

Morgan County, Georgia Comprehensive Annual Financial Report

For the year ended June 30, 2010



MORGAN COUNTY, GEORGIA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2010**

Prepared by:

Finance Department

**MORGAN COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended June 30, 2010**

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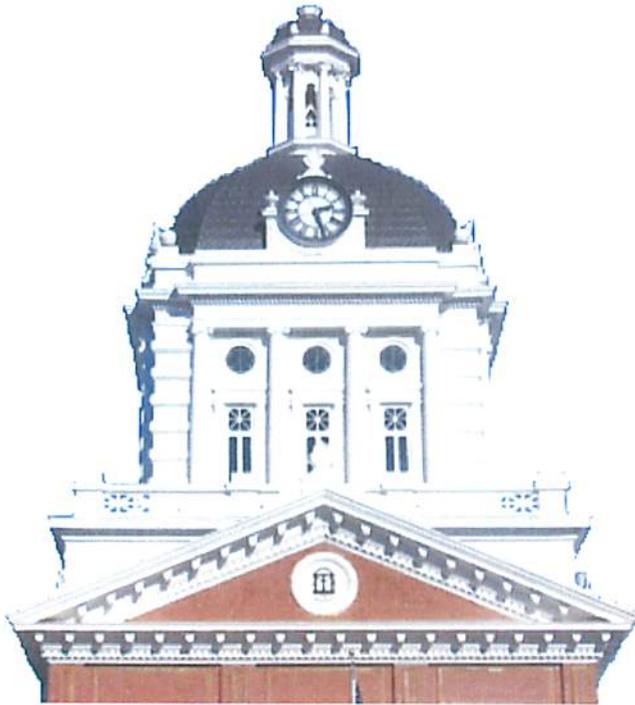
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Introductory Section

Letter of Transmittal
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Morgan County, Georgia
Report 2010

Comprehensive Annual Financial

Introductory Section

Chairman
Members of the Board of Commissioners
Morgan County, Georgia

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to the requirements, we hereby issue the comprehensive annual financial report of Morgan County, Georgia for the fiscal year ended June 30, 2010.

This report demonstrates how the County receives, spends, and accounts for financial resources and illustrates the key indicators of its financial strength. Responsibility for the accuracy of the data and the completeness and fairness of the presentation rests with the County. We believe that the data as presented is accurate in all material aspects. Readers are encouraged to consider the presented information in conjunction with the information provided in management's discussion and analysis, the financial statements, and the notes to the financial statements.

Profile of the Government

Morgan County is located 58 miles southeast of the city limits of the City of Atlanta and encompasses 349.7 square miles. The 2009 population estimate from the U.S. Census Bureau is 18,761. The County was formed from sections of Baldwin County in 1807. Georgia's 32nd county is named for Revolutionary War General Daniel Morgan who defeated the British at Cowpens. It is the home of Hard Labor Creek State Park, Georgia's largest state park. The City of Madison has been the county seat since its incorporation in 1809. Madison has the largest designated historic district in Georgia, which encompasses most of the town. Morgan County is also home to the City of Rutledge, founded in 1845, the City of Bostwick, and the City of Buckhead, founded in 1891.

The County operates under a Commission-Manager form of government. Under this system of local government, the Commissioners are policy makers who establish a vision for the County, and who hire the Manager to carry out policy. The Board of Commissioners consists of five members, who serve on a part-time basis and are elected to staggered terms of four years. The Manager is responsible for directing day-to-day operations and coordinating the work of department heads and other employees.

Morgan County provides a full range of services, including law enforcement; corrections; the construction and maintenance of buildings, parks, streets and highways; parks and recreation activities; 911 emergency communications, voter registration and elections, county systems tax assessment and collection, building inspections, planning and zoning, solid waste collection and recycling, and general administrative and support activities.

Economic condition and outlook

Morgan County has not been immune to the sluggish economy but continues to sustain a stable financial position. The Board of Commissioners, County Manager and departments have displayed impressive financial stewardship over the years. This stewardship has established the financial foundation that has allowed the County to endure the uncertainty of these economic times.

The unemployment rate, reported by the U. S. Bureau of Labor Statistics, for Morgan County for September 2010 was 9.6. While this mirrors the national unemployment rate for the same time period it is slightly below that of the State of Georgia's unemployment rate of 9.9.

Total taxable assessed property values increased by 2 percent for the 2009 property tax year. However, values declined for the 2010 property tax year and are expected to again decline in 2011 increasing the need to further reduce expenditures.

During the budgeting process departments are being required to be more succinct with budget requests. This change in the budget process has streamlined efforts and ensured that budgeted items are not duplicated between departments. The County has been able to avoid mandatory employee furloughs or layoffs which many governments are implementing. As revenue sources are strained and costs continue to climb, County staff continues to actively search for funding sources through grants opportunities.

Internal controls

County management is responsible for establishing and maintaining an internal accounting control system. This system is designed to ensure that County assets are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal accounting controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of an accounting control should not exceed the benefits likely to be derived, and 2) the evaluation of costs and benefits requires estimates and judgment by management.

Budget controls

The annual budget serves as the foundation for the County's financial plan and assists in control of the financial stability and health of the government. As required by the statutes of the State of Georgia, the County adopts annually a balanced budget. The legal level of control (i.e. the spending level at which expenditures may not legal exceed appropriations) is at the department level within a given fund. Reallocation of appropriations between line-items is acceptable within a given department. Additional details regarding budgetary controls may be found in Note 2 of the notes to the financial statements.

Cash management

The County's funds are deposited into interest-bearing accounts. The County's investment program is managed in accordance with all applicable laws. Investment objectives include the safeguarding of public funds through minimization of market and security risk and maximizing utilization of funds with respect to liquidity and earnings.

Independent audit

The financial statements included in this report are prepared in compliance with governmental financial reporting standards issued by the Governmental Accounting Standards Board; guidelines issued by the Government Finance Officers Association of the United States and Canada, and generally accepted accounting principles applicable to governmental entities. State of Georgia statutes require an annual audit by an independent Certified Public Accountant. The report of the accounting firm of Bates Carter & Co., LLP on the County's basic financial statements is included in the financial section of this CAFR.

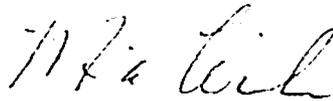
Awards

The Government Finance Officers Association of the United States and Canada (GFOA) established the Certificate of Achievement for Excellence in Financial Reporting Program (CAFR Program). This program recognizes those governments that go beyond the minimum requirements of generally accepted accounting principles to prepare CAFR's that represent the spirit of transparency and full disclosure. This award is valid for a period of one year only. We believe that our current CAFR conforms to program requirements and we are submitting it to GFOA to determine its eligibility for award.

Acknowledgements

The preparation and production of this document would not be possible without the cooperation of all County departments. Their willingness to work together has enabled the County to exceed expectations in financial reporting by producing a quality report that is readable, informative, and beneficial to citizens. We also extend our appreciation and gratitude to our independent auditors, Bates Carter & Co., LLP, for the professional guidance and assistance in producing a technically sound document. Finally, we thank the Board of Commissioners for their support and direction in conducting the financial affairs of the County in a responsible manner.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Mia Wilson".

Mia Wilson, Finance Director



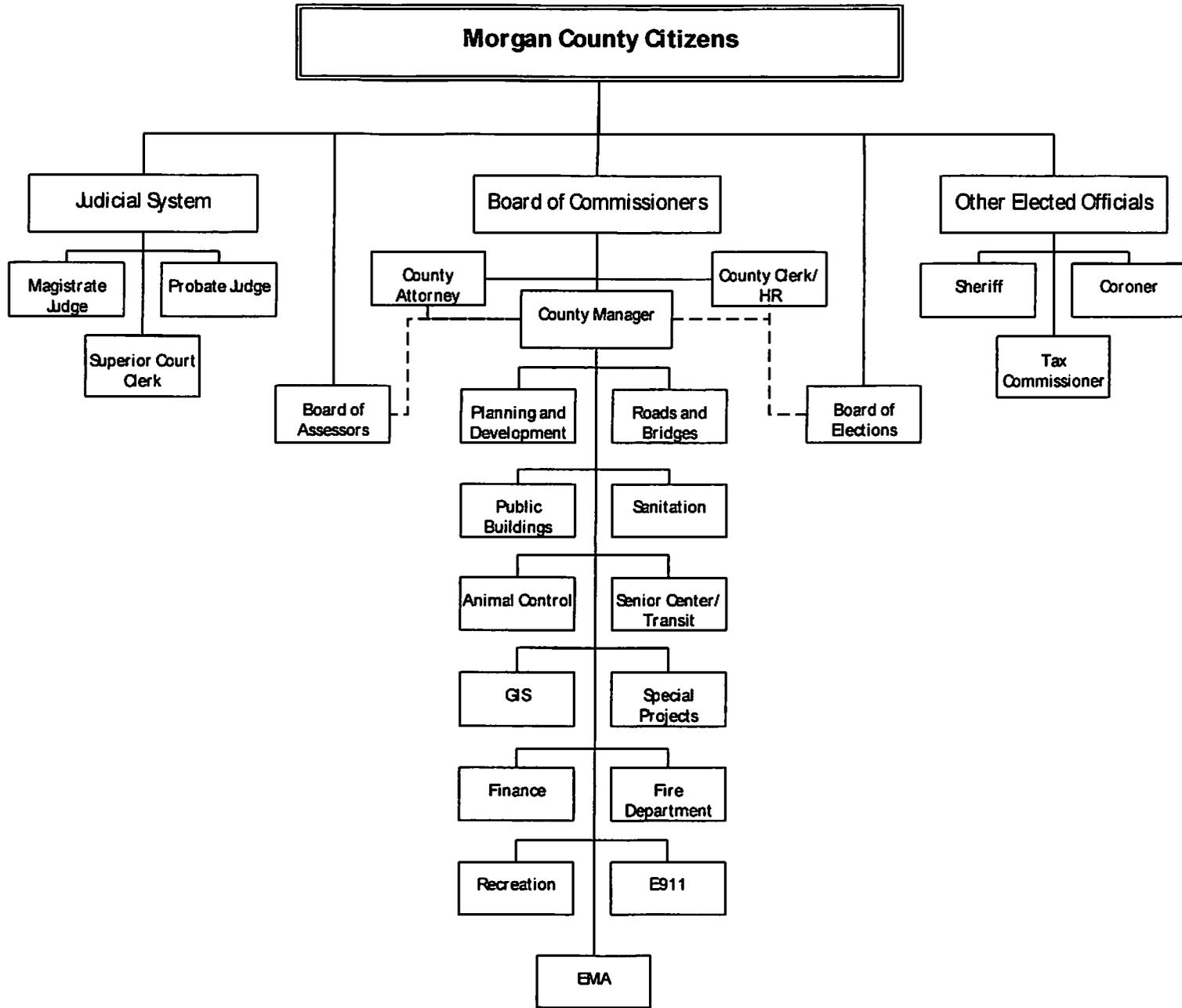
Board of Commissioners

Commissioner District 1 Donald B. Harris
Commissioner District 2 Andy Ainslie,
Commissioner District 3 Mack B. Bohlen, Sr., Chairman
Commissioner District 4 Ellen Warren
Commissioner District 5 Samuel Cathey, Vice Chairman

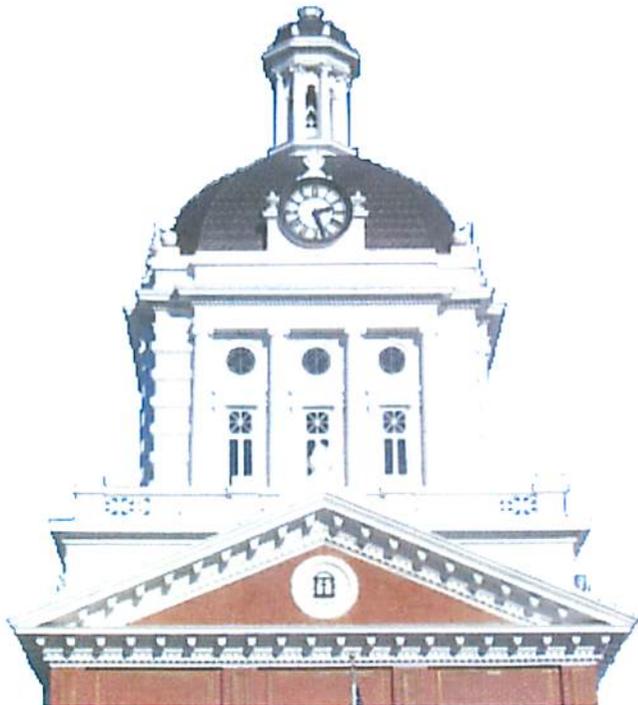
County Manager
Michael Lamar

County Clerk
Jane Laseter

Morgan County Organizational Chart



Financial Section





INDEPENDENT AUDITORS' REPORT

December 29, 2010

Board of Commissioners
MORGAN COUNTY, GEORGIA
Madison, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of MORGAN COUNTY, GEORGIA, as of, and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Commissioners of MORGAN COUNTY, GEORGIA. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Morgan County Health Department and Morgan County Hospital Authority, component units of the County, as of and for the year then ended June 30, 2010, which statements reflect total assets of \$424,053 and \$6,430,000, as of June 30, 2010, and total revenues of \$560,603 and \$13,109,000, respectively, for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Morgan County Health Department and Morgan County Hospital Authority, are based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of MORGAN COUNTY, GEORGIA, as of June 30, 2010, and the respective changes in financial position, and where applicable, cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 29, 2010, on our consideration of MORGAN COUNTY, GEORGIA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulation, contracts, grants, agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, Schedule of Pension Funding Progress, Budgetary Comparison Schedule-General Fund, and other data are not a required part of the basic financial statements but are 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 MORGAN COUNTY, GEORGIA's basic financial statements. The combining and individual nonmajor fund financial statements, and supplemental budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and supplemental budgetary comparison schedules 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.

The accompanying schedule of projects constructed with Special Sales Tax Proceeds is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Bates, Carter + Co, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of Morgan County's financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2010. Please read iii-xii in conjunction with the County's financial statements, which begin on page 1.

As a result of the enactment of GASB 34, the County is required to present a discussion and analysis of its financial condition and performance for the year ended June 30, 2010.

FINANCIAL HIGHLIGHTS

- The County's assets exceeded its liabilities at June 30, 2010 by \$66,489,181 (Net Assets). Of this amount, \$8,491,117 is considered unrestricted and can be used to meet the County's ongoing obligations.
- The County's total net assets decreased by \$480,989 (Change in Net Assets). This is discussed in further detail in the Government-Wide Financial Analysis.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Morgan County's basic financial statements. Morgan County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements, presented on pages 1 and 2, provide a broad overview of Morgan County's finances in a manner similar to that of private-sector businesses. The statements include the following:

- The Statement of Net Assets presents the County's assets and liabilities, with the difference between the two reported as net assets. Over time, the change in net assets is an indicator of the improvement (an increase) or deterioration (a decrease) in the County's financial condition.
- The Statement of Activities presents the revenues and expenses of the County. The difference between these is the change in net assets for the year.

Both of the government-wide financial statements identify the various functions of Morgan County that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Morgan County, Georgia include general government, public safety, court systems, health and welfare, recreation and culture, public works, and housing and development. The business-type activity of Morgan County, Georgia is the Solid Waste operation.

The government-wide financial statements include not only Morgan County, Georgia itself (known as the primary government), but also a legally separate Health Department and Hospital Authority for which Morgan County, Georgia is financially accountable. Financial information for these component units is reported separately from financial information presented for the primary government itself.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund (which was closed during the year), and SPLOST, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 47 and 48 of this report.

The County adopts an annual appropriated budget for its General Fund and Special Revenue Funds. Project length budgets are adopted for the Capital Projects Funds. A Budgetary Comparison Schedule has been provided for the General Fund and Special Revenue Funds to demonstrate compliance with this budget.

The basic governmental funds financial statements can be found on pages 3 and 5 of this report.

Proprietary funds. The County maintains one proprietary fund. Enterprise (proprietary) funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for the Solid Waste operation.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 7-9 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 10 and 11 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14-42 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's pension plans on pages 43 and a schedule of budgetary comparisons for the general fund on pages 44 and 45. Combining and individual fund statements and schedules can be found on pages 46-58 of this report, and Schedules of Projects Constructed with Special Purpose Local Option Sales Tax can be found on page 61-62.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

During FY 2010, Morgan County, on an entity-wide basis, had a decrease in net assets of \$480,989 which is the result of adding the \$239,327 decrease in governmental activities and the decrease in net assets for business type activities of \$241,662. The change in governmental activities is discussed below, and the change in business type activities is discussed under the heading Proprietary Funds.

The County had total Net Assets of \$66,489,181, of which \$56,963,990, net of debt and accumulated depreciation, was invested in capital assets. The table below shows the split of net assets between governmental and business-type activities.

Morgan County, Georgia's Net Assets June 30

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Capital assets (net of depreciation)	\$ 74,931,772	\$ 65,810,254	\$ 435,751	\$ 498,269	\$ 75,367,523	\$ 66,308,523
Current and other assets	<u>10,324,370</u>	<u>22,511,204</u>	<u>112,330</u>	<u>322,377</u>	<u>10,436,700</u>	<u>22,833,581</u>
Total Assets	<u>85,256,142</u>	<u>88,321,458</u>	<u>548,081</u>	<u>820,646</u>	<u>85,804,223</u>	<u>89,142,104</u>
Long-term liabilities	18,671,619	19,914,322	342,187	374,197	19,013,806	20,288,519
Other liabilities	<u>257,996</u>	<u>1,841,282</u>	<u>43,240</u>	<u>42,132</u>	<u>301,236</u>	<u>1,883,414</u>
Total liabilities	<u>18,929,615</u>	<u>21,755,604</u>	<u>385,427</u>	<u>416,329</u>	<u>19,315,042</u>	<u>22,171,933</u>
Net assets:						
Invested in capital assets, net of related debt	56,528,239	55,714,514	435,751	498,269	56,963,990	56,212,783
Restricted	1,034,074	2,894,625	-	-	1,034,074	2,894,625
Unrestricted	<u>8,764,214</u>	<u>7,956,715</u>	<u>(273,097)</u>	<u>(93,952)</u>	<u>8,491,117</u>	<u>7,862,763</u>
Total net assets	<u>66,326,527</u>	<u>66,565,854</u>	<u>162,654</u>	<u>404,317</u>	<u>66,489,181</u>	<u>66,970,171</u>

Total government-wide revenue for Fiscal Year 2010 was \$19,543,553. Of this amount, \$19,255,936 was in governmental activities and approximately \$287,617 in business-type activities. The chart below shows the distribution of total primary government revenues.

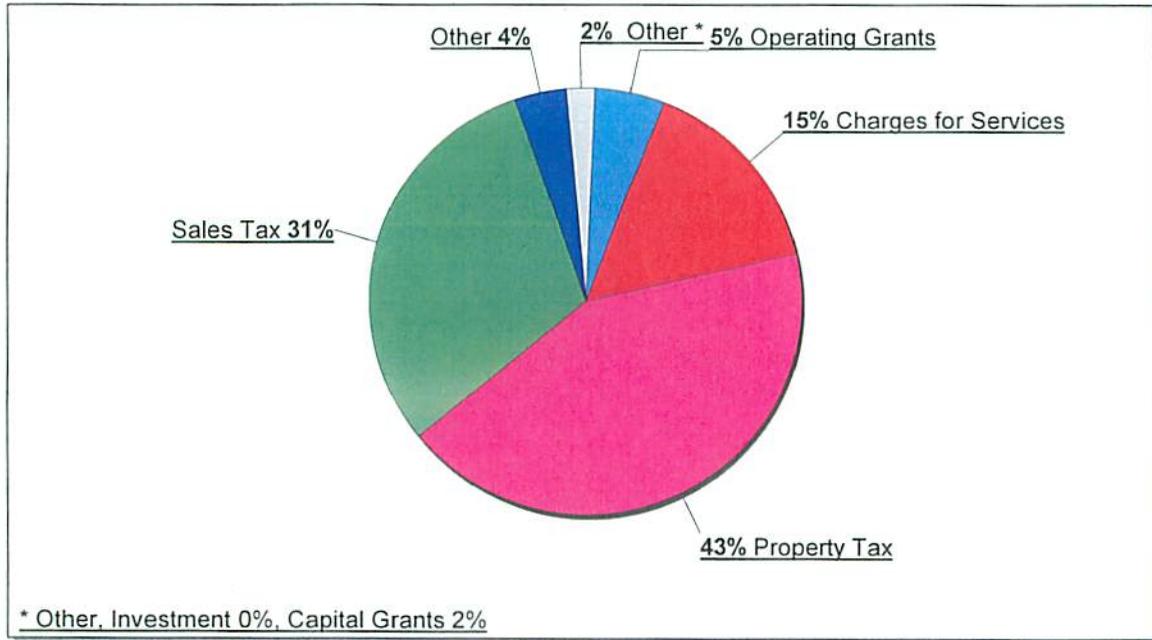
**Morgan County, Georgia's Changes in Net Assets
Year Ended June 30**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
REVENUES						
Program revenues						
Charges for Services	\$ 2,731,734	\$ 2,873,900	\$ 287,163	\$ 341,034	\$ 3,018,897	3,214,934
Operating Grants and Contributions	1,021,163	345,115	-	-	1,021,163	345,115
Capital Grants and Contributions	<u>320,317</u>	<u>412,386</u>	-	-	<u>320,317</u>	<u>412,386</u>
Subtotal for Program Revenues	<u>4,073,214</u>	<u>3,631,401</u>	<u>287,163</u>	<u>341,034</u>	<u>4,360,377</u>	<u>3,972,435</u>
General revenues						
Property Taxes	8,312,443	8,263,596	-	-	8,312,443	8,263,596
Sales Taxes	5,963,470	5,797,590	-	-	5,963,470	5,797,590
Other Taxes	769,287	841,111	-	-	769,287	841,111
Unrestricted Investment Earnings	92,485	261,418	454	1,699	92,939	263,117
Grants and Contributions not restricted to a specific program	-	307,172	-	-	-	307,172
Gain on sale of capital assets	<u>45,037</u>	<u>68,111</u>	-	-	<u>45,037</u>	<u>68,111</u>
Subtotal for General Revenues	<u>15,182,722</u>	<u>15,538,998</u>	<u>454</u>	<u>1,699</u>	<u>15,183,176</u>	<u>15,540,697</u>
Total Revenues	<u>19,255,936</u>	<u>19,170,399</u>	<u>287,617</u>	<u>342,733</u>	<u>19,543,553</u>	<u>19,513,132</u>
EXPENSES						
Program expenses						
General Government	3,351,744	3,133,984	-	-	3,351,744	3,133,984
Public Safety	5,307,303	5,191,945	-	-	5,307,303	5,191,945
Court System	1,184,957	1,157,153	-	-	1,184,957	1,157,153
Health & Welfare	1,659,014	1,828,844	-	-	1,659,014	1,828,844
Recreation & Culture	1,219,227	965,780	-	-	1,219,227	965,780
Public Works	4,855,857	4,792,370	-	-	4,855,857	4,792,370
Housing and Development	661,589	764,023	-	-	661,589	764,023
Interest and Paying Agent Fees	830,572	869,746	-	-	830,572	869,746
Solid Waste	-	-	954,279	1,173,153	954,279	1,173,153
Total expenses	<u>19,070,263</u>	<u>18,703,845</u>	<u>954,279</u>	<u>1,173,153</u>	<u>20,024,542</u>	<u>19,876,998</u>
Change in Net Assets before Transfers	185,673	466,554	(666,662)	(830,420)	(480,989)	(363,866)
Transfers	<u>(425,000)</u>	<u>(878,485)</u>	<u>425,000</u>	<u>878,485</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>(239,327)</u>	<u>(411,931)</u>	<u>(241,662)</u>	<u>48,065</u>	<u>(480,989)</u>	<u>(363,866)</u>
Net Assets, beginning of year	66,565,854	72,248,933	404,316	356,252	66,970,170	72,605,185
Change in Accounting Principle	-	(5,271,148)	-	-	-	(5,271,148)
Net Assets, end of year	<u>\$ 66,326,527</u>	<u>\$ 66,565,854</u>	<u>\$ 162,654</u>	<u>\$ 404,317</u>	<u>\$ 66,489,181</u>	<u>\$ 66,970,171</u>

General Revenues such as Property Taxes and Local Option Sales Tax supplement the Governmental Activities. General Government required \$2,724,846, Judicial required \$141,980, Public Safety required \$4,397,598, Public Works required \$4,118,601, Health and Welfare required \$1,326,316, Recreation required \$945,533, Housing and Development \$511,603 of General Revenues.

Revenues by Source

Government-Wide Activities

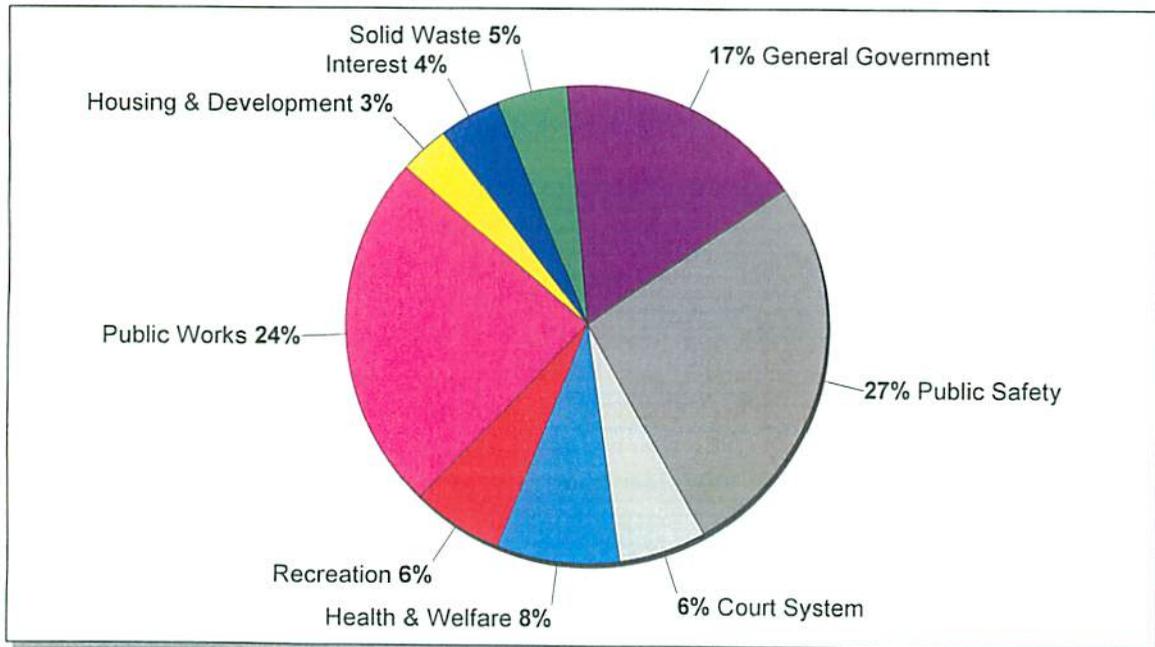


*Due to rounding, charts may not always equal 100%

Government-wide expenses were \$20,024,542 for 2010, of which \$19,070,263 were for governmental activities and \$954,279 for business-type activities. The chart below shows further detail of total primary government expenses.

Expenses by Function

Government-Wide Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

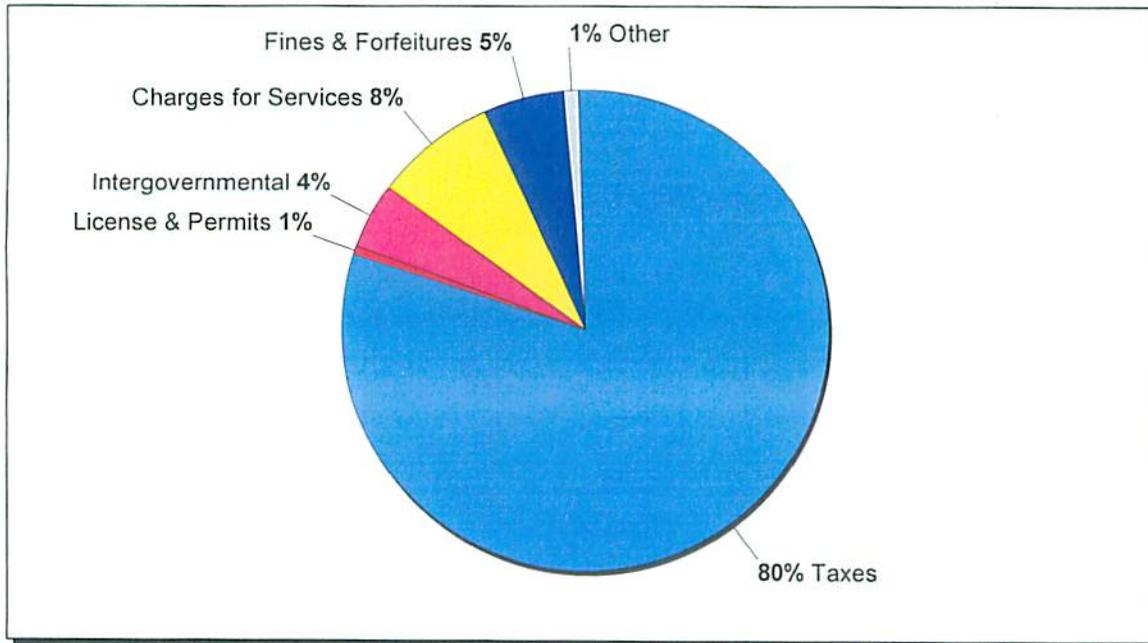
Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows and outflows of spendable resources. Such information is useful in evaluating a government's near-term financing requirements.

The primary governmental funds are the General Fund, the Capital Projects Fund, and SPLOST. As the county completed the year, its governmental funds (as presented in the balance sheet on page 3) reported a combined fund balance of \$7,514,410, which is \$10,753,134 less than last year's total. The decrease in the SPLOST fund balance was \$11,190,250, which is the expected result from spending the proceeds of the bonds. The fund balance in the General Fund increased \$1,052,689. Local Option Sales taxes collected were about \$336,397 below projected budget. A variety of other taxes were about \$30,928 below budget while expenditures were below budget for most departments. The Capital Projects fund balance decreased by \$6,926 because the fund was closed to the General Fund at the beginning of the year.

In 2010, Governmental revenues were down \$50,764 from fiscal year 2009. Property taxes were up \$- due to slight increase in the digest. Charges for services were up \$- due to the County, through an agreement with the Morgan County Board of Education, receiving reimbursements for prior year and current year expenditures for school resource officers as well as other minor items. Investment income was down \$168,934 due to lower interest rates and cash balances.

The total amount of sales tax revenue for fiscal year 2010 was \$5,963,470 which is a 3% increase from FY 2009 due to the slight economic recovery. Morgan County currently shares two different taxes on all sales within the county. The Local Option Sales Tax (LOST) is a direct offset to the property taxes and is renewed every ten years by agreement with the City of Madison, the City of Bostwick, the City of Buckhead and the City of Rutledge. The latest agreement renewed in FY 2003 distributes the funds 73% to the County, 22% to the City of Madison, 4% to the City of Rutledge, .60% to the City of Bostwick, and .40% to the City of Buckhead. A SPLOST referendum passed in a November 2006 election was effective April 1, 2007 with an expiration date of March 31, 2013 or at the end of the quarter where the raising of \$26,000,000 is reached, whichever occurs first. Distribution of monthly SPLOST V funds are based on a percentage distribution as agreed upon by the following municipalities: City of Madison receives 6.94%, City of Rutledge receives .61%, City of Bostwick receives .23% and the City of Buckhead .14%. The County's SPLOST V projects include a new public safety/detention center, road and bridge improvements, library facility improvements, water system equipment and improvements, purchase of sanitation equipment and improvement of solid waste facility and the purchase of the a county administrative building. The City of Madison has designated projects for road and bridge improvements, a public works building, renovation to City Hall and park improvements. The City of Rutledge has designated funds for water and sewer improvements. The City of Bostwick will improve roads and bridges, city hall improvements and water system improvements and equipment. The City of Buckhead will improve the fire station and roads and bridges.

Revenues by Source
Fund Level - Governmental



Expenditures in the governmental funds were \$28,955,140, up \$3,196,491 from FY 2009. Expenditures for the General Fund of \$13,095,782 were up \$1,025,302. The General fund transferred \$425,000 to Solid Waste fund to subsidize operations this year. The County expenditures in SPLOST funds of \$14,959,636 were \$3,297,581 more than prior year due to the timing of expenditures. Of the SPLOST expenditures, \$11,394,869 of this was for capital outlay on planned projects and \$1,846,763 was for debt service payments on the jail bonds. The remaining \$1,718,004 is spread over multiple departments, primarily for the purpose of infrastructure repaving which is expensed.

In FY 2010, Morgan County's Fund balance of all governmental funds was 40% of revenues. At year end, the Fund Balance in the General Fund was 46% of general fund revenues.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Beginning in FY 2003, Morgan County has reported the Solid Waste fund as a proprietary fund. This change has allowed users of the financial statements to analyze the County's Solid Waste Department as a business-like activity and focus attention on the cost of providing services.

In FY 2010, Morgan County's Solid Waste Facility reported a loss of \$241,663. Operating revenues decreased by \$53,871 from FY 2009. Of the total decrease in operating revenue, recycling and transfer fees decreased \$53,815. The Solid Waste Fund on its own doesn't generate sufficient revenues to fund operations; it relies on a subsidy from the General Fund. In fiscal year 2010 transfers between funds were made with a more conservative approach by just meeting the needed cash flow of the Solid Waste Fund. This change ensured the Solid Waste Fund wasn't overfunded and allowed the General Fund to keep more of its cash longer thereby improving its cash flow. The reduction in transfers accounts for \$187,792 of the reported loss. The transfer in

for the fiscal year 2009 was \$878,485 compared to the fiscal year 2010 transfer of \$425,000.

Expenses decreased \$218,873 from fiscal year 2009, with approximately \$6,400 of that decrease being depreciation expense. Disposal Fee expense decreased by \$67,116 from fiscal year 2009 due to a reduction in tonnage hauled. Other areas with notable decreases were salaries and benefit a decrease of \$83,310 from fiscal year 2009 and other services and charges a decrease of \$49,895 from fiscal year 2009.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Morgan County's Government-wide investment in capital assets at June 30, 2010 was \$56,963,990, net of accumulated depreciation and related debt. This investment, which includes land, buildings, roads, bridges, machinery and equipment, park facilities, and vehicles, is discussed in Note 5.

Government-wide additions in FY 2010 were \$- million. Major capital asset activities in FY 2010 were:

In Governmental Activities:

- Renovation continued on a Public Safety Complex to house the Sheriff, Jail, E911 Center, and Emergency Management at a cost of \$11,417,501.
- A Sheriff's patrol car with a cost of approximately \$33,000 was purchased.
- Various office furniture and fixtures for the Clerk of the Superior Court Office with a cost of approximately \$3,700 was purchased.
- A burn building for the Fire Department with a cost of approximately \$5,100 was purchased. This cost was shared with the City of Madison.

Long-term debt. At June 30, 2010, Morgan County had outstanding debt of \$18,671,619. Of this amount \$266,518 is from various capital leases, \$18,137,015 is from contracts payable, and \$268,086 is from compensated absences payable. See note 6, for more details. Payments of \$76,360 were made on capital leases. Payments of \$1,068,452 were made on contracts payable.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget, the final budget and actual results for the General Fund are shown on pages 44 and 45.

The reasons for major changes to the original budget are as follows:

Each year, Morgan County adopts the General Fund budget in June based on a preliminary digest. The millage rate is set in September when the digest is finalized by the Georgia Department of Revenue. The final, amended budget was up \$95,146. The budget increase is a result of the County being awarded the Assistance to Rural Law Enforcement to Combat Crime and Drugs Program grant administered by the U.S. Department of Justice. The grant award was

made September 2009 after the fiscal year 2010 budget was adopted. These funds are provided through the American Recovery and Reinvestment Act of 2009 (ARRA). The total grant award was \$434,964 to fund six detention deputy positions in the new public safety facility for a period of two years. At the end of the grant period, the County is obligated to continue funding of the six detention deputy positions for a one year period. The budget increase resulting from the grant did not impact fund balance as there is an offsetting increase in intergovernmental revenues.

Fines and forfeitures were increased by 20% due to forfeited cash bonds from drug related Superior Court cases. These monies are not considered reoccurring revenues and as such are not budgeted annually.

Charges for services revenues increased 8%. This increase is a result of the County receiving reimbursement for prior years and current year expenditures through an agreement with the Morgan County Board of Education for school resource officers.

Contingency funds were budgeted in the Financial Administration Department. These funds were used to cover additional expenditures in other departments as needed.

ECONOMIC FACTORS AND THE 2011 BUDGET

The County continues to face challenges during these economic times with declining revenues and controlling costs to meet the expectations for and use of services provided to citizens. Steps were taken to reduce expenditures which allowed the County to end fiscal year 2010 with a moderate fund balance.

The economic outlook for 2011 is stable considering the County maintained a careful and conservative approach to the preparation of the 2011 budget. The fiscal year 2011 annual budget for the general fund is \$14,293,684; this is a decrease of 1.5% from the final amended 2010 budget.

Most of the County's revenue sources for fiscal year 2011 are expected to struggle to achieve last year's levels. The 2011 budget was adopted assuming a millage rate of 8.40. Although this rate is up .222 mills from the 2009 millage rate of 8.178 most taxpayers aren't expected see an increase in their property tax bills due to the declining trend in assessed property values. It would take a millage rate set at 9.001 in order for the County to realize the same level of property tax revenue as the previous year.

The County actively searches for funding sources and has been successful in obtaining various grants in the area of public safety and energy efficiency and conservation. Through the energy efficiency and conservation block grant the County anticipates reducing future energy costs. With this grant being shared with the City of Madison and the Board of Education, benefits are expected to reach county-wide.

In order to reduce fiscal year 2011 expenditures, short-term solutions of deferring capital projects, reducing the retirement contribution, and reducing travel and training cost were implemented. Other reductions in expenditures came from changes in personnel where vacant positions were eliminated, overtime was reduced through revised scheduling, and work hours and salary reductions were implemented.

The newly completed public safety complex will be operational for its first full year in fiscal year 2011. The full year operational cost of this facility was the single largest driver for increased expenditures for fiscal year 2011. Grant funding is in place to fund six detention deputy positions for a period of two years. However, at the end of the grant period, the County is obligated to continue funding of these positions for a one year period.

The County Manager is currently pursuing agreements with the U.S. Marshals Service, U.S. Immigration and Customs Enforcement, and other jurisdictions for housing inmates. Rates for housing these inmates can range from \$50 to \$100 per day per inmate, these revenues would be a significant contribution to offsetting operational costs of the public safety facility. Additionally, a recently signed agreement for the occupation of underutilized space in the public safety facility is expected to generate rental revenue.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Morgan County's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Morgan County Commissioners Office, PO Box 168, Madison, Georgia 30650.

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MORGAN COUNTY, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2010

PRIMARY GOVERNMENT

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Cash	\$ 6,713,999	\$ 104,299	\$ 6,818,298	\$ 1,035,337
Receivables (net of allowance for uncollectibles)	1,804,211	32,596	1,836,807	1,671,014
Internal balances	24,565	(24,565)	-	-
Inventories	25,390	-	25,390	364,000
Prepaid items	86,720	-	86,720	53,000
Investment in joint venture	1,258,211	-	1,258,211	-
Restricted assets:				
Cash	189	-	189	402,000
Non-current assets:				
Receivables	-	-	-	257,000
Deferred charges	215,822	-	215,822	50,000
Net pension obligation	195,263	-	195,263	-
Capital assets:				
Capital assets not being depreciated	9,789,321	284,864	10,074,185	699,000
Capital assets being depreciated	96,891,575	1,011,872	97,903,447	7,444,773
Less: accumulated depreciation	(31,749,124)	(860,985)	(32,610,109)	(5,122,071)
Capital assets, net of depreciation	<u>74,931,772</u>	<u>435,751</u>	<u>75,367,523</u>	<u>3,021,702</u>
TOTAL ASSETS	<u><u>85,256,142</u></u>	<u><u>548,081</u></u>	<u><u>85,804,223</u></u>	<u><u>6,854,053</u></u>
LIABILITIES				
Accounts payable	78,925	43,240	122,165	398,985
Other accrued items	147,374	-	147,374	963,000
Due to other governments	31,697	-	31,697	-
Short-term debt payable	-	-	-	399,000
Noncurrent liabilities:				
Due within one year				
Compensated absences payable	160,852	7,776	168,628	7,868
Accrued landfill closure / postclosure	-	28,315	28,315	-
Notes payable	-	-	-	412,000
Capital leases payable	90,313	-	90,313	102,000
Revenue bonds payable	-	-	-	75,000
Contracts payable	1,210,983	-	1,210,983	-
Due in more than one year				
Compensated absences payable	107,234	5,184	112,418	33,879
Accrued landfill closure / postclosure	-	300,912	300,912	-
Notes payable	-	-	-	60,000
Capital leases payable	176,205	-	176,205	381,000
Revenue bonds payable	-	-	-	635,000
Contracts payable	16,926,032	-	16,926,032	-
TOTAL LIABILITIES	<u><u>18,929,615</u></u>	<u><u>385,427</u></u>	<u><u>19,315,042</u></u>	<u><u>3,467,732</u></u>
NET ASSETS				
Invested in capital assets, net of related debt	56,528,239	435,751	56,963,990	1,436,702
Restricted for:				
Debt service	-	-	-	245,000
Capital outlay projects	568,311	-	568,311	-
Public safety programs	448,359	-	448,359	-
Public health and welfare	17,404	-	17,404	313,473
Unrestricted	8,764,214	(273,097)	8,491,117	1,391,146
TOTAL NET ASSETS	<u><u>\$ 66,326,527</u></u>	<u><u>\$ 162,654</u></u>	<u><u>\$ 66,489,181</u></u>	<u><u>\$ 3,386,321</u></u>

The accompanying notes are an integral part of this statement.

**MORGAN COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010**

FUNCTIONS/PROGRAMS	EXPENSESPROGRAM REVENUES.....		NET (EXPENSE) AND CHANGES IN NET ASSETS.....			COMPONENT UNITS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
PRIMARY GOVERNMENT								
GOVERNMENTAL ACTIVITIES								
General government	\$ 3,351,744	\$ 583,893	\$ 363	\$ 42,642	\$ (2,724,846)	\$ -	\$ (2,724,846)	\$ -
Judicial	1,184,957	1,039,309	3,668	-	(141,980)	-	(141,980)	-
Public safety	5,307,303	646,449	255,566	7,690	(4,397,598)	-	(4,397,598)	-
Public works	4,855,857	-	467,271	269,985	(4,118,601)	-	(4,118,601)	-
Public health and welfare	1,659,014	49,433	283,265	-	(1,326,316)	-	(1,326,316)	-
Recreation and culture	1,219,227	262,664	11,030	-	(945,533)	-	(945,533)	-
Housing and development	661,589	149,986	-	-	(511,603)	-	(511,603)	-
Interest	830,572	-	-	-	(830,572)	-	(830,572)	-
Total Governmental Activities	<u>19,070,263</u>	<u>2,731,734</u>	<u>1,021,163</u>	<u>320,317</u>	<u>(14,997,049)</u>	<u>-</u>	<u>(14,997,049)</u>	<u>-</u>
BUSINESS-TYPE ACTIVITIES								
Solid waste/recycling	954,279	287,163	-	-	-	(667,116)	(667,116)	-
Total Business-Type Activities	<u>954,279</u>	<u>287,163</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(667,116)</u>	<u>(667,116)</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ (20,024,542)</u>	<u>\$ 3,018,897</u>	<u>\$ 1,021,163</u>	<u>\$ 320,317</u>	<u>(14,997,049)</u>	<u>(667,116)</u>	<u>(15,664,165)</u>	<u>-</u>
COMPONENT UNITS								
Health Department	\$ 501,442	\$ 173,089	\$ 385,130	\$ -	-	-	-	56,777
Hospital Authority	14,036,000	12,146,000	741,000	208,000	-	-	-	(941,000)
TOTAL COMPONENT UNITS	<u>\$ 14,537,442</u>	<u>\$ 12,319,089</u>	<u>\$ 1,126,130</u>	<u>\$ 208,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(884,223)</u>
GENERAL REVENUES								
Property taxes					8,312,443	-	8,312,443	-
Sales taxes					5,963,470	-	5,963,470	-
Insurance premium taxes					518,862	-	518,862	-
Real estate recording taxes					116,810	-	116,810	-
Other taxes					133,615	-	133,615	-
Total taxes					<u>15,045,200</u>	-	<u>15,045,200</u>	-
Unrestricted investment earnings					92,485	454	92,939	16,384
Gain on sale of capital assets					45,037	-	45,037	-
TRANSFERS					<u>(425,000)</u>	<u>425,000</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL REVENUES AND TRANSFERS					<u>14,757,722</u>	<u>425,454</u>	<u>15,183,176</u>	<u>16,384</u>
CHANGES IN NET ASSETS								
NET ASSETS, Beginning					(239,327)	(241,662)	(480,989)	(867,839)
NET ASSETS, Ending					<u>66,565,854</u>	<u>404,316</u>	<u>66,970,170</u>	<u>4,254,160</u>
					<u>\$ 66,326,527</u>	<u>\$ 162,654</u>	<u>\$ 66,489,181</u>	<u>\$ 3,386,321</u>

The accompanying notes are an integral part of this statement

**MORGAN COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010**

	GENERAL	SPLOST	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash	\$ 6,105,114	\$ 150,940	\$ 457,945	\$ 6,713,999
Receivables (net of allowance for uncollectibles)	1,294,118	455,446	54,648	1,804,212
Due from other funds	51,638	-	-	51,638
Prepaid items	86,720	-	-	86,720
Inventories	25,390	-	-	25,390
Restricted assets:				
Cash	-	189	-	189
TOTAL ASSETS	<u>\$ 7,562,980</u>	<u>\$ 606,575</u>	<u>\$ 512,593</u>	<u>\$ 8,682,148</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 63,861	\$ -	\$ 15,063	\$ 78,924
Other accrued items	147,374	-	-	147,374
Due to other governments	-	31,697	-	31,697
Due to other funds	-	6,567	20,506	27,073
Deferred revenue	882,670	-	-	882,670
TOTAL LIABILITIES	<u>1,093,905</u>	<u>38,264</u>	<u>35,569</u>	<u>1,167,738</u>
FUND BALANCES				
Reserved:				
Prepaid expenditure	86,720	-	-	86,720
Capital outlay projects	-	568,311	-	568,311
Unreserved, undesignated:				
General Fund	6,382,355	-	-	6,382,355
Special Revenue Funds	-	-	477,024	477,024
TOTAL FUND BALANCES	<u>6,469,075</u>	<u>568,311</u>	<u>477,024</u>	<u>7,514,410</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,562,980</u>	<u>\$ 606,575</u>	<u>\$ 512,593</u>	<u>\$ 8,682,148</u>

The accompanying notes are an integral part of this statement

**MORGAN COUNTY, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
June 30, 2010**

Total Fund Balances for Governmental Funds (page 3)		\$ 7,514,410
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.		74,931,772
Some assets are not available in the current period and therefore are not reported in the funds.		
Net pension obligation	195,263	
Investment in joint venture	1,258,211	
Deferred charge for issuance cost	<u>215,822</u>	1,669,296
Revenues in the statement of activities that do not provide current financial resources are reported as deferred revenues in the funds.		
Property Taxes	732,320	
Fines	<u>150,350</u>	882,670
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(268,086)	
Capital leases	(266,518)	
Contracts payable	<u>(18,137,015)</u>	(18,671,619)
Rounding		<u>(2)</u>
Total net assets of governmental activities (page 1)		<u><u>\$ 66,326,527</u></u>

The accompanying notes are an integral part of this statement.

MORGAN COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	GENERAL	SPLOST	CAPITAL PROJECTS	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	\$ 11,465,747	\$ 3,444,866	\$ -	\$ 36,015	\$ 14,946,628
Licenses and permits	101,929	-	-	-	101,929
Intergovernmental	390,345	312,627	-	117,690	820,662
Fines and forfeitures	771,061	-	-	245,507	1,016,568
Charges for services	1,207,090	-	-	311,014	1,518,104
Contributions and donations	35,810	-	-	12,026	47,836
Investment income	78,097	11,593	-	2,794	92,484
Miscellaneous	35,202	300	-	2,256	37,758
TOTAL REVENUES	<u>14,085,281</u>	<u>3,769,386</u>	<u>-</u>	<u>727,302</u>	<u>18,581,969</u>
EXPENDITURES					
Current Expenditures					
General government	2,985,485	140	-	-	2,985,625
Judicial	1,136,456	-	-	50,664	1,187,120
Public safety	4,175,227	-	-	635,341	4,810,568
Public works	1,410,296	1,145,573	-	-	2,555,869
Public health and welfare	1,613,427	-	-	2,916	1,616,343
Recreation and culture	885,626	300,000	-	-	1,185,626
Housing and development	605,095	-	-	21,053	626,148
Intergovernmental	-	272,291	-	-	272,291
Capital outlay	80,089	11,394,869	-	189,748	11,664,706
Debt service					
Principal	139,811	1,005,000	-	-	1,144,811
Interest	64,270	841,763	-	-	906,033
TOTAL EXPENDITURES	<u>13,095,782</u>	<u>14,959,636</u>	<u>-</u>	<u>899,722</u>	<u>28,955,140</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>989,499</u>	<u>(11,190,250)</u>	<u>-</u>	<u>(172,420)</u>	<u>(10,373,171)</u>
OTHER FINANCING SOURCES (USES)					
Sale of county property	25,284	-	-	19,753	45,037
Transfers in	462,906	-	-	79,694	542,600
Transfers out	(425,000)	-	(6,926)	(535,674)	(967,600)
TOTAL OTHER FINANCING SOURCES (USES)	<u>63,190</u>	<u>-</u>	<u>(6,926)</u>	<u>(436,227)</u>	<u>(379,963)</u>
NET CHANGE IN FUND BALANCES	1,052,689	(11,190,250)	(6,926)	(608,647)	(10,753,134)
FUND BALANCES, Beginning of year	<u>5,416,386</u>	<u>11,758,561</u>	<u>6,926</u>	<u>1,085,671</u>	<u>18,267,544</u>
FUND BALANCES, End of year	<u>\$ 6,469,075</u>	<u>\$ 568,311</u>	<u>\$ -</u>	<u>\$ 477,024</u>	<u>\$ 7,514,410</u>

The accompanying notes are an integral part of this statement

MORGAN COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

Net change in fund balances (page 5)		\$ (10,753,134)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital outlays	11,664,706	
Depreciation expense	<u>(2,989,004)</u>	8,675,702
<p>In the statement of activities, only the gain/loss on the sale of various capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.</p>		
Net book value of capital assets sold	<u>(27,166)</u>	(27,166)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Property taxes	732,320	
Donated assets	472,982	
Fines	150,350	
Investment in joint venture	<u>1,258,211</u>	2,613,863
<p>Revenues reported in the funds that relate to prior years are not reported as revenue in the statement of activities</p>		
Property taxes	(633,748)	
Investment in joint venture	(1,193,296)	
Fines	<u>(157,889)</u>	(1,984,933)
<p>Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, where as these amounts are deferred and amortized in the statement of activities. This adjustment combines the net change of two balances.</p>		
Principal payments on long-term debt	1,144,811	
Amortization of bond premium, discounts and issuance cost	<u>75,460</u>	1,220,271
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated absences, current year	(268,086)	
Compensated absences, prior year	<u>258,459</u>	(9,627)
<p>Net pension obligation is not available during the current period and therefore is not reported in the funds.</p>		
Beginning of year	195,263	
End of year	<u>(169,566)</u>	25,697
Rounding		<u>1</u>
Changes in net assets of governmental activities (page 2)		<u><u>\$ (239,327)</u></u>

The accompanying notes are an integral part of this statement.

**MORGAN COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2010**

**BUSINESS-TYPE
ACTIVITIES
ENTERPRISE FUNDS
SOLID WASTE
DISPOSAL
FACILITY**

	ASSETS
	Current Assets
	Cash
	Receivables (net of allowance for uncollectibles)
	TOTAL CURRENT ASSETS
	Noncurrent Assets
	Capital assets
	Capital assets not being depreciated
	Capital assets being depreciated
	Less: accumulated depreciation
	TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)
	TOTAL NONCURRENT ASSETS
	TOTAL ASSETS
	LIABILITIES
	Current Liabilities
	Accounts payable
	Due to other funds
	Compensated absences payable
	Accrued landfill closure/postclosure
	TOTAL CURRENT LIABILITIES
	Noncurrent Liabilities
	Compensated absences payable
	Accrued landfill closure/postclosure
	TOTAL NONCURRENT LIABILITIES
	TOTAL LIABILITIES
	NET ASSETS
	Invested in capital assets
	Uninvested
	TOTAL NET ASSETS
\$ 104,299	
32,596	
136,895	
284,864	
1,011,872	
(860,985)	
435,751	
572,646	
43,240	
24,565	
7,776	
28,315	
103,896	
5,184	
300,912	
306,096	
409,992	
435,751	
(273,097)	
162,654	

The accompanying notes are an integral part of this statement.

MORGAN COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2010

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS
	SOLID WASTE DISPOSAL FACILITY
OPERATING REVENUES	
Recycling and transfer fees	\$ 287,107
Charges for services-other	56
Total Operating Revenues	<u>287,163</u>
OPERATING EXPENSES	
Salaries and benefits	310,163
Other services and charges	105,714
Landfill closure/postclosure costs	(9,616)
Depreciation	62,518
Waste disposal fees	463,107
Professional fees	3,181
Repairs and maintenance	19,213
Total Operating Expenses	<u>954,280</u>
OPERATING INCOME (LOSS)	<u>(667,117)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	454
Total Nonoperating Revenues (Expenses)	<u>454</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(666,663)
Transfer in	425,000
CHANGE IN NET ASSETS	<u>(241,663)</u>
TOTAL NET ASSETS, Beginning of year	404,317
TOTAL NET ASSETS, End of year	<u>\$ 162,654</u>

The accompanying notes are an integral part of this statement.

**MORGAN COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2010**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS
	SOLID WASTE DISPOSAL FACILITY
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customer	\$ 280,034
Payments to suppliers	(592,761)
Payments to employees	(309,204)
	(621,931)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers in	425,000
	425,000
Net Cash provided (used) by non-capital financing activities	425,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Net cash provided (used) by capital and related financing activities	-
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment earnings	454
	454
Net increase (decrease) in cash and cash equivalents	(196,477)
CASH, Beginning of year	300,776
CASH, End of year	\$ 104,299
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (667,117)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	62,518
(Increase) decrease in:	
Accounts receivable	(7,129)
Prepaid expenses	2,247
Increase (decrease) in:	
Accounts payable	1,108
Compensated absences	959
Accrued landfill costs	(32,969)
Due to other funds	18,452
	18,452
Net cash provided by (used in) operating activities	\$ (621,931)

The accompanying notes are an integral part of this statement.

MORGAN COUNTY, GEORGIA
COMPONENT UNITS
COMBINING STATEMENT OF NET ASSETS
June 30, 2010

ASSETS	HEALTH DEPARTMENT	HOSPITAL AUTHORITY	TOTAL
Cash	\$ 380,337	\$ 655,000	\$ 1,035,337
Receivables (net of allowance for uncollectibles)	37,014	1,634,000	1,671,014
Inventories	-	364,000	364,000
Prepaid items	-	53,000	53,000
Restricted assets:			
Cash	-	402,000	402,000
Non-current assets:			
Receivables	-	257,000	257,000
Deferred charges	-	50,000	50,000
Capital assets:			
Capital assets not being depreciated	-	699,000	699,000
Capital assets being depreciated	43,773	7,401,000	7,444,773
Less: accumulated depreciation	(37,071)	(5,085,000)	(5,122,071)
Capital assets, net of depreciation	<u>6,702</u>	<u>3,015,000</u>	<u>3,021,702</u>
TOTAL ASSETS	<u>424,053</u>	<u>6,430,000</u>	<u>6,854,053</u>
LIABILITIES			
Accounts payable	1,985	397,000	398,985
Other accrued items	-	963,000	963,000
Short-term debt payable	-	399,000	399,000
Noncurrent liabilities:			
Due within one year			
Compensated absences payable	7,868	-	7,868
Notes payable	-	412,000	412,000
Capital leases payable	-	102,000	102,000
Revenue bonds payable	-	75,000	75,000
Due in more than one year			
Compensated absences payable	33,879	-	33,879
Notes payable	-	60,000	60,000
Capital leases payable	-	381,000	381,000
Revenue bonds payable	-	635,000	635,000
TOTAL LIABILITIES	<u>43,732</u>	<u>3,424,000</u>	<u>3,467,732</u>
NET ASSETS			
Invested in capital assets, net of related debt	6,702	1,430,000	1,436,702
Restricted for:			
Debt service		245,000	245,000
Public health and welfare	175,473	138,000	313,473
Unrestricted	198,146	1,193,000	1,391,146
TOTAL NET ASSETS	<u>\$ 380,321</u>	<u>\$ 3,006,000</u>	<u>\$ 3,386,321</u>

The accompanying notes are an integral part of this statement.

**MORGAN COUNTY, GEORGIA
 COMPONENT UNITS
 COMBINING STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2010**

	PROGRAM REVENUES.....				NET (EXPENSE) AND CHANGES IN NET ASSETS....			
	OPERATING	CAPITAL	CONTRIBUTIONS	CONTRIBUTIONS	OPERATING	CAPITAL	CONTRIBUTIONS	CONTRIBUTIONS
	GRANTS AND	GRANTS AND	GRANTS AND	GRANTS AND				
	CHARGES	CHARGES	CHARGES	CHARGES	CHARGES	CHARGES	CHARGES	CHARGES
	FOR	FOR	FOR	FOR	FOR	FOR	FOR	FOR
	SERVICES	SERVICES	SERVICES	SERVICES	SERVICES	SERVICES	SERVICES	SERVICES
	EXPENSES	EXPENSES	EXPENSES	EXPENSES	EXPENSES	EXPENSES	EXPENSES	EXPENSES
	FUNCTIONS/PROGRAMS	FUNCTIONS/PROGRAMS	FUNCTIONS/PROGRAMS	FUNCTIONS/PROGRAMS	FUNCTIONS/PROGRAMS	FUNCTIONS/PROGRAMS	FUNCTIONS/PROGRAMS	FUNCTIONS/PROGRAMS
	COMPONENT UNITS	COMPONENT UNITS	COMPONENT UNITS	COMPONENT UNITS				
	GOVERNMENTAL ACTIVITIES	GOVERNMENTAL ACTIVITIES	GOVERNMENTAL ACTIVITIES	GOVERNMENTAL ACTIVITIES				
	Health Department	Health Department	Health Department	Health Department				
	Hospital Authority	Hospital Authority	Hospital Authority	Hospital Authority				
	TOTAL COMPONENT UNITS	TOTAL COMPONENT UNITS	TOTAL COMPONENT UNITS	TOTAL COMPONENT UNITS				
GENERAL REVENUES	\$ 501,442	\$ 173,089	\$ 385,130	\$ -	\$ 56,777	\$ -	\$ 56,777	\$ -
Unrestricted investment earnings								
TOTAL GENERAL REVENUES AND TRANSFERS	\$ 14,036,000	\$ 12,146,000	\$ 741,000	\$ 208,000	\$ 56,777	\$ -	\$ 56,777	\$ -
NET ASSETS, Beginning	\$ 14,537,442	\$ 12,319,089	\$ 1,126,130	\$ 208,000	\$ 56,777	\$ (941,000)	\$ (941,000)	\$ (884,223)
CHANGES IN NET ASSETS								
NET ASSETS, Ending	\$ 14,537,442	\$ 12,319,089	\$ 1,126,130	\$ 208,000	\$ 56,777	\$ (941,000)	\$ (941,000)	\$ (884,223)
GENERAL REVENUES	\$ 14,036,000	\$ 12,146,000	\$ 741,000	\$ 208,000	\$ 56,777	\$ -	\$ 56,777	\$ -
Unrestricted investment earnings								
TOTAL GENERAL REVENUES AND TRANSFERS	\$ 14,036,000	\$ 12,146,000	\$ 741,000	\$ 208,000	\$ 56,777	\$ -	\$ 56,777	\$ -
NET ASSETS, Beginning	\$ 14,537,442	\$ 12,319,089	\$ 1,126,130	\$ 208,000	\$ 56,777	\$ (941,000)	\$ (941,000)	\$ (884,223)
CHANGES IN NET ASSETS								
NET ASSETS, Ending	\$ 14,537,442	\$ 12,319,089	\$ 1,126,130	\$ 208,000	\$ 56,777	\$ (941,000)	\$ (941,000)	\$ (884,223)

MORGAN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(A) REPORTING ENTITY

The government is a political subdivision of the State of Georgia governed by an elected five-member commission. In addition, there are four Constitutional Officers; the Tax Commissioner, Probate Court Judge, Sheriff, and Clerk of Superior Court. The Constitutional Officers are elected county wide. The Board of County Commissioners budgets and approves all funding used by the separate Constitutional Officers. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. Each discretely presented component unit has a June 30 year-end.

Brief descriptions of discretely presented component units follow:

MORGAN COUNTY HOSPITAL AUTHORITY: The hospital authority owns and operates a twenty bed acute care facility and a twenty-one bed hospital-based skilled nursing unit. The County appoints all the members of the seven-member board that governs the hospital authority. The hospital authority is fiscally dependent on the County since the County provides a subsidy which allows the Authority to remain solvent and the County guarantees the Authority's debt. During 2010, the County transferred \$887,250 to the hospital authority. The hospital authority is presented as a proprietary fund type.

MORGAN COUNTY HEALTH DEPARTMENT: The health department is charged with determining the health needs and resources of its jurisdiction, developing programs, activities, and facilities responsive to those needs, and enforcing all laws related to health matters unless they fall under the jurisdiction of other agencies. The health department is governed by the Morgan County Board of Health (Board). The Board includes seven members representing government, health professions, and the needy. The County appoints the voting majority of the board. Additionally, the health department is fiscally dependent on the County since it must have its budget approved by the County. During 2010, the County transferred \$180,339 to the health department. The health department is presented as a governmental fund type.

MORGAN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices.

Morgan County Health Department
259 North Second Street
Madison, Georgia 30650-1317

Morgan County Hospital Authority
1077 South Main Street
Madison, Georgia 30650-2073

(B) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

(C) MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

MORGAN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statement (fiduciary funds use the economic resources measurement focus to indicate that agency funds have no measurement focus.) Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property taxes as available if they are collected by the end of the current fiscal year. Fines are considered available if they are collected within 60 days of the end of the current fiscal period for which they are levied. Other revenues susceptible to accrual are considered available if they are collected within 90 days of the end of the current fiscal period for which they are imposed. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales tax, franchise taxes, fines, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

The *SPLOST Capital Projects Fund* accounts for funds received from a local 1% sales tax reserved for construction of various capital projects.

The government reports the following major proprietary funds:

The *Solid Waste Enterprise Fund* accounts for the activities of the County's solid waste disposal and recycling programs.

Additionally, the government reports the following fund types:

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others.

MORGAN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Private-purpose trust funds account for assets held by the government under the terms of a formal trust agreement and are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The Braswell Fund, a testamentary trust fund, is the private-purpose trust fund. The fund is restricted to the use of educating orphaned children who reside in the County.

Agency funds are custodial in nature and do not represent results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the Tax Commissioner, Clerk of Court, Probate Court, Magistrate Court, and Sheriff holds for others in an agency capacity.

Effective at the beginning of the current fiscal year, it was determined that certain funds were no longer necessary to be kept as separate funds. The Parks and Recreation, Senior Center, and Transit Special Revenue funds and Capital Projects major fund were closed into the General fund by a transfer out. Those activities are now included in the General Fund. The Jail, Youth Enrichment, and Drug Abuse, Treatment, and Education Special Revenue funds were combined into a new fund by a transfer out, the Special Revenue Fund which is a non-major special revenue fund. Budgetary comparison schedules are not required for those funds closed.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interfund services provided and used are not eliminated in the process of consolidation. Elimination of these charges would distort the direct costs and program revenues for the various functions concerned.

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

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

MORGAN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

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.

(D) ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

1. *Deposits and Investments*

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

Investments are recorded as fair value based on quoted market prices as of the balance sheet date. Increases or decreases in fair value during the year are recognized as part of investment income.

2. *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable, available financial resources.

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

Property taxes attach as an enforceable lien on property as of January 1. The 2009 taxes were levied October 20, 2009, and were due 60 days after issuance. Interest and penalties are assessed on taxes not paid by this date. The taxes are subject to lien after March 20, 2010.

The County's property taxes were levied on the assessed values of all real and personal property including mobile homes and motor vehicles located in the County.

3. *Inventories and Prepaid Items*

Inventories, consisting of expendable supplies, not held for resale are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

MORGAN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

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.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e. roads, bridges, sidewalks, culverts, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of three years. Roads, bridges and culverts are defined by the County as projects with an individual cost of \$5,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Roads, bridges and culverts acquired prior to July 1, 2002 have been reported.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	10-25
Machinery and Equipment	5-10
Vehicles	5
Infrastructure	10-50
Land improvements	10-20

5. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. In accordance with the provisions of Statement of Governmental Accounting Standards No. 16, "Accounting for Compensated Absences," no liability is reported for unpaid accumulated sick leave because the benefits are paid only upon illness of an employee, and the amount of such payments cannot be reasonably estimated. All vacation pay is accrued when incurred in the government-wide and proprietary financial statements. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. Upon retirement, unused vacation and sick leave will be included in years of service for benefit calculation purposes. At the end of each calendar year unused vacation time above 240 hours and unused sick time above 480 hours is rolled over to credit the years of service for retirement purposes.

MORGAN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

6. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund type statement of net assets.

7. Fund Equity/Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The government-wide statement of net assets reports \$1,034,074 of restricted net assets, of which \$906,718 is restricted by enabling legislation.

8. Invested in Capital Assets, Net of Related Debt

The "invested in capital assets, net of related debt" reported on the government-wide statement of net assets as of June 30, 2010 are as follows:

	Governmental Activities	Business-type Activities
Invested in capital assets, net of related debt:		
Cost of capital assets	\$ 106,680,896	\$ 1,296,736
Less accumulated depreciation	(31,749,124)	(860,985)
Book value	74,931,772	435,751
Less capital related debt	(18,403,533)	-
Invested in capital assets, net of related debt	\$ 56,528,239	\$ 435,751

9. Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(A) BUDGETARY INFORMATION

Annual appropriated budgets are adopted on a basis consistent with generally accepted accounting principles.

MORGAN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Annual appropriated budgets are adopted for the general fund and all special revenue funds. Project-length budgets are adopted for capital projects funds. All annual appropriations lapse at fiscal year end.

All agencies of the government submit requests for appropriation to the County's manager so that a budget may be prepared. The budget is prepared by fund, function and activity and line item, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the government's Board of Commissioners for review. The government's Board of Commissioners holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the County's manager or the revenue estimates must be changed by an affirmative vote of a majority of the government's Board of Commissioners.

The County manager may amend the line item budget within a department's appropriation. However, expenditures may not legally exceed budgeted appropriations at the department level. The legal level of budgetary control is at the department level within individual funds.

During the year, the Board of Commissioners authorized amendments to include appropriations for some activities that were not originally budgeted and to reclassify certain character and functional expenditures.

NOTE 3 - DEPOSITS AND INVESTMENTS

The County's investments are held in a private purpose trust fund known as the Braswell Fiduciary Fund and held as cash equivalents in the SPLOST fund. Investments are carried at fair value. Unrealized gain is recognized as income.

Primary Government

Custodial credit risk - deposits. Custodial credit risk for deposits is the risk that, that in the event of a bank failure, the government's deposits may not be returned. The County's policies permit it to exceed the FDIC insured limit in making deposits in commercial banks and savings and loans institutions if the funds are otherwise adequately secured. As of June 30, 2010, all deposits of the County were insured or collateralized.

State statutes require collateral pledged in the amount of 110% of deposits. Depositories may secure deposits of public funds using the dedicated method or the pooled method as described below.

- Under the dedicated method, a depository shall secure the deposits of each of its public depositors separately.

MORGAN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

- Under the pooled method, a depository shall secure deposits of public bodies which have deposits with it through a pool of collateral established by the depository with a custodian for the benefit of public bodies having deposits with such depository as set forth in code Section 45-8-13.1.

The County utilized both methods to secure its deposits of public funds.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Interest rate risk. Interest rate risk is the risk that changes in interest rates may adversely affect an investment's fair value. Since the price of a bond fluctuates with market interest rates, the risk that an investor faces is that the price of a bond held in a portfolio will decline if market interest rates rise. Morgan County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State statutes authorize the government to invest in obligations of the U.S. Treasury and of its agencies and instrumentalities; bonds or certificates of indebtedness of this state or of other states and of its agencies and instrumentalities; certificates of deposits of banks insured by FDIC; the State of Georgia Local Government Investment Pool; repurchase agreements; bonds, debentures, notes or other evidence of indebtedness of any solvent corporation of the United States government. Morgan County does not have an investment policy that would further limit these investment choices.

Concentration of credit risk. Morgan County places no limit on the amount it may invest in any one issuer.

Fiduciary Fund

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

Credit Risk. The Braswell fund is authorized to invest in securities in accordance with the will that established the fund. The Braswell Fiduciary Fund has no investment policy that would further limit its investment choices. At June 30, 2010, the ratings of its investments are shown above.

Concentration of credit risk. The Braswell Fiduciary Fund places no limit on the amount it may invest in any one issuer. As of June 30, 2010, the Braswell Fiduciary Fund held 6% of the total investments in common stocks of both the Atlanta Gas Company and the Southern Company.

MORGAN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of June 30, 2010, the Braswell Fiduciary Fund had the following investments:

Investment Type	Fair Value	Rating	Rating Agency	Weighted Average Maturity (Years)
Common Stocks	\$ 41,600	n/a	n/a	n/a
Mutual Funds	<u>172,693</u>	n/a	n/a	n/a
Subtotal Equity Securities	214,293			
Mutual Fund Debt Securities	<u>34,104</u>	BB	Morningstar	10.30
Total Investments	<u>\$ 248,397</u>			

The goal of the Braswell Fiduciary Fund in investing is to obtain a reasonable return on investments with a minimum exposure to potential loss of capital due to market fluctuations.

NOTE 4 - RECEIVABLES

Receivables as of year-end for the County's individual major funds, nonmajor governmental funds in the aggregate, and enterprise fund including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	SPLIST	Nonmajor Governmental Funds	Enterprise Fund Solid Waste
Receivables:				
Property Taxes	\$ 732,320	\$ -	\$ -	\$ -
Fines	3,085,285	-	-	-
Accounts	34,267	-	54,648	32,596
Intergovernmental	<u>351,133</u>	<u>455,446</u>	<u>-</u>	<u>-</u>
Total Gross Receivables	4,203,005	455,446	54,648	32,596
Less: Allowance for Uncollectibles	<u>(2,908,887)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Receivables	<u>\$ 1,294,118</u>	<u>\$ 455,446</u>	<u>\$ 54,648</u>	<u>\$ 32,596</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

MORGAN COUNTY, GEORGIA
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	<u>UNAVAILABLE</u>	<u>UNEARNED</u>	<u>TOTAL</u>
Delinquent property taxes receivable (General Fund)	\$ 732,320	\$ -	\$ 732,320
Probation Fines (General Fund)	150,350	-	150,350
 Total deferred/unearned revenue for governmental funds	 \$ 882,670	 \$ -	 \$ 882,670

Property taxes receivable at June 30, 2010, consist of the following:

<u>DIGEST</u> <u>YEAR</u>	<u>GENERAL</u> <u>FUND</u>
2010 ⁽¹⁾	\$ 12,667
2009	437,605
2008	107,665
2007	28,108
2006	59,665
2005	45,918
2004	4,615
2003	9,726
2002	5,983
2001	2,425
2000	1,931
1999	3,268
1998	1,418
1997	9,057
1996	328
1995	1,918
1994	4
1993	8
1992	11
Total	\$ 732,320

(1) 2010 only consists of taxes due on mobile homes. Taxes on real and personal property are not levied until after fiscal year end. Therefore, they are not included.

Receivables as of year-end for the County's component units, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Health</u> <u>Department</u>	<u>Hospital</u> <u>Authority</u>
Receivables:		
Accounts	\$ 25,970	\$ 2,574,000
Intergovernmental	11,044	52,000
Total Gross Receivables	37,014	2,626,000
Less: Allowance for Uncollectibles	-	(992,000)
Total Net Receivables	\$ 37,014	\$ 1,634,000

MORGAN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Governmental Activities:					
Non-Depreciable Assets:					
Land and improvements	\$ 9,537,428	\$ 98,609	\$ (1,647)	\$ -	\$ 9,634,390
Construction in progress	<u>8,341,904</u>	<u>11,466,092</u>	<u>-</u>	<u>(19,653,065)</u>	<u>154,931</u>
Total non-depreciable capital assets	<u>17,879,332</u>	<u>11,564,701</u>	<u>(1,647)</u>	<u>(19,653,065)</u>	<u>9,789,321</u>
Depreciable Assets:					
Land improvements	515,820	-	-	-	515,820
Buildings and improvements	14,388,238	-	-	19,555,138	33,943,376
Machinery and equipment	3,198,960	125,664	-	97,927	3,422,551
Vehicles	5,072,943	58,662	(114,328)	(1)	5,017,276
Infrastructure	<u>53,603,890</u>	<u>388,662</u>	<u>-</u>	<u>-</u>	<u>53,992,552</u>
Total depreciable capital assets	<u>76,779,851</u>	<u>572,987</u>	<u>(114,328)</u>	<u>19,653,064</u>	<u>96,891,575</u>
Less Accumulated Depreciation for:					
Land improvements	223,419	28,282	-	-	251,701
Buildings and improvements	3,743,605	448,081	-	-	4,191,686
Machinery and equipment	1,930,387	270,603	-	-	2,200,990
Vehicles	3,293,324	346,195	(88,809)	-	3,550,710
Infrastructure	<u>19,658,194</u>	<u>1,895,843</u>	<u>-</u>	<u>-</u>	<u>21,554,037</u>
Total accumulated depreciation	<u>28,848,929</u>	<u>2,989,004</u>	<u>(88,809)</u>	<u>-</u>	<u>31,749,124</u>
Total depreciable capital assets, net	<u>47,930,922</u>	<u>(2,416,017)</u>	<u>(25,519)</u>	<u>19,653,064</u>	<u>65,142,451</u>
Governmental activities capital assets, net	<u>\$ 65,810,254</u>	<u>\$ 9,148,684</u>	<u>\$ (27,166)</u>	<u>\$ (1)</u>	<u>\$ 74,931,772</u>

Additions to governmental activities capital assets for fiscal year ending June 30, 2010 consist of the following:

Capital Outlay	\$ 11,664,706
Donated assets	<u>472,982</u>
Total	<u>\$ 12,137,688</u>
Non-depreciable capital assets additions	\$ 11,564,701
Depreciable capital assets additions	<u>572,987</u>
Total	<u>\$ 12,137,688</u>

MORGAN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type Activities:					
Non-Depreciable Assets:					
Land and improvements	\$ 284,864	\$ -	\$ -	\$ -	\$ 284,864
Depreciable Assets:					
Land improvements	55,473	-	-	-	55,473
Buildings and improvements	119,724	-	-	-	119,724
Machinery and equipment	494,441	-	-	-	494,441
Vehicles	<u>342,234</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>342,234</u>
Total depreciable capital assets	<u>1,011,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,011,872</u>
Less Accumulated Depreciation for:					
Land improvements	28,124	2,774	-	-	30,898
Buildings	73,330	2,993	-	-	76,323
Equipment	416,625	31,242	-	-	447,867
Vehicles	<u>280,388</u>	<u>25,509</u>	<u>-</u>	<u>-</u>	<u>305,897</u>
Total accumulated depreciation	<u>798,467</u>	<u>62,518</u>	<u>-</u>	<u>-</u>	<u>860,985</u>
Total depreciable capital assets, net	<u>213,405</u>	<u>(62,518)</u>	<u>-</u>	<u>-</u>	<u>150,887</u>
Business-type activities capital assets, net	<u>\$ 498,269</u>	<u>\$ (62,518)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 435,751</u>

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

Governmental Activities:

General Government	\$ 362,922
Public Safety	486,198
Public Works	2,026,245
Public Health and Welfare	44,697
Recreation and Culture	32,942
Housing and Development	35,999
Rounding	<u>1</u>
Total depreciation expense-governmental activities	<u>\$ 2,989,004</u>

Business-type Activities:

Solid Waste	<u>\$ 62,518</u>
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The County has authorized construction projects. The remaining costs are split between the portion of the contracts that have been entered into for which the work had not been done prior to June 30, 2010 and the remainder of the authorized project expenditure for which contracts have not been entered into as of year end. The source of financing for the remaining project cost is noted below:

MORGAN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
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	<u>Project Authorization</u>	<u>Expended To Date</u>	<u>Contracts in Progress</u>	<u>Authorized Not Obligated</u>	<u>Sources</u>
Governmental Activities:					
Public Safety Complex - E911	\$ 300,000	\$ 154,931	\$ -	\$ 145,069	SPLOST V
Total	<u>\$ 300,000</u>	<u>\$ 154,931</u>	<u>\$ -</u>	<u>\$ 145,069</u>	

Health Department Discretely Presented Component Unit

Activity for the Health Department for the year ended June 30, 2010, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Depreciable Assets:				
Machinery and equipment	\$ 38,768	\$ -	\$ 5,005	\$ 43,773
Less Accumulated Depreciation	<u>(36,670)</u>	<u>-</u>	<u>(401)</u>	<u>(37,071)</u>
Capital Assets, net	<u>\$ 2,098</u>	<u>\$ -</u>	<u>\$ 4,604</u>	<u>\$ 6,702</u>

Hospital Authority Discretely Presented Component Unit

Activity for the Hospital Authority for the year ended June 30, 2010, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Non-Depreciable Assets:				
Land	\$ 105,000	\$ -	\$ -	\$ 105,000
Construction in progress	<u>416,000</u>	<u>416,000</u>	<u>(238,000)</u>	<u>594,000</u>
Total Non-Depreciable Assets	<u>521,000</u>	<u>416,000</u>	<u>(238,000)</u>	<u>699,000</u>
Depreciable Assets:				
Land improvements	61,000	-	-	61,000
Buildings and improvements	3,432,000	-	123,000	3,555,000
Equipment	<u>3,175,000</u>	<u>-</u>	<u>610,000</u>	<u>3,785,000</u>
Total Depreciable assets	<u>6,668,000</u>	<u>-</u>	<u>733,000</u>	<u>7,401,000</u>
Less Accumulated Depreciation for:				
Land improvements	(59,000)	-	(2,000)	(61,000)
Buildings and improvements	(2,463,000)	-	(70,000)	(2,533,000)
Equipment	<u>(2,166,000)</u>	<u>-</u>	<u>(325,000)</u>	<u>(2,491,000)</u>
Total accumulated depreciation	<u>(4,688,000)</u>	<u>-</u>	<u>(397,000)</u>	<u>(5,085,000)</u>
Total depreciable capital assets, net	<u>1,980,000</u>	<u>-</u>	<u>336,000</u>	<u>2,316,000</u>
Capital Assets, net	<u>\$ 2,501,000</u>	<u>\$ 416,000</u>	<u>\$ 98,000</u>	<u>\$ 3,015,000</u>

MORGAN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 6 - LONG TERM DEBT

Long-term liability activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Governmental Activities:						
Capital leases	\$ 342,878	\$ -	\$ (76,360)	\$ 266,518	\$ 90,313	\$ 176,205
Contracts payable	18,481,643	-	(1,068,452)	17,413,191	1,108,614	16,304,577
Plus: Original issue Premiums	<u>831,343</u>	<u>-</u>	<u>(107,519)</u>	<u>723,824</u>	<u>102,369</u>	<u>621,455</u>
Subtotal Contracts Payable	<u>19,312,986</u>	<u>-</u>	<u>(1,175,971)</u>	<u>18,137,015</u>	<u>1,210,983</u>	<u>16,926,032</u>
Compensated absences	258,459	250,977	(241,350)	268,086	160,852	107,234
Governmental activities long-term liabilities	<u>\$ 19,914,323</u>	<u>\$ 250,977</u>	<u>\$ (1,493,681)</u>	<u>\$ 18,671,619</u>	<u>\$ 1,462,148</u>	<u>\$ 17,209,471</u>
Business-type Activities:						
Compensated absences	\$ 12,001	\$ 8,451	\$ (7,492)	\$ 12,960	\$ 7,776	\$ 5,184
Landfill closure/postclosure	<u>362,196</u>	<u>(9,616)</u>	<u>(23,353)</u>	<u>329,227</u>	<u>28,315</u>	<u>300,912</u>
Business-type activities long-term liabilities	<u>\$ 374,197</u>	<u>\$ (1,165)</u>	<u>\$ (30,845)</u>	<u>\$ 342,187</u>	<u>\$ 36,091</u>	<u>\$ 306,096</u>

Capital Leases

The County leases certain land and facilities under non-cancelable capital leases. The leases relate to the DFACS/Health Department building. Ownership of the related assets will be transferred to the County at the end of the lease terms. The assets acquired through capital leases are as follows:

	Governmental Activities
Buildings and improvements	\$ 885,714
Less: Accumulated Depreciation	<u>(287,857)</u>
Total	<u>\$ 597,857</u>

The County entered into a capital lease agreement in 1997 with Wachovia Bank to finance the construction of a DFACS building. The lease term is one year with fourteen one-year renewable lease terms.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010, were as follows:

<u>Year Ending June 30,</u>	Governmental Activities
2011	\$ 104,865
2012	104,865
2013	<u>82,146</u>
Total minimum lease payments	291,876
Less: amount representing interest (6.45%)	<u>(25,358)</u>
Present value of minimum lease payments	<u>\$ 266,518</u>

MORGAN COUNTY, GEORGIA
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Contracts payable

During 2000, the County entered into an intergovernmental contract with the Development Authority of Walton County to acquire land for an industrial park and issue the "Development Authority of Walton County (Georgia) Industrial Park Revenue Bond Anticipation Note, Series 1998" in order to finance the acquisition of land for the Industrial Park Project. The total amount of this issue is \$7,500,000. Morgan County's share of the debt was 15%, or \$1,125,000. During 2001, this revenue bond anticipation note was replaced by a revenue bond issued by the Joint Development Authority of Jasper County, Morgan County, Newton County, and Walton County in the amount of \$9,000,000. Morgan County's share of the debt is 15%. The outstanding balance of this debt at June 30, 2010 is \$6,000,000 with Morgan County's share being \$900,000.

The bonds are variable rate demand bonds. A common feature of such bonds is that bondholders have the right to tender their bonds back for purchase each week for any reason. Should the Remarketing Agent be unable to find new buyers for any tendered bonds, a bank is obligated to purchase the bonds under a Liquidity Facility. Should that happen, the bonds become "Bank Bonds" with an interest rate equal to the greater of prime rate or Federal Funds rate plus 0.50% per annum. In addition, the fees for providing the Liquidity Facility would increase from 0.195% per annum to 0.440% per annum; also, the repayment of principal would be accelerated on a five year schedule commencing with the next principal payment.

Just after June 30, 2008, the rating for the bond issuer for the Joint Development Authority of Jasper County, Morgan County, Newton County, and Walton County, (JDA) Series 2001 bonds was downgraded from a triple-A rating. As a result, the Remarketing Agent was unable to find new investors and the Bank purchased the bonds under the Liquidity Facility. This bank bond rate was 5.0% at June 30, 2008. On September 23, 2008 the interest rate was 6.0% with a total rate of 6.44% per annum.

In an effort to reduce the interest rate back to the terms in effect at June 30, 2008, the JDA obtained a letter of credit from a bank in the amount of \$6,474,667 (\$6,400,000 principal and \$74,667 interest component). This letter of credit has a stated expiration date of September 15, 2011. The variable interest rate as of June 30, 2010 is 0.35%. The annual requirements to amortize the JDA bond using terms in effect as of June 30, 2010, are as follows:

Year ending, June 30,	Principal	Interest	Total
2011	\$ 60,000	\$ 3,150	\$ 63,150
2012	60,000	2,940	62,940
2013	75,000	2,730	77,730
2014	75,000	2,468	77,468
2015	75,000	2,205	77,205
2016-2020	450,000	6,773	456,773
2021	<u>105,000</u>	<u>368</u>	<u>105,368</u>
Total	<u>\$ 900,000</u>	<u>\$ 20,634</u>	<u>\$ 920,634</u>

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During 2008, the County acquired a GEFA loan of \$67,311 for the extension of water and wastewater to the Joint Industrial Development Authority Industrial Park property. Morgan County is required to pay 13.8% of the total loan. The total debt outstanding at June 30, 2010 is \$58,191.

The annual requirements to amortize the GEFA loan using terms in effect as of June 30, 2010, are as follows:

Year ending June 30,	Principal	Interest	Total
2011	\$ 3,614	\$ 2,643	\$ 6,257
2012	3,785	2,472	6,257
2013	3,965	2,293	6,258
2014	4,152	2,106	6,258
2015	4,349	1,909	6,258
2016-2020	25,031	6,258	31,289
2020-2024	<u>13,295</u>	<u>786</u>	<u>14,081</u>
Total	<u>\$ 58,191</u>	<u>\$ 18,467</u>	<u>\$ 76,658</u>

During 2008, the County entered into an intergovernmental contract with the Morgan County Building Authority for \$19,000,000 to acquire the land and make renovations to the Jail building and build an aquatic center. The County is to make annual payments. The outstanding balance of this debt at June 30, 2010 is \$16,455,000.

The annual requirements to amortize Jail Bonds using terms in effect as of June 30, 2010, are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 1,045,000	\$ 799,062	\$ 1,844,062
2012	1,085,000	757,263	1,842,263
2013	1,140,000	703,012	1,843,012
2014	1,195,000	646,013	1,841,013
2015	1,255,000	586,262	1,841,262
2016-2020	7,285,000	1,924,063	9,209,063
2021-2025	<u>3,450,000</u>	<u>234,275</u>	<u>3,684,275</u>
Total	<u>\$ 16,455,000</u>	<u>\$ 5,649,950</u>	<u>\$ 22,104,950</u>

MORGAN COUNTY, GEORGIA
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Compensated Absences

Typically, the general fund has been used to liquidate compensated absences except for items related to the solid waste enterprise fund.

Health Department Discretely Presented Component Unit

Long-term debt activity for the Health Department for the year ended June 30, 2010, was as follows:

Governmental Activities	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
Compensated absences	\$ <u>49,231</u>	\$ <u>31,105</u>	\$ <u>(38,589)</u>	\$ <u>41,747</u>	\$ <u>7,868</u>	\$ <u>33,879</u>

Long-term debt activity for the Hospital Authority for the year ended June 30, 2010, was as follows:

Business-type Activities	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
Bonds	\$ 780,000	\$ -	\$ (70,000)	\$ 710,000	\$ 75,000	\$ 635,000
Notes payable	863,000	-	(391,000)	472,000	412,000	60,000
Capital leases	-	<u>547,000</u>	<u>(64,000)</u>	<u>483,000</u>	<u>102,000</u>	<u>381,000</u>
Total long-term liabilities	<u>\$ 1,643,000</u>	<u>\$ 547,000</u>	<u>\$ (525,000)</u>	<u>\$ 1,665,000</u>	<u>\$ 589,000</u>	<u>\$ 1,076,000</u>

The terms and due dates of the Hospital Authority's long-term debt, including capital lease obligations, at June 30, 2010, are as follows:

- 1997 Series Revenue Certificates, at varying rates of interest from 3.85% to 5.35%, principal maturing in varying annual amounts, due July 2017, secured by County commitment to provide revenues, through tax levy, sufficient to meet obligations under the bond contract and to pay all reasonable operating expenses of the Authority. The original proceeds of \$1,385,000 were used to build a 21 bed skilled nursing unit.
- 2001 Series Revenue Anticipation certificate No.1, at 7.75% interest rate, due August 2011, payable in monthly installments of \$3,000, collateralized by real estate and guaranteed by Morgan County Board of Commissioners.
- 2001 Series Revenue Anticipation certificate No.2, at 5.00% interest rate, due August 2011, payable in monthly installments of \$32,000, collateralized by real estate and guaranteed by Morgan County Board of Commissioners.
- Note payable, originally \$112,500 with interest rate variable at 75% of the Wall Street Journal prime rate, payable in sixty (60) monthly installments of \$2,000, collateralized by the equipment purchased with the loan proceeds.

MORGAN COUNTY, GEORGIA
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- Capital lease obligation, at 5.37%t collateralized by leased equipment.

The annual requirements to amortize long-term debt as of June 30, 2010 are as follows:

Year Ending June 30,	Bonds and notes payable			Capital Leases		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	487,000	50,000	537,000	102,000	23,000	125,000
2012	140,000	32,000	172,000	107,000	18,000	125,000
2013	80,000	27,000	107,000	113,000	12,000	125,000
2014	85,000	23,000	108,000	119,000	6,000	125,000
2015	90,000	18,000	108,000	42,000	1,000	43,000
2016-2020	<u>300,000</u>	<u>24,000</u>	<u>324,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,182,000</u>	<u>\$ 174,000</u>	<u>\$ 1,356,000</u>	<u>\$ 483,000</u>	<u>\$ 60,000</u>	<u>\$ 543,000</u>

Short-Term Borrowings

On November 3, 2009, the Hospital Authority and the Morgan County Board of Commissioners jointly entered into a \$1,000,000 line-of-credit agreement with a local financial institution. The line-of-credit will be used to fund project development costs associated with the replacement facility. The line-of-credit bears interest at 3.229%, is collateralized by real property, and has a maturity date of November 3, 2010.

A schedule of changes in the Authority's short-term debt for 2010 follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Line-of-credit	<u>\$ -</u>	<u>\$ 399,000</u>	<u>\$ -</u>	<u>\$ 399,000</u>

MORGAN COUNTY, GEORGIA
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NOTE 7 - INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at June 30, 2010, consist of the following:

Due to the General Fund from SPLOST fund for expenses paid by General Fund	\$ 6,567
<i>Subtotal - due to General fund from SPLOST funds</i>	<u>6,567</u>
Due to the General Fund from E911 nonmajor fund for salary reimbursements	20,506
<i>Subtotal - due to other funds from other nonmajor governmental funds</i>	<u>20,506</u>
Due to General Fund from Solid Waste for operating expenses	24,565
<i>Subtotal - due to other funds from the proprietary funds</i>	<u>24,565</u>
Total due to other funds	<u><u>\$ 51,638</u></u>

Summary of balances due from other funds reported in fund financial statements:

Due from other funds, Balance Sheet - Governmental Funds	\$ 51,638
Total due from other funds	<u><u>\$ 51,638</u></u>

Interfund transfers for the year ended June 30, 2010, consist of the following:

Transfers from General fund	
From General fund to Solid Waste Fund to supplement fiscal year, 2010 operations	\$ 425,000
<i>Total transferred out from the General Fund</i>	<u>425,000</u>
Transfers from Capital Projects fund	
From Capital Projects fund to General fund to close the fund	6,926
<i>Total transferred out from Capital Projects fund</i>	<u>6,926</u>
Transfers from Other Nonmajor Governmental funds	
From Senior Center fund to General fund to close fund	188,507
From Transit fund to General fund to close fund	164,470
From Parks and Recreation fund to General fund to close fund	9,930
From Special Revenue fund to General fund for use of fiscal year 2010 jail fees for operating expenses	60,111
From Special Revenue fund to General fund for use of fiscal year 2010 fees for operating expenses	18,000
From Hotel/Motel fund to General fund for activities during fiscal year 2010	14,962
From Jail fund to Special Revenue fund to close fund	54,407
From Youth Enrichment fund to Special Revenue fund to close fund	18,157
From Drug Education fund to Special Revenue fund to close fund	7,130
<i>Total transferred out from Other Nonmajor Governmental funds.</i>	<u>535,674</u>
Total	<u><u>\$ 967,600</u></u>

Summary of Transfers out to other funds reported in fund financial statements:

Transfers Out, Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental	<u><u>\$ 967,600</u></u>
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MORGAN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 8 - RETIREMENT PLANS

Defined Benefit Pension Plan

A. Plan Description

The County contributes to the Association County Commissioners of Georgia Defined Benefit Plan (the Plan), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating counties in Georgia. The Plan was effective January 1, 1998.

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Plan, through execution of an adoption agreement, is affiliated with the Association County Commissioners of Georgia Defined Benefit Plan (the ACCG Plan), an agent multiple-employer pension plan administered by Georgia Employees Benefits Corporation of Georgia. The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of The ACCG Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of the Plan, as provided in Section 19.02 of the ACCG Plan Document. The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to Morgan County Board of Commissioners, P.O. Box 168, Madison, Georgia 30650.

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 60 with 3 years of participation in the Plan. The County's covered payroll for employees participating in the Plan as of January 1, 2009 (the most recent actuarial valuation date) was \$3,217,395 (based on covered earnings for the preceding year).

Upon eligibility to retire, participants are entitled to an annual benefit in the amount of 2.0% of average annual compensation multiplied by the years of service. Compensation is averaged over a five-year period prior to retirement or termination. The Plan also provides benefits in the event of death or disability. These benefit provisions were established by an adoption agreement executed by the County Board of Commissioners.

MORGAN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

B. Funding Policy

The County is required to contribute at an actuarially determined rate. The contribution amount is determined using actuarial methods and assumptions approved by the ACCG Plan trustees and must satisfy the minimum contribution requirement contained in the State of Georgia Statutes. Section 47-20 of the Georgia Code sets forth the funding standards for state and local governmental pension plans.

County employees are not required to contribute to the Plan. Contributions totaling \$578,600 (\$578,600 employer and \$0 employee) were made in accordance with the contribution requirements determined by an actuarial valuation performed as of January 1, 2009. This was greater than the minimum required contribution of \$313,401.

C. Annual Pension Cost

The cost of administering the plan is funded with earnings from investments.

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 employer and its plan members.

The County's contributions to the Plan for the years ended June 30, 2010, 2009, and 2008 were \$578,600, \$502,002, and \$479,641 respectively, and were equal to the required contribution for each year.

Schedule I included in the required supplementary information presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. The data for the most current year are as follows:

<u>Actuarial Date of January 1</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Projected Unit Credit</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
2010	\$ 5,164,339	\$6,986,114	\$ 1,821,775	73.9%	\$ 3,217,395	56.6 %

MORGAN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

The annual required contribution and percentage contributed for the current year and prior years are as follows:

Fiscal Year June 30,	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 552,903	\$ 578,600	104.6 %	\$ (195,263)
2009	484,612	502,002	103.6 %	(169,566)
2008	\$ 457,852	\$ 479,641	104.8 %	\$ (152,176)

The information was determined as part of the actuarial valuation as of January 1, 2009. Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2009
Actuarial Cost method	Projected Unit Credit
Asset Valuation method	Market Value
Amortization method	Level Percent of Pay (Closed)
Remaining amortization period	10 years
(This represents the estimated amortization period for all unfunded liabilities combined into one amortization base.)	
Actuarial assumptions:	
Assumed rate of return on assets*	8.0% per annum
Expected future salary increases*	6.0% per annum
Cost of Living Adjustments*	0.0% per annum
*Includes inflation at	3.0%

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

Annual required contribution	\$ 551,983
Interest on net pension obligation	(13,141)
Amortization of net pension obligation	<u>14,061</u>
Annual pension cost	552,903
Contribution made	<u>(578,600)</u>
Increase (decrease) in Net Pension Obligation	(25,697)
Net pension obligation, January 1, 2009	<u>(169,566)</u>
Net pension obligation, January 1, 2010	<u><u>\$ (195,263)</u></u>

Other Plans

In addition to the above pension plans, the following pension plans cover County employees but the county is not legally responsible for contributions to the pension plans. Other governmental entities are legally responsible for these contributions as well as required disclosures:

MORGAN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

- (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) **SUPERIOR COURT CLERKS' RETIREMENT FUND OF GEORGIA:** The Clerk of Superior Court is covered under a pension plan which requires that certain sums from fees and fines or bond forfeitures be remitted to the pension plan before the payment of any costs or other claims.
- (C) **SHERIFF'S RETIREMENT FUND/PEACE OFFICER'S ANNUITY AND BENEFIT FUND:** The Sheriff and Sheriff's Deputies are covered under separate pension plans which require that certain sums from fines or bond forfeitures be remitted by the Probate Judge or Clerk of Superior Court to the pension plans before the payment of any costs or other claims.
- (D) **GEORGIA STATE EMPLOYEES' RETIREMENT SYSTEM:** The Health Department's eligible employees participate in the Georgia State Employees' Retirement System (ERS), a statewide multiple-employer public employee retirement system covering employees of local boards of health and various agencies and departments of the State of Georgia. ERS is funded through employer and employee contributions and the Health Department has no legal obligation for paying benefits.

NOTE 9 - CONTINGENT LIABILITIES

Amounts received or receivable for grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The County is subject to possible legal actions in the nature of claims for damages to persons and property, civil rights isolation and other similar types of actions arising in the course of normal County operations. In the opinion of County management, after consultation with legal counsel, the ultimate outcome of these possible legal actions will not have a material impact on the financial position of the County.

The County has an agreement with The Morgan County Hospital Authority to reimburse the Authority for all expenditures necessary for the maintenance, operation, and providing of adequate and necessary facilities for medical care and hospitalization of the indigent sick. The County shall also reimburse reasonable reserves for expansion and make payment of the cost of all facilities of Morgan Memorial Hospital. The County agrees to adequately and fully pay all sums due to the Authority under the agreement out of general funds of the County and/or by levying all required taxes up to a maximum of seven (7) mills.

MORGAN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

In March of 2001, the County accepted a Community Development Block Grant from the Department of Community Affairs in the amount of \$500,000 for the construction of a new Senior Center. As a condition of the grant, the County must agree to use the facility for the approved purpose throughout the life of the facility. Should the facility be converted to an ineligible use, the Department of Community Affairs will require repayment of the grant. The repayment will be based on 20-year straight-line depreciation, except 100% repayment of the grant funds will be required to be repaid if the facility is converted during the first five years after the grant closeout date. The period for calculating the repayment amount began upon the closeout of the grant in 2003 and will continue until year 2023.

NOTE 10 - 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 following are ways the County handles these risks:

WORKERS' COMPENSATION

The County participates in the Association County Commissioners of Georgia (ACCG) Group Self Insurance Workers' Compensation Fund (GSIWCF), a self-insured pool cooperative arrangement among its members to finance workers' compensation coverage. The fund is owned by its members and is managed by a seven member Board of Trustees who are representatives from participating counties. The ACCG-GSIWCF operates under the authority of O.C.G.A. 34-9-150 et seq. and the Georgia Insurance Commissioner's Office. The members of ACCG-Group Self Insurance Workers' Compensation Fund are assessable if the losses that ACCG must pay exceed the assets of the pool. At June 30, 2010, there was no need for such an assessment. Therefore, no liability has been recorded in these financial statements.

OTHER

The County participates in the Association County Commissioners of Georgia (ACCG) Interlocal Risk Management Agency (IRMA), a risk sharing arrangement among Georgia County Governments. The fund exists by authority of O.C.G.A. 36-85-1 et seq. Premium liabilities are based on the estimated ultimate cost of settling the claims, including effects of inflation and other society and economic factors. The IRMA Limits of Liability shall not be charged with the first \$2,500 of any loss. IRMA pays losses up to \$100,000 per individual claim or \$5,000,000 for all claims. However, excess losses, if any, are covered by reinsurance and would be paid by the reinsurer.

The members of IRMA are assessable if the losses that IRMA must pay exceed the assets of the pool. At June 30, 2010, there was no need for such an assessment. Therefore, no liability has been recorded in these financial statements.

MORGAN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

As part of these risk pools (IRMA & GSIWCF), the County is obligated to pay all contributions and assessments to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents that could require the funds to pay any type of loss. The County is also to allow all the pools' agents and attorneys to represent the County in investigations, settlement discussions, and all levels of litigation arising out of any claim made against the County.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. 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 also purchases combined automobile, crime, liability and property insurance coverage from the ACCG-IRMA. A \$2,500 deductible applies to each claim. The County also purchases catastrophic coverage for inmate medical costs with a \$10,000 deductible per inmate. The following is a summary of coverage at June 30, 2010:

Property Losses	\$	5,000,000	aggregate
Comprehensive General and Law Enforcement Liability		5,000,000	per occurrence
Automobile Liability		5,000,000	per occurrence
Errors and Omissions Liability		5,000,000	per occurrence
		10,000,000	aggregate
Crime Coverage		150,000	per occurrence
		50,000	per employee
Boiler and Machinery		100,000,000	per occurrence
Inmate medical		250,000	Specific limit per inmate
Inmate medical	\$	750,000	Aggregate limit

The County has no outstanding claims in excess of coverage for which a liability should be recorded as of June 30, 2010.

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

MORGAN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 11 - NORTHEAST GEORGIA REGIONAL COMMISSION

Morgan County, in conjunction with cities and counties in the area are members of the Northeast Georgia Regional Commission (NEGRC). Membership in the NEGRC is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the regional commissions. Each county and municipality in the state is required by law to pay minimum annual dues to the NEGRC. The county paid annual dues in the amount of \$17,492 to the NEGRC for the year ended June 30, 2010. The NEGRC Board membership includes the chief elected official of each county and the chief elected official of each municipality. The County board members and municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as the nonpublic Board member from a County.

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

Separate financial statements for the NEGRC may be obtained from: Northeast Georgia Regional Commission, 305 Research Drive, Athens, Georgia 30605.

NOTE 12 - LANDFILL CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations required the County to place a final cover on its U.S. Highway 441 landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as a current operating expenditure in each period based on landfill capacity used as of each balance sheet date.

These amounts are based on what it would cost to perform all closure and postclosure care in 2010. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The County is also required to demonstrate financial assurance that the closure and postclosure care cost can be paid in the future. The County is in compliance at June 30, 2010, based on requirements issued by the EPA.

MORGAN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 13 - SIGNIFICANT ESTIMATES

As discussed in NOTE 1, estimates are used in the preparation of these financial statements. Three of the estimates qualify as significant estimates in that it is reasonably possible that the estimates will change in the near term due to one or more future confirming events and this change will have a material effect on the financial statements.

These estimates are as follows:

- The liability for landfill closure and postclosure care cost is based on estimates provided by the County's engineering consultants and reduced each year by expenses related to the closure and postclosure of the landfill. These estimates are based on what it would cost to perform closure and postclosure care currently. Actual costs may change due to higher inflation, changes in technology, or changes in regulations.
- The estimate for allowance for doubtful accounts related to fines. This estimate is calculated as 50% of the fines due to the County less amounts received in the first 60 days after year end. This estimate will be assessed in future periods and adjusted as necessary based on actual results.
- The estimate for accumulated depreciation on capital assets. This estimate is based on the original or estimated cost of the assets, depreciated over the estimated useful lives using the straight line method and composite method.

NOTE 14 - HOTEL/ MOTEL TAX

During the year ended June 30, 2010, the County had receipts of \$36,015 and spent \$21,053 to promote tourism, conventions, and trade shows. Of this amount \$11,253 was for state parks operated by the Department of Natural Resources. The total expenditures represent 100% of the tax receipts to be expended for these purposes under OCGA 48-13-51. The County has complied with the requirements of this law.

NOTE 15 - RELATED PARTY TRANSACTIONS

On October 6, 1998, Morgan County Commissioners voted to approve a resolution authorizing the release of Morgan County from the Joint Development Authority consisting of Athens-Clarke, Jackson, Madison, Morgan, Oconee, Oglethorpe and Walton counties.

MORGAN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

During 1998, the Joint Development Authority of Jasper County, Morgan County, Newton County, and Walton County, a joint venture, was formed for the purpose of purchasing and developing an industrial site. The land was purchased through the Walton County Development Authority with temporary financing from Walton County until such time as the Joint Authority could issue permanent bond financing for the project. The Joint Authority issued \$9,000,000 in bonded debt in October 2000 for repayment of the Walton County Development Authority, to pay issuance costs of the bond, and to provide initial development costs. The stated percentages of ownership and debt assumption are as follows: Newton County 37.5%, Walton County 37.5%, Morgan County 15%, and Jasper County 10%. The debt will amortize from 2001 and continue through 2021. This debt is discussed more fully in Note 6. The County records the investment in the joint venture at a value of \$1,258,211, using the equity interest method.

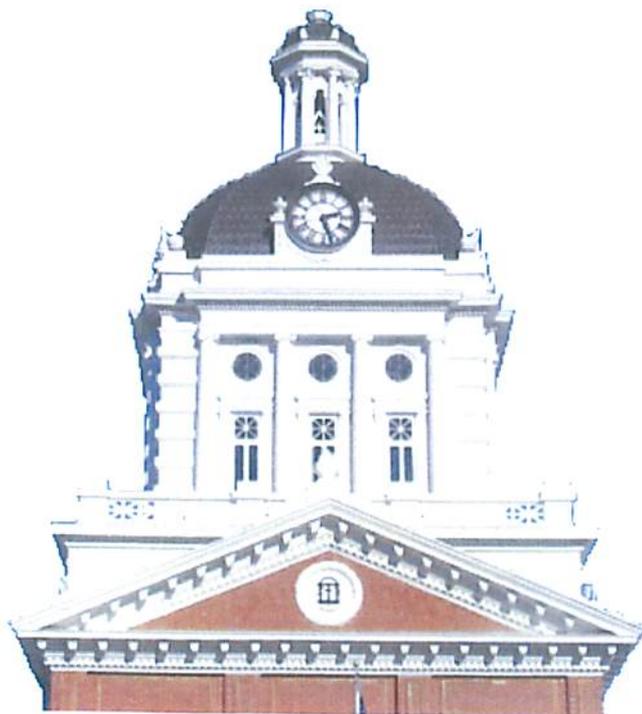
Separate financial statements of the Joint Development Authority of Jasper County, Morgan County, Newton County, and Walton County can be obtained directly from: Joint Development Authority of Jasper County, Morgan County, Newton County, and Walton County, C/O Madison Chamber of Commerce, 115 East Jefferson Street, Madison, Georgia 30650.

NOTE 16 - SUBSEQUENT EVENTS

On December 7, 2010, the Hospital Authority and the Morgan County Board of Commissioners jointly entered into a \$1,000,000 line-of-credit agreement with a local financial institution. The line-of-credit will be used to fund project development costs associated with the replacement facility. The line-of-credit bears interest at 3.229%, is collateralized by real property, and has a maturity date of June 30, 2011. At the date of the resolution, \$411,485 had been drawn on the agreement with an additional \$588,515 available for future draws.

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Required Supplementary Information



**MORGAN COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION FUNDING PROGRESS
For the Year Ended June 30, 2010
"Unaudited"**

Actuarial Valuation Date (1/1)	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Annual Covered Payroll (prior year)	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
2010	\$ 5,164,339	\$ 6,986,114	73.9 %	\$ 1,821,775	\$ 3,217,395	56.6 %
2009	4,610,501	6,480,259	71.1 %	1,869,758	2,842,259	65.8 %
2008	4,556,779	5,872,195	77.6 %	1,315,416	2,672,957	49.2 %
2007	3,995,995	5,266,541	75.9 %	1,270,546	2,706,560	46.9 %
2006	3,388,004	4,902,313	69.1 %	1,514,309	2,573,219	58.8 %
2005	\$ 2,915,941	\$ 4,286,640	68.0 %	\$ 1,370,699	\$ 2,369,938	57.8 %

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 available for benefits as a percentage of the actuarial accrued liability provides one indication of funding status on a going concern basis. Analysis of this percentage over time indicates whether the system is becoming financial 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.

**MORGAN COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2010
(Required Supplementary Information)**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 5,416,386	\$ 5,416,386	\$ 5,416,386	\$ -
RESOURCES (INFLOWS)				
Taxes	11,641,147	11,641,147	11,465,747	(175,400)
Licenses and permits	109,600	109,600	101,929	(7,671)
Intergovernmental	256,000	351,146	390,345	39,199
Fines and forfeitures	636,000	636,000	771,061	135,061
Charges for services	1,022,220	1,022,220	1,207,090	184,870
Contributions and donations	24,000	24,000	35,810	11,810
Investment income	232,050	232,050	78,097	(153,953)
Miscellaneous	5,000	5,000	35,202	30,202
Sale of county property	-	-	25,284	25,284
Transfers in	490,317	490,317	462,906	(27,411)
Total Resources (Inflows)	<u>14,416,334</u>	<u>14,511,480</u>	<u>14,573,471</u>	<u>61,991</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>19,832,720</u>	<u>19,927,866</u>	<u>19,989,857</u>	<u>61,991</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
General Government				
Board of commissioners	80,504	81,704	64,647	17,057
County manager	224,624	251,902	251,774	128
County clerk	66,859	66,859	62,985	3,874
Finance	546,548	284,915	255,773	29,142
Law	95,250	134,483	134,483	-
Management information	318,266	320,485	314,194	6,291
Human resources	59,202	59,202	51,840	7,362
Tax commissioner	232,960	232,960	231,401	1,559
Tax assessor	497,414	498,356	448,497	49,859
Risk management	206,000	195,313	188,798	6,515
General government	789,358	802,164	801,735	429
Records management	28,197	26,697	26,581	116
General administration fees	21,145	21,145	21,145	-
Board of equalization	50,555	50,555	46,971	3,584
Board of registrars	138,521	138,521	104,396	34,125
Total General Government	<u>3,355,403</u>	<u>3,165,261</u>	<u>3,005,220</u>	<u>160,041</u>
Judicial				
Ocmulgee Circuit	26,937	29,472	29,472	-
Clerk of superior court	408,555	429,301	428,889	412
District attorney	56,627	56,627	55,570	1,057
Magistrate court	297,112	297,112	291,141	5,971
Probate court	246,969	246,969	246,111	858
Juvenile court	28,145	34,255	34,255	-
Public defender	51,018	51,018	51,018	-
Total Judicial	<u>1,115,363</u>	<u>1,144,754</u>	<u>1,136,456</u>	<u>8,298</u>
Public Safety				
Law enforcement administration	246,159	406,031	405,480	551
Criminal investigation	302,119	245,119	244,407	712
Uniform patrol	1,028,293	945,293	945,206	87
Jail operation	1,090,405	1,281,876	1,281,876	-
Court services	191,725	169,807	169,522	285
Fire administration	507,712	540,062	540,062	-
Ambulance	312,005	312,005	307,375	4,630
Coroner/Medical Examiner	23,386	23,914	19,736	4,178
E-911/Communications Center	430,449	430,449	65,818	364,631
Emergency Management Agency	70,355	64,455	59,567	4,888
Animal control	199,176	199,176	190,044	9,132
Total Public Safety	<u>4,401,784</u>	<u>4,618,187</u>	<u>4,229,093</u>	<u>389,094</u>
Public Works				
Highways and streets	1,265,513	1,306,046	1,306,046	-
Solid waste and recycling	698,184	698,184	425,000	273,184
Maintenance and shop	120,010	112,054	110,739	1,315
Total Public Works	<u>2,083,707</u>	<u>2,116,284</u>	<u>1,841,785</u>	<u>274,499</u>

**MORGAN COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2010
(Required Supplementary Information)**

CONTINUED.....	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Public Health and Welfare				
Senior citizens center	225,450	237,116	236,906	210
Transportation services	235,130	219,762	219,094	668
D.F.A.C.S. building	123,085	125,771	117,032	8,739
D.F.A.C.S.	22,000	22,000	22,000	-
Advantage behavioral	24,705	24,705	24,705	-
Walton/Morgan unlimited	21,002	21,002	21,002	-
Health care facilities	1,060,339	1,067,589	1,067,589	-
Total Public Health and Welfare	<u>1,711,711</u>	<u>1,717,945</u>	<u>1,708,328</u>	<u>9,617</u>
Recreation and Culture				
Parks and recreation	753,746	753,746	705,091	48,655
Library	177,152	177,152	177,152	-
Agriculture center	2,700	3,383	3,383	-
Total Recreation and Culture	<u>933,598</u>	<u>934,281</u>	<u>885,626</u>	<u>48,655</u>
Housing and development				
Soil conservation	17,719	17,719	16,614	1,105
Forestry services	23,616	23,616	5,766	17,850
Building inspection	234,429	233,790	219,454	14,336
Planning and zoning	124,817	125,456	125,265	191
Code enforcement	95,817	95,817	91,160	4,657
County agent	117,013	117,013	84,496	32,517
Development authority	189,257	189,257	159,179	30,078
Action, Inc.	12,340	12,340	12,340	-
Total Housing and Development	<u>815,008</u>	<u>815,008</u>	<u>714,274</u>	<u>100,734</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>14,416,574</u>	<u>14,511,720</u>	<u>13,520,782</u>	<u>990,938</u>
CHANGE IN FUND BALANCE	<u>(240)</u>	<u>(240)</u>	<u>1,052,689</u>	<u>1,052,929</u>
FUND BALANCE, End of year	<u>\$ 5,416,146</u>	<u>\$ 5,416,146</u>	<u>\$ 6,469,075</u>	<u>\$ 1,052,929</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE:

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted for specific purposes. The following special revenue funds are maintained by the County:

Emergency Telephone Service - to account for the monthly "911" charge to help fund the cost of providing the service as provided in title 46, Chapter 5 of the Official Code of Georgia Annotated.

Special Revenue Fund - to account for funds, such as fines, confiscated monies and donations received by Elected Officials of Morgan County to be expended within legal guidelines of each program.

Hotel/Motel Tax – to account for taxes charged on rental of hotel/motel rooms as provided in title 48, chapter 13 of the Official Code of Georgia Annotated. These funds are used for the promotion of tourism, conventions and trade shows in the County.

Law Library - to account for funds collected from fines and forfeitures to be used to maintain the Law Library as provided in title 36, chapter 15 of the Official Code of Georgia Annotated.

Sheriff's Law Enforcement - to account for funds from seizures to be used for law enforcement activities.

**MORGAN COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2010**

	<u>SPECIAL REVENUE FUNDS</u>				<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
	<u>EMERGENCY TELEPHONE SERVICES</u>	<u>SPECIAL REVENUE FUND</u>	<u>LAW LIBRARY</u>	<u>SHERIFF'S LAW ENFORCEMENT</u>	
ASSETS					
Cash	\$ 230,218	\$ 102,752	\$ 15,023	\$ 109,952	\$ 457,945
Receivables (net of allowance for uncollectibles)	47,840	6,808	-	-	54,648
TOTAL ASSETS	<u>\$ 278,058</u>	<u>\$ 109,560</u>	<u>\$ 15,023</u>	<u>\$ 109,952</u>	<u>\$ 512,593</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 11,301	\$ -	\$ 3,762	\$ -	\$ 15,063
Due to other funds	20,506	-	-	-	20,506
TOTAL LIABILITIES	<u>31,807</u>	<u>-</u>	<u>3,762</u>	<u>-</u>	<u>35,569</u>
FUND BALANCES					
Unreserved, undesignated:					
Special Revenue Funds	246,251	109,560	11,261	109,952	477,024
TOTAL FUND BALANCES	<u>246,251</u>	<u>109,560</u>	<u>11,261</u>	<u>109,952</u>	<u>477,024</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 278,058</u>	<u>\$ 109,560</u>	<u>\$ 15,023</u>	<u>\$ 109,952</u>	<u>\$ 512,593</u>

MORGAN COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

SPECIAL REVENUE FUNDS

	EMERGENCY TELEPHONE SERVICE	SPECIAL REVENUE FUND	YOUTH ENRICHMENT	HOTEL/ MOTEL TAX	LAW LIBRARY	DRUG ABUSE TREATMENT & EDUCATION	PARKS AND RECREATION	SENIOR CENTER	TRANSIT	SHERIFF'S LAW ENFORCEMENT	JAIL FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES												
Taxes	\$ -	\$ -	\$ -	\$ 36,015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,015
Intergovernmental	110,000	-	-	-	-	-	-	-	-	7,690	-	117,690
Fines and forfeitures	-	110,618	-	-	35,350	-	-	-	-	99,539	-	245,507
Charges for services	309,087	-	-	-	-	-	-	-	-	1,927	-	311,014
Contributions and donations	-	-	-	-	-	-	-	-	-	12,026	-	12,026
Investment income	1,604	433	-	-	-	-	-	-	-	757	-	2,794
Miscellaneous	-	-	-	-	-	-	-	-	-	2,256	-	2,256
TOTAL REVENUES	420,691	111,051	-	36,015	35,350	-	-	-	-	124,195	-	727,302
EXPENDITURES												
Current Expenditures												
Judicial	-	-	-	-	50,664	-	-	-	-	-	-	50,664
Public safety	536,229	158	-	-	-	-	-	-	-	98,954	-	635,341
Public health and welfare	-	2,916	-	-	-	-	-	-	-	-	-	2,916
Housing and development	-	-	-	21,053	-	-	-	-	-	-	-	21,053
Capital outlay	154,931	-	-	-	-	-	-	-	-	34,817	-	189,748
TOTAL EXPENDITURES	691,160	3,074	-	21,053	50,664	-	-	-	-	133,771	-	899,722
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(270,469)	107,977	-	14,962	(15,314)	-	-	-	-	(9,576)	-	(172,420)
OTHER FINANCING SOURCES (USES)												
Sale of county property	-	-	-	-	-	-	-	-	-	19,753	-	19,753
Transfers in	-	79,694	-	-	-	-	-	-	-	-	-	79,694
Transfers out	-	(78,111)	(18,157)	(14,962)	-	(7,130)	(9,930)	(188,507)	(164,470)	-	(54,407)	(535,674)
TOTAL OTHER FINANCING SOURCES (USES)	-	1,583	(18,157)	(14,962)	-	(7,130)	(9,930)	(188,507)	(164,470)	19,753	(54,407)	(436,227)
NET CHANGE IN FUND BALANCES	(270,469)	109,560	(18,157)	-	(15,314)	(7,130)	(9,930)	(188,507)	(164,470)	10,177	(54,407)	(608,647)
FUND BALANCES, Beginning of year	516,720	-	18,157	-	26,575	7,130	9,930	188,507	164,470	99,775	54,407	1,085,671
FUND BALANCES, End of year	\$ 246,251	\$ 109,560	\$ -	\$ -	\$ 11,261	\$ -	\$ -	\$ -	\$ -	\$ 109,952	\$ -	\$ 477,024

MORGAN COUNTY, GEORGIA
EMERGENCY TELEPHONE SYSTEM SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2010

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 516,720	\$ 516,720	\$ 516,720	\$ -
RESOURCES (INFLOWS)				
Intergovernmental	110,000	110,000	110,000	-
Charges for services	212,000	212,000	309,087	97,087
Investment income	4,700	4,700	1,604	(3,096)
Total Resources (Inflows)	<u>326,700</u>	<u>326,700</u>	<u>420,691</u>	<u>93,991</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>843,420</u>	<u>843,420</u>	<u>937,411</u>	<u>93,991</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	557,331	712,262	691,160	21,102
TOTAL CHARGES TO APPROPRIATIONS	<u>557,331</u>	<u>712,262</u>	<u>691,160</u>	<u>21,102</u>
CHANGE IN FUND BALANCE	<u>(230,631)</u>	<u>(385,562)</u>	<u>(270,469)</u>	<u>115,093</u>
FUND BALANCE, End of year	<u>\$ 286,089</u>	<u>\$ 131,158</u>	<u>\$ 246,251</u>	<u>\$ 115,093</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE:

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

MORGAN COUNTY, GEORGIA
SPECIAL REVENUE SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2010

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS)				
Fines and forfeitures	78,050	78,050	110,618	32,568
Investment income	1,000	1,000	433	(567)
Transfer in	79,694	79,694	79,694	-
Total Resources (Inflows)	<u>158,744</u>	<u>158,744</u>	<u>190,745</u>	<u>32,001</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>158,744</u>	<u>158,744</u>	<u>190,745</u>	<u>32,001</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	83,811	83,811	78,269	5,542
Public health and welfare	5,300	5,300	2,916	2,384
TOTAL CHARGES TO APPROPRIATIONS	<u>89,111</u>	<u>89,111</u>	<u>81,185</u>	<u>7,926</u>
CHANGE IN FUND BALANCE	<u>69,633</u>	<u>69,633</u>	<u>109,560</u>	<u>39,927</u>
FUND BALANCE, End of year	<u>\$ 69,633</u>	<u>\$ 69,633</u>	<u>\$ 109,560</u>	<u>\$ 39,927</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

**MORGAN COUNTY, GEORGIA
YOUTH ENRICHMENT SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2010**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 18,157	\$ 18,157	\$ 18,157	\$ -
RESOURCES (INFLOWS)				
AMOUNTS AVAILABLE FOR APPROPRIATION	18,157	18,157	18,157	-
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Transfers out	18,157	18,157	18,157	-
TOTAL CHARGES TO APPROPRIATIONS	18,157	18,157	18,157	-
CHANGE IN FUND BALANCE	(18,157)	(18,157)	(18,157)	-
FUND BALANCE, End of year	\$ -	\$ -	\$ -	\$ -

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

MORGAN COUNTY, GEORGIA
HOTEL / MOTEL TAX SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2010

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS)				
Taxes	36,100	36,100	36,015	(85)
Total Resources (Inflows)	36,100	36,100	36,015	(85)
AMOUNTS AVAILABLE FOR APPROPRIATION	36,100	36,100	36,015	(85)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Housing and development	36,100	36,100	36,015	85
TOTAL CHARGES TO APPROPRIATIONS	36,100	36,100	36,015	85
CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, End of year	\$ -	\$ -	\$ -	\$ -

NOTES TO THE BUDGETARY COMPARISON SCHEDULE:

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

**MORGAN COUNTY, GEORGIA
LAW LIBRARY SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2010**

	BUDGET AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
FUND BALANCE, Beginning of year	\$ 26,575	\$ 26,575	\$ 26,575	\$ -
RESOURCES (INFLOWS)				
Fines and forfeitures	38,100	38,100	35,350	(2,750)
Total Resources (Inflows)	38,100	38,100	35,350	(2,750)
AMOUNTS AVAILABLE FOR APPROPRIATION	64,675	64,675	61,925	(2,750)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Judicial	50,458	50,458	50,664	(206)
TOTAL CHARGES TO APPROPRIATIONS	50,458	50,458	50,664	(206)
CHANGE IN FUND BALANCE	(12,358)	(12,358)	(15,314)	(2,956)
FUND BALANCE, End of year	\$ 14,217	\$ 14,217	\$ 11,261	\$ (2,956)

NOTES TO THE BUDGETARY COMPARISON SCHEDULE:

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

**MORGAN COUNTY, GEORGIA
 DRUG ABUSE TREATMENT & EDUCATION SPECIAL REVENUE FUND
 SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
 For the Year Ended June 30, 2010**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 7,130	\$ 7,130	\$ 7,130	\$ -
RESOURCES (INFLOWS)				
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>7,130</u>	<u>7,130</u>	<u>7,130</u>	<u>-</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Transfers out	<u>7,130</u>	<u>7,130</u>	<u>7,130</u>	<u>-</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>7,130</u>	<u>7,130</u>	<u>7,130</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>(7,130)</u>	<u>(7,130)</u>	<u>(7,130)</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

**MORGAN COUNTY, GEORGIA
PARKS AND RECREATION SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2010**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 9,930	\$ 9,930	\$ 9,930	\$ -
RESOURCES (INFLOWS)				
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>9,930</u>	<u>9,930</u>	<u>9,930</u>	<u>-</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Transfers out	9,930	9,930	9,930	-
TOTAL CHARGES TO APPROPRIATIONS	<u>9,930</u>	<u>9,930</u>	<u>9,930</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>(9,930)</u>	<u>(9,930)</u>	<u>(9,930)</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

**MORGAN COUNTY, GEORGIA
 SENIOR CENTER SPECIAL REVENUE FUND
 SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
 For the Year Ended June 30, 2010**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 188,507	\$ 188,507	\$ 188,507	\$ -
RESOURCES (INFLOWS)				
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>188,507</u>	<u>188,507</u>	<u>188,507</u>	<u>-</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Transfers out	<u>188,507</u>	<u>188,507</u>	<u>188,507</u>	<u>-</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>188,507</u>	<u>188,507</u>	<u>188,507</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>(188,507)</u>	<u>(188,507)</u>	<u>(188,507)</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

**MORGAN COUNTY, GEORGIA
TRANSIT SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2010**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 164,470	\$ 164,470	\$ 164,470	\$ -
RESOURCES (INFLOWS)				
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>164,470</u>	<u>164,470</u>	<u>164,470</u>	<u>-</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Transfers out	164,470	164,470	164,470	-
TOTAL CHARGES TO APPROPRIATIONS	<u>164,470</u>	<u>164,470</u>	<u>164,470</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>(164,470)</u>	<u>(164,470)</u>	<u>(164,470)</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

**MORGAN COUNTY, GEORGIA
SHERIFF'S LAW ENFORCEMENT SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2010**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 99,775	\$ 99,775	\$ 99,775	\$ -
RESOURCES (INFLOWS)				
Intergovernmental	-	-	7,690	7,690
Fines and forfeitures	100,000	100,000	99,539	(461)
Charges for services	-	-	1,927	1,927
Contributions and donations	-	-	12,026	12,026
Investment income	-	-	757	757
Miscellaneous	-	-	2,256	2,256
Sale of county property	-	-	19,753	19,753
Total Resources (Inflows)	<u>100,000</u>	<u>100,000</u>	<u>143,948</u>	<u>43,948</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>199,775</u>	<u>199,775</u>	<u>243,723</u>	<u>43,948</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	<u>100,000</u>	<u>100,000</u>	<u>133,771</u>	<u>(33,771)</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>100,000</u>	<u>100,000</u>	<u>133,771</u>	<u>(33,771)</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>10,177</u>	<u>10,177</u>
FUND BALANCE, End of year	<u>\$ 99,775</u>	<u>\$ 99,775</u>	<u>\$ 109,952</u>	<u>\$ 10,177</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

**MORGAN COUNTY, GEORGIA
JAIL SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2010**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 54,407	\$ 54,407	\$ 54,407	\$ -
RESOURCES (INFLOWS)				
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>54,407</u>	<u>54,407</u>	<u>54,407</u>	<u>-</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Transfers out	54,407	54,407	54,407	-
TOTAL CHARGES TO APPROPRIATIONS	<u>54,407</u>	<u>54,407</u>	<u>54,407</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>(54,407)</u>	<u>(54,407)</u>	<u>(54,407)</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP

FIDUCIARY FUNDS

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds. Agency funds maintained by the County are as follows:

Tax Commissioner - to account for the collection of property taxes, motor vehicle tag and title fees and mobile home fees, etc. which are disbursed to various taxing units.

Clerk of Superior Court - to account for the collection of various fines, forfeitures, jury fund receipts, real estate transfer taxes, recording of intangibles, fees, civil awards, etc. which are disbursed to other parties.

Probate Court - to account for the collection of fees for a probate of wills, administration of estates, issuance of marriage licenses, and maintenance of other vital records which are disbursed to other parties.

Magistrate Court - to account for the collection of fees in jurisdiction of small claims courts which are disbursed to other parties.

Sheriff - to account for the collection of cash bonds, fines, forfeitures, fifas, etc. which are disbursed to other parties.

MORGAN COUNTY, GEORGIA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
ALL AGENCY FUNDS
June 30, 2010

	TAX COMMISSIONER	CLERK OF SUPERIOR COURT	PROBATE COURT	MAGISTRATE COURT	SHERIFF	TOTAL
ASSETS						
Cash	\$ 22,422	\$ 166,373	\$ 70,234	\$ 1,792	\$ 63,131	\$ 323,952
TOTAL ASSETS	<u>\$ 22,422</u>	<u>\$ 166,373</u>	<u>\$ 70,234</u>	<u>\$ 1,792</u>	<u>\$ 63,131</u>	<u>\$ 323,952</u>
LIABILITIES						
Amounts held in trust	\$ 22,422	\$ 166,373	\$ 70,234	\$ 1,792	\$ 63,131	\$ 323,952
TOTAL LIABILITIES	<u>\$ 22,422</u>	<u>\$ 166,373</u>	<u>\$ 70,234</u>	<u>\$ 1,792</u>	<u>\$ 63,131</u>	<u>\$ 323,952</u>

MORGAN COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended June 30, 2010

	TAX COMMISSIONER	CLERK OF SUPERIOR COURT	PROBATE COURT	MAGISTRATE COURT	SHERIFF	TOTAL
ASSETS						
Cash						
Balance, July 1, 2009	\$ 24,393	\$ 177,182	\$ 46,615	\$ 948	\$ 53,497	\$ 302,635
Additions	23,425,128	865,757	805,273	396,775	380,698	25,873,631
Deductions	<u>(23,427,099)</u>	<u>(876,566)</u>	<u>(781,654)</u>	<u>(395,931)</u>	<u>(371,064)</u>	<u>(25,852,314)</u>
Balance, June 30, 2010	<u>22,422</u>	<u>166,373</u>	<u>70,234</u>	<u>1,792</u>	<u>63,131</u>	<u>323,952</u>
TOTAL ASSETS	<u>\$ 22,422</u>	<u>\$ 166,373</u>	<u>\$ 70,234</u>	<u>\$ 1,792</u>	<u>\$ 63,131</u>	<u>\$ 323,952</u>
LIABILITIES						
Due to County						
Balance, July 1, 2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	8,814,114	419,756	575,768	67,254	33,603	9,910,495
Deductions	<u>(8,814,114)</u>	<u>(419,756)</u>	<u>(575,768)</u>	<u>(67,254)</u>	<u>(33,603)</u>	<u>(9,910,495)</u>
Balance, June 30, 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amounts held in trust						
Balance, July 1, 2009	24,393	177,182	46,615	948	53,497	302,635
Additions	14,611,014	446,001	229,505	329,521	347,095	15,963,136
Deductions	<u>(14,612,985)</u>	<u>(456,810)</u>	<u>(205,886)</u>	<u>(328,677)</u>	<u>(337,461)</u>	<u>(15,941,819)</u>
Balance, June 30, 2010	<u>22,422</u>	<u>166,373</u>	<u>70,234</u>	<u>1,792</u>	<u>63,131</u>	<u>323,952</u>
Total Liabilities						
Balance, July 1, 2009	24,393	177,182	46,615	948	53,497	302,635
Additions	23,425,128	865,757	805,273	396,775	380,698	25,873,631
Deductions	<u>(23,427,099)</u>	<u>(876,566)</u>	<u>(781,654)</u>	<u>(395,931)</u>	<u>(371,064)</u>	<u>(25,852,314)</u>
TOTAL LIABILITIES	<u>\$ 22,422</u>	<u>\$ 166,373</u>	<u>\$ 70,234</u>	<u>\$ 1,792</u>	<u>\$ 63,131</u>	<u>\$ 323,952</u>

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Supplementary Information

MORGAN COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the Year Ended June 30, 2010

<u>PROJECT</u>	<u>ORIGINAL ESTIMATED COSTS</u>	<u>CURRENT ESTIMATED COSTS</u>	<u>EXPENDITURES</u>	
			<u>PRIOR YEARS</u>	<u>CURRENT YEAR</u>
SPLOST #IV (Commenced April 1, 2002)				
Joint Morgan County and City of Madison water line capital outlay project	\$ 1,000,000	\$ 189,753	\$ 189,753	\$ -
Various roads and bridges projects	7,380,000	5,919,496	5,919,496	-
Various public buildings capital outlay projects	2,000,000	3,582,117	3,582,117	-
Various solid waste capital outlay projects	600,000	150,181	150,181	-
Various Fire Department capital outlay projects	4,000,000	3,315,969	3,315,969	-
Various Recreation capital outlay projects	2,200,000	808,261	745,129	(12,108)
City of Madison entitlement	820,000	655,562	655,562	-
Total SPLOST #4	<u>\$ 18,000,000</u>	<u>\$ 14,621,339</u>	<u>\$ 14,558,207</u>	<u>\$ (12,108)</u>

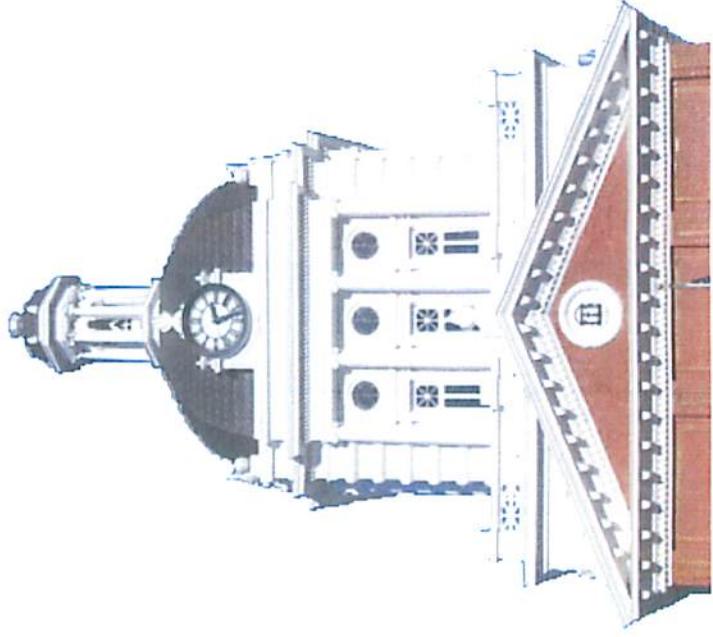
MORGAN COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the Year Ended June 30, 2010

SPL/OST #V - Commenced April 1, 2007 Project	Original Estimated Cost	Current Estimated Cost	Amount Expended				Total
			Year 1 2007	Year 2 2008	Year 3 2009	Year 4 2010	
LEVEL 1 COUNTY PROJECTS							
Public safety/Detention Center	\$ 10,500,000	\$ 12,000,000	\$ -	\$ 4,403,358	\$ 7,419,912	\$ 12,182,166	\$ 24,005,436
LEVEL 2 COUNTY PROJECTS							
Road and Bridge Improvements and Equipment	10,500,000	10,500,000	-	293,469	1,351,017	898,810	2,543,296
Library Facility Improvements and Equipment	900,000	900,000	-	-	-	300,000	300,000
Recreational Facility Improvements and Equipment	750,000	1,000,000	-	22,800	950,948	-	973,748
Water System Improvements and Equipment	233,391	233,391	-	-	1,456	-	1,456
Sanitation Improvements and Equipment	59,000	59,000	-	-	-	550	550
Purchase of and Improvements to County Administration Building	1,000,000	1,000,000	-	157,094	-	-	157,094
Interest expense on Bonds, less interest income	-	-	(346)	28,252	-	-	27,906
Subtotal All County Projects	23,942,391	25,692,391	(346)	4,904,973	9,723,333	13,381,526	28,009,486
MUNICIPAL PROJECTS							
City of Madison							
Road and Bridge Improvements and Equipment	600,000	600,000	21,779	87,558	77,334	79,499	266,170
Public Works Building Construction/Improvements and Equipment	400,000	400,000	14,520	58,372	51,556	53,000	177,448
Public Safety Building Construction/Improvements and Equipment	350,000	350,000	12,705	51,075	45,111	46,375	155,266
City Hall Renovations	250,000	250,000	9,075	36,482	32,222	33,125	110,904
Park Improvements and Equipment	204,400	204,400	7,419	29,828	26,345	27,083	90,675
Subtotal	1,804,400	1,804,400	65,498	263,315	232,568	239,082	800,463
City of Rutledge							
Water and Sewer System Improvements and Equipment	158,600	158,600	5,757	23,040	20,357	20,934	70,088
City of Bostwick							
Road and Bridge Improvements and Equipment	30,000	30,000	1,089	4,407	3,946	3,885	13,327
City Hall Improvements and Equipment	13,435	13,435	488	1,974	1,767	1,740	5,969
Water System Improvements and Equipment	15,000	15,000	544	2,203	1,973	1,942	6,662
Subtotal	58,435	58,435	2,121	8,584	7,686	7,567	25,958
City of Buckhead							
Road and Bridge Improvements and Equipment	21,174	21,174	769	3,093	2,778	2,755	9,395
Fire Station Improvements/Addition	15,000	15,000	544	2,191	1,968	1,952	6,655
Subtotal	36,174	36,174	1,313	5,284	4,746	4,707	16,050
Total All City Projects (1)	2,057,609	2,057,609	74,689	300,223	265,357	272,290	912,559
Total All Projects	\$ 26,000,000	\$ 27,750,000	\$ 74,343	\$ 5,205,196	\$ 9,988,690	\$ 13,653,816	\$ 28,922,045

1. The County remits the tax collected to the Municipalities who are responsible for reporting on the expenditures in accordance with OCGA 48-8-121.

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Statistical Section



Comprehensive Annual Financial Report 2010

The statistical section provides users with additional historical perspective, content, and detail to assist in understanding the information in the financial statements, notes to financial statements, required supplementary information, and for assessing the County's economic condition.

Financial trends

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time. 63-69

Revenue capacity

These schedules contain information to help the reader assess the County's most significant local revenue source, property taxes. 70-73

Debt capacity

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.74-76

Demographic and economic information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.77-78

Operating information

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the government provides and the activities it performs.....79-81

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports for the relevant year. The County implemented GASB statement 34 for fiscal year June 30, 2003; schedules presenting government-wide information start with fiscal year 2003.

Comprehensive Annual Financial Report 2010

Net assets by components – last eight years (accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities								
Invested in capital assets, net of related debt	\$ 13,227,331	\$ 15,661,171	\$ 18,837,911	\$ 20,320,166	\$ 60,744,769	\$ 61,204,935	\$ 55,714,514	\$ 56,528,239
Restricted			391,525	4,213,208	3,371,944	4,656,654	2,894,625	1,034,074
Unrestricted	4,645,559	5,122,065	4,681,821	4,949,319	6,013,298	6,387,344	7,956,715	8,764,214
Total governmental activities net assets	17,872,890	20,783,236	23,911,257	29,482,693	70,130,011	72,248,933	66,565,854	66,326,527
Business-type activities								
Invested in capital assets, net of related debt	523,483	523,095	488,361	494,434	623,605	553,538	498,269	435,751
Restricted								
Unrestricted	(308,226)	(347,562)	(348,984)	(384,063)	(389,821)	(197,287)	(93,952)	(273,097)
Total business-type activities net assets	215,257	175,533	139,377	110,371	233,784	356,251	404,317	162,654
Primary government								
Invested in capital assets, net of related debt	13,750,814	16,184,266	19,326,272	20,814,600	61,368,374	61,758,473	56,212,783	56,963,990
Restricted	-	-	391,525	4,213,208	3,371,944	4,656,654	2,894,625	1,034,074
Unrestricted	4,337,333	4,774,503	4,332,837	4,565,256	5,623,477	6,190,057	7,862,763	8,491,117
Total primary activities net assets	\$ 18,088,147	\$ 20,958,769	\$ 24,050,634	\$ 29,593,064	\$ 70,363,795	\$ 72,605,184	\$ 66,970,171	\$ 66,489,181

Retroactive infrastructure was added in 2007.

Comprehensive Annual Financial Report 2010

Changes in nets assets – last eight years (accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental activities:								
General government	\$ 1,649,852	\$ 1,833,593	\$ 1,937,747	\$ 2,183,580	\$ 2,829,700	\$ 2,855,057	\$ 3,133,984	\$ 3,351,744
Public safety	3,450,982	3,617,274	3,962,080	4,405,079	4,554,357	4,913,787	5,191,945	5,307,303
Judiciary	932,446	911,146	914,292	947,640	991,742	1,109,741	1,157,153	1,184,957
Health and welfare	1,709,232	1,653,325	1,714,015	1,769,044	1,736,282	1,819,094	1,828,844	1,659,014
Culture and recreation	804,686	583,112	742,137	709,565	791,172	846,539	944,780	1,219,227
Public works	1,937,000	2,277,712	2,665,452	2,319,947	4,608,035	4,522,872	4,792,370	4,855,857
Housing and development	517,303	438,871	639,383	669,125	756,911	884,788	764,023	661,589
Intergovernmental	100,860	183,661	142,012	165,561				
Interest on long-term debt	264,414	243,250	199,383	180,184	171,729	623,216	869,746	830,572
Total governmental activities	11,366,775	11,741,944	12,916,501	13,349,725	16,439,928	17,575,094	18,682,845	19,070,263
Business type activities:								
Solid waste	848,597	562,979	599,244	953,260	1,099,220	1,229,757	1,173,153	954,279
Total business-type activities	848,597	562,979	599,244	953,260	1,099,220	1,229,757	1,173,153	954,279
Total primary government expenses	12,215,372	12,304,923	13,515,745	14,302,985	17,539,148	18,804,851	19,855,998	20,024,542
Program revenues								
Governmental activities:								
Charges for services								
General government	328,993	344,267	373,630	388,148	491,005	702,075	562,398	583,893
Public safety	397,344	422,013	576,625	690,812	469,412	617,775	623,592	646,449
Judiciary	881,350	1,046,759	965,623	969,501	802,409	937,425	985,746	1,039,309
Health and welfare	232,864	206,143	221,360	214,077	197,622	70,531	59,628	49,433
Culture and recreation	139,577	135,495	122,864	129,017	165,268	221,360	206,481	262,664
Public works								
Housing and development	167,963	279,776	344,664	349,000	426,486	345,103	415,055	149,986
Total charges for services	2,148,091	2,434,453	2,604,766	2,740,555	2,552,202	2,894,269	2,852,900	2,731,734
Operating grants and contributions	409,825	496,118	453,368	423,841	524,910	423,937	345,115	1,021,163
Capital grants and contributions	1,067,411	448,632	196,956	1,060,470	501,932	590,657	412,386	320,317
Total governmental activities program revenues	3,625,327	3,379,203	3,255,090	4,224,866	3,579,044	3,908,863	3,610,401	4,073,214
Business type activities:								
Charges for services								
Solid waste	707,579	343,791	415,477	348,093	385,146	406,576	341,034	287,163
Total business-type activities program revenues	707,579	343,791	415,477	348,093	385,146	406,576	341,034	287,163
Total primary government program revenues	4,332,906	3,722,994	3,670,567	4,572,959	3,964,190	4,315,439	3,951,435	4,360,377

continued...

After 2006, intergovernmental expense has been allocated to other functions.

Comprehensive Annual Financial Report 2010

Changes in nets assets— last eight years (accrual basis of accounting)
continued...

	2,003	2004	2005	2006	2007	2008	2009	2010
Net (expense)/revenue								
Governmental activities	(7,741,448)	(8,362,741)	(9,661,411)	(9,124,859)	(12,860,884)	(13,666,231)	(15,072,444)	(14,997,049)
Business-type activities	(141,018)	(219,188)	(183,767)	(605,167)	(714,074)	(823,181)	(832,119)	(667,116)
Total primary government net expense	<u>(7,882,466)</u>	<u>(8,581,929)</u>	<u>(9,845,178)</u>	<u>(9,730,026)</u>	<u>(13,574,958)</u>	<u>(14,489,412)</u>	<u>(15,904,563)</u>	<u>(15,664,165)</u>
General revenues and other changes in net assets								
Governmental activities:								
Taxes								
Property taxes	5,679,232	6,119,749	6,688,847	7,442,866	7,692,493	8,329,546	8,263,596	8,312,443
Sales taxes	3,868,401	4,127,396	4,998,280	6,303,494	6,359,917	6,569,439	5,797,590	5,963,470
Insurance premium taxes	376,331	403,595	436,698	466,340	488,710	513,885	526,410	518,862
Real estate recording taxes	212,405	229,384	217,697	289,000	261,507	213,685	173,461	116,810
Other taxes	175,163	133,462	184,186	163,146	167,705	152,497	141,240	133,615
Total Taxes	<u>10,311,532</u>	<u>11,013,587</u>	<u>12,525,708</u>	<u>14,664,846</u>	<u>14,970,332</u>	<u>15,779,052</u>	<u>14,902,297</u>	<u>15,045,200</u>
Investment income	126,777	65,508	58,014	219,374	435,174	615,431	261,418	92,485
Unrestricted grants and contributions	332,929	294,967	341,074	348,739	353,997	304,611	307,172	-
Miscellaneous	626,460	20,167	11,720	38,157	26,663	26,087	68,111	45,037
Transfers	(55,000)	(121,141)	(147,084)	(574,821)	(835,990)	(940,028)	(878,485)	(425,000)
Total governmental activities	<u>11,342,698</u>	<u>11,273,088</u>	<u>12,789,432</u>	<u>14,696,295</u>	<u>14,950,176</u>	<u>15,785,153</u>	<u>14,660,513</u>	<u>14,757,722</u>
Business type activities:								
Investment income	967	469	527	1,340	1,497	5,620	1,700	454
Transfers	55,000	121,141	147,084	574,821	835,990	940,028	878,485	425,000
Total business-type activities	<u>55,967</u>	<u>121,610</u>	<u>147,611</u>	<u>576,161</u>	<u>837,487</u>	<u>945,648</u>	<u>880,185</u>	<u>425,454</u>
Total primary government	<u>11,398,665</u>	<u>11,394,698</u>	<u>12,937,043</u>	<u>15,272,456</u>	<u>15,787,663</u>	<u>16,730,801</u>	<u>15,540,698</u>	<u>15,183,176</u>
Change in net assets								
Governmental activities	3,601,250	2,910,347	3,128,021	5,571,436	2,089,292	2,118,922	(411,931)	(239,327)
Business-type activities	(85,051)	(97,578)	(36,156)	(29,006)	123,413	122,467	48,066	(241,662)
Total primary government	<u>\$ 3,516,199</u>	<u>\$ 2,812,769</u>	<u>\$ 3,091,865</u>	<u>\$ 5,542,430</u>	<u>\$ 2,212,705</u>	<u>\$ 2,241,389</u>	<u>\$ (363,865)</u>	<u>\$ (480,989)</u>

Comprehensive Annual Financial Report 2010

Fund balances, governmental funds – last eight years (modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010
General fund								
Reserved	\$ 1,565,805	\$ 210,099	\$ 246,566	\$ 237,122	\$ 240,340	\$ 478,082	\$ 174,675	\$ 86,720
Unreserved	2,540,394	2,701,430	3,239,492	4,949,884	5,270,887	4,970,032	5,241,711	6,382,355
Total General fund	<u>4,106,199</u>	<u>2,911,529</u>	<u>3,486,058</u>	<u>5,187,006</u>	<u>5,511,227</u>	<u>5,448,114</u>	<u>5,416,386</u>	<u>6,469,075</u>
All other governmental funds								
Reserved	-	1,300,000	391,525	3,824,606	2,937,843	19,573,659	11,759,473	568,311
Unreserved, reported in								
Special revenue funds	355,002	393,823	459,967	611,276	778,291	1,006,678	1,084,759	477,024
Capital project funds	4,454,479	1,696,865	1,697,418	192,801	93,038	151,785	6,926	-
Total all other governmental funds	<u>4,809,481</u>	<u>3,390,688</u>	<u>2,548,910</u>	<u>4,628,683</u>	<u>3,809,172</u>	<u>20,732,122</u>	<u>12,851,158</u>	<u>1,045,335</u>
Total	<u>\$ 8,915,680</u>	<u>\$ 6,302,217</u>	<u>\$ 6,034,968</u>	<u>\$ 9,815,689</u>	<u>\$ 9,320,399</u>	<u>\$ 26,180,236</u>	<u>\$ 18,267,544</u>	<u>\$ 7,514,410</u>

Comprehensive Annual Financial Report 2010

Changes in fund balances governmental funds – last eight years (modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010
Revenues								
Taxes	\$ 10,291,534	\$ 10,919,795	\$ 12,612,054	\$ 14,589,486	\$ 14,948,577	\$ 15,671,614	\$ 14,824,505	\$ 14,946,628
Licenses and permits	178,307	281,667	346,057	350,273	281,189	185,857	106,293	79,545
Intergovernmental	1,763,120	893,887	946,497	918,447	1,198,059	1,256,711	988,058	820,662
Fines and forfeitures	735,017	693,608	971,988	956,255	991,313	929,737	937,734	1,016,568
Charges for services	1,029,087	1,072,241	1,068,454	1,251,210	1,324,183	1,449,018	1,393,637	1,540,489
Contributions and donations	47,980	60,139	44,901	72,403	117,835	62,493	61,615	47,836
Investment income	126,777	65,510	56,284	219,374	435,174	615,434	261,419	92,483
Miscellaneous	158,957	171,024	200,553	190,270	98,457	179,700	38,473	37,758
Total revenues	14,330,779	14,157,871	16,246,788	18,547,718	19,394,787	20,350,564	18,611,734	18,581,969
Expenditures								
General government	1,601,641	1,526,380	1,749,118	1,880,958	2,167,012	2,458,476	2,709,580	2,985,625
Judicial	901,626	908,245	914,538	947,600	990,846	1,101,157	1,160,088	1,187,120
Public safety	3,188,971	3,286,966	3,606,815	4,015,281	4,182,382	4,519,721	4,723,188	4,810,568
Public works	1,779,222	1,980,225	2,157,914	1,735,893	1,987,833	1,849,568	2,571,885	2,555,869
Health and welfare	1,621,892	1,605,470	1,644,649	1,675,515	1,692,187	1,742,113	1,791,126	1,616,343
Culture and recreation	750,074	569,539	730,900	698,983	771,673	796,297	889,943	1,185,626
Housing and development	508,830	431,335	630,731	664,207	751,833	847,346	725,381	626,148
Intergovernmental	100,860	183,661	142,012	165,561	198,978	300,223	264,766	272,291
Capital outlay	6,059,576	4,593,280	3,391,537	1,504,040	5,597,617	6,847,486	8,869,174	11,664,706
Debt service								
Principal	1,443,494	1,590,743	1,467,301	1,462,489	1,576,870	1,915,897	1,104,840	1,144,811
Interest	264,414	243,250	199,383	180,184	163,518	681,468	948,678	906,033
Issuance costs	-	-	-	-	-	302,674	-	-
Total expenditures	18,220,600	16,919,094	16,634,898	14,930,711	20,080,749	23,362,426	25,758,649	28,955,140
Excess of revenues over expenditures	(3,889,821)	(2,761,223)	(388,110)	3,617,007	(685,962)	(3,011,862)	(7,146,915)	(10,373,171)
Other financing sources/(uses)								
Sale of capital assets	27,470	18,901	17,945	38,535	26,663	729,307	112,708	45,037
Premium on bonds issued	-	-	-	-	-	1,015,109	-	-
Capital leases issued	501,566	250,000	250,000	700,000	-	-	-	-
Contracts payable issued	-	-	-	-	1,000,000	19,067,311	-	-
Transfers in	1,233,258	2,743,990	1,585,848	979,105	1,028,181	2,552,257	869,586	542,600
Transfers out	(1,288,258)	(2,865,131)	(1,732,932)	(1,553,926)	(1,864,172)	(3,492,285)	(1,748,071)	(967,600)
Total other financing sources/(uses)	474,036	147,760	120,861	163,714	190,672	19,871,699	(765,777)	(379,963)
Net change in fund balance	\$ (3,415,785)	\$ (2,613,463)	\$ (267,249)	\$ 3,780,721	\$ (495,290)	\$ 16,859,837	\$ (7,912,692)	\$ (10,753,134)
Debt service as a percentage of noncapital expenditures	16.3%	17.5%	14.4%	13.9%	13.7%	18.7%	13.8%	13.5%

Comprehensive Annual Financial Report 2010

General government tax revenues by source – last eight years

Fiscal Year ended June 30,	Property Tax	Sales Tax	Insurance premium tax	Real estate recording taxes	Other Taxes	Total
2010	\$ 8,213,871	\$ 5,963,470	\$ 518,862	\$ 116,810	\$ 133,615	\$ 14,946,628
2009	8,185,803	5,797,590	526,410	173,461	141,240	14,824,504
2008	8,222,109	6,569,439	513,885	213,685	152,497	15,671,615
2007	7,670,738	6,359,917	488,710	261,507	167,705	14,948,577
2006	7,367,506	6,303,494	466,340	289,000	163,146	14,589,486
2005	6,775,193	4,998,280	436,698	217,697	184,186	12,612,054
2004	6,011,047	4,127,396	403,595	229,384	148,373	10,919,795
2003	\$ 5,643,722	\$ 3,868,401	\$ 376,331	\$ 212,405	\$ 190,675	\$ 10,291,534

Comprehensive Annual Financial Report 2010

General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance

	2006	2007	2008	2009	2010
Revenues:					
Taxes and commissions	\$ 10,911,402	\$ 11,228,806	\$ 11,831,581	\$ 11,431,646	\$ 11,465,747
Licenses and permits	349,773	281,189	185,357	105,793	101,929
Intergovernmental	396,869	540,105	318,861	359,709	390,345
Fines and forfeitures	656,066	781,701	684,319	639,598	771,061
Charges for services	886,778	829,859	891,097	841,316	1,207,090
Donation	1,230	5,725	145	90	35,810
Interest income	88,827	248,425	241,500	91,535	78,097
Other revenue	24,860	97,955	50,619	15,393	35,202
Total revenues	13,315,805	14,013,765	14,203,479	13,485,080	14,085,281
Expenditures:					
Current					
General government	1,725,098	2,158,664	2,455,193	2,676,798	2,985,485
Judicial	895,604	956,915	1,056,516	1,109,135	1,136,456
Public safety	3,330,280	3,524,318	3,648,713	3,970,104	4,175,227
Public works	1,653,239	1,781,081	1,693,644	1,437,395	1,410,296
Health and welfare	1,239,187	1,230,132	1,257,261	1,318,927	1,613,427
Culture and recreation	475,140	488,599	539,226	573,514	885,626
Housing and development	635,622	726,479	818,546	692,717	605,095
Capital outlay	270,445	2,125,194	-	80,612	80,089
Debt service					
Principal	102,523	200,283	132,045	139,840	139,811
Interest	88,995	113,135	88,592	71,438	64,270
Total expenditures	10,416,133	13,304,800	11,689,736	12,070,480	13,095,782
Excess (Deficiency) of revenues over expenditures	2,899,672	708,965	2,513,743	1,414,600	989,499
Other financing sources/(uses):					
Transfers in	119,611	109,453	397,159	101,613	462,906
Transfers out	(1,356,870)	(1,520,860)	(3,045,326)	(1,594,849)	(425,000)
Sale of general fixed assets	38,535	26,663	4,000	46,908	25,284
Contracts payable issued	-	1,000,000	67,311	-	-
Total other financing sources/(uses)	(1,198,724)	(384,744)	(2,576,856)	(1,446,328)	63,190
Net change in fund balance	1,700,948	324,221	(63,113)	(31,728)	1,052,689
Fund Balance-Beginning of Year	3486058	5,187,006	5,511,227	5,448,114	5,416,386
Fund Balance-End of Year	\$ 5,187,006	\$ 5,511,227	\$ 5,448,114	\$ 5,416,386	\$ 6,469,075

Source: Audited Financial Statements of Morgan County for the years ended June 30, 2006, 2007, 2008, 2009 and 2010.

Comprehensive Annual Financial Report 2010

Assessed value and estimated actual value of taxable property – last ten fiscal years

Fiscal Year ended June 30,	Tax Year	Residential Property	Commercial Property	Motor Vehicles	Other ¹	Less: Tax Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate	Total Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2001	2000	\$ 397,626,718	\$ 147,290,557	\$ 38,344,076	\$ 10,549,791	\$ 104,370,288	\$ 489,440,854	11.250	\$ 1,223,602,135	40%
2002	2001	457,247,070	141,836,439	41,998,500	6,947,180	129,720,062	518,309,127	10.910	1,295,772,818	40%
2003	2002	469,536,743	141,941,008	44,568,320	5,170,014	133,198,772	528,017,313	11.250	1,320,043,283	40%
2004	2003	658,534,935	149,267,589	48,213,150	6,829,226	206,268,713	656,576,187	9.490	1,641,440,468	40%
2005	2004	670,445,561	145,267,117	48,479,760	4,276,804	225,031,597	643,437,645	10.700	1,608,594,113	40%
2006	2005	697,170,204	166,301,715	48,073,660	5,530,399	234,666,879	682,409,099	10.700	1,706,022,748	40%
2007	2006	722,375,585	185,820,008	47,142,720	6,518,751	241,193,898	720,663,166	10.700	1,801,657,915	40%
2008	2007	1,088,822,025	233,779,171	53,109,520	9,906,196	391,998,538	993,618,374	8.430	2,484,045,935	40%
2009	2008	1,109,310,928	236,448,698	55,981,010	7,957,615	402,640,730	1,007,057,521	8.350	2,517,643,803	40%
2010	2009	\$ 1,129,607,268	\$ 236,562,590	\$ 58,619,790	\$ 7,129,457	\$ 413,943,966	\$ 1,017,975,139	8.180	\$ 2,544,937,848	40%

Source: Georgia Department of Revenue www.etax.dor.ga.gov

¹ Includes Mobile home, timber, and heavy equipment.

Comprehensive Annual Financial Report 2010

Direct and overlapping property tax rates – last ten fiscal years (rate per \$1,000 of assessed value)

Tax Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Fiscal Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Jurisdiction:										
County	11.250	10.910	11.250	9.490	10.700	10.700	10.700	8.430	8.350	8.178
City of										
Bostwick	0.970	0.965	0.962	0.970	0.970	0.970	0.970	0.970	0.970	0.970
Buckhead	3.490	3.250	3.500	2.930	2.960	2.960	2.960	2.245	2.245	2.105
Madison	3.220	3.218	3.199	3.660	3.900	3.738	3.995	3.312	3.583	3.577
Comm bus light					1.150	1.500	1.150	0.809	0.804	0.881
Interste light					1.150	1.150	1.150	0.809	0.804	0.790
Rutledge	5.190	5.190	5.190	5.190	5.190	5.000	5.000	3.779	3.779	3.734
School	16.000	16.000	16.000	15.500	15.442	16.000	15.985	12.735	12.724	12.461

Source: Morgan County Tax Commissioner's Office

Comprehensive Annual Financial Report 2010

Principal property tax payers – current and nine years ago

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Weyerhaeuser Real Estate	9,849,760	1	0.97%	5,695,974	4	1.16%
Georgia-Pacific Wood Products Llc	7,744,433	2	0.76%	7,490,268	2	1.53%
Georgia Power Co	7,054,871	3	0.69%	4,389,332	8	0.90%
Lowe's Home Centers Inc	5,886,635	4	0.58%			
Amtico International, Inc.	4,978,337	5	0.49%	4,796,456	6	
C R Bard Inc	4,823,566	6	0.47%	5,516,129	5	1.13%
Pennington Seed, Inc.	3,997,990	7	0.39%	4,347,590	9	0.89%
Bellsouth Telecom/AT&T	3,504,714	8	0.34%	4,465,353	7	0.91%
Georgia Transmission Corp	3,463,178	9	0.34%			0.00%
Walmart (Zorn Eric S Trustee of)	3,414,080	10	0.34%			
Georgia-Pacific Corporation				5,993,815	3	
Walton Emc	2,641,498		0.26%	2,983,143	10	0.61%
Denon Digital Ind				12,561,506	1	2.57%
Totals	\$ 57,359,062		5.63%	58,239,566		9.69%

Source: Morgan County Tax Assessors Office

Comprehensive Annual Financial Report 2010

Property tax levies and collections – last ten fiscal years

Fiscal Year Ended June 30,	Tax Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2002	2001	5,512,156	5,230,114	94.9%	279,617	5,509,731	100.0%
2003	2002	5,775,526	5,421,888	93.9%	347,658	5,769,546	99.9%
2004	2003	6,161,852	5,691,987	92.4%	460,139	6,152,126	99.8%
2005	2004	6,759,022	6,370,295	94.2%	384,112	6,754,407	99.9%
2006	2005	7,185,941	6,838,802	95.2%	301,221	7,140,023	99.4%
2007	2006	7,578,598	7,206,921	95.1%	312,012	7,518,932	99.2%
2008	2007	8,442,189	7,903,823	93.6%	510,259	8,414,082	99.7%
2009	2008	8,368,671	7,860,103	93.9%	403,349	8,263,452	98.7%
2010	2009	8,198,849	7,746,847	94.5%	20,600	7,767,448	94.7%
2010	2010	486,072	473,404	97.4%	-	473,404	97.4%

Source: Morgan County Tax Commissioner's Office

Real and personal property taxes are levied in the fall after the June 30 year end; those taxes are included in the next fiscal. Motor vehicle taxes are reported in the fiscal year that they are collected. Mobile home taxes are levied in April; they are recorded in the fiscal year that they are levied.

Comprehensive Annual Financial Report 2010

Ratios of outstanding debt by type – last ten years

Fiscal Year Ended June 30,	Governmental Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Capital Leases	Contracts Payable ¹			
2001	\$ 249,396	\$ 2,135,241	\$ 2,384,637	0.52%	\$ 149
2002	6,312,277	1,305,000	7,617,277	1.64%	476
2003	5,415,349	1,260,000	6,675,349	1.41%	408
2004	4,119,606	1,215,000	5,334,606	1.03%	321
2005	2,947,305	1,170,000	4,117,305	0.76%	244
2006	2,229,816	1,125,000	3,354,816	0.59%	189
2007	789,811	1,988,135	2,777,946	0.45%	153
2008	419,423	19,509,938	19,929,361	3.14%	1,071
2009	342,878	18,481,643	18,824,521	Not available	1,003
2010	\$ 266,518	\$ 17,413,191	\$ 17,679,709	Not available	\$ 934

The schedule of Demographic and Economic Statistics provides information on personal income and population.

¹ Debt excludes premiums and discounts

Direct and overlapping governmental activities debt as of June 30, 2010

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Underlying Debt
Direct:			
Intergovernmental Contracts: ¹			
Morgan County Public Purpose Corporation	\$ 259,212		
Joint Development Authority of Jasper County, Morgan County, Newton County, and Walton County Bonds	900,000		
Joint Development Authority of Jasper County, Morgan County, Newton County, and Walton County GEFA Loan	58,191		
Morgan County Building Authority	16,455,000		
Total Direct Debt	17,672,403	100.0%	\$ 17,672,403
Overlapping:			
Morgan County Board of Education - Installment sales agreement	240,806	100.0%	240,806
City of Madison - Capital lease obligations	1,734,343	100.0%	1,734,343
City of Rutledge - GEFA loan; Revenue bonds	483,334	100.0%	483,334
City of Buckhead - GEFA loan	58,313	100.0%	58,313
Total Overlapping Debt	2,516,796		2,516,796
Total Direct and Overlapping Debt	\$ 20,189,199		\$ 20,189,199

	Direct Tax Supported Debt (1)	Overlapping Tax Supported Debt (2)	Overall Tax Supported Debt (3)
Per Capita Debt (4)	\$ 933.91	\$ 133.00	\$ 1,066.91
Percentage of Gross Tax Digest (5)	1.45%	0.21%	1.66%
Per Capita Debt as Percentage of Per Capita Income (6)	2.74%	0.39%	3.13%
(1) Based upon direct debt of	\$ 17,672,403		
(2) Based upon overlapping debt chargeable to the County of	\$ 2,516,796		
(3) Based upon overall debt chargeable to the County of	\$ 20,189,199		
(4) Based upon U.S. Census Bureau estimated 2009 population figure of	18,923		
(5) Based upon 2010 Gross Tax Digest of (PT32.1)	\$ 1,214,994,677		
(6) Based upon BEA 2008 per capita income figure of	\$ 34,086		

Source: Each specific government

¹ The financial obligations under intergovernmental contracts are general obligations of the governmental entity to which its full faith and credit and taxing powers are pledged, unless a specific millage rate limitation applies. The financial obligations under intergovernmental contracts do not constitute debt for purposes of the constitutional debt limit.

Comprehensive Annual Financial Report 2010

Legal debt margin information – last ten fiscal years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Assessed value of property	593,811,142	648,029,189	661,216,085	862,844,900	868,469,242	917,075,978	961,857,067	1,385,616,912	1,409,698,251	1,431,919,105
Debt limit, 10% of assessed value	59,381,114	64,802,919	66,121,609	86,284,490	86,846,924	91,707,598	96,185,707	138,561,691	140,969,825	143,191,911
Amount of debt applicable to limit	-	-	-	-	-	-	-	-	-	-
General Obligation Bonds	-	-	-	-	-	-	-	-	-	-
Less: Resources restricted to paying principal	-	-	-	-	-	-	-	-	-	-
Total net debt applicable to the limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 59,381,114</u>	<u>\$ 64,802,919</u>	<u>\$ 66,121,609</u>	<u>\$ 86,284,490</u>	<u>\$ 86,846,924</u>	<u>\$ 91,707,598</u>	<u>\$ 96,185,707</u>	<u>\$ 138,561,691</u>	<u>\$ 140,969,825</u>	<u>\$ 143,191,911</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value	\$1,017,975,139
Add back: exempt real property	<u>413,943,966</u>
Total assessed value	<u>1,431,919,105</u>
Debt limit: 10% of total assessed value	<u>143,191,911</u>
Total net debt applicable to limit	<u>0</u>
Legal debt margin	<u>\$ 143,191,911</u>

Demographic and economic statistics – last ten fiscal years

Year	Population ¹	Personal Income ¹	Per Capita Personal Income	Unemployment Rate ²
2001	16,002	\$ 457,265,000	\$ 28,575	3.3
2002	16,373	464,172,000	28,350	4.1
2003	16,602	472,325,000	28,450	4.2
2004	15,890	516,725,000	32,519	4.2
2005	17,279	540,885,000	31,303	4.5
2006	17,774	573,229,000	32,251	4.3
2007	18,185	616,880,000	33,922	4.4
2008	18,600	\$ 634,008,000	\$ 34,086	6.0
2009	18,761	Not Available	Not Available	9.6
2010	18,923 ³	Not Available	Not Available	9.9

Source: ¹ Bureau of Economic Analysis; ² U. S. Bureau of Labor Statistics; ³ U. S. Estimated

Comprehensive Annual Financial Report 2010

Principal employers current and nine years ago

Employer	2009			2000		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Board of Education	535	1	9.2%	475	1	5.5%
Georgia-Pacific Wood Products LLC	300	2	5.2%	425	2	4.9%
Wal-Mart	276	3	4.7%			
Morgan Memorial Hospital	190	4	3.3%			
Morgan County Government	175	5	3.0%			
Pennington Partners LP	175	6	3.0%	200	3	2.3%
Lowes Home Centers Inc	107	7	1.8%			
Bard Manufacturing	97	8	1.7%	150	7	1.7%
Flambeau	80	9	1.4%	190	5	2.2%
Cracker Barrel	75	10	1.3%			
City of Madison				55	10	0.6%
Denon Digital Ind				225	4	2.6%
Wellington Puritan				170	6	2.0%
Ivex Packaging				90	8	1.0%
Canyon Café Operating				75	9	0.9%

Source: Morgan County Chamber of Commerce

Full-time equivalent county employees – last four years ¹

	2007	2008	2009	2010
General government	36.5	36.5	39.0	34.0
Judicial	20.0	20.0	20.0	20.0
Public safety	73.0	73.0	73.0	83.5
Public works	42.0	42.0	42.0	33.5
Health and welfare	9.0	9.0	9.0	9.0
Culture and recreation	7.5	7.5	7.5	7.5
Housing and development	9.5	9.5	9.5	9.0
	<u>197.5</u>	<u>197.5</u>	<u>200.0</u>	<u>196.5</u>

Source: Morgan County Finance Department – budget and payroll data

¹ Detail information prior to 2007 not available.

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Operating indicators by function – last four years ¹

	2007	2008	2009	2010
Sheriff				
Accident reports	298	237	272	208
Criminal incidents	543	490	576	418
Deputies/1,000 population	1	1	1	1
Fire				
Calls	469	352	296	320
Judicial				
Marriage license	138	104	145	100
Pistol permits	102	176	399	217
Highways and streets				
Miles of right-of-way mowed ²	-	-	2,104	1,559
Miles of shoulder work ²	-	-	134	148
Sanitation				
Refuse collected (tons/day)	684	620	639	547
Recyclables collected (tons/day)	322	365	377	343
Parks and recreation				
Adult athletic participants ³	-	-	-	6,492
Aquatic center participants ³	-	-	-	21,880
Youth athletic participants ³	-	-	-	21,060
Senior Center				
Congregate meals	6,263	6,283	6,739	7,470
Home delivered meals	3,970	4,253	5,247	6,686
Transit				
Average daily trips ²	-	-	91	96
Protective inspection				
Building permits	254	165	93	66

Source: County operating departments

¹ Detail information prior to 2007 not available.

² Detail information prior to 2009 not available.

³ Detail information prior to 2010 not available.

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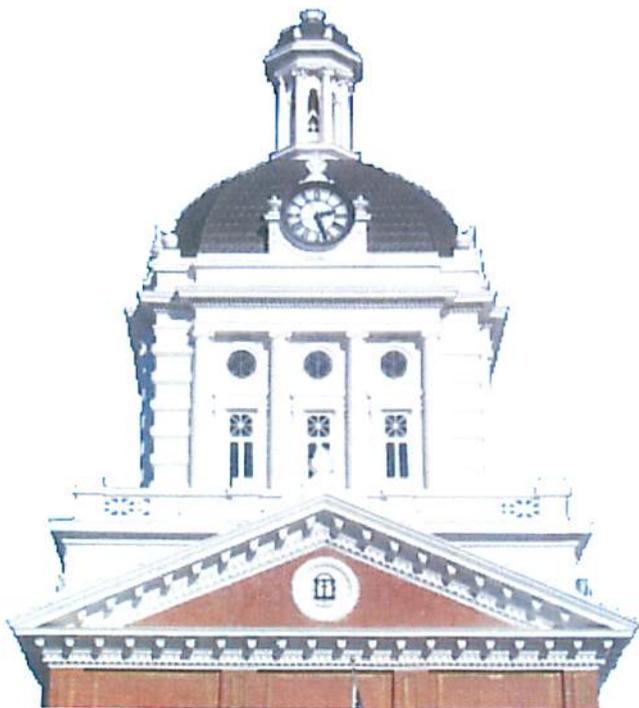
Capital assets statistics by function – last ten years

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government											
Vehicles	4	5	5	6	6	6	7	7	7	8	8
Public Safety											
Jail cells	67	67	67	67	67	78	78	78	78	78	192
K-9 units	1	1	0	1	1	1	1	1	3	3	2
Fire Stations	9	9	9	11	13	13	13	13	13	13	13
Public works											
Streets (miles)	442	442	443	438	438	438	438	438	438	438	438
Health and welfare											
Senior service centers	1	1	1	1	1	1	1	1	1	1	1
Transit buses	1	3	3	4	4	4	4	4	4	4	4
Parks and recreation											
Acreage total	50	50	50	120	120	120	120	120	120	120	120
Swimming pools	2	2	2	1	1	1	-	-	-	1	1
Tennis courts	4	4	4	4	4	4	12	12	12	12	12
Baseball fields	3	4	6	9	9	9	9	9	9	9	8
Soccer fields	1	1	1	1	1	1	1	1	1	1	1
Playgrounds	6	6	6	6	6	5	7	7	7	7	5
Libraries	1	1	1	1	1	1	1	1	1	1	1
Sanitation											
Compactor sites	9	9	12	12	12	12	12	12	12	12	12

Source: County operating departments

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Compliance and Internal Control Reports





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

December 29, 2010

Board of Commissioners
 Morgan County, Georgia
 Madison, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of MORGAN COUNTY, GEORGIA as of, and for the year ended June 30, 2010, which collectively comprise the MORGAN COUNTY, GEORGIA's basic financial statements and have issued our report thereon dated December 29, 2010. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Morgan County Health Department and Morgan County Hospital Authority, as described in our report on MORGAN COUNTY, GEORGIA's basic financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described below that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Finance

2010-01 Statement of Condition:

Audit adjustments of \$110,688 were necessary to properly reflect accounts payable and related expenditure/expense account balances at year end.

Criteria:

Internal controls should be in place to ensure proper accruals at year end. The financial statements should include accruals of accounts payable in order to properly reflect expenditures/expenses for the year.

Effect of Condition:

Accounts payable and expenditures are understated for the year.

Cause of Condition:

Internal controls were not in place to properly detect material misstatements in the County's expenditures/expenses and related liability accounts. The accounting software does not have the capability of easily accumulating this information. The County finance staff did not accumulate the information manually but left the accrual for the auditor to do.

Recommendation:

We recommend the County carefully review all expenditure/expense and related liabilities to ensure all necessary transactions are reported in the proper period.

Response:

We concur. The Finance Director will counsel and train staff on the appropriate recording of transactions.

2010-02 Statement of Condition:

Capital assets are not being properly maintained and accounted for.

Criteria:

Procedures should be in place to ensure that all capital asset additions are accounted for while non-capital items are not recorded as capital assets at the entity-wide level. Capital outlay accounts should only be used to account for capital additions that meet the established capitalization threshold. Those assets that meet that threshold should be entered into accounting software and depreciation calculated for the year.

Effect of Condition:

Total additions did not agree with the amounts recorded in the general ledger. The donation of

capital assets also had not been properly recorded in the general ledger and therefore assets were not properly valued.

Cause of Condition:

An excel worksheet was used to accumulate additions rather than Asset Keeper software and additions on worksheet included items that should not be capitalized.

Recommendation:

It is our recommendation that procedures be put into place so that assets are maintained and accounted for properly. Report totals for additions and deletions at year end should be reconciled with capital outlay accounts in the general ledger. It is also our recommendation that the asset listing should be compared to assets listed on the insurance policy. A list of assets by department should be given to each department head to review annually. These procedures will ensure that assets are being properly added or disposed from the accounting software..

Response:

We concur. The Finance Director will counsel and train staff on the appropriate recording of transactions. The Finance Director will implement the use of an excel schedule provided by the auditors to account for capital assets.

2010-03 Statement of Condition:

This was a prior year recommendation. There was a significant difference in the amount recorded in the general ledger for gasoline inventory and our estimate of what the amount should be. We used the ending balance in gallons from the gasoline readings and multiplied it by the price per gallon shown on the last invoice for the year to recalculate an estimate of ending inventory amount. Actual inventory was approximately \$50,000 lower than the amount reported in the general ledger. Approximately \$27,600 of this total is an uncorrected difference from the prior year.

Criteria:

In order to ensure proper reporting, the balance reported in the general ledger should be reasonably close to the amount reported from the gasoline readings.

Effect of Condition:

Gasoline inventory appears to be overstated by \$50,000.

Cause of Condition:

The ending inventory balance after each reading is not reviewed for reasonableness to ensure that the inventory balance in the general ledger is reasonably close to the ending gasoline readings. We have not determined if the reason for the difference is due to crediting inventory used at a different price than was used to record the purchase, if there are problems in capturing all of the inventory withdrawals so that the proper entry can be recorded, or some other issue.

Recommendation:

We recommend that any policies and procedures related to the use and accounting for that use of county gasoline be revised or updated. The balance in the inventory account should be compared to actual amounts at the end of each month. Large differences should be investigate in an attempt to determine the cause. A correction in the general ledger should be made for small adjustments.

Response:

The Finance Director will review reports to identify the cause of the difference in the inventory amounts. The Finance Department will establish a monthly reconciliation schedule and procedures to ensure balances are kept in check. The Finance Director will meet with Roads and Bridges staff responsible for fuel monitoring to discuss inventory program and reports.

2010-04 Statement of Condition:

Amounts due to and from other funds and transfers between funds did not balance.

Criteria:

The amounts should balance in order to properly reflect revenues and expenditures by fund.

Effect of Condition:

Several journal entries were required to balance these items.

Cause of Condition:

The proper entries were not made to reflect transfers for the Senior Center, Transit, and Parks & Recreation funds that were closed into the General Fund effective July 1, 2009. The proper entries were not made to reflect transfers for the Jail, Youth Enrichment, and Drug Abuse Treatment & Education funds that were combined into a new Special Revenue fund effective July 1, 2009. There were also some year end accruals recorded in the general fund that affected expenditures in other funds such as E911 and solid waste. Corresponding entries in those funds had not been made in the due to/due from accounts. The amounts were not reviewed on a periodic basis.

Recommendation:

We recommend that amounts due to and from other funds and transfers between funds be reviewed and balanced every month.

Response:

The Senior Center, Transit and Parks and Recreation funds were closed; this will no longer be a statement of condition for these funds. The Jail, Youth Enrichment, and Drug Abuse Treatment & Education funds were transferred to one fund; this will no longer be a statement of condition for these funds. Transactions for E911 and Solid Waste will be reviewed on a periodic basis so that appropriate entries are recorded.

2010-05 Statement of Condition:

Some expenditures were not recorded in the proper funds.

Criteria:

Expenses should be reported in the funds to which they apply.

Effect of Condition:

Expenditures of approximately \$400,000 were not recorded in the E911 fund and \$350,000 in the solid waste fund.

Cause of Condition:

For the E911 and solid waste funds, reimbursements from those funds to the general fund were

recorded as transfers rather than to detailed expense accounts. Reimbursements from one fund to another should have the expenditures recorded in detailed object codes in the reimbursing fund. In the fund which is being repaid, the reimbursement should be recorded as credits to the same accounts that the original expenditures were recorded. The effect should be that no expense shows in the general fund while the correct amount of expenses are recorded in the E911 & solid waste funds.

The need for this multi-step process is due to deficiencies in the software system that does not allow recording of expenses in one fund that were paid for by another fund.

Recommendation:

We recommend that reimbursements be accounted for properly on a monthly basis. We previously have provided the finance staff detailed work sheets about how this process should work along with checks and balances to use to monitor that the entries have been done correctly.

Response:

Beginning January 1, 2011 the County is implementing new financial software. This new software will allow for a streamlined process for recording appropriate transactions between funds.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether MORGAN COUNTY, GEORGIA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

MORGAN COUNTY, GEORGIA's response to the findings identified in our audit is described above. We did not audit MORGAN COUNTY, GEORGIA's response and, accordingly, we express no opinion on it.

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

Sales, Carter + Co, LLP

CORRECTIVE ACTION PLAN
Year Ended June 30, 2010

This plan addresses findings included in the various auditors' reports prepared as a result of complying with Federal and State audit laws for the year ended June 30, 2010. These findings have been discussed with management, who agree with the recommendations. Many of the items have already been corrected. Other items are in the process of being corrected, while others will be started shortly. We anticipate that the changes will be completed by June 30, 2010.

Yellow Book Report

FINDING
NUMBER

Significant Deficiencies

- 2010-01 Response:** We concur. The Finance Director will counsel and train staff on the appropriate recording of transactions.
- 2010-02 Response:** We concur. The Finance Director will counsel and train staff on the appropriate recording of transactions. The Finance Director will implement the use of an excel schedule provided by the auditors to account for capital assets.
- 2010-03 Response:** The Finance Director will review reports to identify the cause of the difference in the inventory amounts. The Finance Department will establish a monthly reconciliation schedule and procedures to ensure balances are kept in check. The Finance Director will meet with Roads and Bridges staff responsible for fuel monitoring to discuss inventory program and reports.
- 2010-04 Response:** The Senior Center, Transit and Parks and Recreation funds were closed; this will no longer be a statement of condition for these funds. The Jail, Youth Enrichment, and Drug Abuse Treatment & Education funds were transferred to one fund; this will no longer be a statement of condition for these funds. Transactions for E911 and Solid Waste will be reviewed on a periodic basis so that appropriate entries are recorded.

2010-05 Response: Beginning January 1, 2011 the County is implementing new financial software. This new software will allow for a streamlined process for recording appropriate transactions between funds.

Sincerely,

A handwritten signature in blue ink, appearing to read "M. Wilson". The signature is fluid and cursive, with the first name "Mia" and the last name "Wilson" clearly distinguishable.

Mia Wilson
Finance Director

MORGAN COUNTY, GEORGIA

ANNUAL REPORT OF 9-1-1 COLLECTIONS AND EXPENDITURES

(WITH INDEPENDENT AUDITORS' REPORT)

Year Ended

JUNE 30, 2010



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WWW.BATESCARTER.COM

INDEPENDENT AUDITORS' REPORT

December 29, 2010

Board of Commissioners
Morgan County, Georgia
Madison, Georgia

We have examined management's assertion included in the accompanying Annual Report of 9-1-1 Collections and Expenditures about Morgan County, Georgia's compliance during the fiscal year ended June 30, 2010 with the requirement to expend 9-1-1 funds in compliance with the expenditure requirements of the Official Code of Georgia Annotated, Section 46-5-134. Management is responsible for Morgan County, Georgia's compliance with this requirement. Our responsibility is to express an opinion on management's assertion about Morgan County, Georgia's compliance based on our examination.

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

In our opinion, management's assertion that Morgan County, Georgia has complied with the aforementioned requirement during the fiscal year ended June 30, 2010 is fairly stated, in all material respects.

This report is intended solely for the information and use of management and the Georgia Department of Audits and Accounts and is not intended to be and should not be used by anyone other than the specified parties.

Bates, Carter + Co, LLP

Morgan County, Georgia
 Annual Report of 9-1-1 Collections and Expenditures
 For the Year Ended
 June 30, 2009

Line No.	O.C.G.A. Reference	
1 Indicate UCOA Fund Type Used to Account for 9-1-1 Activity (choose one):		
<input checked="" type="checkbox"/> Special Revenue Fund <input type="checkbox"/> Enterprise Fund		
2	46-5-134(a)(1)	\$ <u>1.50</u>
2 Monthly 9-1-1 charge billed to each exchange access facility subscriber:		
3		\$ <u>121,250.26</u>
3 Total revenue from exchange access facility subscribers:		
4 Does 9-1-1 system provide automatic number identification of a wireless telecommunications connection? (choose one)		
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Phase One		
5 If the answer to Line 4 is "yes", indicate below which of the following apply (choose one)		
<input checked="" type="checkbox"/> System provides location of base station or cell site		
<input type="checkbox"/> System provides automatic location identification		
6	46-5-134(a)(2)	\$ <u>1.50</u>
6 If the answer to Line 4 is "yes", identify the monthly 9-1-1 charge billed to each wireless telecommunications connection subscriber:		
7		\$ <u>187,836.25</u>
7 Total revenue from wireless telecommunications connection subscribers:		
8		\$ <u>309,086.51</u>
8 Total Line 3 plus Line 7 (should equal UCOA Revenue Source 34.2500)		
9 Additional revenue sources:		
9a	46-5-134(f)	
Federal (UCOA Revenue Source 33.1000) Identify each funding agency individually. Attach list, if necessary.		
		\$ _____
		\$ _____
9b	46-5-134(i)	
State (UCOA Revenue Source 33.4000) Identify each funding agency individually. Attach list, if necessary.		
		\$ _____
		\$ _____
9c	46-5-134(j)	
Local (UCOA Revenue Source 33.6000) Identify each unit of local government individually. Attach list, if necessary.		
	City of Rutledge	\$ _____
	City of Madison	\$ <u>110,000.00</u>
9d	46-5-134(k)	
Private (UCOA Revenue Source 37.1000) Identify each private source individually. Attach list, if necessary.		
		\$ _____
		\$ _____

Morgan County, Georgia
 Annual Report of 9-1-1 Collections and Expenditures
 For the Year Ended
 June 30, 2009

Line No.	O.C.G.A. Reference		\$
10		Investment Income (UCOA Revenue Source 36.1000 through 36.3000)	1,604.59
11		Other revenue sources not included above. Identify each source individually. Transfers from other funds of the local government should be reported on Line 25 and not included here.	
		<u>Wrecker Fees</u>	\$ _____
		<u>Miscellaneous Revenue</u>	\$ _____
		_____	\$ _____
		_____	\$ _____
		_____	\$ _____
		_____	\$ _____
		_____	\$ _____
12		Total Revenues (total of all amounts reported on Lines 8 through 11)	<u>420,691.10</u>
		Expenditures (UCOA Activity 3800)	
13		Wireless service supplier cost recovery charges (identify each supplier individually on lines below - attach list, if necessary)	
		<u>AT&T</u>	\$ 4,237.01
		<u>Sprint</u>	\$ 2,186.47
		<u>Souther Line</u>	1 \$ 673.65
14		Emergency telephone equipment, including necessary computer hardware, software, and data base provisioning, addressing, and nonrecurring costs of establishing a 9-1-1 system:	
14a		Lease costs	\$ _____
14b		Purchase costs	2 \$ _____
14c		Maintenance costs	\$ _____
15		Rates associated with the service suppliers 9-1-1 service and other service suppliers recurring charges	3 \$ 123,426.12
16		Employees hired by the local government solely for the operation and maintenance of the emergency 9-1-1 system: Number of employees classified as: Full time <u>10</u> Part time <u>2</u>	
16a		Salaries and wages	4 \$ 307,942.10
16b		Employee benefits	5 \$ 84,687.89

Storgan County, Georgia
 Annual Report of 9-1-1 Collections and Expenditures
 For the Year Ended
 June 30, 2010

<u>Line No</u>	<u>O.C.G.A. Reference</u>	
25	Transfers From Other Funds (identify by fund)	
	_____	\$ _____
	_____	\$ _____
26	Transfers To Other Funds (identify by fund)	
	_____	\$ _____
	_____	\$ _____
27	Proceeds from Capital Lease (identify by asset class and, if equipment, purpose)	
	_____	\$ _____
	_____	\$ _____
28	Net Change in Fund Balance (Line 12 - Line 24 + Line 25 - Line 26 - Line 27)	\$ <u>(270,468.90)</u>
29	Fund Balance - Beginning of Year	\$ <u>516,720.10</u>
30	Fund Balance - End of Year	\$ <u>246,251.20</u>
31a	Do amounts on Lines 12, 24, 28, 29, and 30 agree to amounts reported in the government's audited financial statements submitted to the Georgia Department of Audits and Accounts?	
	<u> X </u> Yes <u> </u> No	
31b	If the answer to Line 31a is "no", provide explanation (including amounts) to reconcile each line item specified in Line 31a above to government's audited financial statements. Reconciliation should be attached to this report.	

Certification of Local Government Officials

I have reviewed the information presented in this report and certify that it is accurate and correct. I further certify that the 9-1-1 funds were expended in compliance with the expenditure requirements specified in the Official Code of Georgia Annotated (O.C.G.A.), Section 46-5-134. I understand that, in accordance with O.C.G.A. Section 46-5-134(m)(2), any local government which makes expenditures not in compliance with this Code section may be held liable for pro rata reimbursement to telephone and wireless telecommunications subscribers of amounts improperly expended. Further, the noncompliant local government shall be solely financially responsible for the reimbursement and for any costs associated with the reimbursement. Such reimbursement shall be accomplished by service providers abating the imposition of the 9-1-1 charges and 9-1-1 wireless enhanced charges until such abatement equals the total amount of the rebate.

Signature of Chief Elected Official Mack B. Bohlen Sr. Date 12/29/2010

Print Name of Chief Elected Official: Mack B. Bohlen, Sr.

Title of Chief Elected Official: Chairman

Signature of Chief Financial Officer Mia Wilson Date 12/29/2010

Print Name of Chief Financial Officer: Mia Wilson