Madison County, Georgia

Financial Statements

For the Year Ended December 31, 2010

Madison County, Georgia
Financial Report
For the Year Ended December 31, 2010

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Commissioners of
Madison County, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Madison County, Georgia as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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 Madison County Health Department, which represent 3% and 21%, respectively, of the assets and revenues of the component unit columns. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included in the Madison County Health Department, is based on the report of other auditors.

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

In our opinion, based on our report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for Madison County, Georgia as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 30, 2011 on our consideration of Madison County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund and the Retirement Plan – Schedule of Funding Progress information on pages i through vii, 30-31 and 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Madison County, Georgia's financial statements as a whole. The supplementary information and the Schedule of Projects Constructed with Special Sales Tax Proceeds, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Nesbitt, Tamplin + Co.

June 30, 2011
Athens, Georgia

Madison County, Georgia
Statement of Net Assets
December 31, 2010

	Governmental Activities	Business-type Activities	Total	Industrial Development Authority	June 30 Health Department
ASSETS					
Cash and cash equivalents	$ 14,126,534	$ 400	14,126,934	299,047	$ 449,962
Investments	-	-	-	14,000	-
Receivables	1,940,659	2,383	1,943,042	521,387	54,507
Due from other governments	312,311	1,422	313,733	30,341	12,440
Inventories	111,548	-	111,548	-	-
Deferred pension benefit	170,142	-	170,142	-	-
Capital lease receivables	1,549,745	-	1,549,745	-	-
Other assets	1,954	-	1,954	170,343	-
Capital assets					
Capital assets not being depreciated	1,121,186	-	1,121,186	1,078,921	-
Capital assets, net of depreciation	272,492,367	104,428	272,596,795	14,459,373	-
Other capital assets, net	-	-	-	-	4,016
Total assets	291,826,446	108,633	291,935,079	16,573,412	520,925
LIABILITIES					
Accounts payable					
and accrued expenses	923,270	30,952	954,222	444,756	4,834
Deferred lease income	303,654	-	303,654	-	2,689
Accrued interest	-	2,732	2,732	-	-
Deposits	-		-	45,676	-
Long-term liabilities					
Due within one year					
Note payable	-	29,618	29,618	316,503	-
Capital lease obligations	390,649	5,524	396,173	-	-
Compensated Absences	-	-	-	-	8,460
Landfill postclosure costs	-	8,335	8,335	-	-
Due in more than one year					
Note payable	-	165,535	165,535	-	-
Capital lease obligations	1,106,575	787	1,107,362	6,854,946	-
Compensated absences	315,320	20,692	336,012	-	25,953
Landfill postclosure costs	-	133,360	133,360	-	-
Total liabilities	3,039,468	397,535	3,437,003	7,661,881	41,936
NET ASSETS					
Invested in capital assets,					
net of related debt	273,362,420	98,117	273,460,537	8,366,845	4,016
Restricted for:					
Capital projects	2,473,813	-	2,473,813	-	-
Public safety	108,261	-	108,261	-	-
Other projects	17,049	-	17,049	-	183,988
Unrestricted	12,825,435	(387,019)	12,438,416	544,686	290,985
Total net assets	$288,786,978	$ (288,902)	$288,498,076	$ 8,911,531	$ 478,989

Madison County, Georgia
Statement of Activities
For the Year Ended December 31, 2010

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Industrial Development Authority	June 30 Health Department
Primary government									
Governmental Activities									
General Government	$ 2,259,686	$ 625,199	$ 61,044	$ -	$ (1,573,443)	$ -	$ (1,573,443)		
Judicial	1,197,191	634,297	85,000	-	(477,894)	-	(477,894)		
Public Safety	6,596,004	1,502,742	12,459	100	(5,080,703)	-	(5,080,703)		
Public Works	13,404,817	-	-	834,500	(12,570,317)	-	(12,570,317)		
Health and Welfare	531,717	124,989	215,677	20,133	(170,918)	-	(170,918)		
Culture and Recreation	733,014	90,807	3,325	12,000	(626,882)	-	(626,882)		
Housing & Development	304,940	57,184	-	-	(247,756)	-	(247,756)		
Interest on Long-term debt	25,904	-	-	-	(25,904)	-	(25,904)		
Total governmental activities	25,053,273	3,035,218	377,505	866,733	(20,773,817)	-	(20,773,817)		
Business-type activities:									
Solid Waste Fund	474,050	175,309	-	-		(298,741)	(298,741)		
Total business-type activities	474,050	175,309	-	-		(298,741)	(298,741)		
Total primary government	25,527,323	3,210,527	377,505	866,733	(20,773,817)	(298,741)	(21,072,558)		
Component Units									
Industrial Development Authority	1,183,707	427,896	-	511,466				(244,345)	-
Health Department	549,444	183,378	472,079	-				-	106,013
Total component units	$ 1,733,151	$ 611,274	$ 472,079	$ 511,466				$ (244,345)	$ 106,013
General revenues:									
Taxes:									
Property taxes, levied for general purposes					$ 8,002,607	$ -	$ 8,002,607	$ 655,992	$ -
Sales taxes					3,435,923	-	3,435,923	191,652	-
Franchise and other business taxes					1,423,675	-	1,423,675	6,330	-
Interest revenue					85,424	-	85,424	7,536	609
Miscellaneous					76,406	-	76,406	16,211	-
Special item					-	-	-	688,426	-
Transfers					(336,221)	336,221	-	-	-
Total general revenues and transfers					12,687,814	336,221	13,024,035	1,566,147	609
Change in net assets					(8,086,003)	37,480	(8,048,523)	1,321,802	106,622
Net assets - beginning					296,872,981	(326,382)	296,546,599	7,589,729	372,367
Net assets - ending					$ 288,786,978	$ (288,902)	$ 288,498,076	$ 8,911,531	$ 478,989

Madison County, Georgia
Balance Sheet
Governmental Funds
December 31, 2010

	General Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 11,586,351	$ 2,363,994	$ 176,190	$ 14,126,535
Accounts receivable, net	-	-	81,891	$ 81,891
Taxes receivable, net	1,704,202	-	-	1,704,202
Due from other funds	43,598	-	-	43,598
Receivable from other governments	158,529	153,782	-	312,311
Other receivables	154,567	-	-	154,567
Capital lease receivable	1,549,745	-	-	1,549,745
Inventories	111,548	-	-	111,548
Prepaid expenses	1,854	-	100	1,954
Total assets	15,310,394	2,517,776	258,181	18,086,351
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	134,957	43,963	9,721	188,641
Accrued salaries and benefits	635,786	-	51,335	687,121
Due to other funds	-	-	43,598	43,598
Deferred revenue - property taxes	1,233,175	-	-	1,233,175
Deferred revenue - lease	1,549,745	-	-	1,549,745
Tax sale proceeds held for others	47,509	-	-	47,509
Total liabilities	3,601,172	43,963	104,654	3,749,789
Fund balances:				
Reserved for:				
Inventories and prepaids	113,402	-	-	113,402
Capital projects	-	2,473,813	-	2,473,813
Interfund receivables	-	-	-	-
Unreserved	11,595,820	-	-	11,595,820
Unreserved, reported in non-major:				
Special revenue funds	-	-	197,125	197,125
Capital projects funds	-	-	(43,598)	(43,598)
Total fund balances	11,709,222	2,473,813	153,527	14,336,562
Total liabilities and fund balances	$ 15,310,394	$ 2,517,776	$ 258,181	$ 18,086,351

Madison County, Georgia
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
December 31, 2010

Total fund balance, governmental funds (Exhibit 3)	$	14,336,562
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.		273,613,553
Some liabilities, (such as Notes Payable, Capital Lease Obligations, and Compensated Absences), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets.		(1,812,545)
The County's cumulative contributions to the defined benefit retirement plan exceed the cumulative annual pension costs resulting in a deferred pension benefit on the Statement of Net Assets. Because the deferred pension benefit is not a current financial resource it is not reported in the funds.		170,142
Deferred revenue is recorded in the funds to offset the principal and interest payments due under the capital lease receivable until the payments are available. However, in the Statement of Net Assets deferred revenue is only necessary for the portion of the receivable that represents implied interest payments to be received.		1,246,091
Some of the County's taxes will be collected after year-end, but are not available soon enough to be used to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds.		1,233,175
Net Assets of Governmental Activities in the Statement of Net Assets (Exhibit 1)	$	288,786,978

Madison County, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

	General Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 11,642,371	$ 1,974,662	$ -	$ 13,617,033
Licenses and permits	67,394	-	-	67,394
Intergovernmental	315,855	-	-	315,855
Charges for services	1,593,996	-	526,840	2,120,836
Fees and fines	748,419	-	136,333	884,752
Investment earnings	82,672	33,849	2,752	119,273
Contributions and donations	60,400	-	58,950	119,350
Miscellaneous	134,635	-	34,357	168,992
Total revenues	14,645,742	2,008,511	759,232	17,413,485
EXPENDITURES				
Current:				
General government	2,259,149	-	-	2,259,149
Judicial	1,094,546	-	28,386	1,122,932
Public Safety	6,563,973	-	914,139	7,478,112
Public Works	1,508,716	-	-	1,508,716
Health and Welfare	504,671	-	23,026	527,697
Culture and Recreation	693,288	-	891	694,179
Housing and Development	304,754	-	-	304,754
Debt Service:				
Principal	246,824	-	12,127	258,951
Interest and other charges	26,116	-	101	26,217
Intergovernmental	-	421,592	-	421,592
Capital Outlay:				
Public Safety	-	180,716	-	180,716
Public Works	-	740,055	-	740,055
Culture and Recreation	-	24,364	-	24,364
Total Expenditures	13,202,037	1,366,727	978,670	15,547,434
Excess (deficiency) of revenues over (under) expenditures	1,443,705	641,784	(219,438)	1,866,051
OTHER FINANCING SOURCES (USES)				
Proceeds from capital leases	1,253,755	-	-	1,253,755
Transfers in	-	-	245,372	245,372
Transfers out	(581,593)	-	-	(581,593)
Total other financing sources and (uses)	672,162	-	245,372	917,534
Net change in fund balances	2,115,867	641,784	25,934	2,783,585
Fund balances - beginning	9,593,355	1,832,029	127,593	11,552,977
Fund balances - ending	$ 11,709,222	$ 2,473,813	$ 153,527	$ 14,336,562

Madison County, Georgia
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2010

Net change in fund balances - total governmental funds (Exhibit 4)	$	2,783,585
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which depreciation $11,316,876 exceeded capital outlays $331,154 in the current period.		(10,985,722)
Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold.		(48,607)
The County accepted roads contributed by developers into the County's road system. The assets contributed are not current financial resources. Therefore, the contributions are not reflected in the fund-level financial statements.		800,651
Changes in net pension benefits or obligations are not reporting the governmental funds because they do not represent the receipt or consumption of a current financial asset or liability. The changes in pension benefits or obligations are reported as an increase or decrease in the associated expense account on the Statement of Activities.		16,520
Governmental funds defer all tax revenues that are not collected soon enough to be used to pay for the current period's expenditures (within 60 days of year-end). However, the Statement of Activities reports results under the full accrual method which requires that all taxes that have been levied be reported as revenue irrespective of the collection date.		(754,828)
The change in the value of compensated absences that are not due and payable as of year-end is not reported as an increase or decrease in expenditures in the fund-level financial statements. The Statement of Activities recognizes this change in the compensated absence liability as an increase or decrease in expense.		(12,993)
Governmental funds reported the receipt of amounts due under a capital lease receivable as a revenue because the amount became available. The Statement of Activities reports the revenue from a sales lease in the period that the entity agrees to sell an item under a capital lease. This adjustment represents the principal received under the lease.		(68,560)
Governmental funds report capital lease obligation proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of capital lease obligations as a liability.		(75,000)
Governmental funds report repayment of capital lease obligations as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.		258,951
Change in net assets of governmental activities (Exhibit 2)	$	(8,086,003)

Madison County, Georgia
Statement of Net Assets
Proprietary Fund
December 31, 2010

	Solid Waste Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ 400
Accounts receivable	2,383
Receivables from other governments	1,422
Total current assets	4,205
Non-current assets:	
Capital Assets:	
Buildings	83,260
Equipment and Furniture	75,000
Less Accumulated depreciation	(53,832)
Total non-current assets	104,428
Total assets	108,633
LIABILITIES	
Current Liabilities:	
Accounts payable	15,818
Salaries payable	6,206
Accrued interest payable	2,732
Pension contribution payable	8,928
Current portion of capital lease obligation	5,524
Current portion of postclosure liability	8,335
Current portion of note payable	29,618
Total current liabilities	77,161
Non-current liabilities:	
Compensated absences	20,692
Capital lease obligation	787
Postclosure liability	133,360
Note payable	165,535
Total non-current liabilities	320,374
Total liabilities	397,535
NET ASSETS	
Invested in capital assets, net of related debt	98,117
Unrestricted	(387,019)
Total net assets	$ (288,902)

Madison County, Georgia
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2010

	Solid Waste Fund
REVENUES	
Charges for services	$ 175,138
Miscellaneous	171
Total operating revenues	175,309
OPERATING EXPENSES	
Cost of sales - waste disposal fees	113,925
Personal services	194,369
Contractual services	109,675
Other supplies and expenses	30,339
Depreciation	13,911
Total operating expenses	462,219
Operating loss	(286,910)
NON-OPERATING REVENUES (EXPENSES)	
Interest expense	(11,833)
Total non-operating revenue (expenses)	(11,833)
Income (loss) before transfers	(298,743)
Transfers in	336,221
Change in net assets	37,478
Total net assets - beginning	(326,380)
Total net assets - ending	$ (288,902)

Madison County, Georgia
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2010

	Solid Waste Fund
Cash flows from operating activities:	
Cash sales to customers	$ 175,734
Cash payments to employees for services	(199,086)
Cash payments to suppliers	(260,499)
Net cash used by operating activities	(283,851)
Cash flows from noncapital financing activities:	
Due to other funds	(6,913)
Transfer from general fund	336,221
Net cash provided by noncapital financing activities	329,308
Cash flows from capital and related financing activities:	
Principal paid on note payable	(33,232)
Interest paid on notes payable	(12,225)
Net cash used by capital and related financing activities	(45,457)
Net change in cash and cash equivalents	-
Cash and cash equivalents - beginning	400
Cash and cash equivalents - ending	$ 400
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating loss	$ (286,910)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	13,911
Change in landfill postclosure liability	(8,335)
Changes in assets and liabilities:	
Accounts receivable	425
Accounts payable	1,775
Salaries payable	403
Pension contribution payable	(5,120)
Net cash used by operating activities	$ (283,851)

Madison County, Georgia
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2010

ASSETS		
Cash	$	181,070
Total assets		181,070
LIABILITIES		
Due to others		181,070
Total liabilities	$	181,070

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Madison County was incorporated under the laws of the State of Georgia in 1811. The County is governed by a five-member Board of Commissioners. Each commissioner is elected to a four-year term. The Chairman serves as the full-time Chief Executive Officer. The other five commissioners serve on a part-time basis. The Chairman is responsible for the daily operations of the County.

The financial statements of Madison County, Georgia (the County) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

In conformity with generally accepted accounting principles, as set forth in GASB Statement No. 14, *The Financial Reporting Entity*, the financial statements of the reporting entity include those of Madison County (the primary government) and its component units. The criteria for including organizations as component units within the County's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in its own name)
- the County holds the corporate powers of the organization
- the County appoints a voting majority of the organization's board
- the County is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- there is fiscal dependency by the organization on the County

Discretely Presented Component Units – The component unit columns in the government-wide financial statements include the financial data of the County's component units. They are included because, if excluded, the County's financial statements would be misleading. They are reported in separate columns in the government-wide financial statements to emphasize their legal separation from the County. The following component units are included in the statements:

Madison County Industrial Development and Building Authority – The County appoints all members of the Development Authority's Board of Directors. The Authority has a December 31 fiscal year end.

Madison County Health Department – The County appoints all members of the Health Department's Board of Directors. The Health Department has a June 30 fiscal year end.

Each discretely presented component unit issues separate financial statements. Complete financial statements of the individual component units can be obtained from their respective administrative offices:

Madison County Industrial Development and Building Authority
Post Office Box 381
Danielsville, GA 30633

Madison County Health Department
Post Office Box 26
Danielsville, GA 30633

Blended Component Units - Based on the GASB criteria, the County has no entities that qualify as blended component units.

Note 1: Summary of Significant Accounting Policies, continued

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

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

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Nonoperating expenses are the result of expenses that are ancillary to the primary purpose of the fund. Interest costs are currently the only nonoperating expenses incurred in the proprietary fund.

Proprietary fund operating expenses are the necessary costs incurred to provide the good or service that are the primary activity of the fund. Expenses which do not meet these criteria, such as interest expense, are considered non-operating and are reported as such.

When both restricted and unrestricted resources are available to pay a cost, the County's policy is to use restricted assets first, and then use unrestricted assets.

The County reports the following major governmental funds:

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

SPLOST Capital Projects Fund – This is a capital projects fund established to account for all special local options sales tax revenues as well as the specifically identified projects for which the SPLOST tax was established.

Note 1: Summary of Significant Accounting Policies, continued

The County reports the following major enterprise fund:

Solid Waste Fund – This fund accounts for the postclosure care of the County's landfill and the operation and maintenance of the County's solid waste transfer station.

The County reports the following fiduciary fund type:

Agency Funds – These funds account for monies held by the County in a trustee capacity or as an agent on behalf of individuals, private organizations, other governments and/or other funds. All of the County's fiduciary funds are agency funds, which are custodial in nature. Accordingly, the County presents a statement of fiduciary assets and liabilities rather than a statement of fiduciary net assets. Agency funds do not include a measurement of the results of operations, so a statement of changes in fiduciary net assets is not presented by the County. Following are the agency funds of the County at December 31, 2010: Tax Commissioner, Sheriff, Clerk of Superior Court, Probate Court, and Magistrate Court.

Measurement Focus, Basis of Accounting

Government-wide, Proprietary and Fiduciary Fund Financial Statements – The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. The governmental activities in the government-wide financial statements, the proprietary fund financial statements, and the fiduciary fund statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

C. Budgets and Budgetary Accounting

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

1. Normally, prior to August 31, the Chairman submits to the Commission a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

2. A public hearing is conducted at the county courthouse to obtain taxpayer comments.

Note 1: Summary of Significant Accounting Policies, continued

3. The budget is legally enacted through passage of an ordinance. For 2010, the budget was legally adopted in December 2009.

4. The Finance Director is authorized to transfer budgeted amounts within a division, with the exception of personnel amendments. The Finance Director is also authorized to transfer amounts between divisions to cover insurance reimbursements and to implement actions of the governing authority. Any other amendments between divisions or amendment to personnel budgets are approved by the Commission.

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Funds and Enterprise Funds.

6. The budget is prepared and adopted on a basis consistent with generally accepted accounting principles (GAAP).

D. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is not used by the County.

E. Deposits and Investments

Cash consists of demand and interest-bearing deposits held in banks. All bank deposits must be collateralized by an amount equal to 110% of uninsured deposits of the State of Georgia or U.S. obligations or direct loans to the County.

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

Investments are recorded at cost plus accrued interest, which approximates market value.

F. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectible receivables, when material.

G. Property Tax Calendar

Property taxes attach as an enforceable lien on property as of January 1. The County bills and collects its own property taxes and also collects taxes for the County School District as well as the Industrial Development and Building Authority. County property tax revenues are recognized when levied to the extent that they result in current receivables.

Property taxes, for property owned at January 1, 2010, were levied on August 2, 2010 with a payment period from August 25, 2010 to December 20, 2010. A local option sales tax is in force. Proceeds for this tax are remitted to the County monthly and are used to give property tax owners tax relief. Taxes receivable at December 31, 2010 amounted to $1,704,202 and deferred property tax revenue totaled $1,233,175.

Note 1: Summary of Significant Accounting Policies, continued

H. Inventory

Inventory is valued at cost on a first-in, first-out basis. Inventory consists principally of expendable supplies held for consumption by the County's public works department. The County uses a periodic inventory system, where inventory totals are determined by periodically performing complete inventory counts. The cost of the supplies is originally recorded as an expenditure at the time individual inventory items are purchased. The County then increases or decreases expenditures based on whether inventory levels have risen or fallen from the previous inventory total. Reported inventories are equally offset by a fund balance reserve in the fund level financial statements, which indicates that the inventories do not constitute available spendable resources.

I. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Property, plant and equipment with initial, individual costs that equal or exceed $5,000 are recorded as capital assets. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. For infrastructure assets, the County has adopted the policy of capitalizing costs which add additional service utility to the asset. Maintenance of infrastructure assets is expensed in the government-wide financial statements.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, net of related interest earned, is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Infrastructure	15-99
Building and improvements	20-50
Water & sewer distribution	20-50
Heavy machinery & vehicles	3-15
Equip, furniture & fixtures	5-10
Computer equipment	5-7

The County was required to implement the retroactive infrastructure reporting requirements of GASB No. 34 beginning with the year ended December 31, 2007. Accordingly, all of the infrastructure assets reported in these financial statements are assets that the County obtained after 1980. The infrastructure the County has retroactively reported was principally highways and roads.

J. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual vacation and comp time balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. In accordance with the provisions of GASB Statement 11, concerning Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Governmental activities compensated absences balances are liquidated through the General Fund.

Note 1: Summary of Significant Accounting Policies, continued

K. Restricted Revenues

The County receives certain taxes, grants and contributions that must be used for a specific purpose outlined in either taxing legislation or grantor contracts. These amounts are reported as restricted net assets in the government wide financial statements until the restriction has been met either through the expenditure of the money or the passage of time. Expenses incurred by the County for which both unrestricted and restricted monies are available are applied to restricted resources first.

Note 2: Stewardship, Compliance and Accountability

A. Deficit Fund Balance:

The following lists the County's funds which reported a negative fund balance as well as the magnitude of that deficit as of December 31:

Jail Construction Capital Projects Fund	43,598
Solid Waste Fund	288,902

The deficit fund balance in the Jail Construction fund was funded by an interfund payable to the general fund. The deficit in the solid waste fund is partially funded by a note payable. Of the $288,902 deficit in the solid waste fund, $141,695 is the result of an accrued liability for postclosure monitoring costs for the County's landfill.

B. Excess expenditures over appropriations:

The following departments had excess expenditures over appropriations for December 31, 2010:

General Fund:

Law Enforcement $32,701
Vehicle Maintenance $26,136
Food Bank $26
Library Administration $62

Special Revenue Funds:
Law Library - $19,053

The County did not adopt a budget for the Seized and Forfeited Funds or the Sheriff's Phone Commission Fund as required by Georgia law because the constitutional officer who controls these funds did not submit a budget to the governing authority.

Note 3: Cash

The carrying amount of the County's deposits with financial institutions was $14,319,750 and the bank balance was $20,047,625. All of the County's deposits are insured or collateralized by assets not held by the pledging institution. Deposits totaling $10,706,200 are collateralized by the pledging institutions participation in the State of Georgia Pledging Pool. Assets collateralized in the pledging pool are not held explicitly in the name of the County. Because all of the deposits are either insured or collateralized by assets not held by the pledging financial institution, the County does not have exposure to custodial credit risk.

State law requires that all bank deposits be insured or collateralized up to 110% of the balances maintained in each financial institution. All of the County's deposits are insured or collateralized sufficiently to meet this requirement.

Note 3: Cash, continued

Georgia law authorizes local governments to invest in the following types of obligations:

- Obligations of the State of Georgia or any other states;
- Obligations issued by the United States;
- Obligations fully insured or guaranteed by the United States government or governmental agency;
- Obligations of any corporation of the United States Government;
- Prime bankers' acceptances;
- The State of Georgia Local Government Investment Pool;
- Repurchase agreements; and
- Obligations of other political subdivisions of the State of Georgia.

The County had no investments at December 31, 2010. Accordingly, it has no significant exposure to credit risk, interest rate risk, or foreign currency risk.

Note 4: Other Receivables

Other receivables as reported in the General Fund consist of the following:

Ambulance service receivable	$ 187,616
Franchise tax receivable	11,359
Financial institutions tax receivable	20,287
Alcoholic beverage excise tax receivable	11,789
Other receivables	3,516
	234,567
Less: allowances for doubtful accounts related to ambulance service receivables	(80,000)
	$ 154,567

Note 5: Capital Assets

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

Governmental Activities:	Beginning	Increases	Decreases	Ending
Capital assets not being depreciated:				
Land	$ 618,546	$ -	$ -	$ 618,546
Construction in progress	859,476	162,267	519,103	502,640
Total capital assets not being depreciated	1,478,022	162,267	519,103	1,121,186
Capital assets being depreciated:				
Buildings and improvements	9,475,131	36,182	-	9,511,313
Equipment, furniture and vehicles	6,082,457	241,640	117,158	6,206,939
Land improvement	463,956	-	-	463,956
Infrastructure	4,524,673	1,210,819	-	5,735,492
Prior years infrastructure	422,113,645	-	-	422,113,645
Total capital assets being depreciated	442,659,862	1,488,641	117,158	444,031,345
Less accumulated depreciation for:				
Buildings and improvements	2,456,235	246,965	-	2,703,200
Equipment, furniture, and vehicles	4,323,994	367,983	68,551	4,623,426
Land improvement	268,440	22,335	-	290,775
Infrastructure	250,915	126,752	-	377,667
Prior years infrastructure	152,991,069	10,552,841	-	163,543,910
Total accumulated depreciation	160,290,653	11,316,876	68,551	171,538,978
Total capital assets being depreciated, net	282,369,209	(9,828,235)	48,607	272,492,367
Governmental acitvities capital assets, net	$ 283,847,231	$ (9,665,968)	$ 567,710	$ 273,613,553

Depreciation expense was charged to governmental activities as follows:

General Government	$ 80,563
Judicial	1,946
Public Safety	368,873
Public Works	10,756,837
Health & Welfare	49,810
Culture & Recreation	58,014
Housing & Development	833
	$ 11,316,876

Note 5: Capital Assets, continued

Business type Activities:	**Beginning**	**Increases**	**Decreases**	**Ending**
Solid Waste Fund:				
Capital assets being depreciated:				
Buildings and improvements	$ 83,260	$ -	$ -	$ 83,260
Equipment	75,000	-	-	75,000
Total capital assets being depreciated	158,260	-	-	158,260
Less accumulated depreciation for:				
Buildings and improvements	21,617	3,197	-	24,814
Equipment	18,303	10,715	-	29,018
Total accumulated depreciation	39,920	13,912	-	53,832
Total Solid Waste being depreciated, net	118,340	(13,912)	-	104,428
Total Business type activities capital assets, net	$ 118,340	$ (13,912)	$ -	$ 104,428

The above capital assets do not include any capitalized interest amounts. All interest costs incurred during the year have been recorded as an expense in the activities statement.

Discretely Presented Component Unit

Madison County Industrial Development and Building Authority				
Governmental Activities:	**Beginning**	**Increases**	**Decreases**	**Ending**
Capital assets not being depreciated:				
Land	$ 337,190	$ -	$ -	$ 337,190
Total capital assets not being depreciated	337,190	-	-	337,190

Business type Activities:	**Beginning**	**Increases**	**Decreases**	**Ending**
Water fund:				
Capital assets not being depreciated:				
Construction in progress	$ 2,941,400	$ 2,256,568	$ 4,878,940	$ 319,028
Land	279,130	-	-	279,130
Total capital assets not being depreciated	3,220,530	2,256,568	4,878,940	598,158
Capital assets being depreciated:				
Water systems	10,839,215	2,853,330	-	13,692,545
Wastewater plant/system	-	2,495,327	-	2,495,327
Vehicles and equipment	102,452	14,014	-	116,466
Total capital assets being depreciated	10,941,667	5,362,671	-	16,304,338
Less accumulated depreciation for:				
Water systems	1,417,813	350,208	-	1,768,021
Wastewater plant/system	-	5,199	-	5,199
Vehicles and equipment	55,479	16,272	-	71,751
Total accumulated depreciation	1,473,292	371,679	-	1,844,971
Total capital assets being depreciated, net	9,468,375	4,990,992	-	14,459,367

Note 6: Interfund Balances and Activity

Interfund balances

Internal balances at December 31, 2010 consist of the following:

Due to the General Fund from the Jail Construction fund for the General Fund financing the construction of the County's jail	$ 43,598
Internal balances	$ 43,598

This interfund balance resulted between the County Jail fund and the General Fund's occurred because of the General Fund's financing of the construction of the County's jail. This amount is expected to be repaid during the next fiscal year and will be repaid by the Jail Construction Fund collecting jail fees and remitting the monies to the General Fund.

Interfund transfer activity

Interfund transfers for the year ended December 31, 2010 were as follows:

	Transfers In		
Transfers Out	Nonmajor Gov't Funds	Solid Waste Fund	Total
General	$ 245,372	$ 336,221	$ 581,593
	$ 245,372	$ 336,221	$ 581,593

The County routinely transfers unrestricted monies that are collected in its General Fund into funds that have either a statutory or budgetary requirement to expend funds used for certain purposes. The transfers to nonmajor governmental funds consist of transfers to the E-911 fund. The E-911 fund expends all funds required to operate the County's E-911 system. The transfer from the general fund represents the amount of funding needed to operate the system beyond the amount collected from the E-911 surcharge. The transfer to the Solid Waste Fund represents the amount of funding needed to operate the County's transfer station beyond the tipping fees collected at the transfer station.

Note 7: Long-term Obligations

Governmental activities

Categories of debt

Capital Leases

The County has entered into a master equipment lease agreement to finance the acquisition of buildings, machinery and equipment. The lease is for period of four years at 3.33% interest rate and it is divided into two components: governmental and business. The County entered into a lease agreement on February 2, 2010 to purchase three Sheriff vehicles. The lease is for three years at 4.02% interest rate. Both of these leases qualify as capital leases and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception. The lessor in this lease has retained a security interest in the related property. Additionally, the County leased fire trucks that it subsequently leased to volunteer fire departments. See Note 8 for a discussion of these leases.

Note 7: Long-term Obligations, continued

The capital assets under capital lease arrangements at December 31, 2010 for the governmental component are as follows:

	Historical cost	Accumulated depreciation
Equipment, furniture and vehicles	$ 711,962	$ 259,631

In addition to the equipment subject to a capital lease listed above, the County is obligated under capital leases that it executed to purchase fire trucks that were subsequently subleased to volunteer fire departments in the county. Because the lease between the County and the volunteer fire departments qualified as a capital lease, the County removed the fire trucks from its capital asset records. The County still has rights to payments totaling $1,246,090 under the leases.

Future minimum lease payments at December 31, 2010 are as follows:

Year Ending December 31,	
2011	390,649
2012	260,785
2013	197,311
2014	189,640
2015	178,640
2016-2020	590,909
Total minimum lease payments	1,807,934
Less: interest portion of minimum lease payments	(310,710)
Present value of minimum lease payments	$ 1,497,224

Business-type activities

Categories of debt

Capital Leases

The capital assets under the master equipment capital lease arrangements at December 31, 2010 for the business-type activities are as follows:

	Historical cost	Accumulated depreciation
Equipment, furniture and vehicles	$ 75,000	$ 29,017

Future minimum lease payments at December 31, 2010 are as follows:

Year Ending December 31,	
2011	5,524
2012	921
Total minimum lease payments	6,445
Less: interest portion of minimum lease payments	(134)
Present value of minimum lease payments	$ 6,311

Note 7: Long-term Obligations, continued

Notes payable

Note payable to Georgia Environmental Facilities Authority with an original principal of $465,185 to fund landfill closure, which accrues interest at a fixed rate of 5.6% per annum. The note is payable in 76 quarterly installments of $9,983 and matures July 1, 2016.	$ 195,153

The annual debt service requirements to retire the above notes payable are as follows:

	Business-type Activities		
Year Ending December 31,	**Principal**	**Interest**	**Total**
2011	29,618	10,314	39,932
2012	31,312	8,620	39,932
2013	33,102	6,829	39,931
2014	34,995	4,936	39,931
2015	36,997	2,935	39,932
2016	29,129	820	29,949
	$ 195,153	$ 34,454	$ 229,607

Changes in long-term obligations for the year ended December 31, 2010 are as follows:

	Beginning	Increases	Decreases	Ending	Due within one year
Governmental activities:					
Capital lease obligations	$ 502,420	$ 1,253,755	$ 258,951	$ 1,497,224	$ 390,649
Compensated absences	302,327	67,438	54,445	315,320	-
	$ 804,747	$ 1,321,193	$ 313,396	$ 1,812,544	$ 390,649

The General Fund has typically been used to liquidate long-term liabilities reported in governmental activities in the government-wide financial statements.

	Beginning	Increases	Decreases	Ending	Due within one year
Business-type activities:					
GEFA note payable	$ 223,169	$ -	$ 28,016	$ 195,153	$ 29,618
Capital lease obligations	11,527	-	5,216	6,311	5,524
Landfill postclosure costs	150,030	-	8,335	141,695	8,335
Compensated absences	21,340	8,362	9,010	20,692	-
	$ 406,066	$ 8,362	$ 50,577	$ 363,851	$ 43,477

Discretely Presented Component Unit – Madison County Industrial Development and Building Authority

Long-term Obligations – Notes Payable

The Authority has various notes with the Georgia Environmental Facilities Authority (GEFA). These notes bear interest rates ranging from non-interest bearing to 5.05%. Two of the notes require quarterly payments of principal and interest of $5,059 and $9,024 and mature in 2020 and 2023, respectively. Five of the notes require monthly payments of principal or principal and interest between $1,887 and $7,860 and mature between 2026 and 2031.

Note 7: Long-term Obligation, continued

Debt Service Requirements

The annual requirements to amortize the GEFA notes at December 31, 2010 are as follows:

Year Ending December 31,	Principal	Interest	Total
2011	$ 165,322	$ 137,978	$ 303,300
2012	385,237	132,293	517,530
2013	394,616	125,127	519,743
2014	406,777	117,808	524,585
2015	416,899	110,198	527,097
2016-2020	2,245,668	426,258	2,671,926
2021-2025	2,380,919	203,234	2,584,153
2026-2030	1,603,759	33,100	1,636,859
2031-2035	18,994	12	19,006
	$ 8,018,191	$ 1,286,008	$ 9,304,199

Discretely Presented Component Unit, continued

Long-term Obligation Activity

Changes in long-term obligations for the year ended December 31, 2010 are as follows:

	Beginning	Increases	Decreases	Ending	Due within one year
GEFA notes payable - business-type activity	$ 6,779,857	$ 2,145,731	$ 907,396	$ 8,018,192	$ 316,503
	$ 6,779,857	$ 2,145,731	$ 907,396	$ 8,018,192	$ 316,503

Two of the GEFA notes above are non-interest bearing. These notes have been adjusted to their net present value based on the interest rates paid on other debts of the IDBA. The calculation of the net present value is as follows:

GEFA notes outstanding	$ 8,018,192
Less: current portion of GEFA notes	(316,503)
Non-current portion of note payable	7,701,689
Less: discount on non-interest bearing notes	(846,543)
Net present value of non-current notes payable	$ 6,855,146

The IDBA incurred some debt with GEFA for water/sewer improvements of which GEFA then forgave, and will continue to forgive 70% of the debt, until all monies are borrowed or drawn down. For the year ended December 31, 2010, the amount forgiven and reported as a special item on their financial statements was $921,574.

Note 8: Equipment Leased to Volunteer Fire Department

During 2006, the County leased a fire truck, which it then was leased to a volunteer fire department in the County. During 2010, the County leased six additional fire trucks, which were also leased to other volunteer fire departments in the County. The leases are accounted for as capital leases because the volunteer fire departments will take title of the fire trucks upon making the final payments called for in the leases. The leases that the County signed for the trucks require the County to make all lease payments irrespective of whether it receives its lease payments from the volunteer fire departments. The County's lessors retain a security interest in the fire trucks.

The total value of all lease payments is recorded as a receivable in the general fund. The leases do not include a provision for the payment of contingent rentals. An amount corresponding to the total lease receivable is recorded as deferred revenue in the general fund as the amounts payable under the lease are not considered to be available by the County. In the government-wide financial statements, the capital lease is treated as a sale of the fire truck. Consequently, only the interest portion of the lease receivable is shown as deferred revenue.

Future minimum lease payments at December 31, 2010 are as follows:

2011	208,276
2012	191,640
2013	190,640
2014	189,640
2015	178,640
2016-2020	590,910
Total minimum lease payments	1,549,745
Less: interest portion of minimum lease payments	(303,654)
Present value minimum lease payments	$ 1,246,091

The leases call for the volunteer fire department to pay all costs associated with operating the fire truck, including maintaining insurance coverage, during the lease term. Further, management expects that all lease payments will be made and that no allowance for uncollectible minimum lease payments is necessary. Finally, no residual value of the leased equipment will accrue to the County upon the expiration of the lease. Because expected future costs, allowances for uncollectibles, and residual value accruing to the County are all zero; the County's investment in the lease is equivalent to the present value of the minimum lease payments.

Note 9: Retirement Benefits

Defined Benefit Pension Plan

The County provides a defined benefit retirement program for its employees.

Plan Description

The County sponsors the Association County Commissioners of Georgia Restated Pension Plan for Madison County Employees (The Plan). The Plan, through execution of an adoption agreement, is affiliated with the Association County Commissioners of Georgia Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan administered by GEBCorp.

The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of The ACCG Plan. The County has the authority to amend the adoption agreement, which defines the specific operational provisions of The Plan.

Complete financial statements for The Plan can be obtained directly from the plan administrator at:
GEBCorp
400 Galleria Parkway, Suite 1250
Atlanta, Georgia 30339

Note 9: Retirement Benefits, continued

All full-time County employees are eligible to participate in the Plan after completing three years of service. Benefits are fully vested after five years of service. Participants become eligible to retire at age 65 with 3 years of participation in the Plan. Upon eligibility to retire, participants are entitled to an annual benefit in the amount of 1.0% of average annual compensation up to $10,000 plus 1.5% of average annual compensation in excess of $10,000 plus $36 for each year of service, up to 35 years of service, payable as a life annuity. Service Compensation is averaged over a five year period prior to retirement or termination. The Plan also provides benefits in the event of death or disability. These benefit provisions were established by an adoption agreement executed by the County Board of Commissioners.

County employees are not required to contribute to the Plan. The County contributes the entire cost of the Plan, using the actuarial basis described in the annual valuation report.

Plan Asset Mix and Accounting Policies

The Plan's financial statements are prepared on an accrual basis, modified to include unrealized gains or losses on marketable securities owned by the Plan and increments in cash value of death benefits.

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

Plan Membership

Retirees and beneficiaries receiving benefits	36
Terminated plan members entitled to but not receiving benefits	70
Disabled and in Pay Status	2
Active plan members	122
Total	230

Contributions

The County is required to contribute at an actuarially determined rate. Section 47-20 of the Georgia Code sets forth the funding standards for state and local governmental pension plans. Administrative expenses are based on total covered payroll of plan members and are added to the annual funding requirement.

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

As of January 1, 2010 (the most recent actuarial valuation date), the County's total covered payroll for employees was $4,037,140. The required contribution for the 2010 plan year is $204,122, which represents 5.1% of covered payroll.

Annual Pension Cost

The County's recommended employer contribution and actual employer contribution was $447,869 and $492,320 for the 2010 Plan Year.

Note 9: Retirement Benefits, continued

The information presented in the required supplementary schedules was determined as part of the actuarial valuation as of January 1, 2010. Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2010
Actuarial cost method	Projected Unit Credit
Amortization method	Level Percent of Pay (Closed)
Amortization period	10 years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases	4.0-6.5%
Includes inflation at	3.0%

Net Pension Obligation

During the 1997 Plan Year, the County implemented GASB Statements 25 and 27. The pension liability was determined at the time of transition to these new standards in accordance with Statement No. 27. Historically, the County has always made the actuarially determined employer contribution, so that the County had no pension liability or asset at the point of transition to the new standards.

Three Year Trend Information

Fiscal Year Beginning	Annual Pension Cost	Net of APC Contributed	Net Pension Obligation
1/1/2010	$ 443,167	N/A	$ (170,142)
1/1/2009	475,800	103%	(153,622)
1/1/2008	411,494	103%	(142,031)

The components of the County's annual pension cost that reconcile the beginning net pension obligation to the ending net pension obligation are as follows:

Net Pension Obligation - beginning	$ (153,622)
Annual Required Contribution (ARC)	474,967
Interest on Net Pension Obligation	(11,906)
Amortization of Net Pension Obligation	12,739
Contribution to Plan	(492,320)
Net Pension Obligation - ending	$ (170,142)

Note 9: Retirement Benefits, continued

The schedule of funding progress presented as required supplementary information (RSI) immediately following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Measurement Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	(c) Covered Payroll	UAAL as a percentage of covered payroll (b - a) / c
1/1/2010	3,764,221	5,201,761	1,437,540	72.4%	4,037,140	35.6%

In addition, other pension and retirement plans are in effect, but are not under the direct control of the County. These elected officials are specifically excluded from the Defined Benefit Plan for County employees.

Probate Judge's Retirement Fund of Georgia

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

Clerk of Superior Court Retirement Fund

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

Sheriff's Retirement Fund/Peace Officer's Annuity and Benefit Fund

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

Defined Contribution Plan

The County offers a Section 457 defined contribution retirement plan. The County makes no contributions to this plan. The plan is entirely funded through employee salary reduction. Employee contributions totaled $29,863.

Note 10: Risk Management

The County is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; natural disasters; and job-related illnesses or injuries to employees. The County carries commercial insurance for these various risk with deductibles of $2,500 on property loss and $25,000 on employment and related claims.

The Government has joined together with other municipalities in the state as part of the Association of County Commissioners of Georgia Group Self-Insurance Workers' Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

Note 10: Risk Management, continued

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

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

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

Note 11: Landfill Costs

State and federal regulations require that Madison County place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site. The landfill was closed as of April 9, 1994 and converted to a transfer station. The percentage of landfill capacity used to date was 100% (full). The Closure Certificate was issued by the State of Georgia Department of Natural Resources with an effective date of August 22, 1997. All closure costs were incurred prior to the Closure Certificate date.

A provision and related liability are being recognized in the Solid Waste Fund based on the postclosure care costs estimated to be incurred in the remaining years of postclosure monitoring. The recognition of these landfill postclosure care costs is based on 100% usage of the landfill.

During 2010, the County expended $13,252 on postclosure costs, which included various monitoring and remediation activities. Engineering consultants provided Madison County with estimated costs of $8,335 per year for the remaining postclosure costs. Therefore, the estimated liability for the remaining 17 years as shown on Madison County's financial statements for landfill postclosure costs is $141,695 as of December 31, 2010. Postclosure financial assurance requirements are being met through continually maintaining certain finance ratios.

The County expects to fund the costs of postclosure care from the Solid Waste Fund each year. The County expects that the Solid Waste Fund will report operating losses that will have to be funded through transfers from the General Fund for the foreseeable future.

The estimated total cost of the landfill postclosure care is based on the amount that would be paid if all remaining equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2010. However, the actual costs of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

Note 12: Commitments and Contingencies

Contingent Liabilities

The County participates in a number of federal and state assisted grant programs. Expenditures financed by grants are subject to audit by the appropriate grant or government. If expenditures are disallowed due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. The amount, if any, of disallowed expenditures discovered in future audits is expected to be immaterial.

Note 12: Commitments and Contingencies, continued

Litigation

The County is a defendant in several lawsuits, which arose in the ordinary course of its activities. The County records liabilities resulting from such claims and litigation only when they become probable and measurable. No liability has been recorded for any of the lawsuits currently in process.

Note 13: Joint Venture

Northeast Georgia Regional Commission (RC)

Madison County, Georgia, along with cities and counties in the 12 county Northeast Georgia area is a member of the Northeast Georgia Regional Commission (RC). Membership in an RC is automatic for each municipality and county in the state. The Official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RCs. Each county and municipality in the state is required by law to pay minimum annual dues to the RC. The Board is comprised of not less than two (2) or more than five (5) representatives of each member county served by the RC. The manner of selecting such representatives from each member county is as follows:

- The chief elected official or the chair of the board of commissioners of each county served by the Center shall be a member (or a designated government official).
- One elected or appointed municipal government official from each county served by the Center. The mayors of the municipalities in such county shall select the municipal representative of that county.
- Not less than ten (10) or more than twenty (20) public members.
- A minority representation, the percentage of which is at least equal to the minority population of the geographical region served by the Board, as established by the latest United States Census.

The Georgia Planning Act of 1989 (OCGA 50-8-34) defines RCs as "public agencies and instrumentalities of their members". Georgia laws also provide that the member governments are liable for any debts or obligations of an RDC beyond its resources. (OCGA 50-8-39.1)

Complete financial statements of the Northeast Georgia Regional Commission can be obtained directly from the RC's administrative office at 305 Research Drive, Athens, Georgia 30610. The only transactions between the County and the RC in the current year were payment of the County's membership fee.

Note 14: Related Party

The County gives a yearly appropriation to the Madison County Health Department to help fund their yearly operations. For the fiscal year ending December 31, 2010, the County funded the Health Department $154,109.

Note 15: Assets Restricted by Enabling Legislation

The County maintains several special revenue funds and a capital project fund to account for activities that are required by Georgia law. These funds have restrictions on the use of the remaining fund balance in the funds as follows:

Capital projects	$ 2,473,813
Judicial	17,049
Public safety	105,574
	$ 2,596,436

Required Supplementary Information

Madison County, Georgia
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual - General Fund
For the year ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	$10,345,304	$10,357,604	$11,642,371	$ 1,284,767
Licenses and permits	85,850	85,850	67,394	(18,456)
Intergovernmental	127,459	273,503	315,855	42,352
Charges for services	1,305,310	1,354,211	1,593,996	239,785
Fines and forfeitures	732,000	734,200	748,419	14,219
Investment earnings	30,440	30,440	82,672	52,232
Contributions and donations	29,239	42,339	60,400	18,061
Miscellaneous	23,870	83,503	134,635	51,132
Total revenues	12,679,472	12,961,650	14,645,742	1,684,092
EXPENDITURES				
Current:				
General government				
General government	1,059,176	996,294	701,698	294,596
Governing body	176,277	179,204	140,036	39,168
Financial administration	385,235	387,068	371,003	16,065
Elections administration	79,277	79,277	79,021	256
Registrar's Office	82,809	83,267	77,308	5,959
Information technology	183,073	186,876	173,708	13,168
Tax Commissioner	279,792	341,819	314,938	26,881
Tax Assessor	311,436	315,168	289,325	25,843
Building and plant	133,930	134,427	112,112	22,315
Judicial				
Superior Court	295,932	387,071	367,924	19,147
Clerk of Superior Court	333,519	334,736	327,449	7,287
Magistrate Court	197,010	197,622	189,365	8,257
Probate Court	215,445	218,466	209,808	8,658
Public Safety				
Law enforcement	2,902,569	3,027,376	3,060,077	(32,701)
Emergency management	686,675	1,865,430	1,864,977	453
Emergency medical service	1,600,175	1,606,592	1,540,454	66,138
Coroner	23,700	23,700	20,465	3,235
Animal Control	78,000	78,000	78,000	-
Highways and Roads				
Highways and Streets	1,023,137	1,033,074	990,930	42,144
Vehicle Maintenance	491,650	491,650	517,786	(26,136)
Health and welfare				
Food Bank	-	8,397	8,423	(26)
Senior Citizens Center	268,173	285,126	232,730	52,396
Public Education	32,902	32,902	30,483	2,419
Extension Office	17,721	17,721	14,723	2,998
Health	218,514	218,514	218,312	202
Culture and recreation				
Recreation	534,622	548,550	520,011	28,539
Library Administration	173,215	173,215	173,277	(62)
Housing and development				
Planning, zoning and inspections	311,214	312,940	291,914	21,026
Chamber of Commerce	4,500	4,500	3,439	1,061
Forest Resources	4,453	9,401	9,401	-

Debt Service:				
Principal	176,735	246,153	246,612	(459)
Interest and other charges	16,346	26,574	26,116	458
Total Expenditures	12,297,212	13,851,110	13,201,825	649,285
Excess (deficiency) of revenues over over expenditures	382,260	(889,460)	1,443,917	1,034,807
OTHER FINANCING SOURCES (USES)				
Proceeds from capital leases	-	1,253,755	1,253,755	-
Transfers out	-	-	(581,593)	(581,593)
Total other financing sources and uses	-	1,253,755	672,162	(581,593)
Net change in fund balances	$ 382,260	$ 364,295	2,116,079	$ 453,214
Fund balances - beginning			9,593,355	
Fund balances - ending			$ 11,709,434	

Madison County, Georgia
Required Supplementary Information
December 31, 2010

RETIREMENT PLAN
Schedule of Funding Progress

Measurement Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Projected Unit Credit	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	(c) Covered Payroll	UAAL as a percentage of covered payroll (b - a) / c
12/31/2009	3,764,221	5,330,471	1,566,250	70.6%	4,376,751	35.8%
12/31/2008	3,304,421	4,726,228	1,421,807	69.9%	4,042,631	35.2%
12/31/2007	3,057,181	4,483,153	1,425,972	68.2%	4,060,238	35.1%
12/31/2006	2,579,786	3,939,783	1,359,997	65.5%	3,460,804	39.3%
12/31/2005	2,164,640	3,605,478	1,440,838	60.0%	3,189,909	45.2%
12/31/2004	1,760,934	3,250,145	1,489,211	54.2%	2,928,389	50.9%
12/31/2003	1,495,857	2,810,094	1,314,237	53.2%	2,694,886	48.8%
12/31/2002	1,158,374	2,326,398	1,168,024	49.8%	2,439,572	47.9%
12/31/2001	1,104,524	2,064,882	960,298	53.5%	2,159,287	44.5%
12/31/2000	999,473	1,848,195	848,722	54.1%	1,548,539	54.8%
12/31/1999	896,773	1,702,905	806,132	52.7%	1,492,883	54.0%
12/31/1998	739,053	1,533,922	794,869	48.2%	1,382,597	57.5%
12/31/1997	559,942	1,170,746	610,804	47.8%	1,239,403	49.3%

Combining and Individual Fund Statements and Schedules

Madison County, Georgia
Combined Balance Sheet
Other Governmental Funds
December 31, 2010

	Total Special Revenue Funds	Total Capital Project Funds	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents	$ 176,190	$ -	$ 176,190
Accounts receivable, net	81,891	-	81,891
Prepaid expenses	100	-	100
Total assets	258,181	-	258,181
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	9,721	-	9,721
Accrued salaries and benefits	51,335	-	51,335
Due to other funds	-	43,598	43,598
Total liabilities	61,056	43,598	104,654
Fund balances:			
Unreserved	197,125	(43,598)	153,527
Total fund balances	197,125	(43,598)	153,527
Total liabilities and fund balances	$ 258,181	$ -	$ 258,181

Madison County, Georgia
Combined Schedule of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended December 31, 2010

	Total Special Revenue Funds	Total Capital Project Funds	Total-Other Governmental Funds
REVENUES			
Charges for services	$ 526,840	$ -	$ 526,840
Fines and forfeitures	81,034	55,299	136,333
Investment earnings	2,752	-	2,752
Contribution and donations	58,950	-	58,950
Miscellaneous	34,357	-	34,357
Total revenues	703,933	55,299	759,232
EXPENDITURES			
Current:			
Judicial	28,386	-	28,386
Public Safety	914,139	-	914,139
Health and Welfare	23,026	-	23,026
Culture and Recreation	891	-	891
Debt Service			
Principal	12,127	-	12,127
Interest and other charges	101	-	101
Total Expenditures	978,670	-	978,670
Excess (deficiency) of revenues over expenditures	(274,737)	55,299	(219,438)
OTHER FINANCING SOURCES (USES)			
Transfers	245,372	-	245,372
Total other financing sources and uses	245,372	-	245,372
Net change in fund balances	(29,365)	55,299	25,934
Fund balances - beginning	226,490	(98,897)	127,593
Fund balances - ending	$ 197,125	$ (43,598)	$ 153,527

Madison County, Georgia
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2010

	Clerk Deed Fund	PEPI & Seized Drug	E-911	Sheriff Commission	Law Library	Food Bank	Bicentennial Committee	Total Special Revenue Funds
ASSETS								
Cash and cash equivalents	$ 35,738	$ 16,015	$ 68,624	$ 2,687	$ 17,049	32,628	3,449	$ 176,190
Accounts receivable	-	-	81,891	-	-	-	-	81,891
Prepaid expenses	-	-	100	-	-	-	-	100
Total assets	35,738	16,015	150,615	2,687	17,049	32,628	3,449	258,181
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	-	-	9,721	-	-	-	-	9,721
Accrued salaries and benefits	-	-	51,335	-	-	-	-	51,335
Total liabilities	-	-	61,056	-	-	-	-	61,056
Fund balances:								
Unreserved	35,738	16,015	89,559	2,687	17,049	32,628	3,449	197,125
Total fund balances	35,738	16,015	89,559	2,687	17,049	32,628	3,449	197,125
Total liabilities and fund balances	$ 35,738	$ 16,015	$ 150,615	$ 2,687	$ 17,049	$ 32,628	$ 3,449	$ 258,181

Madison County, Georgia
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010

	Clerk Deed Fund	PEPI & Seized Drug	E-911	Sheriff Commission	Law Library	Food Bank	Bicentennial Committee	Total Special Revenue Funds
REVENUES								
Charges for services	$ 12,160	$ -	$ 480,762	$ 23,080	$ 9,823	-	$ 1,015	$ 526,840
Fines and forfeitures	-	81,034	-	-	-	-	-	81,034
Investment earnings	263	84	2,260	1	115	29	-	2,752
Contributions and donations	-	-	-	-	-	55,625	3,325	58,950
Miscellaneous	-	34,152	205	-	-	-	-	34,357
Total revenues	12,423	115,270	483,227	23,081	9,938	55,654	4,340	703,933
EXPENDITURES								
Current:								
Judicial	4,333	-	-	-	24,053	-	-	28,386
Public Safety	-	110,479	777,365	26,295	-	-	-	914,139
Health and Welfare	-	-	-	-	-	23,026	-	23,026
Culture and Recreation	-	-	-	-	-	-	891	891
Debt service:								
Principal	-	-	12,127	-	-	-	-	12,127
Interest and other charges	-	-	101	-	-	-	-	101
Capital Outlay								
Total Expenditures	4,333	110,479	789,593	26,295	24,053	23,026	891	978,670
Excess (deficiency) of revenues over (under) expenditures	8,090	4,791	(306,366)	(3,214)	(14,115)	32,628	3,449	(274,737)
OTHER FINANCING SOURCES (USES)								
Transfers	-	-	245,372	-	-	-	-	245,372
Total other financing sources and uses	-	-	245,372	-	-	-	-	245,372
Net change in fund balances	8,090	4,791	(60,994)	(3,214)	(14,115)	32,628	3,449	(29,365)
Fund balances - beginning	27,648	11,224	150,553	5,901	31,164	-	-	226,490
Fund balances - ending	$ 35,738	$ 16,015	$ 89,559	$ 2,687	$ 17,049	$ 32,628	$ 3,449	$ 197,125

Madison County, Georgia
Combining Balance Sheet
Capital Projects Funds
December 31, 2010

	Jail Construction	Total Capital Project Funds
LIABILITIES AND FUND BALANCES		
Liabilities:		
Due to other funds	$ 43,598	$ 43,598
Total liabilities	43,598	43,598
Fund balances:		
Unreserved	(43,598)	(43,598)
Total fund balances	(43,598)	(43,598)
Total liabilities and fund balances	$ -	$ -

Madison County, Georgia
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Capital Projects Funds
For the Year Ended December 31, 2010

	Jail Construction	Total Capital Project Funds
REVENUES	$ 55,299	$ 55,299
Fees and Fines	55,299	55,299
Total revenues		
EXPENDITURES		
Total expenditures	-	-
Excess of revenues over expenditures	55,299	55,299
Net change in fund balances	55,299	55,299
Fund balances - beginning	(98,897)	(98,897)
Fund balances - ending	$ (43,598)	$ (43,598)

Madison County, Georgia
Clerk's Deed Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Charges for services	$ 9,650	$ 9,650	$ 12,160	$ 2,510
Investment income	-	-	263	263
Total revenues	9,650	9,650	12,423	2,773
EXPENDITURES				
Current:				
Judicial	7,000	7,000	4,333	2,667
Total expenditures	7,000	7,000	4,333	2,667
Net change in fund balances	$ 2,650	$ 2,650	8,090	$ 5,440
Fund balances - beginning			27,648	
Fund balances - ending			$ 35,738	

Madison County, Georgia
Seized and Forfeited Funds Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Fines and forfeitures	$ -	$ -	$ 81,034	$ 81,034
Miscellaneous			34,152	$ 34,152
Investment income	-	-	84	84
Total revenues	-	-	115,270	115,270
EXPENDITURES				
Current:				
Public safety	-	-	110,479	(110,479)
Total expenditures	-	-	110,479	(110,479)
Net change in fund balances	$ -	$ -	4,791	$ 4,791
Fund balances - beginning			11,224	
Fund balances - ending			$ 16,015	

Madison County, Georgia
E-911 Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Charges for services	$ 469,500	$ 469,500	$ 480,762	$ 11,262
Investment income	3,000	3,000	2,260	(740)
Miscellaneous	150	150	205	55
Total revenues	472,650	472,650	483,227	10,577
EXPENDITURES				
Current:				
Public safety	811,598	811,396	777,365	34,031
Debt service:				
Principal	12,127	12,127	12,127	-
Interest and other charges	101	101	101	-
Total expenditures	823,826	823,624	789,593	34,031
Deficiency of revenues under expenditures	(351,176)	(350,974)	(306,366)	44,608
OTHER FINANCING SOURCES				
Transfers	-	-	245,372	245,372
Total other financing sources	-	-	245,372	245,372
Net change in fund balances	$ (351,176)	$ (350,974)	(60,994)	$ 289,980
Fund balances - beginning			150,553	
Fund balances - ending			$ 89,559	

Madison County, Georgia
Sheriff's Commission Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Charges for services	$ -	$ -	$ 23,080	$ 23,080
Investment income	-	-	1	1
Total revenues	-	-	23,081	23,081
EXPENDITURES				
Current:				
Public safety	-	-	26,295	(26,295)
Total expenditures	-	-	26,295	(26,295)
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	(3,214)	$ (3,214)
Fund balances - beginning			5,901	
Fund balances - ending			$ 2,687	

Exhibit K

Madison County, Georgia
Law Library Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Charges for services	$ 11,000	$ 11,000	$ 9,823	$ (1,177)
Investment income	-	-	115	115
Total revenues	11,000	11,000	9,938	(1,062)
EXPENDITURES				
Current:				
Judicial	5,000	5,000	24,053	(19,053)
Total expenditures	5,000	5,000	24,053	(19,053)
Net change in fund balance	$ 6,000	$ 6,000	(14,115)	$ (20,115)
Fund balances - beginning			31,164	
Fund balances - ending			$ 17,049	

Exhibit L

Madison County, Georgia
Food Bank Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Investment income	$ -	$ -	$ 29	$ 29
Contributions and donations	28,799	28,799	55,625	26,826
Total revenues	28,799	28,799	55,654	26,855
EXPENDITURES				
Current:				
Health and Welfare	28,799	28,799	23,026	5,773
Total expenditures	28,799	28,799	23,026	5,773
Net change in fund balance	$ -	$ -	32,628	$ 32,628
Fund balances - beginning			-	
Fund balances - ending			$ 32,628	

Madison County, Georgia
Bicentennial Committee Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Charges for services	$ -	$ -	$ 1,015	$ 1,015
Contributions and donations	4,000	4,000	3,325	(675)
Total revenues	4,000	4,000	4,340	340
EXPENDITURES				
Current:				
Culture and Recreation	1,200	1,200	891	309
Total expenditures	1,200	1,200	891	309
Net change in fund balance	$ 2,800	$ 2,800	3,449	$ 649
Fund balances - beginning			-	
Fund balances - ending			$ 3,449	

Exhibit N

Madison County, Georgia
Fiduciary Funds
Combining Schedule of Fiduciary Assets and Liabilities
December 31, 2010

	Tax Commissioner	Sheriff	Clerk of Superior Court	Probate Court	Magistrate Court	Total Fiduciary Funds
ASSETS						
Cash	$ 84,486	$ 14,561	$ 80,729	$ -	$ 1,294	$ 181,070
Total Assets	$ 84,486	$ 14,561	$ 80,729	$ -	$ 1,294	$ 181,070
LIABILITIES						
Due to others	84,486	14,561	80,729	-	1,294	181,070
Total Liabilities	$ 84,486	$ 14,561	$ 80,729	$ -	$ 1,294	$ 181,070

Compliance Section

Treadwell, Tamplin & Co.
Certified Public Accountants
A Limited Liability Partnership

157 West Jefferson Street
Madison, Georgia 30650
Ph: (706) 342-1040

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

To the Honorable Commissioners of
Madison County, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Madison County, Georgia, as of and for the year ended December 31, 2010, and have issued our report thereon dated June 30, 2011. We did not audit the financial statements of the Madison County Health Department. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the general purpose financial statements, insofar as it relates to the amounts included for the Madison County Health Department, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Madison 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 09-1.

We noted certain matters that we reported to management of Madison County, Georgia in a separate letter dated June 30, 2011.

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

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

Nesbitt, Hamlin & Co.

June 30, 2011
Athens, Georgia

Madison County, Georgia
Schedule of Audit Findings
For the Year Ended December 31, 2010

09-1

Criteria: Section 36-81-3(b)(1) of the Official Code of Georgia Annotated requires that the general fund and each special revenue fund of the County adopt an annual balanced budget approved by the county's governing authority. State law also requires that the total expenditures of a special revenue fund not exceed the appropriation approved by the governing authority.

Condition: The Sheriff Department did not provide a balanced budget to be approved by the Board of Commissioners for the Sheriff Commission and PEPI & Seized Funds special revenue funds. The Law Library special revenue fund, administered by the Clerk of Superior Court, had expenditures that exceeded the governing body's approved appropriation.

Possible Effect: Because a budget was not adopted for the Sheriff's Commission and PEPI & Seized Funds special revenue funds, the County did not comply with state law. Additionally, the absence of a budget, and inadequate monitoring of actual expenditures versus the budget, increases the risk of material misstatement of the special revenue fund because the monitoring internal control of comparing the actual results to the budget is not implemented and operating effectively.

Recommendation: We recommend that the Sheriff's Office include a budget for the Sheriff's Commission and Seized Funds special revenue funds with its annual general fund appropriation request. The Sheriff's Office already has processes in place to submit its appropriation requests to the Board of Commissioners that it could use to determine a proposed budget for the special revenue funds. We also recommend that the Board of Commissioners develop a process to monitor whether they have received a budget request for any special revenue funds not administered in the finance office. Finally, we recommend that all constitutional officers that administer special revenue funds regularly compare actual expenditures to the budget to ensure that they comply with state law and to provide a monitoring internal control.

Views of Officials: Management concurs with this finding and will implement the auditor's suggestion.

Madison County, Georgia
Schedule of Projects Constructed
With Special Sales Tax Proceeds
For the Year Ended December 31, 2010

	Original Estimated Cost	Expenditures			Estimated Percentages of Completion
		Prior Years	Current Year	Total	
2003 Referendum					
Sheriff Office / EMS facilities or equipment	$ 630,000	$ 626,956	$ -	$ 626,956	100%
EMS Communications facilities or equipment	500,000	497,453	-	497,453	99%
Road and bridge improvements	8,370,000	7,184,852	-	7,184,852	86%
Totals	$ 9,500,000	$ 8,309,261	$ -	$ 8,309,261	

	Original Estimated Cost	Expenditures			Estimated Percentages of Completion
		Prior Years	Current Year	Total	
2008 Referendum					
Expansion of County Jail	$ 3,300,000	$ -	$ -	$ -	0%
Recreation	1,000,000	165,315	33,100	198,415	20%
Library	750,000	-	-	-	0%
E-911	424,400	94,530	105,574	200,104	47%
EMS	270,000	29,293	54,102	83,395	31%
Transfer Station	124,800	-	-	-	0%
Old Courthouse	90,000	7,895	-	7,895	9%
Road and bridge improvements	3,950,800	363,784	752,359	1,116,143	28%
Payments to Industrial Development and Building Authority for water and sewer projects	1,190,000	267,540	186,488	454,028	38%
Payments to cities for capital projects					
City of Carlton	128,587	28,925	20,161	49,086	38%
City of Colbert	269,316	60,539	42,199	102,738	38%
City of Comer	580,574	130,540	90,993	221,533	38%
City of Danielsville	252,208	56,716	39,533	96,249	38%
City of Hull	88,300	19,856	13,842	33,698	38%
City of Ila	181,015	40,710	28,376	69,086	38%
Totals	$ 12,600,000	$ 1,265,643	$ 1,366,727	$ 2,632,370	