TOOMBS COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2010

TOOMBS COUNTY, GEORGIA

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FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

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MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
of Toombs County, Georgia
Lyons, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Toombs County, Georgia (the "County")**, as of and for the year ended December 31, 2010, which collectively comprise Toombs County, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Toombs County Health Department, which statements reflect total assets of $556,956 as of June 30, 2010, and total revenues of $906,761 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 Toombs 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Toombs County, Georgia as of December 31, 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 year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2011, on our consideration of Toombs 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 19) and the Schedule of Funding Progress (on page 58) 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 Toombs 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 Toombs County, Georgia. The accompanying schedule of expenditures of special purpose local option sales tax proceeds is presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-21, and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of special purpose local option sales tax proceeds have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Mauldin & Jenkins, LLC

Macon, Georgia
June 24, 2011

This Management Discussion and Analysis is an introduction to the fiscal year 2010 financial statements of Toombs County and a comparative analysis of those metrics. This annual financial report consists of a series of financial reports including both the government-wide statements and the fund level financial statements. The government-wide statements include the statement of net assets and the statement of activities including both our governmental funds, proprietary funds and our two discretely presented component units. These reports will provide financial information about the County as a whole and present a broad overview of our County's finances based on our overall economic condition. The fund statements beginning on page 22 will include a balance sheet and a statement of revenues, expenditures and changes in fund balance. These governmental fund statements will demonstrate the current financing method of governmental operations with current resources and show the balances available for future operations. Toombs County has two proprietary funds for the landfill and EMS operations. These funds are primarily funded through user fees and are operated in a businesslike manner. As per generally accepted accounting standards, we use the accrual basis of accounting and an economic resource focus for our proprietary funds. We recognize revenues when they are earned and expenses when a liability occurs. Our proprietary fund financial statements will include a statement of revenue, expenses and changes in net assets and a statement of cash flows. We do not currently employ internal service funds. The fiduciary funds will report a statement of fiduciary assets and liabilities with matching assets and liabilities and without an accrued net asset total.

Financial Highlights

- The assets of Toombs County exceeded its liabilities at December 31, 2010, by $24,746,232 (net assets). This represents an increase of $2,502,364 or 11% from prior year. Of this amount, $5,904,704 is classified as unrestricted net assets, which is an increase in unrestricted net assets from the prior year of $2,974,831.

- At December 31, 2010, the County's total fund balances as summarized for all governmental fund types on page 22 of the financial statements were $9,591,592, an increase of $1,146,280, or 13.5%, from the 2009 fiscal year. Of this amount, $8,610,156 remains in the various funds as unreserved.

- At December 31, 2010, the County's General Fund reported an unreserved fund balance of $5,930,523, an increase of $1,984,122, or 50.3%, from the last fiscal year.

GOVERNMENT-WIDE STATEMENTS

Our analysis and discussion of Toombs County as a complete economic entity examines two government-wide statements shown on pages 20 and 21. These two statements report the County's net assets and liabilities and their changes based on activities and are labeled as the statement of net assets and the statement of activities.

The statement of net assets presents all of the government assets and liabilities based on the accrual basis of accounting with an economic resources measurement focus. It includes governmental activities, business type activities and the County's two discretely presented component units.

The statement of activities uses the net (expense) revenue format. It relates expenses to program revenues and nets the financial burden of government functions on the taxpayers.

These government-wide statements help to address the question: Is Toombs County better off economically at the end of fiscal year 2010 than at the end of fiscal year 2009? These reports provide information on all of our assets and liabilities. The government-wide statements incorporate long term assets and liabilities regardless of current financial resources.

Net assets, the difference between assets and liabilities, is a way to measure the County's financial health. Net assets should not be confused with the terms fund balance or fund equity, which is related to fund accounting. The yearly net asset figure serves as a benchmark. Changes in the benchmark, positive or negative, indicate changes in the County's financial health. The statement of net assets divides the primary government into two type of activities, governmental and business type, and includes the two component units:

Governmental- This category includes all of our basic services including the constitutional officers, public works, public safety and general and financial administration. These activities are primarily funded through property taxes, sales taxes and charges for services to include fees and fines.

Proprietary- Our Landfill and EMS operations are run as a business and are funded primarily through user fees with minimal contributions from the General Government.

Component Units- Toombs County has two discretely presented component units, the Toombs County Health Department and the Toombs County Development Authority. These entities are funded by a variety of sources. The County has control over their governing authorities. This year's statements reflect a change in the presentation of the Toombs County Development Authority from blended to discretely presented.

Toombs County contributes to the Association of County Commissioners of Georgia defined benefit retirement plan an agent multiple-employer public employee retirement system. As such we must and do comply with GASB 27. Toombs County is required to contribute an actuarially determined annual required contribution that complies with GASB 27. We also produce and provide in the notes to these financial statements an RSI schedule of funding progress. We provide all required disclosures in Note 11 of our Annual Financial Report (Pgs 52-54).

The Statement of Net Assets reflects total assets of $29,668,747. Of this amount, $16,360,061 is capital assets net of accumulated depreciation. It also reflects total liabilities of $4,922,515, including the current value of both short and long-term notes, capital leases, long-term leases payable and a significant landfill closure cost payable. The statement of net assets reflects total net assets of $24,746,232 distinguished between capital assets net of related debt, restricted assets, and unrestricted assets. Total governmental net assets are $22,059,720 and total proprietary net assets are $2,686,512. This reflects an increase in combined total net assets of $2,502,364. In reclassifying the Development Authority to a discretely presented component unit in 2010, we have substantially improved the reporting of our financial statements. We continue to clean up our financial reporting operation as part of our management strategy. We have made several prior period adjustments that resulted in a primary government increase in beginning total net assets of $185,166 separated out as $176,849 from governmental activities and $8,317 in business activities. *(See Note 15 on pages 56 and 57 for a reconciliation of these adjustments)*

Total unrestricted net assets increased by $2,929,873, or 98%. This increase is due to an increase in total assets of $2,236,607 or 8.2%, due to a timely billing and collection of 2010 taxes, and a 5.1% reduction in liabilities, primarily due to a recalculation of closure/post closure cost that resulted in a $381,377 reduction in 2010.

Total governmental fund balances were $9,591,592. Net assets of government activities were $22,059,720. The difference of $12,468,128 reflects capital assets used in government activities of $11,883,586, long-term assets not available for current expenditures of $1,168,978, net pension assets not due and payable in the current period of $56,376, and net non-current leases and notes combined of $640,812. *(See Reconciliation of the Balance Sheet to Government Wide Net Assets on Page 22)*

Toombs County's Statement of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
Current and other assets	$ 10,080,787	$ 11,635,710	$ 961,728	$ 1,672,976	$ 11,042,515	$ 13,308,686
Capital assets	12,402,524	11,883,586	3,845,487	4,476,475	16,248,011	16,360,061
Total assets	22,483,311	23,519,296	4,807,215	6,149,451	27,290,526	29,668,747
Other liabilities	737,277	1,038,715	312,162	275,983	1,049,439	1,314,698
Long-term liabilities outstanding	535,217	420,861	3,276,220	3,186,956	3,811,437	3,607,817
Total liabilities	1,272,494	1,459,576	3,588,382	3,462,939	4,860,876	4,922,515
Net assets:						
Invested in capital assets, net of related debt	11,747,797	11,347,648	3,576,306	4,000,839	15,324,103	15,348,487
Restricted	3,758,490	3,493,041	-	-	3,758,490	3,493,041
Unrestricted	5,704,530	7,219,031	(2,357,473)	(1,314,327)	3,347,057	5,904,704
Total net assets	$ 21,210,817	$ 22,059,720	$ 1,218,833	$ 2,686,512	$ 22,429,650	$ 24,746,232

Toombs County's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
Revenues:						
Program revenues						
Charges for services	$ 2,052,831	$ 2,216,359	$ 2,667,803	$ 3,367,536	$ 4,720,634	$ 5,583,895
Operating grants and contributions	367,338	173,438	-	-	367,338	173,438
Capital grants and contributions	-	39,645	-	-	-	39,645
General revenues:						
Property taxes	7,372,774	5,762,479	-	-	7,372,774	5,762,479
Sales taxes	3,815,554	6,009,117	-	-	3,815,554	6,009,117
Other taxes	1,416,585	651,514	5,956	434	1,422,541	651,948
Unrestricted investment earnings	59,241	37,027	-	-	59,241	37,027
Other revenues	149,627	-	34,751		184,378	-
Total revenues	15,233,950	14,889,579	2,708,510	3,367,970	17,942,460	18,257,549
Expenses:						
General government	6,193,567	6,027,615	-	-	6,193,567	6,027,615
Judicial	1,211,672	1,190,234	-	-	1,211,672	1,190,234
Public safety	3,422,255	3,401,973	-	-	3,422,255	3,401,973
Public works	1,266,758	1,795,399	-	-	1,266,758	1,795,399
Health and welfare	209,398	223,359	-	-	209,398	223,359
Culture and recreation	240,419	131,355	-	-	240,419	131,355
Housing and development	288,370	150,361	-	-	288,370	150,361
Interest on long-term debt	61,861	39,535	-	-	61,861	39,535
Ambulance	-	-	1,502,622	1,637,447	1,502,622	1,637,447
Landfill	-	-	1,512,388	1,157,907	1,512,388	1,157,907
Total expenses	12,894,300	12,959,831	3,015,010	2,795,354	15,909,310	15,755,185
Change in net assets before transfers	2,339,650	1,929,748	(306,500)	572,616	2,033,150	2,502,364
Transfers	(614,382)	(1,080,845)	614,382	1,080,845	-	-
Change in net assets	1,725,268	848,903	307,882	1,653,461	2,033,150	2,502,364
Net Assets, beginning of year	19,308,700	21,033,968	902,634	1,210,516	20,211,334	22,244,484
Prior period adjustments	-	176,849	-	8,317	-	185,166
Net Assets, end of year	$ 21,033,968	$ 22,059,720	$ 1,210,516	$ 2,872,294	$ 22,244,484	$ 24,932,014

We can reconcile the net changes in fund balance shown on the Statement of Revenues, Expenditures and Changes in Fund Balance to the changes in net assets shown on the Statement of Activities by the following Table:

Toombs County
Reconciliation of Net Changes in Fund Balance
to Changes in Net Assets

Net change in fund balance	$	1,146,280
Capital outlay		(231,997)
Capital asset transactions		(286,941)
Non-current revenue sources		55,644
Debt proceeds		118,789
Expenses not requiring current resources		47,128
Change in net assets	$	848,903

See reconciliation of the statement of Revenues, Expenditures and Changes to Fund Balance on Page 24

The net change in fund balance of $1,146,280 is a 13.6% increase in fund balance, primarily located in the General Fund. The General Fund had a $1,498,744 increase in fund balance due primarily to a substantial reduction in operating expenditures. The SPLOST fund has an overall reduction of fund balance of $383,113 due in part to the $1.3 million expenditure towards new cell construction at the landfill.

The Statement of Activities also reflects the taxpayer burden for government services. On a comparable note, this data is an important ongoing report card of the ability of these divisions to generate charges for services and fees/fines to reduce the tax burden. The following table reflects the cost of the county's major activities as well as net program cost.

Toombs County
Taxpayer Burden by Governmental Activity
December 31, 2010

	Cost of Service	Program Revenue	Tax Contribution	Percentage of Total
General government	$ 6,027,615	$ 662,633	$ 5,364,982	89%
Judicial	1,190,234	737,002	453,232	38%
Public safety	3,401,973	1,029,807	2,372,166	70%
Public works	1,795,399	-	1,795,399	100%
Health and welfare	223,359	-	223,359	100%
Culture and recreation	131,355	-	131,355	100%
Housing and development	150,361	-	150,361	100%
Interest on long term debt	39,535	-	39,535	100%
Total governmental activities	$ 12,959,831	$ 2,429,442	$ 10,530,389	

Capital Assets and Long Term Debt

Toombs County ended fiscal year 2010 with $11,883,586 in capital assets net of accumulated depreciation held within governmental activities and invested in land, buildings, law enforcement and fire equipment. Total notes payable on these capital assets are a total of $359,365. Capital leases for equipment are a combined $176,573.

On the proprietary (business activity) side, the County ended fiscal year 2010 with $4,476,475 capital assets net of accumulated depreciation. There were no notes payable relating to capital assets at year end. Total capital leases payable on these capital assets totaled $475,636.

Toombs County Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
Land	$ 356,744	$ 391,988	$ 359,609	$ 309,042	$ 716,353	$ 701,030
Land (landfill)	-	-	1,548,286	2,324,099	1,548,286	2,324,099
Buildings	3,738,794	3,018,582	924,934	893,418	4,663,728	3,912,000
Improvements	387,814	457,066	-	-	387,814	457,066
Infastructure	6,359,337	6,157,611	-	-	6,359,337	6,157,611
Furniture and fixtures	653,596	185,222	-	-	653,596	185,222
Convenient centers	-	-	194,031	-	194,031	-
Machinery and equipment	906,239	1,673,117	818,627	949,916	1,724,866	2,623,033
Total	$ 12,402,524	$ 11,883,586	$ 3,845,487	$ 4,476,475	$ 16,248,011	$ 16,360,061
Less notes payable	(412,858)	(359,365)	-	-	(412,858)	(359,365)
Less capital leases payable	(241,869)	(176,573)	(269,181)	(475,636)	(511,050)	(652,209)
Total Capital Assets, net of related debt	$ 11,747,797	$ 11,347,648	$ 3,576,306	$ 4,000,839	$ 15,324,103	$ 15,348,487

Additional information on the County's capital assets and long-term debt can be found in Note 6 on pages 43 – 46 of this report and in Note 7 on pages 46-50.

Retirement: Toombs County participates in the Association of County Commissioners of Georgia Defined Benefit Plan. This plan is an agent multiple-employer public employee retirement system. The County continues to make the required and expected contributions to the plan which is over the minimum annual payments. The County has $663,676 in unfunded actuarial liability obligation. The overall plan as represented by reviewing the unfunded actuarial accrued liability as a percent of payroll (24.8%) shows the plan trend continuing to weaken due to market conditions.

Fund Financial Statements

Toombs County complies with the fund definitions and nomenclature as promulgated by the Georgia Department of Community Affairs in the Uniform Chart of Accounts. We maintain eight governmental funds. We have two major funds, the General Fund as per GASBS 34 is always a major fund and the Special Purpose Local Option Sales Tax fund. A significant change from the last financial report is that we dropped a major fund for the Toombs County Development Authority and reclassified the entity as a discretely presented component unit. We have six nonmajor funds reported as other governmental funds on the fund financial statements balance sheet and statement of revenues, expenditures and changes in fund balance. These six funds are reported individually on a Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balance. A significant change in the non-major fund structure for 2010 is that we removed the Emergency Management Agency Fund as a separate fund at the end of fiscal year 2010. We present a final reconciliation to that fund on the combining statement of Revenues, Expenditures and Changes in Fund Balance for Non-Major funds on page 60. We also made a technical reporting change in the presentation by deleting the USDA grant fund. This was a transit account for electronic withdrawal required by the Grant and not a fund. The remainder should have been reported as interest revenue in the SPLOST account. We also added a Jail Commissary Account to report the profits realized from the Sheriff's Jail Commissary operations. The inmate trust funds are reported in the agency funds.

We maintain two proprietary funds for the Landfill and Emergency Medical Services. We report these two funds at the fund level on a Statement of Net Assets and a Statement of Changes in Net Assets. We also report a Statement of Cash Flows for the proprietary funds.

We report five agency funds for the Constitutional Officers on a Statement of Fiduciary Assets and Liabilities.

GOVERNMENTAL FUNDS:

These funds account for the reporting of the basic operations of the Government and all of the financial resources of the County. The focus of these funds is based on current financial resources. The basis of accounting for government funds is a method called modified accrual that measures current available assets and current expenditures. Government funds also give the observer a snapshot of the current operations, our ability to meet current obligations and the short-term future of available assets to meet short-term obligations.

The relationship between total government fund balances and net assets on the Government-wide Statement of Net Assets is reconciled on a report seen on page 22 of the audit.

The relationship between government activities as reported on the Government Wide Statement of Activities and the fund level Statement of Revenues, Expenditures and Changes in Fund Balance is reported on a reconciliation page attached to the fund financial statement on page 24.

Comparative Net Changes in Fund Balance can be seen in the following table:

Toombs County
Net Changes in Governmental Fund Balance
December 31, 2010

Fund	2010	2009	Prior Period Adjustment	2009 as Restated	Dollar Change	Percent Change
General	$ 6,080,778	$ 3,946,401	$ 635,633	$ 4,582,034	$ 1,498,744	32.71%
SPLOST	2,203,774	2,586,887	-	2,586,887	(383,113)	-14.81%
Nonmajor Governmental	1,307,040	1,171,603	104,788	1,276,391	30,649	2.40%
Total governmental activities	$ 9,591,592	$ 7,704,891	$ 740,421	$ 8,445,312	$ 1,146,280	

As mentioned under the review of the Government-wide statements the total Fund Balance of $9,591,592 is reconciled to the Statement of Net Assets. The General Fund had a $1,498,744 increase in fund balance due primarily to a substantial reduction in operating expenditures and an excess of revenue over expenditures in the amount of $1,479,940. Government-wide expenditures increased 30% over that of the prior year which is attributable to a budgeted and controlled landfill expansion project. At the General Fund level, revenues increased by $903,773 or 10% and expenditures decreased by $1.2 million, a 12% reduction. Taking into account the prior period adjustment, this equates to a $1.5 million or 32.71% increase in General Fund Balance. The SPLOST fund has an overall reduction of fund balance of $383,113 due to the $1.3 million expenditure towards new cell construction at the landfill. The Fund Balance change in the non-major funds is minimal. Unreserved fund balance in the General Fund increased 50.4% to $5,930,523 available to pay current obligations. There was a reserved fund balance of $150,255 in the General Fund for prepaid items such as insurance. The entire SPLOST fund is designated as reserved for projects approved by the voters. For the reporting period starting January 1, 2011 Toombs County will comply with GASBS 54 in classifying and reporting fund balances as non-spendable, restricted, committed, assigned, or unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

As can be seen in the table below we had significant success in enhancing our overall fund balance by increasing revenues during a down economic cycle. By increasing the effectiveness of operations and controlling expenditures at the fund level, the County was able to avoid using reserves which is contrary to the experiences of most governments similar in size.

Toombs County
Comparative Analysis of 2009 - 2010 Statement of Revenues, Expenditures and Changes in Fund Balance

	2010	2009	Variance $	Variance %
Revenues				
Property taxes	$ 5,706,835	$ 5,240,426	$ 466,409	8.9%
Sales taxes	6,009,117	6,156,683	(147,566)	-2.4%
Other taxes	651,514	652,556	(1,042)	-0.2%
Licenses and permits	37,616	74,188	(36,572)	-49.3%
Intergovernmental	173,438	324,645	(151,207)	-46.6%
Charges for services	1,318,279	1,222,782	95,497	7.8%
Fines and forfeitures	736,743	516,912	219,831	42.5%
Interest income	76,672	59,241	17,431	29.4%
Miscellaneous	123,721	431,269	(307,548)	-71.3%
Total revenues	14,833,935	14,678,702	155,233	1.1%
Expenditures				
Current:				
General government	2,842,449	3,326,722	(484,273)	-14.6%
Judicial	1,188,478	1,180,455	8,023	0.7%
Public safety	3,200,628	3,192,460	8,168	0.3%
Public works	1,257,358	810,806	446,552	55.1%
Health and welfare	186,188	209,398	(23,210)	-11.1%
Culture and recreation	131,094	240,419	(109,325)	-45.5%
Housing and development	151,489	288,370	(136,881)	-47.5%
Intergovernmental	2,472,628	2,667,871	(195,243)	-7.3%
Capital outlay	2,113,084	125,881	1,987,203	1578.6%
Debt service:				
Principal	118,789	1,090,269	(971,480)	-89.1%
Interest and fiscal charges	34,297	61,861	(27,564)	-44.6%
Total expenditures	13,696,482	13,194,512	501,970	3.8%
Excess (deficiency) of revenues over (under) expenditures	1,137,453	1,484,190	(346,737)	-23.4%
Other financing sources (uses):				
Proceeds from sale of capital assets	8,827	-	8,827	
Capital leases and other debt	-	605,831	(605,831)	-100.0%
Transfers in	84,977	139,939	(54,962)	-39.3%
Transfers out	(84,977)	(754,321)	669,344	-88.7%
Total other financing sources (uses)	8,827	(8,551)	17,378	-203.2%
Net change in fund balances	1,146,280	1,475,639	(329,359)	-22.3%
Fund balances, beginning of year	7,704,891	6,120,594		
Prior period adjustment	740,421	108,658		
Fund balance, beginning of year, as restated	8,445,312	6,229,252		
Fund balance, end of year	$ 9,591,592	$ 7,704,891	$ 1,886,701	24.49%

Budget Comparisons:

We cannot talk about changes to fund balance without reporting on our budget accountability. The General Fund reported an increase to fund balance in the amount of $1,498,744. Of that increase, $1,246,822 was attributable to efficiencies of operations in expenditure control and $251,922 in enhanced revenue collections. The chart below demonstrates these results.

Toombs County
General Fund Budget Variance by Major Activity
December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget $	Variance with Final Budget %
Total revenues	$ 9,628,000	$ 9,628,000	$ 9,879,922	$ 251,922	2.62%
General government	4,082,405	3,787,655	2,842,449	945,206	24.95%
Judicial	1,319,908	1,356,407	1,188,478	167,929	12.38%
Public safety	2,387,736	2,627,736	2,628,601	(865)	-0.03%
Public works	1,469,198	1,469,198	1,257,358	211,840	14.42%
Health and welfare	190,651	190,951	186,188	4,763	2.49%
Culture and recreation	131,100	131,100	131,094	6	0.00%
Housing and development	130,996	148,947	151,489	(2,542)	-1.71%
Debt service	-	-	14,325	(14,325)	-
Other financing sources	83,994	83,994	18,804	(65,190)	-77.61%

SPLOST Fund- The SPLOST fund had a small decrease in fund balance primarily due to a major landfill expansion program with a $1.3 million budget.

The fiscal year 2010 Schedule of Expenditures (see page 61) for SPLOST projects reflects the current and project to date expenditures. Current year SPLOST expenditures were $4,724,473 with the largest amount being expended on the landfill cell construction.

Other Government Funds- This category of funds accounts for and reports the non-major governmental funds as determined by GASB. At the beginning of 2010 our other governmental funds contained six funds. A significant change in the non-major fund structure for 2010 is that we closed the Emergency Management Agency as a separate fund at the end of 2010. We present a final reconciliation to that fund on the combining statement of Revenues, Expenditures and Changes in Fund Balance for Non-Major funds on page 60. We also made a technical reporting change in the presentation by deleting the USDA grant fund. This was a transit account for electronic withdrawal required by the grant and not a fund. We also added a Jail Commissary account to report the profits realized from the Sheriff's Jail Commissary operation and a legally required but previously unreported Law Library fund. These funds are reported at the fund level on the combining balance sheet and Statement of Revenues, Expenditures and Fund Balance (see pages 59 and 60). At the government-wide level they are incorporated as a part of the assets from governmental activities on the Statement of Net Assets.

PROPRIETARY FUNDS:

These funds account for the business related operations of Toombs County and are primarily funded by user fees. Toombs County reports two proprietary funds, landfill and emergency medical services. Proprietary funds at the government wide level are handled similar to commercial businesses. They use the accrual basis of accounting and the economic measurement focus. In other words they recognize revenues when they are earned but not necessarily available for current obligations. Conversely they recognize expenses when a liability is incurred.

Proprietary funds are reported at the fund level by a Statement of Net Assets, identical to the Statement of Net Assets at the government-wide level under business activities. This report at the fund level includes current and non-current assets and current and non-current or long-term liabilities. Fund activities are accounted for by a Statement of Revenue, Expenses and Change in Fund Net Assets.

The important factors management must review in Proprietary funds are: (1) does the fund generate sufficient cash flow to meet current obligations, (2) its ability to generate future cash flows to meet long-term obligations and (3) how these two issues relate to the need for external financing (whether by the governing entity through the general fund or by debt). This factor is reflected in the Statement of Cash Flows.

The ambulance service is not intended to be a profit center for the County. In fact, we are contemplating moving this from a proprietary fund into the General Fund to resolve a revenue recognition problem with medical billings from the current cost method to a modified accrual basis. Another foundation for this move is to reflect the E-911 support in Ambulance calls required of government ambulance operations. We showed an operating income in the Ambulance Service of $62,139 due to the addition of intergovernmental agreements.

The Landfill fund has been a profitable enterprise for the County in our short term operations; unfortunately no funds had been set aside for long term closure post closure commitments which have been recalculated and restated in 2010 to $2,822,829 with a net reduction of $224,490 in operating expense as of December 2010. Landfill operations in 2010 showed a $1,405,106 increase in net assets due to a $1.3 million capital contribution for new cell construction funded from SPLOST. Operating revenues exceeded operating expenses of $324,261, a substantial turnaround from the loss of $412,097 in 2009. This $798,898 turnaround coupled with the capital investment resulted in a $1.4 million increase in net assets.

Net income before transfers and contributions of the proprietary funds in 2010 resulted in a turnaround from a loss of $341,251 in 2009 to an income of $386,834 in 2010, a $728,085 net change.

	Toombs County Landfill		Toombs County Ambulance		Total	
Operating revenues:	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Charges for services:						
Landfill use fees	$ 1,099,961	$ 1,079,904	$ -	$ -	$ 1,099,961	$ 1,079,904
Ambulance services	-	-	1,513,804	1,587,899	1,513,804	1,587,899
Miscellaneous	382,207	34,751	-	-	382,207	34,751
Intergovernmental revenues	-	-	185,782	-	185,782	-
Total operating revenues	1,482,168	1,114,655	1,699,586	1,587,899	3,181,754	2,702,554
Operating expenses:						
Personal services	306,634	379,349	1,252,889	1,116,150	1,559,523	1,495,499
Purchased/contracted services	97,904	262,940	72,819	106,230	170,723	369,170
Supplies and materials	69,690	201,028	80,676	234,302	150,366	435,330
Repairs and maintenance	-	-	92,026	-	92,026	-
Utilities	65,101	-	82,565	-	147,666	-
Depreciation	556,038	648,684	56,472	45,940	612,510	694,624
Total operating expenses	1,095,367	1,492,001	1,637,447	1,502,622	2,732,814	2,994,623
Operating income (loss)	386,801	(377,346)	62,139	85,277	448,940	(292,069)
Nonoperating revenues (expenses):						
Investment income	-	3,122	434	2,834	434	5,956
Interest expense	(19,955)	(20,387)	-	-	(19,955)	(20,387)
Loss on sale of capital assets	(42,585)	-	-	-	(42,585)	-
Total nonoperating revenues (expenses)	(62,540)	(17,265)	434	2,834	(62,106)	(14,431)
Income (loss) before transfers and contributions	324,261	(394,611)	62,573	88,111	386,834	(306,500)
Transfers						
Transfers in	-	189,618	-	424,764	-	614,382
Transfers out	(266,887)	-	-	-	(266,887)	-
Total transfers	(266,887)	189,618	-	424,764	(266,887)	614,382
Capital contributions	1,347,732	-	-	-	1,347,732	-
Change in net assets	1,405,106	(204,993)	62,573	512,875	1,467,679	307,882
Net assets, beginning of year	580,422	785,415	630,094	117,219	1,210,516	902,634
Prior period adjustment	16,026	-	(7,709)	-	8,317	-
Net assets, beginning of year, as restated	596,448	785,415	622,385	117,219	1,218,833	902,634
Net assets, end of year	$ 2,001,554	$ 580,422	$ 684,958	$ 630,094	$ 2,686,512	$ 1,210,516

As required by GASBS 34 we use the direct method of reporting our proprietary funds cash flows. The direct method requires reporting of major classifications of gross cash receipts and payments. This method requires that we report increases in cash and cash equivalents from four sources; Operating Activities, Noncapital Financing Activities, Capital and Related Activities, and Investing Activities. The Statement also reconciles Operating Income (Loss) to Net Cash provided by activities. The following table relates the net cash available for operating activities by fund compared over the prior reporting year. The increases are attributable to reduced expenditures and reduction in transfers out.

Toombs County
Net Cash Provided by Operating Activities
December 31, 2010

	2010	2009	Variance
Landfill Fund	$ 598,416	$ 357,401	$ 241,015
Ambulance Fund	(111,972)	202,666	(314,638)
Total Business Type Funds	$ 486,444	$ 560,067	$ (73,623)

Intergovernmental revenues offset the negative cash in the Ambulance fund as anticipated in our business plan. The purpose of the statement of cash flows seen on pages 29 and 30 of the financial statements are to provide the reader of the statements with information regarding cash receipts and disbursements in the proprietary funds sufficient to promote an understanding of several key concepts. Does the organization have the ability to generate future cash flow for operations, does the organization have the ability to meet obligations as they come due, expose to management the potential need for external financing, explain the difference between operating and net income and the impact of our financial position on cash, investing and future capital decisions. As stated, the primary consideration to our proprietary operations is the long term liability associated with assurances related to closure and post-closure cost for our landfill and maintaining the efficiency of our ambulance operations.

Transfers

We had a major capital transaction that resulted in a $1,080,845 of net intra-fund activity. The landfill was the recipient of a transfer of $1,347,732 in new cell construction from the SPLOST fund; this is shown on the Statement of Revenues, Expenditures and Change in Fund Net Assets as a capital contribution. We transferred out $266,887 in assets from the convenience centers in the Landfill Fund to governmental activities. We transferred $9,977 to the General Fund to close the Emergency Management Fund. We also moved $75,000 from the Jail Fund to SPLOST to pay for new vehicles for the Jail.

Fiduciary Funds

Toombs County reports five agency funds: Tax Commissioner, Probate Court, Magistrate Court, Clerk of Court and Sheriff. These funds are reported on the modified accrual basis of accounting and do not have a measurement focus. They are custodial in nature and therefore, total assets agree with total liabilities for a zero sum change *(See the Statement of Fiduciary Assets and Liabilities on page 31).*

CURRENT FACTS, DECISIONS, OR CONDITIONS

Toombs County, as a subdivision of the State of Georgia, has a current population of 27,223 representing a 4.43% population growth since 2000 as reported by the 2010 Census. The significant finding in the Census is the continued migration from the municipalities and the growth in the unincorporated area of the County. The unincorporated area population grew at an 11% rate for the measured decade. This population shift to the unincorporated area puts an increased service delivery burden in solid waste, fire protection, emergency services and law enforcement resulting in financial pressure on the County to deliver those services. The funding sources available to pay for the services in the unincorporated areas are restricted. We are currently ranked 63rd in population among the 159 Georgia Counties. Our per capita income is $24,554 and we are ranked 86th among counties. We are growing in population but not keeping pace with Regional or Georgia averages. Our unemployment rate as of April 2011 is 10.9% a 1% increase in unemployment since last year and one percent higher than the current state rate. While these two indicators are better than our regional neighbors they still put an increased demand on services at the County level that manifest itself in reduced private income available for sales tax generation. In fact our sales tax loss rate has doubled from last year at this identical point in time. We are fortunate in Toombs County to have an active and successful Development Authority and have had successful commercial growth in 2010 with the addition of Chicken of the Sea and US Pets with over 300 new jobs.

Toombs County at the end of 2010 has benefited from our continuing financial recovery plan. We completed our second year under our new form of government. In 2008 the Board of Commissioners decided to implement a County Manager-Commission form of Government. This form of government was a change from the strong Chairman-Commission form of Government in place throughout our history. In 2010 we reaped the benefits of accurate financial accounting mechanisms, consolidation of our accounts and timely and accurate financial reports to aid our monitoring activities. In 2009 we reported that we had financial reports that are accurate and truly reflective. We had balanced accounts payable and cash subsidiary ledgers. We generated and maintained a trial balance on a monthly basis and reconciled all subsidiary journals to the general ledger. We have a complete set of financial policies. We have implemented a complete set of internal controls including a detailed job allocation that provides true segregation of duties. The significance of these endeavors can be seen in our SAS 115 findings. In fiscal year 2008 we had thirteen significant deficiencies related to our financial operational area of control. As a result of management actions we had no material weaknesses, no significant deficiencies and no control deficiencies in fiscal year 2009 related to our operational area of control. In 2010 we repeated no findings in our operational areas of control. We were able to improve cash flow, increase revenue collection and control expenditures to result in a net fund balance increase.

Our Tax Digest reflects a net value of $580,873,000 which produced $5,589,747 in property taxes in 2010 generated by a 9.6 millage levy. Our tax digest in 2010 suffered as a result of the moratorium on increases in property assessments and decreasing value. We had a small 2.45 decrease in the digest and expect that trend to increase significantly in the 2011 digest due July 1 of this year as a result from the economic downturn in home values and foreclosures and due to changes in state law reflected in 100% mailing of assessment notices and a corresponding increase in appeals. The 2010 digest reduction resulted in a loss of $126,000 in billed tax revenues in 2010 for use in FY 11. Our Sales Ratio study reflected an overall 36.67 ratio. This is significant for several reasons: Firstly, We do not have a corrective mechanism available to us until 2012 due to the freeze adopted by the Georgia General Assembly; secondly, we do not have uniform fairness in our digest and tax levy; and finally, we cannot bill our utility portion of the digest at the full 40% value, but must reduce that to the sales ratio 36.37. This translated into a loss of $746,000 in assessed value and $71,600 in lost tax revenue. Under legislation we do not face the .25 mill collection penalty or the $5 per parcel penalty. This ratio number does reflect a need for a full reassessment by 2012 to come into compliance, especially in the Agricultural and Commercial classifications. This reassessment will require an expenditure element we will have to address in the 2012 budget. Timber taxes suffered a significant 20% reduction in 2010 due to the weak economy and reduced housing starts. We do not contemplate and will not have a millage increase in 2011 despite flat sales tax growth, digest diminution and budgetary pressures from service delivery requirements and population shifts.

Sales Taxes continue to show the inherent vagaries and lack of stability required as a primary funding source. Due to the economic situation in 2010 we had a sales tax decrease of $140,594 or a 7.31% reduction from 2009. We lost $218,000 from the expected budget total. In 2011 to date the downward trend continues with a current 6.19% decrease over the prior years' abysmal numbers. The decrease rate is double what it was at this point in time in 2010.

Our current 2011 total government budget calls for $13,464,856 in revenues and expenditures representing a 24% decrease from 2010 due to a change in reporting SPLOST flow-through dollars for the municipalities. These appropriations are allocated with $9.2 million in our M&O budget for general operations a 5.52% reduction from 2010 and $4.3 million in special revenue with activities restricted by law. We are on trend with our budget through this year despite revenues remaining flat and a decrease in sales tax as mentioned. We have been able to recognize operational savings by bidding out all previous contractual arrangements. We are facing a 30.9% increase in health insurance cost due to loss ratio and federal health care changes. We are addressing the dependent options available to our employees to address and minimize cost to the taxpayers. Unlike previous years Toombs County is now feeling the impact of a major effort by the state to cost shift programs to the local level. Forestry fire coverage increased 150% with a $9,500 cost increase. Our jail remains full of state prisoners that they will not nor cannot pick-up. The current reimbursement rate paid by the state does not equal our daily cost. We have engaged all Department Heads and Constitutional Officers into the budgeting process to the benefit of our financial position. This step provides an ownership component. Combined with monthly budget reports this monitoring allows timely reaction to develop mid-course corrections.

During 2009, the Toombs County Board of Commissioners and the qualifying local communities complied with the Georgia Planning Act of 1989 as monitored by the Department of Community Affairs. We satisfied the requirement for Comprehensive Planning and completely updated our Joint Comprehensive Plan, Solid Waste Plan and five-year Short-Term work program. As part of the requirement all participants negotiated and signed a Service Delivery Strategy that addressed all service issues, overlapping concerns and eliminated all double taxation. We will initiate in 2012 the call for the Local Option Sales tax negotiations by July 1 as required by law. We will address and correct the severe tax inequities in the current distribution formula. This formula was a remnant from the 1980 negotiation and based on the old population driven formula based on the 1976 law that was ruled unconstitutional. All Service Delivery and double taxation issues were resolved in the 2009 Comprehensive Plan. The 2012 sales tax negotiations will address tax equities for all Toombs County taxpayers incorporated or un-incorporated and insure that all taxpayers receive equal property tax relief, the predicate reason for the LOST, from the sales tax.

During 2010 as part of our management obligation and to formalize our operations we have negotiated and signed or renewed several intergovernmental agreements and Memorandums of Understanding to provide a framework for our activities. These include a Contract for Ambulance Services and a Memorandum of Agreement for E-911 services with Montgomery County that will provide appropriate funding for cost overruns. We have also entered into formal Memorandums of Agreement with the Municipalities to have them provide recreational services for the citizens in the unincorporated areas of the County.

The 2010 Census results will also add pressure to our 2012 budget. Due to population increases we face increased cost burden in the District Attorney, Public Defender and Regional Commission activities. We also face budget expansion due to election cost in 2012.

Current Activities:

In 2010, we completed the two major activities related to the landfill and solid waste handling programs of Toombs County. We completed a three cell expansion of our landfill in previously permitted space. This expansion will maintain the viability of our landfill for at least five years. We funded this operation though our SPLOST account and the asset will be recognized in the landfill. We completed construction on two brand new manned convenience centers for solid waste collection to replace the unmanned green box sites. These two and the next two at the end of this current year will complete phase one of this project. We will have at that point seven sites and our entire 48 original green box sites will be closed. While this action will not result in any direct operational savings due to a cost shift we will derive considerable long term benefit by expanding the life of our landfill by controlling illegal dumping throughout Toombs County.

We remain committed to the upgrading of our capital assets utilized throughout our operations and the corresponding capital investment. In 2011 we have already acquired a new limb-cutter, a compactor for our landfill and work trucks for our public works. We are budgeted for a new motor grader and we are looking at a new bulldozer for our landfill. We are upgrading our E-911 facility with a $113,000 commitment to communications equipment upgrade and $14,000 in furnishings.

We are committed to maintaining our facilities and not postponing any maintenance or repairs. We are replacing the roof on our Sheriff's Office and Detention Center, a major repair project with a cost over $150,000. We are in the late planning phases of an ambulance location in the southern part of our county.

Toombs County was allocated approximately $320,000 in state 2012 motor fuel taxes by the Department of Transportation under the Local Maintenance and Improvement Grant for road maintenance. We submitted the preapproved year two portion of our resurfacing improvement plan with an additional 2.0 miles of asphalt on Lyons-Center and 4.5 miles of triple surface on the New Normantown Road.

Toombs County will continue to streamline our financial operations for transparency purposes. We are working to insure the internal integrity of our fund accounting and have succeeded in our efforts to insure that our proprietary funds reflect true business operations and not serve as a repository of general government services funded by restricted fees or as alternative funding sources for the General Fund. We believe that the General Fund now truly represents the cost of services to our citizens.

In conclusion Toombs County, as do all governments, remains confronted with severe external economic challenges that impact both our revenue streams and the demand level for services. We have a handle on our expenditure side and remain committed to strong fiscal conservatism. We remain challenged severely on the revenue side. Our current financial operations and overall management has provided Toombs County with a solid foundation for financial solvency. We are well positioned to continue to provide essential services to our citizens and fund both our short and long-term obligations.

This Management Discussion and Analysis and the accompanying financial reports and notes are designed to provide our citizens, taxpayers and elected officials with a general overview and analysis of the County's financial and economic condition. The information contained herein includes analysis of current conditions and representations by the management of Toombs County and we are responsible for their content. It is our mission to insure that the County be accountable for the revenues we receive from our citizens. These financial statements and the preceding discussion and analysis should prove that we have served as good stewards of the tax dollars collected in Toombs County. If you have any questions or comments about this report please contact our County Manager at P.O. Box 112, Lyons, GA 30436 or by e-mail at deaves.toombsco@bellsouth.net.

BASIC FINANCIAL STATEMENTS

TOOMBS COUNTY, GEORGIA

STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Development Authority	Health Department
ASSETS					
Cash and cash equivalents	$ 8,411,485	$ 1,234,863	$ 9,646,348	$ 489,312	$ 525,395
Taxes receivable	1,485,056	-	1,485,056	159,765	-
Accounts receivable, net of allowances	87,343	423,113	510,456	430,042	-
Due from other governments	614,014	15,000	629,014	32,070	16,599
Due from component unit	831,181	-	831,181	-	-
Prepaid items	150,255	-	150,255	3,185	-
Other current assets	-	-	-	22,500	-
Other noncurrent assets	56,376	-	56,376	180,000	-
Capital assets, non-depreciable	391,988	309,042	701,030	2,500,685	-
Capital assets, depreciable, net of accumulated depreciation	11,491,598	4,167,433	15,659,031	4,144,616	14,962
Total assets	23,519,296	6,149,451	29,668,747	7,962,175	556,956
LIABILITIES					
Accounts payable	479,884	31,310	511,194	-	4,454
Accrued liabilities	82,693	39,229	121,922	-	-
Unearned revenues	9,260	73,276	82,536	-	-
Due to other governments	252,165	-	252,165	-	-
Due to primary government	-	-	-	831,181	-
Borrowings under line of credit	-	-	-	71,238	-
Capital leases due within one year	61,399	111,509	172,908	-	-
Capital leases due in more than one year	115,174	364,127	479,301	-	-
Compensated absences due within one year	99,636	20,659	120,295	-	59,787
Notes payable due in within one year	53,678	-	53,678	74,704	-
Notes payable due in more than one year	305,687	-	305,687	1,325,296	-
Landfill closure and postclosure care costs due in more than one year	-	2,822,829	2,822,829	-	-
Total liabilities	1,459,576	3,462,939	4,922,515	2,302,419	64,241
NET ASSETS					
Invested in capital assets, net of related debt	11,347,648	4,000,839	15,348,487	5,245,301	14,962
Restricted for:					
Capital projects	2,203,774	-	2,203,774	-	-
Other purposes	1,289,267	-	1,289,267	-	306,405
Unrestricted	7,219,031	(1,314,327)	5,904,704	414,455	171,348
Total net assets	$ 22,059,720	$ 2,686,512	$ 24,746,232	$ 5,659,756	$ 492,715

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

TOOMBS COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets: Governmental Activities	Business-type Activities	Total	Component Units: Development Authority	Component Units: Health Department
Primary government:									
Governmental activities:									
General government	$ 6,027,615	$ 451,385	$ 171,603	$ 39,645	$ (5,364,982)	$ -	$ (5,364,982)	$ -	$ -
Judicial	1,190,234	737,002	-	-	(453,232)	-	(453,232)	-	-
Public safety	3,401,973	1,027,972	1,835	-	(2,372,166)	-	(2,372,166)	-	-
Public works	1,795,399	-	-	-	(1,795,399)	-	(1,795,399)	-	-
Health and welfare	223,359	-	-	-	(223,359)	-	(223,359)	-	-
Culture and recreation	131,355	-	-	-	(131,355)	-	(131,355)	-	-
Housing and development	150,361	-	-	-	(150,361)	-	(150,361)	-	-
Interest on long-term debt	39,535	-	-	-	(39,535)	-	(39,535)	-	-
Total governmental activities	12,959,831	2,216,359	173,438	39,645	(10,530,389)	-	(10,530,389)	-	-
Business-type activities:									
Toombs County Landfill	1,157,907	1,482,168	-	-	-	324,261	324,261	-	-
Toombs County Ambulance	1,637,447	1,699,586	-	-	-	62,139	62,139	-	-
Total business-type activities	2,795,354	3,181,754	-	-	-	386,400	386,400	-	-
Total primary government	$ 15,755,185	$ 5,398,113	$ 173,438	$ 39,645	(10,530,389)	386,400	(10,143,989)	-	-
Component units:									
Development Authority	$ 551,356	$ -	$ 657,957	$ 553,095	-	-	-	659,696	-
Health Department	909,859	309,912	596,849	-	-	-	-	-	(3,098)
Total component units	$ 1,461,215	$ 309,912	$ 1,254,806	$ 553,095	-	-	-	659,696	(3,098)
General revenues:									
Property taxes					5,762,479	-	5,762,479	-	-
Sales taxes					6,009,117	-	6,009,117	-	-
Insurance premium tax					540,046	-	540,046	-	-
Alcoholic beverages tax					79,309	-	79,309	-	-
Other taxes					32,159	-	32,159	-	-
Unrestricted investment earnings					37,027	434	37,461	1,696	-
Transfers					(1,080,845)	1,080,845	-	-	-
Total general revenues and transfers					11,379,292	1,081,279	12,460,571	1,696	-
Change in net assets					848,903	1,467,679	2,316,582	661,392	(3,098)
Net assets, beginning of year					21,033,968	1,210,516	22,244,484	4,998,364	495,813
Prior period adjustments					176,849	8,317	185,166	-	-
Net assets, beginning of year, as restated					21,210,817	1,218,833	22,429,650	4,998,364	495,813
Net assets, end of year					$ 22,059,720	$ 2,686,512	$ 24,746,232	$ 5,659,756	$ 492,715

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

TOOMBS COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General	SPLOST	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 5,574,535	$ 2,430,304	$ 406,646	$ 8,411,485
Taxes receivable	1,485,056	-	-	1,485,056
Accounts receivable	-	-	87,343	87,343
Due from other governments	182,963	431,051	-	614,014
Due from component unit	-	-	831,181	831,181
Prepaid items	150,255	-	-	150,255
Total assets	$ 7,392,809	$ 2,861,355	$ 1,325,170	$ 11,579,334
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 63,281	$ 405,416	$ 11,187	$ 479,884
Accrued liabilities	70,512	-	6,943	77,455
Deferred revenues	1,178,238	-	-	1,178,238
Due to other governments	-	252,165	-	252,165
Total liabilities	1,312,031	657,581	18,130	1,987,742
FUND BALANCES				
Fund balances:				
Reserved for:				
Prepaid items	150,255	-	-	150,255
Long-term receivables	-	-	831,181	831,181
Unreserved reported in:				
General fund	5,930,523	-	-	5,930,523
Special revenue funds	-	-	475,859	475,859
Capital projects funds	-	2,203,774	-	2,203,774
Total fund balances	6,080,778	2,203,774	1,307,040	9,591,592
Total liabilities and fund balances	$ 7,392,809	$ 2,861,355	$ 1,325,170	

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.	11,883,586
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,168,978
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(640,812)
Net pension assets are not due and payable in the current period and, therefore, are not reported in the funds.	56,376
Net assets of governmental activities	$ 22,059,720

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

TOOMBS COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

	General	SPLOST	Other Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	$ 5,706,835	$ -	$ -	$ 5,706,835
Sales taxes	1,782,402	4,226,715	-	6,009,117
Other taxes	651,514	-	-	651,514
Licenses and permits	37,616	-	-	37,616
Intergovernmental	173,438	-	-	173,438
Charges for services	681,917	-	636,362	1,318,279
Fines and forfeitures	718,329	-	18,414	736,743
Interest income	22,616	39,645	14,411	76,672
Miscellaneous	105,255	-	18,466	123,721
Total revenues	9,879,922	4,266,360	687,653	14,833,935
Expenditures				
Current:				
General government	2,842,449	-	-	2,842,449
Judicial	1,188,478	-	-	1,188,478
Public safety	2,628,601	-	572,027	3,200,628
Public works	1,257,358	-	-	1,257,358
Health and welfare	186,188	-	-	186,188
Culture and recreation	131,094	-	-	131,094
Housing and development	151,489	-	-	151,489
Intergovernmental	-	2,472,628	-	2,472,628
Capital outlay	-	2,113,084	-	2,113,084
Debt service:				
Principal	7,131	111,658	-	118,789
Interest and fiscal charges	7,194	27,103	-	34,297
Total expenditures	8,399,982	4,724,473	572,027	13,696,482
Excess (deficiency) of revenues over (under) expenditures	1,479,940	(458,113)	115,626	1,137,453
Other financing sources (uses):				
Proceeds from sale of capital assets	8,827	-	-	8,827
Transfers in	9,977	75,000	-	84,977
Transfers out	-	-	(84,977)	(84,977)
Total other financing sources (uses)	18,804	75,000	(84,977)	8,827
Net change in fund balances	1,498,744	(383,113)	30,649	1,146,280
Fund balances, beginning of year	3,946,401	2,586,887	1,171,603	7,704,891
Prior period adjustment	635,633	-	104,788	740,421
Fund balances, beginning of year, as restated	4,582,034	2,586,887	1,276,391	8,445,312
Fund balances, end of year	$ 6,080,778	$ 2,203,774	$ 1,307,040	$ 9,591,592

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

TOOMBS COUNTY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

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

Net change in fund balances - total governmental funds	$	1,146,280
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.		(231,997)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		(286,941)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		55,644
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		118,789
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.		47,128
	$	848,903

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

TOOMBS COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 5,547,000	$ 5,547,000	$ 5,706,835	$ 159,835
Sales taxes	2,000,000	2,000,000	1,782,402	(217,598)
Other taxes	644,000	644,000	651,514	7,514
Licenses and permits	69,000	69,000	37,616	(31,384)
Intergovernmental	160,600	160,600	173,438	12,838
Charges for services	639,500	639,500	681,917	42,417
Fines and forfeitures	550,600	550,600	718,329	167,729
Investment income	7,500	7,500	22,616	15,116
Miscellaneous	9,800	9,800	105,255	95,455
Total revenues	9,628,000	9,628,000	9,879,922	251,922
Expenditures:				
Current:				
General government:				
County commissioners	78,666	78,666	60,520	18,146
County manager	93,104	96,103	94,939	1,164
Elections	189,097	189,097	159,887	29,210
General administration	2,590,124	2,211,374	1,402,958	808,416
Financial administration	159,838	159,838	141,037	18,801
Law	9,000	17,500	16,991	509
Tax commissioner	230,790	270,790	268,797	1,993
Tax assessor	298,643	298,644	241,256	57,388
Board of equalization	2,000	4,500	4,416	84
Public buildings	431,143	461,143	451,648	9,495
Total general government	4,082,405	3,787,655	2,842,449	945,206
Judicial:				
Superior court	216,504	216,504	160,950	55,554
Clerk of superior court	313,498	348,498	329,671	18,827
District attorney	170,000	170,000	170,000	-
State court	195,754	195,754	194,226	1,528
Magistrate court	208,908	208,908	181,969	26,939
Probate court	178,748	178,747	113,840	64,907
Juvenile court	36,496	37,996	37,822	174
Total judicial	1,319,908	1,356,407	1,188,478	167,929
Public safety:				
Sheriff	936,355	1,126,355	1,131,454	(5,099)
Jail	1,212,389	1,212,389	1,222,990	(10,601)
Court security	33,495	33,495	30,041	3,454
Fire	84,779	84,779	82,521	2,258
Coroner	28,480	28,480	21,667	6,813
Animal control	54,803	54,803	56,500	(1,697)
Emergency management	37,435	87,435	83,428	4,007
Total public safety	2,387,736	2,627,736	2,628,601	(865)
Public works:				
Highways and streets	974,265	974,265	943,552	30,713
Solid waste collection	420,246	420,246	243,763	176,483
Maintenance and shop	74,687	74,687	70,043	4,644
Total public works	1,469,198	1,469,198	1,257,358	211,840

(Continued)

TOOMBS COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures (continued):				
Current (continued):				
Health and welfare:				
Health department buildings	$ 115,990	$ 116,290	$ 116,104	$ 186
DFCS	65,290	65,290	60,777	4,513
Community services	9,371	9,371	9,307	64
Total health and welfare	190,651	190,951	186,188	4,763
Culture and recreation:				
Recreation	89,250	89,250	89,244	6
Library	41,850	41,850	41,850	-
Total culture and recreation	131,100	131,100	131,094	6
Housing and development:				
Extension service	63,643	67,393	67,582	(189)
Georgia forestry commission	6,326	11,526	11,386	140
Code enforcement	37,997	37,998	37,643	355
Economic development	11,700	11,700	11,700	-
Community development	11,330	20,330	23,178	(2,848)
Total housing and development	130,996	148,947	151,489	(2,542)
Debt service:				
Principal	-	-	7,131	(7,131)
Interest and fiscal charges	-	-	7,194	(7,194)
Total debt service	-	-	14,325	(14,325)
Total expenditures	9,711,994	9,711,994	8,399,982	1,312,012
Excess (deficiency) of revenues over (under) expenditures	(83,994)	(83,994)	1,479,940	1,563,934
Other financing sources (uses):				
Transfers in	100,000	100,000	9,977	(90,023)
Transfers out	(16,006)	(16,006)	-	16,006
Proceeds from sale of assets	-	-	8,827	8,827
Total other financing sources (uses)	83,994	83,994	18,804	(65,190)
Net change in fund balance	-	-	1,498,744	1,498,744
Fund balance, beginning of year	3,946,401	3,946,401	3,946,401	-
Prior period adjustment	-	-	635,633	635,633
Fund balance, beginning of year, as restated	3,946,401	3,946,401	4,582,034	635,633
Fund balance, end of year	$ 3,946,401	$ 3,946,401	$ 6,080,778	$ 2,134,377

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

TOOMBS COUNTY, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2010

ASSETS	Toombs County Landfill	Toombs County Ambulance	Totals
CURRENT ASSETS			
Cash	$ 804,763	$ 430,100	$ 1,234,863
Accounts receivable	172,972	250,141	423,113
Due from other governments	-	15,000	15,000
Total current assets	977,735	695,241	1,672,976
NONCURRENT ASSETS			
Capital assets:			
Non-depreciable	309,042	-	309,042
Depreciable, net of accumulated depreciation	4,056,471	110,962	4,167,433
Total capital assets	4,365,513	110,962	4,476,475
Total noncurrent assets	4,365,513	110,962	4,476,475
Total assets	$ 5,343,248	$ 806,203	$ 6,149,451
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	$ 19,255	$ 12,055	$ 31,310
Accrued liabilities	14,242	24,987	39,229
Unearned revenues	-	73,276	73,276
Compensated absences payable, current	9,732	10,927	20,659
Capital lease payable, current portion	111,509	-	111,509
Total current liabilities	154,738	121,245	275,983
LONG-TERM LIABILITIES			
Capital lease payable, net of current portion	364,127	-	364,127
Accrued closure / post-closure costs	2,822,829	-	2,822,829
Total long-term liabilities	3,186,956	-	3,186,956
Total liabilities	3,341,694	121,245	3,462,939
NET ASSETS			
Invested in capital assets, net of related debt	3,889,877	110,962	4,000,839
Unrestricted	(1,888,323)	573,996	(1,314,327)
Total net assets	$ 2,001,554	$ 684,958	$ 2,686,512

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

TOOMBS COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

	Toombs County Landfill	Toombs County Ambulance	Totals
Operating revenues:			
Charges for services:			
Landfill use fees	$ 1,099,961	$ -	$ 1,099,961
Ambulance services	-	1,513,804	1,513,804
Miscellaneous	382,207	-	382,207
Intergovernmental revenues	-	185,782	185,782
Total operating revenues	1,482,168	1,699,586	3,181,754
Operating expenses:			
Personal services	306,634	1,252,889	1,559,523
Purchased/contracted services	97,904	72,819	170,723
Supplies and materials	69,690	80,676	150,366
Repairs and maintenance	-	92,026	92,026
Utilities	65,101	82,565	147,666
Depreciation	556,038	56,472	612,510
Total operating expenses	1,095,367	1,637,447	2,732,814
Operating income	386,801	62,139	448,940
Nonoperating revenues (expenses):			
Investment income	-	434	434
Interest expense	(19,955)	-	(19,955)
Loss on sale of capital assets	(42,585)	-	(42,585)
Total nonoperating revenues (expenses)	(62,540)	434	(62,106)
Income before transfers and contributions	324,261	62,573	386,834
Transfers			
Transfers out	(266,887)	-	(266,887)
Total transfers	(266,887)	-	(266,887)
Capital contributions	1,347,732	-	1,347,732
Change in net assets	1,405,106	62,573	1,467,679
Net assets, beginning of year	580,422	630,094	1,210,516
Prior period adjustment	16,026	(7,709)	8,317
Net assets, beginning of year, as restated	596,448	622,385	1,218,833
Net assets, end of year	$ 2,001,554	$ 684,958	$ 2,686,512

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

TOOMBS COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

	Toombs County Landfill	Toombs County Ambulance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 1,531,421	$ 1,690,774	$ 3,222,195
Payments to suppliers and service providers	(597,573)	(361,594)	(959,167)
Payments to employees	(335,432)	(1,240,370)	(1,575,802)
Net cash provided by operating activities	598,416	73,810	672,226
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental grant revenue	-	73,276	73,276
Net cash provided by noncapital financing activities	-	73,276	73,276
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of property and equipment	(313,159)	(5,781)	(318,940)
Proceeds from sales of capital assets	113,702	-	113,702
Proceeds from capital leases payable	485,234	-	485,234
Principal paid on capital leases	(278,779)	-	(278,779)
Interest paid	(10,464)	-	(10,464)
Net cash used in capital and related financing activities	(3,466)	(5,781)	(9,247)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	-	434	434
Net cash provided by investing activities	-	434	434
Net increase in cash and cash equivalents	594,950	141,739	736,689
Cash and cash equivalents:			
Beginning of year	209,813	288,361	498,174
End of year	$ 804,763	$ 430,100	$ 1,234,863

(Continued)

TOOMBS COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

	Toombs County Landfill	Toombs County Ambulance	Totals
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$ 386,801	$ 62,139	$ 448,940
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	556,038	56,472	612,510
(Increase) decrease in:			
Accounts receivable	49,253	(8,812)	40,441
Increase (decrease) in:			
Accounts payable	16,499	(33,508)	(17,009)
Accrued liabilities	(26,999)	9,301	(17,698)
Compensated absences	(1,799)	3,218	1,419
Accrued closure/post-closure costs	(381,377)	-	(381,377)
Net cash provided by operating activities	$ 598,416	$ 73,810	$ 672,226
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Capital assets transferred from other funds	$ 1,347,733	$ -	$ 1,347,733
Capital assets transferred to governmental activities	(266,887)	-	(266,887)
Total noncash investing, capital and financing activities	$ 1,080,846	$ -	$ 1,080,846

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

TOOMBS COUNTY, GEORGIA

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2010

	Agency Funds
ASSETS	
Cash	$ 524,435
Taxes receivable	1,266,530
Total assets	$ 1,790,965
LIABILITIES	
Due to others	$ 524,435
Uncollected taxes	1,266,530
Total liabilities	$ 1,790,965

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Reporting Entity

Toombs County was established under the provisions of an act of the General Assembly of Georgia on August 18, 1905. The County operates under a County Commissioner form of government (five 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 (police and fire), highways and streets, sanitation, health and social services, culture-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 Toombs County, Georgia (the "primary government") and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationship with the County. In conformity with accounting principles generally accepted in the United States of America, as set forth in Governmental Accounting Standards Board Statement No. 14 and No. 39, the financial statements of the component units are discretely presented in the government-wide financial statements.

Toombs County Health Department

The Toombs County Health Department (the "Health Department") provides public health services to the residents of Toombs County under a contract with the Georgia Department of Human Resources. 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 statements have been prepared separately and can be obtained by writing to the Toombs County Health Department, 714 NW Broad Street, Lyons, Georgia 30436.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Reporting Entity (Continued)

Development Authority of Toombs County, Georgia

The governing board of the Development Authority of Toombs County, Georgia (the "Development Authority") consists of seven members appointed by the Toombs County Board of Commissioners. The Development Authority is responsible for promoting industrial and commercial development within Toombs County. Although the County does not have the authority to approve or modify the budget of the Development Authority, the County does provide financial support to the Development Authority and is obligated to provide funding to repay the Development Authority's bonded debt. Separately issued financial statements are not available for the Development Authority.

B. Government-wide and Fund Financial Statements

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and 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 the fiduciary fund financial statements, which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The format of the fund financial statements has been modified by GASB Statement No. 34. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 also requires, as required supplementary information, Management's Discussion and Analysis which includes an analytical overview of the County's financial activity.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The County reports the following major governmental funds:

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

The ***Special Purpose Local Option Sales Tax Fund*** accounts for the proceeds of a 1% Special Purpose Local Option Sales Tax. Funds are used for road and drainage improvements, public safety projects, recreation projects, public building projects, County administration projects, debt service, and other City projects within Toombs County.

The County reports the following major proprietary funds:

The ***Landfill Fund*** accounts for the costs of providing solid waste management services to residents of the County through the operation of the Toombs County Landfill, sanitation services, and collection centers.

The ***Ambulance Fund*** accounts for the costs of providing transportation services to the citizens of Toombs County who are in need of medical assistance.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the County's solid waste functions and the other functions of the government. Elimination of these charges would distort the direct costs reported for the various functions concerned.

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 on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Cash and Cash Equivalents

The County 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.

E. 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities 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 two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The 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 to the value of the assets or materially extend asset lives are not capitalized.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

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

Asset Category	Years
Buildings	50
Improvements	40
Land (landfill)	4-6
Infrastructure	40
Furniture and Fixtures	5-10
Machinery and Equipment	5-20

Capital assets of the Development Authority are depreciated using the straight line method over the following useful lives:

Asset Category	Years
Buildings	50
Infrastructure	10-50
Furniture and Fixtures	5-10
Machinery and Equipment	5-10

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. 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 employee resignations or retirements.

H. Long-Term Obligations

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

In the fund financial statements, governmental fund types report the face amount of the debt issued as other financing sources.

I. 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.

J. 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.

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

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

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $640,812 difference are as follows:

Accrued interest	$	(5,238)
Capital leases payable		(176,573)
Compensated absences		(99,636)
Bonds payable		(359,365)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$	(640,812)

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes 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 $231,997 difference are as follows:

Capital outlay	$	727,598
Depreciation expense		(959,595)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets - governmental activities*	$	(231,997)

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

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

Another element of the reconciliation states that "the net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets." The details of this $286,941 difference are as follows:

Transfers of capital assets from other funds increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	$ 266,887
In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.	(553,828)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$ (286,941)

Another element of the reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." The details of this $118,789 difference are as follows:

Principal repayments:	
Capital leases	$ 53,493
Notes payable	65,296
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets - governmental activities*	$ 118,789

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

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

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $47,128 difference are as follows:

Change in accrued interest	$	(5,238)
Change in compensated absences		(4,010)
Change in net pension asset		56,376
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities.*	$	47,128

NOTE 3. LEGAL COMPLIANCE – BUDGETS

Budgetary Data. The annual budget document is the financial plan for the operation of Toombs 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 (GAAP). An annual operating budget is prepared for all governmental funds except capital project funds. Capital projects funds use project-length budgets.

Department heads submit to the County Manager a proposed operating budget for the fiscal year commencing the following January 1. The proposed budgets are then submitted to the Board of Commissioners by the County Manager for study. Public hearings are conducted to obtain taxpayer comments. Prior to January 1, the budget is legally adopted by the Board of Commissioners.

The legal level of control for each legally adopted annual budget is the department level. Supplemental appropriations out of the County's General Fund contingency account may be made by the Board of Commissioners to fund unforeseen expenditures within the County's governmental funds at any time during the year. The Board of Commissioners must approve any department level changes to a previously adopted budget. Management may amend the budget without seeking the approval of the Board of Commissioners at any level below the departmental 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. The supplementary budgetary appropriations made were not material. All unexpended appropriations provided in the annual budget lapse at year-end.

NOTE 4. DEPOSITS AND INVESTMENTS

Credit risk. State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. It is the County's policy to limit its investments to those allowed and authorized by state law. As of year end, the County held no investments.

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of December 31, 2010, the County's deposits were properly insured and collateralized as defined by GASB pronouncements and the official code of the State of Georgia.

Interest rate risk. The County's investment policy is a means of managing its exposure to fair value losses arising from increasing interest rates. As such, they adhere to the following criteria regarding investments as outlined in the County's policies and procedures manual: the investment must always be concerned with the preservation of principal; all investments must be relatively liquid; and there must be a realization of competitive interest rates relative to the risk assumed. The County Manager is authorized to make all investment decisions on behalf of the County.

NOTE 5. RECEIVABLES

Receivables at December 31, 2010, consist of the following:

	General Fund	SPLOST Fund	Landfill Fund	Ambulance Fund	Other Governmental Funds
Receivables:					
Taxes	$ 1,485,056	$ -	$ -	$ -	$ -
Accounts	-	-	172,972	250,141	87,343
Due from other governments	182,963	431,051	-	-	-
Gross receivables	1,668,019	431,051	172,972	250,141	87,343
Less allowance	-	-	-	-	-
Net receivables	$ 1,668,019	$ 431,051	$ 172,972	$ 250,141	$ 87,343

NOTE 5. RECEIVABLES (CONTINUED)

Property taxes were levied on July 30, 2010. Bills are payable on or before December 20, 2010, after which the applicable property is subject to lien and penalties and interest are assessed. Property taxes attached as an enforceable lien on property as of December 20, 2010. The County bills and collects its own property taxes. Property taxes levied for 2010 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended December 31, 2010 and collected by February 28, 2011 are recognized as revenues in the year ended December 31, 2010. Net receivables estimated to be collected subsequent to February 28, 2011 are deferred as of December 31, 2010 and recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually.

NOTE 6. CAPITAL ASSETS

A. Primary Government

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 356,744	$ 20,343	$ (75,881)	$ 90,782	$ 391,988
Total	356,744	20,343	(75,881)	90,782	391,988
Capital assets, being depreciated:					
Buildings	6,209,928	-	(701,785)	(140,701)	5,367,442
Improvements	445,992	-	-	92,212	538,204
Infrastructure	14,343,660	132,924	-	-	14,476,584
Furniture & fixtures	931,540	-	-	(511,637)	419,903
Machinery & equipment	2,824,195	574,331	(203,766)	800,981	3,995,741
Total	24,755,315	707,255	(905,551)	240,855	24,797,874
Less accumulated depreciation for:					
Buildings	(2,471,134)	(110,300)	224,573	8,001	(2,348,860)
Improvements	(58,178)	(14,959)	-	(8,001)	(81,138)
Infrastructure	(7,984,323)	(334,650)	-	-	(8,318,973)
Furniture & fixtures	(277,944)	(36,768)	-	80,031	(234,681)
Machinery & equipment	(1,917,956)	(462,918)	203,031	(144,781)	(2,322,624)
Total	(12,709,535)	(959,595)	427,604	(64,750)	(13,306,276)
Total capital assets, being depreciated, net	12,045,780	(252,340)	(477,947)	176,105	11,491,598
Governmental activities capital assets, net	$ 12,402,524	$ (231,997)	$ (553,828)	$ 266,887	$ 11,883,586

The net beginning balance of Governmental activities capital assets has been decreased by $246,402 to adjust for errors and miscalculations in prior years.

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 359,609	$ -	$ -	$ (50,567)	$ 309,042
Total	359,609	-	-	(50,567)	309,042
Capital assets, being depreciated:					
Land (landfill)	6,619,104	1,175,657	-	-	7,794,761
Buildings	1,266,097	-	-	-	1,266,097
Convenient centers	222,732	-	-	(222,732)	-
Machinery & equipment	2,454,089	491,016	(544,221)	(36,764)	2,364,120
Total	10,562,022	1,666,673	(544,221)	(259,496)	11,424,978
Less accumulated depreciation for:					
Land (landfill)	(5,070,818)	(399,844)	-	-	(5,470,662)
Buildings	(341,163)	(31,516)	-	-	(372,679)
Convenient centers	(28,701)	-	-	28,701	-
Machinery & equipment	(1,635,462)	(181,150)	387,933	14,475	(1,414,204)
Total	(7,076,144)	(612,510)	387,933	43,176	(7,257,545)
Total capital assets, being depreciated, net	3,485,878	1,054,163	(156,288)	(216,320)	4,167,433
Business-type activities capital assets, net	$ 3,845,487	$ 1,054,163	$ (156,288)	$ (266,887)	$ 4,476,475

During the year ended December 31, 2010, assets with a net book value of $266,887 were transferred from Business-type activities to Governmental activities.

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

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

Governmental activities:	
General government	$ 121,234
Judicial	11,639
Public safety	245,447
Public works	543,770
Health and welfare	37,244
Culture and recreation	261
Total depreciation expense - governmental activities	$ 959,595
Business-type activities:	
Landfill	$ 556,038
Ambulance Fund	56,472
Total depreciation expense - business-type activities	$ 612,510

B. Discretely Presented Component Unit – Development Authority

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 1,426,288	$ 1,074,397	$ -	$ 2,500,685
Total	1,426,288	1,074,397	-	2,500,685
Capital assets, being depreciated:				
Buildings	3,551,155	477,214	-	4,028,369
Infrastructure	540,000	-	-	540,000
Furniture & fixtures	100,000	-	-	100,000
Equipment	530,804	-	-	530,804
Total	4,721,959	477,214	-	5,199,173
Less accumulated depreciation for:				
Buildings	(340,229)	(85,059)	-	(425,288)
Infrastructure	(49,134)	(26,800)	-	(75,934)
Furniture & fixtures	(80,000)	(10,000)	-	(90,000)
Equipment	(407,171)	(56,164)	-	(463,335)
Total	(876,534)	(178,023)	-	(1,054,557)
Total capital assets, being depreciated, net	3,845,425	299,191	-	4,144,616
Development Authority capital assets, net	$ 5,271,713	$ 1,373,588	$ -	$ 6,645,301

NOTE 6. CAPITAL ASSETS (CONTINUED)

C. Discretely Presented Component Unit – Toombs County Health Department

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Machinery and equipment	$ 230,434	$ -	$ -	$ 230,434
Total capital assets, being depreciated	230,434	-	-	230,434
Less accumulated depreciation for:				
Machinery and equipment	(207,435)	(8,037)	-	(215,472)
Total accumulated depreciation	(207,435)	(8,037)	-	(215,472)
Total capital assets, net	$ 22,999	$ (8,037)	$ -	$ 14,962

NOTE 7. LONG-TERM DEBT

A. Primary Government

The following is a summary of long-term debt activity for the primary government for the year ended December 31, 2010:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases	$ 241,869	$ -	$ (65,296)	$ 176,573	$ 61,399
Notes payable	412,858	-	(53,493)	359,365	53,678
Compensated absences	95,626	136,930	(132,920)	99,636	99,636
Governmental activities Long-term liabilities	$ 750,353	$ 136,930	$ (251,709)	$ 635,574	$ 214,713
Business-type activities:					
Capital leases	$ 269,181	$ 485,234	$ (278,779)	$ 475,636	$ 111,509
Landfill closure and postclosure costs	3,204,206	-	(381,377)	2,822,829	-
Compensated absences	19,239	34,689	(33,269)	20,659	20,659
Business-type activities Long-term liabilities	$ 3,492,626	$ 519,923	$ (693,425)	$ 3,319,124	$ 132,168

For governmental activities, compensated absences are generally liquidated by the General Fund and the E911 Fund. For business-type activities, compensated absences are liquidated by the Landfill Fund and the Ambulance Fund.

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

The net beginning balance of Governmental activities long-term debt has been increased by $63,843 to adjust for errors and miscalculations in prior years. In addition, the net beginning balance of Business-type activities long-term debt has been decreased by $8,317 to adjust for errors and miscalculations in prior years.

Capital Leases. The County has entered into several lease agreements as lessee for financing the acquisition of various items of equipment. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inceptions. These leases are being serviced by General Fund, SPLOST Fund, and Landfill Fund payments with annual interest rates varying from 3.45% to 5.75%. The cost of assets under capital leases as of December 31, 2010 is $1,054,087.

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

Fiscal year ending	Governmental Activities	Business-type Fund	Total
2011	$ 69,639	$ 128,940	$ 198,579
2012	55,008	85,468	140,476
2013	58,236	86,644	144,880
2014	10,000	76,644	86,644
2015	-	150,940	150,940
Total minimum lease payments	192,883	528,636	721,519
Less amount representing interest	(16,310)	(53,000)	(69,310)
Present value of future minimum lease payments	$ 176,573	$ 475,636	$ 652,209
Less current maturities	(61,399)	(111,509)	(172,908)
	$ 115,174	$ 364,127	$ 479,301

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Note payable. The County has incurred debt to the United States Department of Agriculture for equipment purchases. This note is as follows at December 31, 2010:

Original Amount	Interest Rate	Due Date	Amount
$ 552,500	4.375%	2016	$ 359,365
		Less current portion	(53,678)
			$ 305,687

The County's note payable debt service requirements to maturity are as follows:

Fiscal Year Payable	Principal	Interest	Total
2011	$ 53,678	$ 15,722	$ 69,400
2012	56,026	13,374	69,400
2013	58,477	10,923	69,400
2014	61,036	8,364	69,400
2015	63,706	5,694	69,400
2016	66,442	2,907	69,349
	$ 359,365	$ 56,984	$ 416,349

Landfill Closure and Postclosure Costs. Effective June 1998, the Toombs County Landfill Phase II was closed and no additional waste has been accepted. According to state and federal laws and regulations, the County must perform certain maintenance and monitoring functions at the site for a minimum of 30 years. Engineering studies estimate postclosure costs of approximately $1,391,016 over the remaining 22-year period. These costs are based on what it would cost to perform all postclosure care in 1994, adjusted annually for inflation. Actual costs may be higher due to changes in inflation, changes in technology, or changes in regulations. Should any problems occur during this postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

State and federal laws and regulations require the County to place a final cover on its Construction and Demolition Landfill and on its Landfill Phase III site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, which is expected to occur in 2013 for the Construction and Demolition Landfill and in 2026 for the Landfill Phase III, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Landfill Closure and Postclosure Costs (continued). While the total estimated liability for closure and postclosure care of the Construction and Demolition Landfill and the Landfill Phase III is $648,562 and $2,846,266, respectively, at December 31, 2010, the cumulative amount of the liability at December 31, 2010, which is based on the use of approximately 57.3% of the Construction and Demolition Landfill and 37.3% of the Landfill Phase III, is $371,633 and $1,060,180, respectively. The County will recognize the remaining estimated cost of closure and postclosure care of $276,929 and $1,786,086, respectively, as the remaining estimated capacity is filled. These costs are based on what it would cost to perform all closure and postclosure care in 2010. Actual costs may be higher due to inflation, changes in technology, or changes in regulation. Should any problems occur during the period, the costs and time period required for maintenance and monitoring functions may increase.

B. Discretely Presented Component Unit – Development Authority

The following is a summary of long-term debt activity for the Development Authority for the year ended December 31, 2010:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Development Authority					
Notes payable	$ 500,000	$ 900,000	$ -	$ 1,400,000	$ 74,704
Development Authority Long-term liabilities	$ 500,000	$ 900,000	$ -	$ 1,400,000	$ 74,704

Included within notes payable is a note due to the One Georgia Authority. This note had an original balance of $500,000 and was used to construct a new speculative building for future economic development. Quarterly installments of $8,333 are to begin on April 1, 2012 through April 2027. This note does not bear interest. As of December 31, 2010, the principal balance of this note was $500,000.

Included within notes payable is a note due to an individual obtained in December 2010. This note had an original balance of $900,000 and was used to purchase land for future economic development. Monthly payments of $9,112 including interest at 4% are due beginning in January 2011 through maturity in December 2020. As of December 31, 2010, the principal balance of this note was $900,000.

NOTE 7. LONG-TERM DEBT (CONTINUED)

B. Discretely Presented Component Unit – Development Authority (Continued)

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

Fiscal Year Payable	Principal	Interest	Total
2011	$ 74,704	$ 34,640	$ 109,344
2012	111,081	31,597	142,678
2013	114,249	28,429	142,678
2014	117,546	25,133	142,679
2015	120,976	21,702	142,678
2016 - 2020	661,443	51,947	713,390
2021 - 2025	166,667	-	166,667
2026	33,334	-	33,334
	$ 1,400,000	$ 193,448	$ 1,593,448

At December 31, 2010, the Authority had a line of credit with a financial institution to borrow up to a maximum of $1,500,000. At December 31, 2010, $71,238 was outstanding. Interest is due monthly at 80% of prime rate (2.6% at December 31, 2010). This line of credit matures on July 15, 2011.

NOTE 8. BUDGET COMPLIANCE

A. Excess of Expenditures over Appropriations

For the year ended December 31, 2010, expenditures exceeded budget appropriations, as follows:

Fund	Excess
General Fund	
Public Safety	$ 865
Housing and Development	2,542
Debt service	14,325

These overexpenditures were funded by available fund balance and by larger than anticipated revenues.

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund transfers as of December 31, 2010, is as follows:

	Transfers Out	
Transfers In	Nonmajor governmental funds	Total
General Fund	$ 9,977	$ 9,977
SPLOST	75,000	75,000
Total	$ 84,977	$ 84,977

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

During the year ended June 30, 2010, the County transferred capital assets with a net book value of $1,347,732 from the SPLOST Fund to the Landfill Fund. This transfer is reflected in the governmental activities column and the business-type activities column in the government-wide financial statements. In addition, the County also transferred capital assets with a net book value of $266,887 from the Landfill Fund to governmental activities. This transfer is reflected in the Solid Waste Fund and in the governmental activities column in the government-wide financial statements.

NOTE 10. JOINT VENTURE

Under Georgia law, the County is a participating member of the Heart of Georgia Altamaha Regional Commission (RC) and is required to pay annual dues thereto. During its year ended December 31, 2010, the County paid $11,918 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts and obligations of an RC. Separate financial statements may be obtained from: Heart of Georgia Altamaha Regional Commission, 5405 Oak Street, Eastman, Georgia 31023.

NOTE 11. DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

Funding Policy

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

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Annual Pension Cost

The County's annual pension cost and net pension obligation for the pension plan for the year beginning January 1, 2010, (the most recent actuarial valuation date) are as follows:

	January 1, 2010	January 1, 2009
Derivation of Annual Pension Cost		
Annual Required Contribution	$ 214,216	$ 255,941
Interest on Net Pension Obligation	(4,369)	(3,538)
Amortization of Net Pension Obligation	4,675	3,786
Annual Pension Cost	$ 214,522	$ 256,189

Derivation of Net Pension Obligation	
Net Pension Obligation (Asset) as of Beginning of Prior Year	$ (45,656)
Annual Pension Cost for Prior Year	256,189
Actual Contributions to Plan for Prior Year	266,909
Increase in Net Pension Obligation (Asset)	(10,720)
Net Pension Obligation (Asset) as of Beginning of Year	$ (56,376)

Basis of Valuation	
Current Valuation Date	January 1, 2010
Annual Return on Invested Plan Assets	7.75%
Projected Annual Salary Increases	4.5%-7.0% based on age
Expected Annual Inflation	3.0%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Projected Unit Credit
Amortization Method	Level Percent of Pay (Closed)

Trend Information for The Plan

Fiscal Year Beginning	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
1/1/10	$ 214,522	$ N/A	N/A %	$ (56,376)
1/1/09	256,189	266,909	104	(45,656)
1/1/08	223,239	226,883	102	(42,012)
1/1/07	219,407	223,328	102	(38,091)
1/1/06	222,916	231,513	104	(29,494)
1/1/05	203,659	217,983	107	(15,170)

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Annual Pension Cost (Continued)

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	(Overfunded) Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	(Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll
12/31/09	$ 2,990,712	$ 3,654,388	$ 663,676	81.8 %	$ 2,675,610	24.8 %

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

NOTE 12. RETIREMENT PLAN - COMPONENT UNIT

All employees of the Health Department participate in the Georgia State Employees Retirement System (ERS), a statewide multi-employer public employee retirement system covering employees of local boards of health and various agencies and departments of the State of Georgia. ERS is funded through employer and employee contributions and the Health Department has no legal obligation for paying benefits. The Plan is administered by the State of Georgia, and accumulated benefits and Plan assets are not determined or allocated to the individual participating governmental entities.

All full-time employees who are hired for Merit System classified positions are eligible to participate in ERS. Participants have a partial vested right to retirement benefits after 10 years of service and become fully vested after 34 years of service.

The Health Department contributes 10.41% of the eligible employees' gross earnings. During the year, the Health Department contributed $52,078. Contributions by employees are withheld by the Health Department. The Health Department has no other liability under the plan.

NOTE 12. RETIREMENT PLAN - COMPONENT UNIT (CONTINUED)

Ten-year historical trend information and relevant actuarial information may be obtained from the Employees' Retirement System of Georgia, which issues a publicly available financial report that includes financial statements and required supplementary information for ERS. That report may be obtained by writing to the Employees' Retirement System, Two Northside 75, Suite 300, Atlanta, Georgia 30318-7778 or calling 1-404-352-6400.

NOTE 13. 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 Association of County Commissioners of Georgia Group Self-Insurance Workers' Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

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

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

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

NOTE 14. 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 the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, County management believes such disallowances, if any, will not be significant.

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.

NOTE 15. PRIOR PERIOD ADJUSTMENTS/RESTATEMENTS

The County has determined that a restatement of beginning net assets of governmental activities is required to reflect corrections for errors in the December 31, 2009 financial report. These restatements are as follows:

Governmental activities net assets as previously reported	$	21,033,968
Adjustment needed to properly state the County's capital assets		(246,402)
Adjustment needed to properly state the County's unearned tax revenues		(253,327)
Adjustment needed to properly state the County's accrued leave		(95,626)
Adjustment needed to properly state the County's long-term debt		31,783
Individual fund level prior period adjustments discussed below		740,421
Total prior period adjustments		176,849
Governmental type activities net assets as restated	$	21,210,817

The County has determined that a restatement of nonmajor governmental fund assets and liabilities is required to include the County's Law Library Fund and the County's Jail Commissary Fund. Additionally, the County has determined that a restatement of the General Fund assets and liabilities is required to properly state property taxes receivable and accrued payroll. The restatement within the nonmajor governmental funds and General Fund resulted in an increase in fund balance of $740,421.

The County has determined that a restatement of beginning business-type activities net assets is required to reflect corrections for errors in the December 31, 2009 financial report. These restatements are as follows:

Business-type activities net assets as previously reported	$	1,210,516
Individual fund level prior period adjustments discussed below		8,317
Business-type activities net assets as restated	$	1,218,833

NOTE 15. PRIOR PERIOD ADJUSTMENTS/RESTATEMENTS (CONTINUED)

The County has determined that a restatement of the Landfill Fund net assets is needed to reflect corrections to the beginning balance of accrued leave and long-term debt. The restatement within the Landfill Fund resulted in an increase in net assets of $16,026. In addition, the County has determined that a restatement of the Ambulance Fund net assets is needed to reflect corrections to the beginning balance of accrued leave. The restatement within the Ambulance Fund resulted in a decrease in net assets of $7,709.

To further explain the above restatements, the following thoughts are provided:

Adjustment of Capital Assets. The County noted numerous errors related to capital assets of governmental activities. These errors caused a variety of asset overstatements and understatements relative to the carrying value of capital assets. Such errors were related to the County not properly maintaining an accurate detail listing of their capital assets in prior years. The County determined several adjustments to capital assets totaling $246,402 which were required to appropriately reflect capital assets of governmental activities as of December 31, 2009.

Adjustment of Unearned Tax Revenues. The County noted errors related to unearned property tax revenues of governmental activities. These errors caused an overstatement of prior year revenues and an understatement relative to the unearned tax revenues. The County determined an adjustment of $253,327 to decrease unearned tax revenues was necessary to appropriately reflect revenues and liabilities of governmental activities as of December 31, 2009.

Adjustment of Compensated Absences, and Long-Term Debt. The County noted numerous errors related to accrued payroll of governmental activities. In addition, the County noted errors related to compensated absences within governmental activities, the Landfill Fund, and the Ambulance Fund, and errors related to long-term debt within governmental activities and the Landfill Fund. Such errors were related to the County not properly recording these liabilities in the prior years. The County determined an adjustment of $31,783 to decrease capital leases payable and $95,626 to increase compensated absences was necessary to appropriately reflect governmental activities as of December 31, 2009.

Recording of the Law Library Fund and the Jail Commissary Fund. The Local Government Uniform Chart of Accounts and Reporting Act (HB491) was passed by the Georgia General Assembly in 1997. This Act called for the Georgia Department of Community Affairs to develop a uniform chart of accounts to be used by all local governments in the state. All of Georgia's county and municipal governments, and organizations controlled by them, are required to comply with the provisions set forth in the uniform chart of accounts beginning with the years ending December 31, 2001. The uniform chart of accounts identifies Law Libraries and Jail Commissaries as Special Revenue Funds. The County elected to record a restatement relative to the December 31, 2009 financial report to include the Law Library Fund and the Jail Commissary Fund.

REQUIRED SUPPLEMENTARY INFORMATION

TOOMBS COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability	(Overfunded) Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	(Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll
12/31/09	$ 2,990,712	$ 3,654,388	$ 663,676	81.8 %	$ 2,675,610	24.8 %
12/31/08	2,730,642	3,368,596	637,954	81.1	2,587,615	24.7
12/31/07	2,747,926	3,137,810	389,884	87.6	2,545,263	15.3
12/31/06	2,537,455	2,921,835	384,380	86.8	2,511,524	15.3
12/31/05	2,266,755	2,770,612	503,857	81.8	2,196,311	22.9
12/31/04	2,007,514	2,618,127	610,613	76.7	2,175,288	28.1

The assumptions used in the preparation of the above schedule are disclosed in Note 11 in the Notes to the Financial Statements.

TOOMBS COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Emergency Telephone System Fund is used to account for the cost of operating and maintaining the Toombs County E-911 System. Financing is provided by a charge to each telephone subscriber whose exchange access lines are in the areas served by the Toombs County E-911 system and by a transfer from the General Fund.

Emergency Management Agency Fund is used to account for financing derived from grant funds from the Georgia Emergency Management Agency and Georgia Power.

Revolving Loan Fund is used to account for residual Employment Incentive Grant Funds awarded to the County to loan for economic development with principle retained for future development activities. The fund is administered by contract with the Toombs County Development Authority.

Jail Fund is used to account for the expenditures made towards maintenance and operations of the County jail.

Law Library Fund is used to account for costs of operating and maintaining the County Law Library. Financing is provided from a charge added to and collected on all costs in civil and criminal cases.

Jail Commissary Fund is used to account for proceeds from jail inmate commissary sales.

TOOMBS COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	Special Revenue Funds				
	Emergency Telephone System	Emergency Management Agency	Revolving Loan Fund	Jail Fund	Law Library
ASSETS					
Cash	$ 279,584	$ -	$ -	$ 63,025	$ 46,264
Accounts receivable	86,961	-	-	-	382
Due from component unit	-	-	831,181	-	-
Total assets	$ 366,545	$ -	$ 831,181	$ 63,025	$ 46,646
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 8,628	$ -	$ -	$ -	$ 2,559
Accrued liabilities	6,943	-	-	-	-
Total liabilities	15,571	-	-	-	2,559
FUND BALANCES					
Reserved:					
Special projects	-	-	831,181	-	-
Unreserved	350,974	-	-	63,025	44,087
Total fund balances	350,974	-	831,181	63,025	44,087
Total liabilities and fund balances	$ 366,545	$ -	$ 831,181	$ 63,025	$ 46,646

Jail Commissary	Total Nonmajor Governmental Funds
$ 17,773	$ 406,646
-	87,343
-	831,181
$ 17,773	$ 1,325,170
$ -	$ 11,187
-	6,943
-	18,130
-	831,181
17,773	475,859
17,773	1,307,040
$ 17,773	$ 1,325,170

TOOMBS COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

	Special Revenue Funds				
	Emergency Telephone System	Emergency Management Agency	Revolving Loan Fund	Jail Fund	Law Library
Revenues:					
Fines and forfeitures	$ -	$ -	$ -	$ -	$ 18,414
Charges for services	577,461	-	-	58,901	-
Interest income	-	-	14,326	-	-
Miscellaneous	99	-	-	-	-
Total revenues	577,560	-	14,326	58,901	18,414
Expenditures:					
Current:					
Public safety	479,135	458	-	12,640	46,657
Total expenditures	479,135	458	-	12,640	46,657
Excess (deficiency) of revenues over (under) expenditures	98,425	(458)	14,326	46,261	(28,243)
Other financing uses:					
Transfers out	-	(9,977)	-	(75,000)	-
Total other financing uses	-	(9,977)	-	(75,000)	-
Net change in fund balances	98,425	(10,435)	14,326	(28,739)	(28,243)
Fund balances, beginning of year	252,549	10,435	816,855	91,764	-
Prior period adjustment	-	-	-	-	72,330
Fund balances, beginning of year, as restated	252,549	10,435	816,855	91,764	72,330
Fund balances, end of year	$ 350,974	$ -	$ 831,181	$ 63,025	$ 44,087

Jail Commissary	Total Nonmajor Governmental Funds
$ -	$ 18,414
-	636,362
85	14,411
18,367	18,466
18,452	687,653
33,137	572,027
33,137	572,027
(14,685)	115,626
-	(84,977)
-	(84,977)
(14,685)	30,649
-	1,171,603
32,458	104,788
32,458	1,276,391
$ 17,773	$ 1,307,040

TOOMBS COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2008 ISSUE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

Project Description	Original and Revised Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Landfill Cell Construction	$ 1,388,753	$ 213,096	$ 1,175,657	$ 1,388,753
Convenience Center Construction	278,535	-	240,702	240,702
Roads, Bridges, and Sidewalks	132,924	-	132,924	132,924
Machinery and Equipment	341,281	169,207	172,074	341,281
Vehicles	408,689	76,962	256,727	333,689
Recreation Allocations	134,833	74,833	60,000	134,833
Debt Service	440,128	301,367	138,761	440,128
City of Vidalia	15,770,000	1,892,578	1,754,087	3,646,665
City of Lyons	6,080,000	729,669	676,274	1,405,943
City of Santa Claus	380,000	45,624	42,267	87,891
Total	$ 25,355,143	$ 3,503,336	$ 4,649,473	$ 8,152,809

Reconciliation of SPLOST schedules to financial statements:	
Total of SPLOST expenditures above	$ 4,649,473
Total Expenditures - SPLOST Fund	$ 4,724,473
Transfers in - SPLOST Fund	(75,000)
	$ 4,649,473

TOOMBS COUNTY, GEORGIA
AGENCY FUNDS

Tax Commissioner – To account for the collection and payment to Toombs County and other taxing units of the property taxes levied, billed, and collected by the Tax Commissioner on behalf of Toombs County and other taxing units.

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.

Probate Court – To account for all monies received by the Probate 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.

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

TOOMBS COUNTY, GEORGIA

COMBINING BALANCE SHEET
AGENCY FUNDS
DECEMBER 31, 2010

ASSETS	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court	Sheriff	Total
Cash	$ 302,736	$ 103,324	$ 1,236	$ 40,535	$ 76,604	$ 524,435
Taxes receivable	1,266,530	-	-	-	-	1,266,530
Total assets	$ 1,569,266	$ 103,324	$ 1,236	$ 40,535	$ 76,604	$ 1,790,965
LIABILITIES						
Due to others	$ 302,736	$ 103,324	$ 1,236	$ 40,535	$ 76,604	$ 524,435
Uncollected taxes	1,266,530	-	-	-	-	1,266,530
Total liabilities	$ 1,569,266	$ 103,324	$ 1,236	$ 40,535	$ 76,604	$ 1,790,965

COMPLIANCE SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

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

Board of Commissioners
of Toombs County, Georgia
Lyons, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Toombs County, Georgia as of and for the year ended December 31, 2010, which collectively comprise Toombs County, Georgia's basic financial statements, and have issued our report thereon dated June 24, 2011. We did not audit the financial statements of the Toombs County Health Department. Those financial statements were audited by other auditors whose reports have been furnished to us. 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 Toombs County, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Toombs County, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Toombs 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 discussed in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2010-1 through 2010-3 to be material weaknesses.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as items 2010-4 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Toombs 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 also noted certain additional matters that we reported to the management of Toombs County, Georgia in a separate letter dated June 24, 2011.

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

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

Mauldin & Jenkins, LLC

Macon, Georgia
June 24, 2011

TOOMBS COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2010

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

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

Federal Awards

There was not an audit of major federal award programs as of December 31, 2010 due to the total amount expended being less than $500,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2010-1. Prior Year End Financial Close and Reporting Process

Criteria: Internal controls should be in place to ensure that all activity of the County is properly recorded within the general ledger and properly reported within the County's year end financial report.

Condition: Prior to fiscal year 2010, the County did not include the Law Library Fund or the Jail Commissary Fund in the financial statements of the County in accordance with the Georgia Uniform Chart of Accounts. Additionally, the County did not properly state its December 31, 2009 capital asset balances, long-term debt balances, and unearned revenue balances.

Context: We addressed these matters with County officials, who were able to determine the necessary prior period adjustments to properly record these balances and activities.

Effect: Prior period adjustments were required to be reported to increase the beginning balances of governmental fund balances by $740,421 ($72,330 increase to record the Law Library Fund, $32,458 to record the Jail Commissary Fund, $61,527 to increase General Fund accrued liabilities, $253,326 to decrease General Fund deferred revenues, and $443,834 to decrease General Fund tax revenues); increase the beginning balances of business-type activities and enterprise activities net assets by $8,317 ($27,556 to decrease capital leases payable in the Landfill Fund, $11,530 to increase accrued liabilities in the Landfill Fund, and $7,709 to increase accrued liabilities in the Ambulance Fund); and to decrease the beginning balances of governmental activities net assets by $563,572. The combined effect of the prior period adjustments on the governmental activities was to increase net assets by $176,849.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2010-1. Prior Year End Financial Close and Reporting Process (Continued)

Recommendation: The County should seek to improve its internal controls to ensure that all activity of the County is properly recorded during the County's year end financial close and reported within the County's financial report.

Views of Responsible Officials and Planned Corrective Action: We concur with the recommendation. We have begun to maintain the activities of the Jail Commissary and Law Library in separate special revenue funds and have made significant changes to ensure the proper reporting of County capital assets, long-term debt, and unearned revenue balances for future reporting.

2010-2. Management of Accrued Expenditure/Expense Liabilities

Criteria: Generally accepted accounting principles require reporting of all current liabilities whose liquidation is expected to require the use of current assets when the goods have been received or services have been performed.

Condition: The County did not properly address the above criteria as of December 31, 2010 as it relates to accrued expenditure/expense items within the General Fund, Landfill Fund, and the Ambulance Fund.

Context: We addressed this matter with County officials and they were able to determine the amount of accounts payable and accrued expenditure/expenses that should be recorded in these funds as of December 31, 2010.

Effect: An audit adjustment to adjust expenses and accrued liabilities was required to be reported within the General Fund ($9,425 decrease), the Landfill Fund ($4,751 increase), and the Ambulance Fund ($28,205 increase) as of December 31, 2010.

Cause: Reconciliations of accrued expenditures / expenses are not being performed on an annual basis.

Recommendation: We recommend the County implement procedures to reconcile all accrued expenditure/expense subsidiary ledgers to the general ledger on an annual basis.

Views of Responsible Officials and Planned Corrective Action: We concur. We will establish procedures to reconcile subsidiary ledgers with the general ledger on an annual basis.

2010-3. Management of Accounts Receivable Accounts

Criteria: Generally accepted accounting principles require revenues to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. As a part of these processes, the County should review all revenue transactions to determine reporting in the proper period.

Condition: The County did not properly record amounts due from agencies in the General Fund and fees receivable in the Emergency Telephone System Fund as of December 31, 2010.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2010-3. Management of Accounts Receivable Accounts (Continued)

Context: See above condition.

Effect: An audit adjustment to increase due from other agencies in the amount of $399,104, increase property tax revenue in the amount of $308,006, and increase fines and forfeitures revenue in the amount of $91,098 was required to be reported within the General Fund as of December 31, 2010. An audit adjustment to increase accounts receivable and increase revenues in the amount of $86,961 was required to be reported within the Emergency Telephone System Fund as of December 31, 2010.

Cause: The County did not review all revenue transactions after year-end to determine reporting in the proper period.

Recommendation: We recommend that the County establish procedures to review all revenue transactions after year-end to determine reporting in the proper period.

Views of Responsible Officials and Planned Corrective Action: We concur. We will establish procedures to review all revenue transactions after year-end to determine reporting in the proper period.

2010-4. Segregation of Duties

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

Condition: Appropriate segregation of duties among recording, distribution, and reconciliation of cash accounts and other operational functions does not exist within the offices of the Sheriff, Tax Commissioner, Clerk of Court, Probate Court, and the Magistrate Court.

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

Condition: Appropriate segregation of duties among recording, distribution, and reconciliation of cash accounts and other operational functions does not exist within the offices of the Sheriff, Tax Commissioner, Clerk of Court, Probate Court, and the Magistrate Court.

Context: Several instances of overlapping duties were noted during interviews regarding internal control procedures.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2010-4. Segregation of Duties (Continued)

Effect: Failure to properly segregate duties among recording, distribution, and reconciliation of accounts can lead to misappropriation of funds that is not detected during the normal course of business.

Cause: The lack of segregation of duties is due to the failure to properly develop an integrated work plan with appropriate controls and an improper allocation of available resources.

Recommendation: The duties of recording, distribution, and reconciliation of accounts should be segregated among employees.

Views of Responsible Officials and Planned Corrective Action: We concur. The offices listed above are in the process of reviewing their respective systems to evaluate and determine the most efficient and effective solution to properly segregate duties among recording, distribution, and reconciliation of accounts to provide reasonable assurance that an individual cannot misappropriate funds without being detected during the normal course of business.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.