

PUTNAM COUNTY, GEORGIA

FINANCIAL STATEMENTS AS OF
SEPTEMBER 30, 2011 AND
REPORT OF INDEPENDENT ACCOUNTANTS

PUTNAM COUNTY, GEORGIA

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McNAIR, McLEMORE, MIDDLEBROOKS & Co., LLC

CERTIFIED PUBLIC ACCOUNTANTS

389 Mulberry Street • Post Office Box One • Macon, GA 31202

Telephone (478) 746-6277 • Facsimile (478) 743-6858

www.mmmcpa.com

January 26, 2012

REPORT OF INDEPENDENT ACCOUNTANTS

Board of Commissioners
Putnam County, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **Putnam County, Georgia** (the County), as of and for the fiscal year ended September 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Putnam County Health Department, which reflect total assets of \$369,947 as of June 30, 2011, and total revenues of \$608,593 for the year ended June 30, 2011. 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 Putnam County Health Department in the component unit column, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Putnam County, Georgia as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund for the fiscal 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 January 26, 2012, on our consideration of Putnam 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 Management's Discussion and Analysis (on pages 3 through 10) and the Schedule of Funding Progress (on page 41) 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 methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Putnam County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County. The accompanying schedules of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-21, and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedules 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 presented in all material respects in relation to the basic financial statements taken as a whole.

McNair, McLemore, Middlebrooks & Co., LLC
McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

**PUTNAM COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

Putnam County's management is pleased to provide this narrative discussion and analysis of the financial activities of the County for the fiscal year ended September 30, 2011. The County's financial activities and performance are discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Putnam County changed its fiscal year in 2010 from a calendar year to October 1 to September 30. Therefore, the 2010 financials presented in this report are for nine months rather than twelve months. We encourage readers to consider this when reviewing this discussion and analysis section.

Financial Highlights

Putnam County's assets exceeded its liabilities by \$45,786,373 (net assets) as of September 30, 2011. The change, from September 30, 2010, in total net assets is an increase of \$907,694 or 2 percent. Capital assets of \$28,574,725 are presented net of related accumulated depreciation. Capital assets include property; infrastructure; buildings and improvements; and furniture, fixtures, machinery and equipment. Net assets of \$12,773,975 are restricted by constraints imposed from outside the County such as grant agreements, laws or regulations. Unrestricted net assets of \$3,428,274 may be used to maintain the County's continuing obligations to citizens and creditors.

At September 30, 2011, the County's total fund balances for all governmental fund types were \$16,706,175, an increase of \$1,489,255 or 10 percent from the 2010 fiscal year.

At September 30, 2011, the County's general fund total fund balance was \$13,901,677, an increase of \$9,388,074 or 208 percent.

Overview of the Financial Statements

This discussion and analysis introduces the County's basic financial statements. The basic financial statements include (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

This annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the County's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination of activities between funds.

The first of these government-wide statements is the statement of net assets. This reports the government-wide financial position, including all of the County's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether financial position, as a whole, is improving or deteriorating.

The second government-wide statement is the statement of activities, which reports how the County's net assets changed during the current fiscal year. All current year revenues and expenses are included, regardless of when cash is received or paid. The statement of activities is designed to show the financing sources for the County's distinct activities and functions.

Government-Wide Financial Statements (Continued)

Both government-wide financial statements distinguish between governmental activities, which are primarily supported by taxes and business-type activities, which are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, judiciary, public safety, public works, health and welfare, culture and recreation, housing and development, and economic development. Business-type activities include the solid waste, the golf course, and the Oconee Springs Park recreational facility.

The government-wide financial statements are presented on pages 11 and 12 of this report.

Fund Financial Statements

A fund is a separate accounting entity used to maintain control over resources which are segregated for specific activities or objectives. The County uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, the fund financial statements focus on the County's most significant funds, or major funds, rather than on the government as a whole. The designation "major fund" is determined based on proportional relationships of individual funds with the entity. Major funds are separately reported while all others are aggregated into a single presentation. Individual fund data for nonmajor funds is provided in latter sections of this report.

The County has three kinds of funds:

Governmental Funds

Governmental funds, as reported in the fund financial statements, encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus of the fund financial statements is very different from that of the government-wide statements. Fund statements report short-term fiscal accountability, focusing on the balances and uses of spendable resources. Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide a more complete picture of financial activity and financial position. Both the governmental fund balance sheet and the governmental fund statement of activities provide a reconciliation to assist in understanding the differences between these two perspectives.

Governmental funds include the general fund, special revenue funds and capital projects funds. A budget comparison statement for the general fund is presented as a basic financial statement. The basic governmental fund financial statements are presented on pages 13-15 of this report.

Proprietary Funds

Proprietary funds are used to account for the operations for which customers are charged a fee for services provided. These funds essentially encompass the same functions reported as business-type activities in the government-wide statements. At both the government-wide and fund reporting levels, proprietary funds present changes in total net assets. Proprietary funds include the Solid Waste Fund, the Uncle Remus Golf Course Fund and the Oconee Springs Park Fund. The basic proprietary fund financial statements are presented on pages 19-22 of this report.

Fiduciary Funds

Fiduciary funds are used to account for assets held in a custodial capacity for individuals, organizations or other governments. The County's fiduciary funds are all agency funds.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 24 of this report.

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents individual and combining nonmajor fund financial statements. These may be found beginning on page 41. Budgetary comparison schedules for the general fund and each individual special revenue fund are found in this section of the report. These schedules demonstrate compliance with the County's budget.

Financial Analysis of the County as a Whole

From year to year, changes in net assets may be compared and used to analyze the changing financial position of the County as a whole. The table below summarizes the components of net assets.

The County reported positive balances in net assets for governmental and business-type activities. During this year, net assets increased by \$930,895 for governmental activities and decreased by \$23,201 for business-type activities. This resulted in a total increase of \$907,694, an overall 2 percent decrease.

As the summary of net assets shows, approximately 62 percent of County net assets are invested in capital assets (e.g., land, buildings, infrastructure, furniture, vehicles, machinery and equipment). The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending.

Following the summary of net assets, a summary of revenues, expenses and changes in net assets may be found on page 6.

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	\$ 18,336,736	\$ 16,631,135	\$ 948,718	\$ 1,005,764	\$ 19,285,454	\$ 17,636,899
Capital Assets	28,278,772	28,993,921	295,953	295,538	28,574,725	29,289,459
Total Assets	46,615,508	45,625,056	1,244,671	1,301,302	47,860,179	46,926,358
Other Liabilities	878,053	789,961	31,285	35,155	909,338	825,116
Long-Term Liabilities Outstanding	386,913	415,448	777,555	807,115	1,164,468	1,222,563
Total Liabilities	1,264,966	1,205,409	808,840	842,270	2,073,806	2,047,679
Net Assets						
Invested in Capital Assets	28,278,772	28,993,921	295,953	295,538	28,574,725	29,289,459
Restricted	13,783,374	9,653,195	-	-	13,783,374	9,653,195
Unrestricted	3,288,396	5,772,531	139,878	163,494	3,428,274	5,936,025
Total Net Assets	\$ 45,350,542	\$ 44,419,647	\$ 435,831	\$ 459,032	\$ 45,786,373	\$ 44,878,679

Financial Analysis of the County as a Whole (Continued)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues						
Charges for Services	\$ 3,169,215	\$ 1,931,687	\$ 467,822	\$ 347,165	\$ 3,637,037	\$ 2,278,852
Operating Grants and Contributions	438,992	369,782	-	-	438,992	369,782
Capital Grants and Contributions	-	-	29,350	41,175	29,350	41,175
General Revenues						
Taxes	16,431,111	6,162,926	-	-	16,431,111	6,162,926
Other	195,146	223,123	9,311	15,262	204,457	238,385
Total Revenues	20,234,464	8,687,518	506,483	403,602	20,740,947	9,091,120
Expenses						
General Government	3,005,766	2,139,729	-	-	3,005,766	2,139,729
Judicial	1,645,107	1,223,882	-	-	1,645,107	1,223,882
Public Safety	8,019,212	5,788,502	-	-	8,019,212	5,788,502
Public Works	3,961,841	3,240,244	-	-	3,961,841	3,240,244
Health and Welfare	1,483,980	2,275,109	-	-	1,483,980	2,275,109
Culture and Recreation	703,780	645,841	-	-	703,780	645,841
Housing and Development	473,883	465,252	-	-	473,883	465,252
Uncle Remus Golf Course	-	-	191,684	144,440	191,684	144,440
Oconee Springs Park	-	-	323,963	235,159	323,963	235,159
Solid Waste	-	-	24,037	132,722	24,037	132,722
Total Expenses	19,293,569	15,778,559	539,684	512,321	19,833,253	16,290,880
Change in Net Assets Before Transfers	940,895	(7,091,041)	(33,201)	(108,719)	907,694	(7,199,760)
Transfers	(10,000)	(36,578)	10,000	36,578	-	-
Increase (Decrease) in Net Assets	930,895	(7,127,619)	(23,201)	(72,141)	907,694	(7,199,760)
Net Assets, Beginning	44,419,647	51,153,847	459,032	531,173	44,878,679	51,685,020
Net Assets, Ending	\$ 45,350,542	\$ 44,026,228	\$ 435,831	\$ 459,032	\$ 45,786,373	\$ 44,485,260

Financial Analysis of Individual County Funds

In regarding the County as a financial entity, the greatest influence which can be exercised by elected officials and their administrators (management) is on the operations of the general fund and the enterprise funds. Special revenue funds and capital project funds may be influenced to a lesser degree because they must adhere to specific mandates regarding their sources of revenues and purposes of expenditures.

Governmental Funds

As noted previously, governmental funds (the general fund, special revenue funds and capital projects funds) are reported in the fund statements with a short-term inflow and outflow of spendable resources focus. This focus is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements.

Governmental funds reported ending fund balances of \$16,706,175. Nonspendable fund balances (not available for current expenditures) include \$162,350 for prepaid items. Restricted fund balances include \$1,795,099 for capital projects, \$1,009,399 relates to program purposes of special revenue funds, and \$10,978,876 for ad valorem tax relief. Committed fund balances include \$2,615,464 for contingencies and \$53,256 for grant programs. Unassigned fund balances totaled \$91,731 as of September 30, 2011.

Governmental Revenues - With total revenues of \$19,870,387, taxes of \$16,134,924 provide the County's greatest source of revenues at 81 percent. These taxes are derived from a variety of sources including taxes on real estate and personal property, real estate transfers, insurance premiums, utility franchises, recording intangibles, excise taxes on alcoholic beverages and sales taxes. Sales taxes are the second largest revenue source for 2011, generating \$6,825,060, or 34 percent of total governmental revenues.

The County collects sales tax through two individual, voter-approved referendums.

- A local option sales tax provides proceeds for both the County and the City of Eatonton. These revenues are accounted for in the general fund and are used to fund general operations.
- A special local option sales tax funds specific capital projects. These revenues are accounted for in the Special Local Option Sales Tax No. 6 Fund, a capital projects fund.

Governmental Expenditures - Consistent with the trends of previous years, the function of public safety led County expenditures. The 2011 total was \$7,780,691. As in previous years, approximately 42 percent of governmental expenditures support public safety. The function of general government followed public safety with \$2,828,519, or 15 percent of the total. Capital outlay of \$1,385,169 (8 percent of total governmental expenditures) served all functions of County government providing a range of assets including roads, heavy equipment, vehicles and office equipment.

General Fund - The general fund is the County's primary operating fund and the largest source of day-to-day service delivery. Financial statements of the general fund may be found beginning on page 13. With total general fund revenues of \$14,593,708, taxes of \$11,585,821 provided the greatest source of revenues at 79 percent. Total general fund expenditures were \$16,298,304. As with the government as a whole, expenditures for the functions of public safety of \$7,359,354, general government of \$2,828,519 and public works of \$2,356,944 comprised 77 percent of total expenditures.

The general fund reported an ending fund balance of \$13,901,677. Legally restricted fund balances include \$10,978,876 transferred from the SPLOST No. 6 fund for ad valorem tax relief. Committed fund balances include \$2,615,464 for contingencies and \$53,256 for the grant program. Unassigned fund balances totaled \$91,731 as of September 30, 2011 to be used for the County's general fund service requirements.

Through a series of amendments, the final general fund expenditure budget increased by 2 percent in 2011, reflecting changes in expenditures occurring during the year.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are committed to expenditures for specified purposes. The County utilizes ten special revenue funds. All are nonmajor funds. Summary explanations of the funding source and purpose of each fund may be found on page 42; combining and individual fund statements may be found on pages 43-54.

The combined fund balance of these ten funds, \$1,009,399, comprises 6 percent of total governmental fund balances of \$16,706,175.

The County complies with all applicable laws in administering these flows of financial resources.

Capital Projects Funds

Capital projects funds are used to account for financial resources which are dedicated to the acquisition or construction of capital facilities (other than those financed by proprietary funds). During 2011, Putnam County used one capital project fund.

This fund was used to account for the proceeds of special sales tax collections. Sales tax proceeds are expended in accordance with referendums approved by County voters. The referendums provide project budgets (as opposed to annual budgets). The fund balances are reserved in accordance with the referendums. Within these limits, projects are prioritized by commissioners, based on community needs.

Proprietary Funds

Proprietary funds are used to account for operations which are significantly funded with user fees. Three County operations utilize proprietary fund accounting.

The Solid Waste Fund is the only major proprietary fund. This fund incurs limited activity, as it is used to account for the costs of postclosure (environmental monitoring) of a now-closed public landfill. More information about the anticipated costs of long-term monitoring and the resources available to meet these costs may be found in Note 7.

The Uncle Remus Golf Course Fund incurred an operating loss of \$50,575. Subsidies in the form of transfers, totaling \$10,000, from the general fund helped support golf course operations.

The Oconee Springs Park Fund produced an operating profit of \$2,750. A transfer was not required from the general fund to support park operations.

Capital Assets

The schedule below summarizes capital assets used in both governmental and business activities at year-ends 2011 and 2010. In addition, more detailed information on changes in capital assets is presented in Note 6.

As may be seen in this schedule, assets used in governmental activities comprise the bulk of County capital assets. Currently, and for many prior years, Special Local Option Sales Tax proceeds have funded most of these acquisitions.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 519,407	\$ 527,373	\$ 116,395	\$ 116,395	\$ 635,802	\$ 643,768
Buildings and Improvements	14,130,803	14,151,347	412,271	358,086	14,543,074	14,509,433
Machinery and Equipment	9,345,164	8,851,597	352,861	339,620	9,698,025	9,191,217
Infrastructure	27,263,339	27,044,432	-	-	27,263,339	27,044,432
Construction in Progress	1,508,929	789,336	-	41,175	1,508,929	830,511
	<u>\$ 52,767,642</u>	<u>\$ 51,364,085</u>	<u>\$ 881,527</u>	<u>\$ 855,276</u>	<u>\$ 53,649,169</u>	<u>\$ 52,219,361</u>

Long-Term Debt

The County reported compensated absences and net pension obligation as long-term liabilities for governmental activities. Business activities reported two categories of long-term liabilities. In addition to compensated absences payable for golf course and park employees, the Solid Waste Fund carries obligations for landfill postclosure care. This obligation is secured by a certificate of deposit, which is restricted for this use. For more information regarding long-term debt, see Note 7.

Economic Conditions Affecting the County

The County continues a successful transition from dependence on the manufacturing industry to a broader employment base. A new high-tech industry has planned to relocate to Putnam County. This new industry will bring 200 new jobs into the area. In recent years, growth and increased demands for services have occurred throughout the County, particularly in the area around Lake Oconee.

The County is looking to take advantage of the most aggressive Georgia Department of Transportation road improvement project ever undertaken in the County. The County will be the recipient of over \$80,000,000 of highway improvements. At the end of this construction project, the state highway system will provide unprecedented benefits to the County. This will facilitate new opportunities around the area. The proposed closing of Georgia Power's Plant Branch is problematic for the County for several reasons. The first reason is that Georgia Power is the single largest tax payer in the county and the loss of this revenue could adversely affect county services or precipitate increases in revenue from other sources. Secondly, the Local Option Sales Tax (LOST) and the Special Purpose Local Option Sales Tax (SPLOST) would be adversely impacted because the sales tax generated from the coal purchases by Georgia Power for power generation would reduce the LOST and SPLOST generated by nearly half.

Economic Conditions Affecting the County (Continued)

There were dramatic changes taking place this year regarding the FY 2012 budget. The downturn in the economy necessitated these changes. The cost cutting measures and new methods of conducting business has allowed Putnam County to have a FY 2012 budget that is lower than the FY 2008 budget, in spite of increased fuel costs, medical costs and utility costs, along with other expenses. The County has maintained its 5.4 mil property tax for many years, and as a result Putnam County has one of the lowest millage rates in the state. Putnam County is in a sound position moving forward, in large part due to the visionary leadership of the Putnam County Board of Commissioners.

Requests for Information

This financial report is designed to provide a general overview of Putnam County's finances, comply with finance-related laws and regulations, and demonstrate the County's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Putnam County Finance Director at 108 South Madison Avenue, Suite 301, Eatonton, Georgia 31024, or call (706) 485-5826.

BASIC FINANCIAL STATEMENTS

**PUTNAM COUNTY, GEORGIA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Health Department
Assets				
Cash and Cash Equivalents	\$ 2,907,415	\$ 158,539	\$ 3,065,954	\$ 367,996
Investments	12,531,942	130,227	12,662,169	-
Receivables				
Accounts	916,954	-	916,954	-
Property Taxes	356,387	-	356,387	-
Due from Other Governments	1,290,894	-	1,290,894	-
Internal Balances	170,794	(170,794)	-	-
Prepaid Items	162,350	-	162,350	-
Inventory	-	29,349	29,349	-
Restricted Assets				
Investments	-	801,397	801,397	-
Capital Assets				
Nondepreciable	9,032,588	116,395	9,148,983	-
Depreciable, Net of Accumulated Depreciation	19,246,184	179,558	19,425,742	1,951
Total Assets	46,615,508	1,244,671	47,860,179	369,947
Liabilities				
Accounts Payable	577,599	-	577,599	1,100
Accrued Liabilities	214,955	-	214,955	-
Other Current Liabilities	-	1,559	1,559	-
Compensated Absences Due Within One Year	257,551	-	257,551	9,505
Compensated Absences Due in More Than One Year	129,362	4,643	134,005	32,523
Net Pension Obligation	85,499	-	85,499	-
Landfill Postclosure Care Due Within One Year	-	29,726	29,726	-
Landfill Postclosure Care Due in More Than One Year	-	772,912	772,912	-
Total Liabilities	1,264,966	808,840	2,073,806	43,128
Net Assets				
Invested in Capital Assets	28,278,772	295,953	28,574,725	1,951
Restricted for				
Capital Projects	1,795,099	-	1,795,099	-
Ad Valorem Tax Abatement	10,978,876	-	10,978,876	-
Other Purposes	1,009,399	-	1,009,399	-
Unrestricted	3,288,396	139,878	3,428,274	324,868
Total Net Assets	\$ 45,350,542	\$ 435,831	\$ 45,786,373	\$ 326,819

See accompanying notes which are an integral part of these financial statements.

**PUTNAM COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011**

	<u>General Fund</u>	<u>SPLOST No. 6 Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and Cash Equivalents	\$ 1,388,022	\$ 1,126,038	\$ 393,355	\$ 2,907,415
Investments	11,861,420	-	670,522	12,531,942
Receivables				
Accounts	907,335	-	9,619	916,954
Property Taxes	356,387	-	-	356,387
Due from Other Governments	473,590	817,304	-	1,290,894
Due from Other Funds	218,980	-	-	218,980
Prepaid Items	162,350	-	-	162,350
	<u>15,368,084</u>	<u>1,943,342</u>	<u>1,073,496</u>	<u>18,384,922</u>
Total Assets	<u>\$ 15,368,084</u>	<u>\$ 1,943,342</u>	<u>\$ 1,073,496</u>	<u>\$ 18,384,922</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 413,445	\$ 148,243	\$ 15,911	\$ 577,599
Accrued Liabilities	214,955	-	-	214,955
Due to Other Funds	-	-	48,186	48,186
Deferred Revenues	838,007	-	-	838,007
Other Current Liabilities	-	-	-	-
	<u>1,466,407</u>	<u>148,243</u>	<u>64,097</u>	<u>1,678,747</u>
Total Liabilities	<u>1,466,407</u>	<u>148,243</u>	<u>64,097</u>	<u>1,678,747</u>
Fund Balances				
Nonspendable	162,350	-	-	162,350
Restricted for				
Capital Projects	-	1,795,099	-	1,795,099
Ad Valorem Tax Abatement	10,978,876	-	-	10,978,876
Other Purposes	-	-	1,009,399	1,009,399
Committed for				
Contingency	2,615,464	-	-	2,615,464
Grant Programs	53,256	-	-	53,256
Unassigned	91,731	-	-	91,731
	<u>13,901,677</u>	<u>1,795,099</u>	<u>1,009,399</u>	<u>16,706,175</u>
Total Fund Balances	<u>13,901,677</u>	<u>1,795,099</u>	<u>1,009,399</u>	<u>16,706,175</u>
Total Liabilities and Fund Balances	<u>\$ 15,368,084</u>	<u>\$ 1,943,342</u>	<u>\$ 1,073,496</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

28,278,772

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

838,007

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

(386,913)

Net pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

(85,499)

Net Assets of Governmental Activities

\$ 45,350,542

See accompanying notes which are an integral part of these financial statements.

PUTNAM COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	<u>General Fund</u>	<u>SPLOST No. 6 Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 9,221,508	\$ -	\$ 88,356	\$ 9,309,864
Sales Taxes	2,364,313	4,460,747	-	6,825,060
Licenses and Permits	145,219	-	-	145,219
Intergovernmental	526,463	-	156,040	682,503
Charges for Services	1,539,261	-	357,413	1,896,674
Fines and Forfeitures	637,967	-	172,636	810,603
Interest	105,543	34,383	7,104	147,030
Other	53,434	-	-	53,434
	<u>14,593,708</u>	<u>4,495,130</u>	<u>781,549</u>	<u>19,870,387</u>
Expenditures				
Current				
General Government	2,828,519	-	-	2,828,519
Judicial	1,421,787	-	176,147	1,597,934
Public Safety	7,359,354	5,229	416,108	7,780,691
Public Works	2,356,944	-	-	2,356,944
Health and Welfare	1,216,069	-	37,171	1,253,240
Culture and Recreation	693,298	-	-	693,298
Housing and Development	422,333	-	53,004	475,337
Capital Outlay	-	1,369,121	16,048	1,385,169
	<u>16,298,304</u>	<u>1,374,350</u>	<u>698,478</u>	<u>18,371,132</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,704,596)</u>	<u>3,120,780</u>	<u>83,071</u>	<u>1,499,255</u>
Other Financing Sources (Uses)				
Transfers In	11,102,670	-	(123,794)	10,978,876
Transfers Out	(10,000)	(10,978,876)	-	(10,988,876)
	<u>11,092,670</u>	<u>(10,978,876)</u>	<u>(123,794)</u>	<u>(10,000)</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	9,388,074	(7,858,096)	(40,723)	1,489,255
Fund Balances, Beginning, As Previously Reported	4,369,643	9,653,195	1,050,122	15,072,960
Prior Period Adjustment	143,960	-	-	143,960
Fund Balances, Beginning, As Restated	<u>4,513,603</u>	<u>9,653,195</u>	<u>1,050,122</u>	<u>15,216,920</u>
Fund Balances, Ending	<u>\$ 13,901,677</u>	<u>\$ 1,795,099</u>	<u>\$ 1,009,399</u>	<u>\$ 16,706,175</u>

See accompanying notes which are an integral part of these financial statements.

PUTNAM COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

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

Net Change in Fund Balances - Total Governmental Funds	\$ 1,489,255
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(606,503)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net assets.	(108,646)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	335,010
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>(178,221)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 930,895</u></u>

See accompanying notes which are an integral part of these financial statements.

**PUTNAM COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
Taxes	\$ 9,564,956	\$ 9,260,541	\$ 9,221,508	\$ (39,033)
Sales Taxes	2,208,129	2,208,129	2,364,313	156,184
Licenses and Permits	147,700	147,700	145,219	(2,481)
Intergovernmental	543,043	546,134	526,463	(19,671)
Charges for Services	1,078,600	1,200,244	1,539,261	339,017
Fines and Forfeitures	529,000	529,000	637,967	108,967
Interest	50,000	50,000	105,543	55,543
Other	8,500	8,500	53,434	44,934
	<u>14,129,928</u>	<u>13,950,248</u>	<u>14,593,708</u>	<u>643,460</u>
Expenditures				
Current				
General Government				
District Commissioners	171,444	184,285	177,249	(7,036)
Executive Officers	263,387	252,922	247,041	(5,881)
Board of Elections and Registration	217,760	225,483	219,451	(6,032)
Financial Administration	266,484	349,367	348,039	(1,328)
General Administration	1,031,046	293,900	290,452	(3,448)
Legal Services	70,000	75,000	73,996	(1,004)
Tax Commissioner	345,793	372,080	387,917	15,837
Tax Assessor	520,269	531,575	528,698	(2,877)
Board of Equalization	19,391	17,222	9,764	(7,458)
Risk Management	225,000	220,000	218,462	(1,538)
Public Buildings	297,951	318,547	314,729	(3,818)
Regional Development Fees	14,540	12,723	12,721	(2)
	<u>3,443,065</u>	<u>2,853,104</u>	<u>2,828,519</u>	<u>(24,585)</u>
Judicial				
Superior Court	114,887	102,898	98,105	(4,793)
Clerk of Superior Court	388,465	414,255	412,003	(2,252)
District Attorney	59,630	61,526	61,329	(197)
State Court	160,186	165,659	164,362	(1,297)
Solicitor's Office	103,908	104,229	103,189	(1,040)
Magistrate Court	198,778	212,771	212,293	(478)
Probate Court	168,916	181,929	178,489	(3,440)
Juvenile Court	89,253	96,816	93,007	(3,809)
Juvenile Prosecutor's Office	18,000	18,000	18,000	-
Public Defender	73,325	81,425	81,010	(415)
	<u>\$ 1,375,348</u>	<u>\$ 1,439,508</u>	<u>\$ 1,421,787</u>	<u>\$ (17,721)</u>

See accompanying notes which are an integral part of these financial statements.

**PUTNAM COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	Original Budget	Final Budget	Actual	Over (Under) Budget
Public Safety				
Sheriff Operations	\$ 2,458,151	\$ 2,747,544	\$ 2,744,948	\$ (2,596)
Jail Operations	1,646,064	1,888,909	1,887,293	(1,616)
Fire Stations	760,468	874,009	873,672	(337)
Sugar Creek Fire Station	5,285	5,285	2,103	(3,182)
Ambulance Service	1,474,706	1,588,158	1,575,195	(12,963)
Rescue	63,473	58,118	56,519	(1,599)
Coroner	53,313	55,880	50,528	(5,352)
Animal Control	163,502	173,150	168,979	(4,171)
Emergency Management	-	200	117	(83)
Total Public Safety	6,624,962	7,391,253	7,359,354	(31,899)
Public Works				
Public Works Administration	161,325	178,942	178,738	(204)
Highways and Streets	800,781	781,825	779,601	(2,224)
Solid Waste Collection	410,000	401,300	401,299	(1)
Recycle Operations	757,500	764,455	764,237	(218)
Maintenance and Shop	212,761	233,917	233,069	(848)
Total Public Works	2,342,367	2,360,439	2,356,944	(3,495)
Health and Welfare				
Health Department	245,837	245,837	245,837	-
Putnam General Hospital	500,000	500,000	500,000	-
Putnam Jasper Service Center	16,000	16,000	16,000	-
Family and Children Services	32,000	32,000	31,879	(121)
Early Childhood Intervention	15,000	7,500	7,500	-
Indigent Burial	-	1,200	1,200	-
Senior Citizens Center	205,165	182,425	178,754	(3,671)
Public Transit System	237,561	239,161	234,899	(4,262)
	\$ 1,251,563	\$ 1,224,123	\$ 1,216,069	\$ (8,054)

See accompanying notes which are an integral part of these financial statements.

**PUTNAM COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Culture and Recreation				
Recreation	\$ 526,780	\$ 553,181	\$ 552,694	\$ (487)
Eatonton Public Library	140,604	140,604	140,604	-
Total Culture and Recreation	<u>667,384</u>	<u>693,785</u>	<u>693,298</u>	<u>(487)</u>
Housing and Development				
County Extension Service	40,244	40,336	38,133	(2,203)
Planning and Development	216,289	248,401	242,121	(6,280)
Planning and Development Commission	8,049	8,058	6,126	(1,932)
Code Enforcement	91,759	97,433	95,399	(2,034)
Putnam Development Authority	25,000	25,000	25,000	-
Chamber of Commerce	5,160	5,160	5,160	-
Rock Hawk Timber Tax Funds	12,000	6,703	5,394	(1,309)
Better Home Town Program	5,000	5,000	5,000	-
Total Housing and Development	<u>403,501</u>	<u>436,091</u>	<u>422,333</u>	<u>(13,758)</u>
Total Expenditures	<u>16,108,190</u>	<u>16,398,303</u>	<u>16,298,304</u>	<u>(99,999)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,978,262)	(2,448,055)	(1,704,596)	743,459
Other Financing Sources (Uses)				
Transfers In	122,450	122,450	11,102,670	10,980,220
Transfers Out	(10,000)	(10,000)	(10,000)	-
Total Other Financing Sources (Uses)	<u>112,450</u>	<u>112,450</u>	<u>11,092,670</u>	<u>10,980,220</u>
Net Change in Fund Balance	<u>(1,865,812)</u>	<u>(2,335,605)</u>	<u>9,388,074</u>	<u>11,723,679</u>
Fund Balance, Beginning As Previously Reported	4,369,643	4,369,643	4,369,643	-
Prior Period Adjustment	-	-	143,960	-
Fund Balance, Beginning, As Restated	<u>4,369,643</u>	<u>4,369,643</u>	<u>4,513,603</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 2,503,831</u>	<u>\$ 2,034,038</u>	<u>\$ 13,901,677</u>	<u>\$ 11,723,679</u>

See accompanying notes which are an integral part of these financial statements.

PUTNAM COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2011

	Business-Type Activities		
	Enterprise Funds		
	Solid Waste Fund	Combined Nonmajor Funds	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 44,716	\$ 113,823	\$ 158,539
Investments	-	130,227	130,227
Inventory	-	29,349	29,349
Restricted Assets			
Investments	801,397	-	801,397
Total Current Assets	846,113	273,399	1,119,512
Capital Assets			
Nondepreciable	116,395	-	116,395
Depreciable, Net of Accumulated Depreciation	-	179,558	179,558
Total Capital Assets	116,395	179,558	295,953
Total Assets	962,508	452,957	1,415,465
Liabilities			
Current Liabilities			
Due to Other Funds	-	170,794	170,794
Other Liabilities	-	1,559	1,559
Landfill Postclosure Care	29,726	-	29,726
Total Current Liabilities	29,726	172,353	202,079
Long-Term Liabilities			
Landfill Postclosure Care	772,912	-	772,912
Compensated Absences	-	4,643	4,643
Total Long-Term Liabilities	772,912	4,643	777,555
Total Liabilities	802,638	176,996	979,634
Net Assets			
Invested in Capital Assets	116,395	179,558	295,953
Unrestricted	43,475	96,403	139,878
Total Net Assets	\$ 159,870	\$ 275,961	\$ 435,831

See accompanying notes which are an integral part of these financial statements.

PUTNAM COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Business-Type Activities		
	Enterprise Funds		
	Solid Waste Fund	Combined Nonmajor Funds	Total
Operating Revenues			
Charges for Services	\$ -	\$ 466,640	\$ 466,640
Other	-	1,182	1,182
Total Operating Revenues	<u>-</u>	<u>467,822</u>	<u>467,822</u>
Operating Expenses			
Personnel Services and Employee Benefits	-	151,627	151,627
Purchased/Contracted Services	-	31,917	31,917
Supplies	-	302,897	302,897
Depreciation	-	28,937	28,937
Postclosure Monitoring Costs	24,037	-	24,037
Other	-	269	269
Total Operating Expenses	<u>24,037</u>	<u>515,647</u>	<u>539,684</u>
Operating Loss	(24,037)	(47,825)	(71,862)
Nonoperating Revenues			
Interest	<u>8,295</u>	<u>1,016</u>	<u>9,311</u>
Loss Before Transfers and Contributions	(15,742)	(46,809)	(62,551)
Transfers In	-	10,000	10,000
Capital Contributions	<u>-</u>	<u>29,350</u>	<u>29,350</u>
Change in Net Assets	(15,742)	(7,459)	(23,201)
Net Assets, Beginning	<u>175,612</u>	<u>283,420</u>	<u>459,032</u>
Net Assets, Ending	<u>\$ 159,870</u>	<u>\$ 275,961</u>	<u>\$ 435,831</u>

See accompanying notes which are an integral part of these financial statements.

**PUTNAM COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	Business-Type Activities - Enterprise Funds		
	Solid Waste Fund	Combined Nonmajor Funds	Total
Cash Flows from Operating Activities			
Cash Received from Customers	\$ -	\$ 467,821	\$ 467,821
Cash Payments for Personnel Services	-	(151,460)	(151,460)
Cash Payments for Goods and Services	(60,149)	(233,063)	(293,212)
Net Cash Provided (Used) by Operating Activities	(60,149)	83,298	23,149
Cash Flows from Noncapital Financing Activities			
Transfers In	-	10,000	10,000
Cash Flows from Investing Activities			
Proceeds from Maturity of Investments	81,175	(12,095)	69,080
Interest on Cash and Investments	8,294	1,016	9,310
Net Cash Provided (Used) by Investing Activities	89,469	(11,079)	78,390
Net Increase (Decrease) in Cash and Cash Equivalents	29,320	82,219	111,539
Cash and Cash Equivalents, Beginning	15,396	31,604	47,000
Cash and Cash Equivalents, Ending	<u>\$ 44,716</u>	<u>\$ 113,823</u>	<u>\$ 158,539</u>

See accompanying notes which are an integral part of these financial statements.

**PUTNAM COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	Business-Type Activities - Enterprise Funds		
	Solid Waste Fund	Combined Nonmajor Funds	Total
Reconciliation of Operating Loss to Net Cash Used by Operating Activities			
Operating Loss	\$ (24,037)	\$ (47,825)	\$ (71,862)
Adjustments			
Depreciation	-	28,937	28,937
Decrease in Due from Other Funds	(5,241)	-	(5,241)
Decrease in Inventory	-	(11,834)	(11,834)
Decrease in Due to Other Funds	-	116,421	116,421
Increase in Other	-	(2,568)	(2,568)
Decrease in Compensated Absences	-	167	167
Decrease in Landfill Postclosure Care	(30,871)	-	(30,871)
	<u>(30,871)</u>	<u>-</u>	<u>(30,871)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (60,149)</u>	<u>\$ 83,298</u>	<u>\$ 23,149</u>
Noncash Investing, Capital and Financing Activities			
Capital Assets Transferred from Other Funds	<u>\$ -</u>	<u>\$ 29,350</u>	<u>\$ 29,350</u>

See accompanying notes which are an integral part of these financial statements.

PUTNAM COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
SEPTEMBER 30, 2011

	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ 115,681
Due from Other Governments	1,803
	\$ 117,484
Liabilities	
Due to Other Governments	\$ 1,048
Due to Others	116,436
	\$ 117,484

See accompanying notes which are an integral part of these financial statements.

PUTNAM COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(1) Summary of Significant Accounting Policies

A. Reporting Entity

Putnam County was established under the provisions of an act of the General Assembly of Georgia on December 10, 1807. The County operates under a County Commission form of government (four commissioners are elected by district with the chairman elected at large from the County), and provides the following services as authorized by state law: public safety, highways and streets, sanitation, health and social services, culture and recreation, public improvements, 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 Putnam County, Georgia (the primary government) and its component unit. The component unit discussed below is included in the County's reporting entity because of the significance of its operational or financial relationship with the County. In conformity with accounting principles generally accepted in the United States of American, as set forth in Governmental Accounting Standards Board Statement No. 14, the financial statements of the component unit are discretely presented in the government-wide financial statements.

Putnam County Health Department

The Putnam County Health Department (Health Department) has a governing board consisting of six members. Four of the members are either County officials or members appointed by the County. Although the County does not have the authority to approve or modify the budget of the Health Department, the County is obligated to provide financial support to the Health Department. The Health Department has a June 30th year-end. The Health Department's financial statements may be obtained by writing to the Putnam County Health Department, P.O. Box 3776, Eatonton, Georgia 31024.

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 nonfiduciary activities of the government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are normally 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.

(1) Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

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 those who purchase, use or directly benefits from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

C. Measurement Focus, Basis of Accounting and Financial Statement 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 fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, any 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 and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

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

The *SPLOST No. 6 Fund* accounts for the acquisition and construction of approved projects within the County from resources provided by the 2006 special County one percent sales and use tax.

(1) Summary of Significant Accounting Policies (Continued)

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

The County reports the following major proprietary fund:

The *Solid Waste Fund* accounts for the cost of postclosure and environmental monitoring related to the County's closed landfill.

Additionally, the County reports the following fund types:

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

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

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 Government Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The 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 for services provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses and depreciation of 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.

(1) Summary of Significant Accounting Policies (Continued)

D. Cash, Cash Equivalents and Investments

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

Statutes authorize the County to invest in obligations of the United States and of its agencies and instrumentalities, bonds of the State of Georgia and its agencies, instrumentalities and political subdivisions, certificates of deposit of national or state banks that are fully insured or collateralized by United States obligations, and Georgia Fund 1, the Local Government Investment Pool.

E. Interfund 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." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

F. Inventories

Inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Inventories are expensed when consumed.

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The consumption method is used by recording an asset for the prepaid amount and by recording the expenditure/expense in the period in which services are consumed. At the fund reporting level, an equal amount of fund balance is reserved, as this amount is not available for general appropriation.

H. Restricted Assets

Certain assets of the Solid Waste Fund are classified as restricted assets on the balance sheet because their use is limited to landfill postclosure and monitoring costs in compliance with legal regulations.

(1) Summary of Significant Accounting Policies (Continued)

I. Capital Assets

Capital assets, which include property, plant, equipment, and the infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The County has retroactively reported major general infrastructure assets. In this case, the County chose to include all items regardless of their acquisition date. The County was able to estimate the historical cost for the initial reporting of these assets through backtrending.

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

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>
Buildings and Improvements	10 - 30
Infrastructure	10 - 50
Machinery and Equipment	3 - 12

J. 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 pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employees resignations or retirements.

K. Long-Term Obligations

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

L. Government-Wide and Proprietary Fund Net Assets

Government-wide and proprietary fund net assets are divided into three components:

Invested in capital assets - consist of historical cost of capital assets less accumulated depreciation;

Restricted - consist of net assets that are restricted by the state enabling legislation, by grantors (both federal and state), and by other contributors; and

Unrestricted - all other net assets are reported in this category.

(1) Summary of Significant Accounting Policies (Continued)

M. Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - amounts that cannot be spent either because they are not in a spendable form (such as prepaid items) or because they are legally or contractually required to be maintained intact;

Restricted fund balance - amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors;

Committed - amounts that can be used only for specific purposes determined by a formal action before the end of the fiscal year by the board of commissioners' ordinance or resolution;

Assigned - amounts that are designated by the County Manager for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote by the board of commissioners; and

Unassigned - all amounts not included in other spendable classifications.

N. 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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

O. Prior Period Adjustment

Net assets of government activities at the beginning of fiscal year 2011 have been adjusted to reflect accounts receivable of \$393,419 and deferred revenue of \$(249,459) related to ambulance services in the general fund which were not included in the statement of net assets as of September 30, 2010.

Net Assets as Previously Reported, September 30, 2010	\$44,485,260
Prior Period Adjustment - Accounts Receivable	<u>393,419</u>
Net Assets as Restated, September 30, 2010	<u><u>\$44,878,679</u></u>

(2) Reconciliation of Government-Wide 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 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.”

Compensated Absences	<u>\$ 386,913</u>
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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 government fund statement of revenues, expenditures and changes in fund balances includes 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 \$(606,503) difference are as follows:

Capital Outlay	\$ 1,946,017
Depreciation Expense	<u>(2,552,520)</u>
	<u>\$ (606,503)</u>

Another element of the reconciliation states that “the net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net assets.” The detail of this \$(108,646) difference is as follows:

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.

	<u>\$ (108,646)</u>
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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 \$(178,221) difference are as follows:

Compensated Absences	\$ 28,535
Net Pension Obligation	<u>(206,756)</u>
	<u>\$ (178,221)</u>

(3) Legal Compliance - Budgets

Budgetary Information. The annual budget document is the financial plan for the operation of the County. The budget process exists for the purpose of providing a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the financial posture of the County. All budgets are adopted on a basis consistent with generally accepted accounting principles. An annual operation budget is prepared for all governmental funds except capital projects funds. Capital projects funds use project-length budgets.

Department heads submit to the county clerk a proposed operating budget for the fiscal year commencing the following October 1. The proposed budgets are then submitted to the board of commissioners by the county clerk for study. Public hearings are conducted to obtain taxpayer comments. Prior to October 1, the budget is legally adopted by the board of commissioners.

The legal level of control for each legally adopted annual budget is the department level. Supplemental appropriations out of the County's general fund contingency account may be made by the board of commissioners to fund unforeseen expenditures within the County's governmental funds at any time during the year. The board of commissioners must approve any department level changes to a previously adopted budget. Management may amend the budget without seeking the approval of the board of commissioners at any level below the department level.

All final budget amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions of the annual budget during the year. All unexpended appropriations provided in the annual budget lapse at year-end.

Excess of Expenditures Over Appropriations. For the fiscal year ended September 30, 2011, expenditures of the Tax Commissioner exceeded budget in the General Fund by \$15,837. The available fund balance was sufficient to provide for the excess expenditures.

(4) Deposits and Investments

As of September 30, 2011, the County's investments consisted of certificates of deposit totaling \$13,463,566.

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 to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties or municipalities. As of September 30, 2011, all of the deposits of the County and the Health Department were properly insured and collateralized as required by the Official Code of Georgia Annotated (OCA) Section 45-8-12(c) and as defined by GASB pronouncements.

(5) Receivables

Governmental fund receivables at September 30, 2011 consist of the following:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Receivables			
Accounts	\$ 907,335	\$ 9,619	\$ 916,954
Property Taxes	<u>402,185</u>	<u>-</u>	<u>402,185</u>
	1,309,520	9,619	1,319,139
Allowance for Uncollectibles	<u>(45,797)</u>	<u>-</u>	<u>(45,797)</u>
	<u>\$ 1,263,723</u>	<u>\$ 9,619</u>	<u>\$ 1,273,342</u>

Property taxes were levied on September 2, 2011. Bills are payable on or before December 31, 2011, after which the applicable property is subject to lien and penalties and interest are assessed. The County bills and collects its own property taxes. Property taxes levied for 2011 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the fiscal year ended September 30, 2011 and collected by November 30, 2011 are recognized as revenues in the fiscal year ended September 30, 2011. Net receivables estimated to be collected subsequent to November 30, 2011 are deferred as of September 30, 2011 and recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually.

(6) Capital Assets

Capital asset activity for the period ended September 30, 2011 is as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 527,373	\$ -	\$ (7,966)	\$ 519,407
Infrastructure, Land Under Roads	7,004,252	-	-	7,004,252
Construction in Process	789,336	734,055	(14,462)	1,508,929
	<u>8,320,961</u>	<u>734,055</u>	<u>(22,428)</u>	<u>9,032,588</u>
Capital Assets, Depreciable				
Buildings and Improvements	14,151,347	374,854	(395,398)	14,130,803
Machinery and Equipment	3,012,523	194,861	(49,021)	3,158,363
Vehicles	5,839,074	452,407	(104,680)	6,186,801
Infrastructure	20,040,180	218,907	-	20,259,087
	<u>43,043,124</u>	<u>1,241,029</u>	<u>(549,099)</u>	<u>43,735,054</u>
Accumulated Depreciation for				
Buildings and Improvements	5,256,104	465,797	(280,305)	5,441,596
Machinery and Equipment	2,399,200	189,473	(49,021)	2,539,652
Vehicles	4,966,180	429,496	(104,488)	5,291,188
Infrastructure	9,748,680	1,467,754	-	11,216,434
	<u>22,370,164</u>	<u>2,552,520</u>	<u>(433,814)</u>	<u>24,488,870</u>
Total Capital Assets, Depreciable, Net	<u>20,672,960</u>	<u>(1,311,491)</u>	<u>(115,285)</u>	<u>19,246,184</u>
Governmental Activities Capital Assets, Net	<u>\$ 28,993,921</u>	<u>\$ (577,436)</u>	<u>\$ (137,713)</u>	<u>\$ 28,278,772</u>

(6) Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land	<u>\$ 116,395</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,395</u>
Capital Assets, Depreciable				
Buildings	358,086	54,185	-	412,271
Machinery and Equipment	339,620	20,041	(6,800)	352,861
Construction in Progress	<u>41,175</u>	<u>-</u>	<u>(41,175)</u>	<u>-</u>
	<u>738,881</u>	<u>74,226</u>	<u>(47,975)</u>	<u>765,132</u>
Accumulated Depreciation for				
Buildings	249,625	17,660	-	267,285
Machinery and Equipment	<u>310,113</u>	<u>11,277</u>	<u>(3,101)</u>	<u>318,289</u>
	<u>559,738</u>	<u>28,937</u>	<u>(3,101)</u>	<u>585,574</u>
Total Capital Assets, Depreciable, Net	<u>179,143</u>	<u>45,289</u>	<u>(44,874)</u>	<u>179,558</u>
Business-Type Activities Capital Assets, Net	<u><u>\$ 295,538</u></u>	<u><u>\$ 45,289</u></u>	<u><u>\$ (44,874)</u></u>	<u><u>\$ 295,953</u></u>

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

Governmental Activities

General Government	\$ 236,903
Judicial	25,573
Public Safety	600,430
Public Works	1,590,773
Health and Welfare	93,177
Culture and Recreation	<u>5,664</u>
	<u><u>\$ 2,552,520</u></u>

Business-Type Activities

Oconee Springs Park	\$ 11,316
Uncle Remus Golf Course	<u>17,621</u>
	<u><u>\$ 28,937</u></u>

(6) Capital Assets (Continued)

Discretely Presented Component Unit

Activity for the Health Department for the fiscal year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, Depreciable				
Equipment	\$ 27,982	\$ -	\$ -	\$ 27,982
Accumulated Depreciation	<u>(24,683)</u>	<u>(1,348)</u>	<u>-</u>	<u>(26,031)</u>
	<u>\$ 3,299</u>	<u>\$ (1,348)</u>	<u>\$ -</u>	<u>\$ 1,951</u>

(7) Long-Term Debt

Primary Government

The following is a summary of long-term debt activity for the primary government for the year ended September 30, 2011:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Compensated Absences	<u>\$ 402,291</u>	<u>\$ 206,141</u>	<u>\$(221,519)</u>	<u>\$ 386,913</u>	<u>\$ 257,551</u>
Business-Type Activities					
Compensated Absences	\$ 4,476	\$ 167	\$ -	\$ 4,643	\$ -
Landfill Postclosure Care	<u>833,510</u>	<u>-</u>	<u>(30,872)</u>	<u>802,638</u>	<u>29,726</u>
	<u>\$ 837,986</u>	<u>\$ 167</u>	<u>\$ (30,872)</u>	<u>\$ 807,281</u>	<u>\$ 29,726</u>

Landfill Postclosure Care. State and federal laws and regulations require the County to perform certain maintenance and monitoring functions at its closed landfill. The estimated cost of postclosure care is based on the amount that would be paid if all equipment, facilities and services required to monitor and maintain the landfill were acquired as of September 30, 2011. Actual costs may be higher due to inflation, changes in technology or changes in regulations. Should any problems occur during the postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase. The current estimate of the cost of postclosure care for the next 26 years is \$802,638. These costs are to be funded with cash and a certificate deposit in the Solid Waste Fund. The certificate of deposit is restricted for use for postclosure care and has a value of \$801,397 as of September 30, 2011.

(7) Long-Term Debt (Continued)

Discretely Presented Component Unit

The following is a summary of long-term debt activity for the Health Department for the year ended June 30, 2011:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated Absences	<u>\$ 39,579</u>	<u>\$ 32,792</u>	<u>\$ (30,343)</u>	<u>\$ 42,028</u>	<u>\$ 9,505</u>

(8) Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2011 is as follows:

Due From / To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>		<u>Total</u>
	<u>Nonmajor Governmental Funds</u>	<u>Nonmajor Business-Type Funds</u>	
General Fund	<u>\$ 48,186</u>	<u>\$ 170,794</u>	<u>\$ 218,980</u>

(8) Interfund Receivables, Payables and Transfers (Continued)

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

Interfund Transfers

<u>Transfers In</u>	<u>Transfers Out</u>			
	<u>General Fund</u>	<u>SPLOST No. 6 Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
General Fund	\$ -	\$ 10,978,876	\$ 123,794	\$ 11,102,670
Nonmajor Business-Type Funds	10,000	-	-	10,000
	<u>\$ 10,000</u>	<u>\$ 10,978,876</u>	<u>\$ 123,794</u>	<u>\$ 11,112,670</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. During the fiscal year ended September 30, 2011, excess SPLOST funds totaling \$10,978,876 were transferred to the general fund for the purpose of reducing ad valorem taxes as allowed by Georgia Code Section 48-8-121.

(9) Joint Venture

Under Georgia law, the County is a participating member of the Middle Georgia Regional Development Center (RDC) and is required to pay annual dues thereto. During the fiscal year ended September 30, 2011, the County paid \$12,721 in such dues. Membership in an RDC is required by OCGA Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC 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 and obligations of an RDC. Separate financial statements may be obtained from: Middle Georgia Regional Development Center, 175C Emery Highway, Macon, Georgia 31217.

(10) Defined Benefit Pension Plan

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

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

(10) Defined Benefit Pension Plan (Continued)

Funding Policy: The County is required to contribute an actuarially determined amount annually to the Plan's trust. The contribution amount is determined using actuarial methods and assumptions approved by the ACCG Plan trustees and must satisfy the minimum contribution requirement contained in the State of Georgia statutes.

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

Derivation of Net Pension Obligation

	<u>2011</u>	<u>2010</u>
Net Pension Obligation (Asset) as of Beginning of Prior Year	\$ (121,257)	\$ (228,047)
Annual Pension Cost for Prior Year	706,756	666,790
Actual Contributions to Plan for Prior Year	<u>500,000</u>	<u>560,000</u>
Increase in Net Pension Obligation (Asset)	<u>206,756</u>	<u>106,790</u>
Net Pension Obligation (Asset) as of Beginning of the Year	<u>\$ 85,499</u>	<u>\$ (121,257)</u>

Derivation of Annual Pension Cost

Annual Required Contribution	\$ 687,928	\$ 706,098
Interest on Net Pension Obligation	6,626	(9,397)
Amortization of Net Pension Obligation	<u>(7,090)</u>	<u>10,055</u>
Annual Pension Cost	<u>\$ 687,464</u>	<u>\$ 706,756</u>

Basis of Valuation

Current Valuation Date	January 1, 2011
Annual Return on Invested Plan Assets	7.75%
Projected Annual Salary Increases	4.50%-7.00% Based on Age
Expected Annual Inflation	3.00%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Projected Unit Credit
Amortization Method	Level Percent of Pay (Closed)
Remaining Amortization Period	15 Years

(10) Defined Benefit Pension Plan (Continued)

Trend Information for the Plan (Per Actuarial Report)

Fiscal Year Beginning	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
January 1, 2011	\$ 687,464	N/A	N/A	\$ 85,499
January 1, 2010	706,756	\$ 500,000	71%	(121,257)
January 1, 2009	666,790	560,000	84%	(228,047)
January 1, 2008	550,394	558,131	101%	(220,310)
January 1, 2007	500,773	560,000	112%	(161,083)
January 1, 2006	505,012	529,110	105%	(136,985)

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

Fiscal Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
December 31, 2010	\$ 7,002,872 *	\$ 9,367,994	\$ 2,365,122	74.8%	\$ 5,486,768	43.1%

* Reflects change to asset smoothing adopted by the ACCG Pension Plan and Trust Board of Trustees.

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

(11) Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which, except as described in the following paragraph, the County carries commercial insurance in amounts deemed prudent by County management.

The County participates in the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Association of County Commissioners of Georgia Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

(11) Risk Management (Continued)

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

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.

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 three prior years.

(12) Contingencies and Commitments

Grant Contingencies

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

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.

Construction Commitment

The County has entered into a contract for the construction of its administrative offices. The total estimated costs to complete the construction is \$940,938. As of September 30, 2011, the County was committed to approximately \$299,566 of the total estimated amount.

(13) Subsequent Events

In preparing these financial statements, the County has evaluated events and transactions for potential recognition or disclosure through January 26, 2012, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**PUTNAM COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS**

Fiscal Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
December 31, 2010	\$ 7,002,872 *	\$ 9,367,994	\$ 2,365,122	74.8 %	\$ 5,486,768	43.1 %
December 31, 2009	6,517,582 *	8,567,197	2,049,615	76.1	5,339,738	38.4
December 31, 2008	5,912,305 *	7,533,747	1,621,442	78.5	4,819,404	33.6
December 31, 2007	5,746,515	6,663,640	917,125	86.2	4,653,360	19.7
December 31, 2006	5,037,081	6,186,495	1,149,414	81.4	4,434,100	25.9
December 31, 2005	4,405,259	5,863,043	1,457,784	75.1	4,270,757	34.1

* Reflects change to asset smoothing adopted by the ACCG Pension Plan and Trust Board of Trustees.

PUTNAM COUNTY, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

County Jail Fund - To account for the additional 10 percent penalty charged on all court fines imposed within Putnam County. Money collected by this fund is to be expended solely and exclusively for the constructing, operating and staffing of Putnam County jails.

Law Library Fund - To account for the purchase of County Law Library materials, from revenue generated for that purpose, based on a portion of court fines and forfeitures.

Juvenile Services Fund - To account for proceeds of state mandated supervision fees, which may be expended by the Juvenile Court for community based services for juveniles, under the court's supervision.

Juvenile Prosecutors Fund - Administered by Putnam County for the Ocmulgee Judicial Circuit, to account for the receipt and disbursement of funds used for office operations.

Drug Education Fund - To account for proceeds from a state mandated addendum to fines, which may be expended for drug and alcohol abuse treatment and education programs.

Drug Confiscation Fund - To account for the net proceeds of property deemed by the courts to be forfeited, in cases related to illegal drug activity. Expenditures are legally restricted to purchases of law enforcement materials and equipment.

Federal Forfeiture Fund - To account for revenues which are derived from assets forfeited under federal law. Expenditures are restricted to permissible law enforcement purposes.

Victim and Witness Assistance Fund - To account for proceeds from a state mandated addendum to fines, which may be expended for health and welfare services for crime victims and witnesses.

Emergency 911 Fund - To account for revenues collected from telephone system subscribers, which are used to operate and maintain a countywide emergency response telephone system.

Hotel/Motel Tax Fund - To account for taxes collected on overnight lodging rentals. In accordance with Georgia law, a portion of these revenues are used to promote tourism.

**PUTNAM COUNTY, GEORGIA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2011**

	<u>County Jail Fund</u>	<u>Law Library Fund</u>	<u>Juvenile Services Fund</u>	<u>Juvenile Prosecutors Fund</u>	<u>Drug Education Fund</u>	<u>Drug Confiscation Fund</u>	<u>Federal Forfeiture Fund</u>	<u>Victim and Witness Assistance Fund</u>	<u>Emergency 911 Fund</u>	<u>Hotel/Motel Tax Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets											
Cash and Cash Equivalents	\$ 19,522	\$ 2,760	\$ 1,534	\$ 17,832	\$ 2,825	\$ 60,301	\$ 166,569	\$ 55,655	\$ 15,052	\$ 51,305	\$ 393,355
Investments	57,235	69,673	15,527	30,052	66,143	-	-	-	431,892	-	670,522
Accounts Receivable	5,250	-	290	-	1,926	-	-	2,153	-	-	9,619
Total Assets	<u>\$ 82,007</u>	<u>\$ 72,433</u>	<u>\$ 17,351</u>	<u>\$ 47,884</u>	<u>\$ 70,894</u>	<u>\$ 60,301</u>	<u>\$ 166,569</u>	<u>\$ 57,808</u>	<u>\$ 446,944</u>	<u>\$ 51,305</u>	<u>\$ 1,073,496</u>
Liabilities and Fund Balances											
Liabilities											
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,911	\$ 15,911
Due to Other Funds	-	-	-	-	-	-	-	22	12,770	35,394	48,186
Total Liabilities	-	-	-	-	-	-	-	22	12,770	51,305	64,097
Fund Balance											
Restricted	82,007	72,433	17,351	47,884	70,894	60,301	166,569	57,786	434,174	-	1,009,399
	<u>\$ 82,007</u>	<u>\$ 72,433</u>	<u>\$ 17,351</u>	<u>\$ 47,884</u>	<u>\$ 70,894</u>	<u>\$ 60,301</u>	<u>\$ 166,569</u>	<u>\$ 57,808</u>	<u>\$ 446,944</u>	<u>\$ 51,305</u>	<u>\$ 1,073,496</u>

PUTNAM COUNTY, GEORGIA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	County Jail Fund	Law Library Fund	Juvenile Services Fund	Juvenile Prosecutors Fund	Drug Education Fund	Drug Confiscation Fund	Federal Forfeiture Fund	Victim and Witness Assistance Fund	Emergency 911 Fund	Hotel/Motel Tax Fund	Total Nonmajor Special Revenue Funds
Revenues											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,356	\$ 88,356
Intergovernmental	-	-	-	155,187	-	-	-	853	-	-	156,040
Charges for Services	-	-	-	-	-	-	-	-	357,413	-	357,413
Fines and Forfeitures	80,901	22,518	290	-	18,108	12,524	-	38,295	-	-	172,636
Interest	631	1,120	180	344	558	-	-	426	3,803	42	7,104
Total Revenue	81,532	23,638	470	155,531	18,666	12,524	-	39,574	361,216	88,398	781,549
Expenditures											
Current											
Judicial	-	35,997	-	140,150	-	-	-	-	-	-	176,147
Public Safety	-	-	-	-	5,201	23,466	43,838	-	343,603	-	416,108
Housing and Development	-	-	-	-	-	-	-	-	-	53,004	53,004
Health and Welfare	-	-	-	-	-	-	-	37,171	-	-	37,171
Capital Outlay	-	-	-	-	-	3,922	12,126	-	-	-	16,048
Total Expenditures	-	35,997	-	140,150	5,201	27,388	55,964	37,171	343,603	53,004	698,478
Excess (Deficiency) of Revenues Over (Under) Expenditures	81,532	(12,359)	470	15,381	13,465	(14,864)	(55,964)	2,403	17,613	35,394	83,071
Other Financing Sources (Uses)											
Transfer Out	(88,400)	-	-	-	-	-	-	-	-	(35,394)	(123,794)
Net Change in Fund Balance	(6,868)	(12,359)	470	15,381	13,465	(14,864)	(55,964)	2,403	17,613	-	(40,723)
Fund Balance, Beginning	88,875	84,792	16,881	32,503	57,429	75,165	222,533	55,383	416,561	-	1,050,122
Fund Balance, Ending	\$ 82,007	\$ 72,433	\$ 17,351	\$ 47,884	\$ 70,894	\$ 60,301	\$ 166,569	\$ 57,786	\$ 434,174	\$ -	\$ 1,009,399

**PUTNAM COUNTY, GEORGIA
COUNTY JAIL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Fines and Forfeitures				
Superior Court	\$ 12,000	\$ 12,000	\$ 9,961	\$ (2,039)
State Court	55,000	55,000	54,916	(84)
Municipal Court	20,000	20,000	16,024	(3,976)
Interest	1,400	1,400	631	(769)
	<u>88,400</u>	<u>88,400</u>	<u>81,532</u>	<u>(6,868)</u>
Other Financing Uses				
Transfers Out	<u>(88,400)</u>	<u>(88,400)</u>	<u>(88,400)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(6,868)</u>	<u>\$ (6,868)</u>
Fund Balance, Beginning			<u>88,875</u>	
Fund Balance, Ending			<u>\$ 82,007</u>	

**PUTNAM COUNTY, GEORGIA
LAW LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Fines and Forfeitures				
Probate Court	\$ 900	\$ 800	\$ 795	\$ (5)
State Court	9,000	12,240	12,762	522
Superior Court	4,200	3,600	3,596	(4)
Juvenile Court	90	-	-	-
Magistrate Court	7,000	5,400	5,365	(35)
Interest	2,000	1,150	1,120	(30)
	<u>23,190</u>	<u>23,190</u>	<u>23,638</u>	<u>448</u>
Expenditures				
Current				
Judicial	<u>23,190</u>	<u>36,190</u>	<u>35,997</u>	<u>(193)</u>
Net Change in Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ (13,000)</u></u>	<u>(12,359)</u>	<u><u>\$ 641</u></u>
Fund Balance, Beginning			<u>84,792</u>	
Fund Balance, Ending			<u><u>\$ 72,433</u></u>	

**PUTNAM COUNTY, GEORGIA
 JUVENILE SERVICES FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Fines and Forfeitures	\$ 300	\$ 300	\$ 290	\$ (10)
Interest	<u>200</u>	<u>200</u>	<u>180</u>	<u>(20)</u>
	500	500	470	(30)
Expenditures				
Current				
Health and Welfare	<u>500</u>	<u>500</u>	<u>-</u>	<u>(500)</u>
Net Change in Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	470	<u><u>\$ 470</u></u>
Fund Balance, Beginning			<u>16,881</u>	
Fund Balance, Ending			<u><u>\$ 17,351</u></u>	

**PUTNAM COUNTY, GEORGIA
 JUVENILE PROSECUTORS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
Intergovernmental	\$ 150,044	\$ 150,044	\$ 155,187	\$ 5,143
Interest	-	-	344	344
	150,044	150,044	155,531	5,487
 Expenditures				
Current				
Judicial	150,044	150,044	140,150	(9,894)
 Net Change in Fund Balance	\$ -	\$ -	15,381	\$ 15,381
 Fund Balance, Beginning			32,503	
 Fund Balance, Ending			\$ 47,884	

**PUTNAM COUNTY, GEORGIA
DRUG EDUCATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Fines and Forfeitures				
Superior Court	\$ 13,500	\$ 12,525	\$ 9,984	\$ (2,541)
State Court	5,500	6,400	6,384	(16)
Municipal Court	4,000	4,000	1,740	(2,260)
Interest	500	575	558	(17)
	<u>23,500</u>	<u>23,500</u>	18,666	(4,834)
Expenditures				
Current				
Public Safety	<u>7,500</u>	<u>7,500</u>	<u>5,201</u>	<u>(2,299)</u>
Net Change in Fund Balance	<u><u>\$ 16,000</u></u>	<u><u>\$ 16,000</u></u>	13,465	<u><u>\$ (2,535)</u></u>
Fund Balance, Beginning			<u>57,429</u>	
Fund Balance, Ending			<u><u>\$ 70,894</u></u>	

**PUTNAM COUNTY, GEORGIA
DRUG CONFISCATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
Fines and Forfeitures	\$ 10,000	\$ 12,524	\$ 12,524	\$ -
Expenditures				
Current				
Public Safety	10,000	23,500	23,466	(34)
Capital Outlay	-	1,751	3,922	2,171
	10,000	25,251	27,388	2,137
Net Change in Fund Balance	\$ -	\$ (12,727)	(14,864)	\$ (2,137)
Fund Balance, Beginning			75,165	
Fund Balance, Ending			\$ 60,301	

**PUTNAM COUNTY, GEORGIA
FEDERAL FORFEITURE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures				
Current				
Public Safety	51,000	51,000	43,838	(7,162)
Capital Outlay	<u>15,000</u>	<u>15,000</u>	<u>12,126</u>	<u>(2,874)</u>
	<u>66,000</u>	<u>66,000</u>	<u>55,964</u>	<u>(10,036)</u>
Net Change in Fund Balance	<u><u>\$ (66,000)</u></u>	<u><u>\$ (66,000)</u></u>	(55,964)	<u><u>\$ 10,036</u></u>
Fund Balance, Beginning			<u>222,533</u>	
Fund Balance, Ending			<u><u>\$ 166,569</u></u>	

**PUTNAM COUNTY, GEORGIA
VICTIM AND WITNESS ASSISTANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Intergovernmental	\$ -	\$ 860	\$ 853	\$ (7)
Fines and Forfeitures	31,000	38,330	38,295	(35)
Interest	120	430	426	(4)
	<u>31,120</u>	<u>39,620</u>	<u>39,574</u>	<u>(46)</u>
Expenditures				
Current				
Health and Welfare	<u>39,320</u>	<u>38,836</u>	<u>37,171</u>	<u>(1,665)</u>
Net Change in Fund Balance	<u><u>\$ (8,200)</u></u>	<u><u>\$ 784</u></u>	2,403	<u><u>\$ 1,619</u></u>
Fund Balance, Beginning			<u>55,383</u>	
Fund Balance, Ending			<u><u>\$ 57,786</u></u>	

**PUTNAM COUNTY, GEORGIA
EMERGENCY 911 FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Charges for Services	\$ 385,400	\$ 385,400	\$ 357,413	\$ (27,987)
Investment Earnings	<u>5,600</u>	<u>5,600</u>	<u>3,803</u>	<u>(1,797)</u>
	391,000	391,000	361,216	(29,784)
Expenditures				
Current				
Public Safety	<u>366,229</u>	<u>366,229</u>	<u>343,603</u>	<u>(22,626)</u>
Net Change in Fund Balance	<u>\$ 24,771</u>	<u>\$ 24,771</u>	17,613	<u>\$ (7,158)</u>
Fund Balance, Beginning			<u>416,561</u>	
Fund Balance, Ending			<u>\$ 434,174</u>	

**PUTNAM COUNTY, GEORGIA
HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Taxes	\$ 85,000	\$ 88,400	\$ 88,356	\$ (44)
Interest	50	50	42	(8)
	<u>85,050</u>	<u>88,450</u>	<u>88,398</u>	<u>(52)</u>
Expenditures				
Current				
Economic Development	<u>51,000</u>	<u>53,050</u>	<u>53,004</u>	<u>(46)</u>
Excess of Revenues Over Expenditures	34,050	35,400	35,394	(6)
Other Financing Sources (Uses)				
Transfers Out	<u>(34,050)</u>	<u>(35,400)</u>	<u>(35,394)</u>	<u>6</u>
Net Change in Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>-</u>	<u><u>\$ -</u></u>
Fund Balance, Beginning			<u>-</u>	
Fund Balance, Ending			<u><u>\$ -</u></u>	

**PUTNAM COUNTY, GEORGIA
NONMAJOR ENTERPRISE FUNDS**

Uncle Remus Golf Course Fund - To account for the operations of the County's public golf course.

Oconee Springs Park Fund - To account for the operations of the County's public recreation facility.

**PUTNAM COUNTY, GEORGIA
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011**

	Uncle Remus Golf Course Fund	Oconee Springs Park Fund	Total Nonmajor Enterprise Funds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 36,057	\$ 77,766	\$ 113,823
Investments	-	130,227	130,227
Inventory	1,413	27,936	29,349
	<u> </u>	<u> </u>	<u> </u>
Total Current Assets	37,470	235,929	273,399
Capital Assets			
Depreciable, Net of Accumulated Depreciation	85,217	94,341	179,558
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>122,687</u>	<u>330,270</u>	<u>452,957</u>
Liabilities			
Current Liabilities			
Due to Other Funds	80,164	90,630	170,794
Other Liabilities	945	614	1,559
	<u> </u>	<u> </u>	<u> </u>
Total Current Liabilities	81,109	91,244	172,353
Noncurrent Liabilities			
Compensated Absences	-	4,643	4,643
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>81,109</u>	<u>95,887</u>	<u>176,996</u>
Net Assets			
Invested in Capital Assets	85,217	94,341	179,558
Unrestricted	(43,639)	140,042	96,403
	<u> </u>	<u> </u>	<u> </u>
Total Net Assets	<u>\$ 41,578</u>	<u>\$ 234,383</u>	<u>\$ 275,961</u>

**PUTNAM COUNTY, GEORGIA
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	Uncle Remus Golf Course Fund	Oconee Springs Park Fund	Total Nonmajor Enterprise Funds
Operating Revenues			
Charges for Services	\$ 140,766	\$ 325,874	\$ 466,640
Other	343	839	1,182
Total Operating Revenues	<u>141,109</u>	<u>326,713</u>	<u>467,822</u>
Operating Expenses			
Personnel Services and Employee Benefits	99,461	52,166	151,627
Purchased/Contracted Services	9,406	22,511	31,917
Supplies	64,927	237,970	302,897
Depreciation	17,621	11,316	28,937
Other	269	-	269
Total Operating Expenses	<u>191,684</u>	<u>323,963</u>	<u>515,647</u>
Operating Income (Loss)	(50,575)	2,750	(47,825)
Nonoperating Revenues			
Interest	73	943	1,016
Income (Loss) Before Transfers and Contributions	(50,502)	3,693	(46,809)
Transfers In	10,000	-	10,000
Capital Contributions	<u>29,350</u>	<u>-</u>	<u>29,350</u>
Change in Net Assets	(11,152)	3,693	(7,459)
Net Assets, Beginning	<u>52,730</u>	<u>230,690</u>	<u>283,420</u>
Net Assets, Ending	<u><u>\$ 41,578</u></u>	<u><u>\$ 234,383</u></u>	<u><u>\$ 275,961</u></u>

**PUTNAM COUNTY, GEORGIA
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	Uncle Remus Golf Course Fund	Oconee Springs Park Fund	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 141,109	\$ 326,712	\$ 467,821
Cash Payments for Personnel Services	(99,461)	(51,999)	(151,460)
Cash Payments for Goods and Services	(40,004)	(193,059)	(233,063)
Net Cash Provided by Operating Activities	<u>1,644</u>	<u>81,654</u>	<u>83,298</u>
Cash Flows from Noncapital Financing Activities			
Transfers In	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Cash Flows from Investing Activities			
Purchase of Investments, Net	-	(12,095)	(12,095)
Interest Received	<u>73</u>	<u>943</u>	<u>1,016</u>
Net Cash Provided (Used) by Investing Activities	<u>73</u>	<u>(11,152)</u>	<u>(11,079)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	11,717	70,502	82,219
Cash and Cash Equivalents, Beginning	<u>24,340</u>	<u>7,264</u>	<u>31,604</u>
Cash and Cash Equivalents, Ending	<u>\$ 36,057</u>	<u>\$ 77,766</u>	<u>\$ 113,823</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ (50,575)	\$ 2,750	\$ (47,825)
Adjustments			
Depreciation	17,621	11,316	28,937
(Increase) Decrease in Assets			
Inventory	1,114	(12,948)	(11,834)
Increase (Decrease) in Liabilities			
Due to Other Funds	33,288	83,133	116,421
Other	196	(2,764)	(2,568)
Compensated Absences Payable	-	167	167
Net Cash Provided by Operating Activities	<u>\$ 1,644</u>	<u>\$ 81,654</u>	<u>\$ 83,298</u>
Noncash Investing, Capital and Financing Activities			
Capital Assets Transferred from Other Funds	<u>\$ 29,350</u>	<u>\$ -</u>	<u>\$ 29,350</u>

PUTNAM COUNTY, GEORGIA
AGENCY FUNDS

Tax Commissioner - To account for the collection and payment to Putnam County and other taxing unites of the property taxes levied, billed and collected by the tax commissioner on behalf of Putnam County and other taxing units.

Sheriff - To account for all monies received by the Sheriff's Department on behalf of individuals, private organizations, other governmental units and other funds.

Clerk of Superior Court - To account for all monies received by the Clerk of Superior Court on behalf of individuals, private organizations, other governmental units and other funds.

State Court - To account for all monies received by the State Court on behalf of individuals, private organizations, other governmental units and other funds.

Juvenile Court - To account for all monies received by the Juvenile Court on behalf of individuals, private organizations, other governmental units and other funds.

Magistrate Court - To account for all monies received by the Magistrate Court on behalf of individuals, private organizations, other governmental units and other funds.

Probate Court - To account for all monies received by the Probate Court on behalf of individuals, private organizations, other governmental units and other funds.

**PUTNAM COUNTY, GEORGIA
COMBINING BALANCE SHEET
AGENCY FUNDS
SEPTEMBER 30, 2011**

	<u>Tax Commissioner</u>	<u>Sheriff</u>	<u>Clerk of Superior Court</u>	<u>State Court</u>	<u>Juvenile Court</u>	<u>Magistrate Court</u>	<u>Probate Court</u>	<u>Total</u>
Assets								
Cash and Cash Equivalents	\$ (1,442)	\$ 12,607	\$ 67,730	\$ 32,248	\$ 1,707	\$ 2,831	\$ -	\$ 115,681
Due from Other Governments	<u>1,803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,803</u>
	<u><u>\$ 361</u></u>	<u><u>\$ 12,607</u></u>	<u><u>\$ 67,730</u></u>	<u><u>\$ 32,248</u></u>	<u><u>\$ 1,707</u></u>	<u><u>\$ 2,831</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 117,484</u></u>
Liabilities								
Due to Other Governments	\$ -	\$ -	\$ -	\$ -	\$ 1,048	\$ -	\$ -	\$ 1,048
Due to Others	<u>361</u>	<u>12,607</u>	<u>67,730</u>	<u>32,248</u>	<u>659</u>	<u>2,831</u>	<u>-</u>	<u>116,436</u>
	<u><u>\$ 361</u></u>	<u><u>\$ 12,607</u></u>	<u><u>\$ 67,730</u></u>	<u><u>\$ 32,248</u></u>	<u><u>\$ 1,707</u></u>	<u><u>\$ 2,831</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 117,484</u></u>

**PUTNAM COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2006 ISSUE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

<u>Project</u>	<u>Original Estimated Cost</u>	<u>Expenditures</u>		<u>Total</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Road Projects	\$ 4,582,000	\$ 4,291,767	\$ 298,492	\$ 4,590,259
Administrative Building/Courthouse	900,000	874,897	734,055	1,608,952
Public Safety				
Sheriff and Jail Vehicles and Equipment	300,000	293,524	5,229	298,753
Fire Fighting Vehicles and Equipment	450,000	477,490	-	477,490
Ambulance and Rescue Vehicles and Equipment	415,000	129,270	288,564	417,834
Hospital Projects	3,500,000	3,500,000	-	3,500,000
Cultural and Recreational Projects	720,000	692,054	48,010	740,064
Water and Sewer Projects	3,000,000	3,000,000	-	3,000,000
Intergovernmental Agreement - City of Eatonton	2,583,000	2,588,713	-	2,588,713
	<u>\$ 16,450,000</u>	<u>\$ 15,847,715</u>	<u>\$ 1,374,350</u>	<u>\$ 17,222,065</u>

Note: During the fiscal year ended September 30, 2011, excess funds totaling \$10,978,876 were transferred to the general fund for the purpose of reducing ad valorem taxes as allowed by Georgia Code Section 48-8-121.

COMPLIANCE SECTION

McNAIR, McLEMORE, MIDDLEBROOKS & Co., LLC

CERTIFIED PUBLIC ACCOUNTANTS

389 Mulberry Street • Post Office Box One • Macon, GA 31202

Telephone (478) 746-6277 • Facsimile (478) 743-6858

www.mmmcpa.com

January 26, 2012

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

Board of Commissioners
Putnam County, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Putnam County, Georgia as of and for the fiscal year ended September 30, 2011, which collectively comprise Putnam County, Georgia's basic financial statements, and have issued our report thereon dated January 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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 considered the deficiency described in the accompanying schedule of findings and responses as item 2011-1 to be material weaknesses.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Putnam County, Georgia in a separate letter dated January 26, 2012.

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

This report is intended solely for the information and use of management, the board of commissioners of Putnam County, Georgia, 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.

McNair, McLemore, Middlebrooks & Co., LLC
McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

**PUTNAM COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

**SECTION I
SUMMARY OF AUDIT RESULTS**

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weakness identified?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Federal Awards

There was not an audit of major federal award programs as of September 30, 2011 due to the total amount expended being less than \$500,000.

**PUTNAM COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

2011-1. Revenue Cycle Transactions

- Criteria:** Generally accepted accounting principles require revenues to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.
- Condition:** The County did not appropriately record all transactions involving receivable and revenue accounts related to ambulance services in the general fund.
- Context:** We addressed the matter with County officials who were able to determine all appropriate revenue entries that should be recorded as of September 30, 2011.
- Effect:** Audit adjustments to increase accounts receivable, deferred revenue and revenues in the amounts of \$658,611, \$531,794 and \$126,817, respectively, were required to be reported in the General Fund as of September 30, 2011. A prior period adjustment in the amount of \$143,960 was also recorded in the general fund.
- Recommendation:** We recommend the County begin recognizing and recording all necessary receivable and revenue adjustments at the end of each financial cycle. Additionally, the ending receivable balances should be reconciled at the end of each financial cycle to ensure the balance is properly stated.

Views of Responsible Officials and Planned Corrective Action:

We concur with the finding. We will begin recognizing and recording all necessary receivable and revenue adjustments as appropriate in future years. Additionally, we will perform a reconciliation of the ending receivable balances.

**PUTNAM COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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

Not applicable.

**PUTNAM COUNTY, GEORGIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

2010-1. Tax Commissioner Transactions

Criteria: Agency funds are used to account for resources held by the County in a purely custodial capacity, which means that all funds held are owed to other governments, organizations or individuals. Due to the nature of these funds, it is important that adequate records be maintained to account for receipts, disbursements and any residual funds that are held to be paid at a later date. Such records should be reconciled to the respective cash balances maintained.

Condition: The records of amounts payable to various parties were not being reconciled to the respective cash balances on a monthly basis.

Auditee Response/Status: Resolved. During fiscal year 2011, the County administration hired an external accounting firm to periodically reconcile amounts payable to various parties to the respective cash balances on hand. The County intends to continue this process in future years as necessary.