PIKE COUNTY, GEORGIA



ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

PIKE COUNTY, GEORGIA

AUDIT REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2011

PIKE COUNTY, GEORGIA

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Pike County, Georgia
Zebulon, Georgia

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pike County, Georgia as of and for the fiscal year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Pike County, Georgia'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 Pike County Department of Public Health, Pike County Water and Sewer Authority, and the Development Authority of Pike County, which represent 84 percent, 78 percent, and 65 percent, respectively, of the assets, net assets, and revenues of the component units of Pike County, Georgia. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Pike County Department of Public Health, Pike County Water and Sewer Authority, and the Development Authority of Pike County, 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 other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pike County, Georgia as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the major special revenue fund for the fiscal year ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2011, on our consideration of Pike County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by accounting principals 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pike County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements, and the schedule of project expenditures with special sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules, and the schedule of projects constructed with special sales tax proceeds have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Macon, Georgia
October 17, 2011

MANAGEMENT'S DISCUSSION & ANALYSIS

As management of the County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the year ended June 30, 2011

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities as of June 30, 2011, by $7,040,099 (net assets).
- As of June 30, 2011, total net assets consisted of $5,104,043 invested in capital equipment net of related debt, $369,785 restricted, and $ 1,566,271 unrestricted.
- As of June 30, 2011, the County's governmental funds reported ending fund balance of $1,689,695, an increase of $4,436 in comparison with the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods, such as earned but unused vacation leave.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through administrative fees and charges (business-type activities). The governmental activities of the County include general government, public safety, public works, health and welfare, culture and recreation and conservation of natural resources. The County currently has no business-type activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of a government can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

For the year ended June 30, 2011, the County had the following governmental funds; the General Fund, six Special Revenue Funds and four Capital Projects Funds.

The County adopts an annual appropriated budget for the General Fund and Special Revenue Funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

Proprietary Funds

The County maintains no proprietary funds.

Fiduciary Funds

Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Individual fund data for the fiduciary funds is provided in the form of both combining statements and individual fund statements elsewhere in this report.

The basic fiduciary fund financial statement can be found on page 25 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by $7,040,099 at the close of the most recent year.

A significant portion of the County's net assets reflects its investment in capital assets, less any related debt outstanding. As of June 30, 2011, the investment consists of $11,512,679 in assets and accumulated depreciation of $5,890,730.

An additional portion of the County's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations.

For the year ended June 30, 2011, net capital assets decreased $466,933. Long-term liabilities decreased $585,893 as of June 30, 2011, compared to June 30, 2010. The decrease is the result of the county paying down on a Special Local Option Sales Tax Bond.

Pike County, Georgia Net Assets
Governmental Activities

	6/30/2011	6/30/2010
ASSETS		
Current & other assets	$ 2,430,008	$ 2,845,642
Capital assets	5,621,949	6,088,882
Total assets	8,051,957	8,934,524
LIABILITIES		
Current & other liabilities	398,945	863,578
Long-term liabilities	612,913	1,198,806
Total liabilities	1,011,858	2,062,384
NET ASSETS		
Invested in capital assets, net of related debt	5,104,043	5,397,545
Restricted	369,785	1,055,027
Unrestricted	1,566,271	419,569
Total net assets	$ 7,040,099	$ 6,872,141

	Change in Net Assets Governmental Activities	
	6/30/2011	6/30/2010
REVENUES		
Program Revenues		
Charges for services	$ 1,661,468	$ 1,271,057
Operating grants & contributions	91,820	19,360
Capital grants & contributions	42,058	521,424
General Revenues		
Property taxes	5,551,348	203,892
Other taxes	2,610,810	1,839,376
Interest revenue	8,123	14,238
Other	64,698	82,215
Total Revenues	10,030,325	3,951,562
EXPENSES		
General government	2,349,445	2,170,832
Public Safety	3,808,410	2,505,595
Public Works	1,373,896	1,147,751
Courts	974,546	695,825
Health & Welfare	589,621	107,487
Culture & Recreation	428,667	398,344
Economic Development	321,414	306,970
Interest on long-term debt	16,368	19,942
Total Expenses	9,862,367	7,352,746
Increase (decrease) in net assets	167,958	(3,401,184)
Net assets - beginning of year, restated	6,872,141	10,273,325
Net assets - end of year	$ 7,040,099	$ 6,872,141

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of June 30, 2011, the County's governmental funds reported ending fund balance of $1,689,695. Of this balance, $1,020,513 constitutes unassigned fund balance, $28,507 assigned fund balance, $369,785 restricted fund balance, and $270,890 nonspendable fund balance.

The general fund is the operating fund of the County. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 10 percent of total governmental fund expenditures.

The fund balance of the County's governmental funds increased $4,436 during the current year due to a surplus of revenues exceeding expense. The County adopts a budget for the general fund and special revenue funds each year and works diligently to stay within the annual budget.

GENERAL FUND BUDGETARY HIGHLIGHTS

The County transferred $249,396 from the General Fund to the E911 Fund. The fund balance increased from $630,232 to $1,309,654. The excess of revenues over expenditures was $618,117.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets for its governmental activities as of June 30, 2011 amounts to $5,621,949 net of accumulated depreciation. The investment in capital assets consists primarily of land, buildings, and machinery and equipment. For the current year, the investment in capital assets decreased by $466,933. The net change is primarily the result of capital acquisitions of $290,935 and depreciation expense of $742,942. See Note 8 in the Notes to the Financial Statements for more detail on capital assets.

	Governmental Activities
Land	$ 308,403
Construction in progress	18,251
Buildings	3,770,965
Machinery and equipment	3,064,598
Vehicles	3,726,254
Intangible assets	27,995
Infrastructure	596,213
Total Capital Assets	11,512,679
Accumulated depreciation	(5,890,730)
Total	$ 5,621,949

Long-Term Debt

As of June 30, 2011, the County's long-term debt consisted of compensated absences, notes payable, landfill postclosure cost and capital leases. See Note 9 in the Notes to the Financial Statements for more detail on long-term liabilities.

ECONOMIC FACTORS

During the year 2011, notable events were as follows:

Due to a continued downturn in the economy, revenues such as Local Option Sales Tax, motor vehicle tax and other revenues have been adversely affected. Accordingly, the county worked diligently to reduce expenditures in an attempt to mitigate these circumstances, bringing total expenditures in under budget for the fiscal year-end.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for anyone with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mr. William Sawyer, County Manager or Mrs. Kay Landers, our Financial Officer, 79 Jackson Street, Zebulon, Georgia 30295.

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FINANCIAL STATEMENTS

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PIKE COUNTY, GEORGIA

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government	
	Governmental Activities	Component Units
ASSETS		
Cash and cash equivalents	$ 1,628,366	$ 724,832
Receivables, net of allowance		
Taxes	374,221	-
Accounts	75,373	13,449
Due from other governments	81,158	-
Inventory	28,036	-
Prepaid items	242,854	-
Capital assets		
Non depreciable	326,654	2,846,401
Depreciable, net	5,295,295	5,749,435
Total Assets	8,051,957	9,334,117
LIABILITIES		
Accounts payable	267,852	23,686
Accrued salaries and benefits	131,093	8,633
Noncurrent liabilities		
Due within one year	158,306	52,091
Due in more than one year	454,607	3,009,685
Total Liabilities	1,011,858	3,094,095
NET ASSETS		
Invested in capital assets, net of related debt	5,104,043	5,509,370
Restricted for		
Restricted for capital outlay	303,089	-
Restricted for program purposes	66,696	123,785
Unrestricted	1,566,271	606,867
Total Net Assets	$ 7,040,099	$ 6,240,022

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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	$ 2,349,445	$ 770,356	$ 67,692	$ -
Public safety	3,808,410	889,086	24,128	22,309
Public works	1,373,896	2,026	-	19,749
Courts	974,546	-	-	-
Health and welfare	589,621	-	-	-
Culture and recreation	428,667	-	-	-
Economic development	321,414	-	-	-
Interest on long-term debt	16,368	-	-	-
Total governmental activities	9,862,367	1,661,468	91,820	42,058
Total Primary Government	$ 9,862,367	$ 1,661,468	$ 91,820	$ 42,058
Component Units:				
Pike County Department of Public Health	$ 316,322	$ 209,795	$ 157,528	$ -
Pike County J. Joel Edwards Public Library	122,119	3,488	97,609	-
Pike County Clean and Beautiful	4,687	-	-	-
Pike County Water and Sewerage Authority	374,057	86,979	141,564	372,719
Pike County Agribusiness Authority	31,868	4,294	17,500	38,000
Development Authority of Pike County	120,604	-	133,162	-
Pike County Recreation Authority	474,544	121,990	303,606	-
Total Component Units	$ 1,444,201	$ 426,546	$ 850,969	$ 410,719
General Revenues				
Property tax				
Sales tax				
Motor vehicle tax				
Other tax				
Interest revenue				
Miscellaneous				
Total General Revenues				
Change in Net Assets				
Net Assets - Beginning of year, restated				
Net Assets - End of year				

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)

Net (Expense) Revenue and Changes in Net Assets	
Primary Government	
Governmental Activities	Component Units
$ (1,511,397)	
(2,872,887)	
(1,352,121)	
(974,546)	
(589,621)	
(428,667)	
(321,414)	
(16,368)	
(8,067,021)	
(8,067,021)	
	$ 51,001
	(21,022)
	(4,687)
	227,205
	27,926
	12,558
	(48,948)
	244,033
5,551,348	-
1,091,107	-
612,510	-
907,193	-
8,123	17,930
64,698	13,183
8,234,979	31,113
167,958	275,146
6,872,141	5,964,876
$ 7,040,099	$ 6,240,022

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	E911 Fund	Impact Fees Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 1,029,506	$ 106,513	$ 319,643	$ 172,704	$ 1,628,366
Receivables, net of allowance					
Taxes	372,808	-	-	1,413	374,221
Other receivables	14,592	57,700	-	3,081	75,373
Due from other governments	79,808	-	-	1,350	81,158
Due from other funds	209,527	-	-	12,724	222,251
Inventory	28,036	-	-	-	28,036
Prepaid items	242,854	-	-	-	242,854
Total Assets	$ 1,977,131	$ 164,213	$ 319,643	$ 191,272	$ 2,652,259
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 191,493	$ 1,788	$ -	$ 74,571	$ 267,852
Accrued payroll deductions	121,892	9,201	-	-	131,093
Due to other funds	12,724	153,224	44,253	12,050	222,251
Deferred revenues					
Taxes	341,368	-	-	-	341,368
Total Liabilities	667,477	164,213	44,253	86,621	962,564
Fund Balances:					
Nonspendable	270,890	-	-	-	270,890
Restricted	-	-	275,390	94,395	369,785
Assigned	-	-	-	28,507	28,507
Unassigned	1,038,764	-	-	(18,251)	1,020,513
Total Fund Balances	1,309,654	-	275,390	104,651	1,689,695
Total Liabilities and Fund Balances	$ 1,977,131	$ 164,213	$ 319,643	$ 191,272	$ 2,652,259

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
JUNE 30, 2011

Total Fund Equity per Balance Sheet of Governmental Funds	$	1,689,695
Amounts reported for governmental activities in the Statement of Net Assets differ from amounts reported in the Balance Sheet of Governmental Funds due to the following:		
Capital Assets		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost of the assets		11,512,679
Accumulated depreciation		(5,890,730)
Revenues		
Some of the government's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.		341,368
Long-term Liabilities		
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities both current and long-term are reported in the Statement of Net Assets. Long-term liabilities at year-end consist of the following:		
Capital lease		(141,581)
Notes payable		(15,000)
Landfill closure costs		(361,325)
Compensated absences		(95,007)
Total Net Assets of Governmental Activities	$	7,040,099

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	E911 Fund	Impact Fees Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:					
Taxes					
Property tax	$ 5,504,770	$ -	$ -	$ -	$ 5,504,770
Sales tax	786,344	-	-	304,763	1,091,107
Other taxes	1,519,703	-	-	-	1,519,703
License and permits	131,120	-	32,023	-	163,143
Intergovernmental	103,290	-	-	29,430	132,720
Fines and forfeitures	427,743	-	-	63,326	491,069
Charges for services	211,010	316,544	-	480,652	1,008,206
Interest earnings	6,324	197	1,194	616	8,331
Other revenues	63,041	-	-	1,657	64,698
Total Revenues	8,753,345	316,741	33,217	880,444	9,983,747
Expenditures:					
Current:					
General government	2,046,623	-	-	525	2,047,148
Public safety	2,571,787	538,499	-	375,402	3,485,688
Public works	1,218,248	-	-	-	1,218,248
Judicial	965,852	-	-	-	965,852
Health and welfare	589,621	-	-	-	589,621
Culture and recreation	421,683	-	-	-	421,683
Housing and development	321,414	-	-	-	321,414
Intergovernmental	-	-	-	97,519	97,519
Debt Service					
Principal	-	18,699	-	705,000	723,699
Interest and fiscal charges	-	2,281	-	24,150	26,431
Capital Outlay	-	166,938	-	75,350	242,288
Total Expenditures	8,135,228	726,417	-	1,277,946	10,139,591
Excess (Deficiency) of Revenues Over (Under) Expenditures	618,117	(409,676)	33,217	(397,502)	(155,844)
Other Financing Sources (Uses):					
Transfers from other funds	310,701	249,396	116,551	-	676,648
Transfers to other funds	(249,396)	-	(56,447)	(370,805)	(676,648)
Proceeds from long term debt issuance	-	160,280	-	-	160,280
Total other financing sources (uses)	61,305	409,676	60,104	(370,805)	160,280
Net change in fund balances	679,422	-	93,321	(768,307)	4,436
Fund Balance - beginning of year - restated	630,232	-	182,069	872,958	1,685,259
Fund Balance - end of year	$ 1,309,654	$ -	$ 275,390	$ 104,651	$ 1,689,695

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

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

Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses Per Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances	$	4,436
Amounts reported for governmental activities in the Statement of Activities differ from amounts reported in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances due to the following:		
Capital Assets		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.		
Total capital outlays		290,935
Total depreciation		(742,942)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, trade-ins, and donations) is to increase net assets.		(14,926)
Long-term Debt		
The issuance of bonds and similar long-term debt provides current financial resources to governmental funds and thus contributes to the change in fund balance. In the Statement of Net Assets, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The amounts of the items that make up these differences in the treatment of long-term debt and related items are as follows:		
Debt issued or incurred		(160,280)
Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The adjustments for these items are as follows:		
Bond payments		690,000
Capital leases		18,699
Note payable		15,000
Accrued interest		10,063
Landfill closure costs		23,675
Compensated absences		(2,538)
Amortization of issuance costs		(12,078)
Amortization of bond premium		1,337
Revenues		
Because some revenues will not be collected for several months after the government's fiscal year end, they are not considered available revenues and are deferred in the governmental funds.		
Deferred revenues decreased by this amount during the fiscal year.		46,577
Change in Net Assets of Governmental Activities	$	167,958

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Taxes:				
General property tax	$ 5,562,147	$ 5,562,147	$ 5,504,770	$ (57,377)
Local option sales tax	772,283	772,283	786,344	14,061
Other:				
Motor vehicle tax	789,326	789,326	689,879	(99,447)
Intangible tax	41,500	41,500	53,321	11,821
Mobile home tax	23,000	23,000	23,273	273
Timber taxes	23,500	23,500	10,076	(13,424)
Insurance premium tax	550,000	550,000	534,184	(15,816)
Penalties and interest	126,366	126,366	161,624	35,258
Bank tax fee	42,000	42,000	47,346	5,346
Other taxes	2,578	2,578	-	(2,578)
Total Taxes	7,932,700	7,932,700	7,810,817	(121,883)
Licenses and Permits:				
Alcohol beverage license	48,400	48,400	45,650	(2,750)
Business license	39,000	39,000	31,213	(7,787)
Building permits	62,500	62,500	53,907	(8,593)
Other	1,200	1,200	350	(850)
Total Licenses and Permits	151,100	151,100	131,120	(19,980)
Intergovernmental Revenues:				
State grants:				
Georgia Department of Transportation	-	-	19,749	19,749
Department of Juvenile Justice	-	-	5,128	5,128
Other:				
Pre-Trial Diversion Program	-	-	19,000	19,000
City of Griffin	50,000	50,000	50,000	-
Real estate transfer tax	11,500	11,500	9,413	(2,087)
Total Intergovernmental Revenue	61,500	61,500	103,290	41,790

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Fines and Forfeitures:				
Superior Court fines	$ 155,338	$ 155,338	$ 147,477	$ (7,861)
Probate Court fines	177,000	177,000	163,358	(13,642)
Magistrate Court fines	26,643	26,643	24,338	(2,305)
Sheriff's cost and fees	66,629	66,629	92,570	25,941
Total Fines and Forfeitures	425,610	425,610	427,743	2,133
Charges for Services				
Tax Commissioner - commissions	200,000	200,000	179,470	(20,530)
Drive way culverts	6,150	6,150	2,026	(4,124)
Jail inmate housing	34,857	34,857	29,514	(5,343)
Total Charges for Services	241,007	241,007	211,010	(29,997)
Miscellaneous:				
Interest earnings	18,000	18,000	6,324	(11,676)
Insurance reimbursement	6,310	6,310	25,061	18,751
Other reimbursement	-	-	24,162	24,162
Miscellaneous	32,443	32,443	13,818	(18,625)
Total Miscellaneous	56,753	56,753	69,365	12,612
Total Revenues	8,868,670	8,868,670	8,753,345	(115,325)

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
General Government:				
General Administration:				
Personnel	$ 344,228	$ 344,228	$ 328,899	$ 15,329
Other	657,227	657,227	590,475	66,752
Total General Administration	1,001,455	1,001,455	919,917	81,538
Tax Commissioner's Office:				
Personnel	194,822	194,822	194,203	619
Other	34,825	34,825	35,087	(262)
Total Tax Commissioner's Office	229,647	229,647	229,290	357
Tax Assessors:				
Personnel	174,081	174,081	170,002	4,079
Other	78,770	78,770	81,130	(2,360)
Total Tax Assessors	252,851	252,851	251,132	1,719
Voter Registrar:				
Personnel	55,159	55,159	58,860	(3,701)
Other	112,781	112,781	93,054	19,727
Total Voter Registrar	167,940	167,940	151,914	16,026
Public Buildings:				
Personnel	146,861	146,861	121,289	25,572
Other	72,700	72,700	58,152	14,548
Total Public Buildings	219,561	219,561	179,441	40,120
Cooperative Extension Service:				
Personnel	48,338	48,338	49,588	(1,250)
Other	45,368	45,368	39,535	5,833
Total Cooperative Extension Service	93,706	93,706	89,123	4,583

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
General Government (Continued):				
Code Enforcement Officer:				
Personnel	$ 237,293	$ 237,293	$ 205,579	$ 31,714
Other	31,770	31,770	19,684	12,086
Total Code Enforcement Officer	269,063	269,063	225,263	43,800
Board of Equalization	1,000	1,000	808	192
Total General Government	2,235,223	2,235,223	2,046,888	188,335
Judicial:				
Judicial Administration:				
Personnel	451	451	250	201
Other	137,886	137,886	129,086	8,800
Total Judicial Administration	138,337	138,337	129,336	9,001
Superior Court:				
Personnel	250,281	250,281	237,186	13,095
Other	63,245	63,245	54,415	8,830
Total Superior Court	313,526	313,526	291,601	21,925
Probate Court:				
Personnel	128,930	131,350	131,350	-
Other	7,544	7,652	7,652	-
Total Probate Court	136,474	139,002	139,002	-

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Judicial (Continued):				
Magistrate Court:				
Personnel	$ 131,580	$ 131,580	$ 124,611	$ 6,969
Other	16,018	16,018	19,293	(3,275)
Total Magistrate Court	147,598	147,598	143,904	3,694
Public Defender	181,315	181,315	181,315	-
District Attorney	80,244	80,694	80,694	-
Total Judicial	997,494	1,000,472	965,852	34,620
Public Safety:				
Sheriff's Office:				
Personnel	1,816,951	1,791,129	1,791,128	1
Capital Outlay	113,581	146,370	146,370	-
Other	593,099	599,371	599,371	-
Total Sheriff's Office	2,523,631	2,536,870	2,536,869	1
Coroner's Office	37,718	37,718	34,654	3,064
Total Public Safety	2,561,349	2,574,588	2,571,523	3,065

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Public Works:				
Road Department:				
Personnel	$ 653,124	$ 653,124	$ 641,138	$ 11,986
Other	28,000	28,000	16,155	11,845
Capital Outlay	596,888	596,888	560,955	35,933
Total Road Department	1,278,012	1,278,012	1,218,248	59,764
Total Public Works	1,278,012	1,278,012	1,218,248	59,764
Health and Welfare:				
DFCS	51,250	44,844	44,844	-
Ambulance Contract	457,500	457,500	450,000	7,500
Pike County Board of Health	70,000	70,000	70,000	-
McIntosh Trail RC	27,278	27,278	24,777	2,501
Total Health and Welfare	606,028	599,622	589,621	10,001

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Culture and Recreation:				
Recreation	$ 346,521	$ 303,206	$ 303,206	$ -
Library	123,240	109,372	108,933	439
Forestry Resources	9,544	9,544	9,544	-
Total Culture and Recreation	479,305	422,122	421,683	439
Housing and Development:				
Pike County Agribusiness Authority	20,000	17,500	17,500	-
Pike County Water Authority	151,570	141,570	141,570	-
Soil Conservation	34,950	34,950	29,182	5,768
Development Authority	152,185	133,162	133,162	-
Total Housing and Development	358,705	327,182	321,414	5,768
Total Expenditures	8,516,116	8,437,221	8,135,229	301,992
Excess Revenue Over (Under) Expenditures	352,554	431,449	618,116	186,667

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Other Financing Sources (Uses):				
Transfer In:				
Transfer from Jail Fund	$ -	$ -	$ 110,302	$ 110,302
Transfer from Impact Fees	-	-	56,447	56,447
Transfer from Fire Fund	-	-	143,953	143,953
Transfer Out:				
Transfer to E911 Fund	(352,554)	(352,554)	(249,396)	103,158
Total Transfer Out	(352,554)	(352,554)	61,306	413,860
Total Other Financing Sources (Uses)	(352,554)	(352,554)	61,306	413,860
Net change in fund balance	$ -	$ 78,895	679,422	$ 600,527
Fund Balance - Beginning of Year			630,232	
Fund Balance - End of Year			$ 1,309,654	

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

E-911 FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for services	$ 270,522	$ 316,544	$ 46,022
Interest income	1,201	197	(1,004)
Total Revenues	271,723	316,741	45,018
Expenditures:			
Current:			
Public safety	587,377	538,499	48,878
Debt Service:			
Principal	34,600	18,699	15,901
Interest	2,300	2,281	19
Capital outlay	160,280	166,938	(6,658)
Total Expenditures	784,557	726,417	58,140
Excess (deficiency) of revenues over (under) expenditures	(512,834)	(409,676)	103,158
Other Financing Sources (Uses):			
Transfers from General Fund	352,554	249,396	(103,158)
Proceeds from long term debt issuance	160,280	160,280	-
Total Other Financing Sources (Uses)	512,834	409,676	(103,158)
Net change in fund balance	$ -	-	$ -
Fund balance - beginning of year		-	
Fund balance - end of year		$ -	

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2011

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 234,003
Total Assets	$ 234,003
LIABILITIES	
Due to other governments	$ 70,995
Due to others	163,008
Total Liabilities	$ 234,003

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
JUNE 30, 2011

	Pike County Department of Public Health	Pike County J. Joel Edwards Public Library	Pike County Clean and Beautiful	Pike County Water and Sewerage Authority	Pike County Agribusiness Authority	Development Authority of Pike County	Pike County Recreation Authority	Total
Assets								
Current:								
Cash and cash equivalents	$ 142,346	$ 101,367	$ -	$ 279,767	$ 42,489	$ 68,901	$ 89,962	$ 724,832
Receivables:								
Accounts	12,742	-	-	707	-	-	-	13,449
Non-current:								
Capital Assets:								
Nondepreciable	-	-	-	-	46,093	2,325,308	475,000	2,846,401
Depreciable capital assets, net	-	-	-	4,993,031	31,037	60,390	664,977	5,749,435
Total Assets	155,088	101,367	-	5,273,505	119,619	2,454,599	1,229,939	9,334,117
Liabilities								
Current Liabilities:								
Accounts payable	5,040	1,671	-	116	-	3,441	13,418	23,686
Accrued liabilities	-	4,235	-	1,575	-	-	2,823	8,633
Compensated absences	7,178	3,398	-	-	-	-	4,229	14,805
Meter deposit	-	-	-	18,550	-	-	-	18,550
Notes payable	-	-	-	32,726	-	-	4,560	37,286
Long-term Liabilities:								
Compensated absences	19,085	-	-	-	-	-	-	19,085
Notes payable (net of current portion)	-	-	-	2,402,544	-	554,192	15,314	2,972,050
Total Liabilities	31,303	9,304	-	2,455,511	-	557,633	40,344	3,094,095
Net Assets								
Invested in capital assets, net of related debt	-	-	-	2,557,761	-	1,831,506	1,120,103	5,509,370
Restricted	123,785	-	-	-	-	-	-	123,785
Unrestricted	-	92,063	-	260,233	119,619	65,460	69,492	606,867
Total Net Assets	$ 123,785	$ 92,063	$ -	$ 2,817,994	$ 119,619	$ 1,896,966	$ 1,189,595	$6,240,022

The notes to the financial statements are an integral part of this statement.

PIKE COUNTY, GEORGIA
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Pike County Department of Public Health	Pike County J. Joel Edwards Public Library	Pike County Clean and Beautiful	Pike County Water and Sewerage Authority	Pike County Agribusiness Authority	Development Authority of Pike County	Pike County Recreation Authority	Total
Expenses:								
General government	$ -	$ -	$ 4,687	$ -	$ 31,868	$ 120,604	$ -	$ 157,159
Health and welfare	316,322	-	-	-	-	-	-	316,322
Culture and recreation	-	122,119	-	-	-	-	473,093	595,212
Water and sewer	-	-	-	374,057	-	-	-	374,057
Interest on long term debt	-	-	-	-	-	-	1,451	1,451
Total Expenses	316,322	122,119	4,687	374,057	31,868	120,604	474,544	1,444,201
Revenues:								
Program revenues:								
Charges for services	209,795	3,488	-	86,979	4,294	-	121,990	426,546
Operating grants and contributions	157,528	97,609	-	141,564	17,500	133,162	303,606	850,969
Capital grants and contributions	-	-	-	372,719	38,000	-	-	410,719
Total Program Revenues	367,323	101,097	-	601,262	59,794	133,162	425,596	1,688,234
Net Program (Expense)	51,001	(21,022)	(4,687)	227,205	27,926	12,558	(48,948)	244,033
General Revenues:								
Interest earnings	170	334	106	343	409	16,411	157	17,930
Miscellaneous	-	702	-	-	-	-	12,481	13,183
Total General Revenues	170	1,036	106	343	409	16,411	12,638	31,113
Change in Net Assets	51,171	(19,986)	(4,581)	227,548	28,335	28,969	(36,310)	275,146
Net Assets - Beginning of year	72,614	112,049	4,581	2,590,446	91,284	1,867,997	1,225,905	5,964,876
Net Assets - End of year	$ 123,785	$ 92,063	$ -	$ 2,817,994	$ 119,619	$ 1,896,966	$ 1,189,595	$6,240,022

The notes to the financial statements are an integral part of this statement.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies

Pike County was established under the provisions of an Act of the General Assembly of Georgia. The County operates under a county commissioner form of government, and provides the following services as authorized by state law, general administrative services, public safety, roads and bridges, tax assessment and collection, culture and recreation, courts and health and welfare.

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The County also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise funds at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements.

A. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of Pike County (the primary government) and any component units. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationships with the County. In conformity with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards No. 14, *The Financial Reporting Entity*, which was adopted by the County as of November 1, 1995, the financial statements of each component unit has been included as a discretely presented component unit. The component unit columns in the combined financial statements include the financial data for the Pike County Department of Public Health, the Pike County Clean and Beautiful Authority, Pike County Library, Pike County Agribusiness Authority, Development Authority of Pike County, Pike County Water Authority, and the Pike County Recreation Authority, as of June 30, 2011. The financial information for the component units is reported in columns separate from the County's financial information to emphasize that it is legally separate from the County.

Pike County Department of Public Health (Health Department)

The Health Department is charged with determining the health needs and resources of its jurisdiction, developing programs, activities, and facilities responsive to those needs, and enforcing all laws related to health matters unless they fall under the jurisdiction of other agencies. The County appoints the voting majority of the board. The County provides significant operating subsidies to the department. The Health Department is presented as a governmental fund type. Complete financial statements of the Pike County Department of Public Health may be obtained from their administrative office at the following location:

Pike County Department of Public Health
201 Griffin Street
Zebulon, Georgia 30295

Pike County Clean and Beautiful

Pike County Clean and Beautiful Authority promotes and develops recycling within the County. The County provides significant operating subsidies to the authority. The Authority is presented as a governmental fund type and only maintains a General Fund. The Authority does not issue separate financial statements and the Authority was closed during fiscal year 2011.

Pike County J. Joel Edwards Public Library

The Pike County J. Joel Edwards Public Library provides educational and other reading materials to the citizens of Pike County. The County provides significant operating subsidies to the library. The Pike County J. Joel Edwards Public Library is presented as a governmental fund type and only maintains a General Fund. The Pike County J. Joel Edwards Public Library does not issue separate financial statements.

Pike County Agribusiness Authority

The Pike County Agribusiness Authority is a nonprofit 501(c) 3 organization that promotes agriculture in Pike County. The County provides significant operating subsidies to the Authority. The Pike County Agribusiness Authority is presented as a governmental fund type and only maintains a General Fund. The Pike County Agribusiness Authority does not issue separate financial statements.

Development Authority of Pike County

The Development Authority of Pike County promotes new industry and existing industry in Pike County. The County provides significant operating subsidies to the Authority. The Development Authority of Pike County is presented as a

governmental fund type. Separate financial statements may be obtained from their administrative office at the following location:

Development Authority of Pike County
P.O. Box 1147
Zebulon, Georgia 30295

Pike County Water and Sewerage Authority

The Pike County Water and Sewerage Authority is responsible for developing necessary infrastructure to provide water and sewerage service to the unincorporated areas of Pike County. The County provides significant operating subsidies to the Authority. The Pike County Water and Sewerage Authority are presented as a governmental fund type. Separate financial statements may be obtained from their administrative office at the following location:

Pike County Water and Sewerage Authority
P.O. Box 948
Zebulon, Georgia 30295

Pike County Recreation Authority

The Pike County Recreation Authority is responsible for developing and promoting recreational needs within the County. The County provides significant operating subsidies to the Authority. The Pike County Recreation Authority is presented as a governmental fund type. Separate financial statements may be obtained from their administrative office at the following location:

Pike County Recreation Authority
P.O. Box 697
Zebulon, Georgia 30295

Under Georgia law, the County, in conjunction with other cities and counties in the five county RC membership, is a member of the Three Rivers Regional Commission (RC) and is required to pay annual dues thereto. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC 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 an RC. Separate financial statements may be obtained from:

Three Rivers Regional Commission
P.O. Box 818
Griffin, Georgia 30224

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Assets and Statement of Change in Net Assets) report information on all of the nonfiduciary activities of the primary government and its component units. 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.

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

Government-Wide Financial Statements

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally 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 government has elected not to follow subsequent private-sector guidance.

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

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.

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

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Under 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 services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the obligations are expected to be liquidated with expendable available financial resources.

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

The fund financial statements provide more detailed information about the government's most significant funds, not the government as a whole. The activities of the government are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The government reports the following major governmental funds:

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

E911 Fund – This fund accounts for the E-911 fees collected and disbursements for the operation of the E911 call center.

Impact Fees Fund – The Impact Fees Fund is used to account for the proceeds of impact fees collected and the capital projects approved for those funds.

Additionally, the government reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Project Funds – The 2006 SPLOST Fund is used to account for the proceeds and various projects associated with the approved SPLOST. The 2011 SPLOST Fund is used to account for the proceeds and various projects associated with the approved SPLOST. The Jail Construction fund is used to account for capital improvements made on the jail.

Agency Funds – Agency Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates, and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

E. Receivables

Receivables and Due from Other Governments represent funds to be received from other local governments, state grant-in-aid, state contracts, or federal funds. No allowance is deemed necessary for these receivables.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables, have been reduced to their estimated net realizable value, and are shown net of an allowance for doubtful accounts. Estimated uncollectible amounts are based upon historical experience rates.

F. Inventories

Inventories of expendable supplies held for consumption are not considered material and are recorded as expenditures, or expenses, as appropriate, when purchased.

G. Prepaid Items

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

H. Capital Assets

Capital assets, which include property, plant equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items acquired subsequent to November 1, 2003) are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. 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 cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the County during the current fiscal year was $26,431. Of this amount, none was applicable to construction of capital assets.

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

Building	25-40 years
Equipment	5-20 years
Infrastructure	50 years
Furniture	5 years
Vehicles	5 years
Intangible assets	3-5 years

I. Compensated Absences

It is the County's policy to permit employees to accumulate earned by unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation 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 and retirements.

J. 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 cost, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are 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.

K. Fund Equity

In the financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – amounts are restricted when constraints have been placed on the use of resources by (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners. The Board of Commissioners approves committed resources through a motion and vote during the voting session of Board meetings.

- Assigned – amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. The intent is expressed by the Board of Commissioners.
- Unassigned – amounts that have not been assigned to other funds and that are not restricted, committed or assigned to specific purposes within the General Fund.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

The County does not have a formal minimum fund balance policy.

The following is a summary of the fund balance classifications as of June 30, 2011:

	General Fund	E911	Impact Fees	Nonmajor Governmental	Total
Fund Balances					
Nonspendable:					
Inventory	$ 28,036	$ -	$ -	$ -	$ 28,036
Prepaids	242,854	-	-	-	242,854
Restricted for:					
Capital outlay	-	-	275,390	-	275,390
Law library	-	-	-	4,077	4,077
Public safety	-	-	-	51,279	51,279
Drug awareness	-	-	-	11,340	11,340
Jail construction	-	-	-	27,699	27,699
Assigned for:					
Juvenile court	-	-	-	28,507	28,507
Unassigned	1,038,764	-	-	(18,251)	1,020,513
Total fund balances	$ 1,309,654	$ -	$ 275,390	$ 104,651	$ 1,689,695

L. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors or omissions. The County purchases commercial insurance for most types of risk. For these risks, settlements have not exceeded coverage's for each of the past three fiscal years. The County had no significant reduction in insurance coverage from coverage in the prior year.

The County has joined together with other municipalities in the state as part of the ACCG Group Self Insurance Workers' Compensation Self Insurance Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments. The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings, which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability. The Fund is 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. For the fiscal year ending June 30, 2011, the County's total contribution was $111,271 for the Workers Compensation Fund.

The County is a member of the ACCG Interlocal Risk Management Agency (ACCG-IRMA). This agency functions as a risk sharing arrangement among Georgia County governments and is administered by the Association of County Commissioners of Georgia (ACCG). The purpose of ACCG-IRMA is to establish and administer one or more group self-insurance funds; to establish and administer a risk management service; and to prevent or lessen the incidence or severity of casualty and property losses. Each member pays an annual contribution established by the Board of ACCG-IRMA. For the period July 1, 2010 – June 30, 2011, the County's total contribution was $143,942. ACCG-IRMA may develop and issue such self-insurance coverage descriptions, as it deems necessary. The current coverage provides a $1,000,000 general liability limit with a $1,000 per occurrence deductible.

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

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

A. Budget Process

The annual budget document is the financial plan for the operation of Pike County. The budget process exists for the purpose of providing a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the financial posture of the County.

The County prepares a separately issued budget report. An annual operating budget is prepared for the General and Special Revenue funds. Prior to year end the County Manager submits to the Board of Commissioners a proposed operating budget for the

fiscal year commencing the following November 1. The operating budget includes proposed expenditures and the means of financing them. The Board of Commissioners holds a public hearing on the budget, giving notice thereof at least ten days in advance by publication in the official organ of Pike County. The budget is then revised and adopted or amended by the Board of Commissioners at a regular meeting before the year to which it applies. The budget so adopted may be revised during the year only by formal action of the Board of Commissioners in a regular meeting and no increase shall be made therein without provision also being made for financing same. The legal level of control is at the department level.

Formal budgetary integration is employed as a management control device during the year. The budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The General Fund is subject to budgetary control on a departmental basis, while the Special Revenue funds are subject to budgetary control on an individual fund basis. Budgets are prepared for the Capital Projects Funds on a project basis, which usually covers two or more fiscal years. Budgeted amounts are as originally adopted, or as amended by the Board of Commissioners. Individual amendments are not material in relation to the original appropriations.

B. Encumbrances - reconciliations

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to serve that portion of the applicable appropriation, is not employed by the County. Budget to Generally Accepted Accounting Principal Basis reconciliation's are not required.

C. Deficit Fund Equity

The 2011 SPLOST capital projects fund had a deficit fund balance of $18,251. The fund incurred expenditures prior to the receipt of special purpose local option sales taxes. The County plans to eliminate this deficit with future special purpose local option sales taxes.

NOTE 3 – DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the County's deposits may not be recovered.

The County's bank balances of deposits as of June 30, 2011, are entirely insured or collateralized with securities held by the County's agent in the County's name.

State statues require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

At June 30, 2011, the carrying amount of deposits for the Pike County Department of Public Health, a discretely presented component unit, was $142,346. All of the bank balance was covered by federal depository insurance or by collateral held.

At June 30, 2011, the carrying amount of deposits for the Pike County Library, a discretely presented component unit, was $101,367. All of the bank balance was covered by federal depository insurance or by collateral held.

At June 30, 2011, the carrying amount of deposits for the Pike County Water and Sewerage Authority, a discretely presented component unit, was $279,767. All of the bank balance was covered by federal depository insurance or by collateral held.

At June 30, 2011, the carrying amount of deposits for the Development Authority of Pike County, a discretely presented component unit, was $68,901. All of the bank balance was covered by federal depository insurance or by collateral held.

At June 30, 2011, the carrying amount of deposits for the Pike County Recreation Authority, a discretely presented component unit, was $89,962. All of the bank balance was covered by federal depository insurance or by collateral held.

NOTE 4 – PROPERTY TAXES

The Board of Commissioners levied property taxes on August 23, 2010. Property taxes attached as an enforceable lien on property as of January 1. Property taxes were billed on September 20, 2010 and were payable on December 20, 2010.

NOTE 5 – RECEIVABLES

Receivables at June 30, 2011, consist of the following:

	General Fund	E911 Fund	Non-Major Funds	Total
Receivables:				
Taxes	$ 436,637	$ -	$ 1,413	$ 438,050
Accounts	14,592	57,700	3,081	75,373
Gross Receivables	451,229	57,700	4,494	513,423
Less: Allowance for Uncollectible	(63,829)	-	-	(63,829)
Net Total Receivables	$ 387,400	$ 57,700	$ 4,494	$ 449,594

NOTE 6 – DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 2011, are as follows:

	Federal	State	Local	Total
Fund:				
General Fund	$ -	$ 70,799	$ 9,009	$ 79,808
Nonmajor Governmental Fund	1,350	-	-	1,350
Total	$ 1,350	$ 70,799	$ 9,009	$ 81,158

The amounts due from state government are primarily for sales tax and grant funds.

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

Due to / from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	E911 Fund	$ 153,224
	Impact Fees Fund	44,253
	Nonmajor Governmental Fund	12,050
Nonmajor Governmental Fund	General Fund	12,724
Total		$ 222,251

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

Interfund transfers:

	Transfer In:				
	General Fund	E911 Fund	Impact Fees Fund	Nonmajor Governmental	Total
Transfer Out:					
General Fund	$ -	$ 249,396	$ -	$ -	$ 249,396
Impact Fees Fund	56,447	-	-	-	56,447
Nonmajor Governmental Fund	254,254	-	116,551	-	370,805
Total	$ 310,701	$ 249,396	$ 116,551	$ -	$ 676,648

Transfers are used to move unrestricted revenue to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsides or matching fund for various grant programs.

NOTE 8 – CAPITAL ASSETS

	Restated Beginning Balance	Increase	Decrease	Transfer	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 308,403	$ -	$ -	$ -	$ 308,403
Construction in progress	-	18,251	-	-	18,251
Total capital assets, not being depreciated	308,403	18,251	-	-	326,654
Capital assets, being depreciated:					
Buildings	3,770,965	-	-	-	3,770,965
Machinery and equipment	2,877,968	186,630	-	-	3,064,598
Vehicles	3,661,548	86,054	(21,348)	-	3,726,254
Intangible assets	27,995	-	-	-	27,995
Infrastructure	596,213	-	-	-	596,213
Total capital assets, being depreciated	10,934,689	272,684	(21,348)	-	11,186,025
Less accumulated depreciation for:					
Buildings	(958,056)	(95,302)	-	-	(1,053,358)
Machinery and equipment	(2,371,353)	(202,866)	-	99,775	(2,474,444)
Vehicles	(1,786,954)	(432,850)	6,422	(77,873)	(2,291,255)
Intangible assets	(27,995)	-	-	-	(27,995)
Infrastructure	(9,852)	(11,924)	-	(21,902)	(43,678)
Total accumulated depreciation	(5,154,210)	(742,942)	6,422	-	(5,890,730)
Total capital assets, being depreciated, net	5,780,479	(470,258)	(14,926)	-	5,295,295
Governmental activities capital assets, net	$ 6,088,882	$ (452,007)	$ (14,926)	$ -	$ 5,621,949

In accordance with GASB 51 the County has identified intangible assets which are fully depreciated.

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

Governmental activities:	
General government	$ 88,655
Public safety	482,961
Public works	155,648
Courts	8,694
Culture and recreation	6,984
Total depreciation expense - governmental activities	$ 742,942

Activity for the Pike County Water and Sewerage Authority for the fiscal year ended June 30, 2011 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Discretely presented component units:				
Capital assets, being depreciated:				
Capitalized interest	$ 116,213	$ -	$ -	$ 116,213
Water tower, well and treatment plant	82,863	-	-	82,863
Water and sewer lines	5,375,121	41,870	-	5,416,991
Vehicle	20,557	-	-	20,557
Storage building	2,100	600	-	2,700
Total capital assets, being depreciated	5,596,854	42,470	-	5,639,324
Less accumulated depreciation for:				
Capitalized interest	(8,715)	(2,905)	-	(11,620)
Water tower, well and treatment plant	(16,846)	(4,275)	-	(21,121)
Water and sewer lines	(471,144)	(132,697)	-	(603,841)
Vehicle	(5,874)	(2,937)	-	(8,811)
Storage building	(600)	(300)	-	(900)
Total accumulated depreciation	(503,179)	(143,114)	-	(646,293)
Total capital assets, being depreciated, net	5,093,675	(100,644)	-	4,993,031
Water and sewerage authority capital assets, net	$ 5,093,675	$ (100,644)	$ -	$ 4,993,031

Activity for the Pike County Agribusiness Authority for the fiscal year ended June 30, 2011 was as follows:

	Beginning Balance	Increase	Decrease	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 22,500	$ -	$ -	$ -	$22,500
Construction in progress	19,050	23,593	-	(19,050)	23,593
Total capital assets, not being depreciated	41,550	23,593	-	(19,050)	46,093
Capital assets, being depreciated:					
Building	7,069	-	-	-	7,069
Site improvements	28,859	-	-	19,050	47,909
Equipment	1,200	-	-	-	1,200
Total capital assets, being depreciated	37,128	-	-	19,050	56,178
Less accumulated depreciation for:					
Building	(3,888)	(710)	-	-	(4,598)
Site improvements	(14,639)	(4,789)	-	-	(19,428)
Equipment	(944)	(171)	-	-	(1,115)
Total accumulated depreciation	(19,471)	(5,670)	-	-	(25,141)
Total capital assets, being depreciated, net	17,657	(5,670)	-	19,050	31,037
Agribusiness authority capital assets, net	$ 59,207	$17,923	$ -	$ -	$77,130

Activity for the Development Authority of Pike County for the fiscal year ended June 30, 2011 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	$ 2,325,308	$ -	$ -	$ 2,325,308
Total capital assets, not being depreciated	2,325,308	-	-	2,325,308
Capital assets, being depreciated:				
Building	60,000	-	-	60,000
Equipment	8,279	7,950	-	16,229
Total capital assets, being depreciated	68,279	7,950	-	76,229
Less accumulated depreciation for:				
Building	-	-	-	-
Equipment	(11,601)	(4,238)	-	(15,839)
Total accumulated depreciation	(11,601)	(4,238)	-	(15,839)
Total capital assets, being depreciated, net	56,678	3,712	-	60,390
Development authority capital assets, net	$ 2,381,986	$ 3,712	$ -	$ 2,385,698

Activity for the Pike County Recreation Authority for the fiscal year ended June 30, 2011was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	$ 475,000	$ -	$ -	$ 475,000
Total capital assets, not being depreciated	475,000	-	-	475,000
Capital assets, being depreciated:				
Building	401,484	-	-	401,484
Furniture, fixture & equipment	412,538	53,804	-	466,342
Vehicles	15,708	-	-	15,708
Infrastructure	9,780	-	-	9,780
Total capital assets, being depreciated	839,510	53,804	-	893,314
Less accumulated depreciation for:				
Building	(71,324)	(14,448)	-	(85,772)
Furniture, fixture & equipment	(104,952)	(30,134)	-	(135,086)
Vehicles	(3,141)	(3,142)	-	(6,283)
Infrastructure	(544)	(652)	-	(1,196)
Total accumulated depreciation	(179,961)	(48,376)	-	(228,337)
Total capital assets, being depreciated, net	659,549	5,428	-	664,977
Recreation authority capital assets, net	$ 1,134,549	$ 5,428	$ -	$ 1,139,977

NOTE 9 – LONG-TERM DEBT

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2011, was as follows:

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	$ 690,000	$ -	$ (690,000)	$ -	$ -
Add deferred amounts					
Premium on bonds	1,337	-	(1,337)	-	-
Notes Payable	30,000	-	(15,000)	15,000	15,000
Capital Lease	-	160,280	(18,699)	141,581	32,056
Landfill postclosure cost	385,000	-	(23,675)	361,325	27,500
Compensated absences	92,469	89,696	(87,158)	95,007	83,750
Governmental activity Long-term liabilities	$ 1,198,806	$ 249,976	$ (835,869)	$ 612,913	$ 158,306

For the governmental activities, compensated absences are generally liquidated by the general fund.

General Obligation Bonds – During 2007, the County issued $2,310,000 Series 2006 General Obligation Sales Tax Bonds. The interest rate carried on the bonds is 3.5% and will be repaid in principal installments beginning in February 2008. The bonds will be repaid from the proceeds received from the imposition of a 1%sales and use tax which began during 2007. The proceeds of the issue were designated for the purchase of equipment for the road department, the acquisition, construction and equipping of land and public safety improvements and equipment, including a new County fire station and improvements to existing County fire stations and renovations to County facilities necessary to be compliant with the Americans with Disabilities Act. The Series 2006 General Obligation Sales Tax Bonds was paid in full during fiscal year 2011.

Note Payable – During 2010, the County obtained a $60,000 note payable from the City of Concord for the financing of fire equipment. The note payable called for an initial payment of $30,000 upon execution of the purchase agreement, and two annual installments of $15,000 to January 1, 2012. As of June 30, 2011, the annual debt service requirement to maturity for this note payable is $15,000. The note payable bears interest of 0%.

Capital Lease Payable – The County obtained a $160,280 capital lease from AT&T Capital Services, Inc. for the financing of E911 equipment. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011, were as follows:

Year Ending June 30th	Governmental Activities	
	Principal	Interest
2012	$ 32,056	$ 3,911
2013	32,056	3,911
2014	32,056	3,911
2015	32,056	3,911
2016	13,357	1,630
Total	$ 141,581	$ 17,274

Landfill Closure Costs – In 1994, the County closed its landfill site. State regulations require the County to perform certain maintenance and monitoring functions for thirty years after closure, Under GASB 18, the County is required to disclose the estimated maintenance and monitoring cost $361,325. The required plan for closure of the landfill was adopted by the County and approved by the State of Georgia. Estimates were outlined in the plan and updated in 2011. These costs are subject to change due to inflation or deflation, technology or applicable laws and regulations. The County is not required to commit current financial resources to guarantee future maintenance and monitoring activities.

Discretely presented component units:

Activity for the Pike County Water and Sewer Authority for the fiscal year ended June 30, 2011, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
USDA note payable	$ 2,758,301	$ -	$ (323,031)	$ 2,435,270	$ 32,726
Water and sewer authority long-term liabilities	$ 2,758,301	$ -	$ (323,031)	$ 2,435,270	$ 32,726

Activity for the Development Authority of Pike County for the fiscal year ended June 30, 2011, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
United Bank Loan	$ 578,688	$ -	$ (24,496)	$ 554,192	$ -
Development authority long-term liabilities	$ 578,688	$ -	$ (24,496)	$ 554,192	$ -

Activity for the Pike County Recreation Authority for the fiscal year ended June 30, 2011, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Note Payable	$ 24,176	$ -	$ (4,302)	$ 19,874	$ 4,560
Recreation authority long-term liabilities	$ 24,176	$ -	$ (4,302)	$ 19,874	$ 4,560

NOTE 10 – TAX ANTICIPATION LOAN

During fiscal year 2011, the County obtained a tax anticipation note of $800,000 to finance the general obligations of the County. The note bore interest at 3.35%.

Short-term debt activity for the fiscal year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Tax Anticipation Loan	$ -	$ 770,000	$ (770,000)	$ -
Total Short-term liability activity	$ -	$ 770,000	$ (770,000)	$ -

NOTE 11 – EMPLOYEE RETIREMENT PLANS

ACCG Defined Contribution Plan

Plan Description

The County contributes to the Association of County Commissioners of Georgia (ACCG) Defined Contribution Plan 401(a), administered by the Government Employee Benefits Corporation of Georgia (GEBCorp), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for Counties in the State of Georgia. GEBCorp provides retirement and death benefits to plan members and beneficiaries. GEBCorp issues a publicly available financial report that includes financial statements and required supplementary information for the County. That report may be obtained by writing to:

1100 Circle 75 Parkway
Suite 300
Atlanta, Georgia 30339

Funding Policy

County employees are required to contribute to the plan if they are to be members and receive the County match. The required member contribution is equal to 3% of the member's gross salary. The County is required to contribute 1% of the members' gross salary. The Plan provisions are established and may be amended by the Pike County Board of Commissioners and the ACCG Defined Benefit Board of Trustees. The contribution requirements of the plan members are established and may be amended by the ACCG Defined Benefit Board of Trustees. The County's contributions to GEBCorp for the fiscal year ended June 30, 2011 were $9,102. The Member's contributions to GEBCorp for the fiscal year ended June 30, 2011 were $28,136.

NOTE 12 – POST-EMPLOYMENT BENEFITS

The County does not provide supplemental life or health insurance coverage to retirees.

NOTE 13 – CONTINGENT LIABILITIES

A. Litigation

During the course of normal operations of the County, various claims and lawsuits arise. The County attorney has advised that there are no potential liabilities that will impair the position as of the date of this audit report.

B. Federal Grants

The County participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their

representatives, and the audits of these programs for or including the eight months ended June 30, 2011, have not yet been conducted. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

NOTE 14 – SUBSEQUENT EVENT

During the beginning of fiscal year 2012, the County obtained a tax anticipation note of $800,000 to finance the general obligations of the County. The note bore interest at 3.20% and will be paid off prior to December 31, 2011.

NOTE 15 – RESTATEMENT OF EQUITY BALANCES

The County has determined that a prior period adjustment is necessary to correct the reporting of landfill postclosure costs and to correct the reporting of a notes payable transaction. The effect of these adjustments is as follows:

	Governmental Activities
Net assets, June 30, 2010 - *as previously reported*	$ 7,257,141
Adjustments to net assets:	
Landfill postclosure costs	(385,000)
Net assets, June 30, 2010, restated	$ 6,872,141

The effect of the adjustments on the fund level statements is as follows:

	Fire Fund
Fund Balance, June 30, 2010 - *as previously reported*	$ 83,031
Adjustments to net assets:	
Correction of reported notes payable	30,000
Fund Balance, June 30, 2010, restated	$ 113,031

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Fire Fund – This fund accounts for the fire fees collected and various fire department projects.

Law Library Fund – This fund accounts for the resources received from the various courts of Pike County and disbursements for the support of a centralized law library.

Law Enforcement Confiscation Fund – This fund accounts for Federal and State condemned funds received and disbursed for Law Enforcement expenditures.

Drug Abuse Treatment Fund – This fund accounts for fines collected as required by State Law for drug abuse treatment and educational purposes.

Juvenile Court Fund – This fund accounts for the supervisory fees collected by Superior Court and disbursed for Council of Juvenile Court Judges.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

2006 SPLOST Fund – The 2006 SPLOST Fund is used to account for the proceeds and various projects associated with the approved SPLOST.

2011 SPLOST Fund – The 2011 SPLOST Fund is used to account for the proceeds and various projects associated with the approved SPLOST.

Jail Construction Fund – This fund accounts for fines collected as required by State Law for jail operations and construction.

PIKE COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	Special Revenue Funds				
	Fire Fund	Law Library	Law Enforcement Confiscation	Drug Abuse Treatment	Juvenile Court
ASSETS					
Cash and cash equivalents	$ 22,934	$ 4,077	$ 51,037	$ 12,650	$ 27,957
Receivables, net of allowance					
Taxes	-	-	-	-	-
Accounts	-	-	3,081	-	-
Due from other governments	-	-	-	-	1,350
Due from other funds	12,724	-	-	-	-
Total Assets	$ 35,658	$ 4,077	$ 54,118	$ 12,650	$ 29,307
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 35,658	$ -	$ 2,839	$ 1,310	$ 800
Due to other funds	-	-	-	-	-
Total Liabilities	35,658	-	2,839	1,310	800
Fund Balances:					
Restricted	-	4,077	51,279	11,340	-
Assigned	-	-	-	-	28,507
Unassigned	-	-	-	-	-
Total Fund Balances	-	4,077	51,279	11,340	28,507
Total Liabilities and Fund Balances	$ 35,658	$ 4,077	$ 54,118	$ 12,650	$ 29,307

PIKE COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011
(CONTINUED)

Capital Project Funds			Total Nonmajor Governmental Funds
2006 SPLOST	2011 SPLOST	Jail Construction	
$ 20,237	$ 6,113	$ 27,699	$ 172,704
1,413	-	-	1,413
-	-	-	3,081
-	-	-	1,350
-	-	-	12,724
$ 21,650	$ 6,113	$ 27,699	$ 191,272
$ 21,650	$ 12,314	$ -	$ 74,571
-	12,050	-	12,050
21,650	24,364	-	86,621
-	-	27,699	94,395
-	-	-	28,507
-	(18,251)	-	(18,251)
-	(18,251)	27,699	104,651
$ 21,650	$ 6,113	$ 27,699	$ 191,272

PIKE COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Special Revenue Funds				
	Fire Fund	Law Library	Law Enforcement Confiscation	Drug Abuse Treatment	Juvenile Court
Revenues:					
Taxes	$ -	$ -	$ -	$ -	$ -
Intergovernmental	22,100	-	-	-	7,330
Charges for services	480,652	-	-	-	-
Fines	-	7,867	20,451	6,633	4,369
Other revenues	1,657	-	-	-	-
Interest earnings	-	-	3	40	60
Total Revenues	504,409	7,867	20,454	6,673	11,759
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	297,121	16,300	7,620	9,393	11,081
Intergovernmental	-	-	-	-	-
Debt Service					
Principal	15,000	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital Outlay	44,815	-	-	-	-
Total Expenditures	356,936	16,300	7,620	9,393	11,081
Excess (Deficiency) of Revenues Over (Under) Expenditures	147,473	(8,433)	12,834	(2,720)	678
Other Financing Sources (Uses):					
Transfer to other funds	(260,504)	-	-	-	-
Total other financing sources (uses)	(260,504)	-	-	-	-
Net change in fund balances	(113,031)	(8,433)	12,834	(2,720)	678
Fund balance, beginning of year - restated	113,031	12,510	38,445	14,060	27,829
Fund Balance, end of year (Deficit)	$ -	$ 4,077	$ 51,279	$ 11,340	$ 28,507

PIKE COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)

Capital Project Funds			Total Nonmajor Governmental Funds
2006 SPLOST	2011 SPLOST	Jail Construction	
$ 304,763	$ -	$ -	$ 304,763
-	-	-	29,430
-	-	-	480,652
-	-	24,006	63,326
-	-	-	1,657
209	-	304	616
304,972	-	24,310	880,444
525	-	-	525
-	-	33,887	375,402
97,519	-	-	97,519
690,000	-	-	705,000
24,150	-	-	24,150
-	18,251	12,284	75,350
812,194	18,251	46,171	1,277,946
(507,222)	(18,251)	(21,861)	(397,502)
-	-	(110,301)	(370,805)
-	-	(110,301)	(370,805)
(507,222)	(18,251)	(132,162)	(768,307)
507,222	-	159,861	872,958
$ -	$ (18,251)	$ 27,699	$ 104,651

PIKE COUNTY, GEORGIA

FIRE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for services	$ 474,512	$ 480,652	$ 6,140
Intergovernmental revenues	-	22,100	22,100
Other revenues	-	1,657	1,657
Total Revenues	474,512	504,409	29,897
Expenditures:			
Current:			
Public safety	297,121	297,121	-
Debt Service			
Principal	15,000	15,000	-
Capital Outlay	44,815	44,815	-
Total Expenditures	356,936	356,936	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	117,576	147,473	29,897
Other Financing Sources (Uses):			
Transfers to other funds	(260,504)	(260,504)	-
Total Other Financing Sources (Uses)	(260,504)	(260,504)	-
Net change in fund balance	$ (142,928)	(113,031)	$ 29,897
Fund balance - beginning of year - restated		113,031	
Fund Balance - end of year		$ -	

PIKE COUNTY, GEORGIA

LAW LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and forfeitures	$ 11,000	$ 7,867	$ (3,133)
Total Revenues	11,000	7,867	(3,133)
Expenditures:			
Current:			
Public safety	16,300	16,300	-
Total Expenditures	16,300	16,300	-
Net change in fund balance	$ (5,300)	(8,433)	$ (3,133)
Fund balance - beginning of year		12,510	
Fund balance - end of year		$ 4,077	

PIKE COUNTY, GEORGIA

LAW ENFORCEMENT CONFISCATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and forfeitures	$ 100	$ 20,451	$ 20,351
Interest income	-	3	3
Total Revenues	100	20,454	20,354
Expenditures:			
Current:			
Public safety	7,620	7,620	-
Total Expenditures	7,620	7,620	-
Net change in fund balance	$ (7,520)	12,834	$ 20,354
Fund balance - beginning of year		38,445	
Fund balance - end of year		$ 51,279	

PIKE COUNTY, GEORGIA

DRUG ABUSE TREATMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and forfeitures	$ 1,705	$ 6,633	$ 4,928
Interest income	35	40	5
Total Revenues	1,740	6,673	4,933
Expenditures:			
Current:			
Public safety	9,393	9,393	-
Total Expenditures	9,393	9,393	-
Net change in fund balance	$ (7,653)	(2,720)	$ 4,933
Fund balance - beginning of year		14,060	
Fund balance - end of year		$ 11,340	

PIKE COUNTY, GEORGIA

JUVENILE COURT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	$ 2,845	$ 7,330	$ 4,485
Fines and forfeitures	5,200	4,369	(831)
Interest income	100	60	(40)
Total Revenues	8,145	11,759	3,614
Expenditures:			
Current:			
Public safety	11,081	11,081	-
Total Expenditures	11,081	11,081	-
Net change in fund balance	$ (2,936)	678	$ 3,614
Fund balance - beginning of year		27,829	
Fund balance - end of year		$ 28,507	

PIKE COUNTY, GEORGIA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Total - All Agency Funds				
Assets				
Cash and cash equivalents	$ 78,220	$ 10,505,398	$ 10,349,615	$ 234,003
Total Assets	$ 78,220	$ 10,505,398	$ 10,349,615	$ 234,003
Liabilities				
Due to Board of Education	$ 84,507	$ 7,554,441	$ 7,570,412	$ 68,536
Due to State of Georgia	37,447	70,247	106,629	1,065
Due to Other Governments	1,206	71,517	71,329	1,394
Other	(44,940)	2,809,193	2,601,245	163,008
Total Liabilities	$ 78,220	$ 10,505,398	$ 10,349,615	$ 234,003

PIKE COUNTY, GEORGIA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Superior Court				
Assets				
Cash and cash equivalents	$ 66,433	$ 435,353	$ 370,654	$ 131,132
Total Assets	$ 66,433	$ 435,353	$ 370,654	$ 131,132
Liabilities				
Other	$ 66,433	$ 435,353	$ 370,654	$ 131,132
Total Liabilities	$ 66,433	$ 435,353	$ 370,654	$ 131,132
Probate Court				
Assets				
Cash and cash equivalents	$ 7,472	$ 84,987	$ 88,486	$ 3,973
Total Assets	$ 7,472	$ 84,987	$ 88,486	$ 3,973
Liabilities				
Other	$ 7,472	$ 84,987	$ 88,486	$ 3,973
Total Liabilities	$ 7,472	$ 84,987	$ 88,486	$ 3,973

PIKE COUNTY, GEORGIA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Magistrate Court				
Assets				
Cash and cash equivalents	$ (883)	$ 47,794	$ 44,200	$ 2,711
Total Assets	$ (883)	$ 47,794	$ 44,200	$ 2,711
Liabilities				
Other	$ (883)	$ 47,794	$ 44,200	$ 2,711
Total Liabilities	$ (883)	$ 47,794	$ 44,200	$ 2,711
Sheriff's Office				
Assets				
Cash and cash equivalents	$ 10,868	$ 7,429	$ 7,038	$ 11,259
Total Assets	$ 10,868	$ 7,429	$ 7,038	$ 11,259
Liabilities				
Other	$ 10,868	$ 7,429	$ 7,038	$ 11,259
Total Liabilities	$ 10,868	$ 7,429	$ 7,038	$ 11,259

PIKE COUNTY, GEORGIA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Tax Commissioner's Office				
Assets				
Cash and cash equivalents	$ (5,670)	$ 9,929,835	$ 9,839,237	$ 84,928
Total Assets	$ (5,670)	$ 9,929,835	$ 9,839,237	$ 84,928
Liabilities				
Due to Board of Education	$ 37,447	$ 7,601,501	$ 7,570,412	$ 68,536
Due to State of Georgia	617	107,077	106,629	1,065
Due to Other Governments	1,206	71,517	71,329	1,394
Other	(44,940)	2,149,740	2,090,867	13,933
Total Liabilities	$ (5,670)	$ 9,929,835	$ 9,839,237	$ 84,928

GOVERNMENTAL REPORTS

PIKE COUNTY, GEORGIA

SCHEDULE OF PROJECT EXPENDITURES WITH SPECIAL SALES TAX PROCEEDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011

Project 2006 Special Local Option Sales Tax	Original Estimated Budget	Expenditures Prior Years	Expenditures Current Year	Total	Estimated Percentage of Completion
Pike County					
Construction, improving and equipping of fire stations *(Note)*	$1,600,000	$1,879,794	$ -	$ 1,879,794	117%
Acquisition of road equipment	400,000	400,000	-	400,000	100%
Renovations to county facilities necessary to be compliant with the Americans with Disabilities Act	250,000	249,696	-	249,696	100%
Other	736,000	-	-	-	0%
Total Pike County	2,986,000	2,529,490	-	2,529,490	
City of Concord					
Improvements to community center facility	250,000	204,522	18,558	223,080	89%
Total City of Concord	250,000	204,522	18,558	223,080	
City of Meansville					
Improvements to the city hall, paving improvements and acquisition of fire protection equipment	250,000	204,522	18,558	223,080	89%
Total City of Meansville	250,000	204,522	18,558	223,080	
City of Molena					
Acquisition, construction and equipping of new city hall / fire station building	220,000	179,910	16,325	196,235	89%
Total City of Molena	220,000	179,910	16,325	196,235	
City of Williamson					
Improvements and extensions to water system	94,000	76,844	6,972	83,816	89%
Total City of Williamson	94,000	76,844	6,972	83,816	
City of Zebulon					
Improvements to city hall	500,000	408,867	37,106	445,973	89%
Total City of Zebulon	500,000	408,867	37,106	445,973	
Debt Service					
Bonded SPLOST projects	-	1,447,307	714,675	2,161,982	
Total Debt Service	-	1,447,307	714,675	2,161,982	
Total 2006 SPLOST	$4,300,000	$5,051,462	$ 812,194	$ 5,863,656	

*Note: The 2006 SPLOST was closed out during FY 2011.

PIKE COUNTY, GEORGIA

SCHEDULE OF PROJECT EXPENDITURES WITH SPECIAL SALES TAX PROCEEDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011
(CONTINUED)

Project 2011 Special Local Option Sales Tax	Original Estimated Budget	Expenditures Prior Years	Expenditures Current Year	Total	Estimated Percentage of Completion
Courthouse Renovations	$2,500,000	$ -	$ 18,251	$ 18,251	1%
Road, Street and Bridge Projects	2,900,000	-	-	-	0%
Total 2011 SPLOST	$5,400,000	$ -	$ 18,251	$ 18,251	

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CLH&P CLIFTON, LIPFORD, HARDISON & PARKER, LLC

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

Board of Commissioners
Pike County, Georgia
Zebulon, Georgia

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pike County, Georgia as of and for the fiscal year ended June 30, 2011, which collectively comprise Pike County, Georgia's basic financial statements and have issued our report thereon dated October 17, 2011. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Pike County Department of Public Health, Pike County Water and Sewerage Authority, and Development Authority of Pike County, as described in our report on Pike County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. 2009-11, 2009-12

Compliance and Other Matters

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

We noted certain matters that we reported to management of Pike County, Georgia in a separate letter dated October 17, 2011.

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

This report is intended solely for the information and use of the audit committee, and management and is not intended to be and should not be used by anyone other than these specified parties.

Macon, Georgia
October 17, 2011

FINANCIAL STATEMENT FINDINGS

Findings noted on the 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*:

COMPONENT UNIT – J. JOEL EDWARDS LIBRARY

2009-11 Segregation of Duties – Reiteration of Prior Year

CRITERIA
An effective system of internal controls includes the segregation of incompatible job functions.

CONDITION
The Library is a small entity with limited personnel. Due to the limited number of personnel, one individual prepares and signs all checks, approves invoices for payment, receives, opens and reconciles the bank statements, and performs all payroll duties. The appropriate segregation of duties does not exist.

EFFECT
A lack of adequate segregation of duties decreases the effectiveness of the system of internal controls. This results in a reduced ability to detect and correct errors and increases the possibility that irregularities, including fraud, could exist and continue without notice.

CAUSE
Due to the limited number of individuals at the Library, administrative responsibilities are not adequately separated.

RECOMMENDATION
To the extent possible, administrative duties should be reassigned to separate incompatible functions.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
We agree with the finding. We will segregate these duties and have at least two people to handle them.

COMPONENT UNIT – J. JOEL EDWARDS LIBRARY

2009-12 Petty Cash – Reiteration of Prior Year

CRITERIA
A petty cash fund should be established to allow for the reimbursement of minor business expenses in an efficient and cost effective manner. A petty cash fund should have a custodian who is responsible for reconciling the fund on a regular basis, maintaining records regarding disbursements that have been made from the fund, and replenishing the fund within the approved level of the fund.

CONDITION
The following weaknesses were noted in the administration of the petty cash fund:

- Expenses which should have been paid through the Library's operating account were being paid using petty cash funds.
- Fines and fees were being deposited into the petty cash fund
- The fund was not being reconciled on a regular basis.

EFFECT
Revenues and expenses which were received and paid through the petty cash fund were not recorded in the financial records of the Library on a timely basis. Additionally, disbursements paid through petty cash were not subjected to the same control procedures as the expenses paid through the Library's operating account. The lack of reconciliations increase the likelihood that errors or fraud could occur and go undetected.

CAUSE
The Library lacks a policy regarding the proper use and administration of a petty cash fund.

RECOMMENDATION
We recommend the Library adopt a policy for petty cash funds that:

- Defines what type of expenses can be reimbursed from petty cash
- Establishes a dollar limit for reimbursements
- Defines the required documentation to support reimbursements
- Requires periodic reconciliation and reimbursement from the operating account by check
- Prohibits deposit of fines, fees or other revenues into the fund

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
We agree with the finding. These issues will be resolved within 30 days.