# PICKENS COUNTY, GEORGIA

## FINANCIAL REPORT

## FOR THE YEAR ENDED
## DECEMBER 31, 2008

# INTRODUCTORY SECTION

# PICKENS COUNTY, GEORGIA

## FINANCIAL REPORT
## FOR THE YEAR ENDED DECEMBER 31, 2008

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# PICKENS COUNTY, GEORGIA

## FINANCIAL REPORT
## FOR THE YEAR ENDED DECEMBER 31, 2008

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# FINANCIAL SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

# INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Pickens County, Georgia** (the "County"), as of and for the year ended December 31, 2008, which collectively comprise Pickens County, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Pickens County Department of Public Health, which represent 19 percent, 62 percent, and 81 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Pickens County Department of Public Health is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pickens County, Georgia as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2009, on our consideration of Pickens County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison information and schedule of funding progress (on pages 39 through 42) are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
July 29, 2009

# PICKENS COUNTY, GEORGIA

## STATEMENT OF NET ASSETS
## DECEMBER 31, 2008

| ASSETS | Primary Government | | |
|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total |
| Cash and cash equivalents | $ 8,085,493 | $ 232,718 | $ 8,318,211 |
| Investments | 3,575,333 | - | 3,575,333 |
| Taxes receivable | 5,686,646 | - | 5,686,646 |
| Accounts receivable, net of allowances | 569,777 | 177,017 | 746,794 |
| Notes receivable | 43,210 | - | 43,210 |
| Due from other governments | 1,379,835 | 92,573 | 1,472,408 |
| Inventories | 31,639 | 45,889 | 77,528 |
| Internal balances | 1,146,768 | (1,146,768) | - |
| Capital assets, non-depreciable | 3,075,751 | 2,224,637 | 5,300,388 |
| Capital assets, depreciable, net of accumulated depreciation | 26,919,629 | 13,139,703 | 40,059,332 |
| Other non-current assets | 179,645 | 66,131 | 245,776 |
| Total assets | 50,693,726 | 14,831,900 | 65,525,626 |
| **LIABILITIES** | | | |
| Accounts payable | 1,603,797 | 82,401 | 1,686,198 |
| Accrued liabilities | 502,375 | 37,816 | 540,191 |
| Unearned revenues | 311,613 | 190,417 | 502,030 |
| Capital leases due within one year | 114,467 | - | 114,467 |
| Capital leases due in more than one year | 536,473 | - | 536,473 |
| Compensated absences due within one year | 161,732 | 13,739 | 175,471 |
| Compensated absences due in more than one year | - | - | - |
| Notes payable due within one year | 917,985 | 124,985 | 1,042,970 |
| Notes payable due in more than one year | 9,310,725 | 1,647,703 | 10,958,428 |
| Bonds payable due within one year | - | 91,651 | 91,651 |
| Bonds payable due in more than one year | - | 7,015,125 | 7,015,125 |
| Landfill postclosure costs due within one year | 9,645 | - | 9,645 |
| Landfill postclosure costs due in more than one year | 251,673 | - | 251,673 |
| Total liabilities | 13,720,485 | 9,203,837 | 22,924,322 |
| **NET ASSETS** | | | |
| Investment in capital assets, net of related debt | 19,115,730 | 6,484,876 | 25,600,606 |
| Restricted for grant programs | 43,210 | - | 43,210 |
| Restricted for capital projects | 8,865,898 | - | 8,865,898 |
| Unrestricted | 8,948,403 | (856,813) | 8,091,590 |
| Total net assets | $ 36,973,241 | $ 5,628,063 | $ 42,601,304 |

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

| Component Units | |
|---|---|
| Health Department | Industrial Development Authority |
| $ 138,928 | $ 183,944 |
| 350,570 | 106,712 |
| - | - |
| - | 15 |
| - | 2,090,425 |
| 29,305 | - |
| 861 | - |
| - | - |
| - | - |
| 35,402 | - |
| - | - |
| 555,066 | 2,381,096 |
| 33,627 | - |
| 15,783 | - |
| - | - |
| - | - |
| - | - |
| - | - |
| 21,590 | - |
| - | 85,783 |
| - | 2,004,642 |
| - | - |
| - | - |
| - | - |
| - | - |
| 71,000 | 2,090,425 |
| 35,402 | - |
| - | - |
| - | - |
| 448,664 | 290,671 |
| $ 484,066 | $ 290,671 |

# PICKENS COUNTY, GEORGIA

## STATEMENT OF ACTIVITIES
## FOR THE YEAR ENDED DECEMBER 31, 2008

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions |
|---|---|---|---|---|
| **Primary government:** | | | | |
| Governmental activities: | | | | |
| General government | $ 3,098,119 | $ 991,037 | $ 135,312 | $ - |
| Judicial | 4,323,578 | 1,876,761 | 1,287,467 | - |
| Public safety | 9,697,914 | 1,792,490 | 356,345 | 19,490 |
| Public works | 3,896,648 | 305,800 | - | 228,568 |
| Health and welfare | 263,094 | - | 58,772 | 95,000 |
| Recreation | 794,921 | 132,350 | - | - |
| Housing and development | 840,143 | 173,873 | - | - |
| Interest on long-term debt | 476,514 | - | - | - |
| Total governmental activities | 23,390,931 | 5,272,311 | 1,837,896 | 343,058 |
| Business-type activities: | | | | |
| Water | 2,214,150 | 1,812,537 | - | 996,182 |
| Aiport | 419,611 | 298,762 | - | 370,957 |
| Total business-type activities | 2,633,761 | 2,111,299 | - | 1,367,139 |
| Total primary government | $ 26,024,692 | $ 7,383,610 | $ 1,837,896 | $ 1,710,197 |
| **Component units:** | | | | |
| Health Department | $ 686,788 | $ 217,935 | $ 377,652 | $ - |
| Industrial Development Authority | 173,110 | 134,833 | - | - |
| Total component units | $ 859,898 | $ 352,768 | $ 377,652 | $ - |
| General revenues: | | | | |
| Property taxes | | | | |
| Sales taxes | | | | |
| Other taxes | | | | |
| Unrestricted investment earnings | | | | |
| Miscellaneous earnings | | | | |
| Transfers | | | | |
| Total general revenues and transfers | | | | |
| Change in net assets | | | | |
| Net assets, beginning of year, as restated | | | | |
| Net assets, end of year | | | | |

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

| Net (Expense) Revenue and Changes in Net Assets | | | | |
|---|---|---|---|---|
| | | | Component Units | |
| Governmental Activities | Business-type Activities | Total | Health Department | Industrial Development Authority |
| $ (1,971,770) | $ - | $ (1,971,770) | $ - | $ - |
| (1,159,350) | - | (1,159,350) | - | - |
| (7,529,589) | - | (7,529,589) | - | - |
| (3,362,280) | - | (3,362,280) | - | - |
| (109,322) | - | (109,322) | - | - |
| (662,571) | - | (662,571) | - | - |
| (666,270) | - | (666,270) | - | - |
| (476,514) | - | (476,514) | - | - |
| (15,937,666) | - | (15,937,666) | - | - |
| - | 594,569 | 594,569 | - | - |
| - | 250,108 | 250,108 | - | - |
| - | 844,677 | 844,677 | - | - |
| (15,937,666) | 844,677 | (15,092,989) | - | - |
| - | - | - | (91,201) | - |
| - | - | - | - | (38,277) |
| - | - | - | (91,201) | (38,277) |
| 10,135,533 | - | 10,135,533 | - | - |
| 6,875,850 | - | 6,875,850 | - | - |
| 1,482,790 | - | 1,482,790 | - | - |
| 259,544 | 2,407 | 261,951 | - | 4,945 |
| - | 1,874 | 1,874 | - | - |
| (224,119) | 224,119 | - | - | - |
| 18,529,598 | 228,400 | 18,757,998 | - | 4,945 |
| 2,591,932 | 1,073,077 | 3,665,009 | (91,201) | (33,332) |
| 34,381,309 | 4,554,986 | 38,936,295 | 575,267 | 324,003 |
| $ 36,973,241 | $ 5,628,063 | $ 42,601,304 | $ 484,066 | $ 290,671 |

# PICKENS COUNTY, GEORGIA

## BALANCE SHEET
## GOVERNMENTAL FUNDS
## DECEMBER 31, 2008

| ASSETS | General | SPLOST | Other Governmental Funds | Total |
|---|---|---|---|---|
| Cash and cash equivalents | $ 2,549,079 | $ 4,988,965 | $ 547,449 | $ 8,085,493 |
| Investments | - | 3,575,333 | - | 3,575,333 |
| Taxes receivable, net | 5,093,816 | 592,830 | - | 5,686,646 |
| Accounts receivable, net | 530,251 | - | 39,526 | 569,777 |
| Notes receivable | - | - | 43,210 | 43,210 |
| Due from other governments | 891,379 | - | 488,456 | 1,379,835 |
| Due from other funds | 226,670 | - | - | 226,670 |
| Advances to other funds | 1,260,152 | - | - | 1,260,152 |
| Inventory | 31,639 | - | - | 31,639 |
| Total assets | $ 10,582,986 | $ 9,157,128 | $ 1,118,641 | $ 20,858,755 |
| **LIABILITIES AND FUND BALANCES** | | | | |
| **LIABILITIES** | | | | |
| Accounts payable | $ 1,412,845 | $ 110,683 | $ 80,269 | $ 1,603,797 |
| Accrued liabilities | 408,577 | - | 53,854 | 462,431 |
| Deferred revenue | 2,182,107 | - | 47,117 | 2,229,224 |
| Due to other funds | - | 180,547 | 159,507 | 340,054 |
| Total liabilities | 4,003,529 | 291,230 | 340,747 | 4,635,506 |
| **FUND BALANCES** | | | | |
| Fund balances: | | | | |
| Reserved for: | | | | |
| Inventory | 31,639 | - | - | 31,639 |
| Long-term advances | 1,260,152 | - | - | 1,260,152 |
| Revolving loans | - | - | 43,210 | 43,210 |
| Capital projects | - | 8,865,898 | - | 8,865,898 |
| Unreserved, undesignated reported in: | | | | |
| General fund | 5,287,666 | - | - | 5,287,666 |
| Special revenue funds | - | - | 734,684 | 734,684 |
| Total fund balances | 6,579,457 | 8,865,898 | 777,894 | 16,223,249 |
| Total liabilities and fund balances | $ 10,582,986 | $ 9,157,128 | $ 1,118,641 | |

| | |
|---|---|
| Amounts reported for governmental activities in the statement of net assets are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 29,995,380 |
| Some receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds. | 1,917,611 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | (11,342,644) |
| Net pension asset that is not a financial resource used in governmental activities and therefore not reported in governmental funds. | 179,645 |
| Net assets of governmental activities | $ 36,973,241 |

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

# PICKENS COUNTY, GEORGIA

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2008

| | General | SPLOST | Other Governmental Funds | Total |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Taxes | $ 13,611,747 | $ 4,041,829 | $ 37,194 | $ 17,690,770 |
| Intergovernmental | 1,269,718 | - | 723,235 | 1,992,953 |
| Licenses and permits | 449,862 | - | - | 449,862 |
| Charges for services | 2,649,469 | - | 527,704 | 3,177,173 |
| Fines and forfeitures | 431,026 | - | 1,066,762 | 1,497,788 |
| Interest | 79,381 | 169,676 | 10,487 | 259,544 |
| Other revenues | 58,147 | - | 102,871 | 161,018 |
| Contributions | 80,906 | - | - | 80,906 |
| Total revenues | 18,630,256 | 4,211,505 | 2,468,253 | 25,310,014 |
| **Expenditures:** | | | | |
| Current: | | | | |
| General government | 3,454,095 | - | 126,566 | 3,580,661 |
| Judicial | 2,856,116 | - | 1,483,475 | 4,339,591 |
| Public safety | 7,840,459 | - | 1,241,198 | 9,081,657 |
| Public works | 2,994,949 | - | - | 2,994,949 |
| Health and welfare | 404,661 | - | - | 404,661 |
| Culture and recreation | 803,298 | - | - | 803,298 |
| Housing and development | 770,865 | - | 47,033 | 817,898 |
| Capital outlay | - | 2,647,142 | - | 2,647,142 |
| Debt service: | | | | |
| Principal | 660,942 | 600,663 | - | 1,261,605 |
| Interest | 143,720 | 306,512 | - | 450,232 |
| Total expenditures | 19,929,105 | 3,554,317 | 2,898,272 | 26,381,694 |
| Excess (deficiency) of revenues over (under) expenditures | (1,298,849) | 657,188 | (430,019) | (1,071,680) |
| **Other financing sources (uses):** | | | | |
| Transfers in | 2,000 | - | 470,123 | 472,123 |
| Transfers out | (694,242) | - | (2,000) | (696,242) |
| Issuance of capital lease | 222,524 | - | - | 222,524 |
| Sale of capital assets | 169,593 | - | - | 169,593 |
| Total other financing sources (uses) | (300,125) | - | 468,123 | 167,998 |
| Net change in fund balances | (1,598,974) | 657,188 | 38,104 | (903,682) |
| **Fund balances, beginning of year, as restated** | 8,178,431 | 8,208,710 | 739,790 | 17,126,931 |
| **Fund balances, end of year** | $ 6,579,457 | $ 8,865,898 | $ 777,894 | $ 16,223,249 |

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

# PICKENS COUNTY, GEORGIA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2008

| | | |
|---|---|---|
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Net change in fund balances - total governmental funds | $ | (903,682) |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | | 1,749,859 |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. | | (251,378) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | 896,968 |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items. | | 1,062,478 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | | 37,687 |
| Net increase in governmental activities | $ | 2,591,932 |

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

# PICKENS COUNTY, GEORGIA

## STATEMENT OF NET ASSETS
## PROPRIETARY FUNDS
## DECEMBER 31, 2008

| ASSETS | Water Fund | Airport Fund | Total |
|---|---|---|---|
| Current assets: | | | |
| Cash and cash equivalents | $ 231,674 | $ 1,044 | $ 232,718 |
| Accounts receivable, net of allowances | 176,418 | 599 | 177,017 |
| Due from other governments | - | 92,573 | 92,573 |
| Due from other funds | 113,384 | - | 113,384 |
| Inventory | 9,717 | 36,172 | 45,889 |
| Total current assets | 531,193 | 130,388 | 661,581 |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Nondepreciable assets | 783,009 | 1,441,628 | 2,224,637 |
| Depreciable assets | 14,974,804 | 1,498,805 | 16,473,609 |
| Less accumulated depreciation | (3,100,544) | (233,362) | (3,333,906) |
| Total capital assets net of accumulated depreciation | 12,657,269 | 2,707,071 | 15,364,340 |
| Debt issuance costs, net | 66,131 | - | 66,131 |
| Total noncurrent assets | 12,723,400 | 2,707,071 | 15,430,471 |
| Total assets | 13,254,593 | 2,837,459 | 16,092,052 |
| **LIABILITIES** | | | |
| Current liabilities: | | | |
| Accounts payable | 80,433 | 1,968 | 82,401 |
| Accrued expenses | 49,692 | 1,863 | 51,555 |
| Unearned revenue | - | 190,417 | 190,417 |
| Notes payable - current | 124,985 | - | 124,985 |
| Bonds payable - current | 91,651 | - | 91,651 |
| Total current liabilities | 346,761 | 194,248 | 541,009 |
| Long-term liabilities: | | | |
| Advance from other funds | 1,260,152 | - | 1,260,152 |
| Notes payable | 1,647,703 | - | 1,647,703 |
| Bonds payable | 7,015,125 | - | 7,015,125 |
| Total long-term liabilities | 9,922,980 | - | 9,922,980 |
| Total liabilities | 10,269,741 | 194,248 | 10,463,989 |
| **NET ASSETS** | | | |
| Invested in capital assets, net of related debt | 3,777,805 | 2,707,071 | 6,484,876 |
| Unrestricted | (792,953) | (63,860) | (856,813) |
| Total net assets | $ 2,984,852 | $ 2,643,211 | $ 5,628,063 |

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

# PICKENS COUNTY, GEORGIA

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
## PROPRIETARY FUNDS
## FOR THE YEAR ENDED DECEMBER 31, 2008

| | Water Fund | Airport Fund | Total |
|---|---|---|---|
| **OPERATING REVENUES** | | | |
| Charges for services | $ 1,812,537 | $ 298,762 | $ 2,111,299 |
| Total operating revenues | 1,812,537 | 298,762 | 2,111,299 |
| **OPERATING EXPENSES** | | | |
| Personal services | 524,978 | 61,805 | 586,783 |
| Contractual services | 414,516 | 3,200 | 417,716 |
| Utilities | 120,902 | 180,409 | 301,311 |
| Repairs and maintenance | 49,476 | 24,198 | 73,674 |
| Other supplies and expenses | 179,540 | 73,605 | 253,145 |
| Depreciation and amortization | 497,121 | 67,648 | 564,769 |
| Total operating expenses | 1,786,533 | 410,865 | 2,197,398 |
| Operating income (loss) | 26,004 | (112,103) | (86,099) |
| **NONOPERATING REVENUES (EXPENSES)** | | | |
| Interest revenue | 2,402 | 5 | 2,407 |
| Other nonoperating revenue | - | 1,874 | 1,874 |
| Loss on disposal of assets | (30,785) | (8,746) | (39,531) |
| Interest expense | (396,832) | - | (396,832) |
| Total nonoperating revenue (expenses) | (425,215) | (6,867) | (432,082) |
| Income (loss) before contributions and transfers | (399,211) | (118,970) | (518,181) |
| Capital contributions | 996,182 | 370,957 | 1,367,139 |
| Transfers in | - | 224,119 | 224,119 |
| Change in net assets | 596,971 | 476,106 | 1,073,077 |
| **NET ASSETS, beginning of year, as restated** | 2,387,881 | 2,167,105 | 4,554,986 |
| **NET ASSETS, end of year** | $ 2,984,852 | $ 2,643,211 | $ 5,628,063 |

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

# PICKENS COUNTY, GEORGIA

## STATEMENT OF CASH FLOWS
## PROPRIETARY FUNDS
## FOR THE YEAR ENDED DECEMBER 31, 2008

| | Water Fund | Airport Fund | Total |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from customers | $ 1,756,521 | $ 254,646 | $ 2,011,167 |
| Payments to suppliers and service providers | (646,369) | (284,946) | (931,315) |
| Payments to employees | (517,979) | (61,130) | (579,109) |
| Net cash provided by (used in) operating activities | 592,173 | (91,430) | 500,743 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Interest received | 2,402 | 5 | 2,407 |
| Net cash provided by investing activities | 2,402 | 5 | 2,407 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | |
| Purchases of capital assets | (78,433) | (412,947) | (491,380) |
| Proceeds from sale of capital assets | 23,197 | - | 23,197 |
| Receipt of capital grants | - | 278,384 | 278,384 |
| Principal paid on capital debt | (214,362) | - | (214,362) |
| Interest paid on capital debt | (547,482) | - | (547,482) |
| Net cash used in capital and related financing activities | (817,080) | (134,563) | (951,643) |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | | |
| Transfers in | - | 224,119 | 224,119 |
| Other nonoperating revenue | - | 1,874 | 1,874 |
| Net cash provided by noncapital financing activities | - | 225,993 | 225,993 |
| Net increase (decrease) in cash and cash equivalents | (222,505) | 5 | (222,500) |
| **Cash and cash equivalents:** | | | |
| Beginning of year | 454,179 | 1,039 | 455,218 |
| End of year | $ 231,674 | $ 1,044 | $ 232,718 |
| **Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:** | | | |
| Operating income (loss) | $ 26,004 | $ (112,103) | $ (86,099) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Depreciation and amortization | 497,121 | 67,648 | 564,769 |
| (Increase) decrease in accounts receivable | (56,016) | 1,584 | (54,432) |
| Increase in due from other funds | (93,187) | - | (93,187) |
| Decrease in inventories | 12,927 | 113 | 13,040 |
| Decrease in accounts payable | (22,588) | (3,647) | (26,235) |
| Increase in accrued expenses | 6,999 | 675 | 7,674 |
| Increase in advances from other funds | 220,913 | - | 220,913 |
| Decrease in deferred revenue | - | (45,700) | (45,700) |
| Net cash provided by (used in) operating activities | $ 592,173 | $ (91,430) | $ 500,743 |
| **Noncash capital and related financing activities:** | | | |
| Assets purchased by governmental funds | $ 996,182 | $ - | $ 996,182 |

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

# PICKENS COUNTY, GEORGIA

## STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
## FIDUCIARY FUNDS
## DECEMBER 31, 2008

| | Agency Funds |
|---|---|
| **ASSETS** | |
| Cash and cash equivalents | $ 1,552,322 |
| Taxes receivable | 12,173,308 |
| Total assets | $ 13,725,630 |
| **LIABILITIES** | |
| Due to others | $ 1,552,322 |
| Uncollected taxes due to others | 12,173,308 |
| Total liabilities | $ 13,725,630 |

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

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### A. Reporting Entity

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

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

**Discretely Presented Component Units**

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

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

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### A. Reporting Entity (Continued)

**Discretely Presented Component Units (Continued)**

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

### B. Government-wide and Fund Financial Statements

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

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

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

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The County reports the following major governmental funds:

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

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

The County reports the following major proprietary funds:

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

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Additionally, the County reports the following fund types:

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

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

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

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

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

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

### D. Cash and Cash Equivalents

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

### E. Receivables and Payables

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

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

### F. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### G. Capital Assets

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

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

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

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

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### H. Compensated Absences

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

### I. Long-Term Obligations

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

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

### J. Fund Equity

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

### K. Use of Estimates

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

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $11,342,644 difference are as follows:

| | | |
|---|---|---|
| Capital leases payable | $ | (650,940) |
| Notes payable | | (10,228,710) |
| Accrued interest | | (39,944) |
| Compensated absences | | (161,732) |
| Landfill postclosure costs | | (261,318) |
| Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities* | $ | (11,342,644) |

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $1,749,859 difference are as follows:

| | | |
|---|---|---|
| Capital outlay | $ | 3,382,459 |
| Depreciation expense | | (1,632,600) |
| Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets - governmental activities* | $ | 1,749,859 |

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

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

Another element of the reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." The details of this $1,062,478 difference are as follows:

| | | |
|---|---|---|
| Capital lease financing | $ | (222,524) |
| Principal repayments on capital lease | | 311,481 |
| Principal repayments on notes payable | | 950,124 |
| Landfill postclosure costs | | 23,397 |
| Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets - governmental activities* | $ | 1,062,478 |

Another element of that reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $37,687 difference are as follows:

| | | |
|---|---|---|
| Compensated absences | $ | 32,251 |
| Net pension asset | | 31,718 |
| Accrued interest | | (26,282) |
| Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets - governmental activities* | $ | 37,687 |

## NOTE 3. LEGAL COMPLIANCE - BUDGETS

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

1. Prior to August 15, the departments submit to the County Commissioner a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. Prior to September 1, the proposed budget is presented to the County Commissioner for review.

## NOTE 3. LEGAL COMPLIANCE – BUDGETS (Continued)

2. A public hearing is conducted to obtain taxpayer comments.

3. Prior to December 31, the budget is legally adopted by the Commissioner through the passage of a resolution.

4. Budget amounts can be transferred between line items within any department; however, any revisions of the budget must be approved by the Commissioner or Budget Officer.

5. Formal budgetary integration is employed as a measurement control device during the year for the General Fund and the Special Revenue Funds. Additionally, a project length budget is adopted for the SPLOST Fund.

6. The budgets for the General Fund, Special Revenue Funds and SPLOST Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Budgeted amounts are as originally adopted on November 30, 2007, or as amended by the Commissioner. The supplementary budgetary appropriations made are reflected in the final budget amounts.

The following departments had an excess of actual expenditures over appropriations for the fiscal period ended December 31, 2008:

| | | |
|---|---|---|
| General Fund | | |
| General government buildings | $ | 55,549 |
| Criminal investigation | | 338 |
| Debt service | | 113,410 |

These over expenditures were funded by greater than anticipated revenues and by beginning fund balance.

## NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

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

**Custodial credit risk – deposits**. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of December 31, 2008, all of the County's deposits were properly collateralized with the depository financial institution.

At December 31, 2008, the County had the following investments:

| Investment | Maturities | Fair Value |
|---|---|---|
| Certificate of deposit | 12/31/09 | $ 3,075,333 |
| Certificate of deposit | 12/18/09 | 250,000 |
| Certificate of deposit | 12/17/09 | 250,000 |
| Total | | $ 3,575,333 |

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

## NOTE 5. RECEIVABLES

Receivables at December 31, 2008, for the County's individual major funds and nonmajor funds in the aggregate are as follows:

| | General Fund | SPLOST Fund | Nonmajor Governmental Funds | Water Fund | Airport Fund |
|---|---|---|---|---|---|
| Receivables: | | | | | |
| Taxes | $ 5,093,816 | $ 592,830 | $ - | $ - | $ - |
| Other governments | 891,379 | - | 488,456 | - | 92,573 |
| Accounts | 652,446 | - | 39,526 | 178,836 | 599 |
| Accounts - loans | - | - | 43,210 | - | - |
| Gross receivables | 6,637,641 | 592,830 | 571,192 | 178,836 | 93,172 |
| Less allowance for uncollectibles | (122,195) | - | - | (2,418) | - |
| Net receivables | $ 6,515,446 | $ 592,830 | $ 571,192 | $ 176,418 | $ 93,172 |

Property taxes were levied on October 30, 2008, for the fiscal year 2008. Bills are payable on or before January 12, 2009, after which the applicable property is subject to lien and penalties and interest as assessed. The County bills and collects its own property taxes. Property taxes levied for 2008 are recorded as receivables. The receivables collected during the year ended December 31, 2008, and collected by February 28, 2009, are recognized as revenues in the year ended December 31, 2008. Net receivables estimated to be collected subsequent to February 28, 2009 are recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually.

## NOTE 6. CAPITAL ASSETS

### A. Primary Government

Capital asset activity for the year ended December 31, 2008 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | $ 2,572,861 | $ - | $ - | $ 2,572,861 |
| Construction in progress | - | 874,103 | (371,213) | 502,890 |
| Total capital assets, not being depreciated | 2,572,861 | 874,103 | (371,213) | 3,075,751 |
| Capital assets, being depreciated: | | | | |
| Land improvements | 934,810 | - | - | 934,810 |
| Buildings | 17,587,238 | 604,435 | - | 18,191,673 |
| Machinery and equipment | 4,217,967 | 902,792 | (240,671) | 4,880,088 |
| Furniture and fixtures | 22,470 | - | - | 22,470 |
| Infrastructure | 4,721,901 | 832,363 | - | 5,554,264 |
| Vehicles | 4,994,836 | 539,979 | (96,423) | 5,438,392 |
| Total capital assets, being depreciated | 32,479,222 | 2,879,569 | (337,094) | 35,021,697 |
| Less accumulated depreciation for: | | | | |
| Land improvements | 257,367 | 29,798 | - | 287,165 |
| Buildings | 1,828,144 | 340,615 | - | 2,168,759 |
| Machinery and equipment | 1,482,704 | 313,346 | (9,231) | 1,786,819 |
| Furniture and fixtures | 6,736 | 1,127 | - | 7,863 |
| Infrastructure | 228,986 | 239,604 | - | 468,590 |
| Vehicles | 2,751,247 | 708,110 | (76,485) | 3,382,872 |
| Total accumulated depreciation | 6,555,184 | 1,632,600 | (85,716) | 8,102,068 |
| Total capital assets, being depreciated, net | 25,924,038 | 1,246,969 | (251,378) | 26,919,629 |
| Governmental activities capital assets, net | $ 28,496,899 | $ 2,121,072 | $ (622,591) | $ 29,995,380 |

## NOTE 6. CAPITAL ASSETS (CONTINUED)

### A. Primary Government (Continued)

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Business-type Activities:** | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | $ 1,690,594 | $ - | $ - | $ 1,690,594 |
| Construction in progress | 307,066 | 638,361 | (411,384) | 534,043 |
| Total capital assets, not being depreciated | 1,997,660 | 638,361 | (411,384) | 2,224,637 |
| Capital assets, being depreciated: | | | | |
| Airport improvements | 706,470 | - | - | 706,470 |
| Buildings | 629,004 | - | - | 629,004 |
| Machinery and equipment | 622,562 | 472,624 | (129,516) | 965,670 |
| Infrastructure | 13,384,504 | 787,961 | - | 14,172,465 |
| Total capital assets, being depreciated | 15,342,540 | 1,260,585 | (129,516) | 16,473,609 |
| Less accumulated depreciation for: | | | | |
| Airport improvements | 85,051 | 28,336 | - | 113,387 |
| Buildings | 136,132 | 25,851 | - | 161,983 |
| Machinery and equipment | 339,037 | 83,072 | (66,788) | 355,321 |
| Infrastructure | 2,278,367 | 424,848 | - | 2,703,215 |
| Total accumulated depreciation | 2,838,587 | 562,107 | (66,788) | 3,333,906 |
| Total capital assets, being depreciated, net | 12,503,953 | 698,478 | (62,728) | 13,139,703 |
| Business-type activities capital assets, net | $ 14,501,613 | $ 1,336,839 | $ (474,112) | $ 15,364,340 |

## NOTE 6. CAPITAL ASSETS (CONTINUED)

### A. Primary Government (Continued)

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

| | |
|---|---|
| Governmental activities: | |
| General government | $ 186,282 |
| Judicial | 11,840 |
| Public safety | 858,013 |
| Public works | 497,821 |
| Health and welfare | 25,589 |
| Culture and recreation | 17,576 |
| Housing and development | 35,479 |
| Total depreciation expense - governmental activities | $ 1,632,600 |
| Business-type activities: | |
| Water Fund | $ 494,459 |
| Airport Fund | 67,648 |
| Total depreciation expense - business-type activities | $ 562,107 |

### B. Discretely Presented Component Unit – Department of Public Health

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| Capital assets, being depreciated: | | | | |
| Machinery and equipment | $ 48,883 | $ - | $ - | $ 48,883 |
| Vehicles | - | 20,011 | - | 20,011 |
| Total capital assets, being depreciated | 48,883 | 20,011 | - | 68,894 |
| Less accumulated depreciation for: | | | | |
| Machinery and equipment | 26,123 | 4,034 | - | 30,157 |
| Vehicles | - | 3,335 | - | 3,335 |
| Total accumulated depreciation | 26,123 | 7,369 | - | 33,492 |
| Total capital assets, net | $ 22,760 | $ 12,642 | $ - | $ 35,402 |

## NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2008, is as follows:

Due to/from other funds:

| Receivable fund | Payable fund | Amount |
|---|---|---|
| General Fund | Nonmajor governmental funds | $ 159,507 |
| General Fund | SPLOST Fund | 67,163 |
| Water Fund | SPLOST Fund | 113,384 |

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

Interfund transfers:

| Transfers In | Transfers Out | Amount |
|---|---|---|
| General Fund | Nonmajor governmental funds | $ 2,000 |
| Nonmajor governmental funds | General Fund | 470,123 |
| Airport Fund | General Fund | 224,119 |

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

Advances to/from other funds are as follows:

| Receivable fund | Payable fund | Amount |
|---|---|---|
| General Fund | Water Fund | 1,260,152 |

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

## NOTE 8. SHORT-TERM BORROWINGS

The County paid off a tax anticipation note for operating purposes of $1,500,000 at a local financial institution. The note carried an interest rate of 3.66% and matured on December 31, 2008. As of December 31, 2008, the principal was paid in full.

Total short-term borrowings interest incurred and expensed for the period ended December 31, 2008, was $12,453.

The following is a summary of the tax anticipation note payable for the period ended December 31, 2008:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|---|---|---|---|---|
| Tax anticipation note | $ - | $ 1,500,000 | $ (1,500,000) | $ - |

## NOTE 9. LONG-TERM DEBT

The following is a summary of long-term debt activity for the year ended December 31, 2008:

.

| | Beginning Balances | Additions | Reductions | Ending Balances | Due Within One Year |
|---|---|---|---|---|---|
| Governmental activities | | | | | |
| Capital leases | $ 739,897 | $ 222,524 | $ (311,481) | $ 650,940 | $ 114,467 |
| Notes payable | 11,178,834 | - | (950,124) | 10,228,710 | 917,985 |
| Compensated absences | 193,983 | 214,903 | (247,154) | 161,732 | 161,732 |
| Landfill postclosure costs | 284,715 | - | (23,397) | 261,318 | 9,645 |
| Governmental activities long-term liabilities | $ 12,397,429 | $ 437,427 | $ (1,532,156) | $ 11,302,700 | $ 1,203,829 |
| Business-type activities | | | | | |
| Capital leases | $ 20,254 | $ - | $ (20,254) | $ - | $ - |
| Notes payable | 1,892,310 | - | (119,622) | 1,772,688 | 124,985 |
| Bonds payable | 7,181,262 | - | (74,486) | 7,106,776 | 91,651 |
| Compensated absences | 11,790 | 17,431 | (15,482) | 13,739 | 13,739 |
| Business-type activities long-term liabilites | $ 9,105,616 | $ 17,431 | $ (229,844) | $ 8,893,203 | $ 230,375 |

For governmental funds, compensated absences and landfill postclosure costs are liquidated by the General Fund.

## NOTE 9. LONG-TERM DEBT (CONTINUED)

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

The cost of assets under capital leases as of December 31, 2008 is as follows:

| | Governmental Activities |
|---|---|
| Equipment | $ 885,501 |

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

| | Governmental Activities |
|---|---|
| Year ending December 31 | |
| 2009 | $ 141,017 |
| 2010 | 161,144 |
| 2011 | 278,664 |
| 2012 | 131,207 |
| Less amount representing interest | (61,092) |
| Present value of future minimum lease payments | $ 650,940 |

**Notes Payable.** The County has entered into various agreements with financial institutions to finance the purchase of buildings and equipment. The notes have annual payments ranging from $26,026 to $712,247 with interest rates from 3.745% to 5.79% and maturity dates from 2009 to 2020.

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

| Year ending December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2009 | $ 917,985 | $ 394,011 | $ 1,311,996 |
| 2010 | 930,661 | 355,308 | 1,285,969 |
| 2011 | 969,771 | 316,199 | 1,285,970 |
| 2012 | 1,010,476 | 275,494 | 1,285,970 |
| 2013 | 1,053,151 | 232,818 | 1,285,969 |
| 2014-2018 | 4,421,149 | 547,732 | 4,968,881 |
| 2019-2020 | 925,517 | 24,236 | 949,753 |
| Total | $ 10,228,710 | $ 2,145,798 | $ 12,374,508 |

## NOTE 9. LONG-TERM DEBT (CONTINUED)

**Notes Payable (Continued).** The County has also entered into various agreements with the Georgia Environmental Facilities Authority to finance the construction of water lines. As of December 31, 2008, the County had three (3) such loan agreements with an outstanding balance of $1,772,688. Quarterly installments of principal and interest are due through 2025 with interest rates from 2.0% to 3.66%.

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

| Year ending December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2009 | $ 124,985 | $ 72,857 | $ 197,842 |
| 2010 | 130,601 | 67,241 | 197,842 |
| 2011 | 136,485 | 61,357 | 197,842 |
| 2012 | 142,649 | 55,193 | 197,842 |
| 2013 | 149,107 | 48,735 | 197,842 |
| 2014-2018 | 616,016 | 144,879 | 760,895 |
| 2019-2023 | 369,446 | 54,318 | 423,764 |
| 2024-2025 | 103,399 | 2,544 | 105,943 |
| Total | $ 1,772,688 | $ 507,124 | $ 2,279,812 |

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

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

## NOTE 9. LONG-TERM DEBT (CONTINUED)

**Bonds Payable (Continued).** The County's debt service requirements to maturity on the bonds payable are as follows:

| Year ending December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2009 | $ 91,651 | $ 310,661 | $ 402,312 |
| 2010 | 95,845 | 306,467 | 402,312 |
| 2011 | 100,233 | 302,079 | 402,312 |
| 2012 | 104,823 | 297,489 | 402,312 |
| 2013 | 109,626 | 292,686 | 402,312 |
| 2014-2018 | 628,325 | 1,383,235 | 2,011,560 |
| 2019-2023 | 786,524 | 1,225,036 | 2,011,560 |
| 2024-2028 | 985,015 | 1,026,545 | 2,011,560 |
| 2029-2033 | 1,234,175 | 777,385 | 2,011,560 |
| 2034-2038 | 1,228,185 | 485,277 | 1,713,462 |
| 2039-2043 | 1,014,916 | 259,964 | 1,274,880 |
| 2044-2047 | 727,458 | 47,785 | 775,243 |
| Total | $ 7,106,776 | $ 6,714,609 | $ 13,821,385 |

**Landfill postclosure costs.** Effective December 20, 2004, the Pickens County Landfill was closed and no additional waste has been accepted. According to state and federal laws and regulations, the County must perform certain maintenance and monitoring functions at the site for a minimum of 30 years. As of December 31, 2008, the County has a remaining 26 years of monitoring. Engineering studies estimate postclosure costs of approximately $261,318 over the 26 year period. These costs are based on what it would cost to perform all postclosure care in 2008. Actual costs may be higher due to changes in inflation, changes in technology, or changes in regulations. Should any problems occur during this postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

## NOTE 9. LONG-TERM DEBT (CONTINUED)

**Industrial Development Authority – Component Unit.**

The following is a summary of the Authority's long-term debt activity for the year ended December 31, 2008:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Notes payable | $ 2,174,196 | $ - | $ (83,771) | $ 2,090,425 | $ 85,783 |
| | $ 2,174,196 | $ - | $ (83,771) | $ 2,090,425 | $ 85,783 |

The Authority has entered into two note agreements to finance land development in the County. Because the land will be used for business purposes, the Authority has corresponding note receivables from a private company to pay off the debt. Monthly payments on the notes are $11,500 and $5,000 with maturity dates of March 25, 2025 and January 25, 2024, respectively. The current interest rate on both notes is 5.25%, however, the notes are refinanced annually at which time the interest rate changes.

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

| Year ending December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2009 | $ 85,783 | $ 112,217 | $ 198,000 |
| 2010 | 90,953 | 107,047 | 198,000 |
| 2011 | 96,006 | 101,994 | 198,000 |
| 2012 | 101,340 | 96,660 | 198,000 |
| 2013 | 106,971 | 91,029 | 198,000 |
| 2014-2018 | 630,896 | 359,104 | 990,000 |
| 2019-2023 | 826,785 | 163,215 | 990,000 |
| 2024-2025 | 151,691 | 5,568 | 157,259 |
| Total | $ 2,090,425 | $ 1,036,834 | $ 3,127,259 |

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

## NOTE 10. DEFINED BENEFIT PLAN

### Plan Description

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

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

### Funding Policy

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

### Annual Pension Cost

The County's annual pension cost and net pension obligation for the pension plan for the year beginning January 1, 2008, (the most recent actuarial valuation date) are as follows:

| | January 1, 2008 | January 1, 2007 |
|---|---|---|
| **Derivation of Annual Pension Cost** | | |
| Annual Required Contribution | $ 346,691 | $ 311,665 |
| Interest on Net Pension Obligation | (11,834) | (9,725) |
| Adjustment to Annual Required Contribution | 12,486 | 10,261 |
| Annual Pension Cost | $ 347,343 | $ 312,201 |

| | |
|---|---|
| **Derivation of Net Pension Obligation** | |
| Annual Pension Cost for Current Year | $ 347,343 |
| Actual Contributions to Plan for Current Year | 379,061 |
| Increase in Net Pension Obligation | (31,718) |
| Net Pension Obligation (Asset) as of December 31, 2007 | (147,927) |
| Net Pension Obligation (Asset) as of December 31, 2008 | $ (179,645) |

## NOTE 10. DEFINED BENEFIT PLAN (CONTINUED)

**Basis of Valuation**

| | |
|---|---|
| Current Valuation Date | January 1, 2008 |
| Annual Return on Invested Plan Assets | 8.0% |
| Projected Annual Salary Increases | 5.0% |
| Expected Annual Inflation (included in above) | 3.0% |
| Actuarial Value of Assets | Market Value |
| Actuarial Funding Method | Projected Unit Credit |
| Amortization Method | Level Percent of Pay (closed) |
| Remaining Amortization Period | 10 |

**Trend Information for The Plan**

| Fiscal Year Beginning | Annual Pension Cost (APC) | Actual County Contribution | Percentage of APC Contributed | Net Pension Obligation (Asset) |
|---|---|---|---|---|
| 1/1/08 | $ 347,343 | $ 379,061 | 109 % | $ (179,645) |
| 1/1/07 | 312,201 | 338,562 | 108 | (147,927) |
| 1/1/06 | 273,934 | 302,796 | 111 | (121,566) |

As of the most recent valuation date, January 1, 2008, the funded status of the Plan was as follows:

| Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Funded Ratio | Unfunded AAL | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|---|---|---|---|---|---|---|
| 12/31/08 | $ 2,160,646 | $ 3,399,887 | 63.6 % | $ 1,239,241 | $ 5,086,422 | 24.4 % |

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2008.

## NOTE 11. RISK MANAGEMENT

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

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

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

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

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

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

## NOTE 12. COMMITMENTS AND CONTINGENCIES

### Litigation

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

### Grant Contingencies

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

## NOTE 13. JOINT VENTURE

On January 4, 1995, Pickens County entered into an agreement with Bartow County, Georgia establishing a joint development authority. The County Commissioner of Pickens County and the County Commissioner of Bartow County signed an agreement whereby the Joint Development Authority of Bartow County and Pickens County was established for the promotion of business development in each county as well as expanding industry, trade and employment opportunities for the citizens of Bartow and Pickens Counties. The Board of Directors of the Joint Development Authority consists of seven members. Three members of the Board are appointed by Bartow County and four members are appointed by Pickens County. As of December 31, 2008, the Joint Development Authority owned no assets and had no liabilities. Also, there have been no financial transactions conducted by the Joint Development Authority during 2008. As a result, no balance sheet or income statement is presented in the audited financial statements of Pickens County at December 31, 2008.

Under Georgia law, the County, in conjunction with other cities and counties in the north west Georgia area, is a member of the North Georgia Regional Development Center (RDC) and is required to pay annual dues thereto. During the year ended December 31, 2008, the County paid $25,308 in such dues. Membership in the RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of regional development commissions in Georgia.

## NOTE 13. JOINT VENTURE (CONTINUED)

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

North Georgia Regional Development Center
502 West Waugh Street
Dalton, GA 30720

The County is a member of the Northwest Georgia Regional Water Resources Partnership. This is an organization of water withdrawal permit holders, local governments, and other advocacy entities with an interest in water issues. The purpose of the Water Resources Partnership is a regional organization of water related interest in Northwest Georgia for monitoring and contributing to the development of federal, state, and local policy; educating the citizenry on water related issues; funding and managing regional water-related activities; and coordinating the activities for federal, state, and local entities. The County paid annual dues in the amount of $1,500 for the year ended December 31, 2008. Separate financial statements can be obtained from their office at:

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

## NOTE 14. HOTEL/MOTEL TAX

The County has levied a 6% lodging tax. During the year ended December 31, 2008, the County collected $37,194 in revenues. Of this amount $31,047, or 83%, was expended on the promotion of tourism in accordance with the provisions of O.C.G.A. 48-13-51.

## NOTE 15. PRIOR PERIOD ADJUSTMENTS

### Primary Government

The County has determined that a restatement of beginning net assets of the Water Fund, a major proprietary fund, is necessary to properly record capital assets and related depreciation expense in the Water Fund that were previously reported in governmental activities. These adjustments result in a change to the beginning net assets of the Water Fund as follows:

| | | |
|---|---|---|
| Net assets, as previously reported | $ | 1,745,739 |
| Effect of properly recording capital assets | | 642,142 |
| Net assets, as restated | $ | 2,387,881 |

## NOTE 15. PRIOR PERIOD ADJUSTMENTS (CONTINUED)

The above restatement to the Water Fund also affected the net assets of business-type activities as follows:

| | | |
|---|---|---|
| Net assets, as previously reported | $ | 3,912,844 |
| Effect of properly recording capital assets | | 642,142 |
| Net assets, as restated | $ | 4,554,986 |

The above restatements to the Water Fund and business-type activities also affected the net assets of governmental activities as follows:

| | | |
|---|---|---|
| Net assets, as previously reported | $ | 35,023,451 |
| Effect of proper recording of capital assets | | (642,142) |
| Net assets, as restated | $ | 34,381,309 |

The County has determined that a restatement of beginning fund balance of the General Fund is necessary to properly report deferred revenue for ambulance receivables which are not available to repay current costs. This adjustment results in a change to the beginning fund balance of the General Fund as follows:

| | | |
|---|---|---|
| Fund blanace, as previously reported | $ | 8,506,124 |
| Effect of proper deferral of unavailable resources | | (327,693) |
| Fund balance, as restated | $ | 8,178,431 |

# REQUIRED SUPPLEMENTARY INFORMATION

# PICKENS COUNTY, GEORGIA

## GENERAL FUND
## BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
## FOR THE YEAR ENDED DECEMBER 31, 2008

| | Budgeted Amounts | | | Variance with Final |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| **Revenues:** | | | | |
| Taxes | $ 13,123,427 | $ 13,611,747 | $ 13,611,747 | $ - |
| Licenses and permits | 765,550 | 449,862 | 449,862 | - |
| Intergovernmental | 1,356,314 | 1,269,718 | 1,269,718 | - |
| Charges for services | 1,946,625 | 2,818,113 | 2,649,469 | (168,644) |
| Fines and forfeitures | 382,850 | 431,026 | 431,026 | - |
| Interest income | 67,500 | 79,381 | 79,381 | - |
| Other revenues | 40,901 | 43,147 | 58,147 | 15,000 |
| Contributions | 1,500 | 80,906 | 80,906 | - |
| Total revenues | 17,684,667 | 18,783,900 | 18,630,256 | (153,644) |
| **Expenditures:** | | | | |
| **Current:** | | | | |
| General government: | | | | |
| Legislative | 148,659 | 148,749 | 148,749 | - |
| Commissioner | 121,332 | 123,184 | 123,184 | - |
| Board of elections | 227,781 | 258,621 | 258,621 | - |
| General administration | 215,541 | 501,761 | 478,372 | 23,389 |
| Financial administration | 142,410 | 143,431 | 143,431 | - |
| Accounting | 93,512 | 86,077 | 86,077 | - |
| Human resources | 48,896 | 48,705 | 48,705 | - |
| Law | 113,000 | 71,812 | 71,812 | - |
| Tax commissioner | 516,796 | 538,350 | 538,350 | - |
| Tax assessor | 491,325 | 484,539 | 484,539 | - |
| General government buildings | 396,709 | 916,026 | 971,575 | (55,549) |
| Public information | 145 | 48,887 | 48,887 | - |
| Special project | 73,885 | 23,511 | 23,511 | - |
| General administration fees | 28,302 | 28,282 | 28,282 | - |
| Total general government | 2,618,293 | 3,421,935 | 3,454,095 | (32,160) |
| Judicial: | | | | |
| Judicial administration | 127,458 | 63,488 | 63,488 | - |
| Family information law center | - | 50,818 | 50,818 | - |
| Superior court | 149,362 | 163,194 | 163,194 | - |
| Visitation center | 35,898 | 33,141 | 33,141 | - |
| Clerk of superior court | 567,297 | 526,683 | 526,683 | - |
| District attorney | 471,993 | 485,792 | 485,792 | - |
| Magistrate court | 254,225 | 299,131 | 299,131 | - |
| Probate court | 299,803 | 309,390 | 309,390 | - |
| Juvenile court | 582,853 | 637,937 | 625,438 | 12,499 |
| Grand jury | 4,725 | 9,097 | 9,097 | - |
| Law library | 45 | 949 | 949 | - |
| Public defender | 319,000 | 288,995 | 288,995 | - |
| Total judicial | $ 2,812,659 | $ 2,868,615 | $ 2,856,116 | $ 12,499 |

**(Continued)**

# PICKENS COUNTY, GEORGIA

## GENERAL FUND
## BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
## FOR THE YEAR ENDED DECEMBER 31, 2008

| | Budgeted Amounts | | | Variance with Final |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| **Expenditures: (Continued)** | | | | |
| **Current: (Continued)** | | | | |
| Public safety: | | | | |
| Public safety administration | $ 85,729 | $ 18,983 | $ 18,983 | $ - |
| Sheriff | 150,188 | 151,171 | 151,171 | - |
| Law enforcement administration | 776,815 | 934,965 | 934,965 | - |
| Criminal investigation | 384,419 | 370,417 | 370,755 | (338) |
| Uniform patrol | 1,257,718 | 1,259,992 | 1,259,992 | - |
| Jail operations | 1,377,011 | 1,396,129 | 1,396,129 | - |
| Sheriff office and building | 204,950 | 182,370 | 182,370 | - |
| Emergency medical services | 441,728 | 422,878 | 422,878 | - |
| Adult probation and parole | 310,163 | 423,270 | 423,270 | - |
| Fire fighting | 734,111 | 675,689 | 675,689 | - |
| Fire stations and building | - | 7,628 | 7,628 | - |
| EMS administration | 126,415 | 179,446 | 179,446 | - |
| EMS operations | 1,465,562 | 1,663,178 | 1,663,178 | - |
| EMS stations and buildings | 36,200 | 37,125 | 37,125 | - |
| Coroner | 32,890 | 33,996 | 33,996 | - |
| Emergency 911 | - | 55,238 | 55,238 | - |
| Animal rescue | 16,000 | 16,000 | 16,000 | - |
| Emergency management agency | - | 11,646 | 11,646 | - |
| Total public safety | 7,399,899 | 7,840,121 | 7,840,459 | (338) |
| Public works: | | | | |
| Public works administration | 77,777 | 79,017 | 79,017 | - |
| Highways and streets | 205,406 | 94,416 | 94,416 | - |
| Roadways and walkways | 1,371,845 | 2,182,227 | 2,016,179 | 166,048 |
| Paved streets | 260,000 | - | - | - |
| Unpaved streets | 120,000 | 5,153 | 5,153 | - |
| Bridges | 10,000 | 43 | 43 | - |
| Street lighting | 7,500 | 9,891 | 9,891 | - |
| Traffic engineering | 64,848 | 134,008 | 134,008 | - |
| Solid waste/recycling administration | 530,123 | 560,210 | 560,210 | - |
| Closure and post-closure costs | 7,500 | 23,373 | 23,373 | - |
| Public education | 24,475 | 24,475 | 24,475 | - |
| Maintenance and shop | 123,609 | 48,184 | 48,184 | - |
| Total public works | 2,803,083 | 3,160,997 | 2,994,949 | 166,048 |
| Health and welfare: | | | | |
| Public health | 83,428 | 83,703 | 83,703 | - |
| Regulation and inspection | 706 | 2,748 | 2,748 | - |
| Buildings and plant | 5,600 | 4,479 | 4,479 | - |
| Welfare/other direct assistance | 28,380 | 202,111 | 202,111 | - |
| Senior citizens center | 15,347 | 21,104 | 21,104 | - |
| Transportation services | 55,710 | 90,516 | 90,516 | - |
| Total health and welfare | $ 189,171 | $ 404,661 | $ 404,661 | $ - |

**(Continued)**

# PICKENS COUNTY, GEORGIA

## GENERAL FUND
## BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
## FOR THE YEAR ENDED DECEMBER 31, 2008

| | Budgeted Amounts | | | Variance with Final |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| **Expenditures: (Continued)** | | | | |
| **Current: (Continued)** | | | | |
| Culture and recreation: | | | | |
| Recreation | $ 156,122 | $ 135,980 | $ 135,980 | $ - |
| Participation recreation | 121,451 | 136,437 | 136,437 | - |
| Recreation centers | 17,670 | 59,659 | 59,659 | - |
| Playgrounds | 31,100 | 529 | 529 | - |
| Swimming pools | 27,672 | 25,512 | 25,512 | - |
| Other recreational facilities | 8,500 | 2,095 | 2,095 | - |
| Spectator recreation | 3,950 | 2,100 | 2,100 | - |
| Special facilities | 30,289 | 39,009 | 39,009 | - |
| Park areas | 173,321 | 133,974 | 133,974 | - |
| Park lighting | 5,400 | 607 | 607 | - |
| Libraries | 252,465 | 267,396 | 267,396 | - |
| Total culture and recreation | 827,940 | 803,298 | 803,298 | - |
| Housing and development: | | | | |
| County agent | - | 1,000 | 1,000 | - |
| Agricultural resources | 62,788 | 70,230 | 70,230 | - |
| Building inspection | 285,299 | 271,376 | 271,376 | - |
| Planning and zoning | 509,735 | 393,633 | 393,633 | - |
| Assistance administration | 58,082 | 34,626 | 34,626 | - |
| Total housing and development | 915,904 | 770,865 | 770,865 | - |
| **Debt service:** | | | | |
| Principal | 647,719 | 647,719 | 660,942 | (13,223) |
| Interest | 243,533 | 43,533 | 143,720 | (100,187) |
| Total debt service | 891,252 | 691,252 | 804,662 | (113,410) |
| Total expenditures | 18,458,201 | 19,961,744 | 19,929,105 | 32,639 |
| Excess (deficiency) of revenues over (under) expenditures | (773,534) | (1,177,844) | (1,298,849) | (121,005) |
| **Other financing sources (uses):** | | | | |
| Transfers in | - | - | 2,000 | 2,000 |
| Transfers out | (608,189) | (832,264) | (694,242) | 138,022 |
| Capital lease proceeds | - | - | 222,524 | 222,524 |
| Sale of capital assets | 15,000 | 15,000 | 169,593 | 154,593 |
| Total other financing sources (uses) | (593,189) | (817,264) | (300,125) | 517,139 |
| Net change in fund balance | (1,366,723) | (1,995,108) | (1,598,974) | 396,134 |
| **Fund balance, beginning of year, as restated** | 8,178,431 | 8,178,431 | 8,178,431 | - |
| **Fund balance, end of year** | $ 6,811,708 | $ 6,183,323 | $ 6,579,457 | $ 396,134 |

# PICKENS COUNTY, GEORGIA

## SCHEDULE OF FUNDING PROGRESS
## RETIREMENT PLAN

| Measurement Date | Actuarial Value of Assets | Actuarial Accrued Liability | Unfunded Actuarial Accrued Liability | Funded Ratio | Covered Payroll | Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll |
|---|---|---|---|---|---|---|
| 12/31/2008 | $ 2,160,646 | $ 3,399,887 | $ 1,239,241 | 63.6 % | $ 5,086,422 | 24.4 % |
| 12/31/2007 | 1,861,565 | 2,918,668 | 1,057,103 | 63.8 | 4,648,606 | 22.7 |
| 12/31/2006 | 1,496,176 | 2,468,560 | 972,384 | 60.6 | 4,056,284 | 24.0 |
| 12/31/2005 | 1,158,720 | 2,171,503 | 1,012,783 | 53.4 | 3,388,324 | 29.9 |
| 12/31/2004 | 878,878 | 1,782,690 | 903,812 | 49.3 | 2,987,367 | 30.3 |
| 12/31/2003 | 668,503 | 1,448,495 | 779,992 | 46.2 | 2,417,429 | 32.3 |

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

# NONMAJOR GOVERNMENTAL FUNDS

## Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

# PICKENS COUNTY, GEORGIA

## COMBINING BALANCE SHEET
## NONMAJOR GOVERNMENTAL FUNDS
## DECEMBER 31, 2008

| | Special Revenue Funds | | | | | |
|---|---|---|---|---|---|---|
| **ASSETS** | **E911** | **Drug Task Force** | **Revolving Loan** | **Hotel/Motel Tax** | **Adult Drug Court** | **Appalachian Pre-Trial and Probation** |
| Cash and cash equivalents | $ 82,839 | $ 79,790 | $ 11,479 | $ 75,716 | $ 77,763 | $ 65,631 |
| Accounts receivable | 38,798 | - | - | 728 | - | - |
| Accounts receivable - loans | - | - | 43,210 | - | - | - |
| Due from other governments | - | 339,232 | - | - | 4,910 | 1,428 |
| Total assets | $ 121,637 | $ 419,022 | $ 54,689 | $ 76,444 | $ 82,673 | $ 67,059 |
| **LIABILITIES AND FUND BALANCES** | | | | | | |
| **LIABILITIES** | | | | | | |
| Accounts payable | $ - | $ 55,635 | $ 8,979 | $ 5,127 | $ 177 | $ 465 |
| Accrued liabilities | 22,479 | 31,375 | - | - | - | - |
| Due to other funds | - | 111,185 | - | - | 3,148 | 20,594 |
| Deferred revenue | - | - | - | - | - | - |
| Total liabilities | 22,479 | 198,195 | 8,979 | 5,127 | 3,325 | 21,059 |
| **FUND BALANCES** | | | | | | |
| Reserved for revolving loans | - | - | 43,210 | - | - | - |
| Unreserved, undesignated | 99,158 | 220,827 | 2,500 | 71,317 | 79,348 | 46,000 |
| Total fund balances | 99,158 | 220,827 | 45,710 | 71,317 | 79,348 | 46,000 |
| Total liabilities and fund balances | $ 121,637 | $ 419,022 | $ 54,689 | $ 76,444 | $ 82,673 | $ 67,059 |

| CASA | Victims of Crime Assistance | Domestic Victims Visitation | Law Library | Commissary Commissions | Family Drug Court | Total Nonmajor Governmental Funds |
|---|---|---|---|---|---|---|
| $ 19,051 | $ 48,367 | $ 4,350 | $ 40,750 | $ 9,706 | $ 32,007 | $ 547,449 |
| - | - | - | - | - | - | 39,526 |
| - | - | - | - | - | - | 43,210 |
| 113,385 | 3,622 | 10,118 | - | - | 15,761 | 488,456 |
| $ 132,436 | $ 51,989 | $ 14,468 | $ 40,750 | $ 9,706 | $ 47,768 | $ 1,118,641 |
| | | | | | | |
| $ 4,911 | $ 4,948 | $ - | $ - | $ - | $ 27 | $ 80,269 |
| - | - | - | - | - | - | 53,854 |
| 19,031 | - | 2,528 | 293 | - | 2,728 | 159,507 |
| 47,117 | - | - | - | - | - | 47,117 |
| 71,059 | 4,948 | 2,528 | 293 | - | 2,755 | 340,747 |
| | | | | | | |
| - | - | - | - | - | - | 43,210 |
| 61,377 | 47,041 | 11,940 | 40,457 | 9,706 | 45,013 | 734,684 |
| 61,377 | 47,041 | 11,940 | 40,457 | 9,706 | 45,013 | 777,894 |
| $ 132,436 | $ 51,989 | $ 14,468 | $ 40,750 | $ 9,706 | $ 47,768 | $ 1,118,641 |

# PICKENS COUNTY, GEORGIA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2008

| | Special Revenue Funds | | | | | |
|---|---|---|---|---|---|---|
| | E911 | Drug Task Force | Revolving Loan | Hotel/Motel Tax | Adult Drug Court | Appalachian Pre-Trial and Probation |
| **Revenues:** | | | | | | |
| Taxes | $ - | $ - | $ - | $ 37,194 | $ - | $ - |
| Fines and forfeitures | - | 34,408 | - | - | 1,382 | 1,000,834 |
| Intergovernmental | - | 278,812 | - | - | 60,579 | 48,898 |
| Charges for services | 452,922 | - | - | - | 74,782 | - |
| Interest income | 55 | 1,130 | 2,726 | 1,225 | 2,822 | 1,504 |
| Other revenues | - | 9,814 | - | - | 11,582 | - |
| Total revenues | 452,977 | 324,164 | 2,726 | 38,419 | 151,147 | 1,051,236 |
| **Expenditures:** | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | - | - |
| Judicial | - | - | - | - | 128,662 | 1,069,059 |
| Public safety | 846,472 | 354,758 | - | - | - | - |
| Housing and development | - | - | 17,986 | 29,047 | - | - |
| Total expenditures | 846,472 | 354,758 | 17,986 | 29,047 | 128,662 | 1,069,059 |
| Excess (deficiency) of revenues over (under) expenditures | (393,495) | (30,594) | (15,260) | 9,372 | 22,485 | (17,823) |
| **Other financing sources (uses):** | | | | | | |
| Transfers in | 410,542 | 47,081 | - | - | - | - |
| Transfers out | - | - | - | (2,000) | - | - |
| Total other financing sources (uses) | 410,542 | 47,081 | - | (2,000) | - | - |
| Net change in fund balances | 17,047 | 16,487 | (15,260) | 7,372 | 22,485 | (17,823) |
| **Fund balances, beginning of year** | 82,111 | 204,340 | 60,970 | 63,945 | 56,863 | 63,823 |
| **Fund balances, end of year** | $ 99,158 | $ 220,827 | $ 45,710 | $ 71,317 | $ 79,348 | $ 46,000 |

| CASA | Victims of Crime Assistance | Domestic Victims Visitation | Law Library | Commissary Commissions | Family Drug Court | Total Nonmajor Governmental Funds |
|---|---|---|---|---|---|---|
| $ - | $ - | $ - | $ - | $ - | $ - | $ 37,194 |
| - | - | - | 30,138 | - | - | 1,066,762 |
| 153,175 | 40,835 | 26,884 | - | - | 114,052 | 723,235 |
| - | - | - | - | - | - | 527,704 |
| - | 987 | - | - | 38 | - | 10,487 |
| 50 | - | 8,532 | - | 42,893 | 30,000 | 102,871 |
| 153,225 | 41,822 | 35,416 | 30,138 | 42,931 | 144,052 | 2,468,253 |
| - | - | - | - | - | 126,566 | 126,566 |
| 167,839 | 60,105 | 31,700 | 26,110 | - | - | 1,483,475 |
| - | - | - | - | 39,968 | - | 1,241,198 |
| - | - | - | - | - | - | 47,033 |
| 167,839 | 60,105 | 31,700 | 26,110 | 39,968 | 126,566 | 2,898,272 |
| (14,614) | (18,283) | 3,716 | 4,028 | 2,963 | 17,486 | (430,019) |
| 12,500 | - | - | - | - | - | 470,123 |
| - | - | - | - | - | - | (2,000) |
| 12,500 | - | - | - | - | - | 468,123 |
| (2,114) | (18,283) | 3,716 | 4,028 | 2,963 | 17,486 | 38,104 |
| 63,491 | 65,324 | 8,224 | 36,429 | 6,743 | 27,527 | 739,790 |
| $ 61,377 | $ 47,041 | $ 11,940 | $ 40,457 | $ 9,706 | $ 45,013 | $ 777,894 |

# PICKENS COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX
## FOR THE YEAR ENDED DECEMBER 31, 2008

| 2003 SPLOST | Estimated Cost | | Expenditures | | |
|---|---|---|---|---|---|
| Project | Original | Current | Prior Years | Current Year | Total |
| Fire department equipment, fire trucks and construction of new fire houses | $ 2,250,000 | $ 2,100,000 | $ 1,905,880 | $ 27,995 | $ 1,933,875 |
| Emergency medical services equipment and construction of new EMS facilities | 1,250,000 | 750,000 | 290,753 | 277,026 | 567,779 |
| Emergency 911 facilities improvements | 450,000 | 506,000 | 505,748 | - | 505,748 |
| Sheriff department facilities remodeling and upgrade | 6,000,000 | 10,130,000 | 7,551,936 | 729,935 | 8,281,871 |
| Water department facilities and water line improvements | 4,500,000 | 3,500,000 | 1,110,975 | 996,180 | 2,107,155 |
| Paving and resurfacting of roads | 7,550,000 | 5,014,000 | 3,408,592 | 1,328,253 | 4,736,845 |
| | $ 22,000,000 | $ 22,000,000 | $ 14,773,884 | $ 3,359,389 | $ 18,133,273 |

| 2008 SPLOST | Estimated Cost | | Expenditures | | |
|---|---|---|---|---|---|
| Project | Original | Current | Prior Years | Current Year | Total |
| Renovation, repair, remodeling, modification, construction, and equipping of existing courthouse and new parking facility | $ 17,000,000 | $ 17,000,000 | $ - | $ - | $ - |
| Repayment of principal and interest on administrative building debt | 2,726,000 | 2,726,000 | - | 194,928 | 194,928 |
| Repayment of principal and interest on adult detention center debt | 3,200,000 | 3,200,000 | - | - | - |
| Parks and recreation facilities | 3,000,000 | 3,000,000 | - | - | - |
| Library faciliites | 2,000,000 | 2,000,000 | - | - | - |
| Public safety equipment | 1,500,000 | 1,500,000 | - | - | - |
| City of Jasper - road projects | 954,889 | 954,889 | - | - | - |
| City of Nelson | | | | | |
| Road projects | 65,000 | 65,000 | - | - | - |
| Public safety | 30,000 | 30,000 | - | - | - |
| Recreation faciliites | 15,780 | 15,780 | - | - | - |
| City of Talking Rock - city hall and community building | 31,975 | 31,975 | - | - | - |
| Improvements of existing water facilities and water lines | 2,000,000 | 2,000,000 | - | - | - |
| Paving and resurfacting of roads, streets, and buildings | 1,476,356 | 1,476,356 | - | - | - |
| | $ 34,000,000 | $ 34,000,000 | $ - | $ 194,928 | $ 194,928 |

# AGENCY FUNDS

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

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

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

**Clerk of Superior Court**
**Judge Probate Court**
**Magistrate Court**

# PICKENS COUNTY, GEORGIA

## COMBINING STATEMENT OF ASSETS AND LIABILITIES
## AGENCY FUNDS
## DECEMBER 31, 2008

| ASSETS | Clerk of Superior Court | Judge Probate Court | Magistrate Court | Sheriff | Tax Commissioner | Total |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | $ 230,425 | $ 18,166 | $ 13,332 | $ 14,167 | $ 1,276,232 | $ 1,552,322 |
| Taxes receivable | - | - | - | - | 12,173,308 | 12,173,308 |
| Total assets | $ 230,425 | $ 18,166 | $ 13,332 | $ 14,167 | $ 13,449,540 | $ 13,725,630 |
| **LIABILITIES** | | | | | | |
| Due to others | $ 230,425 | $ 18,166 | $ 13,332 | $ 14,167 | $ 1,276,232 | $ 1,552,322 |
| Uncollected taxes | - | - | - | - | 12,173,308 | 12,173,308 |
| Total liabilities | $ 230,425 | $ 18,166 | $ 13,332 | $ 14,167 | $ 13,449,540 | $ 13,725,630 |

# COMPONENT UNIT – INDUSTRIAL DEVELOPMENT AUTHORITY

# PICKENS COUNTY, GEORGIA

## STATEMENT OF CASH FLOWS
## COMPONENT UNIT - INDUSTRIAL DEVELOPMENT AUTHORITY
## FOR THE YEAR ENDED DECEMBER 31, 2008

| | | |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Receipts from customers and users | $ | 83,771 |
| Payments to suppliers | | (130,916) |
| Net cash used in operating activities | | (47,145) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Interest received | | 143,646 |
| Net cash provided by investing activities | | 143,646 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | |
| Interest paid on capital debt | | (143,661) |
| Net cash used in capital and related financing activities | | (143,661) |
| Net decrease in cash and cash equivalents | | (47,160) |
| **Cash and cash equivalents:** | | |
| Beginning of year | | 231,104 |
| End of year | $ | 183,944 |
| **Reconciliation of operating loss to net cash used in operating activities:** | | |
| Operating loss | $ | (38,277) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | |
| Decrease in notes receivable | | 83,771 |
| Decrease in accounts payable | | (8,868) |
| Decrease in notes payable | | (83,771) |
| Net cash used in operating activities | $ | (47,145) |

# COMPLIANCE SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

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

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

We have audited the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pickens County, Georgia (the "County") as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 29, 2009, which includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Pickens County Board of Health, as described in our report of the County's financial statements. This report does not include the results of the other auditors' consideration of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our 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 the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2008-1 through 2008-7 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2008-1 through 2008-6 to be material weaknesses.

**Compliance and Other Matters**

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

We noted certain matters that were reported to management of the County in a separate letter dated July 29, 2009.

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

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
July 29, 2009

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

# INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

## Compliance

We have audited the compliance of Pickens County, Georgia (the "County") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of the Pickens County Department of Public Health which received $206,558 in federal awards which is not included in the Schedule of Expenditures of Federal Awards for the year ending December 31, 2008. Our audit, described below, did not include the operations of the Pickens County Department of Public Health because the component unit engaged other auditors to perform an audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, Pickens County, Georgia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

**Internal Control Over Compliance**

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Pickens County, Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Pickens County, Georgia's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
July 29, 2009

# PICKENS COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
## FOR THE YEAR ENDED DECEMBER 31, 2008

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Agency or Pass-through Grantor Number | Total Expenditures |
|---|---|---|---|
| **U.S. Department of Health and Human Services** | | | |
| Passed through Georgia Department of Human Resources | | | |
| Promoting Safe and Stable Families | 93.556 | MOU-2009-010-00210 | $ 10,118 |
| Promoting Safe and Stable Families | 93.556 | MOU-2007-112-0037 | 16,606 |
| Promoting Safe and Stable Families | 93.556 | MOU-2009-918-3243 | 24,389 |
| Promoting Safe and Stable Families | 93.556 | MOU-2008-061-0029 | 50,963 |
| Total Department of Health and Human Services | | | 102,076 |
| **U.S. Department of Housing and Urban Development** | | | |
| Passed through Georgia Department of Community Affairs | | | |
| Community Housing and Development Grant | 14.219 | 07p-y-112-1-3327 | 95,000 |
| **U.S. Department of Transportation** | | | |
| Passed through Georgia Department of Transportation | | | |
| Formula Grant for Other than Urbanized Areas | 20.509 | MTGG-000-139-00-200 | 58,772 |
| Airport Improvement Program | 20.106 | AP080-9899-16(227) | 123,465 |
| Airport Improvement Program | 20.106 | AP080-9899-15(227) | 233,463 |
| | | | 356,928 |
| Total Department of Transportation | | | 415,700 |
| **U.S. Department of Justice** | | | |
| Passed through Juvenile Court Judges of Georgia | | | |
| Juvenile Accountability Incentive Block Grants | 16.523 | 04B-ST-0001 | 2,950 |
| Passed through Criminal Judicial Council | | | |
| Edward Byrne Memorial Formula Grant Program | 16.579 | B06-8-049 | 75,500 |
| Edward Byrne Memorial Formula Grant Program | 16.579 | B07-8-057 | 109,151 |
| | | | 184,651 |
| Victims of Child Abuse | 16.547 | C07-8-097 | 61,426 |
| Victims of Child Abuse | 16.547 | C08-8-102 | 14,190 |
| | | | 75,616 |
| Violence Against Women Formula Grants | 16.588 | W070-8-037 | 40,835 |
| Passed through Bureau of Justice Assistance | | | |
| Drug Court Discretionary Grant Program | 16.585 | 14103.01.01 | 65,736 |
| Drug Court Discretionary Grant Program | 16.585 | 14103.01.01 | 15,761 |
| | | | 81,497 |
| Total Department of Justice | | | 385,549 |
| **Total Federal Expenditures** | | | $ 998,325 |

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

# PICKENS COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS
## FOR THE YEAR ENDED DECEMBER 31, 2008

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### SECTION I
### SUMMARY OF AUDIT RESULTS

***Financial Statements***

| | |
|---|---|
| Type of auditor's report issued | Unqualified |
| Internal control over financial reporting: | |
| Material weaknesses identified? | __X__ yes ___ no |
| Significant deficiencies identified not considered to be material weaknesses? | __X__ yes ____ none reported |
| Noncompliance material to financial statements noted? | ____ yes __X__ none reported |

***Federal Awards***

| | |
|---|---|
| Internal Control over major programs: | |
| Material weaknesses identified? | ____ yes __X__ no |
| Significant deficiencies identified not considered to be material weaknesses? | ____ yes __X__ none reported |
| Type of auditor's report issued on compliance for major programs | Unqualified |
| Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)? | ____ yes __X__ no |

Identification of major programs:

| CFDA Number | Name of Federal Program or Cluster |
|---|---|
| 16.579 | Edward Byrne Memorial Formula Grant Program |
| 20.106 | Airport Improvement Program |

| | |
|---|---|
| Dollar threshold used to distinguish between Type A and Type B programs: | $300,000 |
| Auditee qualified as low-risk auditee? | ____ yes __X__ no |

# PICKENS COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS
## FOR THE YEAR ENDED DECEMBER 31, 2008

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### SECTION II
### FINANCIAL STATEMENT FINDINGS AND RESPONSES

**2008-1. Restatement of Prior Year's Balances**

***Criteria:*** Internal controls should be in place to ensure that financial statements properly present the financial position and results of the County.

***Condition:*** Internal controls were not sufficient to detect material misstatements in the County's financial statements for the year ended December 31, 2007.

***Context/Cause:*** During our audit for the year ended December 31, 2008, material misstatements were identified that caused the need to restate financial statement balances reported as of and for the year ended December 31, 2007 as follows:

- An adjustment was made to remove capital assets from governmental activities and record them in the Water Fund. An adjustment of approximately $642,000 was required to properly reflect capital assets in the County's Water Fund and business-type activities.
- The General Fund was not recognizing ambulance revenues in accordance with generally accepted accounting principles and County policy. An adjustment of approximately $328,000 was required to defer revenues which were unavailable at the fund level.

***Effects:*** Total misstatements were approximately $970,000 for capital assets and revenue recognition for the year ended December 31, 2007.

***Recommendation:*** We recommend the County carefully review the financial statements and the applicable reporting requirements under generally accepted accounting principles to ensure that all information and financial data is being properly reported.

***Auditee's Response:*** We concur with the finding. We will take necessary steps in the future to ensure that the financial statements are properly reported.

## SECTION II
## FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

**2008-2. Receivables and Related Revenues/Liabilities**

***Criteria:*** Internal controls should be in place to ensure that the amounts reported as receivables and related revenues/liabilities are appropriate and properly valued.

***Condition:*** Internal controls were not sufficient to detect misstatements in the reporting of the County's receivables and related revenues/liabilities.

***Context/Cause:*** During our testing, the following audit adjustments were required to properly report receivables and related revenues/liabilities:

- An audit adjustment of approximately $4,566,000 was required to decrease property taxes receivable and deferred revenue of the General Fund to correct amounts previously provided to the County's finance department by the Tax Commissioner's office.
- An audit adjustment of approximately $10,817,000 was required to reduce overstated receivables and related liabilities in the Tax Commissioner Agency Fund.
- An audit adjustment of approximately $37,000 was required to adjust unbilled receivables and revenue in the Water Fund.
- Audit adjustments of approximately $169,000 were required to reduce ambulance revenues for allowance for doubtful accounts and revenues that were unavailable.

***Effects:*** Total misstatements were approximately $15,589,000 for receivables and related revenues/liabilities for the year ended December 31, 2008.

***Recommendation:*** We recommend the County carefully review all revenues and receivables to ensure they are reported in the proper reporting period, properly valued, and in accordance with generally accepted accounting principles.

***Auditee's Response:*** We concur with the finding. We will take necessary steps in the future to ensure that receivables and the related revenues recognition are proper.

## SECTION II
## FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

**2008-3. Expenditure/Expense Recognition**

***Criteria:*** Generally, expenditures should be recognized as soon as a liability is incurred, regardless of the timing of the related cash flows.

***Condition:*** Internal controls were not sufficient to detect certain misstatements in the reporting of the County's expenses/expenditures and related liabilities.

***Context/Cause:*** During our testing of expenditures, certain audit adjustments were required to correct current year amounts as follows:

- An adjustment of approximately $90,000 was required in the SPLOST Fund to record additional expenditures and payables found during subsequent disbursement testing.
- An adjustment of approximately $149,000 was required in the Water Fund to remove accrued interest expenses which were not incurred by year end.
- An adjustment of approximately $156,000 was required to record the recovery charges from telephone service providers in the E911 Fund.

***Effects:*** Audit adjustments totaling approximately $395,000 were needed to correctly report expenditures/expenses and related liabilities.

***Recommendation:*** We recommend the County carefully review all expenditures and related balance sheet accounts to ensure all necessary transactions are reported in the proper period and in the proper fund.

***Auditee's Response:*** We concur with the finding. We will take necessary steps in the future to ensure that expenditures and related balance sheet accounts are properly recorded.

## SECTION II
## FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

**2008-4. Capital Assets**

***Criteria:*** Internal controls should be in place to ensure that capital asset activity is recorded properly and timely and in accordance with generally accepted accounting principles.

***Condition:*** Internal controls of the County were not sufficient to detect misstatements in the reporting of capital asset activity a timely manner.

***Context/Cause:*** During our audit of capital assets of the County the following adjustments were required to properly report capital assets:

- In the Airport Fund adjustments of approximately $16,000 were required to properly report capital assets and accumulated depreciation.
- In the Water Fund and in business-type activities, adjustments of approximately $1,064,000 were needed to report capital assets in the appropriate fund.

***Effects:*** Approximately $1,080,000 of adjustments were required in the reporting of capital assets.

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

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

## SECTION II
## FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

### 2008-5. Timely Reporting of Accurate Financial Information

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

***Condition:*** Internal controls and financial reporting procedures were not sufficient to facilitate the accurate, timely reporting of the County's overall financial position and results of operations as of and for the year ended December 31, 2008.

***Context/Cause:*** The County did not complete its year-end closing process to provide final trial balances and subsidiary ledgers necessary for auditing the majority of its funds for the year ended December 31, 2008 until the middle of May 2009. Additionally, several subsidiary listings and schedules, including capital assets, debt schedules and schedules of federal awards, were not provided until May and June 2009.

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

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

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

## SECTION II
## FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

**2008-6. Segregation of Duties**

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

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

- Appropriate segregation of duties does not exist among custody, receipting, recording, distribution, reconciliation of cash accounts and other operational functions in the various funds maintained by the County. In addition to the County, this is especially prominent in the office of the Probate Court, Magistrate Court, Clerk of Court, Sheriff's Office, and Tax Assessor.
- Individuals who post cash receipts to the receivable subledger also (1) maintain or authorized receivable adjustments; (2) process customer service calls or complaints; (3) open the mail or copy checks received; (4) prepare deposits; (5) deposit cash receipts; and (6) reconcile the bank accounts.
- Cashier funds are not counted and reconciled at the end of each shift and reconciliations reviewed by a supervisor.
- Individuals who reconcile the bank accounts also maintain access to the cash and can investigate discrepancies or issues related to cash.
- Individuals who investigate discrepancies or issues related to cash also maintain the cash receipts journal, post journal entries to the general ledger, monitor suspense or clearing account usage, maintain the chart of accounts, edit transactional data or approve edits of transactional data.
- Individuals who approve usage and billing cycles also review accounts receivable aging trial balances; authorize write-offs of delinquent accounts; independently investigate account discrepancies; maintain or authorize account adjustments; edit receivable master files; and process service calls or complaints.
- Individuals who process water bills are not independent of the collection function.
- Individuals who initiate purchase orders can initiate checks; approve purchase orders; prepare or issue debit memos; input purchase orders; verify or process inventory; investigate discrepancies or issues with expenditures, inventory, capital assets, debt or cash; and process sales orders.

**SECTION II**
**FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)**

**2008-6. Segregation of Duties (Continued)**

- Individuals who prepare or issue debit memos can also initiate purchase orders; approve purchase orders; maintain purchase journals; edit vendor master files; reconcile accounts payable to the general ledger; and investigate discrepancies involving expenditures, capital assets or inventory.
- There are overlapping duties in the payroll process; employees who initiate or prepare payroll checks should not disburse payroll checks; control unclaimed payroll checks; edit the master file; resolve payroll inquiries; or review and authorize electronic payroll disbursements.
- Individuals who determine salary and wage rates can also approve changes to salary and wage rates.
- There are overlapping duties in the capital asset process. Individuals who initiate the purchase of capital assets can authorize purchases; record the transaction; initiate the disposal; reconcile the subsidiary ledger to the general ledger; maintain access to and custody of capital assets; investigate discrepancies with capital assets; and edit the master file. Additionally, individuals who record capital assets can reconcile the payable subledger to the general ledger; initiate disposals of assets; reconcile capital assets subledgers; and edit master files.

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

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

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

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

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

## SECTION II
## FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

### 2008-7. Unidentified Funds - Constitutional Offices

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

***Condition:*** For the year ended December 31, 2008, we noted that the Clerk of Court (general account), and Sheriff's Office (inmate's account and main operating account) had $828, $5,497, and $11, respectively, in bank accounts for which no comprehensive detail listing was available to identify to whom the funds were owed. In addition, the Tax Commissioner and Magistrate Court had liabilities which exceeded their cash balance by approximately $11,000 and $5,000, respectively.

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

- The Clerk of Court did not have a subsidiary detail of $828 of cash deposited in the general account.
- The Tax Commissioner's liabilities exceeded the cash balances by approximately $11,000.
- The Sheriff's inmate account did not have a subsidiary detail of approximately $5,500 of the nearly $11,000 of inmate funds on deposit.
- The Sheriff's main operating account did not have a subsidiary detail of $11 of cash.
- The Magistrate Court's liabilities exceeded the cash balances by approximately $5,000.

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

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

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

# PICKENS COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS
## FOR THE YEAR ENDED DECEMBER 31, 2008

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

None reported

# PICKENS COUNTY, GEORGIA

## SCHEDULE OF PRIOR YEAR FINDINGS
## FOR THE YEAR ENDED DECEMBER 31, 2008

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**2007-10. Timely Submission of Reimbursement Requests**

***Condition:*** The grant recipient only filed one reimbursement request at the end of the grant term.

***Context/Cause:*** The grant recipient did not file monthly or quarterly reimbursement requests as specified in the grant. A single request was filed upon completion of the grant.

***Auditee Response/Status:*** The reimbursements are now being filed quarterly and are being submitted to the Finance department for review.