WHEELER COUNTY, GEORGIA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2010

HILLIARD & MILTON, LLC
Certified Public Accountants
Certified Internal Auditors
Certified Government Auditing Professionals

WHEELER COUNTY, GEORGIA
FINANCIAL STATEMENTS

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I. FINANCIAL SECTION

- **INDEPENDENT AUDITOR'S REPORT**
- **BASIC FINANCIAL STATEMENTS**

HILLIARD & MILTON, LLC
A Professional Services Firm of:
Certified Public Accountants
Certified Government Auditing Professionals
Certified Internal Auditors

Partners:
David Hilliard, CPA
Chris Milton, CPA, CIA, CGAP

18 S. Third Ave.
McRae, GA 31055

INDEPENDENT AUDITOR'S REPORT

Wheeler County Board of Commissioners
Wheeler County, Georgia
Alamo, Georgia 30411

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Wheeler County, Georgia, as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, Wheeler County Public Health Center. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Wheeler County Public Health Center, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the discretely presented component unit and the aggregate remaining fund information of Wheeler County, Georgia, as of December 31, 2010, and the respective changes in financial position 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 May 31, 2011, on our consideration of Wheeler County, Georgia's internal control structure over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants 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 County has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information identified in the Required Supplementary Information section of the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational or economic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wheeler County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and the budgetary schedules presented on pages 28 through 35 are presented for purposes of additional analysis and are not a required part of the basic financial statements. These statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

In the conduct of our audit, we verified and tested expenditures of each project constructed or under construction, which were identified in the resolution or ordinance calling for imposition of the special sales and use tax authorized by OCGA, Section 48-8-110. The accompanying Schedule of Special Purpose Local Option Sales Tax on page 36 lists each project and contains the information required by OCGA, Section 48-8-121. In our opinion this Schedule presents fairly the original estimated cost of each project, expenditures incurred and the estimated percentage of completion of each project through December 31, 2010 and in our opinion, are fairly stated in all material respects, in relation to the financial statements taken as a whole.

Hilliard & Milton, LLC

McRae, Georgia

May 31, 2011

WHEELER COUNTY, GEORGIA
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Primary Government		Component Unit
	Governmental Activities	Prior Year	Wheeler County Public Health Center
ASSETS			
Cash and cash equivalents	$ 904,299	$ 1,309,006	$ 181,821
Taxes receivable -			
net of uncollectible accounts	2,085,682	1,824,587	-
Other receivables	11,026	5,672	-
Capital assets:			
Nondepreciable	127,086	103,086	-
Depreciable, net	2,068,696	2,136,165	240
Total assets	$ 5,196,789	$ 5,378,516	$ 182,061
LIABILITIES			
Accounts payable	$ 29,514	$ 52,838	$ -
Other liabilities	5,519	3,982	16,831
Total liabilities	35,033	56,820	16,831
NET ASSETS			
Invested in capital assets, net	2,195,782	2,239,251	240
Restricted			
SPLOST	247,384	259,861	-
Multi-grant	6,321	26,321	-
Expendable Trust	6,980	4,803	-
Prior year program income	-	-	16,272
Unrestricted	2,705,289	2,791,460	148,718
Total net assets	5,161,756	5,321,696	165,230
Total liabilities and net assets	$ 5,196,789	$ 5,378,516	$ 182,061

The accompanying Notes to Financial Statements are an integral part of these statements.

WHEELER COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Primary government ·			
Governmental activities			
General governmen	$ 718,723	$ 12,486	$ -
Judicial	340,116	143,220	-
Public safety	924,433	58,792	-
Public works	718,817	38,629	-
Health and welfare	236,452	137,922	-
Culture and recreation	114,185	4,871	-
Housing and developmen	90,175	-	-
Intergovernmental payments	56	-	-
Total primary governmen	$ 3,142,957	$ 395,920	$ -
Component unit ·			
Wheeler County Public Health Cente	$ 235,114	$ 67,074	$ 146,079
Total component units	$ 235,114	$ 67,074	$ 146,079
General revenues:			
Property taxes			
Transfer taxes			
Railroad equipment taxes			
Sales taxes			
Hotel and motel taxes			
Beer and wine taxes			
Insurance premium taxes			
Intra/inter agency			
Other local funds			
Interest income			
Miscellaneous revenue			
Total general revenues			
Change in net assets			
Net assets - beginning			
Net assets - ending			

Program Revenues	Net (Expense) Revenue and Changes in Net Assets		
	Primary Governmen		Component Unit
Capital Grants and Contributions	Governmental Activities	Prior Year	Wheeler County Public Health Center
$ -	$ (706,237)	$ (324,626)	
-	(196,896)	(175,076)	
-	(865,641)	(832,660)	
34,075	(646,113)	(596,450)	
-	(98,530)	(104,328)	
1,853	(107,461)	(47,845)	
-	(90,175)	(147,052)	
-	(56)	-	
$ 35,928	(2,711,109)	(2,228,037)	
$ -			$ (21,961)
$ -			(21,961)
	2,062,493	3,777,704	-
	3,999	3,542	-
	14,537	7,253	-
	263,595	259,605	-
	33,986	35,662	-
	6,750	6,986	-
	157,724	162,172	-
	-	-	38,230
	-	-	2,974
	8,085	9,786	-
	-	39,787	-
	2,551,169	4,302,497	41,204
	(159,940)	2,074,460	19,243
	5,321,696	3,247,236	145,987
	$ 5,161,756	$ 5,321,696	$ 165,230

The accompanying Notes to Financial Statements are an integral part of these statements.

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

	General	Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 640,649	$ 263,650	$ 904,299
Taxes receivable - net of uncollectible accounts	2,085,217	465	2,085,682
Other receivables	11,026	-	11,026
Total assets	$ 2,736,892	$ 264,115	$ 3,001,007
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 26,084	$ 3,430	$ 29,514
Other liabilities	5,519	-	5,519
Deferred revenue	1,762,496	-	1,762,496
Total liabilities	1,794,099	3,430	1,797,529
Fund balances:			
Restricted:			
SPLOST	-	247,384	247,384
Multipurpose grant	-	6,321	6,321
Expendable trust	-	6,980	6,980
Unassigned	942,793	-	942,793
Total fund balances	942,793	260,685	1,203,478
Total liabilities and fund balances	$ 2,736,892	$ 264,115	$ 3,001,007

The accompanying Notes to Financial Statements are an integral part of these statements.

WHEELER COUNTY, GEORGIA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2010

Amounts reported for governmental activities in the statement of net assets are different because:		
Total governmental fund balance (page 5)		$ 1,203,478
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.		
Cost of capital assets	$ 4,024,876	
Less accumulated depreciation	(1,829,094)	2,195,782
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		1,762,496
Net assets of governmental activities (page 3)		$ 5,161,756

The accompanying Notes to Financial Statements are an integral part of these statements.

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

	General	Nonmajor Funds	Total Governmental Funds
REVENUES			
General property taxes	$ 2,013,308	$ -	$ 2,013,308
Other taxes	446,605	35,839	482,444
Licenses and permits	4,159	-	4,159
Intergovernmental	109,941	34,075	144,016
Miscellaneous income	281,461	8,444	289,905
Total revenues	2,855,474	78,358	2,933,832
EXPENDITURES			
Current:			
General government	697,143	1,020	698,163
Judicial	339,453	-	339,453
Public safety	863,774	-	863,774
Public works	653,151	-	653,151
Health and welfare	224,550	-	224,550
Culture and recreation	92,284	2,694	94,978
Housing and development	57,209	32,966	90,175
Intergovernmental	-	56	56
Capital outlay :			
General government	2,384	-	2,384
Judicial	3,581	-	3,581
Public safety	22,500	-	22,500
Public works	34,801	34,075	68,876
Culture and recreation	-	37,847	37,847
Total expenditures	2,990,830	108,658	3,099,488
Net change in fund balances	(135,356)	(30,300)	(165,656)
Fund balances, beginning	1,078,149	290,985	1,369,134
Fund balances, ending	$ 942,793	$ 260,685	$ 1,203,478

The accompanying Notes to Financial Statements are an integral part of these statements.

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

Amounts reported for governmental activities in the statement of activities (page 4) are different because:

Net change in fund balances - total governmental funds (page 7)		$ (165,656)
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.		
Capital outlay	$ 135,188	
Depreciation expense	(178,657)	(43,469)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Balance of deferred revenue as of 12/31/09	(1,713,311)	
Balance of deferred revenue as of 12/31/10	1,762,496	49,185
Change in net assets of governmental activities (page 4)		$ (159,940)

The accompanying Notes to Financial Statements are an integral part of these statements.

WHEELER COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2010

ASSETS		
Cash	$	237,174
Taxes receivable (net allowance for uncollectible accounts)		1,873,258
Total assets	$	2,110,432
LIABILITIES		
Other liabilities	$	2,110,432
Total liabilities	$	2,110,432

The accompanying Notes to Financial Statements are an integral part of these statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Wheeler County, Georgia (the County), was incorporated August 14, 1912, under provisions of the laws of the State of Georgia. The County operates under a three member board of commissioners form of government and provides the following services in addition to general administrative responsibilities: public safety, construction and maintenance of roads and bridges, health and sanitation.

The financial statements report on the financial activities of Wheeler County. Certain potential component units might be considered for inclusion in the financial report because of the significance of the County's influence over their operations or finances. Significant influence or accountability is based primarily on operational or financial relations with the County (as distinct from legal relationships). Based on the above criteria, the County has one component unit. As required by generally accepted accounting principles, the financial reporting entity consists of (1) the primary government, (2) organizations for which the Government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The component unit columns included on the government-wide financial statements identify the financial data of the County's discretely presented component units. They are reported separately to emphasize that they are legally separate from the County.

The discretely presented component unit is the Wheeler County Health Department (Health Department). The Health Department works to promote and preserve the health of the citizens of the County. The Health Department is reported on a June 30, 2010 fiscal year. Complete financial statements for the Health Department may be obtained from its administrative office by calling 912-568-7161.

The financial statements of the County have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

A. Basic Financial Statements – GASB Statement No. 34

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. While the previous model emphasized fund types (the total of all funds of a particular type), in the new reporting model the focus is on either the County as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements categorize activities as governmental activities. In the government-wide Statement of Net Assets, both the governmental and business type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, general government, etc.), which are otherwise being supported by general government revenues (property and other taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function. Program revenues include revenues from fines and forfeitures, licenses and permits fees, service assessments, and charges for services. The operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property or other taxes, intergovernmental revenues, interest income, etc.). Historically, the previous model did not summarize or present net cost by function or activity.

The government-wide focus is more on the substantiality of the County as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The fund financial statements are, in substance, very similar to the financial statements presented in the previous model. Emphasis here is on the major funds in the governmental categories. Non-major funds are summarized into a single column.

The governmental funds statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. The presentation is deemed most appropriate to (a) demonstrate legal and covenant compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the County's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements" governmental column, a reconciliation is presented which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

The County's fiduciary funds are presented in the fund financial statements. Since by definition these assets are being held for the benefit of a third party and cannot be used to finance activities or obligations of the government, these funds are not incorporated in the government-wide statements.

The focus of the current model is on the County as a whole and the fund financial statements, including major individual funds of the governmental and business-type categories, as well as the fiduciary funds, by category. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Basis of Presentation

The financial transactions of the County are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The County reports the following major governmental funds:

General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Additionally, the County reports the following fund types:

Capital Projects Funds - Used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Special Revenue Funds - Used to account for the proceeds of revenue sources other than special assessments, or major capital projects that are legally restricted to expenditures for specified purposes.

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

Non-Current Governmental Assets/Liabilities:

GASB Statement No. 34 *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*, eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the Governmental column in the government-wide Statement of Net Assets.

C. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements and fiduciary units are presented on an accrual basis of accounting. The governmental funds in the fund financial statements are presented on a modified accrual basis.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accrual – Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual – All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The County defined the length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements to be 60 days.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, other taxes, interest, and state grants.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any is recognized when due.

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenue when the applicable eligibility requirements including time requirements, are met. Resources transmitted before the eligibility requirements are met should, under most circumstances, be reported as advances by the provider and as deferred revenue by the recipient.

D. Assets, Liabilities and Net Assets

1. ***Cash and Cash Equivalents*** - include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County.

   State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and investment pools.

   Investments in non-negotiable certificates of deposit are stated using a cost-based measure.

2. ***Short-term Interfund Receivables/Payables*** - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The purpose of the interfund balances is to account for those transactions that have not been settled as of the financial statement date. These receivables and payables are classified as "due from other funds" or "due to other funds" on the respective fund's balance sheet and as internal balances on the statement of net assets. All interfund balances shown are expected to be settled within one year.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3. Taxes Receivable and Other Receivables **-** Taxes receivable and other receivables, are shown net of an allowance for uncollectible accounts. The allowance for general government accounts receivable is derived from the age of the individual receivable and consists of a percentage of the receivable, based upon actual historical losses.

4. Prepaid Items - Payments made to vendors for services that will benefit periods beyond December 31, 2010, are recorded as prepaid items.

5. ***Capital Assets*** - Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized in the government-wide financial statements to the extent the County's capitalization threshold of $1,500 is met. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on capital assets is calculated on the straight-line basis over the estimated useful lives of the respective assets as follows:

• Infrastructure	30 - 40 years
• Buildings and plant	40 years
• Machinery and equipment	5 - 20 years

6. Compensated Absences - National Council on Governmental Accounting Statement 4, effective for fiscal years beginning after December 31, 1982, requires that vacation and sick pay benefits be accrued when: 1) the employer's obligation to employees' right to receive compensation for future benefits is attributable to employee's service already rendered; 2) the obligation relates to rights that vest or accumulate; 3) payment of the compensation is probable; and 4) the amount can be reasonably estimated.

The County compensates all employees for unused vacation at fiscal year-end; therefore, no accrual for vacation is necessary at December 31, 2010.

Accumulated sick pay benefits are not recorded as a liability because these benefits are paid only upon the illness of an employee, and the amount of such payments cannot be reasonably estimated.

6. Long-term Obligations - In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

7. *Fund Equity:*

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net assets".

Fund Balance - Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- **Nonspendable** - fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (ie., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

- **Restricted** - fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments

- **Committed** - fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the County Commissioners through the adoption of a resolution. The County Commissioners also may modify or rescind the commitment.

- **Assigned** - fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purpose, but are neither restricted nor committed. Through resolution, the County Commissioners has authorized the County Clerk to assign fund balances.

- **Unassigned** - fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

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

- Committed
- Assigned
- Unassigned

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net assets – represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation reduced by the outstanding balances of any borrowing used (ie., the amount that the County has spent) for the acquisition, construction or improvement of those assets. Net assets are reported as restricted as described in the fund balance section above. All other net assets are reported as unrestricted.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budget Policy and Budgetary Data

The County's procedures in establishing, maintaining and revising budgetary data reflected in the financial statements are as follows: Prior to January 1, the Board of Commissioners (the Board) prepares a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and expected means of financing. Public hearings are conducted in the Board's Office to obtain taxpayer comments. Prior to January 1, the budget is legally enacted through approval by the Board. The Board is authorized to transfer budgeted amounts between departments within any fund. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds. Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles. All appropriations lapse at the end of the fiscal year on December 31st. For fiscal year December 31, 2010, there were no amendments that required supplemental appropriations.

Encumbrances accounting, the method by which purchase orders, contracts, and other commitments for expenditures of funds are recorded in order to reserve that portion of the applicable appropriation of expected revenues, is not utilized by the County because it is, at present, not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The individual departments which had expenditures in excess of appropriations are as follows:

	Expenditures	Appropriations	Variance
General fund:			
General government			
General administration	$ 346,611	$ 344,967	$ (1,644)
Public safety			
Sheriff	535,675	531,602	(4,073)
Other protection	134,804	128,851	(5,953)
Health and welfare			
Health	57,242	55,488	(1,754)
Culture and recreation	92,284	81,548	(10,736)
Housing and development			
Airport	5,208	2,000	(3,208)
Capital outlay			
Judicial	3,581	3,300	(281)

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

A summary of the County's deposits and investments at December 31, 2010 follows:

Account Balances	
Petty cash	$ 450
Demand deposits	810,179
Certificates of deposit	275,491
	$ 1,086,120

Ownership of Funds	
Primary Government -	
Governmental funds	$ 904,299
Component Unit -	
Wheeler County Public Health Center	181,821
Total reporting entity	$ 1,086,120

III. DETAILED NOTES ON ALL FUNDS

Custodial Credit Risk is the risk that in the event of a bank failure, the County's deposits (in excess of FDIC insurance) may not be returned to us.

***Deposits**:*

The County's deposits at year-end were entirely covered by federal depository insurance or by collateral held by the County's custodial banks in the County's name.

B. Taxes Receivable and Allowances for Uncollectible Accounts

Taxes receivable and allowances for uncollectible accounts at December 31, 2010 are as follows:

	Receivable	Allowance	Net
General fund -			
Taxes receivable	$ 2,363,107	$ (277,890)	$ 2,085,217
SPLOST 2004 -			
Taxes receivable	465	-	465
Total	$ 2,363,572	$ (277,890)	$ 2,085,682

Property taxes for 2010 were levied on December 28, 2010 and due on March 14, 2011 on property valued as of January 1, 2010. The tax rate to finance general governmental services for the fiscal year ended December 31, 2010 was $16.345 per $1,000 of assessed taxable property value for the unincorporated areas of Wheeler County, and $18.103 per $1,000 of assessed taxable property value for the incorporated areas. The taxable values for the unincorporated and incorporated areas amounted to $127,632,993 and $34,417,460 respectively. Property tax revenues are recognized when they have become available. Available means when due, or past due and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Taxes relating to the current budget and collected within 60 days after the fiscal year end are recognized as revenue currently.

C. Interfund Receivables and Payables

Generally, outstanding balances between funds reported as due to/from other funds includes outstanding charges by one fund to another for services or goods, subsidy commitments outstanding, and other miscellaneous receivables and payables between funds. Balances to which a fiduciary fund is a party are treated as external receivables and payables.

III. DETAILED NOTES ON ALL FUNDS

D. Capital Assets and Long-Term Debt

Following is a summary of changes in capital assets:

	Balance December 31, 2009	Additions	Transfers/ Retirements	Balance December 31, 2010
Capital assets, not being depreciated -				
Land	$ 103,086	$ 24,000	$ -	$ 127,086
Total capital assets not being depreciated	103,086	24,000	-	127,086
Capital assets, being depreciated:				
Infrastructure	846,611	34,075	-	880,686
Buildings and improvements	1,170,480	13,847	-	1,184,327
Machinery and equipment	1,769,511	63,266	-	1,832,777
Total capital assets being depreciated	3,786,602	111,188	-	3,897,790
Less accumulated depreciation for:				
Infrastructure	22,268	28,788	-	51,056
Buildings and improvements	347,107	29,267	-	376,374
Machinery and equipment	1,281,062	120,602	-	1,401,664
Total accumulated depreciation	1,650,437	178,657	-	1,829,094
Total capital assets, being depreciated, net	2,136,165	(67,469)	-	2,068,696
Governmental activities capital assets, net	$ 2,239,251	$ (43,469)	$ -	$ 2,195,782

Depreciation expense was charged to functions / programs as follows:

General government	$ 20,560
Judicial	663
Public safety	60,659
Public works	65,666
Health and welfare	11,902
Culture and recreation	19,207
Total depreciation expense	$ 178,657

III. DETAILED NOTES ON ALL FUNDS

E. Long-Term Obligations

Other

During fiscal year 2008 the County entered into an intergovernmental contract with the City of Glenwood, Georgia (the City). The contract was to provide funds to the City to expand the capacity of its sewer facilities and to upgrade the sewage related assets of the system (the Project). Under the terms of the contract the County issued a Note to Wheeler County State Bank (WCSB) in a private placement. The Note was issued to the Bank as a single Note in draw-down form. The Note is set to mature on December 31, 2010 and principal and all accrued interest shall be due on that date. Interest on the Note shall be simple interest calculated at the rate of 4.380% per annum. The proceeds of the Note were assigned by the County to the City for use in the aforementioned Project. Advances shall be made only to pay costs of the Project with a maximum principal amount of $750,000. The City is solely responsible for the payment of the Note under the intergovernmental contract. The obligation of the City to make payments under the intergovernmental contract are full faith and credit obligations and are not subject to any debt limitations. Subsequent to year end the note was paid out by the City of Glenwood, Georgia.

F. Retirement Commitments

The following retirement and pension plans are in effect for County officials but are under control of the State of Georgia, not the County:

A. Probate Judges' Retirement Fund of Georgia

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

B. Clerk of Superior Court Retirement Fund

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

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

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

III. DETAILED NOTES ON ALL FUNDS

G. Commitments and Contingencies

The County receives grant monies for various purposes. All grant monies received by the County are subject to examination and adjustment by the applicable governmental agency or their designee. However, in the opinion of the County officials, adjustments resulting from such examination are not expected to differ materially from amounts reflected in the accompanying financial statements.

H. Fund Equity

Fund Balances:

... ***Restricted*** – The following fund balances are restricted for:

Capital Projects Fund -	
SPLOST 2004 – used to account for capital projects financed with SPLOST	$ 247,384
Special Revenue Funds:	
Multipurpose Grant – used to account for grant proceeds and expenditures to be used for specific purposes as called for in grant agreements	6,321
Expendable Trust – used to provide resources for the operating activities of the law library	6,980
	$ 260,685

Net Assets:

Invested in capital assets reported on the government-wide statement of net assets as of December 31, 2010 are as follows:

	Governmental Activities
Invested in capital assets	
Cost of capital assets	$ 4,024,876
Less accumulated depreciation	(1,829,094)
Invested in capital assets	$ 2,195,782

IV. OTHER INFORMATION

A. Risk Management

The County is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year ending December 31, 2010, the County was covered by general liability insurance with Scottsdale Indemnity General Liability through Stamps-Walker Insurance Agency.

The County is also part of the ACCG 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 Government 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 responsibilities of the pool are to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability. The pool 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.

B. Landfill Closure and Post closure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The County closed its landfill in 1998 and will continue to monitor functions at the site for the next twenty-five years. As of December 31, 2006, the landfill has reached 100% capacity and recognized $335,490 of the estimated total closure and post-closure costs of $335,490. Actual costs for closure and post-closure may be higher due to inflation, changes in technology, or changes in regulation.

IV. OTHER INFORMATION

C. Joint Venture

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain (a) an ongoing financial interest or (b) an on-going financial responsibility. The County participates in the following joint venture:

Heart of Georgia Altamaha Regional Commission – Under Georgia law, the City, in conjunction with other cities and counties in the region, is a 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 $3,401 in such dues. Membership in a RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC of Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a RC. Separate financial statements may be obtained from:

Heart of Georgia Altamaha Regional Commission
5405 Oak Street
Eastman, Georgia 31023

D. Hotel/Motel Tax

The County levies a hotel/motel tax under the provisions of O.C.G.A. 48-13-51. The code section provides that the County shall expend for the purpose of promoting tourism, conventions, and trade shows a percentage of the total taxes collected under this Code section which is not less than the percentage of such tax collections expended for such purposes during the immediately preceding fiscal year. During 2010, the County received $33,986 in hotel/motel tax. The County distributed $16,483 to the Wheeler County Chamber of Commerce, $16,483 to the State of Georgia Department of Natural Resources and $1,020 for general government purposes. The expended amounts total 100% of the amount received by the County.

For the year ended December 31, 2010, the County has complied with the expenditure requirements of code section 48-13-51.

E. Defined Contribution Plan

The County's defined contribution plan, the Wheeler County Deferred Compensation Plan (the "Plan"), allows employees to contribute pretax to a retirement annuity with a portion matched by the County. Matching portions by the County are determined based on number of years of service for the County. The plan is affiliated with the National Association of Counties and is administered by Nationwide Retirement Solutions, Inc. The Plan was established under the Internal Revenue Service Code Section 457(b) and the County is assigned the authority to establish and amend the provisions of the Plan.

IV. OTHER INFORMATION

Employees are not required to contribute to the plan but may begin contributing once employed by the County. The County has chosen to match a portion of the amounts contributed by the employees based on number of years experience. Once an employee has reached 2 years of service, the County matches amounts paid by employees up to 2 percent of the employee's gross salary. After 5 years of service, the County matches 3 percent of the employee's gross salary. In the employee's 10^{th} year of service, the County matches 4 percent of the employee's gross salary and after 15 years of service, the County matches 5 percent of the employee's gross salary. Five percent is the maximum the County will match.

During 2010, County employees contributed $40,165 and the County matched $21,879.

WHEELER COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts			Variance with Final Budget - Over
	Original	Final	Actual	(Under)
REVENUES				
General property taxes	$ 2,329,214	$ 2,329,214	$ 2,013,308	$ (315,906)
Other taxes	450,000	450,000	446,605	(3,395)
Licenses and permits	4,350	4,350	4,159	(191)
Intergovernmental	47,500	47,500	109,941	62,441
Miscellaneous income	277,900	277,900	281,461	3,561
Total revenues	3,108,964	3,108,964	2,855,474	(253,490)
EXPENDITURES				
Current:				
General government:				
General governmen	360,731	360,731	298,602	(62,129)
Elections	75,640	75,640	51,930	(23,710)
General adminstration	344,967	344,967	346,611	1,644
Judicial	353,815	353,815	339,453	(14,362)
Public safety:				
Sheriff	531,602	531,602	535,675	4,073
Fire	5,180	5,180	2,850	(2,330)
Emergency medical services	224,700	208,000	182,623	(25,377)
Coroner / medical examiner	11,765	12,565	7,822	(4,743)
Other protection	114,509	128,851	134,804	5,953
Public works:				
Highways and streets	518,183	518,183	490,764	(27,419)
Solid waste and recycling	219,468	219,468	162,387	(57,081)
Health and welfare:				
Health	55,488	55,488	57,242	1,754
Welfare	2,800	2,800	2,800	-
Community services	175,350	175,350	164,508	(10,842)
Culture and recreation	81,548	81,548	92,284	10,736
Housing and development:				
Conservation	50,410	54,928	52,001	(2,927)
Economic development and assistance	40,740	40,740	-	(40,740)
Airport	2,000	2,000	5,208	3,208

Refer to Independent Auditor's Report.

WHEELER COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts			Variance with Final Budget - Over
	Original	Final	Actual	(Under)
EXPENDITURES (Continued)				
Capital outlay:				
General government	5,000	5,000	2,384	(2,616)
Judicial	3,300	3,300	3,581	281
Public safety	26,600	28,100	22,500	(5,600)
Public works	60,000	60,000	34,801	(25,199)
Total expenditures	3,263,796	3,268,256	2,990,830	(277,426)
Net change in fund balances	$ (154,832)	$ (159,292)	(135,356)	$ 23,936
Fund balances, beginning			1,078,149	
Fund balances (deficits), ending			$ 942,793	

Refer to Independent Auditor's Report.

1. Budgetary Policy

The budget is prepared by the Board of Commissioners (the Board) using generally accepted accounting principles. The budget is then adopted by ordinance of the Board, as required by generally accepted accounting principles.

The level of budgetary control (the level at which expenditures may not exceed appropriations) is at the department level with the following provisions:

- The County Clerk may transfer funds from one object or purpose to another within the same department.
- The Board may amend the budget by motion during the fiscal year.

Formal budgetary integration is employed as a management control device during the year for all budgeted funds.

2. Excess of Expenditures Over Appropriations in Individual Funds

During the year ended December 31, 2010, expenditures exceeded appropriations in the following functions:

	Expenditures	Appropriations	Variance
General fund:			
General government			
General administration	$ 346,611	$ 344,967	$ (1,644)
Public safety			
Sheriff	535,675	531,602	(4,073)
Other protection	134,804	128,851	(5,953)
Health and welfare			
Health	57,242	55,488	(1,754)
Culture and recreation	92,284	81,548	(10,736)
Housing and development			
Airport	5,208	2,000	(3,208)
Capital outlay			
Judicial	3,581	3,300	(281)

WHEELER COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	Special Revenue			Capital Projects		Total Nonmajor
	Multipurpose Grant	Expendable Trust Fund	Hotel/Motel Tax	SPLOST 2004	CDBG Grant	Governmental Funds
ASSETS						
Cash and cash equivalents	$ 6,321	$ 6,980	$ -	$ 246,919	$ 3,430	$ 263,650
Taxes receivable	-	-	-	465	-	465
Total assets	$ 6,321	$ 6,980	$ -	$ 247,384	$ 3,430	$ 264,115
LIABILITIES AND FUND BALANCES						
Liabilities -						
Accounts payable	$ -	$ -	$ -	$ -	$ 3,430	$ 3,430
Total liabilities	-	-	-	-	3,430	3,430
Fund balances -						
Restricted	6,321	6,980	-	247,384	-	260,685
Total fund balances	6,321	6,980	-	247,384	-	260,685
Total liabilities and fund balances	$ 6,321	$ 6,980	$ -	$ 247,384	$ 3,430	$ 264,115

Refer to Independent Auditor's Report.

WHEELER COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Special Revenue			Capital Projects		Total Nonmajor
	Multipurpose Grant	Expendable Trust Fund	Hotel/Motel Tax	SPLOST 2004	CDBG Grant	Governmental Funds
REVENUES						
Intergovernmental	$ -	$ -	$ -	$ -	$ 34,075	$ 34,075
Other taxes	-	-	33,986	1,853	-	35,839
Miscellaneous income	-	4,871	-	3,573	-	8,444
Total revenues	-	4,871	33,986	5,426	34,075	78,358
EXPENDITURES						
Current:						
General government	-	-	1,020	-	-	1,020
Culture and recreation	-	2,694	-	-	-	2,694
Housing and development	-	-	32,966	-	-	32,966
Intergovernmental	-	-	-	56	-	56
Capital outlay -						
Public works	-	-	-	-	34,075	34,075
Culture and recreation	20,000	-	-	17,847	-	37,847
Total expenditures	20,000	2,694	33,986	17,903	34,075	108,658
Net change in fund balances	(20,000)	2,177	-	(12,477)	-	(30,300)
Fund balances, beginning	26,321	4,803	-	259,861	-	290,985
Fund balances, ending	$ 6,321	$ 6,980	$ -	$ 247,384	$ -	$ 260,685

Refer to Independent Auditor's Report.

WHEELER COUNTY, GEORGIA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2010

	Agency Funds					
	Clerk of Superior Court	Sheriff	Judge of Probate Court	Tax Commissioner	Magistrate Court	Total Fiduciary Funds
ASSETS						
Cash	$ 32,707	$ 23,545	$ 8,224	$ 364,261	$ 7,332	$ 436,069
Taxes receivable (net allowance for uncollectible accounts)	-	-	-	3,921,831	-	3,921,831
Total assets	$ 32,707	$ 23,545	$ 8,224	$ 4,286,092	$ 7,332	$ 4,357,900
LIABILITIES						
Due to general fund	$ 2,456	$ -	$ 5,143	$ 2,238,844	$ 665	$ 2,247,108
Due to expendable trust fund	210	-	150	-	-	360
Other liabilities	30,041	23,545	2,931	2,047,248	6,667	2,110,432
Total liabilities	$ 32,707	$ 23,545	$ 8,224	$ 4,286,092	$ 7,332	$ 4,357,900

Refer to Independent Auditor's Report.

WHEELER COUNTY, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

	Balance December 31, 2009	Additions	Deductions	Balance December 31, 2010
Clerk of Superior Court:				
ASSETS				
Restricted assets -				
Cash	$ 18,482	$ 148,528	$ (134,303)	$ 32,707
Total assets	$ 18,482	$ 148,528	$ (134,303)	$ 32,707
LIABILITIES				
Payable from resticted assets:				
Due to general fund	$ 4,042	$ 42,087	$ (43,673)	$ 2,456
Due to expendable trust fund	270	2,345	(2,405)	210
Other liabilities	14,170	104,096	(88,225)	30,041
Total liabilities	$ 18,482	$ 148,528	$ (134,303)	$ 32,707
Sheriff:				
ASSETS				
Restricted assets -				
Cash	$ 22,032	$ 119,196	$ (117,683)	$ 23,545
Total assets	$ 22,032	$ 119,196	$ (117,683)	$ 23,545
LIABILITIES				
Payable from resticted assets:				
Other liabilities	$ 22,032	$ 119,196	$ (117,683)	$ 23,545
Total liabilities	$ 22,032	$ 119,196	$ (117,683)	$ 23,545
Judge of Probate Court:				
ASSETS				
Restricted assets -				
Cash	$ 6,497	$ 145,823	$ (144,096)	$ 8,224
Total assets	$ 6,497	$ 145,823	$ (144,096)	$ 8,224
LIABILITIES				
Payable from resticted assets:				
Due to general fund	$ 3,922	$ 88,321	$ (87,100)	$ 5,143
Due to expendable trust fund	164	2,287	(2,301)	150
Other liabilities	2,411	55,215	(54,695)	2,931
Total liabilities	$ 6,497	$ 145,823	$ (144,096)	$ 8,224

Refer to Independent Auditor's Report.

WHEELER COUNTY, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

	Balance December 31, 2009	Additions	Deductions	Balance December 31, 2010
Tax Commissioner:				
ASSETS				
Restricted assets -				
Cash	$ 645,511	$ 3,555,871	$ (3,837,121)	$ 364,261
Taxes receivable, net	3,399,733	3,491,822	(2,969,724)	3,921,831
Total assets	$ 4,045,244	$ 7,047,693	$ (6,806,845)	$ 4,286,092
LIABILITIES				
Payable from resticted assets:				
Due to general fund	$ 2,115,173	$ 1,825,874	$ (1,702,203)	$ 2,238,844
Other liabilities	1,930,071	1,665,948	(1,548,771)	2,047,248
Total liabilities	$ 4,045,244	$ 3,491,822	$ (3,250,974)	$ 4,286,092
Magistrate Court:				
ASSETS				
Restricted assets -				
Cash	$ 6,448	$ 109,364	$ (108,480)	$ 7,332
Total assets	$ 6,448	$ 109,364	$ (108,480)	$ 7,332
LIABILITIES				
Payable from resticted assets:				
Due to general fund	$ 1,015	$ 13,593	$ (13,943)	$ 665
Other liabilities	5,433	95,771	(94,537)	6,667
Total liabilities	$ 6,448	$ 109,364	$ (108,480)	$ 7,332

Refer to Independent Auditor's Report.

WHEELER COUNTY, GEORGIA
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - DEPARTMENT OF TRANSPORTATION
FOR THE YEAR ENDED DECEMBER 31, 2010

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Over (Under)
REVENUES			
Georgia Department of Transportation	$ 40,000	$ 98,313	$ 58,313
Fares and other	4,000	9,833	5,833
Total revenues	44,000	108,146	64,146
EXPENDITURES			
Current:			
Regular employees	52,197	50,173	(2,024)
Group health insurance	23,700	19,765	(3,935)
Social security contributions	3,236	3,032	(204)
Medicare	757	709	(48)
Unemployment insurance	266	157	(109)
Substance abuse program	240	140	(100)
Repairs and maintenance	2,300	-	(2,300)
Communications services	1,400	1,277	(123)
Advertising	130	-	(130)
Travel	700	14	(686)
Education and training	300	-	(300)
Other purchased services	600	600	-
Vehicle operation supplies	1,200	649	(551)
Repair parts	1,200	903	(297)
General supplies and materials	350	384	34
Water and sewer	425	437	12
Electricity	2,050	1,986	(64)
Gasoline / diesel	15,000	20,056	5,056
Capital outlay -			
Machinery and equipment	2,000	2,000	-
Total expenditures	108,051	102,282	(5,769)
Excess of revenues over (under) expenditure	$ (64,051)	$ 5,864	$ 69,915

Note:

The Department of Transportation is included in the Community Services department of the Statement of Revenues, Expenditures and Changes in Fund Balance.

WHEELER COUNTY, GEORGIA
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - HEART OF GEORGIA ALTAMAHA RDC
FOR THE YEAR ENDED DECEMBER 31, 2010

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Over (Under)
REVENUES			
Heart of Georgia Altamaha RDC	$ 20,000	$ 14,714	$ (5,286)
Program income	800	3,662	2,862
Total revenues	20,800	18,376	(2,424)
EXPENDITURES			
Current:			
Salaries	25,981	26,228	247
Payroll taxes	1,988	2,102	114
Group health insurance	7,900	7,247	(653)
Repairs and maintenance	800	1,520	720
Insurance other than employee benefits	133	1,700	1,567
Communications services	1,500	1,565	65
Travel	200	804	604
Dues and fees	-	106	106
Education and training	50	164	114
Contract labor	300	-	(300)
Other purchased services	400	440	40
Vehicle operation supplies	50	-	(50)
Repair parts	200	6	(194)
General supplies and materials	400	1,308	908
Water and sewer	680	418	(262)
Electricity	3,200	4,438	1,238
Gasoline / diesel	500	330	(170)
Food	3,522	-	(3,522)
Books and periodicals	120	120	-
Small equipment	200	-	(200)
Capital outlay -			
Machinery and equipment	500	579	79
Total expenditures	48,624	49,075	451
Excess of revenues over (under) expenditure	$ (27,824)	$ (30,699)	$ (2,875)

Note:

The Heart of Georgia Altamaha RDC is included in the Community Services department of the Statement of Revenues, Expenditures and Changes in Fund Balance.

WHEELER COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF
CDBG GRANT PROCEEDS - 04P-Y-153-1-2942
FOR THE YEAR ENDED DECEMBER 31, 2010

Project Description	Amended Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
Acquisition	$ 22,041	$ 16,396	$ -	$ 16,396	74.39%
Street Improvements	202,458	202,458	-	202,458	100.00%
Drainage Improvements	130,103	99,028	31,075	130,103	100.00%
Administration	30,000	27,000	3,000	30,000	100.00%
TOTAL	$ 384,602	$ 344,882	$ 34,075	$ 378,957	

Refer to Independent Auditor's Report.

WHEELER COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2004
FOR THE YEAR ENDED DECEMBER 31, 2010

Project Description Per SPLOST Referendum	Original Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
Wheeler County 911 Emergency Services, Law Enforcement, and Sanitation Vehicles and Equipment	$ 576,000				
911 Emergency Services Equipment		131,017	-	131,017	22.75%
Sanitation Vehicles		223,289	-	223,289	38.77%
Law Enforcement Vehicle		62,000	-	62,000	10.76%
					72.28%
Wheeler County Recreation Facilities	576,000	640,588	17,847	658,435	114.31%
City of Alamo, Georgia	144,000	158,021	28	158,049	109.76%
City of Glenwood, Georgia	144,000	158,021	28	158,049	109.76%
TOTAL	$ 1,440,000	$ 1,372,936	$ 17,903	$ 1,390,839	

II. REPORTS REQUIRED BY GOVERNMENTAL AUDITING STANDARDS

HILLIARD & MILTON, LLC
A Professional Services Firm of:
Certified Public Accountants
Certified Government Auditing Professionals
Certified Internal Auditors

Partners:
David Hilliard, CPA
Chris Milton, CPA, CIA, CGAP

18 S. Third Ave.
McRae, GA 31055

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*

Wheeler County Board of Commissioners
Wheeler County, Georgia
Alamo, Georgia 30411

We have audited the financial statements of the governmental activities, each major fund, the discretely presented component unit and the aggregate remaining fund information of Wheeler County, Georgia, as of and for the year ended December 31, 2010, which collectively comprise Wheeler County, Georgia's basic financial statements and have issued our report thereon dated May 31, 2011. We did not audit the financial statements of Wheeler County Public Health Center. Those basic financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Wheeler County Public Health Center, 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Wheeler 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 Wheeler County, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Wheeler County, Georgia's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses as items 2010-1 and 2010-2 that we consider to be significant deficiencies in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wheeler 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.*

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

This report is intended solely for the information and use of the Board of Commissioners, management and others within the government, and is not intended to be and should not be used by anyone other than these specified parties.

Hilliard & Milton, LLC

McRae, Georgia

May 31, 2011

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

Section I – Summary of Auditor's Results

Financial Statements:

Type of report issued on the financial statements -	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to the financial statements noted?	No

Section II – Financial Statement Findings:

The following conditions were disclosed for the year ended December 31, 2009:

Audit Finding

2010-1 Lack of segregation of duties

The audit fieldwork disclosed that the County does not have adequate segregation of duties. It was noted that many of the day to day activities are performed by the same employees.

This overlapping of duties presents a situation where unauthorized use of assets could occur and not be detected on a timely basis.

We recommend management continually exercise alert supervision of employees in order to protect the assets of the County

Management's Response:

We realize that with limited personnel adequate segregation of duties is not possible. Therefore, to mitigate this we exercise alert supervision over all employees.

2010-2 Expenditures over appropriations

The audit fieldwork disclosed that the County over-expended funds in the general government administration department; the public safety sheriff and other protection departments; the health and welfare health department; the culture and recreation department; the housing and development airport department and judicial capital outlays. The County lacks budgetary controls to ensure that actual expenses do not exceed budgeted expenses.

It is recommended that the County review a budget versus actual on a monthly basis to prevent expenditures in excess of budgeted amounts.

Management's Response:

The County recognizes that maintaining appropriate budgetary controls on its expenditures is important in keeping costs below approved amounts and serves as a management tool in evaluating results of operations. In our efforts to continuously improve and to comply with the highest form of governmental accounting and financial reporting we have implemented a formal review process to compare actual to budgeted amounts on a monthly basis. Expenditures which will cause the County to go over budget will require prior approval of the County Commissioners and an amended budget will be prepared.

KEITH E. McNEAL
Chairman

ISAAC J. CULVER, JR.
Vice-Chairman

DANNY CLARK
Commissioner

WHEELER COUNTY
BOARD OF COMMISSIONERS

P.O. Box 181 • 20 West Forest Avenue • Alamo, GA 30411
(912) 568-7135 • FAX: (912) 568-1909

ELAINE T. CLARK, CCC
County Clerk

June 9, 2011

Georgia Department of Audits and Accounts
Local Government Audits
270 Washington Street, S.W., Room 1-156
Atlanta, Georgia 30334-8400

Dear Sir or Madam:

The following is the corrective action plan for Wheeler County, Georgia for the year ended December 31, 2010. We are in concurrence with the findings and/or recommendations noted in the report. With regards to:

2010-1 – Segregation of Duties:

The audit field work disclosed that due to a limited number of personnel, overlapping of duties exists in the County's operations, primarily in the area of cash receipts and disbursements. We realize that with limited personnel adequate segregation of duties is not possible. Therefore, to mitigate this we will continue to exercise alert supervision of all employees.

2010-2 – Expenditures Exceeded Appropriations at the Legal Level of Control:

The audit field work disclosed that the County over-expended funds in general administration, sheriff, other protection, health, culture and recreation, airport and judicial capital outlay for the year ended December 31, 2010. The County recognizes that maintaining appropriate budgetary controls on its expenditures is important in keeping costs below approved amounts and serves as a management tool in evaluating results of operations. In our efforts to continuously improve and to comply with the highest form of governmental accounting and financial reporting we have implemented a formal review process to compare actual to budgeted amounts on a monthly basis. Expenditures which will cause the County to go over budget will require prior approval of the County Commissioners and an amended budget will be prepared.

Sincerely

Elaine Clark

Elaine Clark
County Clerk/Finance Officer

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Partners:
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18 S. Third Ave.
McRae, GA 31055

We have examined management's assertion included in the accompanying State of Georgia Grant Certification Forms about Wheeler County Georgia's compliance during the fiscal year ended December 31, 2010 with the requirement to use grant proceeds solely for the purpose or purposes for which the grant was made for each of the following grant awards:

1) Grant #03-C-L-992 – Local Assistance Grant Wheeler County Recreation
2) Grant #03-C-L-994 – Local Assistance Grant Wheeler County Senior Citizens Grant
3) Grant #03-C-L-996 – Local Assistance Grant New Wheeler Co. Recreation Facility

Management is responsible for Wheeler County Georgia's compliance with this requirement. Our responsibility is to express an opinion on management's assertion about Wheeler County, Georgia's compliance based on our examination.

Our examination was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Wheeler County, Georgia's compliance with this requirement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Wheeler County, Georgia's compliance with the specified requirement.

In our opinion, management's assertion that Wheeler County, Georgia complied with the aforementioned requirement during the fiscal year ended December 31, 2010 is fairly stated, in all material respects.

This report is intended solely for the information and use of the Georgia Department of Audits and Accounts and the State grantor agency identified on the Grant Certification Form and is not intended to be and should not be used by anyone other than the specified parties.

Hilliard & Milton, LLC

McRae, Georgia

June 9, 2011

State of Georgia Grant Certification Form
Local Government Recipient (with no subrecipient)

LINE		
A	Local Government	Wheeler County, Georgia
B	State Awarding Agency	Georgia Department of Community Affairs
C	Grant Identification Number	03-C-L-992
D	Grant Title	Local Assistance Grant Wheeler County Recreation
E	Grant Award Date	08/07/02
F	Grant Amount	$5,000.00

		COLUMN 1 **Current Year Activity** For the Year Ended:	COLUMN 2 **Cumulative Grant Activity** Through the Year Ended:
G		12/31/2010	12/31/2010
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	$5,000.00	
I	Grant Receipts or Revenue Recognized	$0.00	$5,000.00
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	$0.00	$0.00
K	Disbursements or Expenditures for Audit Fees	$0.00	$0.00
L	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K]	$5,000.00	$5,000.00

EDIT CHECKS IF FORM COMPLETED ON EXCEL SPREADSHEET:

Column 1, Line L equals Column 2, Line L.
Grant Receipts/Revenue Does Not Exceed Grant Award.
Date Is Provided in Line G, Column 1.
Date Is Provided in Line G, Column 2.
Year End Dates On Line G Agree.
Column 1, Line L Foots Correctly.
Column 2, Line L Foots Correctly.
NO AUDIT FEES CHARGEABLE TO GRANTS OF $5,000 OR LESS

Line A Is Completed.
Line B Is Completed.
Line C Is Completed.
Line D Is Completed.
Line E Is Completed.
Line F Is Completed.

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made.

Signature of Chief Elected Official _____ Date 6-9-11

Signature of Chief Financial Officer _____ Date 6-9-11

Rev. 8/2006

State of Georgia Grant Certification Form
Local Government Recipient (with no subrecipient)

LINE		
A	Local Government	Wheeler County, Georgia
B	State Awarding Agency	Georgia Department of Community Affairs
C	Grant Identification Number	03-C-L-994
D	Grant Title	Local Assistance Grant Wheeler County Senior Citizens Grant
E	Grant Award Date	08/07/02
F	Grant Amount	$4,000.00

		COLUMN 1 Current Year Activity For the Year Ended:	COLUMN 2 Cumulative Grant Activity Through the Year Ended:
G		12/31/2010	12/31/2010
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	$400.00	
I	Grant Receipts or Revenue Recognized	$0.00	$4,000.00
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	$0.00	$3,600.00
K	Disbursements or Expenditures for Audit Fees	$0.00	$0.00
L	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K]	$400.00	$400.00

EDIT CHECKS IF FORM COMPLETED ON EXCEL SPREADSHEET:

Column 1, Line L equals Column 2, Line L.
Grant Receipts/Revenue Does Not Exceed Grant Award.
Date Is Provided in Line G, Column 1.
Date Is Provided in Line G, Column 2.
Year End Dates On Line G Agree.
Column 1, Line L Foots Correctly.
Column 2, Line L Foots Correctly.
NO AUDIT FEES CHARGEABLE TO GRANTS OF $5,000 OR LESS

Line A Is Completed.
Line B Is Completed.
Line C Is Completed.
Line D Is Completed.
Line E Is Completed.
Line F Is Completed.

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made.

Signature of Chief Elected Official _____ Date 6-9-11

Signature of Chief Financial Officer _____ Date 6-9-11

Rev. 8/2006

State of Georgia Grant Certification Form
Local Government Recipient (with no subrecipient)

LINE		
A	Local Government	Wheeler County, Georgia
B	State Awarding Agency	Georgia Department of Community Affairs
C	Grant Identification Number	03-C-L-996
D	Grant Title	Local Assistance Grant New Wheeler County Recreation Facility
E	Grant Award Date	08/07/02
F	Grant Amount	$20,000.00

		COLUMN 1 **Current Year Activity** For the Year Ended:	COLUMN 2 **Cumulative Grant Activity** Through the Year Ended:
G		12/31/2010	12/31/2010
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	$20,000.00	
I	Grant Receipts or Revenue Recognized	$0.00	$20,000.00
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	$20,000.00	$20,000.00
K	Disbursements or Expenditures for Audit Fees	$0.00	$0.00
L	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K]	$0.00	$0.00

EDIT CHECKS IF FORM COMPLETED ON EXCEL SPREADSHEET:

Column 1, Line L equals Column 2, Line L.
Grant Receipts/Revenue Does Not Exceed Grant Award.
Date Is Provided in Line G, Column 1.
Date Is Provided in Line G, Column 2.
Year End Dates On Line G Agree.
Column 1, Line L Foots Correctly.
Column 2, Line L Foots Correctly.
Audit Fee is Within Legal Limit ($250).

Line A Is Completed.
Line B Is Completed.
Line C Is Completed.
Line D Is Completed.
Line E Is Completed.
Line F Is Completed.

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made.

Signature of Chief Elected Official _____ Date 6-9-11

Signature of Chief Financial Officer _____ Date 6-9-11

Rev. 8/2006