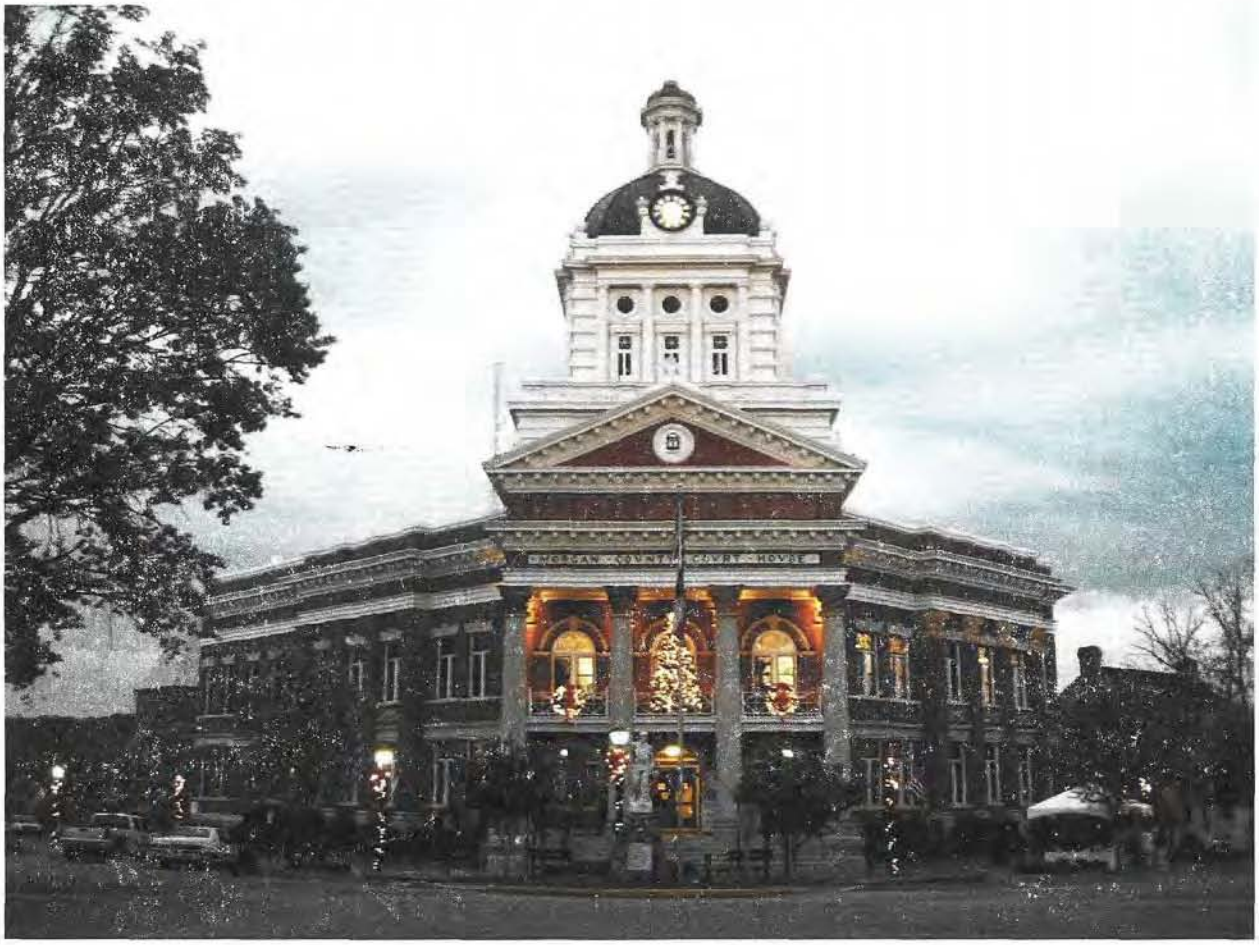
Comprehensive Annual Financial Report

Morgan County, Georgia



Year Ended June 30, 2012

Prepared by the Morgan County Finance Department

MORGAN COUNTY
Simply Beautiful

COMPREHENSIVE ANNUAL FINANCIAL REPORT

MORGAN COUNTY, GEORGIA

For The Fiscal Year
July 1, 2011 - June 30, 2012

Prepared by Morgan County Finance Department
Lori L. Sayer, CPA
Finance Director

MORGAN COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended June 30, 2012

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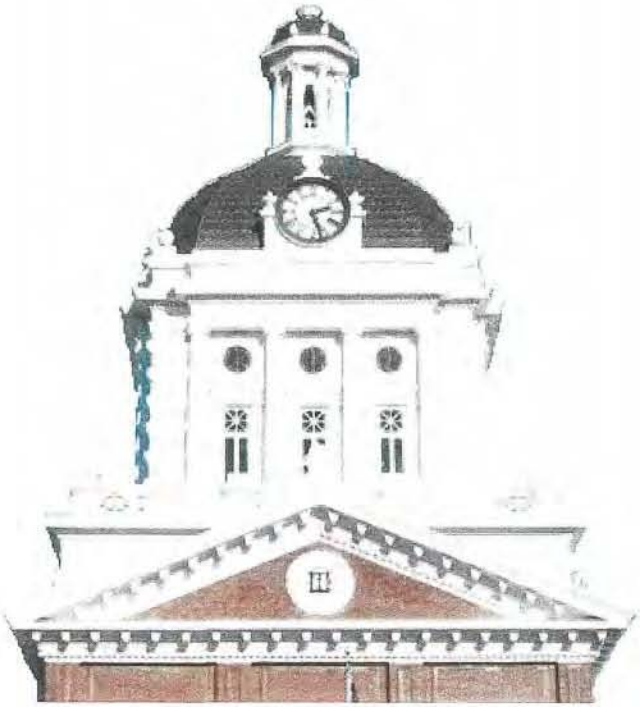
Introductory Section

Letter of Transmittal
Officials of Morgan County, Georgia
Organizational Chart



Morgan County Board of Commissioners
PO Box 168
Madison, GA 30650

December 28, 2012

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, 2012.

We believe that the data as presented is accurate in all material aspects. We encourage readers 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.

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.

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 most recent population estimates (2011) from the U.S. Census Bureau have the County's population at 17,961. 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 a large designated historic district, 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. Additional demographic information is provided in the Statistical Section of this report.

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 (district-elected) 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
In these uncertain economic times, the County has not been immune to the economic realities but continues to maintain a strong financial position. Although many economic factors are largely outside of local government control, the Board of Commissioners, County Manager and departments have displayed impressive financial stewardship over the years. This philosophy entails reviewing the needs of the County relative to a standard that services and associated costs should not be appropriated unless they are justified as strategic goals of the organization that serve to accomplish our guiding principles.

At the State level, revenue short falls are requiring significant budget reductions and negatively impact local government funding as the state reduces programs to live within its means. Challenges facing local government are expected to mount as the demands for services grow while revenue sources struggle to achieve last year's levels and costs continue to climb. Property values – Total taxable assessed property values decreased by 17.4 percent for the 2011 property tax year. Communities across Georgia and throughout the nation are experiencing declines in new home construction, increases in the number of filings for foreclosures and increased in commercial vacancy rates.

The recession has changed the way governments operate at the local level. Short-term solutions of leaving vacant positions unfilled, deferring capital projects, and implementing targeted cuts in expenditures will not resolve the issue entirely. These steps implemented during the recession now represent a new way of doing business that will continue beyond this fiscal crisis.

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 is 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 statues 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 3 of the notes to the financial statements.

Cash management
For the FY 2012, 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.

For FY2013, the County's funds were moved into non-interest bearing accounts. In the current economic environment, placing County funds in non-interest bearing accounts with no processing fees is a more financially beneficial decision than placing funds in the available interest bearing accounts with extremely low interest rates.

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 accounting firm of Bates Carter & Co., LLP report on the County's basic financial statements is included in the financial section of this CAFR.

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,

Michael Lamar, County Manager

Board of Commissioners

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

County Manager	County Clerk	County Attorney
Michael Lamar	Jane Laseter	Christian Henry

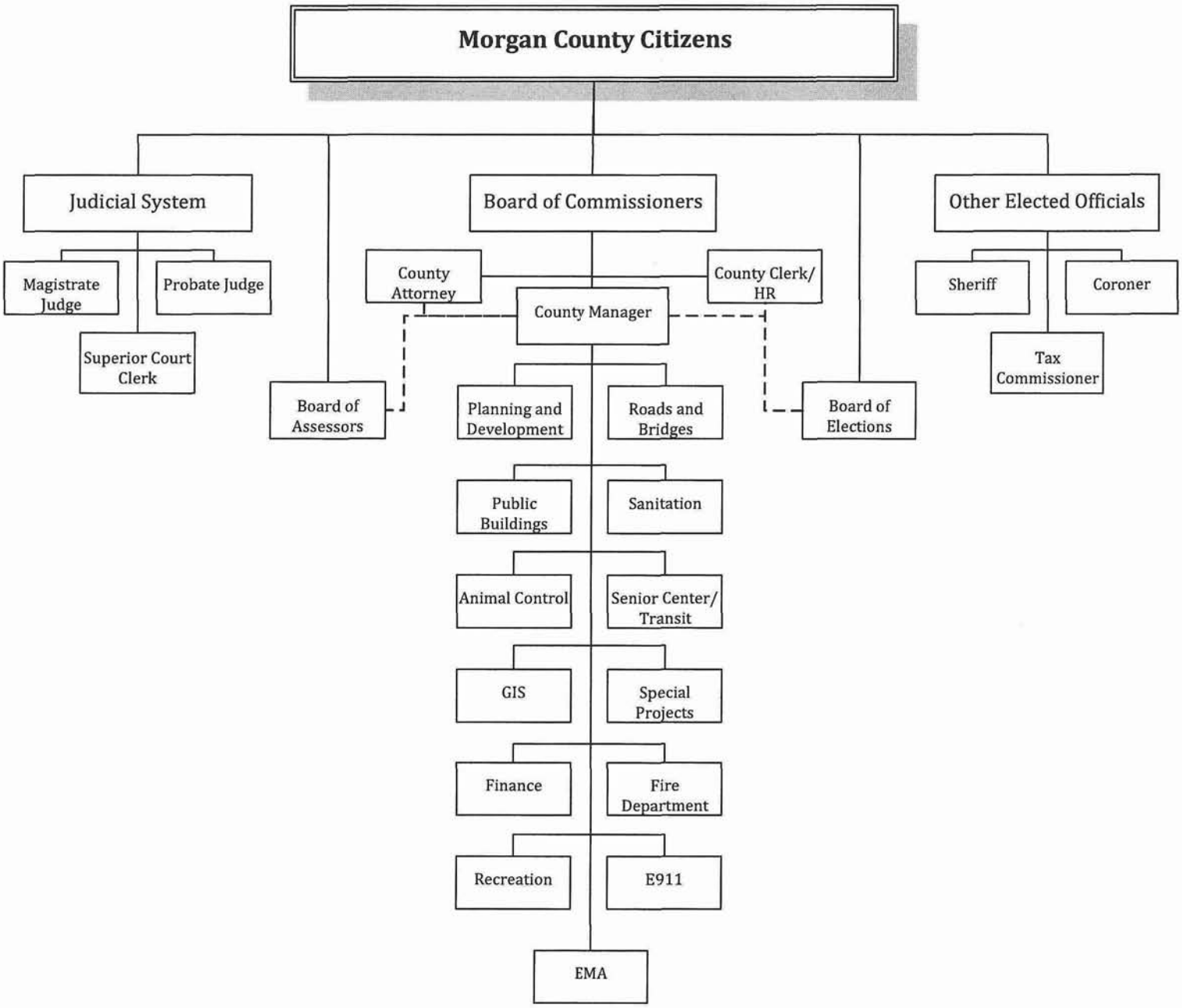
Elected Officials

Chief Magistrate Judge	Connie Holt
Clerk of Superior Court	Jody M. Moss
Coroner	Adam Carter
Probate Court Judge	Michael F. Bracewell
Sheriff	Robert S. Markley
Tax Commissioner	Becky Astin

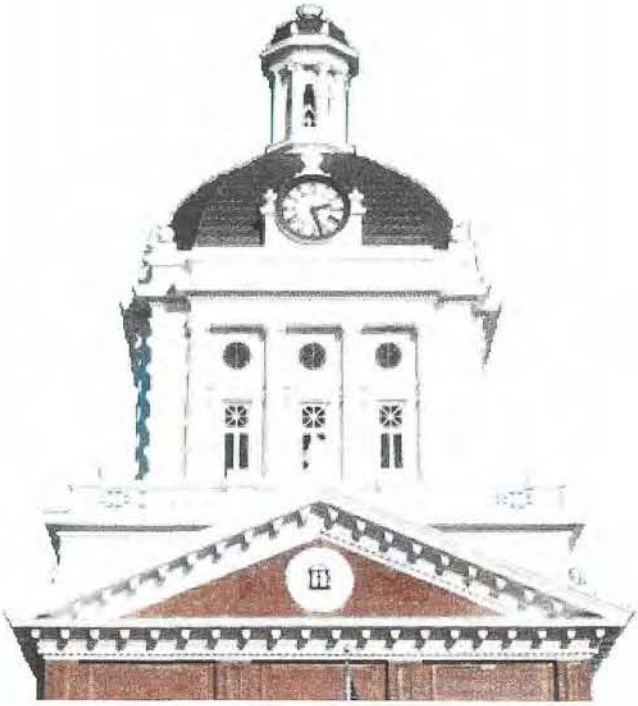
Superior Court Judges

William A. Prior, Jr., Chief Judge
John Lee Parrott
Hulane E. George
Hugh V. Wingfield, III
James L. Cline, Jr.

Morgan County Organizational Chart



Financial Section



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INDEPENDENT AUDITORS' REPORT

December 28, 2012

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, 2012, 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, 2012, which statements reflect total assets of $431,694 and $6,698,000, as of June 30, 2012, and total revenues of $560,089 and $14,196,000, 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, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2012, 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 28, 2012, 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Pension Funding Progress, Budgetary Comparison Schedule - General Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively compromise MORGAN COUNTY, GEORGIA's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. 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 48-8-12. The combining and individual nonmajor fund financial statements, supplemental budgetary comparison schedules, the schedule of expenditures of federal awards, and schedule of projects constructed with Special Sales Tax Proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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, 2012. Please read i-iii 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, 2012.

FINANCIAL HIGHLIGHTS

- The County's assets exceeded its liabilities at June 30, 2012 by $62,244,318 (Net Assets). Of this amount, $6,419,778 is considered unrestricted and can be used to meet the County's ongoing obligations.

- The County's total net assets decreased by $3,632,323 (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 49 and 50 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 14-45 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 46 and a schedule of budgetary comparisons for the general fund on pages 47 and 48. Combining and individual fund statements and schedules can be found on pages 49-55 of this report, and Schedules of Projects Constructed with Special Purpose Local Option Sales Tax can be found on page 58-60.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

During FY 2012, Morgan County, on an entity-wide basis, had a decrease in net assets of $3,632,323 which is the result of adding the $3,499,265 decrease in governmental activities and the decrease in net assets for business type activities of $133,058. 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 $62,244,318, of which $54,816,164, 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	
	2012	2011	2012	2011	2012	2011
Capital assets (net of depreciation)	$ 69,848,304	$ 72,498,517	$ 388,750	$ 423,478	$ 70,237,054	$ 72,921,995
Current and other assets	9,747,587	11,573,292	29,728	139,913	9,777,315	11,713,205
Total Assets	79,595,891	84,071,809	418,478	563,391	80,014,369	84,635,200
Long-term liabilities	16,335,246	17,642,456	382,505	383,810	16,717,751	18,026,266
Other liabilities	1,016,327	685,770	35,973	46,523	1,052,300	732,293
Total liabilities	17,351,573	18,328,226	418,478	430,333	17,770,051	18,758,559
Net assets:						
Invested in capital assets, net of related debt	54,427,414	56,112,122	388,750	423,478	54,816,164	56,535,600
Restricted	1,008,376	1,988,960	-	-	1,008,376	1,988,960
Unrestricted	6,808,528	7,642,501	(388,750)	(290,420)	6,419,778	7,352,081
Total net assets	$ 62,244,318	$ 65,743,583	$ -	$ 133,058	$ 62,244,318	$ 65,876,641

Total government-wide revenue for Fiscal Year 2012 was $17,702,803. Of this amount, $17,411,307 was in governmental activities and $291,496 in business-type activities. The chart below shows the distribution of total primary government revenues.

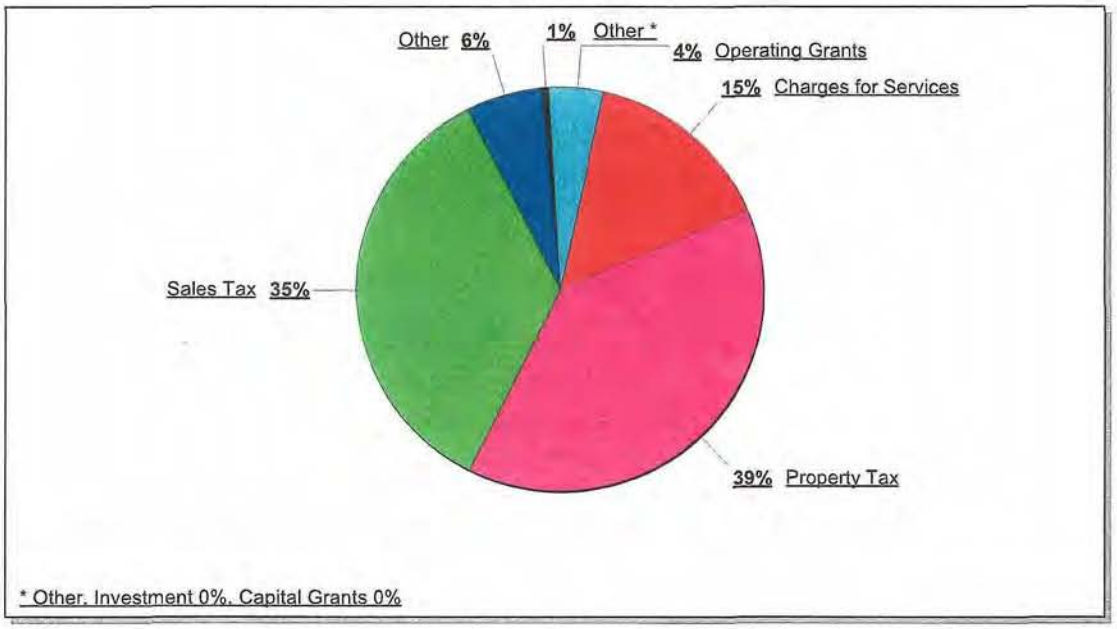
Morgan County, Georgia's Changes in Net Assets
Year Ended June 30

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
REVENUES						
Program revenues						
Charges for Services	$ 2,384,127	$ 2,704,654	$ 291,399	$ 327,258	$ 2,675,526	3,031,912
Operating Grants and Contributions	774,145	1,498,111	-	-	774,145	1,498,111
Capital Grants and Contributions	83,273	182,113	-	-	83,273	182,113
Subtotal for Program Revenues	3,241,545	4,384,878	291,399	327,258	3,532,944	4,712,136
General revenues						
Property Taxes	6,845,343	7,609,634	-	-	6,845,343	7,609,634
Sales Taxes	6,243,915	6,059,666	-	-	6,243,915	6,059,666
Other Taxes	778,346	742,145	-	-	778,346	742,145
Unrestricted Investment Earnings	6,412	28,191	97	348	6,509	28,539
Grants and Contributions not restricted to a specific program	258,768	228,308	-	-	258,768	228,308
Gain on sale of capital assets	36,978	5,065	-	-	36,978	5,065
Subtotal for General Revenues	14,169,762	14,673,009	97	348	14,169,859	14,673,357
Total Revenues	17,411,307	19,057,887	291,496	327,606	17,702,803	19,385,493
EXPENSES						
Program expenses						
General Government	3,550,225	3,387,849	-	-	3,550,225	3,387,849
Judicial	1,181,395	1,189,888	-	-	1,181,395	1,189,888
Public Safety	6,388,700	6,433,955	-	-	6,388,700	6,433,955
Public Works	4,981,927	4,010,735	-	-	4,981,927	4,010,735
Health & Welfare	1,374,205	1,655,525	-	-	1,374,205	1,655,525
Recreation & Culture	1,635,981	1,000,265	-	-	1,635,981	1,000,265
Housing and Development	569,188	568,418	-	-	569,188	568,418
Interest and Paying Agent Fees	728,723	764,021	-	-	728,723	764,021
Solid Waste	-	-	924,782	987,377	924,782	987,377
Total expenses	20,410,344	19,010,656	924,782	987,377	21,335,126	19,998,033
Change in Net Assets before Transfers	(2,999,037)	47,231	(633,286)	(659,771)	(3,632,323)	(612,540)
Transfers	(500,228)	(630,175)	500,228	630,175	-	-
Change in Net Assets	(3,499,265)	(582,944)	(133,058)	(29,596)	(3,632,323)	(612,540)
Net Assets, beginning of year	65,743,583	66,326,527	133,058	162,654	65,876,641	66,489,181
Net Assets, end of year	$ 62,244,318	$ 65,743,583	$ -	$ 133,058	$ 62,244,318	$ 65,876,641

General Revenues such as Property Taxes and Local Option Sales Tax supplement the Governmental Activities. General Government required $2,770,628, Judicial required $573,005, Public Safety required $5,375,501, Public Works required $4,980,373, Health and Welfare required $981,379, Recreation required $1,360,583, Housing and Development $398,607 of General Revenues.

Revenues by Source

Government-Wide Activities

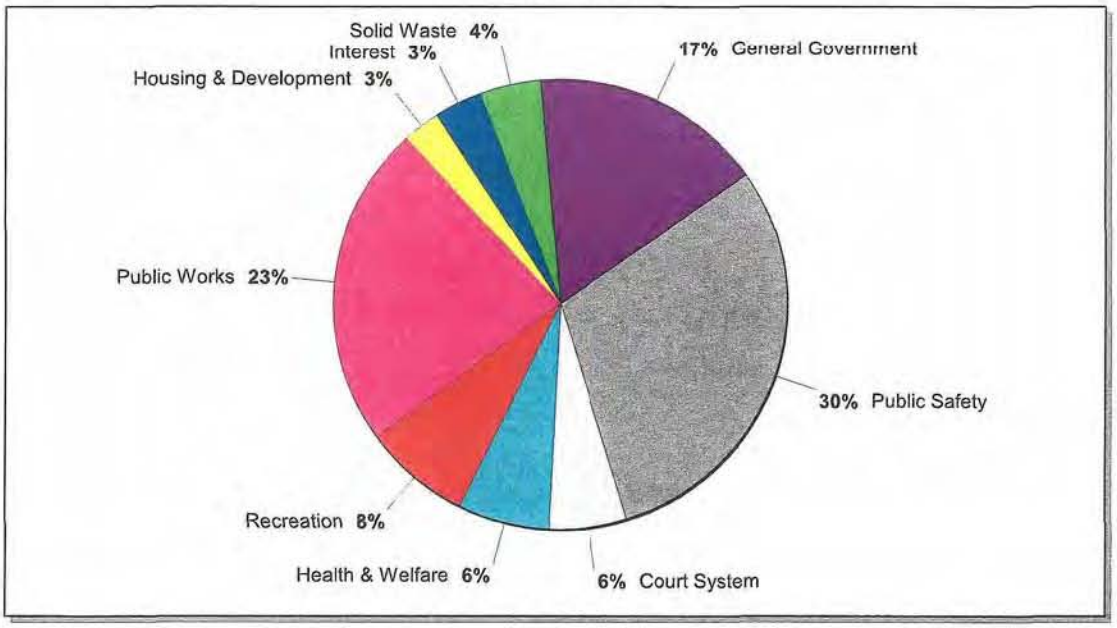


*Due to rounding, charts may not always equal 100%

Government-wide expenses were $21,335,126 for 2012, of which $20,410,344 were for governmental activities and $924,782 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.

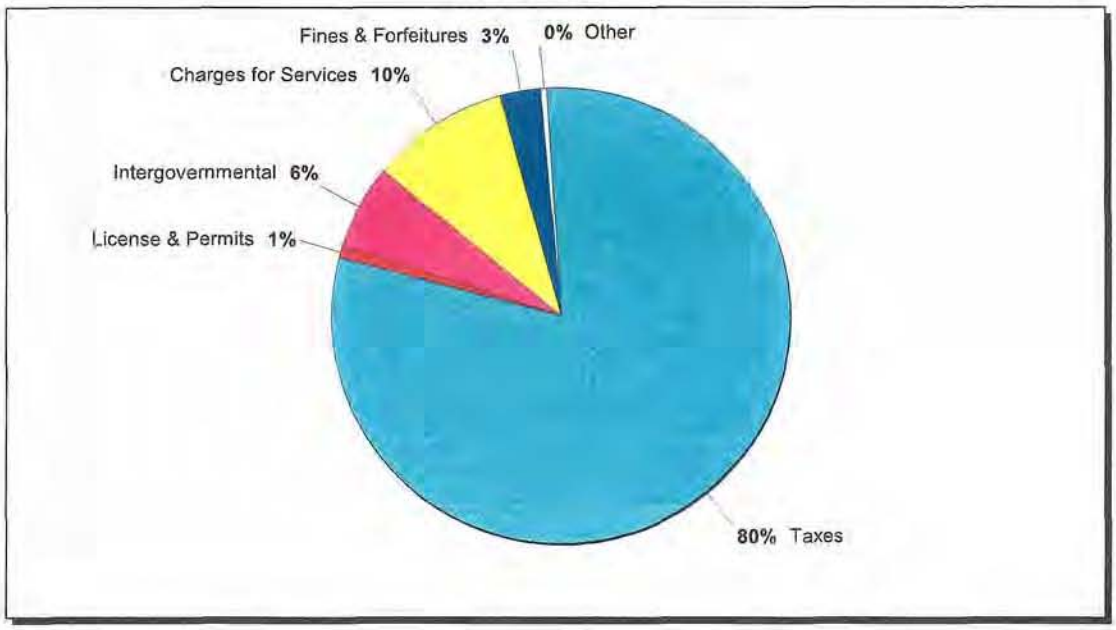
The primary governmental funds are the General Fund, the Capital Projects Fund, and SPLOST. As the county completed the year, its governmental funds (as presented in the balance sheet on page 3) reported a combined fund balance of $6,757,808, which is $(2,004,090) less than last year's total. The decrease in the SPLOST fund balance was $(898,510), which was the expenditure of tax proceeds collected in the prior year. The fund balance in the General Fund increased $1,023,505. Local Option Sales taxes collected were about $158,460 above projected budget and Property tax collections exceeded budgeted amount by $40,895.

In 2012, Governmental revenues were up $(1,236,051) from fiscal year 2011. Property taxes were down $(844,330) due to slight increase in the digest. Intergovernmental revenue was up $(255,891) due to fewer grants for Public Safety. Investment income was down $22,732 due to lower interest rates and cash balances.

The total amount of sales tax revenue for fiscal year 2012 was $6,243,915 which is a 3.0% increase from FY 2011 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 $19,168,134, down $2,107,999 from FY 2011. Expenditures for the General Fund of $13,850,797 were up $310,385. The General fund transferred $452,262 and $187,850 to Solid Waste and E911 funds, respectively, to subsidize operations this year. The County expenditures in SPLOST funds of $4,461,300 were $2,025,863 more than prior year due to the timing of expenditures. Of the SPLOST expenditures, $482,639 of this was for capital outlay on planned projects and $1,844,762 was for debt service payments on the jail bonds. The remaining $2,133,899 is spread over multiple departments, primarily for the purpose of infrastructure repaving which is expensed.

In FY 2012, Morgan County's Fund balance of all governmental funds was 39% of revenues. At year end, the Fund Balance in the General Fund was 43% 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 2012, Morgan County's Solid Waste Facility reported a loss of $133,058. Operating revenues decreased by $(35,859) from FY 2011. Of the total decrease in operating revenue, recycling and transfer fees decreased $35,831. The Solid Waste Fund on its own doesn't generate sufficient revenues to fund operations; it relies on a subsidy from the General Fund. The General Fund decreased the transfer in from $630,175 in 2011 to $500,228 in 2012.

Expenses decreased $62,594 from fiscal year 2011, which was due to an decrease in landfill closure/postclosure cost of $45,721 offset by higher costs for other services.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Morgan County's Government-wide investment in capital assets at June 30, 2012 was $54,816,164, 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 6.

Government-wide additions in FY 2012 were $0.79 million. Major capital asset activities in FY 2012 were:

In Governmental Activities:

• Right of way was purchased to begin bridge replacement in the amount of $30,600.

• Four new trucks for Sheriff's Department were purchased at a cost of $129,720 and one new fire truck at a cost of $98,416 which was paid with 95% grants funds and 5% County match.

• Various other machinery and equipment – JD Backhoe Loader $73,325, HUS Lawnmower $8560, K9 EOD trained dog $12,500, dog kennel, outdoor walk-in-bunker and other miscellaneous items totaling $37,162.

Long-term debt. At June 30, 2012, Morgan County governmental activities had outstanding debt of $16,156,074. Of this amount $88,121 is from notes payable, $218,469 is from various capital leases, $15,680,233 is from contracts payable, $91,052 is from the net pension obligation, and $257,372 is from compensated absences payable. See note 7 for more details. Payments of $335,581 were made on capital leases. Payments of $1,148,785 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 47 and 48.

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 $644,528.

The budget increase is a result of the County being awarded several grants which were approved after the fiscal year 2012 budget was adopted. The Assistance to Firefighters Grant in the amount of $115,000 was awarded for the purchase of a new firetruck. There was also $65,000 GEFA Grant which had been budgeted in prior year however the work was not completed and revenue was not recognized until FY 2012. The County was also awarded a COPS grant which was approved after the adoption of the final budget in the amount of $35,990.

Charges for services revenues related to participant recreation increased 2%. This increase was used to offset related expenditures due to increase number of participants.

LOST revenues were also higher than anticipated so a mid-year budget adjustment was made to compensate for additional expenditures approved by the Board of Commissioners.

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 2013 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. Expenditures were only slightly higher than 2011 which still allowed the County to end fiscal year 2012 with a moderate fund balance.

The economic outlook for 2013 is stable considering the County has maintained a careful and conservative approach in the past which has resulted in a healthy fund balance which will help supplement FY 2013 budget. The fiscal year 2013 annual budget for the general fund is $14,191,607; this is an increase of 2.1% from the adopted 2012 budget.

Most of the County's revenue sources for fiscal year 2013 will remain relatively unchanged with the exception of slight increases in sales tax and license and permits. Property tax values decreased just over 11% from prior year. The 2013 budget was adopted assuming a millage rate of 8.99. Although this is the same rate at last year most taxpayers will most likely see a decrease for the County portion in their property tax bills due to the declining trend in assessed property values.

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.

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.

MORGAN COUNTY, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2012

	PRIMARY GOVERNMENT			
ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
Cash	$ 6,541,360	$ 65,507	$ 6,606,867	$ 1,183,915
Receivables (net of allowance for uncollectibles)	1,184,420	44,645	1,229,065	2,292,227
Internal balances	80,424	(80,424)	-	-
Due from component units	575	-	575	-
Inventories	57,267	-	57,267	291,000
Prepaid items	360,980	-	360,980	260,000
Investment in joint venture	1,366,000	-	1,366,000	-
Restricted assets:				
Cash	189	-	189	336,000
Non-current assets:				
Receivables	-	-	-	39,000
Deferred charges	156,372	-	156,372	31,000
Capital assets:				
Capital assets not being depreciated	9,782,075	284,864	10,066,939	105,000
Capital assets being depreciated	98,649,144	1,049,433	99,698,577	8,875,010
Less: accumulated depreciation	(38,582,915)	(945,547)	(39,528,462)	(6,283,458)
Capital assets, net of depreciation	69,848,304	388,750	70,237,054	2,696,552
TOTAL ASSETS	79,595,891	418,478	80,014,369	7,129,694
LIABILITIES				
Accounts payable	769,546	31,361	800,907	439,270
Other accrued items	197,685	4,612	202,297	975,000
Due to other governments	49,095	-	49,095	-
Noncurrent liabilities:				
Due within one year				
Compensated absences payable	180,160	-	180,160	7,868
Accrued landfill closure / postclosure	-	24,041	24,041	-
Notes payable	43,248	-	43,248	-
Capital leases payable	105,801	-	105,801	415,000
Revenue bonds payable	-	-	-	80,000
Contracts payable	1,309,029	-	1,309,029	-
Due in more than one year				
Compensated absences payable	77,212	18,290	95,502	25,857
Net pension obligation	91,052	-	91,052	-
Accrued landfill closure / postclosure	-	340,174	340,174	-
Notes payable	44,873	-	44,873	-
Capital leases payable	112,668	-	112,668	879,000
Revenue bonds payable	-	-	-	475,000
Contracts payable	14,371,204	-	14,371,204	-
TOTAL LIABILITIES	17,351,573	418,478	17,770,051	3,296,995
NET ASSETS				
Invested in capital assets, net of related debt	54,427,414	388,750	54,816,164	878,552
Restricted for:				
Debt service	-	-	-	188,000
Capital outlay projects	741,297	-	741,297	-
Judicial programs	6,588	-	6,588	-
Public safety programs	239,696	-	239,696	-
Health and welfare programs	20,795	-	20,795	133,000
Unrestricted	6,808,528	(388,750)	6,419,778	2,633,147
TOTAL NET ASSETS	$ 62,244,318	$ -	$ 62,244,318	$ 3,832,699

The accompanying notes are an integral part of this statement.

MORGAN COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

		.....PROGRAM REVENUES.....			....NET (EXPENSE) AND CHANGES IN NET ASSETS.... .....PRIMARY GOVERNMENT.....			
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
PRIMARY GOVERNMENT								
GOVERNMENTAL ACTIVITIES								
General government	$ 3,550,225	$ 778,590	$ 1,007	$ -	$ (2,770,628)	$ -	$ (2,770,628)	$ -
Judicial	1,181,395	600,536	7,854	-	(573,005)	-	(573,005)	-
Public safety	6,388,700	538,653	392,827	81,719	(5,375,501)	-	(5,375,501)	-
Public works	4,981,927	-	-	1,554	(4,980,373)	-	(4,980,373)	-
Public health and welfare	1,374,205	37,069	355,757	-	(981,379)	-	(981,379)	-
Recreation and culture	1,635,981	258,698	16,700	-	(1,360,583)	-	(1,360,583)	-
Housing and development	569,188	170,581	-	-	(398,607)	-	(398,607)	-
Interest	728,723	-	-	-	(728,723)	-	(728,723)	-
Total Governmental Activities	20,410,344	2,384,127	774,145	83,273	(17,168,799)	-	(17,168,799)	-
BUSINESS-TYPE ACTIVITIES								
Solid waste/recycling	924,782	291,399	-	-	-	(633,383)	(633,383)	-
Total Business-Type Activities	924,782	291,399	-	-	-	(633,383)	(633,383)	-
TOTAL PRIMARY GOVERNMENT	$ 21,335,126	$ 2,675,526	$ 774,145	$ 83,273	(17,168,799)	(633,383)	(17,802,182)	-
COMPONENT UNITS								
Health Department	$ 554,131	$ 140,534	$ 418,876	$ -	-	-	-	5,279
Hospital Authority	13,644,000	12,576,000	1,589,000	20,000	-	-	-	541,000
TOTAL COMPONENT UNITS	$ 14,198,131	$ 12,716,534	$ 2,007,876	$ 20,000	-	-	-	546,279
GENERAL REVENUES								
Property taxes					6,845,343	-	6,845,343	-
Sales taxes					6,243,915	-	6,243,915	-
Insurance premium taxes					525,844	-	525,844	-
Real estate recording taxes					103,839	-	103,839	-
Other taxes					148,663	-	148,663	-
Total taxes					13,867,604	-	13,867,604	-
Unrestricted investment earnings					6,412	97	6,509	11,679
Grants and contributions not restricted to a specific program					258,768	-	258,768	-
Gain on sale of capital assets					36,978	-	36,978	-
TRANSFERS					(500,228)	500,228	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					13,669,534	500,325	14,169,859	11,679
CHANGES IN NET ASSETS					(3,499,265)	(133,058)	(3,632,323)	557,958
NET ASSETS, Beginning					65,743,583	133,058	65,876,641	3,274,741
NET ASSETS, Ending					$ 62,244,318	$ -	$ 62,244,318	$ 3,832,699

The accompanying notes are an integral part of this statement.

MORGAN COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

ASSETS	GENERAL	SPLOST	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Cash	$ 5,245,273	$ 920,100	$ 375,987	$ 6,541,360
Receivables (net of allowance for uncollectibles)	816,405	312,439	55,576	1,184,420
Interfund receivables	292,208	-	-	292,208
Due from component units	-	-	575	575
Prepaid items	356,860	-	4,119	360,979
Inventories	57,267	-	-	57,267
Restricted assets:				
Cash	-	189	-	189
TOTAL ASSETS	$ 6,768,013	$ 1,232,728	$ 436,257	$ 8,436,998
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 376,157	$ 387,864	$ 5,525	$ 769,546
Other accrued items	191,345	-	6,341	197,686
Due to other governments	-	49,095	-	49,095
Interfund payables	-	54,471	157,313	211,784
Deferred revenue	451,079	-	-	451,079
TOTAL LIABILITIES	1,018,581	491,430	169,179	1,679,190
FUND BALANCES				
Nonspendable:				
Prepaid expenditure	356,860	-	4,119	360,979
Inventories	57,267	-	-	57,267
Restricted:				
Capital outlay projects	-	741,298	-	741,298
Judicial programs	-	-	6,588	6,588
Public safety programs	-	-	235,576	235,576
Health and welfare programs	-	-	20,795	20,795
Assigned:				
General government programs	1,915,412	-	-	1,915,412
Unassigned:	3,419,893	-	-	3,419,893
TOTAL FUND BALANCES	5,749,432	741,298	267,078	6,757,808
TOTAL LIABILITIES AND FUND BALANCES	$ 6,768,013	$ 1,232,728	$ 436,257	$ 8,436,998

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
June 30, 2012

Total Fund Balances for Governmental Funds (page 3)		$ 6,757,808
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.		69,848,304
Some assets are not available in the current period and therefore are not reported in the funds.		
Investment in joint venture	1,366,000	
Deferred charge for issuance cost	156,372	1,522,372
Revenues in the statement of activities that do not provide current financial resources are reported as deferred revenues in the funds.		
Property Taxes	351,078	
Fines	100,001	
		451,079
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Net pension obligation	(91,052)	
Compensated absences	(257,372)	
Capital leases	(218,469)	
Notes payable	(88,121)	
Contracts payable	(15,680,233)	
		(16,335,247)
Rounding		2
Total net assets of governmental activities (page 1)		$ 62,244,318

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, 2012

REVENUES	GENERAL	SPLOST	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Taxes	$ 10,366,209	$ 3,609,202	$ 42,795	$ 14,018,206
Licenses and permits	136,096	-	-	136,096
Intergovernmental	882,093	-	184,371	1,066,464
Fines and forfeitures	365,491	-	137,078	502,569
Charges for services	1,412,371	-	288,647	1,701,018
Contributions and donations	37,085	-	11,081	48,166
Investment income	6,045	1,554	366	7,965
Miscellaneous	16,462	-	627	17,089
TOTAL REVENUES	13,221,852	3,610,756	664,965	17,497,573
EXPENDITURES				
Current Expenditures				
General government	3,192,082	-	-	3,192,082
Judicial	1,158,985	-	24,366	1,183,351
Public safety	4,740,545	3,626	698,797	5,442,968
Public works	1,435,250	1,244,727	-	2,679,977
Public health and welfare	1,347,178	-	-	1,347,178
Recreation and culture	985,169	600,000	-	1,585,169
Housing and development	507,487	-	26,442	533,929
Intergovernmental	-	285,546	-	285,546
Capital outlay	250,572	482,639	61,056	794,267
Debt service				
Principal	205,470	1,085,000	36,386	1,326,856
Interest	28,059	759,762	8,990	796,811
TOTAL EXPENDITURES	13,850,797	4,461,300	856,037	19,168,134
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(628,945)	(850,544)	(191,072)	(1,670,561)
OTHER FINANCING SOURCES (USES)				
Sale of county property	36,978	-	-	36,978
Note payable proceeds	129,721	-	-	129,721
Transfers in	78,853	-	187,850	266,703
Transfers out	(640,112)	(47,966)	(78,853)	(766,931)
TOTAL OTHER FINANCING SOURCES (USES)	(394,560)	(47,966)	108,997	(333,529)
NET CHANGE IN FUND BALANCES	(1,023,505)	(898,510)	(82,075)	(2,004,090)
FUND BALANCES, Beginning of year	6,772,937	1,639,808	349,153	8,761,898
FUND BALANCES, End of year	$ 5,749,432	$ 741,298	$ 267,078	$ 6,757,808

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, 2012

Net change in fund balances (page 5)		$ (2,004,090)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlays	794,267	
Depreciation expense	(3,444,481)	
		(2,650,214)
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.		
Net book value of capital assets sold	1	
		1
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	351,078	
Fines	100,001	
Investment in joint venture	1,366,000	
		1,817,079
Revenues reported in the funds that relate to prior years are not reported as revenue in the statement of activities.		
Property taxes	(501,680)	
Investment in joint venture	(1,302,834)	
Fines	(135,814)	
		(1,940,328)
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.		
Proceeds from borrowing including premiums and discounts	(129,721)	
Principal payments on long-term debt	1,326,856	
Amortization of bond premium, discounts and issuance cost	68,088	
		1,265,223
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.		
Compensated absences, current year	(257,372)	
Compensated absences, prior year	269,936	
		12,564
Net pension obligation is not available during the current period and therefore is not reported in the funds.		
End of year	(91,052)	
Beginning of year	91,548	
		496
Rounding		4
Changes in net assets of governmental activities (page 2)		$ (3,499,265)

The accompanying notes are an integral part of this statement.

MORGAN COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2012

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS
	SOLID WASTE DISPOSAL FACILITY
ASSETS	
Current Assets	
Cash	$ 65,507
Receivables (net of allowance for uncollectibles)	44,645
TOTAL CURRENT ASSETS	110,152
Noncurrent Assets	
Capital assets	
Capital assets not being depreciated	284,864
Capital assets being depreciated	1,049,433
Less: accumulated depreciation	(945,547)
TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	388,750
TOTAL NONCURRENT ASSETS	388,750
TOTAL ASSETS	498,902
LIABILITIES	
Current Liabilities	
Accounts payable	31,361
Other accrued items	4,612
Interfund payables	80,424
Accrued landfill closure/postclosure	24,041
TOTAL CURRENT LIABILITIES	140,438
Noncurrent Liabilities	
Compensated absences payable	18,290
Accrued landfill closure/postclosure	340,174
TOTAL NONCURRENT LIABILITIES	358,464
TOTAL LIABILITIES	498,902
NET ASSETS	
Invested in capital assets	388,750
Unrestricted	(388,750)
TOTAL NET ASSETS	$ -

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, 2012

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS
	SOLID WASTE DISPOSAL FACILITY
OPERATING REVENUES	
Charges for services-other	$ 291,399
Total Operating Revenues	291,399
OPERATING EXPENSES	
Salaries and benefits	297,888
Other services and charges	96,740
Landfill closure/postclosure costs	25,139
Depreciation	34,728
Waste disposal fees	442,653
Repairs and maintenance	27,634
Total Operating Expenses	924,782
OPERATING INCOME (LOSS)	(633,383)
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	97
Total Nonoperating Revenues (Expenses)	97
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(633,286)
Transfer in	500,228
CHANGE IN NET ASSETS	(133,058)
TOTAL NET ASSETS, Beginning of year	133,058
TOTAL NET ASSETS, End of year	$ -

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, 2012

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS SOLID WASTE DISPOSAL FACILITY
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customer	$ 269,479
Payments to suppliers	(610,140)
Payments to employees	(289,876)
Net cash provided by (used in) operating activities	(630,537)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers in	500,228
Net Cash provided (used) by non-capital financing activities	500,228
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment earnings	97
Net cash provided (used) by investing activities	97
Net increase (decrease) in cash and cash equivalents	(130,212)
CASH, Beginning of year	195,719
CASH, End of year	$ 65,507
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	$ (633,383)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	34,728
(Increase) decrease in:	
Accounts receivable	(21,920)
Increase (decrease) in:	
Accounts payable	(15,162)
Compensated absences	3,400
Accrued landfill costs	(4,705)
Other accrued items	4,612
Interfund payables	1,893
Net cash provided by (used in) operating activities	$ (630,537)

The accompanying notes are an integral part of this statement.

MORGAN COUNTY, GEORGIA
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
June 30, 2012

	BRASWELL FUND PRIVATE PURPOSE TRUST FUND	AGENCY FUNDS
ASSETS		
Cash	$ 7,530	$ 356,066
Investments:		
Common stocks	51,092	-
Mutual funds, equities	184,607	-
Mutual funds, debt securities	38,068	-
TOTAL ASSETS	281,297	356,066
LIABILITIES		
Accrued liabilities	295	-
Funds held in trust	-	356,066
TOTAL LIABILITIES	295	356,066
NET ASSETS		
Restricted for orphan care	281,002	-
TOTAL NET ASSETS	$ 281,002	$ -

The accompanying notes are an integral part of this statement.

MORGAN COUNTY, GEORGIA
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
For the Year Ended June 30, 2012

	BRASWELL FUND PRIVATE PURPOSE TRUST FUND
ADDITIONS	
Investment earnings	
Interest earned	$ 6
Dividend income	10,122
Net change in fair value of investments	(11,481)
Total investment earnings	(1,353)
Interest and investment expense	(3,268)
Net investment earnings	(4,621)
TOTAL ADDITIONS	(4,621)
DEDUCTIONS	
Tuition	8,800
Administrative expenses	7,792
TOTAL DEDUCTIONS	16,592
CHANGE IN NET ASSETS	(21,213)
NET ASSETS, Beginning of year	302,215
NET ASSETS, End of year	$ 281,002

The accompanying notes are an integral part of this statement.

MORGAN COUNTY, GEORGIA
COMPONENT UNITS
COMBINING STATEMENT OF NET ASSETS
June 30, 2012

ASSETS	HEALTH DEPARTMENT	HOSPITAL AUTHORITY	TOTAL
Cash	$ 386,915	$ 797,000	$ 1,183,915
Receivables (net of allowance for uncollectibles)	28,227	2,264,000	2,292,227
Inventories	-	291,000	291,000
Prepaid items	-	260,000	260,000
Restricted assets:			
Cash	-	336,000	336,000
Non-current assets:			
Receivables	-	39,000	39,000
Deferred charges	-	31,000	31,000
Capital assets:			
Capital assets not being depreciated	-	105,000	105,000
Capital assets being depreciated	59,010	8,816,000	8,875,010
Less: accumulated depreciation	(42,458)	(6,241,000)	(6,283,458)
Capital assets, net of depreciation	16,552	2,680,000	2,696,552
TOTAL ASSETS	431,694	6,698,000	7,129,694
LIABILITIES			
Accounts payable	19,270	420,000	439,270
Other accrued items	-	975,000	975,000
Noncurrent liabilities:			
Due within one year			
Compensated absences payable	7,868	-	7,868
Capital leases payable	-	415,000	415,000
Revenue bonds payable	-	80,000	80,000
Due in more than one year			
Compensated absences payable	25,857	-	25,857
Capital leases payable	-	879,000	879,000
Revenue bonds payable	-	475,000	475,000
TOTAL LIABILITIES	52,995	3,244,000	3,296,995
NET ASSETS			
Invested in capital assets, net of related debt	16,552	862,000	878,552
Restricted for:			
Debt service		188,000	188,000
Public health and welfare	-	133,000	133,000
Unrestricted	362,147	2,271,000	2,633,147
TOTAL NET ASSETS	$ 378,699	$ 3,454,000	$ 3,832,699

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, 2012

		.....PROGRAM REVENUES.....			....NET (EXPENSE) AND CHANGES IN NET ASSETS....		
FUNCTIONS/PROGRAMS	**EXPENSES**	**CHARGES FOR SERVICES**	**OPERATING GRANTS AND CONTRIBUTIONS**	**CAPITAL GRANTS AND CONTRIBUTIONS**	**HEALTH DEPARTMENT**	**HOSPITAL AUTHORITY**	**TOTAL**
COMPONENT UNITS							
GOVERNMENTAL ACTIVITIES							
Health Department	$ 554,131	$ 140,534	$ 418,876	$ -	$ 5,279	$ -	$ 5,279
Hospital Authority	13,644,000	12,576,000	1,589,000	20,000	-	541,000	541,000
TOTAL COMPONENT UNITS	$ 14,198,131	$ 12,716,534	$ 2,007,876	$ 20,000	5,279	541,000	546,279
GENERAL REVENUES							
Unrestricted investment earnings					679	11,000	11,679
TOTAL GENERAL REVENUES AND TRANSFERS					679	11,000	11,679
CHANGES IN NET ASSETS					5,958	552,000	557,958
NET ASSETS, Beginning					372,741	2,902,000	3,274,741
NET ASSETS, Ending					$ 378,699	$ 3,454,000	$ 3,832,699

The accompanying notes are an integral part of this statement.

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 2012, the County transferred $600,000 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 2012, the County transferred $180,339 to the health department. The health department is presented as a governmental fund type.

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.

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.

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.

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.

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 "interfund receivables/payables" (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 2011 taxes were levied October 20, 2011, 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, 2012.

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.

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, 1980 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:

Assets	Years
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.

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*

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

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

- *Nonspendable* - Fund balances are reported as nonspendable when the amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash like inventories and prepaid items) or (b) legally or contractually required to be maintained intact.
- *Restricted* - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Committed* - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners through the adoption of a resolution prior to the end of the fiscal year. In order to modify or rescind the commitment, the Board of Commissioners must adopt another resolution.
- *Assigned* - Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board of Commissioners has authorized the County's finance director to assign fund balances.
- *Unassigned* - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all other governmental funds.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt used for the acquisition, construction, or improvement of those assets. In determining the outstanding balance of any borrowing, proceeds of that debt which has not been spent is deducted. Accounts payable for costs related to acquisition, construction, or improvement of those capital assets is considered debt for this calculation. Net assets are reported as restricted as described in the fund balance section above. All other net assets are reported as unrestricted.

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

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, 2012 are as follows:

Invested in capital assets, net of related debt:	Governmental Activities	Business-type Activities
Cost of capital assets	$ 108,431,219	$ 1,334,297
Less accumulated depreciation	(38,582,915)	(945,547)
Book value	69,848,304	388,750
Less capital related debt	(15,420,890)	-
Invested in capital assets, net of related debt	$ 54,427,414	$ 388,750

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 - FUND BALANCE/NET ASSETS

The government-wide statement of net assets reports $1,008,376 of restricted net assets, of which none is restricted by enabling legislation.

Additional details related to fund balances at the governmental fund level are presented below:

Restricted:

SPLOST Fund

Capital outlay projects - For funds received from the imposition of the Special Purpose Local Option Sales Tax (SPLOST) restricted by the voter approved referendum. $ 741,298

Nonmajor Restricted Progams Funds

Judicial Programs -

Law Library - Used to account for surcharges on fines and forfeitures which are for the operation of the County Law Library and other expenditures as restricted by the OCGA-36-15. 6,588

Public Safety Programs -	
Emergency E911 Telephone Services Fund - For fund to operate the E911 center as restricted by the OCGA-46-5.	48,847
Restricted Progams Fund - To account for funds received from surcharges on fines and forfeitures restricted for operation of the county jail, and drug abuse, treatment and education programs.	83,341
Sheriff's Law Enforcement - to account for funds from seizures to be used for law enforcement activities.	103,388
Subtotal - Restricted for Public Safety Programs	235,576
Health and Welfare Programs -	
Restriced Progams Fund - To account for funds received from surcharges on fines and forfeitures restricted for youth enrichment activities.	20,795
Total Restricted Fund Balance	$ 1,004,257
Assigned:	
General Fund	
Appropriated as a resource in next year's budget	$ 1,915,412

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(A) BUDGETARY INFORMATION

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

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 4 - 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, 2012, 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.

- 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
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. 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, 2012, 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, 2012, the Braswell Fiduciary Fund held 6% of the total investments in common stocks of both the Atlanta Gas Company and the Southern Company.

As of June 30, 2012, the Braswell Fiduciary Fund had the following investments:

Investment Type	Fair Value	Rating	Rating Agency	Weighted Average Maturity (Years)
Common Stocks	$ 51,092	n/a	n/a	n/a
Mutual Funds	184,607	n/a	n/a	n/a
Subtotal Equity Securities	235,699			
Mutual Fund Debt Securities	38,068	BB	Morningstar	9.66
Total Investments	$ 273,767			

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 5 - 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	SPLOST	Nonmajor Governmental Funds	Enterprise Fund Solid Waste
Receivables:				
Property Taxes	$ 351,078	$ -	$ -	$ -
Fines	4,991,077	-	-	-
Accounts	26,504	-	49,469	44,645
Intergovernmental	324,846	312,439	6,107	-
Total Gross Receivables	5,693,505	312,439	55,576	44,645
Less: Allowance for Uncollectibles	(4,877,100)	-	-	-
Total Net Receivables	$ 816,405	$ 312,439	$ 55,576	$ 44,645

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:

	UNAVAILABLE	UNEARNED	TOTAL
Delinquent property taxes receivable (General Fund)	$ 351,078	$ -	$ 351,078
Probation Fines (General Fund)	100,001	-	100,001
Total deferred/unearned revenue for governmental funds	$ 451,079	$ -	$ 451,079

Property taxes receivable at June 30, 2012, consist of the following:

DIGEST YEAR	GENERAL FUND
2012[1]	$ 5,562
2011	251,507
2010	45,189
2009	13,299
2008	10,626
2007	8,850
2006	3,820
2005	4,437
2004	839
2003	1,042
2002	2,217
2001	1,240
2000	697
1999	896
1998	298
1997	290
1996	218
1995	51
Total	$ 351,078

(1) 2012 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:

	Health Department	Hospital Authority
Receivables:		
Accounts	$ 12,016	$ 4,185,000
Intergovernmental	16,211	84,000
Total Gross Receivables	28,227	4,269,000
Less: Allowance for Uncollectibles	-	(2,005,000)
Total Net Receivables	$ 28,227	$ 2,264,000

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

Governmental Activities:	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Non-Depreciable Assets:					
Land and improvements	$ 9,734,113	$ 30,600	$ 1	$ -	$ 9,764,714
Construction in progress	-	17,361	-	-	17,361
Total non-depreciable capital assets	9,734,113	47,961	1	-	9,782,075
Depreciable Assets:					
Land improvements	515,820	-	-	-	515,820
Buildings and improvements	34,190,067	-	-	-	34,190,067
Machinery and equipment	3,757,134	131,547	-	-	3,888,681
Vehicles	5,010,132	261,777	-	-	5,271,909
Infrastructure	54,429,685	352,982	-	-	54,782,667
Total depreciable capital assets	97,902,838	746,306	-	-	98,649,144
Less Accumulated Depreciation for:					
Land improvements	276,478	24,128	-	-	300,606
Buildings and improvements	5,052,313	861,347	-	-	5,913,660
Machinery and equipment	2,514,020	337,572	-	-	2,851,592
Vehicles	3,829,307	295,883	-	-	4,125,190
Infrastructure	23,466,316	1,925,551	-	-	25,391,867
Total accumulated depreciation	35,138,434	3,444,481	-	-	38,582,915
Total depreciable capital assets, net	62,764,404	(2,698,175)	-	-	60,066,229
Governmental activities capital assets, net	$ 72,498,517	$ (2,650,214)	$ 1	$ -	$ 69,848,304

Additions to governmental activities capital assets for fiscal year ending June 30, 2012 consist of the following:

Capital Outlay	$ 794,267
Total	$ 794,267

Non-depreciable capital assets additions	$ 47,961
Depreciable capital assets additions	746,306
Total	$ 794,267

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Business-type Activities:					
Non-Depreciable Assets:					
Land and improvements	$ 284,864	$ -	$ -	$ -	$ 284,864
Depreciable Assets:					
Land improvements	67,973	-	-	-	67,973
Buildings and improvements	119,724	-	-	-	119,724
Machinery and equipment	519,502	-	-	-	519,502
Vehicles	342,234	-	-	-	342,234
Total depreciable capital assets	1,049,433	-	-	-	1,049,433
Less Accumulated Depreciation for:					
Land improvements	34,922	4,024	-	-	38,946
Buildings	79,316	2,993	-	-	82,309
Equipment	467,454	14,604	-	-	482,058
Vehicles	329,127	13,107	-	-	342,234
Total accumulated depreciation	910,819	34,728	-	-	945,547
Total depreciable capital assets, net	138,614	(34,728)	-	-	103,886
Business-type activities capital assets, net	$ 423,478	$ (34,728)	$ -	$ -	$ 388,750

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

Governmental Activities:	
General Government	$ 366,116
Public Safety	944,994
Public Works	2,015,531
Public Health and Welfare	30,690
Recreation and Culture	54,149
Housing and Development	32,999
Rounding	2
Total depreciation expense-governmental activities	$ 3,444,481
Business-type Activities:	
Solid Waste	$ 34,728

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, 2012 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:

	Project Authorization	Expended To Date	Contracts in Progress	Authorized Not Obligated	Sources
Governmental Activities:					
Infrastructure	$ 3,012,692	$ 17,361	$ -	$ 2,995,331	SPLOST/GRANTS
Total	$ 3,012,692	$ 17,361	$ -	$ 2,995,331	

Health Department Discretely Presented Component Unit

Activity for the Health Department for the year ended June 30, 2012, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Depreciable Assets:				
Machinery and equipment	$ 46,253	$ 12,757	$ -	$ 59,010
Less Accumulated Depreciation	(39,352)	(3,106)	-	(42,458)
Capital Assets, net	$ 6,901	$ 9,651	$ -	$ 16,552

Hospital Authority Discretely Presented Component Unit

Activity for the Hospital Authority for the year ended June 30, 2012, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Non-Depreciable Assets:				
Land	$ 105,000	$ -	$ -	$ 105,000
Construction in progress	885,000	-	(885,000)	-
Total Non-Depreciable Assets	990,000	-	(885,000)	105,000
Depreciable Assets:				
Land improvements	61,000	-	-	61,000
Buildings and improvements	3,555,000	-	-	3,555,000
Equipment	4,113,000	202,000	885,000	5,200,000
Total Depreciable assets	7,729,000	202,000	885,000	8,816,000
Less Accumulated Depreciation for:				
Land improvements	(61,000)	-	-	(61,000)
Buildings and improvements	(2,635,000)	(102,000)	-	(2,737,000)
Equipment	(2,828,000)	(615,000)	-	(3,443,000)
Total accumulated depreciation	(5,524,000)	(717,000)	-	(6,241,000)
Total depreciable capital assets, net	2,205,000	(515,000)	885,000	2,575,000
Capital Assets, net	$ 3,195,000	$ (515,000)	$ -	$ 2,680,000

NOTE 7 - LONG TERM DEBT

Long-term liability activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Governmental Activities:						
Notes Payable	$ -	$ 129,721	$ (41,600)	$ 88,121	$ 43,248	$ 44,873
Capital leases	354,940	-	(136,471)	218,469	105,801	112,668
Contracts payable	16,304,577	-	(1,148,785)	15,155,792	1,218,965	13,936,827
Plus: Original issue Premiums	621,455	-	(97,014)	524,441	90,064	434,377
Subtotal Contracts Payable	16,926,032	-	(1,245,799)	15,680,233	1,309,029	14,371,204
Net pension obligation	91,548	692,007	(692,503)	91,052	-	91,052
Compensated absences	269,936	250,977	(263,541)	257,372	180,160	77,212
Governmental activities long-term liabilities	$ 17,642,456	$ 1,072,705	$ (2,379,914)	$ 16,335,247	$ 1,638,238	$ 14,697,009
Business-type Activities:						
Compensated absences	$ 14,890	$ 8,451	$ (5,051)	$ 18,290	$ -	$ 18,290
Landfill closure/postclosure	368,920	(9,616)	4,911	364,215	24,041	340,174
Business-type activities long-term liabilities	$ 383,810	$ (1,165)	$ (140)	$ 382,505	$ 24,041	$ 358,464

Notes Payable

The County issued an installment note in the amount of $129,721 with the Bank of Madison with monthly principal and interest payable at 2.219% per annum in the amount of $45,203 and $45,869 due on November 1, 2012 and 2013, respectively. The County issued this note payable to finance the purchase vehicles for the Sheriff's Department. The amount outstanding as of June 30, 2012 is $88,121.

The annual requirements to amortize notes payable outstanding as of June 30, 2012 are as follows:

Year ending, June 30,	Principal	Interest	Total
2013	$ 43,248	$ 1,955	$ 45,203
2014	44,873	996	45,869
Total	$ 88,121	$ 2,951	$ 91,072

Capital Leases

The County leases certain land and facilities under non-cancelable capital leases. The leases relate to the DFACS/Health Department building and E911 equipment. 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
Machinery and equipment	199,110
Less: Accumulated Depreciation	(332,143)
Total	$ 752,681

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 County entered into a capital lease agreement in 2011 with AT&T to finance the acquisition of Vesta equipment for the E911 center. The lease term is 60 months.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012, were as follows:

Year Ending June 30,	Governmental Activities
2013	$ 114,402
2014	45,376
2015	45,376
2016	30,250
Total minimum lease payments	235,404
Less: amount representing interest (6.45%)	(16,935)
Present value of minimum lease payments	$ 218,469

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, 2012 is $5,200,000 with Morgan County's share being $780,000.

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, 2012 is 0.35%. The annual requirements to amortize the JDA bond using terms in effect as of June 30, 2012, are as follows:

Year ending, June 30,	Principal	Interest	Total
2013	$ 75,000	$ 1,638	$ 76,638
2014	75,000	1,481	76,481
2015	75,000	1,323	76,323
2016	75,000	1,165	76,165
2017	90,000	1,008	91,008
2018-2022	390,000	2,111	392,111
Total	$ 780,000	$ 8,726	$ 788,726

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, 2012 is $50,792.

The annual requirements to amortize the GEFA loan using terms in effect as of June 30, 2012, are as follows:

Year ending June 30,	Principal	Interest	Total
2013	$ 3,965	$ 2,293	$ 6,258
2014	4,152	2,106	6,258
2015	4,349	1,909	6,258
2016	4,554	1,704	6,258
2017	4,770	1,488	6,258
2018-2022	27,456	3,833	31,289
2022-2026	1,546	18	1,564
Total	$ 50,792	$ 13,351	$ 64,143

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. Interest rates vary from 4% to 5%. The outstanding balance of this debt at June 30, 2012 is $14,325,000.

The annual requirements to amortize Jail Bonds using terms in effect as of June 30, 2012, are as follows:

Year Ending June 30,	Principal	Interest	Total
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	1,320,000	523,513	1,843,513
2017	1,385,000	457,512	1,842,512
2018-2022	8,030,000	1,177,313	9,207,313
Total	$ 14,325,000	$ 4,093,625	$ 18,418,625

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, 2012, was as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Compensated absences	$ 41,539	$ 31,965	$ (39,779)	$ 33,725	$ 7,868	$ 25,857

Hospital Authority Discretely Presented Component Unit

Long-term debt activity for the Hospital Authority for the year ended June 30, 2012 , was as follows:

Business-type Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Bonds	$ 635,000	$ -	$ (80,000)	$ 555,000	$ 80,000	$ 475,000
Notes payable	422,000	-	(422,000)	-	-	-
Capital leases	1,621,000	-	(327,000)	1,294,000	415,000	879,000
Total long-term liabilities	$2,678,000	$ -	$ (829,000)	$ 1,849,000	$ 495,000	$ 1,354,000

The terms and due dates of the Hospital Authority's long-term debt, including capital lease obligations, at June 30, 2012, 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 for line-of-credit refinance at 3.229% interest rate, due July 5, 2012, payable in seven monthly interest only installments then four monthly installments of $15,000 with the remaining balance due at maturity, collateralized by real property.

- Capital lease obligation, at varying rates of inputed interest from 3.48% to 5.37%, collateralized by leased equipment.

The annual requirements to amortize long-term debt as of June 30, 2012 are as follows:

Year Ending June 30,	Bonds and notes payable			Capital Leases		
	Principal	Interest	Total	Principal	Interest	Total
2013	$ 80,000	$ 27,000	$ 107,000	$ 415,000	$ 43,000	$ 458,000
2014	85,000	23,000	108,000	432,000	26,000	458,000
2015	90,000	18,000	108,000	365,000	9,000	374,000
2016	95,000	13,000	108,000	82,000	-	82,000
2017	100,000	8,000	108,000	-	-	-
2018	105,000	3,000	108,000	-	-	-
Total	$ 555,000	$ 92,000	$ 647,000	$ 1,294,000	$ 78,000	$ 1,372,000

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 is being 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. On June 30, 2011, the Authority and County refinanced the balance of the line-of-credit with a note exceeding one year in maturity.

On August 1, 2011, the Authority issued $3,320,000 in Revenue Anticipation Certificates No. 1 and No. 2 to refinance outstanding accounts payable, lines of credit, capital leases, and a portion of long-term debt. These certificates are guaranteed by the Morgan County Board of Commissioners.

Under the terms of the 1997 Series Revenue Certificates, the Authority is required to maintain certain deposits with a trustee.Such deposits are included in the statement of net assets as part of restricted cash.

NOTE 8 - INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances as of June 30, 2012, is as follows:

	Due From			
Due To	SPLOST	Other nonmajor governmental funds	Landfill	Total Due from Other Funds
General Fund	$ 54,471	$ 157,313	$ 80,424	$ 292,208
Total Due to Other Funds	$ 54,471	$ 157,313	$ 80,424	$ 292,208

These balances resulted from (1) the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, (2) the time lag between the dates that transactions are

recorded in the accounting system, (3) the time lag between the dates that payments between funds are made, (4) short-term loans, and (5) to fund capital projects.

Interfund transfers as of the year ended June 30, 2012 are as follows:

	Transfers in			
Transfers out	General Fund	Other nonmajor governmental funds	Solid Waste Fund	Total Transfers Out
General Fund	$ -	$ 187,850	$ 452,262	$ 640,112
SPLOST	-	-	47,966	47,966
Other nonmajor governmental funds	78,853	-	-	78,853
Total - Transfers in	$ 78,853	$ 187,850	$ 500,228	$ 766,931

Transfers are used to (1) supplement operating budgets, (2) pay for the Soccer Complex, (3) help fund construction projects and debt service, (4) reimburse unrestricted revenue, (5) reimburse pension costs, and (6) move the County's matching portion on federal and state grants.

NOTE 9 - 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, 2011 (the most recent actuarial valuation date) was $3,953,057 (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.

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 $692,503 ($692,503 employer and $0 employee) were made in accordance with the contribution requirements determined by an actuarial valuation performed as of January 1, 2011. This was equal to the minimum required contribution of $692,503.

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, 2012, 2011, and 2010 were $692,503, $333,895, and $578,600 respectively, and were equal to or greater than 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:

Actuarial Date of January 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll [(b-a)/c]
2011	$ 5,344,805	$7,640,940	$ 2,296,135	69.9%	$ 3,639,834	63.1 %

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
2012	$ 692,007	$ 692,503	100.1 %	$ 91,052
2011	$ 620,706	$ 333,895	53.8 %	$ 91,548
2010	$ 552,903	$ 578,600	104.6 %	$ (195,263)

The information was determined as part of the actuarial valuation as of January 1, 2011. Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2011
Actuarial Cost method	Projected Unit Credit
Asset Valuation method	Market Value
Amortization method	Level Percent of Pay (Closed)
Remaining amortization period (This represents the estimated amortization period for all unfunded liabilities combined into one amortization base.)	10 years
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	$ 692,503
Interest on net pension obligation	7,095
Amortization of net pension obligation	(7,591)
Annual pension cost	692,007
Contribution made	(692,503)
Increase (decrease) in Net Pension Obligation	(496)
Net pension obligation, January 1, 2011	91,548
Net pension obligation, January 1, 2012	$ 91,052

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:

(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 10 - CONTINGENT LIABILITIES AND COMMITMENTS

The county's encumbrances outstanding at the end of the fiscal year that will be honored in the next fiscal year are not significant for any of the major funds nor for the nonmajor funds in total.

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) mils.

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 11 - 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, 2012, 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 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, 2012, there was no need for such an assessment. Therefore, no liability has been recorded in these financial statements.

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 $20,000 deductible per inmate. The following is a summary of coverage at June 30, 2012:

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, 2012.

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

NOTE 12 - 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 NGRC. The county paid annual dues in the amount of $17,868 to the NEGRC for the year ended June 30, 2012. 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 13 - 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 2012. 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, 2012, based on requirements issued by the EPA.

NOTE 14 - 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 15 - HOTEL/MOTEL TAX

During the year ended June 30, 2012, the County had receipts of $42,795 and spent $26,442 to promote tourism, conventions, and trade shows. Of this amount $15,541 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 16 - 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.

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 $360,980, using the equity interest method.

The Authority entered into an agreement with Technology Park/Atlanta in 2000 that gave Technology Park/Atlanta the option to purchase land at the site at approximately 10% over the Authority's cost. The takedown schedule is summarized as follows:

				Revenue Generated (for Authority)
Phase 1 - Within 3 years	100 acres	Taken down in 2003	$	702,000
Phase 2 - Within 5 years	100 acres	225 acres taken down in 2005	$	1,650,000
Phase 3 - 2010	17 acres	17 acres taken down in 2010	$	208,080
Phase 4 - 2011	22 acres	22 acres taken down in 2011	$	275,375
Phase 5 - 2012	20 acres		$	-
Phase 6 - 2012	19 acres		$	-
Phase 7 - 2014	18 acres		$	-
Phase 8 - 2015	379 acres		$	-
Phase 9 - 2020	Balance of property		$	-

Should Technology Park/Atlanta fail to exercise an option, the balance of the property would be available for sale to other properties.

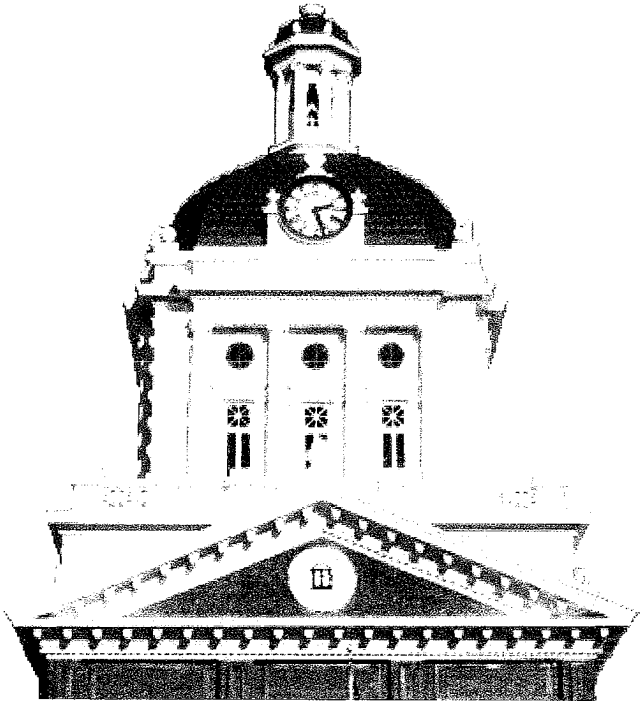
Separate financial statements of the Joint Development Authority of Jasper County, Morgan County, Newton County, and Walton County can be obtained directly from: Joint Development Authority of Jasper County, Morgan County, Newton County, and Walton County, C/O Madison Chamber of Commerce, 115 East Jefferson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

NOTE 17 - SUBSEQUENT EVENTS

In December 2012, the Morgan County Board of Commissioners entered into an Intergovernmental Agreement with the Joint Development Authority of Jasper County, Morgan County, Newton County, and Walton County (JDA) related to an inducment agreement that the JDA had entered into with Baxter Healthcare Corporation (Baxter) related to an estimated $1 billion biologics manufacturing, support, and distribution center in the Stanton Springs industrial park owned by the JDA. The JDA agreed to fund a total of $7.9 million of the cost of a waste water pretreatment facility. One Georgia Grant will fund $2 million of this cost. The remaining $5.9 million will be a loan from the Georgia Environmental Finance Authority (GEFA). This

loan will not incur interest charges during the construction period. After the construction is finished (estimated in 2014), the loan will be at 1.8% annually. No payments are required until the sooner of January 1, 2020 or FDA approval of the Baxter facility. Morgan County is responsible for 15% of the debt service payments. Morgan County's share of the $5.9 million loan is $885,000.

Required Supplementary Information



MORGAN COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION FUNDING PROGRESS
For the Year Ended June 30, 2012
"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)
2011	$ 5,344,805	$ 7,640,940	69.9 %	$ 2,296,135	$ 3,639,834	63.1 %
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 %

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, 2012
(Required Supplementary Information)

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 6,772,937	$ 6,772,937	$ 6,772,937	$ -
RESOURCES (INFLOWS)				
Taxes	10,149,061	10,325,314	10,366,209	40,895
Licenses and permits	86,500	86,500	136,096	49,596
Intergovernmental	662,700	922,391	882,093	(40,298)
Fines and forfeitures	147,000	193,863	365,491	171,628
Charges for services	1,559,950	1,591,950	1,412,371	(179,579)
Contributions and donations	40,000	40,000	37,085	(2,915)
Investment income	25,000	25,000	6,045	(18,955)
Miscellaneous	4,300	4,300	16,462	12,162
Sale of county property	5,000	5,000	36,978	31,978
Proceeds from notes payable	-	129,721	129,721	-
Transfers in	80,000	80,000	78,853	(1,147)
Total Resources (Inflows)	12,759,511	13,404,039	13,467,404	63,365
AMOUNTS AVAILABLE FOR APPROPRIATION	19,532,448	20,176,976	20,240,341	63,365
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
General Government				
Board of commissioners	66,283	73,894	73,893	1
County manager	322,449	309,449	308,554	895
County clerk	65,845	68,167	68,167	-
Elections	153,067	141,067	140,848	219
Finance	545,136	365,896	364,342	1,554
Law	107,000	95,000	94,955	45
Management information	353,121	413,673	413,672	1
Human resources	47,355	47,355	46,097	1,258
Tax commissioner	229,616	247,657	247,099	558
Tax assessor	471,161	471,161	467,260	3,901
Risk management	201,000	212,480	212,480	-
General government buildings	597,365	725,469	725,468	1
Records management	13,750	5,750	5,651	99
General administration fees	21,700	23,596	23,596	-
Total General Government	3,194,848	3,200,614	3,192,082	8,532
Judicial				
Ocmulgee Circuit	32,638	25,200	21,095	4,105
Clerk of superior court	472,738	436,918	432,856	4,062
District attorney	55,904	72,420	72,420	-
Magistrate court	272,037	293,878	293,877	1
Probate court	245,558	245,558	244,000	1,558
Juvenile court	28,145	43,720	43,719	1
Public defender	51,018	51,018	51,018	-
Total Judicial	1,158,038	1,168,712	1,158,985	9,727
Public Safety				
Sheriff	1,801,290	2,012,341	2,010,508	1,833
Jail operation	1,590,545	1,608,965	1,608,905	60
Fire administration	579,317	740,838	740,548	290
Ambulance	310,505	320,805	320,769	36
Coroner/Medical Examiner	23,068	23,068	22,030	1,038
E-911/Communications center	28,500	70	-	70
Emergency Management Agency	57,907	65,951	65,951	-
Animal control	218,747	218,747	213,846	4,901
Total Public Safety	4,609,879	4,990,785	4,982,557	8,228
Public Works				
Highways and streets	1,241,478	1,327,534	1,321,971	5,563
Maintenance and shop	114,082	114,082	113,279	803
Total Public Works	1,355,560	1,441,616	1,435,250	6,366

MORGAN COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2012
(Required Supplementary Information)

	BUDGET AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
CONTINUED.....				
Public Health and Welfare				
Senior citizens center	256,482	256,482	254,538	1,944
Transportation services	228,454	245,847	245,847	-
D.F.A.C.S.	43,002	43,002	43,002	-
Advantage behavioral	-	23,452	23,452	-
Health care facilities	802,539	780,340	780,339	1
Total Public Health and Welfare	1,330,477	1,349,123	1,347,178	1,945
Recreation and Culture				
Parks and recreation	737,750	833,500	831,038	2,462
Library	158,365	162,692	162,691	1
Total Recreation and Culture	896,115	996,192	993,729	2,463
Housing and development				
Soil conservation	17,788	17,788	16,527	1,261
Forestry services	32,265	32,265	32,265	-
Building inspection	192,474	143,074	137,279	5,795
Planning and zoning	165,333	203,833	203,477	356
County agent	81,909	81,909	79,939	1,970
Development authority	44,258	38,000	38,000	-
Total Housing and Development	534,027	516,869	507,487	9,382
Debt service	209,476	234,324	233,529	795
Transfers out	605,399	640,112	640,112	-
TOTAL CHARGES TO APPROPRIATIONS	13,893,819	14,538,347	14,490,909	46,643
CHANGE IN FUND BALANCE	(1,134,308)	(1,134,308)	(1,023,505)	110,803
FUND BALANCE, End of year	$ 5,638,629	$ 5,638,629	$ 5,749,432	$ 110,803

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.

Restricted Program 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, 2012

	SPECIAL REVENUE FUNDS					
ASSETS	EMERGENCY TELEPHONE SERVICES	RESTRICTED PROGRAMS FUND	HOTEL MOTEL TAX	LAW LIBRARY	SHERIFF'S LAW ENFORCEMENT	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Cash	$ 106,987	$ 163,886	$ -	$ 6,263	$ 98,851	$ 375,987
Receivables (net of allowance for uncollectibles)	46,647	250	4,142	-	4,537	55,576
Due from component units	-	-	-	575	-	575
Prepaid items	4,119	-	-	-	-	4,119
TOTAL ASSETS	$ 157,753	$ 164,136	$ 4,142	$ 6,838	$ 103,388	$ 436,257
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 2,676	$ -	$ 2,599	$ 250	$ -	$ 5,525
Other accrued items	6,341	-	-	-	-	6,341
Due to other funds	95,770	60,000	1,543	-	-	157,313
TOTAL LIABILITIES	104,787	60,000	4,142	250	-	169,179
FUND BALANCES						
Nonspendable:						
Prepaid expenditure	4,119	-	-	-	-	4,119
Restricted:						
Judicial programs	-	-	-	6,588	-	6,588
Public safety programs	48,847	83,341	-	-	103,388	235,576
Health and welfare programs	-	20,795	-	-	-	20,795
TOTAL FUND BALANCES	52,966	104,136	-	6,588	103,388	267,078
TOTAL LIABILITIES AND FUND BALANCES	$ 157,753	$ 164,136	$ 4,142	$ 6,838	$ 103,388	$ 436,257

MORGAN COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

	SPECIAL REVENUE FUNDS					
REVENUES	EMERGENCY TELEPHONE SERVICE	RESTRICTED PROGRAMS FUND	HOTEL/ MOTEL TAX	LAW LIBRARY	SHERIFF'S LAW ENFORCEMENT	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Taxes	$ -	$ -	$ 42,795	$ -	$ -	$ 42,795
Intergovernmental	92,652	-	-	-	91,719	184,371
Fines and forfeitures	-	57,750	-	24,305	55,023	137,078
Charges for services	284,080	-	-	100	4,467	288,647
Contributions and donations	-	-	-	-	11,081	11,081
Investment income	136	121	-	-	109	366
Miscellaneous	-	627	-	-	-	627
TOTAL REVENUES	376,868	58,498	42,795	24,405	162,399	664,965
EXPENDITURES						
Current Expenditures						
Judicial	-	-	-	24,366	-	24,366
Public safety	613,604	2,952	-	-	82,241	698,797
Housing and development	-	-	26,442	-	-	26,442
Capital outlay	-	-	-	-	61,056	61,056
Debt service						
Principal	36,386	-	-	-	-	36,386
Interest	8,990	-	-	-	-	8,990
TOTAL EXPENDITURES	658,980	2,952	26,442	24,366	143,297	856,037
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(282,112)	55,546	16,353	39	19,102	(191,072)
OTHER FINANCING SOURCES (USES)						
Transfers in	187,850	-	-	-	-	187,850
Transfers out	-	(60,000)	(16,353)	-	(2,500)	(78,853)
TOTAL OTHER FINANCING SOURCES (USES)	187,850	(60,000)	(16,353)	-	(2,500)	108,997
NET CHANGE IN FUND BALANCES	(94,262)	(4,454)	-	39	16,602	(82,075)
FUND BALANCES, Beginning of year	147,228	108,590	-	6,549	86,786	349,153
FUND BALANCES, End of year	$ 52,966	$ 104,136	$ -	$ 6,588	$ 103,388	$ 267,078

MORGAN COUNTY, GEORGIA
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
EMERGENCY TELEPHONE SYSTEM SPECIAL REVENUE FUND
For the Year Ended June 30, 2012

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 147,228	$ 147,228	$ 147,228	$ -
RESOURCES (INFLOWS)				
Intergovernmental	(211,571)	(123,434)	92,652	216,086
Charges for services	(351,500)	(351,500)	284,080	635,580
Investment income	(500)	(500)	136	636
Transfer in	68,363	187,500	187,850	350
Total Resources (Inflows)	(495,208)	(287,934)	564,718	852,652
AMOUNTS AVAILABLE FOR APPROPRIATION	(347,980)	(140,706)	711,946	852,652
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	631,934	662,934	658,980	3,954
TOTAL CHARGES TO APPROPRIATIONS	631,934	662,934	658,980	3,954
CHANGE IN FUND BALANCE	(1,127,142)	(950,868)	(94,262)	856,606
FUND BALANCE, End of year	$ (979,914)	$ (803,640)	$ 52,966	$ 856,606

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

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

MORGAN COUNTY, GEORGIA
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
RESTRICTED PROGRAMS SPECIAL REVENUE FUND
For the Year Ended June 30, 2012

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 108,590	$ 108,590	$ 108,590	$ -
RESOURCES (INFLOWS)				
Fines and forfeitures	90,000	90,000	57,750	(32,250)
Investment income	-	-	121	121
Miscellaneous	-	-	627	627
Total Resources (Inflows)	90,000	90,000	58,498	(31,502)
AMOUNTS AVAILABLE FOR APPROPRIATION	198,590	198,590	167,088	(31,502)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	22,700	22,700	2,952	19,748
Public health and welfare	5,300	5,300	-	5,300
Transfers out	62,000	62,000	60,000	2,000
TOTAL CHARGES TO APPROPRIATIONS	90,000	90,000	62,952	27,048
CHANGE IN FUND BALANCE	-	-	(4,454)	(4,454)
FUND BALANCE, End of year	$ 108,590	$ 108,590	$ 104,136	$ (4,454)

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

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

MORGAN COUNTY, GEORGIA
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
HOTEL / MOTEL TAX SPECIAL REVENUE FUND
For the Year Ended June 30, 2012

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ -	$ -	$ -	$ -
RESOURCES (INFLOWS)				
Taxes	35,000	43,000	42,795	(205)
Total Resources (Inflows)	35,000	43,000	42,795	(205)
AMOUNTS AVAILABLE FOR APPROPRIATION	35,000	43,000	42,795	(205)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Housing and development	21,000	26,500	26,442	58
Transfers out	14,000	16,500	16,353	147
TOTAL CHARGES TO APPROPRIATIONS	35,000	43,000	42,795	205
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
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
LAW LIBRARY SPECIAL REVENUE FUND
For the Year Ended June 30, 2012

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 6,549	$ 6,549	$ 6,549	$ -
RESOURCES (INFLOWS)				
Fines and forfeitures	43,000	43,000	24,305	(18,695)
Charges for services	-	-	100	100
Total Resources (Inflows)	43,000	43,000	24,405	(18,595)
AMOUNTS AVAILABLE FOR APPROPRIATION	49,549	49,549	30,954	(18,595)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Judicial	43,000	43,000	24,366	18,634
TOTAL CHARGES TO APPROPRIATIONS	43,000	43,000	24,366	18,634
CHANGE IN FUND BALANCE	-	-	39	39
FUND BALANCE, End of year	$ 6,549	$ 6,549	$ 6,588	$ 39

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

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

MORGAN COUNTY, GEORGIA
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
SHERIFF'S LAW ENFORCEMENT SPECIAL REVENUE FUND
For the Year Ended June 30, 2012

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 86,786	$ 86,786	$ 86,786	$ -
RESOURCES (INFLOWS)				
Intergovernmental	-	10,800	91,719	80,919
Fines and forfeitures	135,000	135,000	55,023	(79,977)
Charges for services	-	-	4,467	4,467
Contributions and donations	-	-	11,081	11,081
Investment income	-	-	109	109
Total Resources (Inflows)	135,000	145,800	162,399	16,599
AMOUNTS AVAILABLE FOR APPROPRIATION	221,786	232,586	249,185	16,599
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	135,000	145,800	145,797	3
TOTAL CHARGES TO APPROPRIATIONS	135,000	145,800	145,797	3
CHANGE IN FUND BALANCE	-	-	16,602	16,602
FUND BALANCE, End of year	$ 86,786	$ 86,786	$ 103,388	$ 16,602

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.

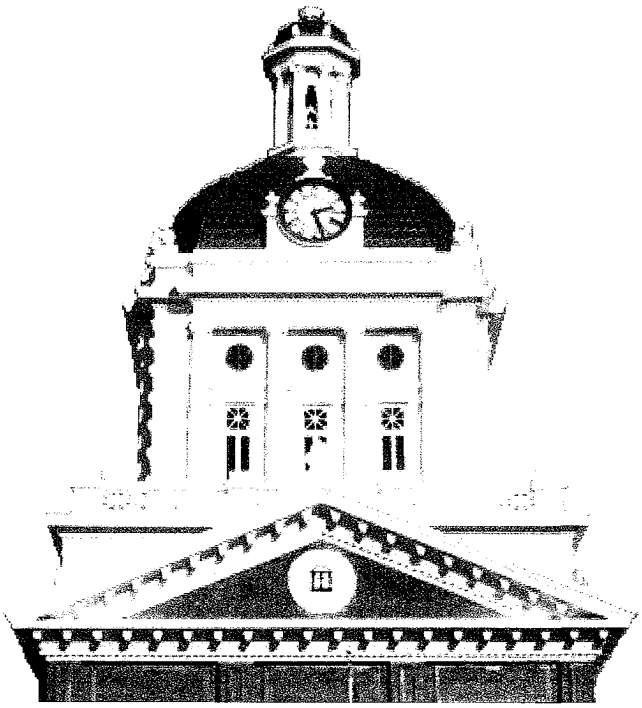
MORGAN COUNTY, GEORGIA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
ALL AGENCY FUNDS
June 30, 2012

	TAX COMMISSIONER	CLERK OF SUPERIOR COURT	PROBATE COURT	MAGISTRATE COURT	SHERIFF	TOTAL
ASSETS						
Cash	$ 4,832	$ 251,087	$ 48,415	$ 1,700	$ 50,032	$ 356,066
TOTAL ASSETS	$ 4,832	$ 251,087	$ 48,415	$ 1,700	$ 50,032	$ 356,066
LIABILITIES						
Amounts held in trust	$ 4,832	$ 251,087	$ 48,415	$ 1,700	$ 50,032	$ 356,066
TOTAL LIABILITIES	$ 4,832	$ 251,087	$ 48,415	$ 1,700	$ 50,032	$ 356,066

MORGAN COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended June 30, 2012

	TAX COMMISSIONER	CLERK OF SUPERIOR COURT	PROBATE COURT	MAGISTRATE COURT	SHERIFF	TOTAL
ASSETS						
Cash						
Balance, July 1, 2011	$ 36,218	$ 135,308	$ 53,950	$ 5,574	$ 37,556	$ 268,606
Additions	21,935,408	790,121	559,542	345,169	251,507	23,881,747
Deductions	(21,966,794)	(674,342)	(565,077)	(349,043)	(239,031)	(23,794,287)
Balance, June 30, 2012	4,832	251,087	48,415	1,700	50,032	356,066
TOTAL ASSETS	$ 4,832	$ 251,087	$ 48,415	$ 1,700	$ 50,032	$ 356,066
LIABILITIES						
Due to County						
Balance, July 1, 2011	$ -	$ -	$ -	$ -	$ -	$ -
Additions	7,567,443	343,655	372,542	84,806	74,536	8,442,982
Deductions	(7,567,443)	(343,655)	(372,542)	(84,806)	(74,536)	(8,442,982)
Balance, June 30, 2012	-	-	-	-	-	-
Amounts held in trust						
Balance, July 1, 2011	36,218	135,308	53,950	5,574	37,556	268,606
Additions	14,367,965	446,466	187,000	260,363	176,971	15,438,765
Deductions	(14,399,351)	(330,687)	(192,535)	(264,237)	(164,495)	(15,351,305)
Balance, June 30, 2012	4,832	251,087	48,415	1,700	50,032	356,066
Total Liabilities						
Balance, July 1, 2011	36,218	135,308	53,950	5,574	37,556	268,606
Additions	21,935,408	790,121	559,542	345,169	251,507	23,881,747
Deductions	(21,966,794)	(674,342)	(565,077)	(349,043)	(239,031)	(23,794,287)
TOTAL LIABILITIES	$ 4,832	$ 251,087	$ 48,415	$ 1,700	$ 50,032	$ 356,066

Supplementary Information



MORGAN COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the Year Ended June 30, 2012

PROJECT	ORIGINAL ESTIMATED COSTS	CURRENT ESTIMATED COSTS	EXPENDITURES PRIOR YEARS	EXPENDITURES CURRENT YEAR
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	5,077,629	3,582,117	1,495,512
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	733,021	733,021	-
City of Madison entitlement	820,000	655,562	655,562	-
Total SPLOST #4	$ 18,000,000	$ 16,041,611	$ 14,546,099	$ 1,495,512

MORGAN COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the Year Ended June 30, 2012

SPLOST #V - Commenced April 1, 2007 Project	Original Estimated Cost	Current Estimated Cost	Amount Expended Year 1 2007	Year 2 2008	Year 3 2009	Year 4 2010	Year 5 2011	Year 6 2012	Total
LEVEL 1 COUNTY PROJECTS									
Public safety/Detention Center	$ 10,500,000	$ 12,000,000	$ -	$ 4,403,358	$ 7,419,912	$ 12,182,166	$ 850,404	$ 352,876	$ 25,208,716
LEVEL 2 COUNTY PROJECTS									
Road and Bridge Improvements and Equipment	10,500,000	10,500,000	-	293,469	1,351,017	898,810	262,768	1,727,366	4,533,430
Library Facility Improvements and Equipment	900,000	900,000	-		-	300,000	-	600,000	900,000
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	-	47,966	48,516
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	1,113,172	2,728,208	31,850,866
MUNICIPAL PROJECTS									
City of Madison									
Road and Bridge Improvements and Equipment	600,000	600,000	21,779	87,558	77,334	79,499	80,874	83,292	430,336
Public Works Building Construction/Improvements and Equipment	400,000	400,000	14,520	58,372	51,556	53,000	53,916	55,528	286,892
Public Safety Building Construction/Improvements and Equipment	350,000	350,000	12,705	51,075	45,111	46,375	47,177	48,587	251,030
City Hall Renovations	250,000	250,000	9,075	36,482	32,222	33,125	33,698	34,705	179,307
Park Improvements and Equipment	204,400	204,400	7,419	29,828	26,345	27,083	27,551	28,375	146,601
Subtotal	1,804,400	1,804,400	65,498	263,315	232,568	239,082	243,216	250,487	1,294,166
City of Rutledge									
Water and Sewer System Improvements and Equipment	158,600	158,600	5,757	23,040	20,357	20,934	21,296	21,926	113,310
City of Bostwick									
Road and Bridge Improvements and Equipment	30,000	30,000	1,089	4,407	3,946	3,885	4,044	4,161	21,532
City Hall Improvements and Equipment	13,435	13,435	488	1,974	1,767	1,740	1,811	1,863	9,643
Water System Improvements and Equipment	15,000	15,000	544	2,203	1,973	1,942	2,022	2,080	10,764
Subtotal	58,435	58,435	2,121	8,584	7,686	7,567	7,877	8,104	41,939
City of Buckhead									
Road and Bridge Improvements and Equipment	21,174	21,174	769	3,093	2,778	2,755	2,854	2,944	15,193
Fire Station Improvements/Addition	15,000	15,000	544	2,191	1,968	1,952	2,022	2,085	10,762
Subtotal	36,174	36,174	1,313	5,284	4,746	4,707	4,876	5,029	25,955
Total All City Projects (1)	2,057,609	2,057,609	74,689	300,223	265,357	272,290	277,265	285,546	1,475,370
Total All Projects	$ 26,000,000	$ 27,750,000	$ 74,343	$ 5,205,196	$ 9,988,690	$ 13,653,816	$ 1,390,437	$ 3,013,754	$ 33,326,236

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.

MORGAN COUNTY, GEORGIA
Reconciliation of Expenditures for SPLOST
For the Year Ended June 30, 2012

Amounts may not add due to rounding

Statement of Revenues, Expenditures and Changes in Fund Balance (page 5)

	Expenditures	$ 4,461,300
	Transfers out	47,966
Subtotal		4,509,266
Less items not included as expenditures on SPLOST schedule below:		
Subtotal of adjustments		-
Expenditures reported on Splost schedule below		**$ 4,509,266**

Schedule of Projects Constructed With Special Purpose Local Option Sales Tax (pages 57-58)

Splost #4	1,495,512
Splost #5	3,013,754
	$ 4,509,266
Difference	-

STATISTICAL SECTION

This part of the county's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents **Table**

Financial Trends

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

Net Assets by Component	1
Changes in Net Assets	2
Fund Balances of Governmental Funds	3
Changes in Fund Balances of Governmental Funds	4
Five Year General Fund History	4A
General Governmental Tax Revenues by Source	5

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Assessed Value and Estimated Actual Value of Taxable Property	6
Property Tax Rates (Direct and Overlapping Governments)	7
Principal Property Taxpayers	8
Property Tax Levies and Collections	9

Debt Capacity

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

Ratios of Outstanding Debt by Type	10
Other Long-Term Liabilities	10A
Reserved for Future Use	11
Direct and Overlapping Governmental Activities Debt	12
Legal Debt Margin Information	13
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Demographic and Economic Information

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

Demographic and Economic Statistics	15
Principal Employers	16

Operating Information

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

Full-Time Equivalent County Government Employees by Function	17
Operating Indicators by Function	18
Capital Asset Statistics by Function	19

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Note: Tables may not add due to rounding

MORGAN COUNTY, GEORGIA
NET ASSETS BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2003	**2004**	**2005 (1)**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
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	$ 56,112,122	$ 54,427,414
Restricted	-	-	391,525	4,213,208	3,371,944	4,656,654	2,894,625	1,034,074	1,988,959	1,008,376
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	7,642,504	6,808,528
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	$ 65,743,585	$ 62,244,318
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	$ 423,478	$ 388,750
Unrestricted	(308,226)	(347,562)	(348,984)	(384,063)	(389,821)	(197,287)	(93,952)	(273,097)	(290,420)	(388,750)
Total business-type activities net assets	$ 215,257	$ 175,533	$ 139,377	$ 110,371	$ 233,784	$ 356,251	$ 404,317	$ 162,654	$ 133,058	$ -
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	$ 56,535,600	$ 54,816,164
Restricted	-	-	391,525	4,213,208	3,371,944	4,656,654	2,894,625	1,034,074	1,988,959	1,008,376
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	7,352,084	6,419,778
Total primary government 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	$ 65,876,643	$ 62,244,318

Note:
(1) Retroactive infrastructure was added in 2007.
(2) In 2009, the County changed its method of depreciation expense for road infrastructure assets.
As a result, invested in capital assets decreased $5,271,148.
(3) In 2011, the County implemented GASB 54.

MORGAN COUNTY, GEORGIA
CHANGES IN NET ASSETS
Last Ten Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	$ 3,387,849	$ 3,550,225
Judicial	932,446	911,146	914,292	947,640	991,742	1,109,741	1,157,153	1,184,957	1,189,888	1,181,395
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	6,433,955	6,388,700
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	4,010,735	4,981,927
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	1,655,525	1,374,205
Recreation and culture	804,686	583,112	742,137	709,565	791,172	846,539	944,780	1,219,227	1,000,265	1,635,981
Housing and development	517,303	438,871	639,383	669,125	756,911	884,788	764,023	661,589	568,418	569,188
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	764,021	728,723
Total governmental activities expenses	11,366,775	11,741,944	12,916,501	13,349,725	16,439,928	17,575,094	18,682,845	19,070,263	19,010,656	20,410,344
Business-type activities:										
Solid waste disposal facility	848,597	562,979	599,244	953,260	1,099,220	1,229,757	1,173,153	954,279	987,377	924,782
Total business-type activities expenses	848,597	562,979	599,244	953,260	1,099,220	1,229,757	1,173,153	954,279	987,377	924,782
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	19,998,033	21,335,126
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	757,176	778,590
Judicial	881,350	1,046,759	965,623	969,501	802,409	937,425	985,746	1,039,309	853,314	600,536
Public safety	397,344	422,013	576,625	690,812	469,412	617,775	623,592	646,449	669,836	538,653
Health and welfare	232,864	206,143	221,360	214,077	197,622	70,531	59,628	49,433	46,382	37,069
Recreation and culture	139,577	135,495	122,864	129,017	165,268	221,360	206,481	262,664	250,468	258,698
Housing and development	167,963	279,776	344,664	349,000	426,486	345,103	415,055	149,986	127,478	170,581
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	2,704,654	2,384,127
Operating grants and contributions	409,825	496,118	453,368	423,841	524,910	423,937	345,115	1,021,163	1,498,111	774,145
Capital grants and contributions	1,067,411	448,632	196,956	1,060,470	501,932	590,657	412,386	320,317	182,113	83,273
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	4,384,878	3,241,545

continued

MORGAN COUNTY, GEORGIA
CHANGES IN NET ASSETS
Last Ten Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type activities:										
Charges for services:										
Solid waste disposal facility	707,579	343,791	415,477	348,093	385,146	406,576	341,034	287,163	327,258	291,399
Total charges for services	707,579	343,791	415,477	348,093	385,146	406,576	341,034	287,163	327,258	291,399
Total business-type activities program revenues	707,579	343,791	415,477	348,093	385,146	406,576	341,034	287,163	327,258	291,399
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	$ 4,712,136	$ 3,532,944
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)	$ (14,625,778)	$ (17,168,799)
Business-type activities	(141,018)	(219,188)	(183,767)	(605,167)	(714,074)	(823,181)	(832,119)	(667,116)	(660,119)	(633,383)
Total primary government net expense	(7,882,466)	(8,581,929)	(9,845,178)	(9,730,026)	(13,574,958)	(14,489,412)	(15,904,563)	(15,664,165)	(15,285,897)	(17,802,182)
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	7,609,634	6,845,343
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	6,059,666	6,243,915
Insurance premium tax	376,331	403,595	436,698	466,340	488,710	513,885	526,410	518,862	504,631	525,844
Real estate and recording taxes	212,405	229,384	217,697	289,000	261,507	213,685	173,461	116,810	99,292	103,839
Other taxes	175,163	133,462	184,186	163,146	167,705	152,497	141,240	133,615	138,222	148,663
Total taxes	10,311,532	11,013,587	12,525,708	14,664,846	14,970,332	15,779,052	14,902,297	15,045,200	14,411,445	13,867,604
Unrestricted grants and contributions	332,929	294,967	341,074	348,739	353,997	304,611	307,172	-	228,308	258,767
Investment earnings	126,777	65,508	58,014	219,374	435,174	615,431	261,418	92,485	28,193	6,412
Miscellaneous	626,460	20,167	11,720	38,157	26,663	26,087	68,111	45,037	-	-
Gain on sale of capital assets	-	-	-	-	-	-	-	-	5,065	36,978
Transfers	(55,000)	(121,141)	(147,084)	(574,821)	(835,990)	(940,028)	(878,485)	(425,000)	(630,175)	(500,228)
Total governmental activities	11,342,698	11,273,088	12,789,432	14,696,295	14,950,176	15,785,153	14,660,513	14,757,722	14,042,836	13,669,533

continued

MORGAN COUNTY, GEORGIA
CHANGES IN NET ASSETS
Last Ten Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type activities:										
Investment earnings	967	469	527	1,340	1,497	5,620	1,700	454	348	97
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	55,000	121,141	147,084	574,821	835,990	940,028	878,485	425,000	630,175	500,228
Total business-type activities	55,967	121,610	147,611	576,161	837,487	945,648	880,185	425,454	630,523	500,325
Total primary government	11,398,665	11,394,698	12,937,043	15,272,456	15,787,663	16,730,801	15,540,698	15,183,176	14,673,359	14,169,858
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)	(582,942)	(3,499,266)
Business-type activities	(85,051)	(97,578)	(36,156)	(29,006)	123,413	122,467	48,066	(241,662)	(29,596)	(133,058)
Total primary government	$ 3,516,199	$ 2,812,769	$ 3,091,865	$ 5,542,430	$ 2,212,705	$ 2,241,389	$ (363,865)	$ (480,989)	$ (612,538)	$ (3,632,324)

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

MORGAN COUNTY, GEORGIA
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	-	-
Nonspendable	-	-	-	-	-	-	-	-	147,389	414,127
Assigned	-	-	-	-	-	-	-	-	-	1,915,412
Unassigned	-	-	-	-	-	-	-	-	6,625,548	3,419,893
Total general fund	$ 4,106,199	$ 2,911,529	$ 3,486,058	$ 5,187,006	$ 5,511,227	$ 5,448,114	$ 5,416,386	$ 6,469,075	$ 6,772,937	$ 5,749,432
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 inr:										
Special Revenue Funds	355,002	393,823	459,967	611,276	778,291	1,006,678	1,084,759	477,024	-	-
Capital Projects Funds	4,454,479	1,696,865	1,697,418	192,801	93,038	151,785	6,926	-	-	-
Unreserved	4,809,481	2,090,688	2,157,385	804,077	871,329	1,158,463	1,091,685	477,024	-	-
Nonspendable	-	-	-	-	-	-	-	-	3,781	4,119
Restricted	-	-	-	-	-	-	-	-	1,985,180	1,004,257
Total all other governmental funds	$ 4,809,481	$ 3,390,688	$ 2,548,910	$ 4,628,683	$ 3,809,172	$ 20,732,122	$ 12,851,158	$ 1,045,335	$ 1,988,961	$ 1,008,376

Note: In 2011, the County implemented GASB 54.

MORGAN COUNTY, GEORGIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
REVENUES										
Taxes (see table 5)	$ 10,291,534	$ 10,919,795	$ 12,612,054	$ 14,589,486	$ 14,948,577	$ 15,671,614	$ 14,824,505	$ 14,946,628	$ 14,642,085	$ 14,018,206
Licenses and permits	178,307	281,667	346,057	350,273	281,189	185,857	106,293	79,545	113,417	136,096
Intergovernmental	1,763,120	893,887	946,497	918,447	1,198,059	1,256,711	988,058	820,662	1,322,356	1,066,464
Fines and forfeitures	735,017	693,608	971,988	956,255	991,313	929,737	937,734	1,016,568	806,806	502,570
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	1,606,705	1,701,018
Contributions and donations	47,980	60,139	44,901	72,403	117,835	62,493	61,615	47,836	63,916	48,166
Investment income	126,777	65,510	56,284	219,374	435,174	615,434	261,419	92,483	30,698	7,965
Miscellaneous	158,957	171,024	200,553	190,270	98,457	179,700	38,473	37,758	147,639	17,090
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	18,733,622	17,497,575
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	2,961,023	3,192,082
Judicial	901,626	908,245	914,538	947,600	990,846	1,101,157	1,160,088	1,187,120	1,152,745	1,183,351
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	5,416,228	5,442,968
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	1,680,246	2,679,977
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	1,603,067	1,347,178
Recreation and culture	750,074	569,539	730,900	698,983	771,673	796,297	889,943	1,185,626	931,105	1,585,169
Housing and development	508,830	431,335	630,731	664,207	751,833	847,346	725,381	626,148	526,943	533,929
Intergovernmental	100,860	183,661	142,012	165,561	198,978	300,223	264,766	272,291	277,264	285,546
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	456,345	794,267
Principal on long-term debt	1,443,494	1,590,743	1,467,301	1,462,489	1,576,870	1,915,897	1,104,840	1,144,811	1,219,303	1,326,857
Interest on long-term debt	264,414	243,250	199,383	180,184	163,518	681,468	948,678	906,033	835,867	796,810
Issuance costs on long-term debt	-	-	-	-	-	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	17,060,136	19,168,134
Excess of revenues over (under) expenditures	(3,889,821)	(2,761,223)	(388,110)	3,617,007	(685,962)	(3,011,862)	(7,146,915)	(10,373,171)	1,673,486	(1,670,559)
OTHER FINANCING SOURCES (USES)										
Sale of capital assets	27,470	18,901	17,945	38,535	26,663	729,307	112,708	45,037	5,065	36,978
Debt premiums and discounts	-	-	-	-	-	1,015,109	-	-	-	-
Proceeds from borrowing	501,566	250,000	250,000	700,000	1,000,000	19,067,311	-	-	199,110	129,721
Transfers in	1,233,258	2,743,990	1,585,848	979,105	1,028,181	2,552,257	869,586	542,600	270,304	266,703
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)	(900,479)	(766,932)
Total other financing sources (uses)	474,036	147,760	120,861	163,714	190,672	19,871,699	(765,777)	(379,963)	(426,000)	(333,530)
Net change in fund balances	$ (3,415,785)	$ (2,613,463)	$ (267,249)	$ 3,780,721	$ (495,290)	$ 16,859,837	$ (7,912,692)	$ (10,753,134)	$ 1,247,486	$ (2,004,089)
Debt service as a percentage of noncapital expenditures	14.04%	14.88%	12.59%	12.23%	12.02%	15.73%	12.16%	11.86%	12.38%	11.56%

MORGAN COUNTY, GEORGIA
General Fund History
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Last Five Fiscal Years

	2008	2009	2010	2011	2012
REVENUES					
Taxes	$ 11,831,581	$ 11,431,646	$ 11,465,747	$ 11,101,086	$ 10,366,209
Licenses and permits	185,357	105,793	101,929	113,417	136,096
Intergovernmental	318,861	359,709	390,345	1,204,622	882,093
Fines and forfeitures	684,319	639,598	771,061	601,126	365,491
Charges for services	891,097	841,316	1,207,090	1,305,732	1,412,371
Contributions and Donations	145	90	35,810	50,608	37,085
Investment income	241,500	91,535	78,097	27,198	6,045
Miscellaneous	50,619	15,393	35,202	147,639	16,462
TOTAL REVENUES	14,203,479	13,485,080	14,085,281	14,551,428	13,221,852
EXPENDITURES					
Current					
General government	2,455,193	2,676,798	2,985,485	2,961,023	3,192,082
Judicial	1,056,516	1,109,135	1,136,456	1,116,449	1,158,985
Public safety	3,648,713	3,970,104	4,175,227	4,706,529	4,740,545
Public works	1,693,644	1,437,395	1,410,296	1,434,579	1,435,250
Health and welfare	1,257,261	1,318,927	1,613,427	1,602,250	1,347,178
Recreation and culture	539,226	573,514	885,626	931,105	985,169
Housing and development	818,546	692,717	605,095	504,503	507,487
Capital Outlay	-	80,612	80,089	90,491	250,572
Debt Service					
Principal	132,045	139,840	139,811	162,593	205,471
Interest	88,592	71,438	64,270	30,890	28,058
TOTAL EXPENDITURES	11,689,736	12,070,480	13,095,782	13,540,412	13,850,797
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,513,743	1,414,600	989,499	1,011,016	(628,945)
OTHER FINANCING SOURCES (USES)					
Proceeds from borrowings	67,311	-	-	-	129,721
Proceeds from sale of fixed assets	4,000	46,908	25,284	5,065	36,978
Transfers in	397,159	101,613	462,906	94,130	78,853
Transfers out	(3,045,326)	(1,594,849)	(425,000)	(806,349)	(640,112)
TOTAL OTHER FINANCING SOURCES (USES)	(2,576,856)	(1,446,328)	63,190	(707,154)	(394,560)
EXCESS OF REVENUES AND OTHER FINANCING OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(63,113)	(31,728)	1,052,689	303,862	(1,023,505)
FUND BALANCES, Beginning of Year	5,511,227	5,448,114	5,416,386	6,469,075	6,772,937
FUND BALANCES, End of Year	$ 5,448,114	$ 5,416,386	$ 6,469,075	$ 6,772,937	$ 5,749,432

The accompanying notes are an integral part of this statement.

Source: Audited Financial Statements of Morgan County

MORGAN COUNTY, GEORGIA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Taxes	Sales Taxes	Insurance Premium Tax	Real Estate & Recording Taxes	Other Taxes	Total
2003	$ 5,679,232	$ 3,868,401	$ 376,331	$ 212,405	$ 175,163	$ 10,311,532
2004	6,119,749	4,127,396	403,595	229,384	133,462	11,013,587
2005	6,688,847	4,998,280	436,698	217,697	184,186	12,525,708
2006	7,442,866	6,303,494	466,340	289,000	163,146	14,664,846
2007	7,692,493	6,359,917	488,710	261,507	167,705	14,970,332
2008	8,329,546	6,569,439	513,885	213,685	152,497	15,779,052
2009	8,263,593	5,797,590	526,410	173,461	141,240	14,902,294
2010	8,312,443	5,963,470	518,862	116,810	133,615	15,045,200
2011	7,840,274	6,059,666	504,631	99,292	138,222	14,642,085
2012	$ 6,995,945	$ 6,243,915	$ 525,844	$ 103,839	$ 148,663	$ 14,018,206

MORGAN COUNTY, GEORGIA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Tax Year	Residential Property	Commercial Property	Motor Vehicles	Other (1)	Less Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate (2)	Estimated Actual Value (3)	Assessed Value as a Percentage of Actual Value
2003	2002	$ 469,536,743	$ 141,941,008	$ 44,568,320.00	$ 5,170,014.00	$ 133,198,772	$ 528,017,313	11.250	$ 1,320,043,283	40.00%
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	40.00%
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	40.00%
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	40.00%
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	40.00%
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	40.00%
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	40.00%
2010	2009	1,129,607,268	236,562,590	58,619,790	7,129,457	413,943,966	1,017,975,139	8.178	2,544,937,848	40.00%
2011	2010	939,418,951	219,530,036	50,661,300	5,384,390	336,780,704	878,213,973	8.400	2,195,534,933	40.00%
2012	2011	$ 781,791,642	$ 198,566,312	$ 50,002,820	$ 4,390,375	$ 284,751,666	$ 749,999,483	8.990	$ 1,874,998,708	40.00%

Source: Georgia Department of Revenue

(1) Includes Mobile homes, aircraft, boats, miscellaneous personal property, timber and heavy equipment.

(2) This is the rate applicable to the unincorporated portion of the county.

(3) Property that is exempt from taxation has not been included. That is typically property owned by governments and not-for-profit organizations like churches.

MORGAN COUNTY, GEORGIA
DIRECT AND OVERLAPPING PROPERTY TAX RATES - MILLS
LAST TEN FISCAL YEARS
(Mills - rate per $1,000 of taxable assessed value)

Tax Year	*2002*	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*
Fiscal Year	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*
County - Incorporated	11.250	9.490	10.700	10.700	10.700	8.430	8.350	8.178	8.400	8.990
County - Unincorporated **(1)**	11.250	9.490	10.700	10.700	10.700	8.430	8.350	8.178	8.400	8.990
School Operations	16.000	15.500	15.442	16.000	15.985	12.735	12.724	12.461	13.743	15.545
State of Georgia	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250
Total Incorporated	27.500	25.240	26.392	26.950	26.935	21.415	21.324	20.889	22.393	24.785
Total Unincorporated	27.500	25.240	26.392	26.950	26.935	21.415	21.324	20.889	22.393	24.785
Municipalities										
Bostwick	0.962	0.970	0.970	0.970	0.970	0.970	0.970	0.970	1.123	1.235
Buckhead	3.500	2.930	2.960	2.960	2.960	2.245	2.245	2.105	2.000	2.860
Madison	3.199	3.660	3.900	3.738	3.995	3.312	3.583	3.577	4.794	5.446
Madison Commercial Business Light	-	-	1.150	1.150	1.150	0.809	0.804	0.881	0.962	1.141
Madison Interstate Light	-	-	1.150	1.150	1.150	0.809	0.804	0.790	0.843	0.953
Rutledge	5.190	5.190	5.190	5.000	5.000	3.779	3.779	3.734	3.734	3.734

Source: Georgia Department of Revenue

Overlapping rates are those of local and county governments that apply to property owners within the County. Not all overlapping rates apply to all County property owners (e.g., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district. The districts that are within the city limits of municipalities that do not levy a city tax are considered with the unincorporated areas in computing the maximum rates.

(1) For purposes of this schedule, the County unincorporated rate is considered the total direct rate.

Maximum rates:										
Total Incorporated	32.690	30.430	31.582	31.950	31.935	25.194	25.103	24.623	27.187	30.231
Total Unincorporated	27.500	25.240	26.392	26.950	26.935	21.415	21.324	20.889	22.393	24.785

MORGAN COUNTY, GEORGIA
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago
(amounts expressed in thousands)

	Tax Year 2011			Tax Year 2002		
	1	2		1	2	
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Weyerhaeuser Real Estate	$ 8,504,294	1	0.82%	$ 4,495,540	7	0.68%
Georgia Power Co	8,043,241	2	0.78%	4,961,371	5	0.75%
Georgia-Pacific Wood Products LLC	8,492,166	3	0.82%	5,636,007	4	0.85%
Georgia Transmission Corp	5,767,026	4	0.56%	-		0.00%
Lowes Home Centers Inc	5,267,943	5	0.51%	-		0.00%
C R Bard Inc	4,812,464	6	0.47%	-		0.00%
Pennington Seed, Inc.	9,515,254	7	0.92%	6,564,150	3	0.99%
Walmart (Zorn Eric S Trustee of)	3,274,000	8	0.32%	-		0.00%
Walton Emc	2,976,844	9	0.29%	-		0.00%
Amtico International, Inc.	4,809,290	10	0.46%	4,796,456	6	0.73%
Denon Digital Ind	-		0.00%	9,408,324	1	1.42%
Bellsouth Telecommunications	-		0.00%	4,403,348	8	0.67%
Weyerhaeuser Company	-		0.00%	7,824,710	2	1.18%
Wellington-Puritan Mills	-		0.00%	4,087,627	9	0.62%
Arthur Williams Jr.	-		0.00%	3,551,228	10	0.54%
Totals	$ 61,462,522		5.94%	$ 55,728,761		8.60%

Source: Morgan County Tax Commissioner

1. Amounts expressed in thousands.
2. Rank is based on the amount of County maintenance & operations taxes billed since exemptions that reduce the assessed value can vary by entity.

MORGAN COUNTY, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Tax Years
(amounts expressed in thousands)

Tax Year	Tax Due Date	Taxes Levied for the Tax Year (Original Levy)	Adjustments	Interest, Costs, & Penalties	Total Adjusted Levy	Collected within Fiscal year of the Levy		Collections in Subsequent Years	Total Collections to Date		Uncollected Balance
						Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy	
2003	12/20/2003	$ 5,992	$ (11)	$ 173	$ 6,154	$ 5,692	94.99%	$ 461	$ 6,153	99.98%	$ 1
2004	12/20/2004	6,485	109	172	6,766	6,370	98.23%	395	6,765	99.99%	1
2005	12/20/2005	6,905	92	166	7,163	6,839	99.04%	320	7,159	99.94%	4
2006	12/20/2006	7,364	6	172	7,542	7,207	97.87%	331	7,538	99.95%	4
2007	12/20/2007	8,157	14	291	8,462	7,904	96.90%	549	8,453	99.89%	9
2008	12/20/2008	8,186	(25)	297	8,458	7,860	96.02%	588	8,448	99.88%	10
2009	12/20/2009	8,179	(50)	315	8,444	7,747	94.72%	684	8,431	99.85%	13
2010	12/20/2010	7,364	(12)	244	7,596	7,158	97.20%	393	7,551	99.41%	45
2011	12/20/2011	6,678	31	71	6,780	6,518	97.60%	15	6,533	96.36%	247
2012	12/20/2012	$ 486	3	$ 27	$ 516	$ 510	104.94%	$ -	$ 510	98.84%	$ 6

Source: Morgan County Tax Commissioner's Office.

Schedule includes amounts for County maintenance and operations.
Taxes levied include real and personal property, motor vehicle, mobile home, timber, and heavy equipment taxes.
(1) Since real and personal property taxes are levied in the fall after the June 30 year end, those taxes are included in the next fiscal year.
For example the 2011 property taxes due December 20, 2011 are reported as revenues in the fiscal year ended June 30, 2012.
Motor vehicle taxes are reported in the fiscal year that they are collected.
(2) Since mobile home taxes are levied in April, they are recorded in the fiscal year that they are levied.
For example the 2012 mobile home taxes are recorded in the year ended June 30, 2012. Likewise for timber and heavy equipment taxes.

MORGAN COUNTY, GEORGIA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

	Governmental Activities					
Fiscal Year	Capital Leases	Notes Payable	Contracts Payable (2)	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2003	$ 5,415,349	$ -	$ 1,260,000	$ 6,675,349	1.41%	$ 402
2004	4,119,606	-	1,215,000	5,334,606	1.03%	316
2005	2,947,305	-	1,170,000	4,117,305	0.76%	238
2006	2,229,816	-	1,125,000	3,354,816	0.59%	189
2007	789,811	-	1,988,135	2,777,946	0.43%	153
2008	419,423	-	20,453,746	20,873,169	3.15%	1,122
2009	342,878	-	19,312,986	19,655,864	3.16%	1,048
2010	266,518	-	18,137,015	18,403,533	2.91%	1,030
2011	354,940	-	16,926,032	17,280,972	2.68%	962
2012	$ 218,469	$ 88,121	$ 15,680,233	$ 15,986,823	2.43%	$ 893

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics on Table 15 for personal income and population data.

(2) Debt includes premiums, discounts, and amounts deferred on refunding.

In 2008, the County entered into a $19,000,000 contract to finance the renovations to the county jail and build an aquatic center.

MORGAN COUNTY, GEORGIA
OTHER LONG-TERM LIABILITIES
Last Ten Fiscal Years

			Business-Type Activities					
Fiscal Year	Compensated Absences	Total	Landfill Closure/ Post-closure	Compensated Absences	Total	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2003	$ 146,980	$ 146,980	$415,460	$ -	$ 415,460	$ 562,440	0.12%	$ 34
2004	168,558	168,558	396,972	-	396,972	565,530	0.11%	33
2005	184,833	184,833	384,995	-	384,995	569,828	0.11%	33
2006	196,184	196,184	372,234	-	372,234	568,418	0.10%	32
2007	196,252	196,252	358,509	13,210	371,719	567,971	0.09%	31
2008	192,242	192,242	361,657	33,923	395,580	587,822	0.09%	32
2009	258,459	258,459	362,196	12,001	374,197	632,656	0.10%	34
2010	268,086	268,086	329,227	12,960	342,187	610,273	0.10%	34
2011	269,936	269,936	368,920	14,890	383,810	653,746	0.10%	36
2011	$ 257,372	$ 257,372	$364,215	$ 18,290	$ 382,505	$ 639,877	0.10%	$ 36

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.
(1) See the Schedule of Demographic and Economic Statistics on Table 15 for personal income and population data.

MORGAN COUNTY, GEORGIA
DIRECT AND OVERLAPPING GOVERNMENT ACTIVITIES DEBT
GENERAL OBLIGATION DEBT
June 30, 2012

Jurisdiction	*Debt Outstanding*	*Percentage Applicable to Government*	*Amount Applicable to Government*
Direct Obligations			
Direct Debt			
Notes Payable	$ 88,121	100.00%	$ 88,121
Total Direct	88,121		88,121
Intergovernmental Contracts Obligation			
Morgan County Public Purpose Corporation	67,454	100.00%	67,454
Joint Development Authority of Jasper County, Morgan County, Newton County, and Walton County Bonds	780,000	100.00%	780,000
Joint Development Authority of Jasper County, Morgan County, Newton County, and Walton County Bonds	50,792	100.00%	50,792
Morgan County Building Authority	14,325,000	100.00%	14,325,000
Total Intergovernmental Contracts Obligation	15,223,246		15,223,246
Capital Leases			
Capital Leases - Other	151,014	100.00%	151,014
Total Capital Leases	151,014		151,014
Total Direct obligations	15,462,381		15,462,381
Overlapping General Obligation Debt:			
Morgan County School System - Installment Sales Agreement	201,331	100.00%	201,331
City of Madison - Capital lease obligations Board of Education	1,412,220	100.00%	1,412,220
City of Rutledge GEFA loans	459,398	100.00%	459,398
City of Buckhead - GEFA loans	48,358	100.00%	48,358
City of Bostwick - no overlapping debt	-	100.00%	-
Total Overlapping General Obligation Debt	2,121,307		2,121,307
Total	$ 17,583,688		$ 17,583,688

Sources: Assessed value data used to estimate applicable percentages provided by the State Department of Revenue. Debt outstanding provided by the County & each local government. See Table 10.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the county. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the county. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the overlapping government's boundaries and dividing it by the overlapping government's total taxable assessed value.

MORGAN COUNTY, GEORGIA
DIRECT AND OVERLAPPING GOVERNMENT ACTIVITIES DEBT
GENERAL OBLIGATION DEBT
June 30, 2012

Debt and Assessed Value per Capita[1]

	Per Capita	Debt Amount
Direct General Obligation (G.O.) debt per capita	$ 5	$ 88,121
Direct and Contractual G.O. debt per capita	$ 855	$ 15,311,367
Direct debt, Contractual Debt, Notes, and Leases per capita	$ 863	$ 15,462,381
Direct and Contractual Debt, Notes, Leases, and Overlapping Debt per capita	$ 982	$ 17,583,688
Fair Market Value of Taxable Property per capita	$ 144,421	
Grossed Assessed value of property before exemptions	$ 1,034,751,149	
Net Tax digest for Maintenance and operations	$ 749,999,483	
Estimated Fair Market Value of Taxable Property	$ 2,586,877,873	
Population, estimated 2012	17,912	

1 Based on estimated population for the Countyas shown above.

2 Contractual debt represents long term Intergovernmental Contract obligations of Morgan County.

3 Includes all G.O. Debt, contract obligations, leases and short-term notes secured by ad valorem taxes and general revenues of Morgan County.

4 Includes all G.O. Debt, contract obligations, leases and short-term notes secured by ad valorem taxes and general revenues of Morgan County and overlapping direct general obligation debt.

5 Based on 2011 gross assessed valuation before exemptions and estimated fair market value of taxable property in the County shown above.

MORGAN COUNTY, GEORGIA
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Assessed value of property	$ 661,216,085	$ 862,844,900	$ 868,469,242	$ 917,075,978	$ 961,857,064	$ 1,385,616,912	$ 1,409,698,251	$ 1,431,919,105	$ 1,214,994,677	$ 1,034,751,149
Debt limit (10% of total assessed value)	66,121,609	86,284,490	86,846,924	91,707,598	96,185,706	138,561,691	140,969,825	143,191,911	121,499,468	103,475,115
Amount of Debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Less: Resources restricted to paying principal	-	-	-	-	-	-	-	-	-	-
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	$ 66,121,609	$ 86,284,490	$ 86,846,924	$ 91,707,598	$ 96,185,706	$ 138,561,691	$ 140,969,825	$ 143,191,911	$ 121,499,468	$ 103,475,115
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

MORGAN COUNTY, GEORGIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2003	16,602	$ 472,326,900	$ 28,450	4.2%
2004	16,890	516,725,000	30,594	4.2%
2005	17,279	540,884,537	31,303	4.5%
2006	17,774	573,229,274	32,251	4.3%
2007	18,185	650,544,000	35,774	4.4%
2008	18,600	662,781,000	35,633	6.0%
2009	18,761	622,566,000	33,184	9.6%
2010	17,868	633,402,000	35,449	9.9%
2011	17,961	645,986,000	35,966	9.8%
2012	17,912	$ 658,820,010	$ 36,781	8.4%

Data sources:
(1) US Bureau of the Census; Then projected for 2012
(2) Federal Bureau of Economic Analysis; Then projected for 2012
(3) Morgan County Chamber of Commerce

MORGAN COUNTY, GEORGIA
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

	2012			2003		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Board of Education	525	1	9.31%	-		0.00%
Georgia-Pacific Wood Products LI	425	2	7.54%	-		0.00%
Wal-Mart	200	3	3.55%	-		0.00%
Morgan Memorial Hospital	240	4	4.26%	-		0.00%
Pennington Partners LP	225	5	3.99%	-		0.00%
Anthony International (Sovis)	175	6	3.10%	-		0.00%
Morgan County Government	173	7	3.07%	-		0.00%
Bard Manufacturing	145	8	2.57%	-		0.00%
Lowes Home Centers Inc	120	9	2.13%	-		0.00%
Flambeau	120	10	2.13%	-		0.00%
All other employers	3,291		58.36%	0		100.00%
Total	5,639		100.00%	0		100.00%

Source: Morgan County Chamber of Commerce and Georgia Department of Labor
Information is not available for 2003.

MORGAN COUNTY, GEORGIA
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

Function	2007	2008	2009	2010	2011	2012
General government	36.5	36.5	39.0	34.0	32.0	30.0
Judicial	20.0	20.0	20.0	20.0	19.0	17.0
Public safety	73.0	73.0	73.0	83.5	87.0	70.0
Public works	42.0	42.0	42.0	33.5	32.0	32.0
Health and welfare	9.0	9.0	9.0	9.0	11.0	9.0
Recreation and culture	7.5	7.5	7.5	7.5	10.0	10.0
Housing and development	9.5	9.5	9.5	9.0	8.0	5.0
Total	197.5	197.5	200.0	196.5	199.0	173.0

Source: Morgan County Finance Department - budget and payroll data

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.
Information for years prior to 2007 is not available.

MORGAN COUNTY, GEORGIA
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

Function	2007	2008	2009	2010	2011	2012
Sheriff						
Accident reports	298	237	272	208	215	286
Criminal incidents	543	490	576	418	474	438
Deputies/1,000 population	1	1	1	1	1	1
Fire						
Calls	469	352	296	320	151	118
Judicial						
Marriage license	138	104	145	100	104	91
Pistol permits	102	176	399	217	174	213
Highways and streets						
Miles of right-of-way mowed			2,104	1,559	2171	2749
Miles of shoulder work			134	148	139	321
Sanitation						
Refuse collected (tons/day)	684	620	639	547	538	538
Recyclables collected (tons/day)	322	365	377	343	263	263
Parks and recreation						
Adult athletic participants				6,492	3,749	4,105
Aquatic center participants				21,880	24,187	23,466
Youth athletic participants				21,060	18,068	20,970
Senior Center						
Congregate meals	6,263	6,283	6,739	7,470	6,864	6,739
Home delivered meals	3,970	4,253	5,247	6,686	8,146	8,716
Transit						
Average daily trips			91	96	103	103
Protective inspection						
Building permits	254	165	93	66	26	59

Sources: Various County departments

Note: Partial information is not available for 2007, 2008, and 2009.
Information for years prior to 2007 is not available.

MORGAN COUNTY, GEORGIA
CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years

Function	Fiscal Year 2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government										
Vehicles	6	6	6	7	7	7	8	8	8	12
Public Safety										
Jail cells	67	67	78	78	78	78	78	192	192	192
K-9 units	1	1	1	1	1	3	3	2	2	2
Fire Stations	11	13	13	13	13	13	13	13	13	12
Public works										
Streets (miles)	438	438	438	438	438	438	438	438	438	438
Health and welfare										
Senior service centers	1	1	1	1	1	1	1	1	1	1
Transit buses	4	4	4	4	4	4	4	4	4	4
Parks and recreation										
Acreage total	120	120	120	120	120	120	120	120	120	120
Swimming pools	1	1	1	-	-	-	1	1	1	1
Tennis courts	4	4	4	12	12	12	12	12	12	12
Baseball fields	9	9	9	9	9	9	9	8	8	8
Soccer fields	1	1	1	1	1	1	1	1	1	1
Playgrounds	6	6	5	7	7	7	7	5	5	7
Libraries	1	1	1	1	1	1	1	1	1	1
Sanitation										
Compactor sites	12	12	12	12	12	12	12	12	13	13

Sources: Various county departments

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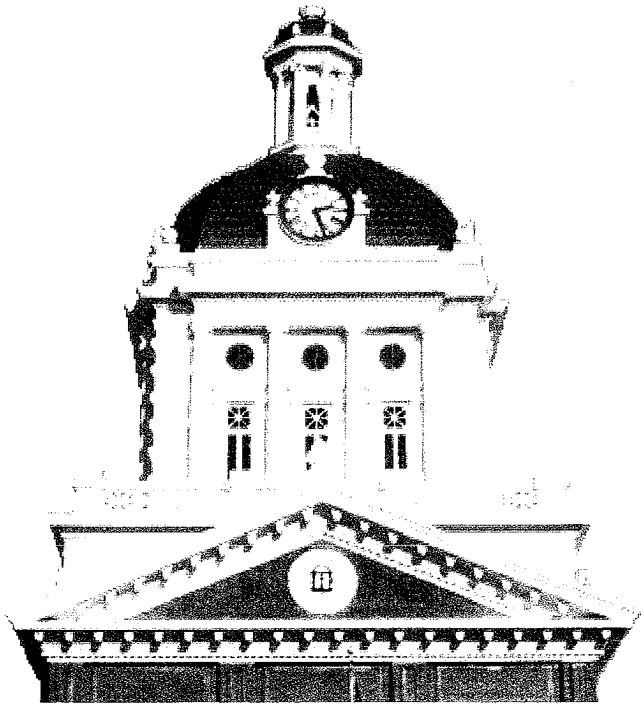
Compliance and Internal Control Reports



MORGAN COUNTY, GEORGIA.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended June 30, 2012

FEDERAL GRANTOR/ PASS-THRU GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT/ CONTRACT NUMBER	PROGRAM OR AWARD AMOUNT	Expenditures
U.S DEPARTMENT OF JUSTICE				
Passed-through the Council of Juvenile Court Judges				
Purchase of Service, Juvenile Offenders Program	16.523	JB-08ST-0002	$ 7,500	$ 2,530
Purchase of Service, Juvenile Offenders Program	16.523	JB-09ST-0004	7,500	5,324
			15,000	7,854
ARRA-Assistance to Rural Law Enforcement	16.810	2009-SD-B9-0019	434,964	109,537
COPS-Secure Our Schools	16.710	2010-CK-WX-0700	35,990	35,990
Bulletproof Vest Partnership	16.607	2011	33,805	4,967
Total U.S. Department of Justice			**519,759**	**158,348**
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through Georgia Department of Transportation				
Transit Operating Assistance Grant	20.509	GA-18-4031 / Project T003367	71,033	5,305
Transit Operating Assistance Grant	20.509	GA-18-4032 / Project T003832	71,032	56,513
Transit Operating Assistance Grant	20.509	GA-18-0032 / Project T003948	8,100	2,580
Total U.S. Department of Transportation			**150,165**	**64,398**
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through Northeast Georgia Regional Commission				
Title III C1, C2	93.045	FY 2012	51,325	51,325
Nutrition Services Incentive Program	93.053	FY 2012	9,244	9,244
Title III B Supportive Services	93.044	FY 2012	8,277	8,277
		Aging Cluster	68,846	68,846
OAA Title III E	93.052	FY 2012	3,333	3,333
Total U.S. Department of Health and Human Services			**72,179**	**72,179**
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Assistance to Firefighter's Grant	97.044	EMW-2010-FO-00209	313,144	32,284
Assistance to Firefighter's Grant	97.044	EMW-2010-FV-00143	109,250	103,807
			422,394	136,091
Passed through Georgia Emergency Management Agency				
FY 2010 Homeland Security Grant Program	97.067	2010-SS-TO-0034	88,000	76,753
FY12 GEMA EMPG Grant	97.042	FY-2012	11,236	11,236
Total Federal Emergency Management Agency			**521,630**	**224,080**
U.S. DEPARTMENT OF ENERGY				
Passed through Georgia Environmental Finance Authority				
ARRA-GEFA Energy Grant - Multi Jurisdictional	81.128	EECBG-ARRA-GOV-2010-DE-EE000806	246,208	65,556
Total U.S. Department of Energy			**246,208**	**65,556**
		GRAND TOTALS	**$ 1,509,941**	**$ 584,561**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
This schedule is prepared on the modified accrual basis of accounting.

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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 28, 2012

Board of Commissioners
MORGAN COUNTY, GEORGIA
Madison, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of MORGAN COUNTY, GEORGIA as of and for the year ended June 30, 2012, which collectively comprise the MORGAN COUNTY, GEORGIA's basic financial statements and have issued our report thereon dated December 28, 2012.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

Management of MORGAN COUNTY, GEORGIA, is responsible for establishing and maintaining effective 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 the 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 in the accompanying schedule of findings and questioned costs as finding 2012-02 that we consider to be significant deficiencies in internal control over financial reporting.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as finding 2012-01.

MORGAN COUNTY, GEORGIA's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. 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.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

December 28, 2012

Board of Commissioners
MORGAN COUNTY, GEORGIA
Madison, Georgia

Compliance

We have audited MORGAN COUNTY, GEORGIA's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of MORGAN COUNTY, GEORGIA's major federal programs for the year ended June 30, 2012. MORGAN COUNTY, GEORGIA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants, applicable to each of its major federal programs is the responsibility of MORGAN COUNTY, GEORGIA's management. Our responsibility is to express an opinion on MORGAN COUNTY, GEORGIA's compliance based on our audit.

MORGAN COUNTY, GEORGIA's basic financial statements include the operations of legally separate component units, Morgan County Health Department and Morgan County Hospital Authority. Any amounts of federal awards received by those component units are not included in the accompanying schedule of expenditures of federal awards. Our audit, described below, did not include the operations of Morgan County Health Department and Morgan County Hospital Authority because those component units engaged other auditors to perform any audit required in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about MORGAN COUNTY,

GEORGIA's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on MORGAN COUNTY, GEORGIA's compliance with those requirements.

In our opinion, MORGAN COUNTY, GEORGIA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of MORGAN COUNTY, GEORGIA is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered MORGAN COUNTY, GEORGIA's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of MORGAN COUNTY, GEORGIA's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis..

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

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MORGAN COUNTY, GEORGIA
AUDITORS' SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012

I SUMMARY OF AUDITORS' RESULTS:

1. Report issued on Financial Statements – Unqualified opinion.
2. Compliance (financial statements) – One instance of noncompliance.
3. Internal Control (financial statements) – One significant deficiency.
4. Compliance (major programs) – Unqualified opinion, no instances of noncompliance.
5. Internal control (major programs) – No material weaknesses.
6. Audit findings required to be reported under A133 Section 510(a)
   - i) Significant deficiencies in internal controls over major programs – None reported
   - ii) Material noncompliance related to major programs – None reported
   - iii) Known questioned costs greater than $10,000 for major programs – None reported
   - iv) Known questioned costs greater than $10,000 for a program not audited as major – None reported
   - v) Circumstances if report on compliance is other than unqualified – N/A
   - vi) Known fraud – N/A
   - vii) Misrepresentation in schedule of prior audit findings – None reported
7. Major programs for the year – ARRA-Assistance to Rural Law Enforcement, CFDA 16.810, Federal Emergency Management Agency, Assistance to Firefighters's Grant, CFDA 97.044, ARRA-GEFA Energy Grant, CFDA 81.128
8. Dollar threshold used to distinguish between Type A and Type B programs – $300,000.
9. Does the auditee qualify as a low risk auditee under A133 Section 530 – No.

II AUDIT FINDINGS - GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS

Finding Number

COMPLIANCE

2012-01 ***Statement of Condition:***

The County's entered into a long-term bank loan without approval of the voters.

Criteria:

Long-term debt is required to be approved by the voters before it is borrowed. There is an exception for capital leases which contain a fiscal funding clause that allows the Board of Commissioners the right to not renew such a lease at the end of the year.

Effect of Condition:

As a result, the County borrowed $129,721 without the proper approval of the voters.

Cause of Condition:

The debt was obtained to finance the purchase of four vehicles for the Sheriff's department. Neither the Sheriff nor the bank lending officer was aware of the requirements related to this specific debt issuance. The former finance director did not communicate this requirement to them nor to the Board of Commissioners. The Sheriff and Board of Commissioners were under the impression that they were entering into an allowable capital lease.

Recommendation:

We recommend that the County make every effort review the terms of any borrowings to be certain that they meet the legal requirements before finalizing the borrowing.

Response:

We concur with this recommendation and the balance of outstanding debt will be paid in full in January 2013.

SIGNIFICANT DEFICIENCY

2012-02 ***Statement of Condition:***

During the course of auditing capital assets, we noticed many older pieces of equipment that are still reflected on the County's capital asset schedules.

Criteria:

To ensure proper controls over capital assets, formal procedures should be in place to ensure that disposals are reported to the finance department as they occur. Without such a

procedure, the likelihood increases that disposals are not being recorded. Also, physical inventories of capital assets should be performed periodically to ensure dispositions are not occurring without proper authorization.

Effect of Condition:
As a result, this often leads to situations where capital assets that physically exist within the government and the asset listing maintained by the finance department are out of synch.

Cause of Condition:
In past years, physical inventories were performed on an annual basis. However, with reduction of staffing over the past three years this control has not been performed.

Recommendation:
We suggest that physical inventories of fixed assets be taken periodically and related records be timely and appropriately updated, to prevent large write-offs in the future.

Response:
We concur with this recommendation and are currently in the process of implementing annual physical inventory counts of all assets which will be compared to our asset listing in software as well as compared to the insurance listing.

III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs relating to Federal awards reported for the year ended June 30, 2012.