PUTNAM COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

PUTNAM COUNTY, GEORGIA

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March 23, 2011

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Putnam County, Georgia
Eatonton, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Putnam County, Georgia** (the County), as of and for the nine-month period ended September 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Putnam County Health Department, which reflect total assets of $333,279 as of June 30, 2010, and total revenues of $671,782 for the year ended June 30, 2010. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Putnam County Health Department in the component unit column, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Putnam County, Georgia as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund for the nine-month period then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2011, on our consideration of Putnam County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (on pages 3 through 10) and the Schedule of Funding Progress (on page 40) are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

McNair, McLemore, Middlebrooks & Co., LLC

McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

PUTNAM COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010

Putnam County's management is pleased to provide this narrative discussion and analysis of the financial activities of the County for the fiscal year ended September 30, 2010. The County's financial activities and performance are discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

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

Financial Highlights

Putnam County's assets exceeded its liabilities by $44,485,260 (net assets) for September 30, 2010. The change, from December 31, 2009, in total net assets is a decrease of $7,199,760 or 14 percent. Capital assets of $29,289,459 are presented net of related accumulated depreciation. Capital assets include property; infrastructure; buildings and improvements; and furniture, fixtures, machinery and equipment. Net assets of $9,653,195 are restricted by constraints imposed from outside the County such as grant agreements, laws or regulations. Unrestricted net assets of $5,542,606 may be used to maintain the County's continuing obligations to citizens and creditors.

At September 30, 2010, the County's total fund balances for all governmental fund types were $15,072,960, a decrease of $5,963,522 or 28 percent from the 2009 fiscal year.

At September 30, 2010, the County's general fund total fund balance was $4,369,643, a decrease of $6,843,019 or 61 percent.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

Government-Wide Financial Statements (Continued)

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

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

Fund Financial Statements

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

The County has three kinds of funds:

Governmental Funds

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

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

Proprietary Funds

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

Fiduciary Funds

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

Notes to the Basic Financial Statements

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

Other Supplementary Information

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

Financial Analysis of the County as a Whole

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

The County reported positive balances in net assets for governmental and business-type activities. During this year, net assets decreased by $7,127,619 for governmental activities and decreased by $72,141 for business-type activities. This resulted in a total decrease of $7,199,760, an overall 14 percent decrease.

As the summary of net assets shows, approximately 66 percent of County net assets are invested in capital assets (e.g., land, buildings, infrastructure, furniture, vehicles, machinery and equipment). The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending.

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

	Governmental Activities		**Business-Type Activities**		**Total**	
	2010	2009	**2010**	2009	**2010**	2009
Current and Other Assets	**$ 16,237,716**	$ 22,591,470	**$ 1,005,764**	$ 997,813	**$ 17,243,480**	$ 23,589,283
Capital Assets	**28,993,921**	29,660,341	**295,538**	260,164	**29,289,459**	29,920,505
Total Assets	**45,231,637**	52,251,811	**1,301,302**	1,257,977	**46,532,939**	53,509,788
Other Liabilities	**789,961**	776,131	**35,155**	1,507	**825,116**	777,638
Long-Term Liabilities Outstanding	**415,448**	321,833	**807,115**	725,297	**1,222,563**	1,047,130
Total Liabilities	**1,205,409**	1,097,964	**842,270**	726,804	**2,047,679**	1,824,768
Net Assets						
Invested in Capital Assets	**28,993,921**	29,660,341	**295,538**	260,164	**29,289,459**	29,920,505
Restricted	**9,653,195**	9,937,431	**-**	-	**9,653,195**	9,937,431
Unrestricted	**5,379,112**	11,556,075	**163,494**	271,009	**5,542,606**	11,827,084
Total Net Assets	**$ 44,026,228**	$ 51,153,847	**$ 459,032**	$ 531,173	**$ 44,485,260**	$ 51,685,020

Overview of the Financial Statements (Continued)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	**2010**	2009	**2010**	2009
Revenues						
Program Revenues						
Charges for Services	**$ 1,931,687**	$ 3,354,955	**$ 347,165**	$ 422,499	**$ 2,278,852**	$ 3,777,454
Operating Grants and Contribtutions	**369,782**	514,015	**-**	-	**369,782**	514,015
Capital Grants and Contributions	**-**	41,860	**41,175**	-	**41,175**	41,860
General Revenues						
Taxes	**6,162,926**	16,951,853	**-**	-	**6,162,926**	16,951,853
Other	**223,123**	366,605	**15,262**	27,777	**238,385**	394,382
Total Revenues	**8,687,518**	21,229,288	**403,602**	450,276	**9,091,120**	21,679,564
Expenses						
General Government	**2,139,729**	2,875,418	**-**	-	**2,139,729**	2,875,418
Judicial	**1,223,882**	1,659,721	**-**	-	**1,223,882**	1,659,721
Public Safety	**5,788,502**	7,773,665	**-**	-	**5,788,502**	7,773,665
Public Works	**3,240,244**	4,459,759	**-**	-	**3,240,244**	4,459,759
Health and Welfare	**2,275,109**	2,073,821	**-**	-	**2,275,109**	2,073,821
Culture and Recreation	**645,841**	853,946	**-**	-	**645,841**	853,946
Housing and Development	**465,252**	725,947	**-**	-	**465,252**	725,947
Uncle Remus Golf Course	**-**	-	**144,440**	228,144	**144,440**	228,144
Oconee Springs Park	**-**	-	**235,159**	286,508	**235,159**	286,508
Solid Waste	**-**	-	**132,722**	5,564	**132,722**	5,564
Total Expenses	**15,778,559**	20,422,277	**512,321**	520,216	**16,290,880**	20,942,493
Change in Net Assets Before Transfers	**(7,091,041)**	807,011	**(108,719)**	(69,940)	**(7,199,760)**	737,071
Transfers	**(36,578)**	(55,000)	**36,578**	55,000	**-**	-
Increase (Decrease) in Net Assets	**(7,127,619)**	752,011	**(72,141)**	(14,940)	**(7,199,760)**	737,071
Net Assets, Beginning	**51,153,847**	50,401,836	**531,173**	546,113	**51,685,020**	50,947,949
Net Assets, Ending	**$ 44,026,228**	$ 51,153,847	**$ 459,032**	$ 531,173	**$ 44,485,260**	$ 51,685,020

Financial Analysis of Individual County Funds

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

Governmental Funds

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

Governmental funds reported ending fund balances of $15,072,960. Legally reserved fund balances (not available for current expenditures) include: $316,815 for prepaid items and $52,908 for grant program. Unreserved but designated fund balances of $2,626,863 include $2,615,464 for emergencies and $11,399 for Rock Hawk projects. Unreserved and undesignated fund balances are comprised of $1,373,057 for the County's general fund service requirements, $1,050,122 for program purposes of special revenue funds, and $9,653,195 for capital projects, as specified in voter-approved sales tax resolutions.

Governmental Revenues - With total revenues of $9,091,602, taxes of $6,296,372 provide the County's greatest source of revenues at 69 percent. These taxes are derived from a variety of sources including taxes on real estate and personal property, real estate transfers, insurance premiums, utility franchises, recording intangibles, excise taxes on alcoholic beverages and sales taxes. Despite a decline in collections, sales taxes are the largest revenue source for 2010, generating $4,944,258, or 54 percent of total governmental revenues.

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

- A local option sales tax provides proceeds for both the County and the City of Eatonton. These revenues are accounted for in the general fund and are used to fund general operations.

- A special local option sales tax funds specific capital projects. These revenues are accounted for in the Special Local Option Sales Tax No. 6 Fund, a capital projects fund.

Governmental Expenditures - Consistent with the trends of previous years, the function of public safety led County expenditures. The 2010 total was $5,252,810. As in previous years, approximately 35 percent of governmental expenditures support public safety. The function of health and welfare followed public safety with $2,258,417, or 15 percent of the total. Capital outlay of $1,355,246 (9 percent of total governmental expenditures) served all functions of County government providing a range of assets including roads, heavy equipment, vehicles and office equipment.

General Fund - The general fund is the County's primary operating fund and the largest source of day-to-day service delivery. Financial statements of the general fund may be found beginning on page 16. With total general fund revenues of $5,102,794, taxes of $2,994,254 provided the greatest source of revenues at 59 percent. Total general fund expenditures were $12,006,005. As with the government as a whole, expenditures for the functions of public safety of $4,958,305, public works of $1,982,489 and general government of $1,951,419 comprised 74 percent of total expenditures.

The general fund reported an ending fund balance of $4,369,643. Legally reserved fund balances (not available for current expenditures) include $316,815 for prepaid items and $52,908 for the grant program. Unreserved but designated fund balances of $2,626,863 include $2,615,464 for emergencies and $11,399 for Rock Hawk projects. Unreserved and undesignated fund balances are comprised of $1,373,057 for the County's general fund service requirements.

Through a series of amendments, the final general fund expenditure budget increased by less than 1 percent in 2010, reflecting changes in expenditures occurring during the year.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The County utilizes ten special revenue funds. All are nonmajor funds. Summary explanations of the funding source and purpose of each fund may be found on page 41; combining and individual fund statements may be found on pages 42-53.

The combined fund balance of these ten funds, $1,050,122, comprises 7 percent of total governmental fund balances of $15,072,960.

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

Capital Projects Funds

Capital projects funds are used to account for financial resources which are dedicated to the acquisition or construction of capital facilities (other than those financed by proprietary funds). During 2010, Putnam County used one capital project fund.

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

Proprietary Funds

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

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

The Uncle Remus Golf Course Fund incurred an operating loss of $40,939. Subsidies in the form of transfers, totaling $36,578, from the general fund helped support golf course operations.

The Oconee Springs Park Fund produced an operating profit of $8,505. A transfer was not required from the general fund to support park operations.

Capital Assets

The schedule below summarizes capital assets used in both governmental and business activities at year-ends 2010 and 2009. In addition, more detailed information on changes in capital assets is presented in Note 6.

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

The percentage of depreciated governmental capital assets decreased only by 2 percent. This indicates the County is acquiring assets at a rate consistent with the rate at which they are being depreciated.

	Governmental Activities		**Business-Type Activities**		**Total**	
	2010	2009	**2010**	2009	**2010**	2009
Land	**$ 527,373**	$ 7,531,625	**$ 116,395**	$ 116,395	**$ 643,768**	$ 7,648,020
Buildings and Improvements	**14,151,347**	14,151,347	**358,086**	336,213	**14,509,433**	14,487,560
Machinery and Equipment	**8,851,597**	9,615,458	**41,175**	375,925	**8,892,772**	9,991,383
Infrastructure	**27,044,432**	20,906,174	**-**	-	**27,044,432**	20,906,174
Construction in Progress	**789,336**	-	**-**	-	**789,336**	-
Total	**$ 51,364,085**	$ 52,204,604	**$ 515,656**	$ 828,533	**$ 51,879,741**	$ 53,033,137

Long-Term Debt

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

Economic Conditions Affecting the County

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

The County is looking to take advantage of the most aggressive Georgia Department of Transportation road improvement project ever undertaken in the County. The County will be the recipient of over $80,000,000 of highway improvements. At the end of this construction project, the state highway system will provide unprecedented benefits to the County. This will facilitate new opportunities around the area.

Economic Conditions Affecting the County (Continued)

There were dramatic changes taking place this year regarding the fiscal year 2011 budget. The downturn in the economy necessitated these changes. The reduction and reorganization of the workforce in September 2010 during the 2011 budget process was just another evolution of change in this modern economy. The privatizing of the meal program at the senior center and its relocation to Jimmy Davis Park in August 2010 lowered costs. The solutions adopted during 2010 regarding medical insurance lowered costs. The savings initiated in 2010 represent over a 2-mill increase in property tax that the citizens did not have to pay or a 14 percent savings compared to the adopted fiscal year 2011 budget. Putnam County is in a sound position moving forward, in large part due to the visionary leadership of the Putnam County board of commissioners.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

PUTNAM COUNTY, GEORGIA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Health Department
ASSETS				
Cash and Cash Equivalents	$ 7,036,610	$ 47,000	$ 7,083,610	$ 329,980
Investments	6,681,675	118,133	6,799,808	-
Receivables				
Accounts	435,059	-	435,059	-
Property Taxes	246,377	-	246,377	-
Due from Other Governments	1,340,466	-	1,340,466	-
Internal Balances	59,457	(59,457)	-	-
Prepaid Items	316,815	-	316,815	-
Inventory	-	17,515	17,515	-
Restricted Assets				
Investments	-	882,573	882,573	-
Net Pension Asset	121,257	-	121,257	-
Capital Assets				
Nondepreciable	8,320,961	116,395	8,437,356	-
Depreciable, Net of Accumulated Depreciation	20,672,960	179,143	20,852,103	3,299
Total Assets	45,231,637	1,301,302	46,532,939	333,279
LIABILITIES				
Accounts Payable	587,265	-	587,265	1,100
Accrued Liabilities	197,390	-	197,390	-
Other Current Liabilities	5,306	4,283	9,589	14,825
Compensated Absences Due Within One Year	282,709	-	282,709	9,345
Compensated Absences Due in More Than One Year	132,739	4,476	137,215	30,234
Landfill Postclosure Care Due Within One Year	-	30,872	30,872	-
Landfill Postclosure Care Due in More Than One Year	-	802,639	802,639	-
Total Liabilities	1,205,409	842,270	2,047,679	55,504
NET ASSETS				
Invested in Capital Assets	28,993,921	295,538	29,289,459	3,299
Restricted for				
Capital Projects	9,653,195	-	9,653,195	-
Other Purposes	-	-	-	83,753
Unrestricted	5,379,112	163,494	5,542,606	190,723
Total Net Assets	$ 44,026,228	$ 459,032	$ 44,485,260	$ 277,775

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

PUTNAM COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE PERIOD ENDED SEPTEMBER 30, 2010

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit: Health Department
Primary Government								
Governmental Activities								
General Government	$ 2,139,729	$ 20,616	$ 197,372	$ -	$ (1,921,741)	$ -	$ (1,921,741)	$ -
Judicial	1,223,882	315,212	152,504	-	(756,166)	-	(756,166)	-
Public Safety	5,788,502	1,478,900	13,049	-	(4,296,553)	-	(4,296,553)	-
Public Works	3,240,244	2,387	-	-	(3,237,857)	-	(3,237,857)	-
Health and Welfare	2,275,109	22,888	-	-	(2,252,221)	-	(2,252,221)	-
Culture and Recreation	645,841	24,543	6,857	-	(614,441)	-	(614,441)	-
Housing and Development	465,252	67,141	-	-	(398,111)	-	(398,111)	-
Total Governmental Activities	15,778,559	1,931,687	369,782	-	(13,477,090)	-	(13,477,090)	-
Business-Type Activities								
Uncle Remus Golf Course	144,440	103,501	-	41,175	-	236	236	-
Oconee Springs Park	235,159	243,664	-	-	-	8,505	8,505	-
Solid Waste	132,722	-	-	-	-	(132,722)	(132,722)	-
Total Business-Type Activities	512,321	347,165	-	41,175	-	(123,981)	(123,981)	-
Total - Primary Government	$ 16,290,880	$ 2,278,852	$ 369,782	$ 41,175	(13,477,090)	(123,981)	(13,601,071)	-
Component Unit: Health Department	$ 569,824	$ 270,673	$ 399,146	$ -	-	-	-	99,995
General Revenues								
Property Taxes Levied for General Government					1,022,526	-	1,022,526	-
Sales Taxes					4,944,258	-	4,944,258	-
Alcohol Beverage Taxes					125,313		125,313	-
Other Taxes					70,829	-	70,829	-
Unrestricted Investment Earnings					165,161	15,262	180,423	1,963
Other					57,962	-	57,962	-
Transfers					(36,578)	36,578	-	-
Total General Revenues and Transfers					6,349,471	51,840	6,401,311	1,963
Change in Net Assets					(7,127,619)	(72,141)	(7,199,760)	101,958
Net Assets at Beginning of Year					51,003,550	531,173	51,534,723	175,817
Prior Period Adjustment					150,297	-	150,297	-
Net Assets at Beginning of Year, As Restated					51,153,847	531,173	51,685,020	175,817
Net Assets at End of Year					$ 44,026,228	$ 459,032	$ 44,485,260	$ 277,775

PUTNAM COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General Fund	SPLOST No. 6 Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	$ 3,671,837	$ 2,801,826	$ 562,947	$ 7,036,610
Investments	-	6,121,796	559,879	6,681,675
Receivables				
Accounts	407,981	-	27,078	435,059
Property Taxes	246,377	-	-	246,377
Due from Other Governments	543,082	797,384	-	1,340,466
Due from Other Funds	143,634	8,595	-	152,229
Prepaid Items	316,815	-	-	316,815
Total Assets	$ 5,329,726	$ 9,729,601	$ 1,149,904	$ 16,209,231
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	$ 495,254	$ 75,886	$ 16,125	$ 587,265
Accrued Liabilities	197,390	-	-	197,390
Due to Other Funds	8,595	520	83,657	92,772
Deferred Revenues	253,538	-	-	253,538
Other Current Liabilities	5,306	-	-	5,306
Total Liabilities	960,083	76,406	99,782	1,136,271
Fund Balances				
Reserved for				
Prepaid Items	316,815	-	-	316,815
Grant Programs	52,908	-	-	52,908
Unreserved, Designated for				
Contingencies	2,626,863	-	-	2,626,863
Unreserved, Undesignated Reported in				
General Fund	1,373,057	-	-	1,373,057
Special Revenue Funds	-	-	1,050,122	1,050,122
Capital Projects Funds	-	9,653,195	-	9,653,195
Total Fund Balances	4,369,643	9,653,195	1,050,122	15,072,960
Total Liabilities and Fund Balances	$ 5,329,726	$ 9,729,601	$ 1,149,904	

Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	28,993,921
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	253,538
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(415,448)
Net pension assets are not due and payable in the current period and, therefore, are not reported in the funds.	121,257
Net Assets of Governmental Activities	$ 44,026,228

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

PUTNAM COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE PERIOD ENDED SEPTEMBER 30, 2010

	General Fund	SPLOST No. 6 Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 1,281,285	$ -	$ 70,829	$ 1,352,114
Sales Tax	1,712,969	3,231,289	-	4,944,258
Licenses and Permits	81,992	-	-	81,992
Intergovernmental	519,623	-	128,854	648,477
Charges for Services	963,381	-	274,159	1,237,540
Fines and Forfeitures	428,652	-	175,445	604,097
Interest	56,929	100,549	7,683	165,161
Other	57,963	-	-	57,963
Total Revenues	5,102,794	3,331,838	656,970	9,091,602
Expenditures				
Current				
General Government	1,951,419	-	-	1,951,419
Judicial	1,067,330	-	125,125	1,192,455
Public Safety	4,958,305	-	294,505	5,252,810
Public Works	1,982,489	-	-	1,982,489
Health and Welfare	1,063,244	1,166,668	28,505	2,258,417
Culture and Recreation	574,635	-	-	574,635
Housing and Development	408,583	-	42,492	451,075
Capital Outlay	-	1,325,633	29,613	1,355,246
Total Expenditures	12,006,005	2,492,301	520,240	15,018,546
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,903,211)	839,537	136,730	(5,926,944)
Other Financing Sources (Uses)				
Transfers In	96,770	-	(96,770)	-
Transfers Out	(36,578)	-	-	(36,578)
Total Other Financing Sources (Uses)	60,192	-	(96,770)	(36,578)
Net Change in Fund Balances	(6,843,019)	839,537	39,960	(5,963,522)
Fund Balances, Beginning, As Previously Reported	11,290,412	8,813,658	1,010,162	21,114,232
Prior Period Adjustment	(77,750)	-	-	(77,750)
Fund Balances, Beginning, As Restated	11,212,662	8,813,658	1,010,162	21,036,482
Fund Balances, Ending	$ 4,369,643	$ 9,653,195	$ 1,050,122	$ 15,072,960

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

PUTNAM COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE PERIOD ENDED SEPTEMBER 30, 2010

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

Net Change in Fund Balances - Total Governmental Funds	$ (5,963,522)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(658,323)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(412,141)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(93,633)
Change in Net Assets of Governmental Activities	$ (7,127,619)

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

PUTNAM COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE PERIOD ENDED SEPTEMBER 30, 2010

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
Taxes	$ 580,884	$ 570,884	$ 1,281,285	$ 710,401
Sales Taxes	1,633,389	1,633,389	1,712,969	79,580
Licenses and Permits	108,400	108,400	81,992	(26,408)
Intergovernmental	477,831	484,665	519,623	34,958
Charges for Services	879,525	879,525	963,381	83,856
Fines and Forfeitures	424,300	424,300	428,652	4,352
Interest	100,000	100,000	56,929	(43,071)
Other	4,000	4,000	57,963	53,963
Total Revenues	4,208,329	4,205,163	5,102,794	897,631
Expenditures				
Current				
General Government				
District Commissioners	122,176	122,176	119,674	(2,502)
Executive Officers	125,335	170,290	159,566	(10,724)
Board of Elections and Registration	180,061	180,061	170,320	(9,741)
Financial Administration	246,467	221,881	195,688	(26,193)
General Administration	610,872	585,272	84,576	(500,696)
Legal Services	52,800	77,800	73,307	(4,493)
Tax Commissioner	332,973	332,973	314,793	(18,180)
Tax Assessor	455,678	436,309	422,503	(13,806)
Board of Equalization	16,176	16,176	8,018	(8,158)
Risk Management	175,000	175,000	169,195	(5,805)
Public Buildings	231,119	269,269	224,639	(44,630)
Regional Development Fees	11,204	11,204	9,140	(2,064)
Total General Government	2,559,861	2,598,411	1,951,419	(646,992)
Judicial				
Superior Court	106,720	126,720	105,128	(21,592)
Clerk of Superior Court	310,948	310,948	304,457	(6,491)
District Attorney	44,873	46,125	46,108	(17)
State Court	128,122	128,122	119,652	(8,470)
Solicitor's Office	82,947	82,947	77,912	(5,035)
Magistrate Court	148,566	150,566	150,555	(11)
Probate Court	137,851	139,749	139,387	(362)
Juvenile Court	67,189	67,189	67,158	(31)
Juvenile Prosecutor's Office	13,500	13,500	13,500	-
Public Defender	53,364	53,364	43,473	(9,891)
Total Judicial	$ 1,094,080	$ 1,119,230	$ 1,067,330	$ (51,900)

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

PUTNAM COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (CONTINUED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2010

	Original Budget	Final Budget	Actual	Over (Under) Budget
Public Safety				
Sheriff Operations	$ 1,866,675	$ 1,903,762	$ 1,890,935	$ (12,827)
Jail Operations	1,117,058	1,090,518	1,068,283	(22,235)
Fire Stations	593,747	593,747	573,640	(20,107)
Sugar Creek Fire Station	5,135	5,135	2,095	(3,040)
Ambulance Service	1,246,132	1,251,914	1,218,212	(33,702)
Rescue	40,199	40,199	35,683	(4,516)
Coroner	40,531	40,531	38,436	(2,095)
Animal Control	130,814	130,814	130,750	(64)
Animal Control City	300	300	271	(29)
Total Public Safety	5,040,591	5,056,920	4,958,305	(98,615)
Public Works				
Public Works Administration	123,727	123,727	123,690	(37)
Highways and Streets	753,691	753,691	699,774	(53,917)
Solid Waste Collection	304,500	304,500	301,376	(3,124)
Recycle Operations	568,000	568,000	566,420	(1,580)
Maintenance and Shop	291,455	291,455	291,229	(226)
Total Public Works	2,041,373	2,041,373	1,982,489	(58,884)
Health and Welfare				
Health Department	198,901	198,901	196,897	(2,004)
Putnam General Hospital	375,000	375,000	375,000	-
Putnam Jasper Service Center	13,000	13,000	13,000	-
Family and Children Services	30,000	30,000	29,338	(662)
Early Childhood Intervention	11,250	11,250	11,250	-
Indigent Burial	-	1,200	1,200	-
Senior Citizens Center	257,070	257,070	254,264	(2,806)
Public Transit System	181,280	184,380	182,295	(2,085)
	$ 1,066,501	$ 1,070,801	$ 1,063,244	$ (7,557)

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

PUTNAM COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (CONTINUED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2010

	Original Budget	Final Budget	Actual	Over (Under) Budget
Culture and Recreation				
Recreation	$ 469,221	$ 469,221	$ 469,182	$ (39)
Eatonton Public Library	105,453	105,453	105,453	-
Total Culture and Recreation	574,674	574,674	574,635	(39)
Housing and Development				
County Extension Service	29,628	29,628	28,368	(1,260)
Planning and Development	230,799	233,584	226,294	(7,290)
Planning and Development Commission	7,969	5,159	2,494	(2,665)
Code Enforcement	67,428	69,738	69,660	(78)
Putnam Development Authority	37,500	37,500	37,500	-
Chamber of Commerce	5,300	5,300	5,300	-
Rock Hawk Timber Tax Funds	15,107	15,107	3,648	(11,459)
Rock Hawk Marketing Program	6,858	6,858	6,857	(1)
Better Home Town Program	7,000	7,000	7,000	-
Summer Youth Program	6,519	6,519	6,175	(344)
Work Force Center	15,287	15,287	15,287	-
Total Housing and Development	429,395	431,680	408,583	(23,097)
Total Expenditures	12,806,475	12,893,089	12,006,005	(887,084)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,598,146)	(8,687,926)	(6,903,211)	1,784,715
Other Financing Sources (Uses)				
Transfers In	94,435	94,435	96,770	2,335
Transfers Out	(36,578)	(36,578)	(36,578)	-
Total Other Financing Sources (Uses)	57,857	57,857	60,192	2,335
Net Change in Fund Balance	(8,540,289)	(8,630,069)	(6,843,019)	1,787,050
Fund Balance, Beginning, As Previously Reported	11,290,412	11,290,412	11,290,412	-
Prior Period Adjustment	-	-	(77,750)	-
Fund Balance, Beginning, As Restated	11,290,412	11,290,412	11,212,662	-
Fund Balance, Ending	$ 2,750,123	$ 2,660,343	$ 4,369,643	$ 1,787,050

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

PUTNAM COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2010

	Business-Type Activities Enterprise Funds		
	Solid Waste Fund	Combined Nonmajor Funds	Total
Assets			
Current Assets			
Cash and Cash Equivalents	$ 15,396	$ 31,604	$ 47,000
Investments	-	118,133	118,133
Inventory	-	17,515	17,515
Restricted Assets			
Investments	882,573	-	882,573
Total Current Assets	897,969	167,252	1,065,221
Capital Assets			
Nondepreciable	116,395	-	116,395
Depreciable, Net of Accumulated Depreciation	-	179,143	179,143
Total Capital Assets	116,395	179,143	295,538
Total Assets	$ 1,014,364	$ 346,395	$ 1,360,759
Liabilities			
Current Liabilities			
Due to Other Funds	$ 5,241	$ 54,216	$ 59,457
Other Liabilities	-	4,283	4,283
Landfill Postclosure Care	30,872	-	30,872
Total Current Liabilities	36,113	58,499	94,612
Long-Term Liabilities			
Landfill Postclosure Care	802,639	-	802,639
Compensated Absences	-	4,476	4,476
Total Long-Term Liabilities	802,639	4,476	807,115
Total Liabilities	838,752	62,975	901,727
Net Assets			
Invested in Capital Assets	116,395	179,143	295,538
Unrestricted	59,217	104,277	163,494
Total Net Assets	$ 175,612	$ 283,420	$ 459,032

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

PUTNAM COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE PERIOD ENDED SEPTEMBER 30, 2010

	Business-Type Activities Enterprise Funds		
	Solid Waste Fund	**Combined Nonmajor Funds**	**Total**
Operating Revenues			
Charges for Services	$ -	$ 346,178	$ 346,178
Other	-	987	987
Total Operating Revenues	-	347,165	347,165
Operating Expenses			
Personnel Services and Employee Benefits	-	118,685	118,685
Purchased/Contracted Services	-	32,068	32,068
Supplies	-	200,346	200,346
Depreciation	-	28,500	28,500
Postclosure Monitoring Costs	132,722	-	132,722
Total Operating Expenses	132,722	379,599	512,321
Operating Loss	(132,722)	(32,434)	(165,156)
Nonoperating Revenues			
Interest	13,579	1,683	15,262
Loss Before Transfers and Contributions	(119,143)	(30,751)	(149,894)
Transfers In	-	36,578	36,578
Capital Contributions	-	41,175	41,175
Change in Net Assets	(119,143)	47,002	(72,141)
Net Assets, Beginning	294,755	236,418	531,173
Net Assets, Ending	$ 175,612	$ 283,420	$ 459,032

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

PUTNAM COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE PERIOD ENDED SEPTEMBER 30, 2010

	Business-Type Activities - Enterprise Funds		
	Solid Waste Fund	Combined Nonmajor Funds	Total
Cash Flows from Operating Activities			
Cash Received from Customers	$ -	$ 347,165	$ 347,165
Cash Payments for Personnel Services	-	(121,741)	(121,741)
Cash Payments for Goods and Services	(15,886)	(240,317)	(256,203)
Net Cash Used in Operating Activities	(15,886)	(14,893)	(30,779)
Cash Flows from Noncapital Financing Activities			
Transfers In	-	36,578	36,578
Cash Flows from Capital and Related Financing Activities			
Purchase of Property and Equipment	-	(22,698)	(22,698)
Cash Flows from Investing Activities			
Proceeds from Maturity of Investments	17,949	(41,580)	(23,631)
Interest on Cash and Investments	13,579	1,683	15,262
Net Cash Provided (Used) by Investing Activities	31,528	(39,897)	(8,369)
Net Increase (Decrease) in Cash and Cash Equivalents	15,642	(40,910)	(25,268)
Cash and Cash Equivalents, Beginning	(246)	72,514	72,268
Cash and Cash Equivalents, Ending	$ 15,396	$ 31,604	$ 47,000

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

PUTNAM COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2010

	Business-Type Activities - Enterprise Funds		
	Solid Waste Fund	Combined Nonmajor Funds	Total
Reconciliation of Operating Loss to Net Cash Used by Operating Activities			
Operating Loss	$ (132,722)	$ (32,434)	$ (165,156)
Adjustments			
Depreciation	-	28,500	28,500
Decrease in Due From Other Funds	2,597	-	2,597
Decrease in Inventory	-	2,496	2,496
Decrease in Due to Other Funds	-	(14,680)	(14,680)
Increase in Other	-	4,282	4,282
Decrease in Compensated Absences	-	(3,057)	(3,057)
Increase in Landfill Postclosure Care	114,239	-	114,239
Net Cash Provided (Used) by Operating Activities	$ (15,886)	$ (14,893)	$ (30,779)
Noncash Investing, Capital and Financing Activities			
Capital Assets Transferred from Other Funds	$ -	$ 41,175	$ 41,175

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

PUTNAM COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
SEPTEMBER 30, 2010

	Agency Funds
ASSETS	
Cash and Cash Equivalents	$ 121,101
Due from Other Governments	195,410
	$ 316,511
LIABILITIES	
Due to Other Governments	$ 105,697
Due to Others	210,814
	$ 316,511

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

(1) Summary of Significant Accounting Policies

A. Reporting Entity

Putnam County was established under the provisions of an act of the General Assembly of Georgia on December 10, 1807. The County operates under a County Commission form of government (four commissioners are elected by district with the chairman elected at large from the County), and provides the following services as authorized by state law: public safety, highways and streets, sanitation, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

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

Putnam County Health Department

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

B. Government-Wide and Fund Financial Statements

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

(1) Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

The *SPLOST No. 6 Fund* accounts for the acquisition and construction of approved projects within the County from resources provided by the 2005 special County one percent sales and use tax.

(1) Summary of Significant Accounting Policies (Continued)

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

The County reports the following major proprietary fund:

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

Additionally, the County reports the following fund types:

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

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

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

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

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

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

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

(1) Summary of Significant Accounting Policies (Continued)

D. Cash, Cash Equivalents and Investments

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

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

E. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "Due to/from Other Funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

F. Inventories

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

G. Prepaid Items

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

H. Restricted Assets

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

(1) Summary of Significant Accounting Policies (Continued)

I. Capital Assets

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

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

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

Asset Category	Years
Buildings and Improvements	10 - 30
Infrastructure	10 - 50
Machinery and Equipment	3 - 12

J. Compensated Absences

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

K. Long-Term Obligations

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

L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

(1) Summary of Significant Accounting Policies (Continued)

M. Use of Estimates

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

N. Change in Fiscal Year

Effective January 1, 2010, the County changed its fiscal year-end from December 31 to September 30. The statement of activities, statements of revenues, expenditures and changes in fund balances, and statements of revenues, expenses and changes in fund net assets contain nine months of activity.

O. Prior Period Adjustment

Net assets of government activities at the beginning of 2010 have been adjusted to reflect the net pension asset of $228,047 and accrued payroll in the general fund of $77,750 which were not included in the statement of net assets as of December 31, 2009.

Net Assets as Previously Reported, December 31, 2009	$51,003,550
Net Pension Asset	228,047
Accrued Liabilities - General Fund	(77,750)
Prior Period Adjustment	150,297
Net Assets, as Restated, December 31, 2009	$51,153,847

(2) Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental fund balance sheet includes reconciliation between fund balance-total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds."

Compensated Absences	$ 415,448

(2) Reconciliation of Government-Wide and Fund Financial Statements (Continued)

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

The government fund statement of revenues, expenditures and changes in fund balances includes reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $(658,363) difference are as follows:

Capital Outlay	$ 1,362,321
Depreciation Expense	(2,020,684)
	$ (658,363)

Another element of that reconciliation state that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $93,633 difference are as follows:

Compensated Absences	$ (13,157)
Net Pension Obligation	106,790
	$ 93,633

(3) Legal Compliance - Budgets

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

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

(3) Legal Compliance - Budgets (Continued)

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

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

(4) Deposits and Investments

As of September 30, 2010, the County's investments consisted of certificates of deposit totaling $7,682,381.

Custodial Credit Risk - Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties or municipalities. As of September 30, 2010, all of the deposits of the County and the Health Department were properly insured and collateralized as required by the Official Code of Georgia Annotated (OCA) Section 45-8-12(c) and as defined by GASB pronouncements.

(5) Receivables

Receivables at September 30, 2010 consist of the following:

	General Fund	Nonmajor Governmental Funds	Total
Receivables			
Accounts	$ 407,981	$ 27,078	$ 435,059
Property Taxes	314,438	-	314,438
	722,419	27,078	749,497
Allowance for Uncollectibles	(68,061)	-	(68,061)
	$ 654,358	$ 27,078	$ 681,436

(5) Receivables (Continued)

Due to the change in the County's fiscal year, no property taxes were levied for the period from January 1, 2010 to September 30, 2010. For the governmental funds, the net receivables collected during the period ended September 30, 2010 and collected by November 30, 2010 are recognized as revenues in the period ended September 30, 2010. Net receivables estimated to be collected subsequent to November 30, 2010 are deferred as of September 30, 2010 and recorded as revenue when received. The County bills and collects its own property taxes.

(6) Capital Assets

Capital asset activity for the period ended September 30, 2010 is as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	$ 527,373	$ -	$ -	$ 527,373
Infrastucture, Land Under Roads	7,004,252	-	-	7,004,252
Construction in Process	-	789,336	-	789,336
	7,531,625	789,336	-	8,320,961
Capital Assets, Depreciable				
Buildings and Improvements	14,151,347	-	-	14,151,347
Machinery and Equipment	3,057,600	76,961	(122,038)	3,012,523
Vehicles	6,557,858	136,096	(854,880)	5,839,074
Infrastucture	20,906,174	375,302	(1,241,296)	20,040,180
	44,672,979	588,359	(2,218,214)	43,043,124
Accumulated Depreciation for				
Buildings and Improvements	4,896,350	359,754	-	5,256,104
Machinery and Equipment	2,336,686	165,908	(103,394)	2,399,200
Vehicles	5,479,650	336,623	(850,093)	4,966,180
Infrastucture	9,831,577	1,158,399	(1,241,296)	9,748,680
	22,544,263	2,020,684	(2,194,783)	22,370,164
Total Capital Assets, Depreciable, Net	22,128,716	(1,432,325)	(23,431)	20,672,960
Governmental Activities Capital Assets, Net	$ 29,660,341	$ (642,989)	$ (23,431)	$ 28,993,921

(6) Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land	$ 116,395	$ -	$ -	$ 116,395
Capital Assets, Depreciable				
Buildings	336,213	21,873	-	358,086
Machinery and Equipment	375,925	-	(36,305)	339,620
Construction in Progress	-	41,175	-	41,175
	712,138	63,048	(36,305)	738,881
Accumulated Depreciation for				
Buildings	232,573	17,052	-	249,625
Machinery and Equipment	335,796	10,622	(36,305)	310,113
	568,369	27,674	(36,305)	559,738
Total Capital Assets, Depreciable, Net	143,769	35,374	-	179,143
Business-Type Activities Capital Assets, Net	$ 260,164	$ 35,374	$ -	$ 295,538

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

Governmental Activities	
General Government	$ 182,311
Judicial	20,083
Public Safety	472,403
Public Works	1,253,566
Health and Welfare	13,128
Culture and Recreation	68,452
Housing and Development	10,741
	$ 2,020,684
Business-Type Activities	
Oconee Springs Park	$ 10,500
Uncle Remus Golf Course	18,000
Solid Waste	-
	$ 28,500

(6) Capital Assets (Continued)

Discretely Presented Component Unit

Activity for the Health Department for the fiscal year ended June 30, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Depreciable Equipment	$ 44,093	$ 2,253	$ (18,364)	$ 64,710
Accumulated Depreciation	(40,896)	(2,151)	18,364	(61,411)
	$ 3,197	$ 102	$ -	$ 3,299

(7) Long-Term Debt

Primary Government

The following is a summary of long-term debt activity for the primary government for the nine-month period ended September 30, 2010:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Compensated Absences	$ 402,291	$ 234,676	$ (221,519)	$ 415,448	$ 282,709
Business-Type Activities					
Compensated Absences	$ 7,533	$ 3,346	$ (6,403)	$ 4,476	$ -
Landfill Postclosure Care	719,271	132,722	(18,482)	833,511	30,872
	$ 726,804	$ 136,068	$ (24,885)	$ 837,987	$ 30,872

Landfill Postclosure Care. State and federal laws and regulations require the County to perform certain maintenance and monitoring functions at its closed landfill. The estimated cost of postclosure care is based on the amount that would be paid if all equipment, facilities and services required to monitor and maintain the landfill were acquired as of September 30, 2010. Actual costs may be higher due to inflation, changes in technology or changes in regulations. Should any problems occur during the postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase. The current estimate of the cost of postclosure care for the next 26 years is $833,510. These costs are to be funded with cash and a certificate deposit in the Solid Waste Fund. The certificate of deposit is restricted for use for postclosure care and has a value of $882,573 as of September 30, 2010.

(7) Long-Term Debt (Continued)

Discretely Presented Component Unit

The following is a summary of long-term debt activity for the Health Department for the nine-month period ended September 30, 2010:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	$ 40,364	$ 32,721	$ (33,506)	$ 39,579	$ 9,345

(8) Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2010 is as follows:

Due From / To Other Funds

	Payable Fund					
Receivable Fund	General Fund	SPLOST #6	Solid Waste	Nonmajor Governmental Funds	Nonmajor Business-Type Funds	Total
General Fund	$ -	$ 520	$ 5,241	$ 83,657	$ 54,216	$ 143,634
SPLOST #6	8,595	-	-	-	-	8,595
	$ 8,595	$ 520	$ 5,241	$ 83,657	$ 54,216	$ 152,229

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

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

Interfund Transfers

	Transfers Out		
Transfers In	General Fund	Nonmajor Governmental Funds	Total
General Fund	$ -	$ 96,770	$ 96,770
Nonmajor Business-Type Funds	36,578	-	36,578
	$ 36,578	$ 96,770	$ 133,348

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

(9) Joint Venture

Under Georgia law, the County is a participating member of the Middle Georgia Regional Development Center (RDC) and is required to pay annual dues thereto. During the period ended September 30, 2010, the County paid $9,036 in such dues. Membership in an RDC is required by OCGA Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts and obligations of an RDC. Separate financial statements may be obtained from: Middle Georgia Regional Development Center, 175 C Emery Highway, Macon, Georgia 31217.

(10) Defined Benefit Pension Plan

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

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

(10) Defined Benefit Pension Plan (Continued)

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

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

Derivation of Net Pension Obligation

	2010	2009
Net Pension Obligation (Asset) as of Beginning of Prior Year	**$ (228,047)**	$ (220,310)
Annual Pension Cost for Prior Year	**666,790**	550,394
Actual Contributions to Plan for Prior Year	**560,000**	558,131
Increase in Net Pension Obligation (Asset)	**106,790**	(7,737)
Net Pension Obligation (Asset) as of Beginning of the Year	**$ (121,257)**	$ (228,047)

Derivation of Annual Pension Cost

Annual Required Contribution	**$ 706,098**	$ 665,554
Interest on Net Pension Obligation	**(9,397)**	(17,674)
Amortization of Net Pension Obligation	**10,055**	18,910
Annual Pension Cost	**$ 706,756**	$ 666,790

Basis of Valuation

Current Valuation Date	January 1, 2010
Annual Return on Invested Plan Assets	7.75%
Projected Annual Salary Increases	4.50%-7.00% Based on Age
Expected Annual Inflation	3.00%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Projected Unit Credit
Amortization Method	Level Percent of Pay (Closed)

(10) Defined Benefit Pension Plan (Continued)

Trend Information for the Plan (Per Actuarial Report)

Fiscal Year Beginning	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
January 1, 2010	$ 706,756	N/A	N/A	$ (121,257)
January 1, 2009	666,790	$ 560,000	84%	(228,047)
January 1, 2008	550,394	558,131	101%	(220,310)
January 1, 2007	500,773	560,000	112%	(161,083)
January 1, 2006	505,012	529,110	105%	(136,985)
January 1, 2005	474,890	510,332	107%	(101,543)

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

Fiscal Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
December 31, 2009	$ 6,517,582	* $ 8,567,197	$ 2,049,615	76.1%	$ 5,339,738	38.4%

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

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial liability. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2010.

(11) Risk Management

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

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

(11) Risk Management (Continued)

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

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

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

(12) Contingencies and Commitments

Grant Contingencies

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

Litigation

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

(13) Subsequent Events

In preparing these financial statements, the County has evaluated events and transactions for potential recognition or disclosure through March 23, 2011, the date the financial statements were available to be issued.

A special purpose sales tax referendum was approved by the voters on March 15, 2011. Beginning on October 1, 2011, the County and City of Eatonton will begin receiving proceeds from the special purpose sales tax which will be collected for a period of five years or until $22,500,000 has been collected. Collections will be divided between the County and City of Eatonton as specified in the intergovernmental agreement and will be used to finance specified capital outlay projects.

REQUIRED SUPPLEMENTARY INFORMATION

PUTNAM COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
December 31, 2009	$ 6,517,582	* $ 8,567,197	$ 2,049,615	76.1%	$ 5,339,738	38.4%
December 31, 2008	5,912,305	7,533,747	1,621,442	78.5	4,819,404	33.6
December 31, 2007	5,746,515	6,663,640	917,125	86.2	4,653,360	19.7
December 31, 2006	5,037,081	6,186,495	1,149,414	81.4	4,434,100	25.9
December 31, 2005	4,405,259	5,863,043	1,457,784	75.1	4,270,757	34.1
December 31, 2004	3,804,244	5,468,876	1,644,632	69.6	3,766,115	44.2

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

PUTNAM COUNTY, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

PUTNAM COUNTY, GEORGIA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2010

	County Jail Fund	Law Library Fund	Juvenile Services Fund	Juvenile Prosecutors Fund	Drug Education Fund	Drug Confiscation Fund	Federal Forfeiture Fund	Victim and Witness Assistance Fund	Emergency 911 Fund	Hotel/Motel Tax Fund	Total Nonmajor Special Revenue Funds
Assets											
Cash and Cash Equivalents	$ 53,534	$ 16,230	$ 2,321	$ 32,503	$ 27,883	$ 75,165	$ 222,533	$ 43,417	$ 45,039	$ 44,322	$ 562,947
Investments	58,523	68,562	14,520	-	25,665	-	-	-	392,609	-	559,879
Accounts Receivable	11,018	-	40	-	4,054	-	-	11,966		-	27,078
Total Assets	$ 123,075	$ 84,792	$ 16,881	$ 32,503	$ 57,602	$ 75,165	$ 222,533	$ 55,383	$ 437,648	$ 44,322	$ 1,149,904
Liabilities and Fund Balances											
Liabilities											
Accounts Payable	$ -	$ -	$ -	$ -	$ 173	$ -	$ -	$ -	$ -	$ 15,952	$ 16,125
Due to Other Funds	34,200	-	-	-	-	-	-	-	21,087	28,370	83,657
Total Liabilities	34,200	-	-	-	173	-	-	-	21,087	44,322	99,782
Fund Balance											
Unreserved	88,875	84,792	16,881	32,503	57,429	75,165	222,533	55,383	416,561	-	1,050,122
Total Liabilities and Fund Balances	$ 123,075	$ 84,792	$ 16,881	$ 32,503	$ 57,602	$ 75,165	$ 222,533	$ 55,383	$ 437,648	$ 44,322	$ 1,149,904

PUTNAM COUNTY, GEORGIA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE PERIOD ENDED SEPTEMBER 30, 2010

	County Jail Fund	Law Library Fund	Juvenile Services Fund	Juvenile Prosecutors Fund	Drug Education Fund	Drug Confiscation Fund	Federal Forfeiture Fund	Victim and Witness Assistance Fund	Emergency 911 Fund	Hotel/Motel Tax Fund	Total Nonmajor Special Revenue Funds
Revenues											
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 70,829	$ 70,829
Intergovernmental	-	-	-	103,775	-	-	-	25,079	-	-	128,854
Charges for Services	-	-	-	-	-	-	-	-	274,159	-	274,159
Fines and Forfeitures	66,834	15,729	260	-	19,981	44,359	-	28,282	-	-	175,445
Interest	1,289	925	242	-	524	-	-	328	4,342	33	7,683
Total Revenue	68,123	16,654	502	103,775	20,505	44,359	-	53,689	278,501	70,862	656,970
Expenditures											
Current											
Judicial	-	23,410	-	101,715	-	-	-	-	-	-	125,125
Public Safety	-	-	-	-	2,341	15,425	31,622	-	245,117	-	294,505
Housing and Development	-	-	-	-	-	-	-	-	-	42,492	42,492
Health and Welfare	-	-	-	-	-	-	-	28,505	-	-	28,505
Capital Outlay	-	-	-	-	-	-	14,900	-	14,713	-	29,613
Total Expenditures	-	23,410	-	101,715	2,341	15,425	46,522	28,505	259,830	42,492	520,240
Excess (Deficiency) of Revenues Over (Under) Expenditures	68,123	(6,756)	502	2,060	18,164	28,934	(46,522)	25,184	18,671	28,370	136,730
Other Financing Sources (Uses)											
Transfer Out	(68,400)	-	-	-	-	-	-	-	-	(28,370)	(96,770)
Net Change in Fund Balance	(277)	(6,756)	502	2,060	18,164	28,934	(46,522)	25,184	18,671	-	39,960
Fund Balance, Beginning	89,152	91,548	16,379	30,443	39,265	46,231	269,055	30,199	397,890	-	1,010,162
Fund Balance, Ending	$ 88,875	$ 84,792	$ 16,881	$ 32,503	$ 57,429	$ 75,165	$ 222,533	$ 55,383	$ 416,561	$ -	$ 1,050,122

PUTNAM COUNTY, GEORGIA
COUNTY JAIL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE PERIOD ENDED SEPTEMBER 30, 2010

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
Fines and Forfeitures				
Superior Court	$ 7,500	$ 7,500	$ 9,544	$ 2,044
State Court	45,000	45,000	43,749	(1,251)
Municipal Court	15,000	15,000	13,541	(1,459)
Interest	-	-	1,289	1,289
	67,500	67,500	68,123	623
Other Financing Uses				
Transfers Out	(68,400)	(68,400)	(68,400)	-
Net Change in Fund Balance	$ (900)	$ (900)	(277)	$ 623
Fund Balance, Beginning			89,152	
Fund Balance, Ending			$ 88,875	

PUTNAM COUNTY, GEORGIA
LAW LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE PERIOD ENDED SEPTEMBER 30, 2010

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
Fines and Forfeitures				
Probate Court	$ 650	$ 650	$ 520	$ (130)
State Court	4,655	4,655	7,630	2,975
Superior Court	3,185	3,185	3,194	9
Juvenile Court	50	50	-	(50)
Magistrate Court	5,460	5,460	4,385	(1,075)
Interest	3,000	3,000	925	(2,075)
	17,000	17,000	16,654	(346)
Expenditures				
Current				
Judicial	27,000	27,000	23,410	(3,590)
Net Change in Fund Balance	$ (10,000)	$ (10,000)	(6,756)	$ 3,244
Fund Balance, Beginning			91,548	
Fund Balance, Ending			$ 84,792	

PUTNAM COUNTY, GEORGIA
JUVENILE SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE PERIOD ENDED SEPTEMBER 30, 2010

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
Fines and Forfeitures	$ 510	$ 510	$ 260	$ (250)
Interest	-	-	242	242
	510	510	502	(8)
Expenditures				
Current				
Health and Welfare	-	-	-	-
Net Change in Fund Balance	$ 510	$ 510	502	$ (8)
Fund Balance, Beginning			16,379	
Fund Balance, Ending			$ 16,881	

PUTNAM COUNTY, GEORGIA
JUVENILE PROSECUTORS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE PERIOD ENDED SEPTEMBER 30, 2010

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
Intergovernmental	$ 150,044	$ 150,044	$ 103,775	$ (46,269)
Expenditures				
Current				
Judicial	139,405	139,405	101,715	(37,690)
Net Change in Fund Balance	$ 10,639	$ 10,639	2,060	$ (8,579)
Fund Balance, Beginning			30,443	
Fund Balance, Ending			$ 32,503	

PUTNAM COUNTY, GEORGIA
DRUG EDUCATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE PERIOD ENDED SEPTEMBER 30, 2010

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
Fines and Forfeitures				
Superior Court	$ 10,000	$ 10,000	$ 11,044	$ 1,044
State Court	5,700	5,700	5,755	55
Municipal Court	2,750	2,750	3,182	432
Interest	510	510	524	14
	18,960	18,960	20,505	1,545
Expenditures				
Current				
Public Safety	4,325	4,325	2,341	(1,984)
Net Change in Fund Balance	$ 14,635	$ 14,635	18,164	$ 3,529
Fund Balance, Beginning			39,265	
Fund Balance, Ending			$ 57,429	

PUTNAM COUNTY, GEORGIA
DRUG CONFISCATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE PERIOD ENDED SEPTEMBER 30, 2010

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
Fines and Forfeitures	$ -	$ 45,001	$ 44,359	$ (642)
Expenditures				
Current				
Public Safety	-	16,000	15,425	(575)
Net Change in Fund Balance	$ -	$ 29,001	28,934	$ (67)
Fund Balance, Beginning			46,231	
Fund Balance, Ending			$ 75,165	

PUTNAM COUNTY, GEORGIA
FEDERAL FORFEITURE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE PERIOD ENDED SEPTEMBER 30, 2010

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues	$ -	$ -	$ -	$ -
Expenditures				
Current				
Public Safety	-	-	31,622	31,622
Capital Outlay	47,500	47,500	14,900	(32,600)
	47,500	47,500	46,522	(978)
Net Change in Fund Balance	$ (47,500)	$ (47,500)	(46,522)	$ 978
Fund Balance, Beginning			269,055	
Fund Balance, Ending			$ 222,533	

PUTNAM COUNTY, GEORGIA
VICTIM AND WITNESS ASSISTANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE PERIOD ENDED SEPTEMBER 30, 2010

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
Intergovernmental	$ 30,950	$ 30,950	$ 25,079	$ (5,871)
Fines and Forfeitures	27,420	27,420	28,282	862
Interest	330	330	328	(2)
	58,700	58,700	53,689	(5,011)
Expenditures				
Current				
Health and Welfare	29,313	29,313	28,505	(808)
Net Change in Fund Balance	$ 29,387	$ 29,387	25,184	$ (4,203)
Fund Balance, Beginning			30,199	
Fund Balance, Ending			$ 55,383	

PUTNAM COUNTY, GEORGIA
EMERGENCY 911 FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE PERIOD ENDED SEPTEMBER 30, 2010

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
Charges for Services	$ 305,667	$ 305,667	$ 274,159	$ (31,508)
Investment Earnings	9,000	9,000	4,342	(4,658)
	314,667	314,667	278,501	(36,166)
Expenditures				
Current				
Public Safety	299,667	299,667	245,117	(54,550)
Capital Outlay	15,000	15,000	14,713	(287)
	314,667	314,667	259,830	(54,837)
Net Change in Fund Balance	$ -	$ -	18,671	$ 18,671
Fund Balance, Beginning			397,890	
Fund Balance, Ending			$ 416,561	

PUTNAM COUNTY, GEORGIA
HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE PERIOD ENDED SEPTEMBER 30, 2010

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
Taxes	$ 71,000	$ 71,000	$ 70,829	$ (171)
Interest	35	35	33	(2)
	71,035	71,035	70,862	(173)
Expenditures				
Current				
Economic Development	42,600	42,600	42,492	(108)
Excess (Deficiency) of Revenues Over (Under) Expenditures	28,435	28,435	28,370	(65)
Other Financing Sources (Uses)				
Transfers Out	(26,035)	(26,035)	(28,370)	(2,335)
Net Change in Fund Balance	$ 2,400	$ 2,400	-	$ (2,400)
Fund Balance, Beginning			-	
Fund Balance, Ending			$ -	

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

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

PUTNAM COUNTY, GEORGIA
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010

	Uncle Remus Golf Course Fund	Oconee Springs Park Fund	Total Nonmajor Enterprise Funds
Assets			
Current Assets			
Cash and Cash Equivalents	$ 24,340	$ 7,264	$ 31,604
Investments	-	118,133	118,133
Inventory	2,527	14,988	17,515
Total Current Assets	26,867	140,385	167,252
Capital Assets			
Depreciable, Net of Accumulated Depreciation	73,487	105,656	179,143
Total Assets	$ 100,354	$ 246,041	$ 346,395
Liabilities			
Current Liabilities			
Due to Other Funds	$ 46,876	$ 7,340	$ 54,216
Other Liabilities	748	3,535	4,283
Total Current Liabilities	47,624	10,875	58,499
Noncurrent Liabilities			
Compensated Absences	-	4,476	4,476
Total Liabilites	47,624	15,351	62,975
Net Assets			
Invested in Capital Assets	73,487	105,656	179,143
Unrestricted	(20,757)	125,034	104,277
Total Net Assets	$ 52,730	$ 230,690	$ 283,420

PUTNAM COUNTY, GEORGIA
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE PERIOD ENDED SEPTEMBER 30, 2010

	Uncle Remus Golf Course Fund	Oconee Springs Park Fund	Total Nonmajor Enterprise Funds
Operating Revenues			
Charges for Services	$ 103,335	$ 242,843	$ 346,178
Other	166	821	987
Total Operating Revenues	103,501	243,664	347,165
Operating Expenses			
Personnel Services and Employee Benefits	81,365	37,320	118,685
Purchased/Contracted Services	8,161	23,907	32,068
Supplies	36,914	163,432	200,346
Depreciation	18,000	10,500	28,500
Total Operating Expenses	144,440	235,159	379,599
Operating Income (Loss)	(40,939)	8,505	(32,434)
Nonoperating Revenues			
Interest	37	1,646	1,683
Income (Loss) Before Transfers and Contributions	(40,902)	10,151	(30,751)
Transfers In	36,578	-	36,578
Capital Contributions	41,175	-	41,175
Change in Net Assets	36,851	10,151	47,002
Net Assets, Beginning	15,879	220,539	236,418
Net Assets, Ending	$ 52,730	$ 230,690	$ 283,420

PUTNAM COUNTY, GEORGIA
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 30, 2010

	Uncle Remus Golf Course Fund	Oconee Springs Park Fund	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities			
Cash Received from Customers	$ 103,501	$ 243,664	$ 347,165
Cash Payments for Personnel Services	(85,469)	(36,272)	(121,741)
Cash Payments for Goods and Services	(44,864)	(195,453)	(240,317)
Net Cash Provided (Used) by Operating Activities	(26,832)	11,939	(14,893)
Cash Flows from Noncapital Financing Activities			
Transfers In	36,578	-	36,578
Cash Flows from Capital and Related Financing Activities			
Purchase of Property and Equipment	-	(22,698)	(22,698)
Cash Flows from Investing Activities			
Purchase of Investments, Net	-	(41,580)	(41,580)
Interest Received	37	1,646	1,683
Net Cash Provided (Used) by Investing Activities	37	(39,934)	(39,897)
Net Increase (Decrease) in Cash and Cash Equivalents	9,783	(50,693)	(40,910)
Cash and Cash Equivalents, Beginning	14,557	57,957	72,514
Cash and Cash Equivalents, Ending	$ 24,340	$ 7,264	$ 31,604
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	$ (40,939)	$ 8,505	$ (32,434)
Adjustments			
Depreciation	18,000	10,500	28,500
(Increase) Decrease in Assets			
Inventory	967	1,529	2,496
Increase (Decrease) in Liabilities			
Due to Other Funds	(1,503)	(13,177)	(14,680)
Other	748	3,534	4,282
Compensated Absences Payable	(4,105)	1,048	(3,057)
Net Cash Provided (Used) by Operating Activities	$ (26,832)	$ 11,939	$ (14,893)
Noncash Investing, Capital and Financing Activities			
Capital Assets Transferred from Other Funds	$ 41,175	$ -	$ 41,175

PUTNAM COUNTY, GEORGIA
AGENCY FUNDS

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

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

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

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

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

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

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

PUTNAM COUNTY, GEORGIA
COMBINING BALANCE SHEET
AGENCY FUNDS
SEPTEMBER 30, 2010

	Tax Commissioner	Sheriff	Clerk of Superior Court	State Court	Juvenile Court	Magistrate Court	Probate Court	Total
Assets								
Cash and Cash Equivalents	$ (53,713)	$ 15,502	$ 138,865	$ 16,813	$ 1,257	$ 1,832	$ 545	$ 121,101
Due from Other Governments	195,410	-	-	-	-	-	-	195,410
	$ 141,697	$ 15,502	$ 138,865	$ 16,813	$ 1,257	$ 1,832	$ 545	$ 316,511
Liabilities								
Due to Other Governments	$ 105,697	$ -	$ -	$ -	$ -	$ -	$ -	$ 105,697
Due to Others	36,000	15,502	138,865	16,813	1,257	1,832	545	210,814
	$ 141,697	$ 15,502	$ 138,865	$ 16,813	$ 1,257	$ 1,832	$ 545	$ 316,511

PUTNAM COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2006 ISSUE
FOR THE PERIOD ENDED SEPTEMBER 30, 2010

Project	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Road Projects	$ 4,582,000	$ 3,889,665	$ 402,102	$ 4,291,767
Administrative Building/Courthouse	900,000	100,023	774,874	874,897
Public Safety				
Sheriff and Jail Operations	300,000	186,042	107,482	293,524
Fire Fighting Operations	450,000	477,490	-	477,490
Ambulance and Rescue Operations	415,000	129,270	-	129,270
Hospital Projects	3,500,000	2,333,332	1,166,668	3,500,000
Cultural and Recreational Projects	720,000	650,879	41,175	692,054
Water and Sewer Projects	3,000,000	3,000,000	-	3,000,000
Intergovernmental Agreement - City of Eatonton	2,583,000	2,588,713	-	2,588,713
Total	$ 16,450,000	$ 13,355,414	$ 2,492,301	$ 15,847,715

COMPLIANCE SECTION

MCNAIR, MCLEMORE, MIDDLEBROOKS & CO., LLC
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March 23, 2011

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

Board of Commissioners
Putnam County, Georgia
Eatonton, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Putnam County, Georgia as of and for the nine-month period ended September 30, 2010, which collectively comprise Putnam County, Georgia's basic financial statements, and have issued our report thereon dated March 23, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We considered the deficiency described in the accompanying schedule of findings and responses as item 2010-1 to be material weaknesses.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Putnam County, Georgia in a separate letter dated March 23, 2011.

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

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

McNair, McLemore, Middlebrooks & Co., LLC

McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

PUTNAM COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE PERIOD ENDED SEPTEMBER 30, 2010

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unqualified	
Internal control over financial reporting:		
Material weakness identified?	X Yes	No
Significant deficiencies identified not considered to be material weaknesses?	Yes	X No
Noncompliance material to financial statements noted?	Yes	X No

Federal Awards

There was not an audit of major federal award programs as of September 30, 2010 due to the total amount expended being less than $500,000.

PUTNAM COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE PERIOD ENDED SEPTEMBER 30, 2010

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2010-1. Tax Commissioner Transactions

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

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

Context: During 2010, the County administration hired an outside party to review and reconcile the transactions of the Tax Commissioner Agency Fund. Their work indicated an overpayment of approximately $195,000 to another government entity which should have been remitted to the County's general fund.

Effect: By not reconciling the cash balances on hand to the supporting records on a monthly basis, differences could occur and go undetected by the elected officials.

Cause: The overpayment of funds to another government entity was caused by lack of proper reconciling of cash balances to amounts owed to various parties.

Recommendation: The tax commissioner should maintain adequate records including detailed listings to support the balances held in the agency fund. The monthly cash balances should be reconciled to these listings on a monthly basis.

Views of Responsible Officials and Planned Corrective Action:

We concur with the finding. We have developed a process to properly reconcile cash balances to amounts owed to various parties. An external accounting firm will review the tax commissioner's records periodically until it is determined that processes designed are operating effectively.

PUTNAM COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE PERIOD ENDED SEPTEMBER 30, 2010

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

PUTNAM COUNTY, GEORGIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE PERIOD ENDED SEPTEMBER 30, 2010

TC-2009-1 Tax Commissioner

Criteria: The utilization of a comprehensive (general ledger) accounting system: facilitates the completeness of financial accounting; integrates tax collections with cash and liabilities; facilitates the detection of errors; provides a means for determining that payouts to taxing agencies are accurate and complete; provides a format for oversight and analysis of financial activity; and streamlines auditing procedures.

Condition: Current accounting systems are fragmented. During 2009, as in previous years, the tax commissioner used the state required GRATIS system to account for collections of motor vehicle taxes, titles and penalties. A separate accounting system was used to account for collections of all other taxes on real and personal property, timber, mobile home permits and sales of heavy equipment. The use of separate accounting systems is unavoidable.

Auditee Response/Status: Unresolved. This is included in current finding 2010-1.

CFA-2009-1 Financial Administration

Criteria: With the exception of land and construction in process, capital assets should be maintained to an established standard or depreciated in a systematic and rational manner.

Condition: Current depreciation is not calculated. Although estimates of this expense are appropriately entered to enterprise fund financial statements, no actual calculation of this expense is provided for governmental or business-type activities.

Auditee Response/Status: Resolved. During 2010, County administration began using a software package to maintain capital asset records and to calculate depreciation expense.