

PICKENS COUNTY, GEORGIA
FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2010

INTRODUCTORY SECTION

PICKENS COUNTY, GEORGIA
FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**Commissioner of Roads and Revenues
of Pickens County, Georgia
Jasper, 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 **Pickens County, Georgia** (the "County"), as of and for the year ended December 31, 2010, which collectively comprise Pickens County, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Pickens County Department of Public Health, which represent 7 percent, 55 percent, and 73 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Pickens County Department of Public Health is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pickens County, Georgia as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, 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 our report dated October 18, 2011, on our consideration of Pickens County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison information and schedules of funding progress (on pages 40 through 43) are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The County has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pickens County, Georgia's basic financial statements. The combining and individual fund financial statements and schedules, Schedule of Expenditures of Federal Awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds, as required by the Official Code of Georgia 48-8-21, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules, the Schedule of Expenditures of Federal Awards, and the Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mauldin & Jenkins, LLC

Atlanta, Georgia
October 18, 2011

PICKENS COUNTY, GEORGIA

STATEMENT OF NET ASSETS DECEMBER 31, 2010

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 8,472,057	\$ 291,674	\$ 8,763,731
Investments	545,423	-	545,423
Taxes receivable	2,034,379	-	2,034,379
Accounts receivable, net of allowances	461,785	210,275	672,060
Notes receivable	10,257	-	10,257
Note receivable from primary government	-	-	-
Due from other governments	1,226,611	292,530	1,519,141
Inventories	21,102	36,246	57,348
Prepaid items	12,003	-	12,003
Internal balances	1,611,335	(1,611,335)	-
Capital assets, non-depreciable	4,515,324	7,010,162	11,525,486
Capital assets, depreciable, net of accumulated depreciation	27,651,786	12,674,868	40,326,654
Other non-current assets	84,130	60,807	144,937
Total assets	46,646,192	18,965,227	65,611,419
LIABILITIES			
Accounts payable	912,660	1,002,325	1,914,985
Accrued liabilities	200,174	20,972	221,146
Unearned revenues	100,845	97,994	198,839
Other non-current liabilities	495,978	-	495,978
Capital leases due within one year	193,062	-	193,062
Capital leases due in more than one year	129,128	-	129,128
Compensated absences due within one year	208,825	13,587	222,412
Compensated absences due in more than one year	-	-	-
Notes payable due within one year	669,970	136,486	806,456
Notes payable due in more than one year	3,800,939	1,866,098	5,667,037
Note payable to component unit	-	3,230,321	3,230,321
Bonds payable due within one year	-	99,723	99,723
Bonds payable due in more than one year	90,000	6,820,515	6,910,515
Landfill postclosure costs due within one year	17,500	-	17,500
Landfill postclosure costs due in more than one year	402,500	-	402,500
Total liabilities	7,221,581	13,288,021	20,509,602
NET ASSETS			
Investment in capital assets, net of related debt	30,247,261	7,531,887	37,779,148
Restricted for grant programs	10,257	-	10,257
Restricted for capital projects	3,916,068	-	3,916,068
Unrestricted	5,251,025	(1,854,681)	3,396,344
Total net assets	\$ 39,424,611	\$ 5,677,206	\$ 45,101,817

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

Component Units	
Health Department	Industrial Development Authority
\$ 350,069	\$ 117,291
-	111,937
-	-
8,879	6,425
-	1,372,151
-	3,230,321
-	40,000
1,465	-
-	-
-	-
-	-
19,330	-
-	-
<u>379,743</u>	<u>4,878,125</u>
28,615	-
11,594	25,910
-	-
-	-
-	-
-	-
13,259	-
-	69,637
-	4,519,503
-	-
-	-
-	-
-	-
<u>53,468</u>	<u>4,615,050</u>
19,330	-
-	-
-	-
<u>306,945</u>	<u>263,075</u>
<u>\$ 326,275</u>	<u>\$ 263,075</u>

PICKENS COUNTY, GEORGIA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,787,117	\$ 943,941	\$ 530,325	\$ -
Judicial	4,903,897	2,075,196	1,344,409	-
Public safety	12,107,377	3,106,686	455,403	94,998
Public works	3,167,315	366,488	-	297,945
Health and welfare	539,654	1,475	384,411	-
Recreation	835,818	179,693	-	-
Housing and development	875,703	69,262	-	-
Interest on long-term debt	486,224	-	-	-
Total governmental activities	25,703,105	6,742,741	2,714,548	392,943
Business-type activities:				
Water	2,293,587	1,830,922	-	246,000
Airport	371,098	311,177	-	434,485
Total business-type activities	2,664,685	2,142,099	-	680,485
Total primary government	\$ 28,367,790	\$ 8,884,840	\$ 2,714,548	\$ 1,073,428
Component units:				
Health Department	\$ 543,275	\$ 188,377	\$ 306,560	\$ -
Industrial Development Authority	190,811	116,533	67,001	-
Total component units	\$ 734,086	\$ 304,910	\$ 373,561	\$ -
General revenues:				
Property taxes				
Sales taxes				
Other taxes				
Unrestricted investment earnings				
Miscellaneous earnings				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning of year				
Net assets, end of year				

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

**Net (Expense) Revenue and
Changes in Net Assets**

Governmental Activities	Business-type Activities	Total	Component Units	
			Health Department	Industrial Development Authority
\$ (1,312,851)	\$ -	\$ (1,312,851)	\$ -	\$ -
(1,484,292)	-	(1,484,292)	-	-
(8,450,290)	-	(8,450,290)	-	-
(2,502,882)	-	(2,502,882)	-	-
(153,768)	-	(153,768)	-	-
(656,125)	-	(656,125)	-	-
(806,441)	-	(806,441)	-	-
(486,224)	-	(486,224)	-	-
<u>(15,852,873)</u>	<u>-</u>	<u>(15,852,873)</u>	<u>-</u>	<u>-</u>
-	(216,665)	(216,665)	-	-
-	<u>374,564</u>	<u>374,564</u>	-	-
-	<u>157,899</u>	<u>157,899</u>	-	-
<u>(15,852,873)</u>	<u>157,899</u>	<u>(15,694,974)</u>	<u>-</u>	<u>-</u>
-	-	-	(48,338)	-
-	-	-	-	<u>(7,277)</u>
-	-	-	<u>(48,338)</u>	<u>(7,277)</u>
9,294,946	-	9,294,946	-	-
6,309,811	-	6,309,811	-	-
1,727,520	-	1,727,520	-	-
38,151	2,961	41,112	-	3,694
-	6,744	6,744	-	-
<u>493,135</u>	<u>(493,135)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>17,863,563</u>	<u>(483,430)</u>	<u>17,380,133</u>	<u>-</u>	<u>3,694</u>
2,010,690	(325,531)	1,685,159	(48,338)	(3,583)
37,413,921	6,002,737	43,416,658	374,613	266,658
<u>\$ 39,424,611</u>	<u>\$ 5,677,206</u>	<u>\$ 45,101,817</u>	<u>\$ 326,275</u>	<u>\$ 263,075</u>

PICKENS COUNTY, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

ASSETS	General	SPLOST	Other Governmental Funds	Total
Cash and cash equivalents	\$ 4,830,689	\$ 3,263,533	\$ 377,835	\$ 8,472,057
Investments	-	524,081	21,342	545,423
Taxes receivable, net	2,034,379	-	-	2,034,379
Accounts receivable, net	330,839	-	130,946	461,785
Notes receivable	-	-	10,257	10,257
Due from other governments	432,719	347,857	446,035	1,226,611
Due from other funds	299,299	-	47,646	346,945
Advances to other funds	1,704,704	-	-	1,704,704
Prepaid assets	7,561	-	4,442	12,003
Inventory	21,102	-	-	21,102
Total assets	\$ 9,661,292	\$ 4,135,471	\$ 1,038,503	\$ 14,835,266
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 720,285	\$ 80,210	\$ 112,165	\$ 912,660
Accrued liabilities	141,688	-	48,588	190,276
Deferred revenue	1,372,193	-	-	1,372,193
Due to other funds	39,127	139,193	261,994	440,314
Total liabilities	2,273,293	219,403	422,747	2,915,443
FUND BALANCES				
Fund balances:				
Reserved for:				
Inventory	21,102	-	-	21,102
Prepays	7,561	-	4,442	12,003
Long-term advances	1,704,704	-	-	1,704,704
Revolving loans	-	-	10,257	10,257
Capital projects	-	3,916,068	-	3,916,068
Unreserved, undesignated reported in:				
General fund	5,654,632	-	-	5,654,632
Special revenue funds	-	-	601,057	601,057
Total fund balances	7,387,999	3,916,068	615,756	11,919,823
Total liabilities and fund balances	\$ 9,661,292	\$ 4,135,471	\$ 1,038,503	
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p> <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 32,167,110</p> <p>Some receivables are not available to pay for current period expenditures, and, therefore, are deferred in the funds. 1,271,348</p> <p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. (5,437,692)</p> <p>Net pension liability does not consume current financial resources and, therefore, is not reported in governmental funds (4,975)</p> <p>Net OPEB obligation does not consume current financial resources and, therefore, is not reported in governmental funds (491,003)</p> <p>Net assets of governmental activities <u>\$ 39,424,611</u></p>				

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

PICKENS COUNTY, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>General</u>	<u>SPLOST</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Revenues:				
Taxes	\$ 13,765,887	\$ 3,729,790	\$ 29,655	\$ 17,525,332
Intergovernmental	1,884,187	-	1,069,183	2,953,370
Licenses and permits	239,626	-	-	239,626
Charges for services	3,973,036	-	628,362	4,601,398
Fines and forfeitures	367,403	-	1,261,884	1,629,287
Interest	33,114	89,595	5,037	127,746
Other revenues	165,090	-	88,526	253,616
Contributions	33,228	-	-	33,228
Total revenues	<u>20,461,571</u>	<u>3,819,385</u>	<u>3,082,647</u>	<u>27,363,603</u>
Expenditures:				
Current:				
General government	2,586,884	-	-	2,586,884
Judicial	3,034,389	-	1,930,859	4,965,248
Public safety	10,298,100	-	1,405,580	11,703,680
Public works	2,853,772	-	-	2,853,772
Health and welfare	842,768	-	276,340	1,119,108
Culture and recreation	786,057	-	-	786,057
Housing and development	801,738	-	38,750	840,488
Capital outlay	-	996,271	-	996,271
Debt service:				
Principal	550,069	8,363,685	-	8,913,754
Interest	93,301	416,038	-	509,339
Costs of issuance	-	-	90,000	90,000
Total expenditures	<u>21,847,078</u>	<u>9,775,994</u>	<u>3,741,529</u>	<u>35,364,601</u>
Deficiency of revenues over expenditures	<u>(1,385,507)</u>	<u>(5,956,609)</u>	<u>(658,882)</u>	<u>(8,000,998)</u>
Other financing sources (uses):				
Transfers in	593,832	-	468,615	1,062,447
Transfers out	(468,615)	-	(13,312)	(481,927)
Issuance of debt	3,495,000	-	90,000	3,585,000
Sale of capital assets	121,425	-	-	121,425
Total other financing sources (uses)	<u>3,741,642</u>	<u>-</u>	<u>545,303</u>	<u>4,286,945</u>
Net change in fund balances	2,356,135	(5,956,609)	(113,579)	(3,714,053)
Fund balances, beginning of year	<u>5,031,864</u>	<u>9,872,677</u>	<u>729,335</u>	<u>15,633,876</u>
Fund balances, end of year	<u>\$ 7,387,999</u>	<u>\$ 3,916,068</u>	<u>\$ 615,756</u>	<u>\$ 11,919,823</u>

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

PICKENS COUNTY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2010

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

Net change in fund balances - total governmental funds	\$ (3,714,053)
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.	951,071
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(182,611)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(142,943)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	5,338,757
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(239,531)</u>
Net increase in governmental activities	<u>\$ 2,010,690</u>

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

PICKENS COUNTY, GEORGIA

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2010**

ASSETS	Water Fund	Airport Fund	Total
Current assets:			
Cash and cash equivalents	\$ 291,674	\$ -	\$ 291,674
Accounts receivable, net of allowances	200,126	10,149	210,275
Due from other governments	190,533	101,997	292,530
Due from other funds	93,369	-	93,369
Inventory	12,607	23,639	36,246
Total current assets	<u>788,309</u>	<u>135,785</u>	<u>924,094</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable assets	1,207,288	5,802,874	7,010,162
Depreciable assets	15,611,883	1,587,088	17,198,971
Less accumulated depreciation	<u>(4,135,478)</u>	<u>(388,625)</u>	<u>(4,524,103)</u>
Total capital assets net of accumulated depreciation	<u>12,683,693</u>	<u>7,001,337</u>	<u>19,685,030</u>
Debt issuance costs, net	60,807	-	60,807
Total noncurrent assets	<u>12,744,500</u>	<u>7,001,337</u>	<u>19,745,837</u>
Total assets	<u>13,532,809</u>	<u>7,137,122</u>	<u>20,669,931</u>
LIABILITIES			
Current liabilities:			
Accounts payable	784,695	217,630	1,002,325
Accrued expenses	34,232	327	34,559
Unearned revenue	-	97,994	97,994
Notes payable - current	136,486	-	136,486
Bonds payable - current	99,723	-	99,723
Total current liabilities	<u>1,055,136</u>	<u>315,951</u>	<u>1,371,087</u>
Long-term liabilities:			
Advance from other funds	1,704,704	-	1,704,704
Notes payable	1,866,098	-	1,866,098
Note payable to component unit	-	3,230,321	3,230,321
Bonds payable	6,820,515	-	6,820,515
Total long-term liabilities	<u>10,391,317</u>	<u>3,230,321</u>	<u>13,621,638</u>
Total liabilities	<u>11,446,453</u>	<u>3,546,272</u>	<u>14,992,725</u>
NET ASSETS			
Invested in capital assets, net of related debt	3,760,871	3,771,016	7,531,887
Unrestricted	<u>(1,674,515)</u>	<u>(180,166)</u>	<u>(1,854,681)</u>
Total net assets	<u>\$ 2,086,356</u>	<u>\$ 3,590,850</u>	<u>\$ 5,677,206</u>

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

PICKENS COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Water Fund</u>	<u>Airport Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 1,830,922	\$ 311,177	\$ 2,142,099
Total operating revenues	<u>1,830,922</u>	<u>311,177</u>	<u>2,142,099</u>
OPERATING EXPENSES			
Personal services	641,206	65,330	706,536
Contractual services	425,002	-	425,002
Utilities	114,058	8,504	122,562
Repairs and maintenance	42,347	9,243	51,590
Other supplies and expenses	165,178	209,270	374,448
Depreciation and amortization	526,322	78,751	605,073
Total operating expenses	<u>1,914,113</u>	<u>371,098</u>	<u>2,285,211</u>
Operating loss	<u>(83,191)</u>	<u>(59,921)</u>	<u>(143,112)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	2,960	1	2,961
Other nonoperating revenue	-	6,744	6,744
Interest expense	(379,474)	-	(379,474)
Total nonoperating revenues (expenses)	<u>(376,514)</u>	<u>6,745</u>	<u>(369,769)</u>
Loss before capital contributions and transfers	(459,705)	(53,176)	(512,881)
Capital contributions	333,385	434,485	767,870
Transfers out	<u>(223,651)</u>	<u>(356,869)</u>	<u>(580,520)</u>
Change in net assets	(349,971)	24,440	(325,531)
NET ASSETS, beginning of year	<u>2,436,327</u>	<u>3,566,410</u>	<u>6,002,737</u>
NET ASSETS, end of year	<u>\$ 2,086,356</u>	<u>\$ 3,590,850</u>	<u>\$ 5,677,206</u>

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

PICKENS COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Water Fund	Airport Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,788,380	\$ 257,658	\$ 2,046,038
Payments to suppliers and service providers	(200,949)	(1,403,899)	(1,604,848)
Payments to employees	(638,580)	(65,174)	(703,754)
Net cash provided by (used in) operating activities	<u>948,851</u>	<u>(1,211,415)</u>	<u>(262,564)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	2,960	1	2,961
Net cash provided by investing activities	<u>2,960</u>	<u>1</u>	<u>2,961</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(610,096)	(1,532,614)	(2,142,710)
Receipt of capital grants	-	819,732	819,732
Proceeds from issuance of debt	540,950	2,273,374	2,814,324
Principal paid on capital debt	(225,958)	-	(225,958)
Interest paid on capital debt	(375,549)	-	(375,549)
Net cash provided by (used in) capital and related financing activities	<u>(670,653)</u>	<u>1,560,492</u>	<u>889,839</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	(223,651)	(356,869)	(580,520)
Other nonoperating revenue	-	6,744	6,744
Net cash used in noncapital financing activities	<u>(223,651)</u>	<u>(350,125)</u>	<u>(573,776)</u>
Net increase (decrease) in cash and cash equivalents	57,507	(1,047)	56,460
Cash and cash equivalents:			
Beginning of year	234,167	1,047	235,214
End of year	<u>\$ 291,674</u>	<u>\$ -</u>	<u>\$ 291,674</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss	\$ (83,191)	\$ (59,921)	\$ (143,112)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	526,322	78,751	605,073
Increase in accounts receivable	(42,542)	(8,331)	(50,873)
Increase in due from other funds	(14,383)	-	(14,383)
(Increase) decrease in inventories	7,036	(11,570)	(4,534)
Increase (decrease) in accounts payable	549,301	(1,165,312)	(616,011)
Increase in accrued expenses	2,626	156	2,782
Increase in advances from other funds	3,682	-	3,682
Decrease in deferred revenue	-	(45,188)	(45,188)
Net cash provided by (used in) operating activities	<u>\$ 948,851</u>	<u>\$ (1,211,415)</u>	<u>\$ (262,564)</u>
Noncash capital and related financing activities:			
Assets purchased by governmental funds	\$ 87,385	\$ -	\$ 87,385
Capital expenses reported in accounts payable	212,450	106,413	318,863
Debt proceeds reported in accounts receivable	(137,450)	-	(137,450)
Forgiveness of debt	246,000	-	246,000
	<u>\$ 408,385</u>	<u>\$ 106,413</u>	<u>\$ 514,798</u>

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

PICKENS COUNTY, GEORGIA

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2010**

ASSETS	Agency Funds
Cash and cash equivalents	\$ 534,251
Taxes receivable	<u>4,791,410</u>
Total assets	<u>\$ 5,325,661</u>
LIABILITIES	
Due to others	\$ 534,251
Uncollected taxes due to others	<u>4,791,410</u>
Total liabilities	<u>\$ 5,325,661</u>

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

PICKENS COUNTY, GEORGIA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Pickens County, Georgia (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America (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 County's accounting policies are described below.

A. Reporting Entity

Pickens County operates under a County Commissioner form of government, providing the following services as authorized by its charter: public safety, judicial, public works, recreation, health and welfare, housing and development, planning and zoning, and general administrative services.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of Pickens County, Georgia (the "primary government") and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationship with the County. In conformity with accounting principles generally accepted in the United States of America, as set forth in Governmental Accounting Standards Board Statement No. 14, as amended by Statement No. 39, the financial statements of the component units are discretely presented in the government-wide financial statements.

Discretely Presented Component Units

The Pickens County Department of Public Health (the "Health Department") is governed by a seven member board consisting of the County's sole Commissioner and two members as appointed by the County Commissioner. The County has the authority to modify and approve the Health Department's budget and the ability to approve environmental health service fees. The Health Department has a June 30th year-end and is presented as a governmental fund type component unit.

The Health Department's financial statements can be obtained by writing to the Pickens County Health Department, Northwest Health District, 111 Bryant Crossing, Suite AA, Dalton, GA 30720.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

The Industrial Development Authority of Pickens County (the "Authority") is governed by a seven member board with a voting majority being appointed by the County. The Authority is responsible for promoting industrial and commercial development within Pickens County. Although the County does not have the authority to approve or modify the budget of the Authority, the County does provide financial support to the Authority. The Authority is reported as a proprietary fund type component unit. Separate financial statements are not prepared for the Authority.

B. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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 and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

In accordance with GASB Statement No. 33, "*Accounting and Financial Reporting for Nonexchange Transactions*," the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

The County reports the following major governmental funds:

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

The **Special Purpose Local Option Sales Tax Fund (SPLOST)** is used to account for the revenues and expenditures relating to the 2003 and 2008 1% Special Purpose Local Option Sales Tax.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The County reports the following major proprietary funds:

The **Water Fund** is used to account for the development, operation and maintenance of the utility system that provides water service.

The **Airport Fund** is used to account for the development, operation and maintenance of the County airport and its facilities.

Additionally, the County reports the following fund types:

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

The **debt service fund** accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 revenue of the enterprise funds is charges to customers for sales and services provided. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Cash and Cash Equivalents

The County'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.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds" (i.e., the current portion) or "advances to/from other funds" (i.e., the non-current portion of the interfund balances). 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.

F. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB 34, infrastructure assets acquired prior to January 1, 2004, have not been capitalized. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Capital assets of the primary government are depreciated using the straight line method over the following useful lives:

<u>Asset Category</u>	<u>Years</u>
Land improvements	12 - 15
Buildings	25 - 50
Machinery and equipment	3 - 15
Furniture and fixtures	5 - 20
Infrastructure	10 - 30
Vehicles	2 - 15

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amount when employees separate from service with the County. All vacation and annual leave pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

I. Long-Term Obligations

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

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

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

K. Use of Estimates

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

NOTES TO FINANCIAL STATEMENTS

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$5,437,692 difference are as follows:

Capital leases payable	\$ (322,190)
Notes payable	(4,470,909)
Bonds payable	(90,000)
Costs of issuance	84,130
Accrued interest	(9,898)
Compensated absences	(208,825)
Landfill postclosure costs	<u>(420,000)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$ (5,437,692)</u></u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$951,071 difference are as follows:

Capital outlay	\$ 2,798,666
Depreciation expense	<u>(1,847,595)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets - governmental activities</i>	<u><u>\$ 951,071</u></u>

NOTES TO FINANCIAL STATEMENTS

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

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

Another element of the reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.” The details of this \$5,338,757 difference are as follows:

Issuance of notes payable	\$ (3,495,000)
Issuance of general obligation sales tax bonds	(90,000)
Principal repayments on capital lease	212,422
Principal repayments on notes payable	8,701,332
Costs of debt issuance	90,000
Landfill postclosure costs	<u>(79,997)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets - governmental activities</i>	<u><u>\$ 5,338,757</u></u>

Another element of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$239,531 difference are as follows:

Compensated absences	\$ (28,126)
Net pension obligation	12,233
Net OPEB obligation	(240,883)
Amortization of issuance costs	(5,870)
Prepaid interest expense	21,479
Accrued interest	<u>1,636</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets - governmental activities</i>	<u><u>\$ (239,531)</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE – BUDGETS

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

1. Prior to August 15, the departments submit to the County Commissioner a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. Prior to September 1, the proposed budget is presented to the County Commissioner for review.
1. A public hearing is conducted to obtain taxpayer comments.
2. Prior to December 31, the budget is legally adopted by the Commissioner through the passage of a resolution.
3. Budget amounts can be transferred between line items within any department; however, any revisions of the budget must be approved by the Commissioner or Budget Officer.
4. Formal budgetary integration is employed as a measurement control device during the year for the General Fund and the Special Revenue Funds. Additionally, a project length budget is adopted for the SPLOST Fund.
5. The budgets for the General Fund, Special Revenue Funds, SPLOST Fund, and Debt Service Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Budgeted amounts are as originally adopted, or as amended by the Commissioner. The supplementary budgetary appropriations made are reflected in the final budget amounts.

NOTE 4. DEPOSITS AND INVESTMENTS

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

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of December 31, 2010, deposits with one financial institution totaling \$814,862 were not properly collateralized.

At December 31, 2010, the County had the following investments:

Investment	Maturities	Fair Value
Certificate of deposit	12/18/11	\$ 263,291
Certificate of deposit	12/17/11	260,790
Certificate of deposit	1/14/11	10,671
Certificate of deposit	1/14/11	10,671
Total		\$ 545,423

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

NOTE 5. RECEIVABLES

Receivables at December 31, 2010, for the County's individual major funds and nonmajor funds in the aggregate are as follows:

	General Fund	Nonmajor Governmental Funds	Water Fund	Airport Fund
Receivables:				
Taxes	\$ 2,034,379	\$ -	\$ -	\$ -
Accounts	1,305,618	130,946	200,674	10,149
Gross receivables	3,339,997	130,946	200,674	10,149
Less allowance for uncollectibles	(974,779)	-	(548)	-
Net receivables	\$ 2,365,218	\$ 130,946	\$ 200,126	\$ 10,149

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES (Continued)

Property taxes were levied on October 6, 2010, for the fiscal year 2010. Bills are payable on or before December 6, 2010, after which the applicable property is subject to lien and penalties and interest as assessed. The County bills and collects its own property taxes. Property taxes levied for 2010 are recorded as receivables. The receivables collected during the year ended December 31, 2010, and collected by February 28, 2011, are recognized as revenues in the year ended December 31, 2010. Net receivables estimated to be collected subsequent to February 28, 2011 are recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

A. Primary Government

Capital asset activity for the year ended December 31, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 3,147,241	\$ -	\$ -	\$ -	\$ 3,147,241
Construction in progress	721,886	1,302,888	-	(656,691)	1,368,083
Total capital assets, not being depreciated	<u>3,869,127</u>	<u>1,302,888</u>	<u>-</u>	<u>(656,691)</u>	<u>4,515,324</u>
Capital assets, being depreciated:					
Land improvements	955,023	19,925	-	-	974,948
Buildings	18,905,720	22,369	-	656,691	19,584,780
Machinery and equipment	4,874,886	256,188	(401,249)	-	4,729,825
Furniture and fixtures	22,470	19,063	-	-	41,533
Infrastructure	6,474,961	622,344	-	-	7,097,305
Vehicles	6,041,022	555,889	(67,379)	-	6,529,532
Total capital assets, being depreciated	<u>37,274,082</u>	<u>1,495,778</u>	<u>(468,628)</u>	<u>656,691</u>	<u>38,957,923</u>
Less accumulated depreciation for:					
Land improvements	317,608	30,995	-	-	348,603
Buildings	2,520,200	381,746	-	-	2,901,946
Machinery and equipment	2,092,530	363,012	(218,638)	-	2,236,904
Furniture and fixtures	8,984	1,286	-	-	10,270
Infrastructure	754,981	323,423	-	-	1,078,404
Vehicles	4,050,256	747,133	(67,379)	-	4,730,010
Total accumulated depreciation	<u>9,744,559</u>	<u>1,847,595</u>	<u>(286,017)</u>	<u>-</u>	<u>11,306,137</u>
Total capital assets, being depreciated, net	<u>27,529,523</u>	<u>(351,817)</u>	<u>(182,611)</u>	<u>656,691</u>	<u>27,651,786</u>
Governmental activities capital assets, net	<u>\$ 31,398,650</u>	<u>\$ 951,071</u>	<u>\$ (182,611)</u>	<u>\$ -</u>	<u>\$ 32,167,110</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type Activities:					
Capital assets, not being depreciated:					
Land	\$ 1,690,594	\$ -	\$ -	\$ -	\$ 1,690,594
Construction in progress	3,118,238	2,373,290	-	(171,960)	5,319,568
Total capital assets, not being depreciated	<u>4,808,832</u>	<u>2,373,290</u>	<u>-</u>	<u>(171,960)</u>	<u>7,010,162</u>
Capital assets, being depreciated:					
Airport improvements	706,470	-	-	-	706,470
Buildings	629,004	-	-	-	629,004
Machinery and equipment	965,670	88,283	-	-	1,053,953
Infrastructure	<u>14,550,199</u>	<u>87,385</u>	<u>-</u>	<u>171,960</u>	<u>14,809,544</u>
Total capital assets, being depreciated	<u>16,851,343</u>	<u>175,668</u>	<u>-</u>	<u>171,960</u>	<u>17,198,971</u>
Less accumulated depreciation for:					
Airport improvements	141,646	28,259	-	-	169,905
Buildings	187,764	25,697	-	-	213,461
Machinery and equipment	433,874	79,253	-	-	513,127
Infrastructure	<u>3,158,408</u>	<u>469,202</u>	<u>-</u>	<u>-</u>	<u>3,627,610</u>
Total accumulated depreciation	<u>3,921,692</u>	<u>602,411</u>	<u>-</u>	<u>-</u>	<u>4,524,103</u>
Total capital assets, being depreciated, net	<u>12,929,651</u>	<u>(426,743)</u>	<u>-</u>	<u>171,960</u>	<u>12,674,868</u>
Business-type activities capital assets, net	<u>\$ 17,738,483</u>	<u>\$ 1,946,547</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,685,030</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

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

Governmental activities:	
General government	\$ 199,540
Judicial	20,276
Public safety	954,149
Public works	572,497
Health and welfare	20,224
Culture and recreation	46,139
Housing and development	34,770
Total depreciation expense - governmental activities	<u>\$ 1,847,595</u>
Business-type activities:	
Water Fund	\$ 523,660
Airport Fund	78,751
Total depreciation expense - business-type activities	<u>\$ 602,411</u>

B. Discretely Presented Component Unit – Department of Public Health

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Machinery and equipment	\$ 48,883	\$ -	\$ -	\$ 48,883
Vehicles	20,011	-	-	20,011
Total capital assets, being depreciated	<u>68,894</u>	<u>-</u>	<u>-</u>	<u>68,894</u>
Less accumulated depreciation for:				
Machinery and equipment	34,191	4,034	-	38,225
Vehicles	7,337	4,002	-	11,339
Total accumulated depreciation	<u>41,528</u>	<u>8,036</u>	<u>-</u>	<u>49,564</u>
Total capital assets, net	<u>\$ 27,366</u>	<u>\$ (8,036)</u>	<u>\$ -</u>	<u>\$ 19,330</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2010, is as follows:

Due to/from other funds:

Receivable fund	Payable fund	Amount
General Fund	Nonmajor governmental funds	\$ 253,475
General Fund	SPLOST Fund	45,824
Nonmajor governmental funds	General Fund	39,127
Nonmajor governmental funds	Nonmajor governmental funds	8,519
Water Fund	SPLOST Fund	93,369

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

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Nonmajor governmental funds	\$ 13,312
General Fund	Airport Fund	356,869
General Fund	Water Fund	223,651
Nonmajor governmental funds	General Fund	468,615

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

Advances to/from other funds are as follows:

Receivable fund	Payable fund	Amount
General Fund	Water Fund	\$ 1,704,704

The amounts payable to the General Fund relate to equipment and operating startup costs paid for by the General fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. SHORT-TERM BORROWINGS

The County paid off a tax anticipation note for operating purposes of \$4,500,000 at a local financial institution. The note carried an interest rate of 1.16% and matured on December 31, 2010. As of December 31, 2010, the principal was paid in full.

Total short-term borrowings interest incurred and expensed for the period ended December 31, 2010, was \$44,225.

The following is a summary of the tax anticipation note payable for the period ended December 31, 2010:

	Beginning Balance	Additions	Reductions	Ending Balance
Tax anticipation note	\$ -	\$ 4,500,000	\$ (4,500,000)	\$ -

NOTE 9. LONG-TERM DEBT

The following is a summary of long-term debt activity for the year ended December 31, 2010:

	Beginning Balances	Additions	Reductions	Ending Balances	Due Within One Year
Governmental activities					
Capital leases	\$ 534,612	\$ -	\$ (212,422)	\$ 322,190	\$ 193,062
Notes payable	9,606,878	3,495,000	(8,630,969)	4,470,909	669,970
Bonds payable	-	90,000	-	90,000	-
Compensated absences	180,699	354,901	(326,775)	208,825	208,825
Net pension obligation	17,208	478,934	(491,167)	4,975	-
Net OPEB obligation	250,120	250,120	(9,237)	491,003	-
Landfill postclosure costs	340,003	98,743	(18,746)	420,000	17,500
Governmental activities long-term liabilities	\$ 10,929,520	\$ 4,767,698	\$ (9,689,316)	\$ 6,007,902	\$ 1,089,357
Business-type activities					
Notes payable	\$ 1,647,703	\$ 731,483	\$ (376,602)	\$ 2,002,584	\$ 136,486
Note payable to component unit	956,947	2,273,374	-	3,230,321	-
Bonds payable	7,015,594	-	(95,356)	6,920,238	99,723
Compensated absences	12,411	19,686	(18,510)	13,587	13,587
Business-type activities long-term liabilities	\$ 9,632,655	\$ 3,024,543	\$ (490,468)	\$ 12,166,730	\$ 249,796

For governmental funds, compensated absences, net pension obligation, net OPEB obligation, and landfill postclosure costs are liquidated by the General Fund. The County has reported 100% of the compensated absence liability as due in one year, as the County expects to use earned vacation within one year.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. LONG-TERM DEBT (CONTINUED)

Capital Leases. The County has entered into lease agreements as lessee for financing the acquisition of various equipment. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease term) and have been recorded at the present value of the future minimum lease payments as of the inception dates.

The cost of assets under capital leases as of December 31, 2010 is as follows:

	Governmental Activities
Equipment	\$ 612,072

The County's capital lease debt service requirements to maturity are as follows:

	Governmental Activities
Year ending December 31	
2011	\$ 203,409
2012	130,292
Less amount representing interest	(11,511)
Present value of future minimum lease payments	\$ 322,190

Notes Payable. The County has entered into various agreements with financial institutions to finance the purchase of buildings and equipment. The notes have annual payments ranging from \$108,991 to \$427,737 with interest rates from 3.00% to 5.79% and maturity dates from 2012 to 2019.

The County's debt service requirements to maturity on these notes payable for governmental activities are as follows:

Year ending December 31,	Principal	Interest	Total
2011	\$ 669,970	\$ 154,658	\$ 824,628
2012	716,933	131,818	848,751
2013	615,372	105,227	720,599
2014	640,738	79,862	720,600
2015	575,541	54,411	629,952
2016-2019	1,252,355	229,103	1,481,458
Total	\$ 4,470,909	\$ 755,079	\$ 5,225,988

NOTES TO FINANCIAL STATEMENTS

NOTE 9. LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued). The County has also entered into various agreements with the Georgia Environmental Facilities Authority to finance the construction of water lines. As of December 31, 2010, the County had three such loan agreements with an outstanding balance of \$1,517,101. Quarterly installments of principal and interest are due through 2025 with interest rates from 2.0% to 3.66%.

In 2010, the County entered into another agreement with the Georgia Environmental Facilities Authority to finance the construction of a water storage tank. As of December 31, 2010, the loan has a balance of \$485,483 and is still in the draw down phase, therefore a future payment schedule has not been established. As a result, this balance is not included in the debt service requirements below. This loan is part of an overall GEFA contract to provide \$678,400 to the County for the related project. Of the total contract amount, \$246,000 was forgiven as part of the American Reinvestment and Recovery Act funding and this portion of the contract has been recognized as intergovernmental revenue for the Water fund. Interest on the note accrues at 3.00%.

The County's debt service requirements to maturity on the notes payable are as follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 136,486	\$ 61,357	\$ 197,843
2012	142,649	55,193	197,842
2013	149,107	48,735	197,842
2014	150,331	41,982	192,313
2015	151,712	35,072	186,784
2016-2020	453,686	97,597	551,283
2021-2025	333,130	27,086	360,216
Total	<u>\$ 1,517,101</u>	<u>\$ 367,022</u>	<u>\$ 1,884,123</u>

In 2009, the County entered into a loan agreement with the Development Authority to finance the construction of an airport taxiway. As of December 31, 2010, the loan has an outstanding balance of \$3,230,321, including interest, and is still in the draw down phase. The repayment terms will be determined upon completion of the project when the final draw has been made. Interest accrues at 3.25%.

Bonds Payable. On February 11, 1997, the County issued the 1995 A & B Water and Sewer System bonds for the acquisition and construction of water-line infrastructure. The bonds were issued in the original amounts of \$1,462,300 and \$1,058,700, respectively with an interest rate of 5.0%. The 1995 A and 1995 B bonds are to be paid with monthly payments of \$7,122 and \$5,156, respectively. The bonds have maturity dates of December 2036 for both series.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued). On March 23, 2007, the County issued the Water System Revenue Bond Series 2007 for the acquisition and construction of water-line infrastructure. The bonds were issued in the original amount of \$4,929,900 with an interest rate of 4.125%. The bonds are to be paid with monthly payments of \$21,248, beginning April 23, 2008. The bonds have a maturity date of March 2047.

The County's debt service requirements to maturity on the bonds payable are as follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 99,723	\$ 302,589	\$ 402,312
2012	104,823	297,489	402,312
2013	109,626	292,686	402,312
2014	114,651	287,661	402,312
2015	119,909	282,403	402,312
2016-2020	687,339	1,324,221	2,011,560
2021-2025	860,558	1,151,002	2,011,560
2026-2030	1,077,933	933,627	2,011,560
2031-2035	1,350,852	660,708	2,011,560
2036-2040	1,032,065	381,397	1,413,462
2041-2045	1,102,041	172,839	1,274,880
2046-2047	260,718	6,042	266,760
Total	<u>\$ 6,920,238</u>	<u>\$ 6,092,664</u>	<u>\$ 13,012,902</u>

On October 1, 2010, the County issued the 2010 General Obligation Sales Tax bonds for the renovation, repair, remodeling, modification, construction, and equipping of the existing courthouse and new parking facility. The bonds were issued in the original amount of \$6,500,000 with an interest rate of 2.25%. As of December 31, 2010, only \$90,000 in proceeds have been drawn down by the County. The remaining proceeds are expected to be drawn down during 2011, and a maturity schedule will be finalized at that time.

Landfill postclosure costs. Effective December 20, 2004, the Pickens County Landfill was closed and no additional waste has been accepted. According to state and federal laws and regulations, the County must perform certain maintenance and monitoring functions at the site for a minimum of 30 years. As of December 31, 2010, the County has a remaining 24 years of monitoring. Engineering studies estimate postclosure costs of approximately \$420,000 over the 24 year period. These costs are based on what it would cost to perform all postclosure care in 2010. Actual costs may be higher due to changes in inflation, changes in technology, or changes in regulations. Should any problems occur during this postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. LONG-TERM DEBT (CONTINUED)

Industrial Development Authority – Component Unit.

The following is a summary of the Authority's long-term debt activity for the year ended December 31, 2010:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Notes payable	\$ 2,972,041	\$ 2,277,252	\$ (660,153)	\$ 4,589,140	\$ 69,637
	<u>\$ 2,972,041</u>	<u>\$ 2,277,252</u>	<u>\$ (660,153)</u>	<u>\$ 4,589,140</u>	<u>\$ 69,637</u>

The Authority has entered into a note agreement to finance land development in the County. Because the land will be used for business purposes, the Authority has a corresponding note receivable from a private company to pay off the debt. Monthly payments on the note are \$11,500 with a maturity date of March 25, 2025. The current interest rate on the note is 5.50%, however, the notes are refinanced annually at which time the interest rate changes.

In 2009, the Authority entered into a note agreement to finance the construction of an airport taxiway in the County. The Authority has a corresponding note receivable with the County to pay off the debt. As of December 31, 2010, the loan has an outstanding balance of \$3,216,989 and is still in the draw down phase. The repayment terms will be determined upon completion of the project when the final draw has been made. Interest accrues at 3.25%.

The Authority's debt service requirements to maturity on the notes are as follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 69,637	\$ 73,574	\$ 143,211
2012	68,060	69,940	138,000
2013	71,901	66,099	138,000
2014	75,955	62,045	138,000
2015	80,240	57,760	138,000
2016-2020	474,418	215,582	690,000
2021-2025	531,940	67,083	599,023
Total	<u>\$ 1,372,151</u>	<u>\$ 612,083</u>	<u>\$ 1,984,234</u>

The repayment terms for the notes receivable are the same as the future requirements above.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PLAN

Plan Description

The County sponsors the Association of County Commissioners of Georgia Pickens County Defined Benefit Plan for Pickens County Employees (The Plan), which is a defined benefit pension plan.

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Plan is affiliated with the Association of County Commissioners of Georgia Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan administered by GEBCorp. The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of The ACCG Plan as provided in Section 19.03 of The ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of The Plan as provided in Section 19.02 of The ACCG Plan document. Complete financial statements for the Association of County Commissioners of Georgia (ACCG) Defined Benefit Pension Plan can be obtained from Pension Service Company, 3625 Cumberland Parkway, Suite 825, Suite 300, Atlanta, Georgia 30339.

Funding Policy

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

Annual Pension Cost

The County's annual pension cost and net pension obligation for the pension plan for the year beginning January 1, 2010, (the most recent actuarial valuation date) are as follows:

	<u>January 1, 2010</u>	<u>January 1, 2009</u>
<u>Derivation of Annual Pension Cost</u>		
Annual Required Contribution	\$ 479,261	\$ 396,496
Interest on Net Pension Obligation	4,673	(13,384)
Adjustment to Annual Required Contribution	(5,000)	14,321
Annual Pension Cost	<u>\$ 478,934</u>	<u>\$ 397,433</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PLAN (CONTINUED)

Derivation of Net Pension Obligation

Annual Pension Cost for Current Year	\$ 478,934
Actual Contributions to Plan for Current Year	491,167
Decrease in Net Pension Obligation	(12,233)
Net Pension Obligation as of December 31, 2009	17,208
Net Pension Obligation as of December 31, 2010	\$ 4,975

Basis of Valuation

Current Valuation Date	January 1, 2010
Annual Return on Invested Plan Assets	7.75%
Projected Annual Salary Increases	4.0% - 6.5% based on age
Expected Annual Inflation (included in above)	3.0%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Projected Unit Credit
Amortization Method	Level Percent of Pay (closed)
Remaining Amortization Period	10

Trend Information for The Plan

Fiscal Year Beginning	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
1/1/10	\$ 478,934	\$ 491,167	103 %	\$ 4,975
1/1/09	397,433	200,580	50	17,208
1/1/08	347,343	379,061	109	(179,645)

As of the most recent valuation date, January 1, 2010, the funded status of the Plan was as follows:

Measurement Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/10	\$ 2,770,507	\$ 4,646,354	59.6 %	\$ 1,875,847	\$ 6,852,406	27.4 %

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2010.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The Pickens County Retiree Medical Insurance Program (the "OPEB Plan") is a single-employer defined benefit post-employment health care plan or other post-employment benefit (OPEB) plan. Participant counts as of January 1, 2010, (the most recent valuation date), are shown below. The County Commissioner has the authority under which the obligations of the plan members and the employer are established or may be amended. The OPEB Plan does not issue a stand-alone financial report.

Eligible retirees and former employees are offered the same health coverage as active employees. Retirees contribute an average of \$533 per month toward the actuarially calculated monthly rates. The County contributes the remainder of the rates. The Plan is funded on a pay-as-you-go basis. Eligible retirees must be a minimum age of 55 years with 15 or more years of consecutive full-time service in order to receive benefits. Eligible employees can elect to receive coverage for spouses.

The following schedule (derived from the most recent actuarial valuation report) reflects membership for the OPEB Plan as of January 1, 2010.

Active employees (fully eligible)	9
Active employees (not fully eligible)	265
Retirees	1
Total number of Plan participants	275

Annual OPEB Cost

The County's actuarially determined contribution, OPEB cost, and increase in net OPEB obligation for the year ended December 31, 2010 is as follows:

Annual required contribution	\$ 250,120
Interest on net OPEB obligation	10,005
Adjustments to annual required contribution	(10,005)
Annual OPEB cost	250,120
Contributions made	9,237
Increase in net OPEB obligation	240,883
Net OPEB obligation, beginning of year	250,120
Net OPEB obligation, end of year	\$ 491,003

NOTES TO FINANCIAL STATEMENTS

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Contributions

Schedule of Employer Cost and Contributions				
Fiscal Year Ending	Annual OPEB Cost	Actual County Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/10	\$ 250,120	\$ 9,237	4%	\$ 491,003
12/31/09	250,120	-	0%	250,120

OPEB Plan

As of the most recent valuation date, January 1, 2010, the funded status of the OPEB Plan was as follows:

Actual Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL a Percentage of Covered Payroll
1/1/10	\$ -	\$ 1,444,428	\$ 1,444,428	- %	\$ 9,242,485	15.6 %

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2009. The assumptions used in the January 1, 2010 actuarial valuations are as follows:

Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Market Value of Assets
Assumed Rate of Return on Investments	4.00%
Medical Cost Trend Rate	10.50%
Ultimate Medical Cost Trend Rate	5.00%
Year of Ultimate Trend Rate	2017
Amortization Method	Level Percentage of Pay, open
Remaining Amortization Period	30 years
Payroll Inflation Rate	3.00%

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; natural disasters; injuries to employees; and losses resulting from providing accident and health benefits to employees, retirees, and their dependents.

The County participates in the Association of County Commissioners of Georgia Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

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

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

The County also carries insurance for all other risks of loss, including general liability and errors and omission coverage through a private insurance company. Settled claims have not exceeded insurance coverage in any of the past three years. The County carries commercial insurance for risks of loss related to property, general liability, equipment, automobiles and crime to cover torts, theft of and damage to assets, injuries, errors and omissions, and natural disaster. Significant losses are covered by the commercial insurance underlying these programs.

There have been no significant reductions of insurance coverage from coverage in the prior year, and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 13. COMMITMENTS AND CONTINGENCIES

Litigation

The County is involved in several pending lawsuits. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the County.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Grant Contingencies

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

Contractual Commitments

For the fiscal year ended December 31, 2010, contractual commitments on uncompleted contracts totaled \$559,062.

NOTE 14. JOINT VENTURE

On January 4, 1995, Pickens County entered into an agreement with Bartow County, Georgia establishing a joint development authority. The County Commissioner of Pickens County and the County Commissioner of Bartow County signed an agreement whereby the Joint Development Authority of Bartow County and Pickens County was established for the promotion of business development in each county as well as expanding industry, trade and employment opportunities for the citizens of Bartow and Pickens Counties. The Board of Directors of the Joint Development Authority consists of seven members. Three members of the Board are appointed by Bartow County and four members are appointed by Pickens County. As of December 31, 2010, the Joint Development Authority owned no assets and had no liabilities. Also, there have been no financial transactions conducted by the Joint Development Authority during 2010. As a result, no balance sheet or income statement is presented in the audited financial statements of Pickens County at December 31, 2010.

Under Georgia law, the County, in conjunction with other cities and counties in the north west Georgia area, is a member of the Northwest Georgia Regional Commission (NWGRC) and is required to pay annual dues thereto. During the year ended December 31, 2010, the County paid \$13,488 in such dues. Membership in the NWGRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of regional development commissions in Georgia.

The NWGRC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a regional development commission. Separate financial statements may be obtained from:

Northwest Georgia Regional Commission
503 West Waugh Street
Dalton, GA 30720

NOTES TO FINANCIAL STATEMENTS

NOTE 14. JOINT VENTURE (CONTINUED)

The County is a member of the Northwest Georgia Regional Water Resources Partnership. This is an organization of water withdrawal permit holders, local governments, and other advocacy entities with an interest in water issues. The purpose of the Water Resources Partnership is a regional organization of water related interest in Northwest Georgia for monitoring and contributing to the development of federal, state, and local policy; educating the citizenry on water related issues; funding and managing regional water-related activities; and coordinating the activities for federal, state, and local entities. The County paid annual dues in the amount of \$1,500 for the year ended December 31, 2010. Separate financial statements can be obtained from their office at:

Northwest Georgia Regional Water Resources Partnership
P.O. Box 1793
Rome, Georgia 30162-1793

NOTE 15. HOTEL/MOTEL TAX

The County has levied a 6% lodging tax. During the year ended December 31, 2010, the County collected \$29,655 in revenues. Of this amount \$20,435, or 69%, was expended on the promotion of tourism in accordance with the provisions of O.C.G.A. 48-13-51.

REQUIRED SUPPLEMENTARY INFORMATION

PICKENS COUNTY, GEORGIA

GENERAL FUND BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 13,317,930	\$ 13,765,887	\$ 13,765,887	\$ -
Licenses and permits	573,221	239,626	239,626	-
Intergovernmental	1,202,119	1,875,187	1,884,187	9,000
Charges for services	3,388,322	3,973,036	3,973,036	-
Fines and forfeitures	383,200	367,403	367,403	-
Interest income	77,500	33,114	33,114	-
Other revenues	40,901	114,955	165,090	50,135
Contributions	1,500	33,228	33,228	-
Total revenues	18,984,693	20,402,436	20,461,571	59,135
Expenditures:				
Current:				
General government:				
Legislative	148,521	146,104	146,104	-
Commissioner	128,386	130,258	130,258	-
Board of elections	207,616	248,512	248,512	-
General administration	152,085	233,763	233,763	-
Financial administration	153,694	160,416	160,416	-
Accounting	91,724	90,293	90,293	-
Human resources	50,381	49,152	49,152	-
Law	85,000	76,664	76,664	-
Tax commissioner	536,501	569,871	569,871	-
Tax assessor	485,534	433,417	433,417	-
General government buildings	325,784	348,354	348,354	-
Public information	80,170	83,618	83,618	-
General administration fees	30,000	16,462	16,462	-
Total general government	2,475,396	2,586,884	2,586,884	-
Judicial:				
Judicial administration	57,865	57,052	57,052	-
Family information law center	-	93,427	93,427	-
Superior court	157,047	197,566	197,566	-
Visitation center	34,222	36,688	36,688	-
Clerk of superior court	577,833	532,257	532,257	-
District attorney	460,045	669,956	669,956	-
Magistrate court	286,852	277,526	277,526	-
Probate court	307,340	314,898	314,898	-
Juvenile court	542,345	574,532	574,532	-
Grand jury	6,425	7,572	7,572	-
Law library	2,508	35	35	-
Public defender	285,000	272,880	272,880	-
Total judicial	2,717,482	3,034,389	3,034,389	-

(Continued)

PICKENS COUNTY, GEORGIA

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures: (Continued)				
Current: (Continued)				
Public safety:				
Sheriff	\$ 137,050	\$ 132,037	\$ 132,037	\$ -
Law enforcement administration	1,122,554	747,854	747,854	-
Criminal investigation	418,309	359,731	359,731	-
Uniform patrol	1,350,535	1,284,506	1,284,506	-
Jail operations	1,554,065	1,995,230	1,995,230	-
Sheriff office and building	190,950	215,095	215,095	-
Emergency medical services	-	407,818	407,818	-
Adult probation and parole	471,408	504,072	504,072	-
Fire fighting	1,048,817	1,533,527	1,533,527	-
Fire stations and building	-	7,655	7,655	-
EMS administration	306,670	220,754	220,754	-
EMS operations	1,608,017	2,720,701	2,720,701	-
EMS stations and buildings	44,100	24,274	24,274	-
Coroner	33,611	41,531	41,531	-
Emergency 911	21,200	17,315	17,315	-
Animal rescue	65,000	33,481	33,481	-
Emergency management agency	-	52,519	52,519	-
Total public safety	<u>8,372,286</u>	<u>10,298,100</u>	<u>10,298,100</u>	<u>-</u>
Public works:				
Public works administration	79,134	81,088	81,088	-
Highways and streets	99,832	117,674	117,674	-
Roadways and walkways	1,426,603	1,846,099	1,846,099	-
Paved streets	130,000	-	-	-
Unpaved streets	60,000	-	-	-
Bridges	20,000	1,400	1,400	-
Street lighting	10,000	10,515	10,515	-
Traffic engineering	80,680	115,907	115,907	-
Solid waste/recycling administration	614,018	610,211	610,211	-
Closure and post-closure costs	7,500	18,746	18,746	-
Public education	24,475	24,475	24,475	-
Maintenance and shop	119,634	27,657	27,657	-
Total public works	<u>2,671,876</u>	<u>2,853,772</u>	<u>2,853,772</u>	<u>-</u>
Health and welfare:				
Public health	83,500	85,637	85,637	-
Regulation and inspection	3,472	1,762	1,762	-
Buildings and plant	5,900	2,728	2,728	-
Welfare/other direct assistance	28,380	13,112	13,112	-
Senior citizens center	16,140	18,254	18,254	-
Community center	-	604,683	604,683	-
Transportation services	73,471	116,592	116,592	-
Total health and welfare	<u>210,863</u>	<u>842,768</u>	<u>842,768</u>	<u>-</u>

(Continued)

PICKENS COUNTY, GEORGIA

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures: (Continued)				
Current: (Continued)				
Culture and recreation:				
Recreation	\$ 135,615	\$ 133,999	\$ 133,999	\$ -
Participation recreation	111,600	33,866	33,866	-
Recreation centers	129,276	172,845	172,845	-
Playgrounds	-	982	982	-
Swimming pools	27,697	121,032	121,032	-
Other recreational facilities	-	84	84	-
Special facilities	30,293	31,153	31,153	-
Park areas	-	7,580	7,580	-
Park lighting	-	688	688	-
Libraries	274,155	283,828	283,828	-
Total culture and recreation	<u>708,636</u>	<u>786,057</u>	<u>786,057</u>	<u>-</u>
Housing and development:				
County agent	-	1,319	1,319	-
Agricultural resources	64,523	47,764	47,764	-
Building inspection	205,044	178,276	178,276	-
Planning and zoning	386,942	444,413	444,302	111
Assistance administration	50,000	130,077	130,077	-
Total housing and development	<u>706,509</u>	<u>801,849</u>	<u>801,738</u>	<u>111</u>
Debt service:				
Principal	478,333	550,069	550,069	-
Interest	106,913	93,301	93,301	-
Total debt service	<u>585,246</u>	<u>643,370</u>	<u>643,370</u>	<u>-</u>
Total expenditures	<u>18,448,294</u>	<u>21,847,189</u>	<u>21,847,078</u>	<u>111</u>
Excess (deficiency) of revenues over (under) expenditures	<u>536,399</u>	<u>(1,444,753)</u>	<u>(1,385,507)</u>	<u>59,246</u>
Other financing sources (uses):				
Transfers in	-	643,967	593,832	(50,135)
Transfers out	(551,399)	(468,615)	(468,615)	-
Capital lease proceeds	-	3,495,000	3,495,000	-
Sale of capital assets	15,000	121,425	121,425	-
Total other financing sources (uses)	<u>(536,399)</u>	<u>3,791,777</u>	<u>3,741,642</u>	<u>(50,135)</u>
Net change in fund balance	-	2,347,024	2,356,135	9,111
Fund balance, beginning of year	<u>5,031,864</u>	<u>5,031,864</u>	<u>5,031,864</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,031,864</u>	<u>\$ 7,378,888</u>	<u>\$ 7,387,999</u>	<u>\$ 9,111</u>

PICKENS COUNTY, GEORGIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS**

Defined Benefit Pension Plan

<u>Measurement Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</u>
12/31/2010	\$ 2,770,507	\$ 4,646,354	\$ 1,875,847	59.6 %	\$ 6,852,406	27.4 %
12/31/2009	2,311,404	3,935,021	1,623,617	58.7	5,521,511	29.4
12/31/2008	2,160,646	3,399,887	1,239,241	63.6	5,086,422	24.4
12/31/2007	1,861,565	2,918,668	1,057,103	63.8	4,648,606	22.7
12/31/2006	1,496,176	2,468,560	972,384	60.6	4,056,284	24.0
12/31/2005	1,158,720	2,171,503	1,012,783	53.4	3,388,324	29.9

Note: See assumptions used for the Schedule of Funding Progress in Note 10 to the financial statements.

Other Post-Employment Benefits Plan*

<u>Measurement Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</u>
1/1/2010	\$ -	\$ 1,444,428	\$ 1,444,428	- %	\$ 9,242,485	15.6 %

Note: See assumptions used for the Schedule of Funding Progress in Note 11 to the financial statements.

* Second year of implementation, however there was not a valuation performed for the 2010 fiscal year.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

E911 Fund is used to account for the collection of 911 charges associated with wireless bills inside the County. This fund accounts for expenditures related to the operation of the communication center.

Drug Task Force Fund accounts for the match portion of the membership to the local federal agencies.

Revolving Loan Fund accounts for loans to small business with grant money from the Georgia Department of Community Affairs.

Hotel/Motel Tax Fund is used to account for the collection of hotel and motel taxes within the County and for the expenditures made distributing the collections to the appropriate entities.

Adult Drug Court Fund is used to track program expenditures for alternative jail sentencing for non-dealer substance abuse cases.

Appalachian Pre-trial and Probation Fund accounts for the probation office expenditures.

CASA Fund is used to account for court appointed advocates, for the representation of minors and children.

Victims of Crime Assistance Fund is used to account the expenditures of investigators of crimes against women and children.

Domestic Victims Visitation Fund is used to account for expenditures related to operation of the department of family and children services (DFACS) and monitored/supervised visitation rights for children.

Law Library Fund is used to account for the revenues and related expenditures of operating the County's Law Library.

Commissary Commissions Fund is used to account for the commissions made by the Sheriff's office from canteen sales to the inmates throughout the course of the year, as well as tracking the expenditures made of those commissions.

Family Drug Court Fund is used to account for expenditures incurred by DFACS and alternative rehabilitation programs for abused families, such as alcoholics anonymous meetings and counseling.

System of Care Grant Fund is used to account for grant monies received from the State of Georgia for the purpose of enhancing the safety of children.

Mental Health Court Fund is used to account for grant monies received for the purpose of planning and implementing a Mental Health Court.

Family Connection Fund is used to account for grant monies received for the purpose of creating a program to connect children in or at risk of entering foster care to family members.

NONMAJOR GOVERNMENTAL FUNDS

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

PICKENS COUNTY, GEORGIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2010

ASSETS	Special Revenue Funds						
	E911	Drug Task Force	Revolving Loan	Hotel/Motel Tax	Adult Drug Court	Appalachian Pre-Trial and Probation	CASA
Cash and cash equivalents	\$ 10,126	\$ 56,465	\$ 11,471	\$ 4,275	\$ 51,068	\$ 74,630	\$ 45,136
Accounts receivable	69,940	-	-	2,001	-	-	-
Accounts receivable - loans	-	-	10,257	-	-	-	-
Due from other governments	-	330,106	-	-	7,439	755	76,227
Due from other funds	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Prepaid assets	-	3,142	-	-	650	-	-
Total assets	\$ 80,066	\$ 389,713	\$ 21,728	\$ 6,276	\$ 59,157	\$ 75,385	\$ 121,363
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 18,748	\$ 6,163	\$ 8,971	\$ 2,189	\$ 65	\$ 1,122	\$ 987
Accrued liabilities	4,511	43,816	-	-	-	-	-
Due to other funds	-	156,226	-	-	10,246	40,118	26,435
Total liabilities	23,259	206,205	8,971	2,189	10,311	41,240	27,422
FUND BALANCES							
Reserved for revolving loans	-	-	10,257	-	-	-	-
Reserved for prepaid assets	-	3,142	-	-	650	-	-
Unreserved, undesignated	56,807	180,366	2,500	4,087	48,196	34,145	93,941
Total fund balances	56,807	183,508	12,757	4,087	48,846	34,145	93,941
Total liabilities and fund balances	\$ 80,066	\$ 389,713	\$ 21,728	\$ 6,276	\$ 59,157	\$ 75,385	\$ 121,363

Victims of Crime Assistance	Domestic Victims Visitation	Law Library	Commissary Commissions	Family Drug Court	System of Care Grant	Mental Health Court	Family Connection	Debt Service	Total Nonmajor Governmental Funds
\$ 10,340	\$ 3,109	\$ 32,911	\$ 37,733	\$ 39,849	\$ -	\$ 714	\$ -	\$ 8	\$ 377,835
-	-	30	-	-	46,792	-	12,183	-	130,946
-	-	-	-	-	-	-	-	-	10,257
726	6,937	-	-	23,845	-	-	-	-	446,035
-	-	-	-	-	28,200	-	19,446	-	47,646
-	-	21,342	-	-	-	-	-	-	21,342
-	-	-	-	650	-	-	-	-	4,442
<u>\$ 11,066</u>	<u>\$ 10,046</u>	<u>\$ 54,283</u>	<u>\$ 37,733</u>	<u>\$ 64,344</u>	<u>\$ 74,992</u>	<u>\$ 714</u>	<u>\$ 31,629</u>	<u>\$ 8</u>	<u>\$ 1,038,503</u>
\$ -	\$ -	\$ -	\$ -	\$ 90	\$ 73,830	\$ -	\$ -	\$ -	\$ 112,165
-	-	-	-	-	-	-	261	-	48,588
-	2,927	626	-	4,744	-	-	20,672	-	261,994
-	2,927	626	-	4,834	73,830	-	20,933	-	422,747
-	-	-	-	-	-	-	-	-	10,257
-	-	-	-	650	-	-	-	-	4,442
11,066	7,119	53,657	37,733	58,860	1,162	714	10,696	8	601,057
11,066	7,119	53,657	37,733	59,510	1,162	714	10,696	8	615,756
<u>\$ 11,066</u>	<u>\$ 10,046</u>	<u>\$ 54,283</u>	<u>\$ 37,733</u>	<u>\$ 64,344</u>	<u>\$ 74,992</u>	<u>\$ 714</u>	<u>\$ 31,629</u>	<u>\$ 8</u>	<u>\$ 1,038,503</u>

PICKENS COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Special Revenue Funds						
	E911	Drug Task Force	Revolving Loan	Hotel/Motel Tax	Adult Drug Court	Appalachian Pre-Trial and Probation	CASA
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ 29,655	\$ -	\$ -	\$ -
Fines and forfeitures	-	25,773	-	-	2,977	1,209,001	-
Intergovernmental	-	268,788	-	-	48,634	60,510	174,685
Charges for services	554,564	-	-	-	73,796	-	-
Interest income	1,121	287	1,070	52	724	866	-
Other revenues	-	6,002	-	-	7,500	-	500
Total revenues	<u>555,685</u>	<u>300,850</u>	<u>1,070</u>	<u>29,707</u>	<u>133,631</u>	<u>1,270,377</u>	<u>175,185</u>
Expenditures:							
Current:							
Judicial	-	-	-	-	167,189	1,254,833	193,506
Public safety	972,538	377,353	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Housing and development	-	-	17,963	20,787	-	-	-
Debt service:							
Costs of issuance	-	-	-	-	-	-	-
Total expenditures	<u>972,538</u>	<u>377,353</u>	<u>17,963</u>	<u>20,787</u>	<u>167,189</u>	<u>1,254,833</u>	<u>193,506</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(416,853)</u>	<u>(76,503)</u>	<u>(16,893)</u>	<u>8,920</u>	<u>(33,558)</u>	<u>15,544</u>	<u>(18,321)</u>
Other financing sources (uses):							
Transfers in	419,166	39,449	-	-	-	-	10,000
Transfers out	-	-	-	(13,312)	-	-	-
Issuance of debt	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>419,166</u>	<u>39,449</u>	<u>-</u>	<u>(13,312)</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Net change in fund balances	2,313	(37,054)	(16,893)	(4,392)	(33,558)	15,544	(8,321)
Fund balances, beginning of year	<u>54,494</u>	<u>220,562</u>	<u>29,650</u>	<u>8,479</u>	<u>82,404</u>	<u>18,601</u>	<u>102,262</u>
Fund balances, end of year	<u>\$ 56,807</u>	<u>\$ 183,508</u>	<u>\$ 12,757</u>	<u>\$ 4,087</u>	<u>\$ 48,846</u>	<u>\$ 34,145</u>	<u>\$ 93,941</u>

Victims of Crime Assistance	Domestic Victims Visitation	Law Library	Commissary Commissions	Family Drug Court	System of Care Grant	Mental Health Court	Family Connection	Debt Service	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,655
-	-	24,133	-	-	-	-	-	-	1,261,884
40,835	27,510	-	-	145,378	233,960	48,211	20,672	-	1,069,183
-	2	-	-	-	-	-	-	-	628,362
142	-	605	162	-	-	-	-	8	5,037
-	5,000	-	57,228	-	770	-	11,526	-	88,526
<u>40,977</u>	<u>32,512</u>	<u>24,738</u>	<u>57,390</u>	<u>145,378</u>	<u>234,730</u>	<u>48,211</u>	<u>32,198</u>	<u>8</u>	<u>3,082,647</u>
61,303	37,808	21,415	-	145,348	-	49,457	-	-	1,930,859
-	-	-	55,689	-	-	-	-	-	1,405,580
-	-	-	-	-	254,838	-	21,502	-	276,340
-	-	-	-	-	-	-	-	-	38,750
-	-	-	-	-	-	-	-	90,000	90,000
<u>61,303</u>	<u>37,808</u>	<u>21,415</u>	<u>55,689</u>	<u>145,348</u>	<u>254,838</u>	<u>49,457</u>	<u>21,502</u>	<u>90,000</u>	<u>3,741,529</u>
(20,326)	(5,296)	3,323	1,701	30	(20,108)	(1,246)	10,696	(89,992)	(658,882)
-	-	-	-	-	-	-	-	-	468,615
-	-	-	-	-	-	-	-	-	(13,312)
-	-	-	-	-	-	-	-	90,000	90,000
-	-	-	-	-	-	-	-	90,000	545,303
(20,326)	(5,296)	3,323	1,701	30	(20,108)	(1,246)	10,696	8	(113,579)
31,392	12,415	50,334	36,032	59,480	21,270	1,960	-	-	729,335
<u>\$ 11,066</u>	<u>\$ 7,119</u>	<u>\$ 53,657</u>	<u>\$ 37,733</u>	<u>\$ 59,510</u>	<u>\$ 1,162</u>	<u>\$ 714</u>	<u>\$ 10,696</u>	<u>\$ 8</u>	<u>\$ 615,756</u>

PICKENS COUNTY, GEORGIA

**SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE YEAR ENDED DECEMBER 31, 2010**

2003 SPLOST	Project	Estimated Cost		Expenditures		
		Original	Current	Prior Years	Current Year	Total
	Fire department equipment, fire trucks and construction of new fire houses	\$ 2,250,000	\$ 2,277,908	\$ 2,266,594	\$ 11,314	\$ 2,277,908
	Emergency medical services equipment and construction of new EMS facilities	1,250,000	1,250,000	1,108,261	10,579	1,118,840
	Emergency 911 facilities improvements	450,000	536,592	528,988	7,604	536,592
	Sheriff department facilities remodeling and upgrade	6,000,000	12,189,159	8,998,136	3,191,023	12,189,159
	Water department facilities and water line improvements	4,500,000	3,500,000	2,257,525	87,385	2,344,910
	Paving and resurfacing of roads	7,550,000	5,419,723	5,216,680	203,043	5,419,723
		<u>\$ 22,000,000</u>	<u>\$ 25,173,382</u>	<u>\$ 20,376,184</u>	<u>\$ 3,510,948</u>	<u>\$ 23,887,132</u>
2008 SPLOST	Project	Estimated Cost		Expenditures		
		Original	Current	Prior Years	Current Year	Total
	Renovation, repair, remodeling, modification, construction, and equipping of existing courthouse and new parking facility	\$ 17,000,000	\$ 17,000,000	\$ 64,445	\$ 526,181	\$ 590,626
	Repayment of principal and interest on administrative building debt	2,726,000	3,123,649	584,784	2,538,865	3,123,649
	Repayment of principal and interest on adult detention center debt	3,200,000	3,200,000	-	3,200,000	3,200,000
	Parks and recreation facilities	3,000,000	3,000,000	-	-	-
	Library facilities	2,000,000	2,000,000	-	-	-
	Public safety equipment	1,500,000	1,500,000	-	-	-
	City of Jasper - road projects	954,889	954,889	-	-	-
	City of Nelson					
	Road projects	65,000	65,000	-	-	-
	Public safety	30,000	30,000	-	-	-
	Recreation facilities	15,780	15,780	-	-	-
	City of Talking Rock - city hall and community building	31,975	31,975	-	-	-
	Improvements of existing water facilities and water lines	2,000,000	2,000,000	-	-	-
	Paving and resurfacing of roads, streets, and buildings	1,476,356	1,078,707	-	-	-
		<u>\$ 34,000,000</u>	<u>\$ 34,000,000</u>	<u>\$ 649,229</u>	<u>\$ 6,265,046</u>	<u>\$ 6,914,275</u>

AGENCY FUNDS

Sheriff – This fund is used to account for collection of fees, proceeds from judicial sales, and cash bonds, which are disbursed to other agencies, the County, and individuals.

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

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

Clerk of Superior Court
Judge Probate Court
Magistrate Court

PICKENS COUNTY, GEORGIA

**COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2010**

<u>ASSETS</u>	<u>Clerk of Superior Court</u>	<u>Judge Probate Court</u>	<u>Magistrate Court</u>	<u>Sheriff</u>	<u>Tax Commissioner</u>	<u>Total</u>
Cash and cash equivalents	\$ 285,040	\$ 14,194	\$ 12,724	\$ 40,106	\$ 182,187	\$ 534,251
Taxes receivable	-	-	-	-	4,791,410	4,791,410
Total assets	<u>\$ 285,040</u>	<u>\$ 14,194</u>	<u>\$ 12,724</u>	<u>\$ 40,106</u>	<u>\$ 4,973,597</u>	<u>\$ 5,325,661</u>
<u>LIABILITIES</u>						
Due to others	\$ 285,040	\$ 14,194	\$ 12,724	\$ 40,106	\$ 182,187	\$ 534,251
Uncollected taxes	-	-	-	-	4,791,410	4,791,410
Total liabilities	<u>\$ 285,040</u>	<u>\$ 14,194</u>	<u>\$ 12,724</u>	<u>\$ 40,106</u>	<u>\$ 4,973,597</u>	<u>\$ 5,325,661</u>

COMPONENT UNIT – INDUSTRIAL DEVELOPMENT AUTHORITY

PICKENS COUNTY, GEORGIA

STATEMENT OF CASH FLOWS COMPONENT UNIT - INDUSTRIAL DEVELOPMENT AUTHORITY FOR THE YEAR ENDED DECEMBER 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 647,708
Payments to suppliers	<u>(667,888)</u>
Net cash used in operating activities	<u>(20,180)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>119,999</u>
Net cash provided by investing activities	<u>119,999</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Interest paid on capital debt	<u>(100,938)</u>
Net cash used in capital and related financing activities	<u>(100,938)</u>
Net decrease in cash and cash equivalents	(1,119)

Cash and cash equivalents:

Beginning of year	<u>118,410</u>
End of year	<u><u>\$ 117,291</u></u>

Reconciliation of operating loss to net cash used in operating activities:

Operating loss	\$ (7,277)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Increase in notes receivable	(1,623,484)
Decrease in accounts payable	(6,518)
Increase in notes payable	<u>1,617,099</u>
Net cash used in operating activities	<u><u>\$ (20,180)</u></u>

COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Commissioner of Roads and Revenues
of Pickens County, Georgia
Jasper, 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 Pickens County, Georgia (the "County") as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 18, 2011. Our report includes 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 Pickens County Department of Public Health, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2010-1, 2010-2, 2010-4, 2010-5 and 2010-6 to be material weaknesses.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider item 2010-7 described in the accompanying schedule of findings and questioned costs to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2010-3.

We noted certain matters that we reported to management of the County in a separate letter dated October 18, 2011.

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

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
October 18, 2011



CERTIFIED PUBLIC ACCOUNTANTS, LLC

**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**

**Commissioner of Roads and Revenues
of Pickens County, Georgia
Jasper, Georgia**

Compliance

We have audited Pickens County, Georgia's (the "County's") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. The County'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 the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of the Pickens County Department of Public Health which received \$133,411 in federal awards which is not included in the Schedule of Expenditures of Federal Awards for the year ending December 31, 2010. Our audit, described below, did not include the operations of the Pickens County Department of Public Health because the component unit engaged other auditors to perform an audit 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 the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

As described in item 2010-8 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding special tests and provisions for awards with ARRA funding that are applicable to its Capitalization Grants for Drinking Water State Revolving Fund program – CFDA number 66.468. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Pickens 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 December 31, 2010.

Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Pickens County, Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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 Pickens County, Georgia's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2010-8 to be a material weakness.

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

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
October 18, 2011

PICKENS COUNTY, GEORGIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass- through Grantor Number	Total Expenditures
U.S. Department of Health and Human Services			
Passed through Georgia Department of Human Resources			
Promoting Safe and Stable Families	93.556	MOU-2010-827-3094	\$ 27,510
Promoting Safe and Stable Families	93.556	MOU 2009-918-3243	54,641
			82,151
Passed through Governors Office for Children and Families			
Temporary Assistance for Needy Families	93.558	CC10-01-010	233,960
Total Department of Health and Human Services			316,111
U.S. Department of Homeland Security			
Assistance to Firefighters Grant	97.044	EMW-2009-FO-06293	94,998
Staffing for Adequate Fire and Emergency Response	97.044	EMW-2008-FF-01120	102,835
Total Department of Homeland Security			197,833
U.S. Environmental Protection Agency			
Passed through Georgia Environmental Finance Authority			
ARRA - Capitalization Grants for Drinking Water State Revolving Funds	66.468	DWSRF09-027APF40	490,273
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DWSRF09-027	241,210
Total Department of Environmental Protection Agency			731,483
U.S. Department of Transportation			
Passed through Georgia Department of Transportation			
Formula Grant for Other than Urbanized Areas	20.509	MTGG-000-139-00-200	69,272
Airport Improvement Program	20.106	AP080-9899-15(227)	412,762
Total Department of Transportation			482,034
U.S. Department of Justice			
Passed through Criminal Judicial Council			
Edward Byrne Memorial Formula Grant Program	16.579	B10-8-018	185,090
Drug Court Discretionary Grant Program	16.585	14103.03.03	122,983
Violence Against Women Formula Grants	16.588	W09-8-033	40,835
			348,908
Juvenile Accountability Block Grants	16.523		5,374
Juvenile Accountability Block Grants	16.523		4,059
			9,433
Bureau of Justice Assistance	16.745	2009-MO-BX-0028	41,029
Total Department of Justice			399,370
Total Federal Expenditures			\$ 2,126,831

Note: The above schedule of expenditures of federal awards includes the federal grant activity of Pickens County, Georgia and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

PICKENS COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:
Material weaknesses identified? yes no

Significant deficiencies identified not considered
to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes none reported

Federal Awards

Internal Control over major programs:
Material weaknesses identified? yes none reported

Significant deficiencies identified not considered
to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for
major programs
Qualified for Capitalization Grant for Drinking
Water State Revolving Loan Funds – CFDA
#66.468
Unqualified for Airport Improvement Program -
CFDA #20.106

Any audit findings disclosed that are required to
be reported in accordance with OMB Circular
A-133, Section 510(a)? yes no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
66.468	Capitalization Grants for Drinking Water State Revolving Loan Fund - ARRA
20.106	Airport Improvement Program

PICKENS COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

SECTION I
SUMMARY OF AUDIT RESULTS (Continued)

Dollar threshold used to distinguish between
Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2010-1. Grant Reporting

Criteria: Internal controls should be in place to ensure that grant-related transactions are recorded in the proper reporting period and in accordance with generally accepted accounting principles. Additionally, the A-102 Common Rule requires that accounting records for awards with ARRA funding provide for the separate identification and accounting for ARRA awards/activity and for the identification of ARRA awards in the schedule of expenditures of federal awards.

Condition: Internal controls were not sufficient to permit the County to properly report the the County's grant-related transactions on the general ledger or the schedule of expenditures of federal awards for the year ended December 31, 2010.

Context/Cause: During our testing of grant revenues, expenses, and related balance sheet accounts in the County's Water Fund, an audit adjustment was required to recognize grant revenue for the portion of the GEFA note forgiven through the County's Drinking Water State Revolving Loan Fund grant. In conjunction with this adjustment we also noted the County was not reporting expenditures of ARRA funds separately from expenditures of non-ARRA funds and failed to include expenditures of ARRA funds on the schedule of expenditures of federal awards.

Effects: Failure to comply with grant reporting requirements could result in a loss of grant funding from certain grantors. Additionally, an audit adjustment totaling \$246,000 was required to correctly report grant-related transactions for the year ended December 31, 2010.

Recommendation: We recommend the County carefully review all grant-related transactions and requirements to ensure they are reported in the proper reporting period and in accordance with generally accepted accounting principles as well as properly reporting the ARRA and non-ARRA funds on the schedule of expenditures of federal awards.

PICKENS COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2010

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2010-1. Grant Reporting (Continued)

Auditee's Response: We concur with the finding. We will take necessary steps in the future to ensure that both ARRA and non-ARRA grant-related transactions are properly recorded on the general ledger and reported on the schedule of expenditures and federal awards.

2010-2. Interfund Balances

Criteria: Internal controls should be in place to ensure that transactions between funds are reported correctly and in accordance with generally accepted accounting principles.

Condition: Internal controls were not sufficient to detect misstatements in the reporting of certain transactions between the County's funds.

Context/Cause: During our audit, an audit adjustment of approximately \$90,000 was required in the SPLOST Fund to correctly report an interfund payable that was improperly recorded in the Debt Service Fund. An adjustment of the same amount was required in the Debt Service Fund.

Effects: Adjustments totaling approximately \$180,000 were required in the reporting of interfund balances.

Recommendation: We recommend the County carefully review all interfund transactions to ensure that they are reported correctly and in accordance with generally accepted accounting principles.

Auditee's Response: We concur with the finding. We will take necessary steps in the future to ensure that all interfund transactions are properly recorded.

2010-3. Collateralization of Deposits

Criteria: Policies should be in place requiring all deposits held at financial institutions to be properly insured and, or, collateralized at all times throughout the fiscal year.

Condition: At December 31, 2010, deposits of the County totaling approximately \$815,000 held at a financial institution were not fully collateralized or insured in accordance with the Official Code of Georgia Annotated (OCGA) Section 45-8-12(c).

Context/Cause: The County's collateralization requirements were improperly calculated by the financial institution and, therefore, were not adequately collateralized by the financial institution.

PICKENS COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2010

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2010-3. Collateralization of Deposits (Continued)

Effects: The failure of a financial institution to fully collateralize or insure the County's deposits could result in financial loss to the County should the financial institution fail.

Recommendation: We recommend the County ensure that all deposits are adequately insured and, or, collateralized throughout the fiscal year.

Auditee's Response: We concur with the finding. We will take necessary steps in the future to ensure that all deposits are adequately insured and, or, collateralized throughout the year.

2010-4. Timely Reporting of Accurate Financial Information

Criteria: Timely and accurate financial reporting of all funds included in the financial statements of the County is imperative to facilitate informed financial decisions by the County's management and those with oversight of management.

Condition: Internal controls and financial reporting procedures were not sufficient to facilitate the accurate, timely reporting of the County's overall financial position and results of operations as of and for the year ended December 31, 2010.

Context/Cause: The County did not complete its year-end closing process to provide final trial balances and subsidiary ledgers necessary for auditing the majority of its funds for the year ended December 31, 2010 until late May 2011. Additionally, several subsidiary listings and schedules, including capital assets, debt schedules and schedules of federal awards, were not provided until May and June 2011.

Effects: The County was unable to report accurate financial information on either an accrual or modified accrual basis, as appropriate, in a timely manner.

Recommendation: We recommend management implement procedures to ensure timely and accurate financial reporting to facilitate informed financial decisions.

Auditee's Response: We concur with the finding. We will take necessary steps in the future to ensure that all funds pertaining to the County are included in the monthly accrual or modified accrual, as appropriate, closeout procedures, which in turn will simplify the year end accrual or modified accrual, as appropriate, close out procedures.

PICKENS COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2010

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2010-5. Capital Assets

Criteria: Internal controls should be in place to ensure that the subsidiary ledgers of the County are properly maintained to properly account for the capital assets of the County based on GAAP for a governmental entity.

Condition: Internal controls were not sufficient to detect misstatements in the reporting of the County's capital assets as of December 31, 2010.

Context/Cause: During our testing, audit adjustments were required to correct current year amounts, and they are as follows:

- The County over accrued the expenses related to the Airport expansion project. Approximately \$164,000 were included in retainage payable accruals as well as accounts payable and thus caused capital assets to be overstated.
- The County did not properly accrue all expenses incurred on the water tank project for which services had been provided as of December 31, 2010. An adjustment of \$75,000 was required to properly report the value of the project and to report the liabilities at year end.

Effects: Total misstatements of approximately \$239,000 were adjusted to properly reflect the balances of the above projects and the related liabilities.

Recommendation: We recommend the County carefully review all subsidiary ledgers related to capital assets to ensure they are properly handling and reporting the transactions in accordance with governmental accounting standards.

Auditee's Response: We concur with the finding. We will take necessary steps in the future to ensure that all capital assets and accruals are properly recorded.

PICKENS COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2010

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2010-6. Segregation of Duties

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

Condition: During our documentation of the internal controls of the County, including the other elected official's offices, we noted the following areas where duties were not appropriately segregated:

- Appropriate segregation of duties does not exist among custody, receipting, recording, distribution, reconciliation of cash accounts and other operational functions in the various funds maintained by the County.
- Individuals who post cash receipts to the receivable subledger also (1) maintain or authorize receivable adjustments; (2) process customer service calls or complaints; (3) open the mail or copy checks received; (4) prepare deposits; (5) deposit cash receipts; and (6) reconcile the bank accounts.
- While each department uses a receipt book to record all cash collections, there is no review or reconciliation of the receipt book to the cash balances which are sent to accounting to verify against the system batch.
- Individuals who reconcile the bank accounts also maintain access to the cash and can investigate discrepancies or issues related to cash.
- Individuals who investigate discrepancies or issues related to cash also maintain the cash receipts journal, post journal entries to the general ledger, monitor suspense or clearing account usage, maintain the chart of accounts, edit transactional data or approve edits of transactional data.
- Individuals who initiate purchase orders can initiate checks; approve purchase orders; prepare or issue debit memos; input purchase orders; verify or process inventory; investigate discrepancies or issues with expenditures, inventory, capital assets, debt or cash; and process sales orders.
- Individuals who prepare or issue debit memos can also initiate purchase orders; approve purchase orders; maintain purchase journals; edit vendor master files; reconcile accounts payable to the general ledger; and investigate discrepancies involving expenditures, capital assets or inventory.

PICKENS COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2010

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2010-6. Segregation of Duties (Continued)

- There are overlapping duties in the payroll process; employees who initiate or prepare payroll checks should not disburse payroll checks; control unclaimed payroll checks; edit the master file; resolve payroll inquiries; or review and authorize electronic payroll disbursements.

Context: Several instances of overlapping duties were noted during interviews and walk-through procedures regarding internal controls of the County.

Effects or possible effects: Failure to properly segregate duties among custody, recording, distribution, and reconciliation of accounts can lead to misappropriation of funds that is not detected in a timely manner by employees in the normal course of performing their assigned functions.

Cause: The failure in segregation of duties is mostly due to the limited number of individuals to perform all of the duties.

Recommendation: We recommend the County segregate duties relative to the custody, receipting, recording, distribution, and reconciliation of accounts.

Auditee's Response: We will review our operations to determine the most efficient and effective solution to properly segregate duties.

PICKENS COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2010

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2010-7. Unidentified Funds - Constitutional Offices

Criteria: All constitutional offices must have a proper function of receiving funds, recording the receipt of funds, and timely and properly remitting such funds to the appropriate parties upon their disposition in accordance with State of Georgia laws.

Condition: For the year ended December 31, 2010, we noted that the Clerk of Court (general account) and Sheriff's Office (inmate's account) had \$1,154 and \$3,191, respectively, in bank accounts for which no comprehensive detail listing was available to identify to whom the funds were owed.

Context/Cause: During our testing of the County's agency funds, we noted the following funds for which the County could not account for the differences in the cash balances and the year-end liability ledgers:

- The Clerk of Court did not have a subsidiary detail of \$1,154 of cash deposited in the general account.
- The Sheriff's inmate account did not have a subsidiary detail of approximately \$3,191 of inmate funds on deposit.

Effects: By not reconciling the cash balances to the supporting detail listings of amounts payable, differences could occur and go undetected by the respective offices. Additionally, this will create difficulties for the proper tracking, maintenance and disbursement of these funds.

Recommendation: We recommend the respective offices make every effort to determine who the proper payee(s) are for these funds and disburse the funds as quickly as possible. If the payee cannot be determined, consultation with the County Attorney is recommended. Additionally, we recommend the proper maintenance and reconciliation of detail subsidiary listings going forward.

Auditee's Response: We concur with the finding. We will work to determine to whom the funds are owed and detail listings will be reconciled to the cash balances on hand.

PICKENS COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2010-8. **Special Tests and Provisions for Awards with ARRA Funding**

Program: CFDA No. 66.468, Capitalization Grants for Drinking Water State Revolving Funds – Recovery Act Funded

Criteria: See financial statement finding 2010-1.

Condition: See financial statement finding 2010-1.

Effects or possible effects: See financial statement finding 2010-1.

Questioned Costs: None.

Recommendations: See financial statement finding 2010-1.

Response: See financial statement finding 2010-1.

PICKENS COUNTY, GEORGIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2010

None reported