certain funds made available through the Clean Water State Revolving Loan Fund. In connection with the contract, the County signed a promissory note in the amount of \$2,000,000. Proceeds were required to be used for the acquisition of the conservation easement discussed in Note 6. The loan is payable monthly in two-hundred sixteen equal installments of \$11,996 commencing on February 1, 2009 with the final installment due January 1, 2027 as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30:			
2010	\$ 86,183	\$ 57,775	\$ 143,958
2011	88,804	55,153	143,957
2012	91,421	52,536	143,957
2013	94,367	49,590	143,957
2014	97,156	46,801	143,957
2015-2019	531,940	187,846	719,786
2020-2024	617,890	101,896	719,786
2025-2027	<u>357,561</u>	<u>14,454</u>	<u>372,015</u>
Totals	<u>\$ 1,965,322</u>	<u>\$ 566,051</u>	<u>\$ 2,531,373</u>

HARRIS COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 11: Noncurrent Liabilities (Continued)

Capital Leases

The County has entered into lease agreements as lessee for financing the acquisition of various items of 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 cost of assets under capital leases and related accumulated depreciation as of June 30, 2009 totaled \$1,015,556 and \$533,033, respectively.

The present value of future minimum capital lease payments as of June 30, 2009 is:

June 30:

2010	\$ 77,850
2011	33,201
2012	24,188
2013	<u>24,188</u>
Total minimum payments	159,427
Less amounts representing interest	<u>(7,785)</u>
Present value of minimum capital lease payments	<u>\$ 151,642</u>

Other Long-Term Obligations:

Enterprise Fund - Landfill Postclosure Care - The County owned and operated a landfill site from 1980 to 1994. State and Federal laws and regulations required the closure of this landfill once its capacity was reached in 1994. Federal law required that wells be put in the ground to comply with post closure requirements and be monitored for five years. During that five-year period the results of the monitoring indicated the existence of methane and leachate in some of the wells; therefore, those wells were required to be monitored for 30 years starting from the date they were placed in the ground (1995). As of June 30, 2009, the County has recorded a liability totaling \$349,878, which is the estimated liability for continued well monitoring for the remaining thirty-year period ending in 2024. This liability is recorded in the Solid Waste Enterprise Fund and will be expended over the remaining postclosure period using the modified accrual basis of accounting. The estimated monitoring costs will be evaluated each year and are subject to change based upon the effects of inflation, technology, revision of laws or regulations, and other variables.



HARRIS COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 12: Hotel/Motel Lodging Tax

The County has levied a 3% excise tax upon the furnishing for value of rooms, lodgings or accommodations. All revenues and expenses relating to this tax are reported in a separate special revenue fund. The County has contracted with the Harris County Chamber of Commerce (the "Chamber") and the Georgia Department of Natural Resources (the "DNR") to remit to them a portion of the total amount of taxes collected. The funds are to be spent on promoting the County as a tourist and meeting destination and to encourage the use of businesses in the County by visitors and tourists. During the year ended June 30, 2009, the County collected \$60,556 and remitted \$43,549, or 72% of the receipts to the Chamber and the DNR.

NOTE 13: Fund Balance

At June 30, 2009, the unreserved designated fund balance of the General Fund totaling \$507,401 represents funds set aside by the County for specific items which had not been acquired by year end.

NOTE 14: Risk Management

The County is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in a public entity risk pool operated by the Association County Commissioners of Georgia (ACCG) as a risk management and insurance program. The county pays an annual premium to ACCG for its general insurance coverage. The above entity risk pool is self-sustaining through member premiums.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, Harris County became a member of the Association of County Commissioners Workers' Compensation Self-Insurance Fund. The liability of the fund to the employees of any employer (Harris County) is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability.

HARRIS COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 14: Risk Management (Continued)

As part of the risk pool, the County is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the 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 pool's agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the pool against liability or loss as prescribed in the member government contract. The funds are to pay all cost 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.

The County carries commercial insurance for other risks of loss such as employee health insurance.

NOTE 15: Pension Plans and Other Retirement Benefits

Defined Contribution Plans

Deferred Compensation Plan - The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which was administered by Nationwide Retirement Solutions and VALIC for the year ended June 30, 2009, is available to all full-time employees and all permanent part-time employees at their option and permits participants to defer a portion of their salary until future years. The County retains the authority to amend the adoption agreement and change contribution requirements based on the plan document. At June 30, 2009, there were 240 participants in the plan. The employees are 100 percent vested in their contributions after five years of service. Plan assets are not available to participants until termination, retirement, death, or unforeseeable emergency. For the year ended June 30, 2009, contributions totaled \$200,342.

It is the opinion of the County's management that the County has no fiduciary responsibility for plan assets once they are deposited with the plan administrator. Consequently, under the provisions of GASB standards, plan assets are not reported in the financial statements. These assets totaled \$1,904,624 at June 30, 2009. Investments are participant-directed from a choice of 57 mutual funds. Investments in 7 of the mutual funds each represented 5 percent or more of the net assets of the plan as of June 30, 2009.

HARRIS COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 15: Pension Plans and Other Retirement Benefits (Continued)

Defined Contribution Money Purchase Pension Plan - The County offers its employees a defined contribution money purchase pension plan in accordance with Internal Revenue Code Section 401(a). The plan, which is administered by Pension Service Company, Inc., is available to all full-time permanent employees with six months of service. The County retains the authority to amend the adoption agreement and change contribution requirements based on the plan document.

The County has no fiduciary responsibility for plan assets once they are deposited with the plan administrator. Consequently, under the provisions of GASB standards, plan assets are not reported in the financial statements. These assets totaled \$1,466,490 at June 30, 2009. Investments are participant-directed from a choice of a guaranteed interest account and 15 mutual funds. Investments in 3 of the mutual funds and the guaranteed interest account each represented 5 percent or more of the net assets of the plan as of June 30, 2009.

Defined Contribution Money Purchase Pension Plan (continued) - Employees are 100 percent vested in the County's contributions after three years of service. At June 30, 2009, there were 260 participants in the plan. The contributions are not available to participants until termination, retirement, death, disability, or unforeseen emergency. The County contributes an amount equal to 2.25 percent of compensation not exceeding \$30,000 each plan year. In addition, for every employee dollar contributed to the deferred compensation plan, the County contributes a 100 percent matching contribution to the Money Purchase Pension Plan up to a maximum of \$660. This discretionary matching contribution may increase or decrease annually. For the year ended June 30, 2009, there were no employee contributions and the County's expense totaled \$217,499.

Defined Benefit Pension Plan

Plan Description

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

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Plan 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 retains the authority to amend the adoption agreement, which defines the specific operational provisions of the Plan, as provided in Section 19.02 of the ACCG Plan document.

HARRIS COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 15: Pension Plans and Other Retirement Benefits (Continued)

GEBCorp issues a publicly available financial report that includes financial statements and required supplementary information for ACCG. That report may be obtained by writing to GEBCorp, 3625 Cumberland Boulevard, Suite 825, Atlanta, Georgia 30339 or by calling (800)736-7166.

All full-time County employees are eligible to participate in the Plan after completing three years of service. Benefits vest after five years of service. Participants become eligible to retire at age 65 with 3 years of participation in the Plan. Upon eligibility to retire, participants are entitled to a monthly benefit in the amount of 0.75 percent of average annual compensation up to \$6,600, plus 1.25 percent of average annual compensation over \$6,600, plus \$36 for each year of service payable as a life annuity. Service is limited to 35 years. Compensation is averaged over the highest consecutive five-year period out of the last ten years prior to retirement or termination. These benefit provisions were established by an adoption agreement executed by the County Board of Commissioners.

Funding Policy

The Plan is divided into two solo plans, Plan A, which is non-contributory and Plan B which is contributory.

Plan A

County employees are not required to contribute to the Plan. The County, however, is required to contribute at an actuarially determined rate. Section 47-20 of the Georgia Code sets forth the minimum funding standards for local municipal defined benefit pension plans. Administrative expenses are based on total covered compensation of active plan participants and are added to the state-required annual funding requirement.

Plan B

The required employee contribution is currently 1.75% of earnings.

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

HARRIS COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 15: Pension Plans and Other Retirement Benefits (Continued)

Participant counts as of January 1, 2008 (the most recent actuarial valuation date) and covered compensation (based on covered earnings for the preceding year) are shown below:

Retirees and beneficiaries receiving benefits	42
Terminated plan participants entitled to future benefits	71
Active employees participating in the Plan	<u>160</u>
Total number of Plan participants	<u>273</u>
 Covered compensation for active participants	 <u>\$ 5,412,781</u>

Contributions - The County made the recommended contributions of \$358,873 during the year ending June 30, 2009 which represents 7.1% of covered payroll.

Annual Pension Cost - The annual pension cost is determined using the calculation methodology defined in GASB 27. The annual pension cost equals the County's annual required contribution ( per GASB 27), plus any adjustments required by GASB 27 to reflect defined minimum and maximum amortization period differences between the required contribution and the annual pension cost.

ACCG Plan funding policy provides for making required actuarially determined periodic contributions under the "Projected Unit Credit" actuarial cost method. This cost method determines plan liabilities consistent with the standardized measure of pension obligation described in Statement No. 27 of the Governmental Accounting Standards Board. This method measures past service liabilities as the actuarial present value of benefits accrued for service up to the valuation date, but based on salaries projected to the date of assumed retirement for the plan. The current year accrual is based on benefits accrued for the year of service beginning on the valuation date, but based on salaries projected to the date of assumed retirement for the plan.

The actuarial accrued liability was computed as part of an actuarial valuation as of January 1, 2008. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 8 percent per year compounded annually; (b) projected salary increases of 6 percent per year compounded annually, and (c) post retirement benefit increases of 2.5 percent annually (cost of living adjustments). Both (a) and (b) include an inflation component of 3 percent per year. The actuarial value of plan assets is determined by the market value of the assets. The unfunded actuarial accrued liability is being amortized over 10 years under the percentage of pay (closed) method.

HARRIS COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 15: Pension Plans and Other Retirement Benefits (Continued)

Summary of Significant Accounting Policies

The Plan's financial statements are prepared on an accrual basis, modified to include unrealized gains or losses on marketable securities owned by the Plan and incremental changes in the cash value of pre-retirement life insurance policies owned by the trust.

Plan member contributions are recognized in the period in which contributions are due. County contributions are recognized when due and the County has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable.

Investments in securities are valued at current market prices. The trust fund is invested, approximately, in 60 percent equities and 40 percent fixed income securities on a cost basis.

Plan assets do not include any loans, notes, bonds, or other instruments or securities of the County or related parties.

Funding Status and Progress - Analysis of the dollar amounts of actuarial value of assets available for benefits, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of funded status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker; generally, the greater this percentage, the stronger the Plan.

Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the Plan's progress in accumulating sufficient assets to pay benefits when due; generally, the smaller this percentage, the stronger the Plan.

Historical Trend Information - Historical trend information, designed to provide information about public employee retirement system's progress made in accumulating sufficient assets to pay benefits when due, is presented on the following table. The information is presented for the December 31, 2008 Plan year-end.

HARRIS COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 16: Pension Plans and Other Retirement Benefits (Continued)

Three Year Trend Information

<u>Fiscal Beginning January 1,</u>	<u>Annual Pension Costs (APC)</u>	<u>Annual County Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>	<u>Decrease in Net Pension Obligation</u>
2006	\$ 320,877	\$ 263,507	82%	\$ (60,442)	\$ (26,977)
2007	344,826	358,873	104%	(3,072)	57,370
2008	392,635	370,970	94%	(17,119)	(14,047)

Required Supplementary Information Analysis of Funding Progress

<u>Measurement Date December 31,</u>	<u>(1) Actuarial Value of Assets</u>	<u>(2) Actuarial Accrued Liability (AAL)</u>	<u>(3) Funded Ratio (1) / (2)</u>	<u>(4) Unfunded AAL (UAAL) (2) - (1)</u>	<u>(5) Annual Covered Payroll (Prior Year)</u>	<u>(6) UAAL as a Percentage of Covered Payroll (4) / (5)</u>
2006	\$ 4,347,357	\$ 5,196,721	83.70%	\$ 849,364	\$ 4,634,036	18.30%
2007	4,889,242	5,729,608	85.30%	840,366	5,048,562	16.60%
2008	4,912,016	6,408,106	76.70%	1,496,090	5,412,781	27.60%

Other Retirement Benefits

The following other retirement benefits are in effect but are not under the direct control of the County:

(A) PROBATE JUDGES' RETIREMENT FUND OF GEORGIA

The Probate Judge is covered under a pension plan which requires that certain sums from marriage licenses and fines or bond forfeitures be remitted to the pension plan before the payment of any costs or other claims.

(B) CLERK OF SUPERIOR COURT RETIREMENT FUND

The Clerk of Superior Court is covered under a pension plan which requires that certain sums from fees and fines or bond forfeitures be remitted to the pension plan before the payment of any costs or other claims.

HARRIS COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 16: Pension Plans and Other Retirement Benefits (Continued)

(C) SHERIFF'S RETIREMENT FUND/PEACE OFFICER'S ANNUITY AND BENEFIT

The Sheriff and sheriff deputies are covered under separate pension plans which require that certain sums from fines or bond forfeitures be remitted by the Probate Judge or Clerk of Superior Court to the pension plans before the payment of any costs or other claims.

NOTE 17: Contingencies

In April, 1997, the County committed to put \$185,000 in escrow for the Mountain Hill School project. The funds were transferred in July 1997 and are held in the names of the Harris County Board of Commissioners and the Georgia Department of Transportation (DOT). The money will be held in escrow through the term of a grant from the DOT (20 years). If the project should fail to proceed as planned, a prorated amount of the escrow funds would become the property of the DOT, while the County would retain title to the property. At June 30, 2009, the prorated amount totaled \$74,000.

The County's agreement with the Georgia Department of Corrections (the "Department") provides that the County will expand its correctional facility and provide housing to State prisoners for a period of ten years. If during this ten-year period the County terminates the agreement, the County must reimburse the Department for all sums received from the Department for the expansion. The amount to be reimbursed will be prorated over the ten-year period in increments of ten percent. The base amount on which the calculation will be made is \$2,342,560. The ten-year period commenced upon completion of the facility in August 2001. As of June 30, 2009, the estimated remaining potential reimbursement was \$468,512.

During 2002, the County completed construction of a Mental Health Substance Abuse Center, which was, in part, funded by a Community Development Block Grant in the amount of \$500,000. Special stipulations in the grant provide that in the event the facility is converted to an ineligible use during the first five subsequent years, the entire grant must be refunded. Following that five-year period, an amortized amount must be repaid upon such conversion over the next fifteen years. At the end of twenty years, the County will have no contingent obligations for these funds. As of June 30, 2009, the remaining potential reimbursement was \$433,333.



HARRIS COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 17: Contingencies (Continued)

During 2009, the County made improvements to the Health Department. Funding was obtained, in part, by a Community Development Block Grant in the amount of \$500,000. Special stipulations in the grant provide that in the event the facility is converted to an ineligible use during its useful life, the Department of Community Affairs ("DCA") will require repayment of the funds. The repayment will be based on 20-year straight-line depreciation, except 100% repayment of grant funds will be required to be repaid during the first 5 years after the grant closeout date. At the end of twenty years, the County will have no contingent obligations for these funds. As of June 30, 2009, renovations have not been completed and the grant has not been closed out.

Due to ongoing regulations enforced by the Environmental Protection Division (EPD) regarding the closing of the County's landfill, there is a possibility the County may have to perform additional procedures in the future to ensure the safety of the groundwater. The cost associated with any additional monitoring or procedures needed based on the results of future testing cannot be determined at this time.

The County is involved in various litigation arising out of the normal course of its operations. It is the opinion of management and legal counsel that the County has adequate legal defenses or insurance coverage and these actions will not materially affect the County's results of operations or financial position.

HARRIS COUNTY, GEORGIA  
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS  
FOR THE YEAR ENDED JUNE 30, 2009

During fiscal year 1999, the County began collections of a five year special sales tax, which expired in 2004. The County has ceased collection of these funds, but previously collected funds are still being expended.

Expenditures to date are as follows:

Project	Original estimated cost	Expenditures		
		Prior Years	Current Year	Total
Road improvements	\$ 5,207,000	\$ 3,302,511	\$ 0	\$ 3,302,511
Parking deck	250,000	46,411	0	46,411
Fire trucks and equipment	878,000	993,490	0	993,490
Courthouse renovation	700,000	704,779	8,601	713,380
Courthouse renovation-furniture	130,000	121,367	302	121,669
800 Mhz Radios	600,000	623,114	0	623,114
Radio Tower	1,250,000	1,246,289	0	1,246,289
Water line extension	600,000	600,000	0	600,000
Parks	500,000	500,000	0	500,000
Cities				
Shiloh	25,000	25,000	0	25,000
Pine Mountain	200,000	118,428	5,922	124,350
Waverly Hall	200,000	200,277	0	200,277
Computers	360,000	360,000	0	360,000
Mtn Hill Library	100,000	98,737	1,137	99,874
Totals	\$ 11,000,000	\$ 8,940,403	\$ 15,962	\$ 8,956,365

During fiscal year 2004, the County began collections of a five year special sales tax which expired in May 2009. The County has ceased collection of these funds, but previously collected funds are still being expended.

Expenditures to date are as follows:

Project	Original estimated cost	Expenditures		
		Prior Years	Current Year	Total
Cities				
Hamilton	\$ 173,000	\$ 145,518	\$ 27,482	\$ 173,000
Pine Mountain	436,000	427,199	8,782	435,981
Shiloh	165,000	154,133	4,095	158,228
Waverly Hall	276,000	245,566	30,433	275,999
West Point	276,000	0	0	0
Parks	600,000	5,753	8,448	14,201
Economic Development	3,500,000	3,381,193	133,330	3,514,523
Walking Trail	100,000	0	0	0
Community Center	800,000	0	162,473	162,473
EMS & Fire Services	500,000	0	283,693	283,693
Roads	7,174,000	1,312,084	2,856,318	4,168,402
Totals	\$ 14,000,000	\$ 5,671,446	\$ 3,515,054	\$ 9,186,500

HARRIS COUNTY, GEORGIA  
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS  
FOR THE YEAR ENDED JUNE 30, 2009

During fiscal year 2009, the County began collections of a five year special sales tax. As of June 30, 2009, the fund has an estimated \$20,567,800 remaining to be collected.

Expenditures to date are as follows:

Project	Original estimated cost	Expenditures		
		Prior Years	Current Year	Total
Economic Development	\$ 2,000,000	\$ 0	\$ 0	\$ 0
Library	1,500,000	0	0	0
Recreation	2,200,000	0	0	0
EMS/Fire	2,000,000	0	0	0
Roads	10,930,000	0	0	0
Cities		0	0	0
Hamilton	350,000	0	0	0
Pine Mountain	765,000	0	0	0
Shiloh	290,000	0	0	0
Waverly Hall	500,000	0	110,818	110,818
West Point	465,000	0	0	0
Totals	<u>\$ 21,000,000</u>	<u>\$ 0</u>	<u>\$ 110,818</u>	<u>\$ 110,818</u>

The table below reflects the status of the above sales tax projects:

Year began	Estimated amount to be collected	Amount collected to date	Interest collected to date	Expenditures to date	Amount available for future expenditures
1999	<u>\$ 11,000,000</u>	<u>\$ 8,904,142</u>	<u>\$ 356,986</u>	<u>\$ 8,956,365</u>	<u>\$ 304,763</u>
2004	<u>\$ 14,000,000</u>	<u>\$ 12,551,555</u>	<u>\$ 600,514</u>	<u>\$ 9,186,500</u>	<u>\$ 3,965,569</u>
2009	<u>\$ 21,000,000</u>	<u>432,200</u>	<u>\$ 0</u>	<u>\$ 110,818</u>	<u>\$ 321,382</u>

DEVELOPMENT AUTHORITY OF HARRIS COUNTY  
COLUMBUS, GEORGIA  
SCHEDULE OF EXPENDITURES OF ONEGEORGIA EDGE FUND AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009

<u>DESCRIPTION</u>	GRANT AMOUNT	CASH BASIS REVENUE	DUE FROM		TOTAL REVENUES	TOTAL EXPENDITURES TO DATE	GRANT BALANCE
			DCA				
Department of Community Affairs of the State of Georgia OneGeorgia Edge Fund Award #08ge-072-3-4459 Activity G80-1405-1 (1/4/2008-1/4/2010)	\$ 150,000	\$ 150,000	\$ 0		\$ 150,000	\$ 150,000	\$ 0
Department of Community Affairs of the State of Georgia OneGeorgia Edge Fund Award #09ge-072-3-4532 Activity G80-1301-1 (4/3/2009-4/3/2011)	1,200,000	1,200,000	0		1,200,000	1,200,000	0
Department of Community Affairs of the State of Georgia OneGeorgia Edge Fund Award #10ge-072-3-4549 Activity G80-1101-1 (10/5/2009-10/5/2011)	1,000,000	0	1,000,000		1,000,000	1,000,000	0

See Independent Auditors' Report.

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

Harris County Board of Commissioners  
Harris County, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Harris County, Georgia, as of and for the year ended June 30, 2009, which collectively comprise the Harris County, Georgia's basic financial statements and have issued our report thereon dated November 11, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified one deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 09-1 to be a significant deficiency in internal control over financial reporting.

Harris County Board of Commissioners  
Harris County, Georgia  
Page Two

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

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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 one instance of noncompliance, item 09-2, that is required to be reported under Government Auditing Standards.

We noted certain other matters that we reported to the management of Harris County, Georgia in a separate letter dated November 11, 2009.

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

This report is intended solely for the information and use of management, others within the organization, the Board of Commissioners 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.

*Robinson, Grimes + Company, P.C.*

Certified Public Accountants

November 11, 2009

Report on Compliance with Requirements Applicable  
To Each Major Program and on Internal Control Over  
Compliance in Accordance with OMB Circular A-133

Harris County Board of Commissioners  
Harris County, Georgia

Compliance

We have audited the compliance of Harris County, Georgia ("Harris County"), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. Harris County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Harris County's management. Our responsibility is to express an opinion on Harris County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with types compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Harris County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Harris County, Georgia compliance with those requirements.

In our opinion, the Harris County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Harris County Board of Commissioners  
Harris County, Georgia  
Page Two

Internal Control over Compliance

The management of Harris County, Georgia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Harris County, Georgia' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Harris County, Georgia' internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of management, others within the County, the Board, 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.

*Robinson, Grimes & Company, P.C.*

Certified Public Accountants

November 11, 2009



HARRIS COUNTY, GEORGIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009

	Federal CFDA Number	Federal Award Number	Federal Expenditures
U.S. Department of Transportation Through Georgia Department of Transportation Federal Aviation Administration Airport Improvement Program	20.106	AP090-0011-06(145)	\$ 2,208,681
Housing and Urban Development, U.S. Department of Through Georgia Department of Community Affairs Georgia Community Development Block Grant Program	14.228	07p-y072-1-3320	334,393
U.S. Department of Labor Through Georgia Department of Labor - Governor's Office of Workforce Development Georgia Work Ready Program	17.266	AA-14670-05-55	18,096
U.S. Department of Homeland Security Through Georgia Emergency Management Agency Emergency Management Performance Grant	97.042	P08-9-117	<u>952</u>
Total Federal Financial Assistance			<u>\$ 2,562,122</u>

HARRIS COUNTY, GEORGIA  
NOTES TO SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 1: Summary of Significant Accounting Policies

Basis of Presentation –The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Harris County and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

HARRIS COUNTY, GEORGIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

**SUMMARY OF AUDITORS' RESULTS**

1. An unqualified opinion, dated November 11, 2009, was issued on the financial statements for the year ended June 30, 2009.
2. The "Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards" dated November 11, 2009, disclosed one significant deficiency and no material weaknesses in internal control over financial reporting for the year ended June 30, 2009.
3. The "Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards" dated November 11, 2009, disclosed one instance of noncompliance for the year ended June 30, 2009.
4. The "Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133," dated November 11, 2009, disclosed no significant deficiencies or material weaknesses in internal control over major programs for the year ended June 30, 2009.
5. An unqualified opinion, dated November 11, 2009, was issued on Harris County, Georgia's compliance with its major federal programs in the "Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133," for the year ended June 30, 2009.
6. No audit findings were disclosed as required under paragraph .510(a) of OMB Circular A-133 for the year ended June 30, 2009.
7. Harris County, Georgia's major programs for the year ended June 30, 2009, were the (1) Department of Housing and Urban Development Community Development Block Grants / State's Program CFDA No. 14.228 and (2) Department of Transportation office of Federal Aviation Administration Airport Improvement Program CFDA No. 20.106.
8. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000 as described in program 520(b) of OMB Circular A-133.
9. Harris County, Georgia is a high-risk auditee for the year ended June 30, 2009, as described in paragraph .530 of OMB Circular A-133.

HARRIS COUNTY, GEORGIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

**SIGNIFICANT DEFICIENCIES**

09-1 Limited Segregation of Duties

**Condition and Criteria** – Limited segregation of duties in certain County offices is presently in place.

**Cause** – Due to the limited number of accounting employees and the size of certain County offices, there is not adequate segregation of duties as it relates to certain accounting procedures and the year end financial reporting process.

**Effect** – The resulting effect is increased risk of errors and irregularities that could lead to misstatement of the financial statements.

**Recommendation** – The Board of Commissioners should be conscious of this limited segregation of duties and provide for adequate review of all financial information.

**Response** – Management concurs with the auditors' recommendation and will continue to provide appropriate oversight.

HARRIS COUNTY, GEORGIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

**FINDINGS RELATED TO COMPLIANCE**

09-2 Pledges of Collateral

**Condition and Criteria** – State statutes require the market value of pledged securities to exceed 110% of the deposited public funds. During the month of June 2009, the County was under-collateralized by approximately \$340,000.

**Cause** – During the month of June 2009, the County established certificates of deposit with a local bank that did not perform timely collateral verification. Follow-up with the bank concerning pledge requirements was not performed within the 10-day grace period allowed to correct any collateralization issues. The bank sent the collateralization report in late July showing that the deposits did not have the appropriate collateral.

**Effect** – The deposited public funds were subject to credit risk.

**Recommendation** – The County should have a procedure where pledge requirements are reviewed weekly to ensure compliance with pledge requirements.

**Response** – Management concurs with the auditors' recommendation and will continue to provide appropriate oversight.

**FINDINGS AND QUESTIONED COST FOR MAJOR FEDERAL AWARD PROGRAMS**

The "Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133," dated November 11, 2009, disclosed no findings or questioned costs as defined in paragraph .510(a) of OMB Circular A-133, for the year ended June 30, 2009.

**HARRIS COUNTY BOARD OF COMMISSIONERS  
HAMILTON, GEORGIA**

**CORRECTIVE ACTION PLAN**

Harris County, Georgia respectfully submits the following corrective action plan for the year ended June 30, 2009.

Name and address of independent public accounting firm: Robinson, Grimes & Company, P.C. - P.O. Box 4299, Columbus, GA 31904

Audit Period: For the year ended June 30, 2009

The findings from the June 30, 2009 audit are discussed below.

**FINDINGS - FINANCIAL STATEMENT AUDIT**

**SIGNIFICANT DEFICIENCY**

Limited segregation of duties

*Action taken:* Management concurs with the auditors' recommendation and will continue to provide appropriate oversight.


**FINDINGS RELATING TO COMPLIANCE**

Pledges of Collateral

*Action taken:* The pledging requirements have been reviewed on a monthly basis. We are in the process of changing the County's procedures to review pledging requirements on a more timely basis.

If there are any questions regarding this plan, please call me at 706-628-4958.

Sincerely,

  
Jennie Shelhorse, Finance Officer

Date

11/12/09