

SUMTER COUNTY, GEORGIA

FINANCIAL REPORT

**FOR THE YEAR ENDED
JUNE 30, 2011**

INTRODUCTORY SECTION

SUMTER COUNTY, GEORGIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2011

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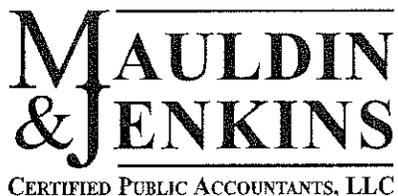
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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**Board of Commissioners
of Sumter County, Georgia
Americus, 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 **Sumter County, Georgia**, as of and for the year ended June 30, 2011, which collectively comprise Sumter 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 Sumter County Department of Public Health or the Sumter County Livestock Authority, which statements reflect total assets of \$464,478 and \$200,204, respectively, as of June 30, 2011, and total revenues of \$1,005,117 and \$230,340, respectively, for the year then ended. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Sumter County Department of Public Health and the Sumter County Livestock Authority in the component unit's columns is based solely on the reports 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 Sumter County, Georgia as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2011, on our consideration of Sumter 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 11) and the Schedule of Funding Progress (on page 50) 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, economic, or historical 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 Sumter County, Georgia's basic financial statements as a whole. The combining and individual nonmajor fund financial statements 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 Sumter County, Georgia. The accompanying schedules of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia Annotated 48-8-121, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the financial statements of Sumter County, Georgia. The combining and individual nonmajor fund financial statements, the schedules of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards 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 basic 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 basic financial statements as a whole.

Mauldin & Jenkins, LLC

Macon, Georgia
December 13, 2011

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SUMTER COUNTY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2011

This section of Sumter County, Georgia's ("the County") annual financial report presents a narrative overview and analysis of the financial activities of the County for the fiscal period ended June 30, 2011.

Financial Highlights

- The assets of Sumter County exceeded its liabilities at June 30, 2011, by \$63.8 million (net assets).
- At fiscal period ending June 30, 2011, the County's General Fund reported unassigned fund balance of \$1,057,859.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Sumter County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of Sumter County's finances, in a manner similar to a private-sector business. All governmental and business-type activities are consolidated to arrive at a total for the Primary Government. There are two government-wide statements, the statement of net assets and the statement of activities, which are described below.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. It is important to note that this statement consolidates the governmental funds' current financial resources (short-term) with capital assets and long-term liabilities.

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

The governmental activities of the County include general government, judicial, public safety, public works, health and welfare, culture and recreation, and housing and development.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The government-wide financial statements include not only Sumter County itself (known as the primary government), but also the Sumter County Department of Public Health and the Sumter County Livestock Authority. These are legally separate entities that are component units of the County due to the significance of their operational or financial relationships with the County. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

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

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

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

Sumter County maintains governmental funds to account for the following activities: **General**; **Special Revenue** (Fire, Victim and Witness Assistance, Law Library, 2007 CHIP – Housing Rehab Loans, 2010 CDBG Housing Rehabilitation, CDBG – Business Loan Recovery, Southwestern Judicial Circuit, Drug Abuse Treatment and Education, Sheriff Forfeiture Recovery Fund, Correctional Institute Commissary, Jail Commissary, and Impaired Driving Awareness Program); and **Capital Projects** (2004 SPLOST, 2007 SPLOST, and Capital Improvements Fund).

Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General and 2007 SPLOST funds which are considered major funds. Data from the other governmental funds are combined into a single, aggregated column. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. Sumter County adopts an annual appropriated budget for its general and special revenue funds. A budgetary comparison statement has been provided for the General Fund within the basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary Funds. Services for which the government charges customers a fee are generally reported in proprietary funds. The Solid Waste Management Fund is a major enterprise fund and its business-like activities are reported with detail including cash flows.

Fiduciary Funds. Agency funds are custodial in nature; the only required financial statements are the balance sheet and statement of fiduciary assets and liabilities. Fiduciary funds are not reflected in the government-wide financial statements.

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

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Assets exceed liabilities by \$63,846,315 at the close of the most recent fiscal period.

A large portion of the County's net assets, 96%, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Sumter County's Net Assets (in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Percentage Change 2010-2011
	2010	2011	2010	2011	2010	2011	
Current and other assets	\$ 5.00	\$ 7.04	\$ 0.45	\$ 0.58	\$ 5.45	\$ 7.62	39.82 %
Capital assets	67.40	70.99	-	-	67.40	70.99	5.33
Total assets	72.40	78.03	0.45	0.58	72.85	78.61	7.91
Long-term liabilities							
outstanding	10.14	10.76	-	-	10.14	10.76	6.11
Other liabilities	1.03	3.93	0.07	0.08	1.10	4.01	264.55
Total liabilities	11.17	14.69	0.07	0.08	11.24	14.77	31.41
Net assets:							
Invested in capital assets							
net of related debt	59.50	61.30	-	-	59.50	61.30	3.03
Restricted	1.73	1.79	-	-	1.73	1.79	3.47
Unrestricted	-	0.25	0.37	0.50	0.37	0.75	102.70
Total net assets	\$ 61.23	\$ 63.34	\$ 0.37	\$ 0.50	\$ 61.60	\$ 63.84	3.64

MANAGEMENT'S DISCUSSION AND ANALYSIS

At the end of the current fiscal period, Sumter County is able to report positive balances in all categories of net assets for the government as a whole.

Sumter County's Changes in Net Assets (in millions of dollars)

	Governmental Activities		Business-type Activities		Total Activities		Percentage Change
	2010	2011	2010	2011	2010	2011	2010-2011
Revenues							
Program revenues:							
Charges for services	\$ 5.89	\$ 6.45	\$ 1.07	\$ 1.09	\$ 6.96	\$ 7.54	8.33 %
Operating grants and contributions	0.30	0.46	-	-	0.30	0.46	53.33
Capital grants and contributions	0.58	0.84	-	-	0.58	0.84	44.83
General revenues:							
Property taxes	9.04	9.02	-	-	9.04	9.02	(0.22)
Other taxes	7.13	7.21	-	-	7.13	7.21	1.12
Investment income	0.01	-	-	-	0.01	-	(100.00)
Gain on sale of capital assets	0.01	-	-	-	0.01	-	(100.00)
Total revenues	<u>22.96</u>	<u>23.98</u>	<u>1.07</u>	<u>1.09</u>	<u>24.03</u>	<u>25.07</u>	<u>4.33</u>
Expenses							
General government	3.29	2.97	-	-	3.29	2.97	(9.73)
Judicial	2.67	2.15	-	-	2.67	2.15	(19.48)
Public safety	10.63	11.59	-	-	10.63	11.59	9.03
Public works	2.15	2.49	-	-	2.15	2.49	15.81
Health and welfare	0.56	0.42	-	-	0.56	0.42	(25.00)
Recreation	0.92	1.02	-	-	0.92	1.02	10.87
Housing & development	0.57	0.79	-	-	0.57	0.79	38.60
Interest on long-term debt	0.39	0.43	-	-	0.39	0.43	10.26
Solid waste	-	-	1.02	0.96	1.02	0.96	(5.88)
Total expenses	<u>21.18</u>	<u>21.86</u>	<u>1.02</u>	<u>0.96</u>	<u>22.20</u>	<u>22.82</u>	<u>2.79</u>
Increase(decrease) in net assets before transfers	1.78	2.12	0.05	0.13	1.83	2.25	22.95
Transfers	-	-	-	-	-	-	-
Change in net assets	1.78	2.12	0.05	0.13	1.83	2.25	22.95
Net assets, beginning of year	59.44	61.22	0.32	0.37	59.76	61.59	3.06
Net assets, end of year	<u>\$ 61.22</u>	<u>\$ 63.34</u>	<u>\$ 0.37</u>	<u>\$ 0.50</u>	<u>\$ 61.59</u>	<u>\$ 63.84</u>	<u>3.65</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the Government's Funds

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

General Fund

The General Fund is the chief operating fund of Sumter County. At the end of the current fiscal period, unassigned fund balance of the General Fund was \$1,057,859, while the total fund balance was \$1,083,595.

SPLOST 2007

SPLOST (Special purpose local option sales tax) Referendum passed on September 18, 2007. Proceeds of \$25,400,000 will fund multiple capital projects started in 2008. At the end of the current fiscal period, expenditures were \$11.2 million and revenues were \$4.5 million. Capital leases and other funding sources were in the amount of \$6.3 million, leaving a fund balance of \$1.11 million.

Proprietary funds. Sumter County's proprietary fund provides that same type of information found in the government-wide financial statements, but in more detail. The County's only proprietary fund is the Solid Waste Management Fund.

Solid Waste Management

At the end of the current fiscal period, net assets for the Solid Waste fund were \$502,458.

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Budgetary Highlights

Over the course of the year, the Board of Commissioners revised the County budget on multiple occasions to avoid budget overruns. Continuation occurred with regards to furlough days and freezing vacant positions except those approved by the Board of Commissioners.

The total General Fund actual expenditures fell below the final budgeted amount by \$1,046,976. This was due to a combined effort on the part of all the departments to tightly manage their spending.

Capital Asset and Debt Administration

Capital assets. Sumter County's investment in capital assets for its governmental activities as of June 30, 2011, amounts to \$70,993,500 (net of accumulated depreciation). This investment in capital assets includes land, site improvements, buildings, machinery and equipment, and infrastructure.

Sumter County's Capital Assets (net of depreciation)

	Governmental Activities		Percentage Change
	2010	2011	2010-2011
Land	\$ 862,468	\$ 862,468	- %
Construction in progress	20,631,438	9,860,049	(52.21)
Buildings and improvements	13,224,850	29,725,642	124.77
Machinery and equipment	3,239,348	2,085,637	(35.62)
Infrastructure	29,442,969	28,459,704	(3.34)
Total	\$ 67,401,073	\$ 70,993,500	5.33

Additional information on the County's capital assets can be found in Note 6 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-term Debt. Sumter County's long-term debt for the period ended June 30, 2011, is summarized below.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital leases	\$ 7,019,771	\$ 6,337,470	\$ (4,564,697)	\$ 8,792,544
Notes payable	1,984,514	-	(1,080,871)	903,643
Compensated absences	311,102	327,794	(309,762)	329,134
Landfill post-closure	806,900	-	(85,000)	721,900
Net pension obligation	17,991	-	(97)	17,894
Total	<u>\$ 10,140,278</u>	<u>\$ 6,665,264</u>	<u>\$ (6,040,427)</u>	<u>\$ 10,765,115</u>

The ACCG/Lease-Purchase Agreements are related to SPLOST projects start-up for property and equipment and includes Fire Department sub-stations construction and equipment.

Engineering and post-closure costs associated with the closing of the Sumter County landfill are estimated to be approximately \$721,900 over an estimated 14 year period of monitoring.

Additional information regarding the County's long-term debt can be found in Note 7 of this report.

Economic Factors and Next Year's Budgets

- Based on the current continued economic conditions, Sumter County expects to continue to feel the effect of the slowdown and budget accordingly.
- Sumter County has continued to use inmate labor during 2011 to help with current construction projects and will continue to self-perform these projects as it is seen to be cost effective.
- The Sumter County Board of Commissioners voted on September 23, 2009 to create and operate a new Sumter County Fire Department effective January 1, 2010. During Fiscal Year 2010-2011 additional sub-stations were added for a total now of 4 manned and 18 unmanned stations. Staffing savings will be continued by not only having career firefighters but also inmate firefighters.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Requests for Information

This financial report is designed to provide a general overview of Sumter County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Sumter County, P.O. Box 295, Americus, Georgia 31709.

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SUMTER COUNTY, GEORGIA

STATEMENT OF NET ASSETS JUNE 30, 2011

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 4,865,706	\$ 319,954	\$ 5,185,660
Taxes receivable	1,297,071	-	1,297,071
Notes receivable	10,144	-	10,144
Accounts receivable, net of allowances	20,476	100,927	121,403
Due from other governments	824,123	162,629	986,752
Inventories	25,736	-	25,736
Capital assets, non-depreciable	10,722,517	-	10,722,517
Capital assets, depreciable, net of accumulated depreciation	60,270,983	-	60,270,983
Total assets	78,036,756	583,510	78,620,266
LIABILITIES			
Accounts payable	619,767	81,052	700,819
Accrued liabilities	308,017	-	308,017
Tax anticipation note payable	3,000,000	-	3,000,000
Capital leases due within one year	1,977,806	-	1,977,806
Capital leases due in more than one year	6,814,738	-	6,814,738
Notes payable due within one year	817,470	-	817,470
Notes payable due in more than one year	86,173	-	86,173
Compensated absences due within one year	247,000	-	247,000
Compensated absences due in more than one year	82,134	-	82,134
Landfill postclosure costs due within one year	49,350	-	49,350
Landfill postclosure costs due in more than one year	672,550	-	672,550
Net pension obligation due in more than one year	17,894	-	17,894
Total liabilities	14,692,899	81,052	14,773,951
NET ASSETS			
Investment in capital assets, net of related debt	61,297,313	-	61,297,313
Restricted for:			
Judicial	113,795	-	113,795
Public safety	166,813	-	166,813
Housing and development	61,114	-	61,114
Capital projects	1,446,573	-	1,446,573
Other purposes	-	-	-
Unrestricted	258,249	502,458	760,707
Total net assets	\$ 63,343,857	\$ 502,458	\$ 63,846,315

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

Component Units	
Sumter County Department of Public Health	Sumter County Livestock Authority
\$ 457,173	\$ 96,251
-	-
-	-
-	60,133
-	-
-	600
7,305	43,220
<u>464,478</u>	<u>200,204</u>
8,819	11,819
-	-
-	-
-	-
-	5,000
-	-
26,447	-
66,528	-
-	-
-	-
<u>101,794</u>	<u>16,819</u>
7,305	43,820
-	-
-	-
-	-
55,576	-
<u>299,803</u>	<u>139,565</u>
<u>\$ 362,684</u>	<u>\$ 183,385</u>

SUMTER COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 2,975,067	\$ 624,312	\$ 137,518	\$ 1,900
Judicial	2,150,415	965,555	105,346	-
Public safety	11,587,706	4,574,961	9,960	250,470
Public works	2,488,121	-	-	220,467
Health and welfare	422,984	-	-	366,152
Recreation	1,019,306	221,279	-	-
Housing and development	786,306	60,304	207,261	-
Interest on long-term debt	435,530	-	-	-
Total governmental activities	<u>21,865,435</u>	<u>6,446,411</u>	<u>460,085</u>	<u>838,989</u>
Business-type activities:				
Solid waste management	961,512	1,085,152	-	-
Total business-type activities	<u>961,512</u>	<u>1,085,152</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 22,826,947</u>	<u>\$ 7,531,563</u>	<u>\$ 460,085</u>	<u>\$ 838,989</u>
Component units:				
Sumter County Department of Public Health	\$ 942,258	\$ 407,403	\$ 592,998	\$ -
Sumter County Livestock Authority	228,263	230,340	-	-
Total component units	<u>\$ 1,170,521</u>	<u>\$ 637,743</u>	<u>\$ 592,998</u>	<u>\$ -</u>
General revenues:				
Property taxes				
Sales taxes				
Insurance premium taxes				
Other taxes				
Unrestricted investment earnings				
Total general revenues				
Change in net assets				
Net assets, beginning of year				
Net assets, end of year				

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

**Net (Expense) Revenue and
Changes in Net Assets**

Governmental Activities	Business-type Activities	Total	Component Units	
			Sumter County Department of Public Health	Sumter County Livestock Authority
\$ (2,211,337)	\$ -	\$ (2,211,337)	\$ -	\$ -
(1,079,514)	-	(1,079,514)	-	-
(6,752,315)	-	(6,752,315)	-	-
(2,267,654)	-	(2,267,654)	-	-
(56,832)	-	(56,832)	-	-
(798,027)	-	(798,027)	-	-
(518,741)	-	(518,741)	-	-
(435,530)	-	(435,530)	-	-
<u>(14,119,950)</u>	<u>-</u>	<u>(14,119,950)</u>	<u>-</u>	<u>-</u>
-	123,640	123,640	-	-
-	123,640	123,640	-	-
<u>\$ (14,119,950)</u>	<u>\$ 123,640</u>	<u>\$ (13,996,310)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 58,143	\$ -
-	-	-	-	2,077
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,143</u>	<u>\$ 2,077</u>
9,018,654	-	9,018,654	-	-
6,289,216	-	6,289,216	-	-
693,528	-	693,528	-	-
233,967	-	233,967	-	-
2,369	3,599	5,968	4,716	-
<u>16,237,734</u>	<u>3,599</u>	<u>16,241,333</u>	<u>4,716</u>	<u>-</u>
2,117,784	127,239	2,245,023	62,859	2,077
61,226,073	375,219	61,601,292	299,825	181,308
<u>\$ 63,343,857</u>	<u>\$ 502,458</u>	<u>\$ 63,846,315</u>	<u>\$ 362,684</u>	<u>\$ 183,385</u>

SUMTER COUNTY, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

ASSETS	General	2007 SPLOST	Other Governmental Funds	Total
Cash and cash equivalents	\$ 1,050,492	\$ 3,301,311	\$ 513,903	\$ 4,865,706
Taxes receivable	581,904	603,426	111,741	1,297,071
Notes receivable	-	-	10,144	10,144
Accounts receivable	20,476	-	-	20,476
Due from other governments	435,235	-	388,888	824,123
Due from other funds	3,300,262	-	222,019	3,522,281
Inventories	25,736	-	-	25,736
Total assets	\$ 5,414,105	\$ 3,904,737	\$ 1,246,695	\$ 10,565,537
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 548,928	\$ 28,826	\$ 42,013	\$ 619,767
Accrued liabilities	236,408	-	-	236,408
Tax anticipation note payable	3,000,000	-	-	3,000,000
Deferred revenues	545,174	-	357,639	902,813
Due to other funds	-	2,764,755	757,526	3,522,281
Total liabilities	4,330,510	2,793,581	1,157,178	8,281,269
FUND BALANCES				
Nonspendable for:				
Inventories	25,736	-	-	25,736
Noncurrent loans receivable	-	-	10,144	10,144
Restricted for:				
Judicial	-	-	113,795	113,795
Public safety	-	-	62,977	62,977
Housing and development	-	-	57,781	57,781
Capital projects	-	1,111,156	84,947	1,196,103
Committed for:				
Public safety	-	-	79,253	79,253
Unassigned	1,057,859	-	(319,380)	738,479
Total fund balances	1,083,595	1,111,156	89,517	2,284,268
Total liabilities and fund balances	\$ 5,414,105	\$ 3,904,737	\$ 1,246,695	

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.	70,993,500
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	902,813
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(10,818,830)
Net pension obligation used in governmental activities is not a financial resource and, therefore, is not reported in the funds.	(17,894)

Net assets of governmental activities \$ 63,343,857

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

SUMTER COUNTY, GEORGIA

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

	General	2007 SPLOST	Other Governmental Funds	Total
Revenues:				
Property taxes	\$ 9,059,004	\$ -	\$ 10,212	\$ 9,069,216
Sales taxes	2,198,512	4,282,025	-	6,480,537
Other taxes	926,617	-	878	927,495
Licenses and permits	86,780	-	-	86,780
Intergovernmental	156,123	220,467	666,781	1,043,371
Charges for services	3,722,440	-	1,027,712	4,750,152
Fines and forfeitures	580,133	-	126,903	707,036
Interest	2,221	1,724	324	4,269
Other revenues	486,974	-	311,633	798,607
Total revenues	17,218,804	4,504,216	2,144,443	23,867,463
Expenditures:				
Current:				
General government	2,484,329	-	-	2,484,329
Judicial	1,873,561	-	260,476	2,134,037
Public safety	9,079,407	-	1,248,235	10,327,642
Public works	996,178	-	-	996,178
Health and welfare	416,584	-	-	416,584
Culture and recreation	899,034	-	-	899,034
Housing and development	533,434	-	219,135	752,569
Intergovernmental	-	79,362	31,091	110,453
Capital outlay	-	5,397,044	1,573,383	6,970,427
Debt service:				
Principal	80,871	5,425,271	139,426	5,645,568
Interest	91,288	284,970	56,372	432,630
Total expenditures	16,454,686	11,186,647	3,528,118	31,169,451
Excess (deficiency) of revenues over (under) expenditures	764,118	(6,682,431)	(1,383,675)	(7,301,988)
Other financing sources (uses):				
Proceeds from sale of assets	1,856	-	-	1,856
Capital leases	-	6,337,470	-	6,337,470
Transfers in	26,260	1,535	70,415	98,210
Transfers out	(71,950)	-	(26,260)	(98,210)
Total other financing sources (uses)	(43,834)	6,339,005	44,155	6,339,326
Net change in fund balances	720,284	(343,426)	(1,339,520)	(962,662)
Fund balance, beginning of year	363,311	1,454,582	1,429,037	3,246,930
Fund balance, end of year	\$ 1,083,595	\$ 1,111,156	\$ 89,517	\$ 2,284,268

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

SUMTER COUNTY, GEORGIA

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

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

Net change in fund balances - total governmental funds	\$	(962,662)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		3,615,414
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		(22,987)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Deferred revenues increased during the year by this amount.		115,756
while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(606,902)
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.		<u>(20,835)</u>
Change in net assets - governmental activities	\$	<u>2,117,784</u>

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

SUMTER COUNTY, GEORGIA

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 8,597,144	\$ 8,597,144	\$ 9,059,004	\$ 461,860
Sales taxes	2,215,934	2,215,934	2,198,512	(17,422)
Other taxes	969,300	969,300	926,617	(42,683)
Licenses and permits	84,150	84,150	86,780	2,630
Intergovernmental	179,256	137,084	30,268	(106,816)
Charges for services	3,975,125	3,975,125	3,722,440	(252,685)
Fines and forfeitures	636,800	636,800	580,133	(56,667)
Interest income	36,500	36,500	2,221	(34,279)
Miscellaneous	990,005	523,925	486,974	(36,951)
Total revenues	17,684,214	17,175,962	17,092,949	(83,013)
Expenditures:				
Current:				
General government:				
Board of commissioners	74,179	78,644	76,826	1,818
County clerk	65,494	65,355	61,919	3,436
Administrator	113,749	112,319	111,920	399
Elections	196,943	188,398	156,760	31,638
Financial administration	313,290	323,136	295,698	27,438
Legal	90,000	90,000	54,832	35,168
Information systems	106,296	106,296	77,730	28,566
Human resources	97,607	99,221	80,860	18,361
Tax commissioner's office	349,191	352,957	332,781	20,176
Tax assessor's office	475,795	474,428	398,065	76,363
Board of equalization	-	2,422	1,685	737
Risk management	298,000	298,000	262,374	35,626
Building and grounds	544,268	571,161	541,738	29,423
General administration	34,315	112,458	31,141	81,317
Total general government	2,759,127	2,874,795	2,484,329	390,466
Judicial:				
Court administration	41,359	38,002	34,730	3,272
Judge of superior court	226,279	227,667	202,744	24,923
Clerk of courts	458,462	465,212	424,999	40,213
District attorney	260,869	152,598	152,598	-
State court	92,151	93,154	88,632	4,522
Magistrate court	372,851	376,071	344,586	31,485
Probate court	141,600	142,904	139,395	3,509
Juvenile court	206,872	77,245	39,223	38,022
Grand jury	20,700	20,700	11,485	9,215
Public defense	714,710	398,094	387,854	10,240
Total judicial	2,535,853	1,991,647	1,826,246	165,401

(Continued)

SUMTER COUNTY, GEORGIA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2011

Expenditures: (Continued)	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Current: (Continued)				
Public safety:				
Sheriff's office	\$ 3,159,768	\$ 3,249,163	\$ 3,234,259	\$ 14,904
Jail operations	2,738,133	2,685,713	2,677,171	8,542
Correctional institute	2,958,746	2,961,845	2,932,371	29,474
Coroner	48,660	49,140	41,212	7,928
E911	118,068	118,068	116,619	1,449
Animal control	86,406	74,680	71,709	2,971
Emergency management	9,768	46,030	6,066	39,964
Total public safety	9,119,549	9,184,639	9,079,407	105,232
Public works:				
Public works department	1,186,836	1,061,243	928,926	132,317
Landfill closure/postclosure	-	108,700	61,303	47,397
Keep Sumter Beautiful	-	6,000	5,949	51
Total public works	1,186,836	1,175,943	996,178	179,765
Health and welfare:				
Public health	308,858	288,858	288,628	230
Public welfare	73,674	73,674	73,674	-
Community service	37,482	37,482	37,482	-
Senior citizen center	16,800	16,800	16,800	-
Total health and welfare	436,814	416,814	416,584	230
Culture and recreation:				
Recreation	955,892	950,339	778,538	171,801
Libraries	120,496	120,496	120,496	-
Total culture and recreation	1,076,388	1,070,835	899,034	171,801
Housing and development:				
County agent's office	149,756	149,664	102,278	47,386
Forest resources	7,196	17,989	17,989	-
Building inspection	50,318	50,374	44,618	5,756
Planning and zoning	127,504	128,649	121,778	6,871
Code enforcement	6,350	6,350	4,198	2,152
Economic development	124,833	124,833	124,833	-
Airport	39,200	39,200	39,200	-
Total housing and development	505,157	517,059	454,894	62,165

(Continued)

SUMTER COUNTY, GEORGIA

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures: (Continued)				
Debt service:				
Principal	\$ 69,522	\$ 80,870	\$ 80,871	\$ (1)
Interest	74,553	63,205	91,288	(28,083)
Total debt service	144,075	144,075	172,159	(28,084)
Total expenditures	17,763,799	17,375,807	16,328,831	1,046,976
Excess (deficiency) of revenues over (under) expenditures	(79,585)	(199,845)	764,118	963,963
Other financing sources (uses):				
Proceeds from sale of assets	150,000	150,000	1,856	(148,144)
Transfers in	-	120,260	26,260	(94,000)
Transfers out	(70,415)	(70,415)	(71,950)	(1,535)
Total other financing sources (uses)	79,585	199,845	(43,834)	(243,679)
Net change in fund balances	\$ -	\$ -	720,284	\$ 720,284
Reconciliation to GAAP Basis:				
Unbudgeted revenues recorded on behalf of other agencies			125,855	
Unbudgeted expenditures incurred on behalf of other agencies			(125,855)	
Total reconciliation to GAAP basis			720,284	
Fund balance, beginning of year	363,311	363,311	363,311	-
Fund balance, end of year	\$ 363,311	\$ 363,311	\$ 1,083,595	\$ 720,284

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

SUMTER COUNTY, GEORGIA

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

JUNE 30, 2011

	Major Enterprise Fund
	Solid Waste Management
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 319,954
Accounts receivable, net of allowances	100,927
Due from other governments	162,629
Total current assets	<u>583,510</u>
Total assets	<u>583,510</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	<u>81,052</u>
Total current liabilities	<u>81,052</u>
Total liabilities	<u>81,052</u>
NET ASSETS	
Unrestricted	<u>502,458</u>
Total net assets	<u>\$ 502,458</u>

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

SUMTER COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Major Enterprise Fund Solid Waste Management</u>
OPERATING REVENUES	
Charges for services:	
Garbage collection fees	\$ 1,085,152
Total operating revenues	<u>1,085,152</u>
OPERATING EXPENSES	
Contracted services	<u>961,512</u>
Total operating expenses	<u>961,512</u>
Operating income	<u>123,640</u>
NONOPERATING INCOME	
Interest income	<u>3,599</u>
Total nonoperating income	<u>3,599</u>
Change in net assets	127,239
NET ASSETS, beginning of year	<u>375,219</u>
NET ASSETS, end of year	<u>\$ 502,458</u>

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

SUMTER COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Major Enterprise Fund Solid Waste Management</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 1,145,103
Payments to suppliers and service providers	<u>(876,428)</u>
Net cash provided by operating activities	<u>268,675</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>3,599</u>
Net cash provided by investing activities	<u>3,599</u>
Net increase in cash and cash equivalents	272,274
Cash and cash equivalents:	
Beginning of year	<u>47,680</u>
End of year	<u>\$ 319,954</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 123,640
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts receivable	9,951
Decrease in due from other governments	50,000
Decrease in due from other funds	82,539
Increase in accounts payable	<u>2,545</u>
Net cash provided by operating activities	<u>\$ 268,675</u>

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

SUMTER COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2011

ASSETS	Agency Funds
Cash	\$ 440,094
Taxes receivable	1,260,881
Accounts receivable	<u>9,927</u>
Total assets	<u>\$ 1,710,902</u>
LIABILITIES	
Due to others	<u>\$ 1,710,902</u>
Total liabilities	<u>\$ 1,710,902</u>

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

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SUMTER COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

Sumter County was created by legislative act on December 26, 1831, and operates under a County Commissioner form of government, providing the following services as authorized by its charter: public safety, highways and streets, health and social services, culture-recreation, courts, correctional institute, 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 Sumter 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, the financial statements of the component units are discretely presented in the government-wide financial statements.

Discretely Presented Component Units

The Sumter County Department of Public Health (the "Health Department") is governed by a seven-member board consisting of one member of the County's Board of Commissioners and three members as appointed by the County Commissioners. The County has the authority to modify and approve the Health Department's budget and the ability to approve environmental health service fees. Amounts included in the Government-wide Statement of Net Assets and Statement of Activities for the Health Department are for the year ended June 30, 2011.

The Health Department's financial statements can be obtained by writing to the Sumter County Health Department, Rucker Street, Americus, Georgia 31709.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

The Sumter County Livestock Authority (the "Authority") is governed by a nine-member board consisting of one member of the County's Board of Commissioners and eight members as appointed by the County Commissioners. The Authority provides auction facilities for buying and selling of livestock, primarily cattle and hogs. The County is financially obligated to supplement operating deficits and also has the ability to claim operating surpluses. Amounts included in the Government-wide Statement of Net Assets and Statement of Activities for the Authority are for the year ended June 30, 2011.

The Authority's financial statements can be obtained by writing to the Sumter County Livestock Authority, 186 Southerfield Road, Americus, Georgia 31709.

B. Government-wide and Fund Financial Statements

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements 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, franchise taxes, licenses, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

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

The **2007 Special Purpose Local Option Sales Tax Fund (SPLOST)** accounts for the revenues and expenditures relating to the 2007 1% Special Purpose Local Option Sales Tax.

The County reports the following major proprietary fund:

The **Solid Waste Management Fund** is used to account for the receipts from services billed to customers and the payment of costs of collection.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Additionally, the County reports the following fund types:

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

The *capital project funds* account for the acquisition or construction of capital facilities.

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. These include the Tax Commissioner, Clerk of Courts, Probate Court, Magistrate Court, ADR SWJC Fund, Sheriff, Jail Inmate Fund, Correctional Institute Inmate Fund, Juvenile Court SWJC Fund, Public Defender SWJC Fund, and District Attorney SWJC Fund.

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

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

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

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 to customers for sales and services provided. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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. Budgets

Formal budgetary accounting is employed as a management control device for the General Fund and the Special Revenue funds. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General Fund and the Special Revenue Funds, and the same basis of accounting is used to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting principle basis. For the year ended June 30, 2011, annual budgets were adopted for the General Fund and all Special Revenue Funds. Budgets for Capital Project Funds are adopted on a project basis, spanning more than one fiscal year. The County Commission must approve any amendments to the budget.

E. Cash and Investments

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

State statutes authorize the County and discretely presented component units to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the Georgia Fund 1.

The only investments held by the County at June 30, 2011 were certificates of deposit with a maturity of greater than three months. Investments are stated at fair value.

F. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. For the most part, the effect of interfund activity has been removed from the government-wide statement of net assets. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide statement of net assets as "internal balances." In the major fund balance sheets, these receivables and payables are classified as "due from other funds" and "due to other funds."

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Inventories

Inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. The consumption method is used to account for inventories. Under the consumption method, inventory items are recognized as expenditures when used.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The County has retroactively reported major general infrastructure assets. In this case, the County chose to include all items with an acquisition date of January 1, 1980 or later, as allowed by the provisions of GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", as amended and interpreted. 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 asset or materially extend useful lives are expensed as incurred.

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

<u>Asset Category</u>	<u>Years</u>
Site improvements	20
Buildings	50
Machinery and equipment	3 - 10
Infrastructure	20 - 50

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. 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, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

J. Long-Term Obligations

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

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

K. Fund Equity

The County implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of July 1, 2010. This new standard changed the overall definitions and classifications of governmental fund balances.

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 assets and liabilities under the current financial resources measurement focus of accounting. 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:

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Equity (Continued)

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., 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 Commission through the adoption of a resolution. Only the County Commission 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 purposes, but are neither restricted nor committed. Through policy, authorization to assign fund balance remains with the Board.
- **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 Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order: 1) committed, 2) assigned, and 3) unassigned.

Net Assets – Net assets represent the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. 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 (i.e., the amount that the County has spent) for the acquisition, construction or improvement of those assets. Net assets are reported as restricted using the same definition as used for restricted fund balance as described in the 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Use of Estimates

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

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$10,818,830 difference are as follows:

Accrued interest payable	\$	(71,609)
Capital leases		(8,792,544)
Notes payable		(903,643)
Landfill postclosure costs		(721,900)
Compensated absences		<u>(329,134)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	\$	<u>(10,818,830)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$3,615,414 difference are as follows:

NOTES TO FINANCIAL STATEMENTS

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)

Capital outlay	\$ 6,704,237
Depreciation expense	<u>(3,088,823)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets - governmental activities</i>	
	<u>\$ 3,615,414</u>

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 \$606,902 difference are as follows:

Debt incurred:	
Capital leases	\$ (6,337,470)
Principal repayments:	
Capital leases	4,564,697
Notes payable	1,080,871
Landfill postclosure costs	<u>85,000</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets - governmental activities</i>	
	<u>\$ (606,902)</u>

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 \$20,835 difference are as follows:

Compensated absences	\$ (18,032)
Net pension obligation	97
Accrued interest	<u>(2,900)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets - governmental activities</i>	
	<u>\$ (20,835)</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE – BUDGETS

A. Budgets and Budgetary Accounting

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

1. Prior to May 1, the Department Heads submit to the County Administrator a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The proposed budgets are then submitted to the Board of Commissioners by the County Administrator for study.
2. Public hearings are conducted at the County Courthouse to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by the Board of Commissioners.
4. Budget amounts can be transferred between line items within any department; however, any revisions of the budget must be approved by the Board of Commissioners.
5. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for all funds except the General Fund, which excludes certain revenues and expenditures incurred on behalf of other agencies. A reconciliation from the budgetary basis to generally accepted accounting principles basis is presented. Annual appropriated budgets are legally adopted for the General Fund and Special Revenue Funds. Annual operating budgets are prepared for each Capital Projects Fund and Enterprise Fund for planning, control, and evaluation purposes.

Budgeted amounts are as originally adopted on June 15, 2010, or as amended by the Board of Commissioners. The supplementary budgetary appropriations made were not material.

All appropriations, except for items encumbered at year end, lapse. Encumbrances for items not lapsing at year end are reappropriated in the ensuing year's budget. Budget information for expenditures and encumbrances represents the operating budget as approved by the Board of Commissioners. There were no encumbrances as of June 30, 2011.

B. Excess Expenditures over Appropriations

For the year ended June 30, 2011, expenditures exceeded budget in the General Fund, as follows:

<u>Department</u>	<u>Excess</u>
Debt Service	\$ 28,084

This over-expenditure in the General Fund was funded by under-expenditures in other departments.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CASH 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. The County had no investments as of June 30, 2011.

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

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 June 30, 2011, all of the County's bank balances were properly insured and collateralized as defined by GASB pronouncements and the State of Georgia.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

Receivables at June 30, 2011, for the County's individual major and nonmajor funds in the aggregate are as follows:

	<u>General</u>	<u>2007 SPLOST</u>	<u>Solid Waste Management</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 833,505	\$ 603,426	\$ -	\$ 111,741	\$ 1,548,672
Notes	-	-	-	10,144	10,144
Accounts	<u>20,476</u>	<u>-</u>	<u>130,913</u>	<u>-</u>	<u>151,389</u>
Gross receivables	853,981	603,426	130,913	121,885	1,710,205
Less allowance for uncollectibles	<u>(251,601)</u>	<u>-</u>	<u>(29,986)</u>	<u>-</u>	<u>(281,587)</u>
Net receivables	<u>\$ 602,380</u>	<u>\$ 603,426</u>	<u>\$ 100,927</u>	<u>\$ 121,885</u>	<u>\$ 1,428,618</u>

Property taxes were levied on September 1, 2010. Bills are payable on or before December 12, 2010, after which the applicable property is subject to lien and penalties and interest as assessed. The County bills and collects its own property taxes. Property taxes levied for 2011 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended June 30, 2011, and collected by August 31, 2011, are recognized as revenues in the year ended June 30, 2011. Net receivables estimated to be collected subsequent to August 31, 2011 are recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually.

Property taxes attached as an enforceable lien on property as of December 13, 2010.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

A. Primary Government

Capital asset activity for the year ended June 30, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 862,468	\$ -	\$ -	\$ -	\$ 862,468
Construction in progress	20,631,438	6,704,237	(22,987)	(17,452,639)	9,860,049
Total capital assets, not being depreciated	<u>21,493,906</u>	<u>6,704,237</u>	<u>(22,987)</u>	<u>(17,452,639)</u>	<u>10,722,517</u>
Capital assets, being depreciated:					
Site improvements	488,113	-	-	-	488,113
Buildings	18,043,693	-	-	17,125,159	35,168,852
Equipment	8,945,529	-	-	327,480	9,273,009
Infrastructure	48,276,074	-	-	-	48,276,074
Total capital assets, being depreciated	<u>75,753,409</u>	<u>-</u>	<u>-</u>	<u>17,452,639</u>	<u>93,206,048</u>
Less accumulated depreciation for:					
Site improvements	36,130	12,301	-	-	48,431
Buildings	5,270,826	612,066	-	-	5,882,892
Equipment	5,706,181	1,481,191	-	-	7,187,372
Infrastructure	18,833,105	983,265	-	-	19,816,370
Total accumulated depreciation	<u>29,846,242</u>	<u>3,088,823</u>	<u>-</u>	<u>-</u>	<u>32,935,065</u>
Total capital assets, being depreciated, net	<u>45,907,167</u>	<u>(3,088,823)</u>	<u>-</u>	<u>17,452,639</u>	<u>60,270,983</u>
Governmental activities capital assets, net	<u>\$ 67,401,073</u>	<u>\$ 3,615,414</u>	<u>\$ (22,987)</u>	<u>\$ -</u>	<u>\$ 70,993,500</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

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

Governmental activities:		
General government	\$	362,241
Judicial		998
Public safety		1,177,630
Public works		1,395,883
Culture and recreation		115,700
Housing and development		36,371
Total depreciation expense - governmental activities	\$	<u>3,088,823</u>

B. Discretely Presented Component Unit – Department of Public Health

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Machinery and equipment	\$ 23,650	\$ 7,339	\$ -	\$ 30,989
Total capital assets, being depreciated	<u>23,650</u>	<u>7,339</u>	<u>-</u>	<u>30,989</u>
Less accumulated depreciation for:				
Machinery and equipment	23,650	34	-	23,684
Total accumulated depreciation	<u>23,650</u>	<u>34</u>	<u>-</u>	<u>23,684</u>
Total capital assets, net	<u>\$ -</u>	<u>\$ 7,305</u>	<u>\$ -</u>	<u>\$ 7,305</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

C. Discretely Presented Component Unit – Livestock Authority

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 600	\$ -	\$ -	\$ 600
Total capital assets, not being depreciated	600	-	-	600
Capital assets, being depreciated:				
Buildings	482,254	-	-	482,254
Machinery and equipment	214,930	-	-	214,930
Total capital assets, being depreciated	697,184	-	-	697,184
Less accumulated depreciation for:				
Buildings	453,251	7,881	-	461,132
Machinery and equipment	183,813	9,019	-	192,832
Total accumulated depreciation	637,064	16,900	-	653,964
Total capital assets, being depreciated, net	60,120	(16,900)	-	43,220
Total capital assets, net	\$ 60,720	\$ (16,900)	\$ -	\$ 43,820

NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the year ended June 30, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Capital leases	\$ 7,019,771	\$ 6,337,470	\$ (4,564,697)	\$ 8,792,544	\$ 1,977,806
Notes payable	1,984,514	-	(1,080,871)	903,643	817,470
Compensated absences	311,102	327,794	(309,762)	329,134	247,000
Landfill postclosure costs	806,900	-	(85,000)	721,900	49,350
Net pension obligation	17,991	-	(97)	17,894	-
Governmental activities long-term liabilities	\$ 10,140,278	\$ 6,665,264	\$ (6,040,427)	\$ 10,765,115	\$ 3,091,626

For governmental activities, compensated absences, landfill postclosure costs, and net pension obligation and are liquidated by the General Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Capital Leases. The County has entered into lease agreements as lessee for financing the acquisition of vehicles and fire equipment. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease term) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception. Equipment leased under capital leases totaled \$10,150,065 and is included in capital assets of the governmental funds.

The following is a schedule of future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2011:

Year Ending June 30,			
2012	\$	2,236,114	
2013		1,674,287	
2014		1,674,289	
2015		1,674,295	
2016		893,012	
2017-2021		1,523,212	
2022		132,933	
Total minimum lease payments		9,808,142	
Less amount representing interest		1,015,598	
Present value of future minimum lease payments	\$	8,792,544	

Notes Payable. The County has also incurred debt to financial institutions for various construction projects. These notes are as follows at June 30, 2011:

Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
5.10%	10 years	2013	\$ 750,000	\$ 171,225
3.54%	3.5 years	2012	3,000,000	732,418
				\$ 903,643

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued). Debt service requirements to maturity on the note payable are as follows:

Year ending June 30,	Principal	Interest
2012	\$ 817,470	\$ 9,023
2013	86,173	4,637
	\$ 903,643	\$ 13,660

Landfill postclosure costs. Effective May 1995, the Sumter County Landfill was closed and no additional waste has been accepted. According to state and federal laws and regulations, the County must perform certain maintenance and monitoring functions at the site for a minimum of 30 years. As of June 30, 2011, the County has a remaining 14 years of monitoring. Engineering studies estimate postclosure costs of approximately \$721,900 over the 14-year period. These costs are based on what it would cost to perform all postclosure care in 2011, 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.

NOTE 8. TAX ANTICIPATION NOTE PAYABLE

On June 15, 2010, the County issued a \$4,000,000 tax anticipation note with an interest rate of 3.25% to provide cash flow for the General Fund until tax collections began later in the year. The County drew down \$4,000,000 during the current fiscal year and repaid the note in full with interest on December 29, 2010. On February 15, 2011, the County issued a \$5,000,000 tax anticipation note with an interest rate of 3.20%. The County drew down \$3,000,000 during the current fiscal year, which is to be repaid by December 31, 2011.

Activity for the tax anticipation note payable (short-term liability) for the year ended June 30, 2011, was as follows:

Balance, June 30, 2010	Additions	Reductions	Balance, June 30, 2011
\$ -	\$ 7,000,000	\$ 4,000,000	\$ 3,000,000

NOTES TO FINANCIAL STATEMENTS

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	2007 SPLOST Fund	\$ 2,542,736
Nonmajor governmental funds	2007 SPLOST Fund	222,019
General Fund	Nonmajor governmental funds	757,526
		\$ 3,522,281

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

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Nonmajor governmental funds	\$ 26,260
2007 SPLOST Fund	General Fund	1,535
Nonmajor governmental funds	General Fund	70,415
		\$ 98,210

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

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED CONTRIBUTION PENSION PLAN

The County participates in the Association of County Commissioners of Georgia 401(a) Defined Contribution Plan (the Plan) which is administered by GEBCorp. The Plan provides retirement benefits to plan participants and beneficiaries. Plan provisions and contribution requirements are established and may be amended by the County. Employees are not required to contribute to the Plan. The County contributes an amount equal to 50% of the amount contributed by participants to the County's deferred compensation plan, with a maximum match from the County of 3% of the participant's annual compensation. The County's contribution for each employee is 100% vested after five (5) years of continuous service. For the year ending June 30, 2011, the County's contribution to the Plan was \$72,485. The amount contributed by employees was \$214,720.

NOTE 11. DEFINED BENEFIT PENSION PLAN

Plan Description – Primary Government

On January 1, 2004, the County began sponsoring the Association County Commissioners of Georgia Sumter County Defined Benefit Plan (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 Third Restated Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan administered by GEBCorp. The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of The ACCG Plan, as provided in Section 19.03 of The ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of The Plan, as provided in Section 19.02 of The ACCG Plan document.

Complete financial statements for the 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. The 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.

NOTES TO FINANCIAL STATEMENTS

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 current year is as follows:

	<u>January 1, 2010</u>	<u>January 1, 2009</u>
<u>Derivation of Annual Pension Cost</u>		
Annual Required Contribution	\$ 239,905	\$ 221,791
Interest on Net Pension Obligation	1,394	1,402
Amortization of Net Pension Obligation	(1,492)	(1,500)
Annual Pension Cost	\$ 239,807	\$ 221,693

Derivation of Net Pension Obligation

Annual Pension Cost for Plan Year 2010	\$ 239,807
Actual Contributions to Plan for Plan Year 2010	239,904
Increase (Decrease) in Net Pension Obligation	(97)
Net Pension Obligation (Asset) as of Beginning of Plan Year	17,991
Net Pension Obligation (Asset) as of End of Plan Year	\$ 17,894

Basis of Valuation

Current Valuation Date	January 1, 2011
Annual Return on Invested Plan Assets	7.75%
Projected Annual Salary Increases	3.5 - 6% 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)
Remaining Amortization Period	30

Trend Information for The Plan

<u>Fiscal Year Beginning</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual County Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
7/1/10	\$ 239,807	\$ 239,904	100 %	\$ 17,894
7/1/09	221,693	221,791	100	17,991
7/1/08	194,358	107,234	55	18,089

NOTES TO FINANCIAL STATEMENTS

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

As of the most recent valuation date, January 1, 2011, the funded status of the Plan was as follows:

Measurement Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Accrued Liability as a Percentage of Covered Payroll
12/31/2010	\$ 1,045,084	\$ 1,856,190	\$ 811,106	56.3%	\$ 5,187,103	15.6%

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2011.

NOTE 12. RISK MANAGEMENT

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RISK MANAGEMENT (CONTINUED)

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

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

NOTE 13. COMMITMENTS AND CONTINGENCIES

Litigation:

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

Grant Contingencies:

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

NOTE 14. JOINT VENTURES

River Valley Regional Commission

Under Georgia law, the County, in conjunction with other cities and counties in the 16-county west central Georgia area, is a member of the River Valley Regional Commission and is required to pay annual dues thereto. During the year ended June 30, 2011, the County paid \$14,315 in such dues. Membership in the River Valley Regional Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of regional development commissions in Georgia.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. JOINT VENTURES (CONTINUED)

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

River Valley Regional Commission
228 West Lamar Street
Americus, Georgia 31709

Americus/Sumter County Airport Authority

The Americus/Sumter County Airport Authority (the "Airport Authority") is comprised of five board members; two appointed by the County, two appointed by the City, and one joint appointment. The County allocated to the Airport Authority \$39,200 during the year to assist with general operating expenses. The County governing body does not approve the budget nor does it have any oversight of the day to day operations of the Airport Authority. The Airport Authority was established to buy, sell, and own property. Separate financial statements are not available.

Middle Flint Regional E-911 Authority

The Middle Flint Regional E-911 Authority (the "E-911 Authority") is comprised of eight board members; two appointed by the County and the remaining six appointed by the other representative counties. The County allocated to the E-911 Authority \$115,194 during the year to assist with general operating expenses. The County governing body does not approve the budget nor does it have any oversight of the day to day operations of the E-911 Authority. The E-911 Authority was established to provide emergency communications services to Dooly, Macon, Marion, Schley, Sumter, Taylor and Webster counties. Separate financial statements may be obtained from:

Middle Flint Regional E-911 Authority
222 Hayes Avenue
Ellaville, GA 31806

REQUIRED SUPPLEMENTARY INFORMATION

**DEFINED BENEFIT PENSION PLAN
SCHEDULE OF FUNDING PROGRESS**

Measurement Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
12/31/2010	\$ 1,045,084	\$ 1,856,190	\$ 811,106	56.3 %	\$ 5,187,103	15.6 %
12/31/2009	797,789	1,602,402	804,613	49.8	5,180,103	15.5
12/31/2008	591,074	1,297,448	706,374	45.6	4,866,202	14.5

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

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Sheriff's Forfeiture Recovery Fund is used to account for confiscated cash seizures by Sumter County law enforcement from drug related crimes. Funds may be used for any public safety purpose except salaries of law enforcement personnel.

2007 CHIP – Housing Rehab Loan Fund is used to account for financing and construction of low income housing authorized by Community Development Block Grants provided through the federal government.

Sumter County Fire Fund accounts for operations of the County's Fire Departments. Financing is provided by special property tax assessments.

CDBG – Business Loan Recovery Fund is used to account for the receipt of grant funds for use in the business loan project in accordance with grant specifications.

Victim and Witness Assistance Fund is used to account for the receipt of fine surcharges from the State Court and Superior Court of Sumter County designated by the County Commissioners for this purpose.

Law Library Fund is used to account for revenues generated through special filing charges in the County court system which are used to acquire and maintain library materials.

2010 CDBG – Housing Rehabilitation Fund is used to account for the receipt of grant funds for use in the housing rehabilitation project in accordance with grant specifications.

Drug Abuse Treatment and Education Fund is used to account for collection of additional penalties for certain drug related crimes and for expenditures of those funds solely and exclusively for drug abuse treatment and education programs relating to controlled substances and marijuana. (OCGA 15-21-100) This fund is administered by the Sheriff.

Correctional Institute Commissary Fund is used to account for proceeds of correctional institute inmate commissary sales.

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

Impaired Driving and Awareness Program Fund is used to account for the contributions received by the Sheriff's Office for the purpose of an impaired driving and awareness education program.

Southwestern Judicial Circuit Fund is used to account for the receipt of fees collected by the Juvenile Court restricted for the Court's use.

Capital Projects Fund

2004 Special Purpose Local Option Sales Tax Fund (SPLOST) accounts for the revenues and expenditures relating to the 2004 1% Special Purpose Local Option Sales Tax.

Capital Improvements Fund accounts for all purchases or construction of capital assets of the government, not legally required to be accounted for in another fund.

SUMTER COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

ASSETS	Sheriff's Forfeiture Recovery	2007 CHIP- Housing Rehab Loan	Sumter County Fire
Cash and cash equivalents	\$ 18,699	\$ 228	\$ 2,558
Taxes receivable	-	-	111,741
Notes receivable	-	-	-
Due from other governments	-	-	-
Due from other funds	-	-	184,200
Total assets	\$ 18,699	\$ 228	\$ 298,499
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 19,383
Deferred revenue	-	-	103,836
Due to other funds	-	-	254,403
Total liabilities	-	-	377,622
FUND BALANCES (DEFICIT)			
Nonspendable for:			
Noncurrent loans receivable	-	-	-
Restricted for:			
Judicial	-	-	-
Public safety	18,699	-	-
Housing and development	-	228	-
Capital projects	-	-	-
Committed for:			
Public safety	-	-	-
Unassigned	-	-	(79,123)
Total fund balances (deficit)	18,699	228	(79,123)
Total liabilities and fund balances	\$ 18,699	\$ 228	\$ 298,499

Special Revenue

Sumter Business Loan Recovery	Victim and Witness Assistance	Law Library	2010 CDBG Housing Rehabilitation	Drug Abuse Treatment and Education
\$ 57,553	\$ 63,143	\$ 52,643	\$ 3,333	\$ 44,246
-	-	-	-	-
10,144	-	-	-	-
-	-	-	-	535
-	-	-	-	-
<u>\$ 67,697</u>	<u>\$ 63,143</u>	<u>\$ 52,643</u>	<u>\$ 3,333</u>	<u>\$ 44,781</u>
\$ -	\$ 1,991	\$ -	\$ -	\$ 503
-	-	-	3,333	-
-	-	-	-	-
-	1,991	-	3,333	503
10,144	-	-	-	-
-	61,152	52,643	-	-
-	-	-	-	44,278
57,553	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>67,697</u>	<u>61,152</u>	<u>52,643</u>	<u>-</u>	<u>44,278</u>
<u>\$ 67,697</u>	<u>\$ 63,143</u>	<u>\$ 52,643</u>	<u>\$ 3,333</u>	<u>\$ 44,781</u>

(Continued)

SUMTER COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

ASSETS	Special Revenue		
	Correctional Institute Commissary	Jail Commissary	Impaired Driving and Awareness Program
Cash and cash equivalents	\$ 79,729	\$ 16,333	\$ -
Taxes receivable	-	-	-
Notes receivable	-	-	-
Due from other governments	-	-	-
Due from other funds	-	-	-
	-	-	-
Total assets	\$ 79,729	\$ 16,333	\$ -
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 16,809	\$ -	\$ -
Deferred revenue	-	-	-
Due to other funds	-	-	-
	-	-	-
Total liabilities	16,809	-	-
FUND BALANCES (DEFICIT)			
Nonspendable for:			
Noncurrent loans receivable	-	-	-
Restricted for:			
Judicial	-	-	-
Public safety	-	-	-
Housing and development	-	-	-
Capital projects	-	-	-
Committed for:			
Public safety	62,920	16,333	-
Unassigned	-	-	-
	-	-	-
Total fund balances (deficit)	62,920	16,333	-
Total liabilities and fund balances	\$ 79,729	\$ 16,333	\$ -

Capital Projects			
Southwestern Judicial Circuit	2004 SPLOST	Capital Improvements	Total
\$ -	\$ 36,212	\$ 139,226	\$ 513,903
-	-	-	111,741
-	-	-	10,144
-	48,735	339,618	388,888
-	-	37,819	222,019
<u>\$ -</u>	<u>\$ 84,947</u>	<u>\$ 516,663</u>	<u>\$ 1,246,695</u>
\$ -	\$ -	\$ 3,327	\$ 42,013
-	-	250,470	357,639
-	-	503,123	757,526
-	-	756,920	1,157,178
-	-	-	10,144
-	-	-	113,795
-	-	-	62,977
-	-	-	57,781
-	84,947	-	84,947
-	-	-	79,253
-	-	(240,257)	(319,380)
-	84,947	(240,257)	89,517
<u>\$ -</u>	<u>\$ 84,947</u>	<u>\$ 516,663</u>	<u>\$ 1,246,695</u>

SUMTER COUNTY, GEORGIA

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

	Sheriff's Forfeiture Recovery	2007 CHIP- Housing Rehab Loan	Sumter County Fire
Revenues:			
Property taxes	\$ -	\$ -	\$ 10,212
Others taxes	-	-	878
Intergovernmental	-	9,089	-
Charges for service	-	-	1,023,267
Fines and forfeitures	24,325	-	-
Interest income	17	-	-
Other revenues	-	-	54
Total revenues	24,342	9,089	1,034,411
Expenditures:			
Current:			
Judicial	-	-	-
Public safety	29,809	-	912,734
Housing and development	-	24,272	-
Intergovernmental	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	139,426
Interest	-	-	56,372
Total expenditures	29,809	24,272	1,108,532
Excess (deficiency) of revenues over (under) expenditures	(5,467)	(15,183)	(74,121)
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	(26,260)
Total other financing sources (uses)	-	-	(26,260)
Net change in fund balances	(5,467)	(15,183)	(100,381)
Fund balances, beginning of year	24,166	15,411	21,258
Fund balances (deficit), end of year	\$ 18,699	\$ 228	\$ (79,123)

Special Revenue

CDBG - Business Loan Recovery	Victim and Witness Assistance	Law Library	2010 CDBG Housing Rehabilitation	Drug Abuse Treatment and Education
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	96,701	-	194,839	-
-	-	4,445	-	-
-	78,643	11,667	-	12,268
78	-	42	-	-
-	-	2,716	-	-
<u>78</u>	<u>175,344</u>	<u>18,870</u>	<u>194,839</u>	<u>12,268</u>
-	211,363	18,324	-	-
-	-	-	-	9,467
24	-	-	194,839	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>24</u>	<u>211,363</u>	<u>18,324</u>	<u>194,839</u>	<u>9,467</u>
54	(36,019)	546	-	2,801
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
54	(36,019)	546	-	2,801
67,643	97,171	52,097	-	41,477
<u>\$ 67,697</u>	<u>\$ 61,152</u>	<u>\$ 52,643</u>	<u>\$ -</u>	<u>\$ 44,278</u>

(Continued)

SUMTER COUNTY, GEORGIA

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

	Special Revenue		
	Correctional Institute Commissary	Jail Commissary	Impaired Driving and Awareness Program
Revenues:			
Property taxes	\$ -	\$ -	\$ -
Other taxes	-	-	-
Intergovernmental	-	-	-
Charges for service	-	-	-
Fines and forfeitures	-	-	-
Interest income	-	11	-
Other revenues	206,826	102,037	-
Total revenues	<u>206,826</u>	<u>102,048</u>	<u>-</u>
Expenditures:			
Current:			
Judicial	-	-	-
Public safety	197,488	98,320	417
Housing and development	-	-	-
Intergovernmental	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>197,488</u>	<u>98,320</u>	<u>417</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,338</u>	<u>3,728</u>	<u>(417)</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	9,338	3,728	(417)
Fund balances, beginning of year	<u>53,582</u>	<u>12,605</u>	<u>417</u>
Fund balances (deficit), end of year	<u>\$ 62,920</u>	<u>\$ 16,333</u>	<u>\$ -</u>

Capital Projects			
Southwestern Judicial Circuit	2004 SPLOST	Capital Improvements	Total
\$ -	\$ -	\$ -	\$ 10,212
-	-	-	878
-	-	366,152	666,781
-	-	-	1,027,712
-	-	-	126,903
-	176	-	324
-	-	-	311,633
-	176	366,152	2,144,443
30,789	-	-	260,476
-	-	-	1,248,235
-	-	-	219,135
-	31,091	-	31,091
-	157,507	1,415,876	1,573,383
-	-	-	139,426
-	-	-	56,372
30,789	188,598	1,415,876	3,528,118
(30,789)	(188,422)	(1,049,724)	(1,383,675)
-	-	70,415	70,415
-	-	-	(26,260)
-	-	70,415	44,155
(30,789)	(188,422)	(979,309)	(1,339,520)
30,789	273,369	739,052	1,429,037
\$ -	\$ 84,947	\$ (240,257)	\$ 89,517

SUMTER COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2004 ISSUE FOR THE YEAR ENDED JUNE 30, 2011

<u>Project</u>	<u>Estimated Cost</u>		<u>Expenditures</u>		
	<u>Original</u>	<u>Current</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Recreation facilities and equipment	\$ 1,989,826	\$ 1,975,991	\$ 1,974,756	\$ -	\$ 1,974,756
Public safety equipment, vehicles, and facilities	2,018,352	1,152,266	1,007,270	-	1,007,270
Water and drainage infrastructure improvements	345,000	220,000	182,729	23,886	206,615
Construction of county courthouse and administrative buildings	13,500,000	16,085,890	15,758,504	133,621	15,892,125
Library facilities and resources	174,333	174,333	174,332	-	174,332
Agricultural related administrative facilities	1,412,638	1,412,638	1,405,438	-	1,405,438
Cultural facilities and historical preservation	172,225	172,216	115,192	-	115,192
Renovation of senior center	40,000	40,000	37,592	-	37,592
Projects for the following cities:					
Andersonville	300,000	307,423	307,423	-	307,423
Desoto	58,786	58,786	33,908	-	33,908
Leslie	138,840	138,840	138,840	-	138,840
Plains	100,000	73,437	42,347	31,091	73,438
Road, street, and bridge improvements	1,750,000	188,180	107,484	-	107,484
	<u>\$ 22,000,000</u>	<u>\$ 22,000,000</u>	<u>\$ 21,285,815</u>	<u>\$ 188,598</u>	<u>\$ 21,474,413</u>

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AGENCY FUNDS

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

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

**Clerk of Courts
Probate Court
Magistrate Court**

ADR SWJC Fund – This fund is used to account for the receipt of special fees collected by the County courts and the transfer of those funds to the Southwestern Judicial Circuit.

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

Jail Inmate Fund – This fund accounts for jail inmate funds while in custody, and for the purchase of items from the Jail Commissary and related activities on behalf of inmates and the jail.

Correctional Institute Inmate Fund – This fund is used to account for inmate funds held while in custody and for purchase of items from the Correctional Institute Commissary and related activities on behalf of the inmates.

Juvenile Court SWJC Fund – This fund is used to account for the receipt of the appropriations for the Juvenile Court made by the counties belonging to the Southwestern Judicial Circuit and the transfer of those funds to the Circuit.

Public Defender SWJC Fund – This fund is used to account for the receipt of the appropriations for the Public Defender's Office made by the counties belonging to the Southwestern Judicial Circuit and the transfer of those funds to the Circuit.

District Attorney SWJC Fund – This fund is used to account for the receipt of the appropriations for the District Attorney's Office made by the counties belonging to the Southwestern Judicial Circuit and the transfer of those funds to the Circuit.

SUMTER COUNTY, GEORGIA

COMBINING BALANCE SHEET
AGENCY FUNDS
JUNE 30, 2011

<u>ASSETS</u>	<u>Tax Commissioner</u>	<u>Clerk of Courts</u>	<u>Probate Court</u>	<u>Magistrate Court</u>	<u>ADR SWJC Fund</u>
Cash	\$ 8,087	\$ 45,462	\$ -	\$ 4,906	\$ 125,833
Taxes receivable	1,260,881	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	<u>\$ 1,268,968</u>	<u>\$ 45,462</u>	<u>\$ -</u>	<u>\$ 4,906</u>	<u>\$ 125,833</u>
 <u>LIABILITIES</u>					
Due to others	<u>\$ 1,268,968</u>	<u>\$ 45,462</u>	<u>\$ -</u>	<u>\$ 4,906</u>	<u>\$ 125,833</u>

<u>Sheriff</u>	<u>Jail Inmate Fund</u>	<u>Correctional Institute Inmate Fund</u>	<u>Juvenile Court SWJC Fund</u>	<u>Public Defender SWJC Fund</u>	<u>District Attorney SWJC Fund</u>	<u>Total</u>
\$ 217,957	\$ 20,567	\$ 9,292	\$ -	\$ -	\$ 7,990	\$ 440,094
-	-	-	-	-	-	1,260,881
-	-	-	5,890	-	4,037	9,927
<u>\$ 217,957</u>	<u>\$ 20,567</u>	<u>\$ 9,292</u>	<u>\$ 5,890</u>	<u>\$ -</u>	<u>\$ 12,027</u>	<u>\$ 1,710,902</u>
<u>\$ 217,957</u>	<u>\$ 20,567</u>	<u>\$ 9,292</u>	<u>\$ 5,890</u>	<u>\$ -</u>	<u>\$ 12,027</u>	<u>\$ 1,710,902</u>

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COMPLIANCE SECTION

**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 Sumter County, Georgia
Americus, 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 Sumter County, Georgia (the "County") as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 13, 2011. As discussed in Note 1, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of July 1, 2010. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Sumter County Department of Public Health and Sumter County Livestock Authority, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

Management of Sumter County, Georgia is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Sumter County, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sumter County, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sumter 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 of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 questioned costs as items 2011-1 through 2011-2 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 questioned costs as item 2011-3 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sumter 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 that are required to be reported under *Government Auditing Standards*.

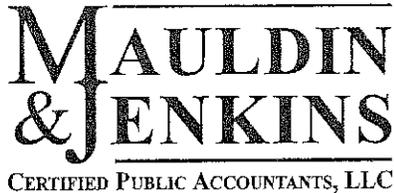
We also noted certain additional matters that we reported to the management of Sumter County, Georgia in a separate letter dated December 13, 2011.

Sumter County, Georgia's responses to the audit findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Sumter 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 Sumter 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
December 13, 2011



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Commissioners
of Sumter County, Georgia
Americus, Georgia

Compliance

We have audited Sumter County, Georgia's compliance with the types of compliance requirements described in OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Sumter County, Georgia's major federal programs for the year ended June 30, 2011. Sumter County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Sumter County, Georgia's management. Our responsibility is to express an opinion on Sumter County, Georgia's compliance based on our audit.

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

In our opinion, Sumter County, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Sumter County, Georgia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Sumter County, Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sumter County, Georgia's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

This report is intended solely for the information and use of the management and the Board of Commissioners of Sumter 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
December 13, 2011

SUMTER COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2011

Federal Agency/ Pass-through Entity/Program Title	Federal CFDA Number	Agency or Pass-through Grantor's Number	Federal Expenditures
U.S. Department of Justice			
Passed-Through Judicial Council of Georgia			
Juvenile Accountability Block Grants	16.523	JB-08-ST-002	\$ 8,645
JAG Program Cluster			
Recovery Act - Edward Byrne Memorial Justice			
Assistance Grant Program/Grants to States and			
Territories	16.803	B82-8-253	47,315
Edward Byrne Memorial Justice Assistance Grant			
Program - DA VWAP	16.738	2010-VA-GX-0073	96,701
			<u>144,016</u>
Total U.S. Department of Justice			<u>152,661</u>
Federal Aviation Administration			
Passed-Through Georgia Department of Transportation			
Airport Improvement Program	20.106	AP011-9014-23(261) Sumter	78,540
U.S. Department of Housing and Urban Development			
Passed-Through Department of Community Affairs			
CDBG - State-Administered CDBG Cluster			
Community Development Block Grant	14.228	08P-Y-129-1-5070	275,498
Community Development Block Grant	14.228	10H-Y-129-1-5235	194,839
			<u>470,337</u>
Home Investment Partnerships Program	14.239	07M-Y-129-1-2957	24,272
Total U.S. Department of Housing and Urban Development			<u>494,609</u>
U.S. Department of Homeland Security			
Direct Award			
Pre-Disaster Mitigation	97.047	17PDMC03014261	9,960
Pre-Disaster Mitigation	97.047	LPDM-PJ-04-GA-2008-005	220,467
			<u>230,427</u>
Hazard Mitigation Grant Program - GSP	97.039	HMGP 1686-0049	339,618
Total U.S. Department of Homeland Security			<u>570,045</u>
Total Expenditures of Federal Awards			<u>\$ 1,295,855</u>

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

SUMTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2011

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:
Material weaknesses identified? yes no

Significant deficiencies identified not considered
to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal Control over major programs:
Material weaknesses identified? yes no

Significant deficiencies identified not considered
to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for
major programs Unqualified

Any audit findings disclosed that are required to
be reported in accordance with OMB Circular
A-133, Section 510(a)? yes no

Identification of major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
97.039	Hazard Mitigation Grant Program - GSP
	<i>CDBG – State Administered CDBG</i>
<i>Cluster</i> 14.228	Community Development Block Grant –

Dollar threshold used to distinguish between
Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

SUMTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2011

SECTION II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

2011 - 1. Revenue Cycle Transactions

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.

Condition: The County did not appropriately record all transactions involving the County's receivable and revenue accounts during the year ended June 30, 2011.

Context: We addressed this matter with County officials who were able to determine all appropriate revenue and receivable entries that should be recorded as of June 30, 2011.

Effect: Audit adjustments to decrease taxes receivable in the amount of \$72,106, decrease deferred revenues in the amount of \$50,561, and decrease revenues in the amount of \$21,545 were required to be reported by the General Fund as of June 30, 2011. An audit adjustment to increase taxes receivable in the amount of \$111,741, decrease accounts receivable in the amount of \$3,072, increase deferred revenues in the amount of \$103,836, decrease due from other governments in the amount of \$8,566, and decrease revenues in the amount of \$3,733 were required to be reported in the nonmajor funds as of June 30, 2011.

Recommendation: We recommend the County begin recognizing and recording all necessary receivable and revenue adjustments at the end of each financial cycle.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will begin recognizing and recording all necessary receivable and revenue adjustments as appropriate in future years.

2011 - 2. Solid Waste Fund Receivables

Criteria: Generally accepted accounting principles for enterprise funds require revenues to be recorded when earned.

Condition: The County has not been properly recording revenue and receivables in the Solid Waste Fund and reconciling the amount at the end of each period.

SUMTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2011

SECTION II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS (CONTINUED)

2011 - 2. Solid Waste Fund Receivables (Continued)

Context: We addressed this matter with County officials, who determined the amount of the receivables which should be recorded as of June 30, 2011.

Effect: Audit adjustments to increase accounts receivable and revenues in the amount of \$100,927 was required to be reported by the Solid Waste Fund as of June 30, 2011.

Recommendation: We recommend the County begin to properly record revenues and receivables when amounts are billed and earned, and reconcile the general ledger to the reports provided by the Tax Commissioner.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will begin properly recording revenues and receivables when billed and earned and reconciling the ledgers to the reports provided by the Tax Commissioner.

2011 - 3. 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 does not exist between recording, distribution, reconciliation of cash accounts and other operational functions in various areas of County operations. This is especially prominent in the offices of the Sheriff, Jail, Clerk of Court, Magistrate Court, and Probate Court.

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

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 failure to properly segregate duties is due to the limited number of individuals available in these offices to perform each of the duties.

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

SUMTER COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2011

SECTION II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS (CONTINUED)

2011 - 3. Segregation of Duties (Continued)

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. 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

None reported.

SUMTER COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2011

2010 - 1. Revenue Cycle Transactions

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.

Condition: The County did not appropriately record all transactions involving the County's receivable and revenue accounts during the year ended June 30, 2010.

Auditee Response/Status: Unresolved. This is included in current finding number 2011-1.

2010 - 2. Expenditure Cycle Transactions

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 appropriately address the above criteria as it relates to accounts payable items that existed as of June 30, 2010 within the Capital Improvements Fund, 2007 SPLOST Fund, and nonmajor governmental funds. Additionally, the County did not appropriately adjust all accrued liability accounts to the proper amounts as of June 30, 2010.

Auditee Response/Status: This finding was corrected during the current year and is not included in the Schedule of Findings and Questioned Costs for the year ending June 30, 2011.

2010 - 3. Solid Waste Fund Receivables

Criteria: Generally accepted accounting principles for enterprise funds require revenues to be recorded when earned.

Condition: The County has not been properly recording revenue and receivables in the Solid Waste Fund and reconciling the amount at the end of each period.

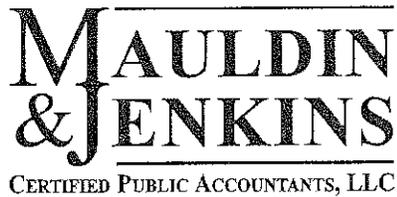
Auditee Response/Status: Unresolved. This is included in current finding number 2011-2.

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 does not exist among recording, distribution, reconciliation of cash accounts and other operational functions in various areas of County operations. This is especially prominent in the offices of the Sheriff, Jail, Clerk of Court, Magistrate Court, and Probate Court.

Auditee Response/Status: Unresolved. This is included in current finding number 2011-3.



INDEPENDENT ACCOUNTANT'S REPORT ON LOCAL ASSISTANCE GRANTS

To the Sumter County Board
of Commissioners
Americus, Georgia

We have examined management's assertion included in the accompanying State of Georgia Grant Certification Forms about Sumter County, Georgia's compliance during the year ended June 30, 2011, with the requirement to use grant proceeds solely for the purpose or purposes for which the grant was made for Governor's Emergency Fund Grant #GEF-03-E01-78. Management is responsible for Sumter County, Georgia's compliance with this requirement. Our responsibility is to express an opinion on management's assertion about Sumter County, Georgia's compliance based on our examination.

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting Sumter County, Georgia's compliance with the above mentioned 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 Sumter County, Georgia's compliance with the specified requirement.

In our opinion, management's assertion that Sumter County, Georgia complied with the aforementioned requirement for the year ended June 30, 2011, is fairly stated, in all material respects.

This report is intended solely for the information and use of the Sumter County, Georgia Board of Commissioners and the Georgia Department of Audits and Accounts, and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Macon, Georgia
December 13, 2011

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

LINE

A	Local Government	Sumter County, Georgia
B	State Awarding Agency	Department of Community Affairs State of Georgia
C	Grant Identification Number	GEF-03-E01-78
D	Grant Title	Governor's Emergency Fund Grant
E	Grant Award Date	July 23, 2002
F	Grant Amount	\$14,503.00

	COLUMN 1 Current Year Activity	COLUMN 2 Cumulative Grant Activity
G	For the Year Ended: June 30, 2011	Through the Year Ended: June 30, 2011
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue) \$10,963.00	
I	Grant Receipts or Revenue Recognized \$0.00	\$14,503.00
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES \$5,949.00	\$9,489.00
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] \$5,014.00	\$5,014.00

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 *Randy Howard* Date December 6, 2011

Signature of Chief Financial Officer *Ann Balford* Date December 6, 2011

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