

Oconee County, Georgia
Financial Statements
For the Fiscal Year Ended
June 30, 2010

Oconee County, Georgia
Financial Statements
For the Fiscal Year Ended June 30, 2010
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Commissioners of
Oconee County, 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 Oconee County, Georgia as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oconee County Health Department, which represent 20% and 70%, respectively, of the assets and revenues of the component unit columns. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included in the Oconee County Health Department, is based on the report of other auditors.

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 31, 2010 on our consideration of Oconee County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of the report is to describe the scope of 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, Retirement Plan-Schedule of Funding Progress, Other Postemployment Benefits Schedule of Funding Process, and the Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual, on pages I through IX and pages 35-38 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 Oconee County, Georgia's financial statements as a whole. The supplementary information and the Schedule of Projects Constructed With Special Sales Tax Proceeds and Schedule of State Contractual Assistance, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes 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. The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, the schedule of special purpose local option sales tax, and the schedule of state contractual assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

J. Readwell, Jamplin & Co.

Athens, Georgia
December 31, 2010

MANAGEMENT DISCUSSION AND ANALYSIS

**OCONEE COUNTY, GEORGIA
YEAR ENDED JUNE 30, 2010**

OCONEE COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010

Management's discussion and analysis provides an objective and easily readable analysis of the government's financial activities. The analysis provides summary financial information for Oconee County and should be read in conjunction with the Government's financial statements.

Overview of the Financial Statements

The Government's discussion and analysis is intended to serve as an introduction to Oconee County Government's financial statements which include government-wide and fund statements as well as notes to the financial statements. This report also contains other supplementary financial information in addition to the basic financial statements that may be of interest of the reader.

The Government's basic financial statements are comprised of three components:

1. Government-wide financial statements present an overall picture of the Government's financial position and results of operations.
2. Fund financial statements present financial information for the Government's major funds.
3. Notes to the financial statements provide additional information concerning the Government's finances that are not disclosed in the Government-wide or Fund financial statements.

Government-Wide Financial Statements

Government-wide financial statements are designed to provide you with a broad overview of the financial position of Oconee County and are similar to private-sector financial statements. They include a statement of net assets and a statement of activities. Emphasis is placed on the net assets of governmental activities and business-type activities and the change in net assets. Governmental activities are primarily supported by property taxes, sales taxes, other taxes, federal and state grants, fines and charges for services. Business-type activities are supported by charges to the users of those activities.

The Statement of Net Assets shows the County's assets less its liabilities at June 30, 2010. The difference between these assets and liabilities is reported as net assets. Assets, liabilities and net assets are reported for all governmental activities separate from the assets, liabilities and net assets of business-type activities. Changes in net assets over time may be helpful in indicating an improving or deteriorating financial position.

The Statement of Activities follows the Statement of Net Assets and presents information showing how the net assets changed during the fiscal year. The statement presents all underlying events, which give rise to the change, regardless of the timing of the related cash flows. Some included items, such as accounts payable or earned but unused vacation leave, will produce changes in cash in a future fiscal period.

Both statements attempt to distinguish functions of Oconee County that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

Governmental activities reported in the statements include general government, law enforcement, parks and recreation, jail operations, zoning and enforcement, judicial, public works and human resources. Business-type activities financed by user charges include water and sewer, sanitation collection sites and community development.

Fund Financial Statements

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

Governmental Funds essentially account for the same functions as those reported under the government-wide Statement of Net Assets and Statement of Activities. However, this set of financial statements focuses on events that produce near-term inflows and outflows of spendable resources as well as on the balances of spendable resources available at the end of the fiscal year and is a narrower focus than the government-wide financial statements. Such information may be useful in evaluating Oconee County's near-term financing requirements and available resources.

By comparing functions between the two sets of statements for government funds and governmental activities, readers may better understand the long-term impact of the government's near-term financing decisions. Both the government fund balance sheet and the governmental fund statements of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison. The county reports three major governmental funds – General Fund, SPLOST Capital Projects Funds 2004 and 2009 (pg 3).

Proprietary Funds report, in greater detail, the same information presented as business-type activities in the government-wide financial statements for one major fund, water and sewer. (pg 7-9)

Fiduciary Funds are agency funds held in a custodial nature, but outside the general county government. Although these funds are presented in the fund set of statements, they do not appear in the government-wide financial statements because the resources of fiduciary funds are not available to support Oconee County Government's general programs. The accounting used for fiduciary funds is much like that used for proprietary funds. You will note that funds held by Oconee County for investment at the behest of local elected leaders are reflected in this section as the Agency Fund. The county reports six agency funds – Tax Commissioner, Sheriff, Superior Court, Probate Court, Magistrate Court and Juvenile Court. (pg 49)

Notes to the Financial Statement

The Notes provide additional detail concerning the financial activities and financial balances of the Government. Additional information about the accounting practices of the Government; investments of the Government, long-term debt and the pension plan are some of the items included in the Notes.

Governmental Activities

The decrease for governmental activity net assets amounted to \$4,423,065. (Exb. 4.1) This decrease is a combination of factors which primarily resulted from the fact that depreciation of capital assets exceeded capital outlay. An additional factor in the decrease was the proceeds of a Capital Lease Obligation in the amount of \$3,200,000. (Note 7) (Exb.4.1) Oconee County continues to practice conservative fiscal policies.

Business-Type Activities

Increases in net assets for business-type activities amounted to a total of \$1,806,199 as a result of capital contributions and transfers in from SPLOST. (Exb.6) SPLOST Capital Projects Fund transferred \$979,050 (Note 5) to the Water and Sewer Fund for the purposes of capital expenses. As part of the Intergovernmental Agreement between the County and the Upper Oconee Basin Water Authority (UOBWA), reconciliation is performed at the Authority's year-end (December 31) to determine the actual cost sharing by each member county. The change in the UOBWA (Due from) is an increase of \$34,116. (Note 15) In October 2007, the county entered into as part of an Intergovernmental Contract with Walton County and the Walton County Water and Sewerage Authority (WCWSA) for a Reservoir Project. The contract indicated that WCWSA would issue Revenue bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2008 totaling \$19,535,000 (Note 7), for the purpose of financing or refinancing all or a portion of the cost of acquiring, constructing, installing and equipping a reservoir and related treatment and transmission facilities, paying capitalized interest on the Series 2008 Bonds, funding a debt service reserve and paying the costs of issuing the Series 2008 Bonds. The county intends to make the Contract payments with revenues derived from its water and sewerage system. Refinancing of 1998 Water & Sewer bonds occurred in November 2009. (Note 7)

Financial Analysis of Oconee County's Funds

As noted earlier, Oconee County employs fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Governmental funds provide information on near-term inflows, outflows and balances of spendable resources. In assessing Oconee County's financial requirements, unreserved fund balance is a particular useful measure of net resources available for spending at the end of the fiscal year. The governmental fund types include the General Fund, SPLOST Capital Projects Fund, Special Revenue Funds, Capital Projects Local Resources Fund, and G.O. Bond Capital Projects Fund.

As of June 30, 2010, Oconee County governmental funds reported combined fund balances of \$22,124,480, (Exb.4) an increase of \$1,922,392 (Exb.4) over prior year balances. This increase primarily results of proceeds from the Capital Lease Obligation issued in the amount of \$3,200,000 for the voter approved E911 communications project.

General Fund is the chief operating fund of the county. At June 30, 2010, total fund balance in the general fund was \$9,673,707. (Exb.4) The net decrease of \$903,904 (Exb.4) in the general fund balance was a deliberate action by the Board of Commissioners to maintain a consistent millage rate and to sustain governmental services while utilizing a minimal amount of fund balance in providing services to all the citizens of the county. The Board of Commissioners maintained a strategic level of government oversight by increasing efficiencies and reducing overhead, while protecting county service levels through conservative fiscal leadership during challenging economic conditions. Economic challenges that not only face the county, but federal and state governments as well.

SPLOST Capital Projects Fund reflects funds collected with the 1% sales tax and expended for capital items that are in agreement with the referendum approved by the voters. Because projects often cross several years and involve design, land acquisition and construction phases, expenditures may vary widely from year to year. Costs expended yearly in capital projects funds are added to the County's construction-in-projects until the project is complete, and then depreciated over its useful life. Water and Sewer projects funded by SPLOST are treated as transfers out to the Water and Sewer Fund and accounted for as Capital Improvement Projects in the Water and Sewer Fund.

G.O. Bond Fund reflects funds held in investment as a result of a referendum approved to acquire property and construct new recreational facilities.

Hotel/Motel Tax Special Revenue Fund by ordinance the Oconee County Board of Commissioners authorized an excise tax on rooms, lodgings and accommodations to contribute to the promotion of tourism, conventions and trade shows. In fiscal year 2010, with the opening and operation of a hotel, the excise tax revenue collections were initiated. The revenue for the period totaled \$65,114. (Note 16)

Proprietary Funds

Proprietary Fund statements provide the same information as in the business activities column of the government-wide statements, but in greater detail, and on a fund basis for enterprise funds.

Enterprise Funds – At June 30, 2010, total net assets amounted to \$53,356,681 (Exb.6), a net increase of \$1,806,199. Net asset changes are a result of operations, other non-operating revenues and expenses, capital contributions and donated assets and grants.

The two funds in this category, Water & Sewer Fund and Other Enterprise Funds (Solid Waste Fund and Special Facilities Fund) receive additional revenue from such areas as user fees, licenses, permits, rent and donated infrastructure.

Program Revenue, General Revenue and Total Revenue

Total Program revenues for primary government decreased from the previous fiscal year. The general state of the economy was the driving force in all of the below factors. Property Tax decrease resultant from a sagging housing market, sales tax decline resultant from lack of consumer confidence, interest revenue declined due to lower rates from the Federal Reserve Board.

Financial Highlights

Oconee County's total assets exceeded total liabilities at June 30, 2010, by \$150,538,093 (Exb.1(net assets)). Of this amount, \$13,695,683 (Exb.1 (unrestricted net assets)) may be used to meet the county's ongoing obligations to citizens and creditors.

As a whole, the Government's financial position remained stable during Fiscal Year 2010. The county's total net assets decreased \$2,616,865 (Exb.2) (Note 17) from the previous year; reflecting a net decrease of \$4,423,065 (Exb.2) from governmental activities and an increase of \$1,806,200 (Exb.2) resulting from business-type activities. Net assets decreased, however, business type activities increased.

At June 30, 2010, Oconee County's Governmental Fund Statement Report combined ending fund balances of \$22,124,480 (Exb.4) increased \$1,922,392 (Exb.4.1) over the previous fiscal year as the primary result of the proceeds from the Capital Lease Obligation issued in the amount of \$3,200,000. Of this amount, \$15,904,305 (Exb.3) is reserved for Capital projects which includes: General Fund (\$4,000,000) and SPLOST (2004 -\$7,208,844 and 2009 - \$4,684,606) and Non-Major Governmental Funds (\$10,855). (Exb.3)

The General Fund reported an adequate unreserved fund balance of \$5,444,655. (Exb.3)

| During Fiscal Year 2010, the government in accordance with GASB statement number 45, accounting and financial reporting by employees for post-employment benefits other than pensions continued to remain in effect. Additionally, the plan was amended during Fiscal Year 2010. (Note 10)

Government – Wide Financial Analysis

The following charts (Tables 1 and 2) depict comparative data for Oconee County, Georgia for the fiscal year ended June 30, 2009 and the fiscal year ended June 30, 2010. The comparative data highlights Government-wide net assets (Table 1) and changes in net assets (Table 2). Fiscal year ended 2010 shows a decrease in net assets of \$2.62 million over the previous fiscal year.

Budget Variations

The original General Fund budget for the fiscal year end June 30, 2010, reflected anticipated revenues of \$21,097,095 and expenditures of \$19,715,914. The final budget for the fiscal year showed revenues of \$ 21,097,095 and expenditures of \$20,565,502, while the actual results for fiscal year ending June 30, 2010, indicated revenues of \$20,564,903 and expenditures of \$19,534,861. The general state of the economy was the driving force in all of the factors: Property Tax decrease resultant from a sagging housing market, Sales Tax decline resultant from lack of consumer confidence, interest revenue declined due to lower rates from the Federal Reserve Board, additional decline in fine & forfeitures in public safety sector. (Sked.3)

For an overview of Oconee County's Capital Assets, the reader is referred to Notes to the Financial Statements, Note 4; and for long-term debt activity, the reader is referred to Note 7. Additionally, Oconee County is utilizing Water and Sewer Revenue Bonds to supplement SPLOST funding as a means to assist in providing for future infrastructure, water sources and sewer needs.

Component Units

The county has two component units. The Oconee County Industrial Development Authority and the Oconee County Health Department. Each component unit issues separate financial statements. Complete financial statements of the individual component units can be obtained from their respective administrative offices.

Oconee County Industrial Development Authority
P.O. Box 145
Watkinsville, Georgia 30677

Oconee County Health Dept.
160 Experiment Station Road
P.O. Box 222
Watkinsville, Georgia 30677

Oconee County, Georgia
For the Year Ended June 30, 2010

Table 1
Net Assets
(in Millions)

	Governmental Activities		Business-Type Activities		Total	
	Restated 2009	2010	2009	2010	Restated 2009	2010
Assets						
Current & Other Assets	22.48	24.21	31.73	29.75	54.21	53.96
Capital Assets, Net	98.36	93.90	66.70	69.07	165.06	162.97
Total Assets	120.84	118.11	98.43	98.82	219.27	216.93
Liabilities						
Current & Other Liabilities	2.32	1.94	1.27	1.35	3.59	3.29
Long-Term Liabilities						
Due Within One Year	1.17	2.10	1.16	0.56	2.33	2.66
Due in More Than One Year	15.74	16.89	44.45	43.55	60.19	60.44
Total Liabilities	19.23	20.93	46.88	45.46	66.11	66.39
Net Assets						
Invested in Capital						
Assets Net of Debt	82.00	78.74	42.30	43.69	124.30	122.43
Restricted						
Capital Projects	8.80	11.89	0.00	0.00	8.80	11.89
Judicial	0.11	0.11	0.00	0.00	0.11	0.11
Public Safety	0.08	0.09	0.00	0.00	0.08	0.09
Debt Service	0.00	0.00	3.32	2.28	3.32	2.28
Other Purposes	0.00	0.03	0.00	0.00	0.00	0.03
Unrestricted	10.62	6.32	5.93	7.39	16.55	13.71
Total Net Assets, Restated	101.61	97.18	51.55	53.36	153.16	150.54

Oconee County, Georgia
For the Year Ended June 30, 2010

Table 2
Changes in Net Assets
(in Millions)

	Governmental Activities		Business-Type Activities		Total	
	Restated 2009	2010	2009	2010	Restated 2009	2010
Revenue						
Program Revenues:						
Charges for Services	4.28	3.87	5.33	5.96	9.61	9.83
Operating Grants & Contributions	0.65	0.93	0.02	0.02	0.67	0.95
Capital Grants & Contributions	0.04	0.00	0.62	0.87	0.66	0.87
General Revenues:						
Property Taxes	11.13	11.12			11.13	11.12
Sales Taxes	8.82	9.47			8.82	9.47
Intangible Taxes	0.43	0.31			0.43	0.31
Business Taxes	1.19	1.16			1.19	1.16
Franchise Fees	0.19	0.19			0.19	0.19
Other Taxes	0.21	0.21			0.21	0.21
Grants Not Restricted to Specific Programs	0.42	0.00			0.42	0.00
Investment Earnings	0.22	0.19	0.37	0.08	0.59	0.27
Miscellaneous	0.06	0.58	0.00	0.00	0.06	0.58
Total Revenues	27.64	28.03	6.34	6.93	33.98	34.96
Program Expenses						
General Government	5.69	5.90			5.69	5.90
Judicial	1.88	2.04			1.88	2.04
Public Safety	8.28	8.14			8.28	8.14
Public Works	11.21	8.29			11.21	8.29
Health & Welfare	0.78	0.78			0.78	0.78
Culture & Recreation	3.61	3.39			3.61	3.39
Housing & Development	1.40	1.25			1.40	1.25
Interest & Fiscal Charges	0.77	0.73			0.77	0.73
Water & Sewer			6.12	5.69	6.12	5.69
Solid Waste			0.69	0.58	0.69	0.58
Special Facilities			0.87	0.79	0.87	0.79
Total Expenses	33.62	30.52	7.68	7.06	41.30	37.58
Excess (Deficiency) Before Transfers & Contributions	(5.98)	(2.49)	(1.34)	(0.13)	(7.32)	(2.62)
Total Transfers	(1.31)	(1.94)	1.31	1.94	0.00	0.00
Increase in Net Assets	(7.29)	(4.43)	(0.03)	1.81	(7.32)	(2.62)
Beginning Net Assets, Restated	108.90	101.61	51.58	51.55	160.48	153.16
Ending Net Assets, Restated	101.61	97.18	51.55	53.36	153.16	150.54

Basic Financial Statements

Oconee County, Georgia
Statement of Net Assets
June 30, 2010

	Governmental Activities	Business-Type Activities	Total	Industrial Development Authority	Health Department
ASSETS					
Cash	\$ 5,895,712	\$ 922,776	\$ 6,818,488	\$ 59,572	\$ 541,849
Investments, plus accrued interest	13,187,710	3,932,675	17,120,385	203,698	-
Accounts receivable, net	206,041	559,973	766,014	-	33,025
Taxes receivable, net	405,817	-	405,817	-	-
Internal balances	(68,265)	68,265	-	-	-
Due from other governments	936,440	75,447	1,011,887	-	-
Prepaid expenses	146,380	14,324	160,704	-	-
Restricted cash	3,239,170	455,903	3,695,073	-	-
Restricted investments	-	11,333,270	11,333,270	-	-
Sewer capacity fees receivable	-	66,216	66,216	-	-
Investment - UOBWA, net	-	11,507,018	11,507,018	-	-
Bond and note issuance costs, net	263,581	819,527	1,083,108	-	-
Capital assets					
Land	10,187,399	3,578,166	13,765,565	1,172,686	-
Construction in progress	1,948,259	10,730,664	12,678,923	4,162	-
Land improvements, net	-	22,604	22,604	-	-
Equipment, furniture and vehicles, net	3,880,538	155,522	4,036,060	-	3,432
Treatment and distribution system, net	-	52,473,807	52,473,807	-	-
Building and improvements, net	30,777,038	2,107,533	32,884,571	517,074	-
Infrastructure, net	47,101,739	-	47,101,739	-	-
Total capital assets	93,894,973	69,068,296	162,963,269	1,693,922	3,432
Total assets	118,107,559	98,823,690	216,931,249	1,957,192	578,306
LIABILITIES					
Accounts payable	881,622	131,645	1,013,267	-	1,535
Accounts payable from restricted assets	-	124,114	124,114	-	-
Retainage payable	190,582	30,174	220,756	-	-
Salaries and benefits payable	426,475	78,210	504,685	-	-
Customer deposits	-	395,718	395,718	-	-
Accrued interest	252,162	581,895	834,057	885	-
Net pension obligation	81,606	10,082	91,688	-	-
OPEB obligation	65,404	-	65,404	-	-
Payable from restricted assets	39,170	-	39,170	-	-
Long-term liabilities:					
Portion due or payable within one year:					
Bonds, notes, leases, and contracts payable	2,100,137	564,629	2,664,766	97,207	-
Compensated absences	-	-	-	-	8,598
Portion due or payable after one year:					
Bonds, notes, leases, and contracts payable, net	16,257,529	43,456,690	59,714,219	126,185	-
Compensated absences	631,460	93,852	725,312	-	35,773
Total liabilities	20,926,147	45,467,009	66,393,156	224,277	45,906
NET ASSETS					
Invested in capital assets, net of related debt	78,737,307	43,687,767	122,425,074	1,470,530	3,432
Restricted for:					
Capital projects	11,904,305	-	11,904,305	-	-
Judicial	111,125	-	111,125	-	-
Public safety	90,383	-	90,383	-	-
Debt service	-	2,283,307	2,283,307	-	-
Other purposes	28,216	-	28,216	-	353,436
Unrestricted	6,310,076	7,385,607	13,695,683	262,385	175,532
Total net assets	\$ 97,181,412	\$ 53,356,681	\$ 150,538,093	\$ 1,732,915	\$ 532,400

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

Oconee County, Georgia
Statement of Activities
For the Fiscal Year Ended June 30, 2010

Activities:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Industrial Development Authority	Health Department
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total		
Governmental:									
General government	\$ 5,899,092	\$ 842,951	\$ -	\$ -	\$ (5,056,141)	\$ -	\$ (5,056,141)	\$ -	\$ -
Judicial	2,035,503	844,252	329,610	-	(861,641)		(861,641)		
Public safety	8,140,260	958,551	339,500	-	(6,842,209)		(6,842,209)		
Public works	8,294,515	50,695	483	-	(8,243,337)		(8,243,337)		
Health and welfare	783,978	-	218,385	-	(565,593)		(565,593)		
Culture and recreation	3,394,822	888,560	7,092	-	(2,499,170)		(2,499,170)		
Housing and development	1,250,769	288,116	37,360	-	(925,293)		(925,293)		
Interest and fiscal charges	725,347	-	-	-	(725,347)		(725,347)		
Total governmental activities	30,524,286	3,873,125	932,430	-	(25,718,731)		(25,718,731)		
Business-type:									
Water and sewer	5,688,608	5,594,331	-	874,932		780,655	780,655		
Solid waste	583,043	200,286	7,500	-		(375,257)	(375,257)		
Special facilities	791,710	160,614	7,879	-		(623,217)	(623,217)		
Total business-type activities	7,063,361	5,955,231	15,379	874,932		(217,819)	(217,819)		
Component units:									
Oconee Co Industrial Dev. Auth	91,363	122,354	131,463	-				170,898	-
Oconee Co Health Department	611,552	280,104	359,483	-				-	76,971
Total component units	702,915	402,458	490,946	-				170,898	76,971
Total Oconee County	\$ 38,290,562	\$ 10,230,814	\$ 1,438,755	\$ 874,932	(25,718,731)	(217,819)	(25,936,550)		
General revenues:									
Taxes									
Property taxes, levied for general purposes					11,121,109	-	11,121,109	-	-
Sales tax					9,471,592	-	9,471,592	-	-
Intangible tax					305,656	-	305,656	-	-
Business taxes					1,162,255	-	1,162,255	-	-
Franchise taxes					190,015	-	190,015	-	-
Other taxes					207,556	-	207,556	-	-
Investment earnings					189,042	84,866	273,908	5,305	7,310
Miscellaneous					5,041	-	5,041	22,501	-
Special item					582,553	-	582,553		-
Transfers					(1,939,153)	1,939,153	-	-	-
Total general revenues, special item, and transfers					21,295,666	2,024,019	23,319,685	27,806	7,310
Change in net assets					(4,423,065)	1,806,200	(2,616,865)	198,704	84,281
Net assets - beginning, as originally reported					102,325,006	51,550,481	153,875,487	1,534,212	448,119
Prior period adjustment (Note 15)					(720,529)	-	(720,529)	-	-
Net assets - beginning, as restated					101,604,477	51,550,481	153,154,958	1,534,212	448,119
Net assets - ending					<u>\$ 97,181,412</u>	<u>\$ 53,356,681</u>	<u>\$ 150,538,093</u>	<u>\$ 1,732,915</u>	<u>\$ 532,400</u>

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

Oconee County, Georgia
Balance Sheet
Governmental Funds
June 30, 2010

	General Fund	SPLOST 2004 Fund	SPLOST 2009 Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 1,557,709	\$ 2,703,945	\$ 1,120,000	\$ 514,057	\$ 5,895,711
Investments	8,187,710	5,000,000	-	-	13,187,710
Accounts receivable, net	103,692	4,110	-	106,181	213,983
Taxes receivable, net	383,743	-	-	14,133	397,876
Internal balances	218,758	18,933	223,164	94,266	555,121
Due from other governments	390,795	-	386,914	158,732	936,441
Prepaid items	141,055	-	-	5,326	146,381
Restricted cash	39,170	-	3,200,000	-	3,239,170
Total assets	<u>\$ 11,022,632</u>	<u>\$ 7,726,988</u>	<u>\$ 4,930,078</u>	<u>\$ 892,695</u>	<u>\$ 24,572,393</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 419,080	\$ 118,375	\$ 120,257	\$ 126,324	\$ 784,036
Retainage payable	-	129,127	13,362	46,800	189,289
Internal balances	219,669	270,642	14,265	118,810	623,386
Due to other governments	-	-	97,588	-	97,588
Salaries and benefits payable	392,706	-	-	33,769	426,475
Deferred revenue	277,007	-	-	9,669	286,676
Bonds and deposits-payable from restricted cash	40,463	-	-	-	40,463
Total liabilities	<u>1,348,925</u>	<u>518,144</u>	<u>245,472</u>	<u>335,372</u>	<u>2,447,913</u>
Fund balances:					
Reserved for:					
Prepaid items	154,052	-	-	5,326	159,378
Capital projects	4,000,000	7,208,844	4,684,606	10,855	15,904,305
Housing and development	-	-	-	28,216	28,216
Unreserved	5,444,655	-	-	-	5,444,655
Unreserved, designated for:					
Capital projects	75,000	-	-	-	75,000
Unreserved, reported in nonmajor:					
Special revenue funds	-	-	-	512,926	512,926
Total fund balances	<u>9,673,707</u>	<u>7,208,844</u>	<u>4,684,606</u>	<u>557,323</u>	<u>22,124,480</u>
Total liabilities and fund balances	<u>\$ 11,022,632</u>	<u>\$ 7,726,988</u>	<u>\$ 4,930,078</u>	<u>\$ 892,695</u>	<u>\$ 24,572,393</u>

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

Oconee County, Georgia
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2010

Total <i>fund</i> balances for governmental funds (Exhibit 3)	\$	22,124,480
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Total *net assets* reported for governmental activities in the Statement of Net Assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	10,187,399	
Construction in progress	1,948,259	
Infrastructure, net	47,101,739	
Buildings and improvements, net	30,777,038	
Equipment, furniture and vehicles, net	3,880,538	
Total capital assets		93,894,973

Some of the County's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds.

286,676

The net pension obligation is not recorded on the fund level balance sheet as it does represent a current financial resource.

(81,606)

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the Statement of Net Assets. Balances at June 30, 2008 are:

Accrued interest on bonds	\$ (252,162)	
Certificates of participation		
Bonds, notes, and capital leases payable	(18,357,666)	
Net OPEB obligation	(65,404)	
Bond issuance costs	263,581	
Compensated absences - long-term	(631,460)	
Total long-term liabilities		(19,043,111)

Total net assets of governmental activities (Exhibit 1)	\$	97,181,412
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Oconee County, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2010

	General Fund	SPLOST 2004 Fund	SPLOST 2009 Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 17,378,184	\$ 1,375,258	\$ 3,480,290	\$ 65,114	\$ 22,298,846
Licenses and permits	296,089	-	-	-	296,089
Intergovernmental revenue	35,374	-	-	779,663	815,037
Charges for services	2,310,329	-	-	863,861	3,174,190
Fines and forfeitures	485,261	-	-	104,978	590,239
Investment income	31,230	154,448	1,631	1,731	189,040
Contributions and donations	1,440	-	-	82,820	84,260
Miscellaneous	26,996	-	-	56,075	83,071
Total revenues	20,564,903	1,529,706	3,481,921	1,954,242	27,530,772
EXPENDITURES					
Current:					
General government	4,849,265	-	-	4,064	4,853,329
Judicial	1,622,717	-	-	363,496	1,986,213
Public safety	6,192,473	-	-	1,460,717	7,653,190
Public works	2,482,762	-	-	198,582	2,681,344
Health and welfare	302,042	-	-	514,633	816,675
Culture and recreation	2,650,963	-	-	48,982	2,699,945
Housing and development	1,160,790	-	-	50,252	1,211,042
Debt service:					
Principal payments	224,034	-	921,585	30,460	1,176,079
Interest and fiscal charges	49,815	256,753	401,216	8,613	716,397
Capital outlay					
General government	-	92,056	-	25,401	117,457
Public safety	-	988,941	700	167,239	1,156,880
Public works	-	938,163	168,369	-	1,106,532
Culture and recreation	-	131,625	-	68,842	200,467
Intergovernmental	-	-	505,445	-	505,445
Total expenditures	19,534,861	2,407,538	1,997,315	2,941,281	26,880,995
Excess (deficiency) of revenues over/ (under) expenditures	<u>1,030,042</u>	<u>(877,832)</u>	<u>1,484,606</u>	<u>(987,039)</u>	<u>649,777</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from long-term debt	-	-	3,200,000	-	3,200,000
Proceeds from sale of capital assets	11,768	-	-	-	11,768
Transfers in	11,918	450	-	1,017,679	1,030,047
Transfers (out)	(1,957,632)	(979,050)	-	(32,518)	(2,969,200)
Total other financing sources (uses)	(1,933,946)	(978,600)	3,200,000	985,161	1,272,615
Net change in fund balances	(903,904)	(1,856,432)	4,684,606	(1,878)	1,922,392
Fund balances - beginning, as originally reported	10,915,795	9,447,621	-	559,201	20,922,617
Prior period adjustment (Note 15)	(338,184)	(382,345)	-	-	(720,529)
Fund balances - beginning, as restated	<u>10,577,611</u>	<u>9,065,276</u>	<u>-</u>	<u>559,201</u>	<u>20,202,088</u>
Fund balances - ending	<u>\$ 9,673,707</u>	<u>\$ 7,208,844</u>	<u>\$ 4,684,606</u>	<u>\$ 557,323</u>	<u>\$ 22,124,480</u>

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

Oconee County, Georgia
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Net Activities
For the Fiscal Year Ended June 30, 2010

Net change in *fund* balances - total governmental funds (Exhibit 4) \$ 1,922,392

The change in *net assets* reported for governmental activities in the Statement of Activities is different because:

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 outlay (\$2,234,211) is exceeded by depreciation (\$6,696,872) in the current period. (4,462,660)

In the Statement of Activities, only the loss on the sale/disposal of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold/disposed (net of accumulated depreciation). (6,727)

Changes in the net pension benefit are not reported in the funds because they do not represent the receipt or consumption of current financial assets. In the Statement of Activities, the change in the net pension benefit is reported as an increase or decrease in expense. (284,308)

Under the full accrual method, postemployment benefits expenses are recorded as the benefits are earned. These benefits are recognized as expenditures in the funds as they become a claim on current financial resources. The County has recorded a special item related to changes in its OPEB plan for \$582,553. The County also accrued the increase in the OPEB obligation which represents the difference between the actuarially determined OPEB costs and the current payment of financial resources. 549,851

Governmental funds defer all tax revenues not collected within 60 days of year end. However, the Statement of Activities uses the accrual method and, thus, the entire amount is recognized as revenue, regardless of the collection date. This is the amount by which the current year deferral (\$286,676) is exceeded by the prior year deferral (\$334,891). (48,215)

Proceeds from capital lease obligations issued are reported as an other financing source in the fund statements as they represent current financial resources. Under the full accrual method, capital leases do not affect the operating statement. (3,200,000)

Repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. Additionally, interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The amounts of the items that comprise these differences in the treatment of long-term debt and related items are:

Accrued interest on debt	4,587	
Principal repayment	1,169,079	
Amortization of bond premiums	7,490	
Amortization of issuance costs	<u>(17,532)</u>	
		1,163,624

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net change of the compensated absences account. (57,022)

Change in net assets of governmental activities (Exhibit 2) \$ (4,423,065)

Oconee County, Georgia
Statement of Net Assets
Proprietary Funds
June 30, 2010

ASSETS	Enterprise Funds		Total
	Water and Sewer Fund	Other Enterprise Funds	
Current assets:			
Cash	\$ 921,863	\$ 913	\$ 922,776
Investments, plus accrued interest	3,932,675	-	3,932,675
Accounts receivable, less allowance of \$30,550	548,100	11,873	559,973
Internal balances	31,085	154,303	185,388
Due from other governments	75,447	-	75,447
Sewer capacity fees receivable	11,266	-	11,266
Prepaid items	6,652	7,672	14,324
Total current assets	<u>5,527,088</u>	<u>174,761</u>	<u>5,701,849</u>
Noncurrent assets:			
Restricted cash	455,903	-	455,903
Restricted investments	11,333,270	-	11,333,270
Sewer capacity fees receivable	54,950	-	54,950
Investment - UOBWA, net	11,507,018	-	11,507,018
Bond and note issuance costs, net	819,527	-	819,527
Capital assets			
Land	3,428,166	150,000	3,578,166
Construction in progress	10,730,664	-	10,730,664
Land improvements, net	-	22,604	22,604
Equipment, furniture and vehicles, net	113,800	41,722	155,522
Treatment and distribution system, net	52,473,807	-	52,473,807
Building and improvements, net	219,600	1,887,933	2,107,533
Total capital assets	<u>66,966,037</u>	<u>2,102,259</u>	<u>69,068,296</u>
Total noncurrent assets	<u>91,136,705</u>	<u>2,102,259</u>	<u>93,238,964</u>
Total assets	<u>96,663,793</u>	<u>2,277,020</u>	<u>98,940,813</u>
LIABILITIES			
Current liabilities:			
Accounts payable	70,334	61,311	131,645
Accounts payable-construction from restricted investments	124,114	-	124,114
Retainage payable	30,174	-	30,174
Internal balances	117,123	-	117,123
Salaries and benefits payable	40,594	37,616	78,210
Customer deposits-payable from restricted cash	395,718	-	395,718
Accrued interest	581,895	-	581,895
Bonds, notes and contracts payable	564,629	-	564,629
Total current liabilities	<u>1,924,581</u>	<u>98,927</u>	<u>2,023,508</u>
Noncurrent liabilities:			
Bonds, notes and contracts payable, net	43,456,690	-	43,456,690
Net pension obligation	5,499	4,583	10,082
Compensated absences	52,912	40,940	93,852
Total noncurrent liabilities	<u>43,515,101</u>	<u>45,523</u>	<u>43,560,624</u>
Total liabilities	<u>45,439,682</u>	<u>144,450</u>	<u>45,584,132</u>
NET ASSETS			
Invested in capital assets, net of related debt	41,585,508	2,102,259	43,687,767
Restricted for debt service	2,283,307	-	2,283,307
Unrestricted	7,355,296	30,311	7,385,607
Total net assets	<u>\$ 51,224,111</u>	<u>\$ 2,132,570</u>	<u>\$ 53,356,681</u>

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

Oconee County, Georgia
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2010

	Enterprise Funds		
	Water and Sewer Fund	Other Enterprise Funds	Total
OPERATING REVENUES			
Charges for services	\$ 5,367,287	\$ 256,736	\$ 5,624,023
Licenses and permits	-	6,500	6,500
Rents and royalties	-	96,464	96,464
Miscellaneous	150,150	9,079	159,229
Total operating revenues	5,517,437	368,779	5,886,216
OPERATING EXPENSES			
Salaries and benefits	1,122,116	657,166	1,779,282
Other contracted services	42,185	294,095	336,280
Water purchase and treatment costs	1,089,535	-	1,089,535
Supplies and materials	58,527	43,507	102,034
Repairs and maintenance	163,031	15,395	178,426
Utilities	290,920	73,165	364,085
Insurance	6,182	14,224	20,406
Depreciation	1,492,273	72,681	1,564,954
Other charges	62,838	204,521	267,359
Total operating expenses	4,327,607	1,374,754	5,702,361
Operating income (loss)	1,189,830	(1,005,975)	183,855
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	84,866	-	84,866
Water availability fees	60,892	-	60,892
Sewer connection fees	16,000	-	16,000
Amortization expense - UOBWA	(167,378)	-	(167,378)
Interest expense	(1,193,623)	-	(1,193,623)
Total nonoperating revenue (expenses)	(1,199,243)	-	(1,199,243)
Loss before contributions and transfers	(9,413)	(1,005,975)	(1,015,388)
Capital contributions	874,932	7,500	882,432
Transfers in	979,050	960,104	1,939,154
Change in net assets	1,844,569	(38,371)	1,806,198
Total net assets - beginning	49,379,542	2,170,941	51,550,483
Total net assets - ending	\$ 51,224,111	\$ 2,132,570	\$ 53,356,681

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

Oconee County, Georgia
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2010

	Enterprise Funds		
	Water and Sewer Fund	Other Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 5,649,659	\$ 362,034	\$ 6,011,693
Payments to suppliers	(1,732,183)	(660,455)	(2,392,638)
Payments to employees	(1,087,284)	(629,734)	(1,717,018)
Net cash provided (used) by operating activities	2,830,192	(928,155)	1,902,037
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	960,104	960,104
Interfund loans - proceeds and collections	82,498	(29,615)	52,883
Net cash provided by noncapital financing activities	82,498	930,489	1,012,987
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(2,983,076)	(15,309)	(2,998,385)
Transfers in used for construction of capital assets	979,050	-	979,050
Net proceeds from issuance of 2009 bonds	7,322,288	-	7,322,288
Principal payments on debt	(8,701,003)	-	(8,701,003)
Interest payments on debt	(1,165,539)	-	(1,165,539)
Payment of bond issuance costs	(192,980)	-	(192,980)
Receipt of contributed capital	-	7,500	7,500
Sewer capacity and connection fees from customers	76,892	-	76,892
Net cash provided by (used) for capital and related financing activities	(4,664,368)	(7,809)	(4,672,177)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	84,866	-	84,866
Purchase of investments	(35,277)	-	(35,277)
Proceeds from sale of investments	2,114,280	-	2,114,280
Net cash used by investing activities	2,163,869	-	2,163,869
Net increase (decrease) in cash and cash equivalents	412,191	(5,475)	406,716
Cash - beginning	965,575	6,388	971,963
Cash - end	\$ 1,377,766	\$ 913	\$ 1,378,679
Displayed as:			
Cash	\$ 921,863	\$ 913	\$ 922,776
Restricted cash	455,903	-	455,903
	\$ 1,377,766	\$ 913	\$ 1,378,679
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income	\$ 1,189,830	\$ (1,005,975)	\$ 183,855
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	1,492,273	72,681	1,564,954
Change in assets and liabilities:			
Receivables, net	117,381	(6,744)	110,637
Prepaid items	(4,591)	(5,612)	(10,203)
Due from other governments	(53,049)	-	(53,049)
Net pension asset	17,749	11,310	29,059
Accounts payable	38,675	(9,936)	28,739
Accrued expenses	4,636	5,514	10,150
Customer deposits	14,841	-	14,841
Net pension obligation	5,499	4,583	10,082
Compensated absences	6,948	6,024	12,972
Net cash provided (used) by operating activities	\$ 2,830,192	\$ (928,155)	\$ 1,902,037
Non-cash investing, capital and financing activities:			
Acquisition of contributed assets	\$ 874,932	\$ -	\$ 874,932

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

Oconee County, Georgia
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2010

ASSETS

Cash	\$ 281,624
Due from others	<u>2,798</u>
Total assets	<u><u>284,422</u></u>

LIABILITIES

Due to others	<u>284,422</u>
Total liabilities	<u><u>284,422</u></u>

NET ASSETS

<u><u>\$ -</u></u>

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

Notes to Financial Statements

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2010

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Oconee County was incorporated under the laws of the State of Georgia in 1875. The County is governed by a five-member Board of Commissioners. Each commissioner is elected to a four-year term. The Chairman serves as the full-time Chief Executive Officer and the other four commissioners serve on a part-time basis. The Chairman is responsible for the daily operations of the County.

The financial statements of Oconee County, Georgia (the County) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

In conformity with generally accepted accounting principles, as set forth in GASB Statement No. 14, *The Financial Reporting Entity*, the financial statements of the reporting entity include those of Oconee County (the primary government) and its component units. The criteria for including organizations as component units within the County's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- * the organization is legally separate (can sue and be sued in its own name)
- * the County holds the corporate powers of the organization
- * the County appoints a voting majority of the organization's board
- * the County is able to impose its will on the organization
- * the organization has the potential to impose a financial benefit/burden on the County
- * there is fiscal dependency by the organization on the County

Discretely Presented Component Units – The component unit columns in the government-wide financial statements include the financial data of the County's component units. They are included because, if excluded, the County's financial statements would be misleading. They are reported in separate columns in the government-wide financial statements to emphasize their legal separation from the County. The following component units are included in the statements:

Oconee County Industrial Development Authority - The financial operations of the Industrial Development Authority are presented as a governmental fund type. The five voting members of the Authority include the Chairman of the Board of Commissioners, the President of the Oconee County Chamber of Commerce, the Mayor of the City of Watkinsville, and two at-large members appointed by the County Board of Commissioners. Substantially all of the financial operations of the Authority are subject to the prior approval of the Board of Commissioners.

Oconee County Health Department - The Health Department was created by state legislative act in 1964 to provide various health related programs such as immunization, family planning, and nutrition services. It operates under an Executive Officer and a seven member board comprised of the following: the Chairman of the Board of Commissioners, the Oconee County School Superintendent, and the Mayor of the City of Watkinsville, three at-large members appointed by the County, and one at-large member appointed by the City of Watkinsville.

Each discretely presented component unit issues separate financial statements and has a June 30 fiscal year-end. Complete financial statements of the individual component units can be obtained from their respective administrative offices:

Oconee County Industrial Development Authority
Post Office Box 145
Watkinsville, Georgia 30677

Oconee County Health Department
160 Experiment Station Road
Post Office Box 222
Watkinsville, Georgia 30677

Blended Component Units - Based on the GASB criteria, the County has no entities that qualify as blended component units.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2010

Note 1: Summary of Significant Accounting Policies, continued

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary* and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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 fund are charges to customers for sales and services. Operating expenses for the enterprise fund 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.

The County reports the following major governmental funds:

General Fund – This 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.

SPLOST 2004 – This is a capital projects fund established to account for all special local option sales tax revenues collected as a result of the County's 2004 SPLOST referendum as well as the specifically identified projects for which the SPLOST tax was established.

SPLOST 2009 – This is a capital projects fund established to account for all special local option sales tax revenues collected as a result of the County's 2009 SPLOST referendum as well as the specifically identified projects for which the SPLOST tax was established.

The County reports the following major enterprise fund:

Water and Sewer Fund – This fund accounts for the operation, maintenance and development of the County's water and sewer system.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2010

Note 1: Summary of Significant Accounting Policies, continued

The County reports the following fiduciary fund type:

Agency Funds – These funds account for monies held by the County in a trustee capacity or as an agent on behalf of individuals, private organizations, other governments and/or other funds. Following are the agency funds of the County at June 30, 2010: Tax Commissioner, Sheriff, Superior Court, Probate Court, Magistrate Court and Juvenile Court.

Measurement Focus, Basis of Accounting

Government-wide, Proprietary and Fiduciary Fund Financial Statements – The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. The governmental activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

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

C. Budgets and Budgetary Accounting

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

1. Prior to the May Commissioners' meeting, department heads must submit their requests for budgets for the coming year.
2. The Board of Commissioners meets with each department head to discuss their requests and make necessary adjustments.
3. The revised requests are reviewed at the May Commissioners' meeting.
4. The final budget is approved at the June Commissioners' meeting.
5. Department heads may make lateral changes to the budget within their department. Any increase in total departmental budgets, however, must be approved by the Board of Commissioners.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2010

Note 1: Summary of Significant Accounting Policies, continued

6. The budget is prepared and adopted on a basis consistent with generally accepted accounting principles, but is adopted at the department level and presented as such in the financials. A reconciliation from the department level to current expenditures, debt service expenditures and transfers out is provided. An annual budget is adopted for the General Fund, Special Revenue Funds and Capital Projects Funds. An operating budget is prepared for each Enterprise Fund for planning, control, cost allocation, and evaluation purposes. Budgetary amounts are not formally integrated into the Enterprise Fund general ledgers.

D. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of money are recorded in order to reserve that portion of the applicable appropriation, is used by the County. There were no outstanding encumbrances at June 30, 2010.

E. Deposits and Investments

Cash consists of demand and interest-bearing deposits held in banks. All bank deposits must be collateralized by an amount equal to 110% of uninsured deposits of the State of Georgia or U.S. obligations or direct loans to the County. General Fund cash balances in excess of amounts required for the County's daily operating activities were invested in either the State of Georgia Local Government Investment Pool or Certificates of Deposit during the fiscal year.

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

Investments are recorded at cost plus accrued interest, which approximates market value.

F. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectibles, when material. Water and Sewer Fund allowances for uncollectible accounts, netted with accounts receivable, were \$65,658 for the year ended June 30, 2010.

G. Property Tax Calendar

Property taxes attach as an enforceable lien on property as of January 1. The County bills and collects its own property taxes as well as the taxes for the County School District and several cities within the County. County property tax revenues are recognized when levied to the extent that they result in current receivables.

Property taxes are levied approximately October 1 of each year and are due 60 days after issuance. Taxes receivable at June 30, 2010 amounted to \$397,876 while deferred property tax revenue totaled \$286,676.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2010

Note 1: Summary of Significant Accounting Policies, continued

I. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Property, plant and equipment with initial, individual costs that equal or exceed \$5,000 are recorded as capital assets. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, net of related interest earned, is included as part of the capitalized value of the assets constructed.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	15-50
Building and improvements	10-50
Water and sewer distribution system	20-50
Vehicles	4-20
Furniture, fixtures and equipment	5-10

Pursuant to GASB Statement No. 34, the County has retroactively identified all infrastructure assets placed in service prior to July 1, 2002 and has recorded those assets which fall within the County's capitalization policy.

J. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual vacation and comp time balances. The liability has been calculated using the vesting method, in which leave amounts for employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments upon termination are included. In accordance with the provisions of GASB Statement 16, concerning Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Compensated absence balances related to governmental activities are liquidated through the General Fund.

K. Restricted Assets

Restricted assets consist of restricted cash and investments. These resources have been set aside for customer deposits, repayment of the water and sewerage revenue bonds, construction of the Hard Labor Creek Reservoir, and the repayment of the contract payable with WCWSA.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2010

Note 2: Stewardship, Compliance and Accountability

Deficit Fund Balance:

The County had no deficit fund balances at June 30, 2010.

Note 3: Deposits and Investments

Custodial Credit Risk-Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's policy regarding custodial credit risk is to comply with the state law requiring collateralization of uninsured deposits up to 110% of the value of the deposits. As of June 30, 2010, none of the County's deposits was exposed to custodial credit risk.

Investments

Credit Risk

Georgia law authorizes local governments to invest in the following types of obligations:

- Obligations of the State of Georgia or any other states;
- Obligations issued by the United States;
- Obligations fully insured or guaranteed by the United States government or governmental agency;
- Obligations of any corporation of the United States Government;
- Prime bankers' acceptances;
- The State of Georgia Local Government Investment Pool;
- Repurchase agreements; and
- Obligations of other political subdivisions of the State of Georgia.

The County has no investment policy that would further limit its investment choices. As of June 30, 2010, the County had \$21,362,186 invested in Georgia Fund 1. Georgia Fund 1, created by *O.C.G.A. 36-83-8*, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAM rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool is managed by the Office of Treasury and Fiscal Services. Its primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1.00 per share.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2010

Note 3: Cash and Deposits, continued

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.

Concentration of Credit Risk

The County places no limit on the amount the County may invest in any one issuer. GASB Statement 40 requires disclosure when the percent is 5% or more in any one issuer. The County had no investments that met this requirement at June 30, 2010.

Foreign Currency Risk

The County is not exposed to foreign currency risks as all deposits and investments are denominated in US dollars.

As of June 30, 2010, the County had the following investments:

<u>Type of Investment</u>	<u>Credit Risk</u>	<u>Maturities</u>	<u>Fair Value</u>
<u>Unrestricted:</u>			
<u>Water and Sewer Fund</u>			
Certificates of deposit		12 month	\$ 2,079,287
Georgia Fund 1	AAAm	46 days	114
Certificates of deposit		12 month	1,853,274
<u>General Fund</u>			
Georgia Fund 1	AAAm	46 days	8,187,710
<u>SPLOST Fund</u>			
Certificates of deposit		12 month	5,000,000
	Total unrestricted		<u>17,120,385</u>
<u>Restricted:</u>			
<u>Water and Sewer Fund</u>			
Certificates of deposit		varies	5,191
Georgia Fund 1	AAAm	46 days	10,916,244
U.S. Treasury bills		3-6 months	90,938
Fidelity Treasury Money Market Shares	AAAm	59 days	320,897
	Total restricted		<u>11,333,270</u>
	Total investments		<u>\$ 28,453,655</u>

The maturities of the County's investments in Georgia Fund 1 and the Fidelity Treasury Money Market Shares is calculated based on a weighted average maturity of the investments held in the respective funds.

Custodial Credit Risk-Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no policy on custodial credit risk for investments.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2010

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

<u>Primary Government</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 10,055,804	\$ 131,595	\$ -	\$ 10,187,399
Construction in progress	1,444,701	505,958	2,400	1,948,259
Total capital assets not being depreciated	<u>11,500,505</u>	<u>637,553</u>	<u>2,400</u>	<u>12,135,658</u>
<i>Capital assets being depreciated:</i>				
Infrastructure	104,938,567	-	-	104,938,567
Buildings and improvements	36,542,070	270,642	-	36,812,712
Equipment, furniture and vehicles	11,972,273	1,328,416	117,242	13,183,447
Total capital assets being depreciated	<u>153,452,910</u>	<u>1,599,058</u>	<u>117,242</u>	<u>154,934,726</u>
Less accumulated depreciation for:				
Infrastructure	53,043,816	4,793,013	-	57,836,829
Buildings and improvements	4,866,096	1,169,578	-	6,035,674
Equipment, furniture and vehicles	8,679,142	734,281	110,515	9,302,908
Total accumulated depreciation	<u>66,589,054</u>	<u>6,696,872</u>	<u>110,515</u>	<u>73,175,411</u>
Total capital assets being depreciated, net	<u>86,863,856</u>	<u>(5,097,814)</u>	<u>6,727</u>	<u>81,759,315</u>
Governmental activity capital assets, net	<u>\$ 98,364,361</u>	<u>\$ (4,460,261)</u>	<u>\$ 9,127</u>	<u>\$ 93,894,973</u>

Depreciation expense was charged to functions as follows:

General government	\$ 433,989
Judicial	18,815
Public safety	673,207
Public works	4,873,724
Health and welfare	36,627
Culture and recreation	641,954
Housing and development	18,556
Total governmental activities depreciation expense	<u>\$ 6,696,872</u>

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2010

Note 4: Capital Assets, continued

Business-type Activities:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Water and Sewer Fund:				
Capital assets not being depreciated:				
Land	\$ 3,428,166	\$ -	\$ -	\$ 3,428,166
Construction in progress	8,221,610	3,021,479	512,425	10,730,664
Total capital assets not being depreciated	<u>11,649,776</u>	<u>3,021,479</u>	<u>512,425</u>	<u>14,158,830</u>
Capital assets being depreciated:				
Treatment and distribution system	66,341,756	1,373,777	-	67,715,533
Buildings and improvements	296,136	-	-	296,136
Equipment, furniture and vehicles	1,034,832	37,856	-	1,072,688
Total capital assets being depreciated	<u>67,672,724</u>	<u>1,411,633</u>	<u>-</u>	<u>69,084,357</u>
Less accumulated depreciation for:				
Treatment and distribution system	13,834,969	1,406,757	-	15,241,726
Buildings and improvements	67,002	9,534	-	76,536
Equipment, furniture and vehicles	882,905	75,983	-	958,888
Total accumulated depreciation	<u>14,784,876</u>	<u>1,492,274</u>	<u>-</u>	<u>16,277,150</u>
Capital assets being depreciated, net	<u>52,887,848</u>	<u>(80,641)</u>	<u>-</u>	<u>52,807,207</u>
Water and sewer capital assets, net	<u>64,537,624</u>	<u>2,940,838</u>	<u>512,425</u>	<u>66,966,037</u>
 Total Non-major Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 150,000	\$ -	\$ -	\$ 150,000
Total capital assets not being depreciated	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
Capital assets being depreciated:				
Land improvements	29,556	15,309	-	44,865
Buildings and improvements	2,826,321	-	-	2,826,321
Equipment, furniture and vehicles	207,957	-	-	207,957
Total capital assets being depreciated	<u>3,063,834</u>	<u>15,309</u>	<u>-</u>	<u>3,079,143</u>
Less accumulated depreciation for:				
Land improvements	20,719	1,542	-	22,261
Buildings and improvements	877,059	61,330	-	938,389
Equipment, furniture and vehicles	156,425	9,809	-	166,234
Total accumulated depreciation	<u>1,054,203</u>	<u>72,681</u>	<u>-</u>	<u>1,126,884</u>
Capital assets being depreciated, net	<u>2,009,631</u>	<u>(57,372)</u>	<u>-</u>	<u>1,952,259</u>
Total non-major business-type activities, net	<u>\$ 2,159,631</u>	<u>\$ (57,372)</u>	<u>\$ -</u>	<u>\$ 2,102,259</u>
 Business-type activities capital assets, net	<u>\$ 66,697,255</u>	<u>\$ 2,883,466</u>	<u>\$ 512,425</u>	<u>\$ 69,068,296</u>

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2010

Note 5: Interfund Balances and Activity

Interfund balances

Interfund balances at June 30, 2010 consist of the following:

Due to:	Due from:					Total
	General Fund	SPLOST 2004 Capital Projects Fund	SPLOST 2009 Capital Projects Fund	Non-major Gov't Funds	Water & Sewer Fund	
<u>Governmental funds</u>						
General Fund	-	16,393	14,265	90,010	98,090	\$218,758
SPLOST-2004 Cap Proj.	-	-	-	18,933	-	18,933
SPLOST-2009 Cap Proj.	-	223,164	-	-	-	223,164
Non-major Gov't Funds	65,529	-	-	9,704	19,033	94,266
<u>Enterprise funds</u>						
Water and Sewer Fund	-	31,085	-	-	-	31,085
Non-major Enterprise Funds	154,140	-	-	163	-	154,303
	<u>\$ 219,669</u>	<u>\$ 270,642</u>	<u>\$ 14,265</u>	<u>\$ 118,810</u>	<u>\$ 117,123</u>	<u>\$740,509</u>

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which the transactions are executed. The balances result from the lagtime between the date the the reimburseable transaction occurs and when the payments between funds are made. All costs were incurred within the current fiscal year. All interfund balances are expected to be repaid within one year.

Transfers to/from Other Funds

Transfers Out:	Transfers in:				Nonmajor Enterprise Funds	Total
	General Fund	SPLOST Capital Project Fund	Nonmajor Gov't Funds	Water and Sewer Fund		
<u>Governmental funds</u>						
General Fund	\$ -	\$ -	\$ 997,691	\$ -	\$ 959,941	\$ 1,957,632
Non-major Gov't Funds	11,918	450	19,987	-	163	32,518
SPLOST Cap Proj Fund	-	-	-	979,050	-	979,050
	<u>\$ 11,918</u>	<u>\$ 450</u>	<u>\$ 1,017,678</u>	<u>\$ 979,050</u>	<u>\$ 960,104</u>	<u>\$ 2,969,200</u>

The General Fund transferred out \$997,691 to nonmajor gov't funds and \$959,941 to nonmajor enterprise funds to assist in the daily operations and special grants. The nonmajor gov't funds transferred \$32,518 to other funds to assist in daily operations. The SPLOST Capital Project Fund transferred \$979,050 to the Water and Sewer Fund to assist in construction projects approved by the SPLOST referendum.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2010

Note 6: Other Assets

Investment in Upper Oconee Basin Water Authority

The County, along with two other counties, is a member of the Upper Oconee Basin Water Authority (UOBWA). The purpose of this venture was to construct a reservoir and water treatment plant that would provide water for the counties involved. Each government is responsible for a pro-rata share of the costs based on population.

In March 2005, the UOBWA issued \$48,155,000 of Water Revenue Refunding Bonds, Series 2005. The proceeds of the bonds were used to advance refund the Series 1997 Bonds maturing in the years 2009 and thereafter and to pay certain expenses incident to the issuance of the bonds. The County's share of the bond debt is 20.929%. An Investment in UOBWA and an offsetting Contract Payable have been recorded in the Oconee County Water and Sewer Fund to recognize this investment and obligation.

The investment costs are amortized over the useful lives of the underlying assets of the investment. Approximately 10% of the total investment costs represent the investment into the land, 50% represent the investment into the reservoir, which has a useful life of 100 years, and 40% represent the investment into the treatment plant, which has a useful life of 50 years.

Investment in UOBWA at June 30, 2010 consisted of the following:

Initial cash costs	\$ 70,221
Contract payable for 20.959% of revenue bond liability	12,733,127
Additional cash investments	<u>41,250</u>
	12,844,598
Accumulated amortization	<u>(1,337,580)</u>
Investment in UOBWA, net	<u><u>\$ 11,507,018</u></u>

Financial statements for the Upper Oconee Basin Water Authority can be obtained at the following address: Northeast Georgia Regional Commission, 305 Research Drive, Athens, Georgia 30605-2795.

Note 7: Long-term Obligations

Categories of Debt

General Obligation Bonds

In March 2003, the County issued Series 2003 Oconee County, Georgia General Obligation Bonds in the amount of \$11,780,000, with interest rates ranging from 1.5% to 5.5%. The bonds are being repaid through revenues from the General Fund, in principal installments of \$225,000 to \$725,000. The proceeds were used for a recreation project which consists of the acquisition, development and equipping of a new park.

Revenue Bonds

In October 1998, the County issued Series 1998 Water and Sewerage Revenue Bonds in the amount of \$12,290,000, with interest rates ranging from 3.3% to 4.8%. The bonds are being repaid through operating revenues of the Water and Sewer Enterprise Fund, in principal installments of \$275,000 to \$835,000. The proceeds of the issue were used to advance refund the Series 1994 Water and Sewerage Revenue Bonds, prepay existing GEFA debt, prepay certain other loans, provide funds for future construction, and set up necessary reserve funds. During fiscal year 2010, these bonds were the subject of a current refunding that was funded by the issuance of the Series 2009 Water and Sewerage Revenue Bonds. The Series 1998 bonds were no longer outstanding at June 30, 2010.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2010

Note 7: Long-term Obligations, continued

Revenue Bonds, continued

In July 2003, the County issued Series 2003 Water and Sewerage Revenue Bonds in the amount of \$9,375,000, with interest rates ranging from 1.35% to 4.5%. The bonds are being repaid through operating revenues of the Water and Sewer Enterprise Fund, in principal installments of \$215,000 to \$1,480,000. The proceeds of the issue have been used to purchase the land on which the LAS site is located (the County was previously leasing this property), to refinance the GEFA loan, to pay the premium for a surety bond that will fund the debt service reserve, to pay the premium for a municipal bond new issue insurance policy and to pay the costs of issuing the Series 2003 Bonds. The remaining proceeds were used to finance additions, improvements, extensions and expansions of the water and sewer system of the County.

During the year ended June 30, 2010, the County issued \$7,095,000 of its Series 2009 Water and Sewerage Revenue Bonds with an average interest cost of 3.18%. These bonds consist of serial bonds bearing various fixed rates ranging from 2% to 4% with annual maturities from September 2011 through September 2019. The net proceeds of \$7,129,309 (\$7,095,000 face value plus \$227,288 issuance premium less \$192,980 in issuance costs) were used to complete a current refunding of the Series 1998 Water and Sewerage Revenue Bonds with a total principal amount outstanding of \$7,470,000 and an average interest rate of 4.75%.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This difference amounted to \$557,730 and is being charged to interest expense through the year 2020 using the straight-line method. The County completed the advance refunding to reduce its total debt service payments on the old debt and to reschedule a portion of the principal payments that would have been due under the old debt. The total cash flows required under the Series 2009 Revenue Bonds is \$549,430 less than the amount that would have been required under the Series 1998 Revenue Bonds. The net effect of the refunding was an economic gain of \$446,674.

Contract Payable- UOBWA

In November 1997, Oconee County entered into a supplemental contract with the Upper Oconee Basin Water Authority. This contract indicated that the UOBWA would issue Revenue Bonds, Series 1997 totaling \$60,770,000. By signing the contract, Oconee County agreed to pay the Issuer amounts sufficient to pay 20.959% of the debt service of the Series 1997 Bonds, totaling \$12,677,837.

In March 2005, Oconee County entered into an additional supplemental contract with the Upper Oconee Basin Water Authority (UOBWA). This contract indicated that the UOBWA would issue Revenue Refunding Bonds, Series 2005, in the principal amount of \$48,155,000 in order to advance refund the UOBWA's Series 1997 Bonds maturing in the years 2009 and thereafter and to pay certain expenses incident to the issuance of the Bonds. Again, by signing the contract, Oconee County agreed to pay the Issuer amounts sufficient to pay 20.959% of the debt service of the Series 2005 Bonds as well as the Series 1997 Bonds maturing in years 2005-2008. Interest payments were funded through July 1, 2005 from the proceeds of the Series 2005 Bond. The County is making monthly payments covering annual debt service requirements from \$562,679 to \$901,289, with a coupon interest rate varying from 2.00% to 5.125%. The contract matures on July 1, 2027. This advanced refunding of the 1997 bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This difference amounted to \$618,294 and is being amortized over the remaining life of the new debt.

Contract Payable – WCWSA

In October 2007, Oconee County entered into an Intergovernmental Contract-Reservoir Project with Walton County and the Walton County Water and Sewerage Authority (WCWSA). This contract indicated that WCWSA would issue the Walton County Water and Sewerage Authority Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2008 totaling \$19,535,000. The proceeds from the Series 2008 Bonds will be used by the Authority for the purpose of financing or refinancing all or a portion of the cost of acquiring, constructing, installing and equipping a reservoir and related treatment and transmission facilities, paying capitalized interest on the Series 2008 Bonds, funding a debt service reserve and paying the costs of issuing the Series 2008 Bonds.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2010

Note 7: Long-term Obligations, continued

Under the terms of the Contract, the County has agreed to pay the Authority amounts sufficient to pay the debt service on the Series 2008 Bonds. The County intends to make the Contract Payments with moneys derived from its water and sewerage system. However, the County System Revenues have not been pledged as security for the Contract Payments or the Series 2008 Bonds. In the event that the County System Revenues are insufficient to make the Contract Payments, the County has agreed to levy an ad valorem property tax, unlimited as to rate or amount, on all property in the County subject to taxation for such purposes in order to make the Contract Payments. The County will make semiannual payments over to the Authority, ranging from \$309,486 to \$1,228,500 over the life of the contract. The contract matures on February 1, 2038.

Installment Note

On June 29, 2006, the County and the Association County Commissioners of Georgia (ACCG) entered into a \$9,000,000 Installment Sale Agreement with Wachovia Bank for financing of a 130 bed jail in Oconee County, as authorized by *O.C.G.A. 36-60-13*. The Installment Sale Agreement includes interest payments at a rate of 3.85% per annum, is renewable annually and originally called for the principal and interest to be payable in 120 monthly installments of approximately \$90,737. During fiscal year 2008, Amendment One to the Installment Sale Agreement was executed as a result of a \$1.1 million principal pre-payment. As a result of this pre-payment, the monthly installments dropped to \$90,116 and are expected to be repaid by February 2015. ACCG will transfer certain of its interest in the Installment Sale Agreement under the terms of the transfer agreement by and between ACCG and Wachovia Bank and will secure such assignment and stated obligations under the Installment Sale agreement with security title to the transferred property pursuant to a deed to secure debt from ACCG to Wachovia Bank.

Capital Leases

In January 2009, the County entered into a \$91,760 lease-purchase agreement for the purchase of digital video systems for the Sheriff's Department. The lease is for a period of three years at an interest rate of 11.8% and will be liquidated by payments from the General fund. The lease is payable in three annual payments.

On May 5, 2010, the County entered into a \$3,200,000 lease-purchase agreement for establishing a new 700/800 MHz regional radio communication system. The lease is for a period of six years at an interest rate of 3.65% and will be liquidated by payments from the SPLOST 2009 Capital Projects Fund. The lease is payable in six annual payments.

Both of the leases qualify as a capital lease for accounting purposes and, therefore have been recorded at the present value of future minimum lease payments at the date of inception.

	<u>Historical Cost</u>	<u>Accumulated Depreciation</u>
Digital video system	\$ 114,900	\$ 36,385
Cash to be used to purchase radio communication system	3,200,000	-

Future minimum lease payments at June 30, 2010:

	<u>Governmental Activities</u>
Year Ending June, 30	
2011	\$ 1,038,073
2012	-
2013	500,000
2014	500,000
2015	500,000
2016 - 2020	<u>1,100,545</u>
Minimum lease payments	3,638,618
Less: Interest	<u>(404,563)</u>
Net present value of minimum lease payments	<u><u>\$ 3,234,055</u></u>

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2010

Note 7: Long-term Obligations, continued

Changes in long-term obligations for the year ended June 30, 2010 are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental activities:					
Compensated absences	\$ 574,438	\$ 57,022	\$ -	\$ 631,460	\$ -
Capital Leases	64,515	3,200,000	30,460	3,234,055	917,255
Notes payable:					
Installment note	5,489,961	-	883,619	4,606,342	917,882
Bonds payable:					
General obligation bonds	10,600,000	-	255,000	10,345,000	265,000
Deferred amounts:					
Issuance premiums	179,759	-	7,490	172,269	-
Total bonds payable	<u>10,779,759</u>	<u>-</u>	<u>262,490</u>	<u>10,517,269</u>	<u>265,000</u>
Total Governmental	<u>\$ 16,908,673</u>	<u>\$ 3,257,022</u>	<u>\$ 1,176,569</u>	<u>\$ 18,989,126</u>	<u>\$ 2,100,137</u>

Year Ending June 30,	Governmental Activities			
	Installment Note		General Obligation Bonds	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	917,882	163,516	265,000	504,325
2012	954,019	127,378	275,000	494,785
2013	992,272	89,125	285,000	483,785
2014	1,031,706	49,691	300,000	472,813
2015	710,463	9,648	310,000	461,262
2016 - 2020	-	-	1,770,000	2,076,062
2021 - 2025	-	-	2,230,000	1,547,725
2026 - 2030	-	-	2,840,000	911,963
2031 - 2034	-	-	2,070,000	199,975
	<u>\$ 4,606,342</u>	<u>\$ 439,358</u>	<u>\$ 10,345,000</u>	<u>\$ 7,152,695</u>

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2010

Note 7: Long-term Obligations, continued

	Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
Business-type activities:					
Compensated absences - Water	\$ 45,964	\$ 6,948	\$ -	\$ 52,912	\$ -
Compensated absences - Nonmajor	34,916	6,024	-	40,940	-
Contracts payable					
UOBWA Contract payable	9,554,160	-	356,304	9,197,856	367,830
Deferred amt from refinancing	483,883	-	26,883	457,000	-
WCWSA Contract payable	19,535,000	-	-	19,535,000	-
Less: For issuance discounts	(132,621)	-	(4,613)	(128,008)	-
Total contracts payable	<u>29,440,422</u>	<u>-</u>	<u>378,574</u>	<u>29,061,848</u>	<u>367,830</u>
Bonds payable:					
Revenue bonds	16,515,000	7,095,000	8,270,000	15,340,000	240,000
Deferred amounts:					
Deferred loss on refunding	(277,830)	(557,730)	(324,308)	(511,252)	-
Issuance discounts	(153,208)	-	(75,584)	(77,624)	-
Issuance premiums	-	227,288	(18,941)	208,347	-
Total bonds payable	<u>16,083,962</u>	<u>6,764,558</u>	<u>7,851,167</u>	<u>14,959,471</u>	<u>240,000</u>
Total Business-type activities	<u>\$ 45,570,348</u>	<u>\$ 6,771,506</u>	<u>\$ 8,229,741</u>	<u>\$ 44,115,171</u>	<u>\$ 607,830</u>

All contracts and bonds payable presented above represent liabilities of the water fund.

	2003 Series	2009 Series	Total
Outstanding bond payable	\$ 8,245,000	\$ 7,095,000	\$ 15,340,000
Deferred loss on refunding	-	(511,252)	(511,252)
Unamortized discount	(77,264)	-	(77,264)
Unamortized premium	-	208,347	208,347
Net total	<u>\$ 8,167,736</u>	<u>\$ 6,792,095</u>	<u>\$ 14,959,831</u>

Year Ending June 30,	Water Fund			
	2003 Revenue Bonds		2009 Revenue Bonds	
	Principal	Interest	Principal	Interest
2011	240,000	347,783	-	227,575
2012	255,000	340,039	600,000	221,575
2013	260,000	331,475	700,000	208,575
2014	270,000	322,330	725,000	193,419
2015	235,000	312,905	800,000	175,263
2016 - 2020	1,440,000	1,409,805	4,270,000	448,294
2021 - 2024	5,545,000	512,887	-	-
	<u>\$ 8,245,000</u>	<u>\$ 3,577,224</u>	<u>\$ 7,095,000</u>	<u>\$ 1,474,701</u>

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2010

Note 7: Long-term Obligations, continued

Year Ending June 30,	Water Fund			
	Contract Payable - UOBWA		Contract Payable - WCWSA	
	Principal	Interest	Principal	Interest
2011	\$ 367,830	\$ 432,523	\$ -	\$ 936,263
2012	382,502	418,470	-	936,263
2013	396,125	405,082	-	936,263
2014	410,796	390,118	-	936,263
2015	425,468	375,740	470,000	936,263
2016 - 2020	2,470,018	1,534,618	2,630,000	4,384,631
2021 - 2025	3,148,042	858,261	3,245,000	3,775,806
2026 - 2030	1,597,075	112,235	4,110,000	2,906,500
2031 - 2035	-	-	5,255,000	1,770,000
2036 - 2038	-	-	3,825,000	388,500
	<u>\$ 9,197,856</u>	<u>\$ 4,527,047</u>	<u>\$ 19,535,000</u>	<u>\$ 17,906,752</u>

Debt Covenants

The bond and note indentures contain significant limitations and restrictions on annual debt service requirements, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages. Management believes the County is in compliance with all such significant financial limitations and restrictions.

Capitalization of Interest

Interest costs incurred in the Water and Sewer Enterprise Fund during construction are capitalized, net of interest income from the proceeds of related tax-exempt debt, as part of the cost of the related assets of the Water and Sewer Enterprise Fund.

Interest costs on long-term debt incurred and capitalized during the year ended June 30, 2010 were as follows:

	Total interest costs incurred	Interest costs capitalized	Interest expensed
Business-type activities:			
Water and Sewer Fund	<u>\$ 2,148,359</u>	<u>\$ 874,920</u>	<u>\$ 1,193,623</u>

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2010

Note 8: Net Assets Restricted By Enabling Legislation

In 2003 and 2009, referendums were passed providing for a 1% sales tax to be used by the County for various construction projects.

Additionally, the County maintains several special revenue funds to account for activities that are required by Georgia law.

These funds have restrictions on the use of the remaining fund balance in the funds as follows:

Capital projects	\$ 11,904,305
Judicial	111,125
Public safety	61,646
Housing and Development	28,216
Total restricted net assets	<u><u>\$ 12,105,292</u></u>

Note 9: Retirement Benefits

Defined Benefit Pension Plan

During the fiscal year ending June 30, 1990, the County began a Defined Benefit Pension Plan for full-time employees employed for three years or more. The plan is reported on a calendar year basis.

Plan Description

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

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Plan, through execution of the adoption agreement, is affiliated with the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan, administered by GEBCorp. The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of the ACCG Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of The Plan, as provided in Section 19.02 of the ACCG Plan document.

Complete financial statements for The Plan can be obtained directly from the plan administrator:

GEBCorp
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 must satisfy the minimum contribution requirement contained in the State of Georgia statutes.

The Georgia Constitution enables the governing authority of the County, the Board of Commissioners, to establish and amend from time to time, the contribution rates for the employer and its plan members.

County employees are not required to contribute to the Plan. The County contributes the entire cost of the Plan, using the actuarial basis described in the annual valuation report.

The County's payroll for employees participating in the Plan as of January 1, 2010 (the most recent actuarial valuation date) was \$8,132,027 (based on W-2 earnings for the preceding year). Covered payroll refers to all compensation paid by the County to active employees covered by The Plan on which contributions to the pension plan are based. The required and actual contribution for the 2010 plan year was \$1,428,366, which represents 17.6% of covered payroll.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2010

Note 9: Retirement Benefits, continued

Plan Membership

Retirees and beneficiaries receiving benefits	49
Terminated plan members entitled to but not receiving benefits	73
Disabled in pay status	4
Active plan members	<u>184</u>
 Total	 <u><u>310</u></u>

All full-time County employees are eligible to participate in the Plan after completing three years of service. Benefits are fully vested after five years of service. Participants become eligible to retire at age 65 with 3 years of participation in the Plan. Upon eligibility to retire, participants are entitled to an annual benefit in the amount of the greater of: a) 1.0% of average annual compensation up to \$6,600 plus 1.5% of average annual compensation in excess of \$6,600 plus \$36 for each year of service prior to January 1, 1990 or b) 0.5% of average annual compensation up to \$6,600 plus 1% of average annual compensation in excess of \$6,600 plus \$36 multiplied by years of service to a maximum of 35 years, payable as a life annuity. Average annual compensation is based on the highest average of the Participant's compensation over five consecutive plan years during the ten plan years preceding the Participant's date of retirement or termination. The Plan also provides benefits in the event of death or disability. These benefit provisions were established by an adoption agreement executed by the County Board of Commissioners.

Plan Asset Matter and Accounting Policies

The Plan's financial statements are prepared on an accrual basis, modified to include unrealized gains or losses on marketable securities owned by the Plan and increments in cash value of death benefits.

Investments in securities are valued at current market prices. The trust fund is invested, approximately, in 60% equities and 40% fixed income securities. Plan assets do not include any loans, notes, bonds, or other instruments or securities of the County or related parties.

Derivation of Net Pension Obligation

Net Pension Obligation as of the Beginning of Prior Year	\$ (231,761)
 Annual Pension Cost for Prior Year	 1,257,060
Actual Contributions to Plan for Prior Year	<u>933,647</u>
Increase in Net Pension Obligation	<u>323,413</u>
 Net Pension Obligation as of Beginning of the Year	 <u><u>\$ 91,652</u></u>

Derivation of Annual Pension Cost

Annual Required Contribution	\$ 1,255,803
Interest on Net Pension Obligation	(17,961)
Amortization of Net Pension Obligation	<u>19,218</u>
 Annual Pension Cost	 <u><u>\$ 1,257,060</u></u>

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2010

Note 9: Retirement Benefits, continued

Basis of Valuation

Current Valuation Date	January 1, 2010
Annual Return on Invested Plan Assets	7.75%
Projected Annual Salary Increases	4.5% - 7.0%
Expected Annual Inflation	3.00%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Projected Unit Credit
Amortization method	Level Percent of Pay (Closed)
Amortization period	10 years

Trend Information for the Plan

Fiscal Year Beginning	Annual Pension Cost	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation
1/1/2010	\$ 1,298,535	N/A	N/A	\$ 91,652
1/1/2009	1,257,060	933,647	74%	(231,761)
1/1/2008	801,707	829,485	103%	(203,983)
1/1/2007	746,236	790,716	106%	(159,503)

Information about the funding status of the plan as of the most recent valuation date is as follows. The required supplementary information containing multiyear trend directly about funding progress directly follows the footnotes.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2010	\$ 6,646,600	\$ 12,007,784	\$ 5,361,184	55%	\$ 8,136,636	66%

Deferred Compensation Plan

The County offers employees the Oconee County Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The plan is administered by an independent third party plan administrator. As a result, the assets and liabilities of the plan are not recorded on the County's financial statements. All contributions to this plan are voluntary employee contributions.

Defined Contribution Plan

The County has also established the Oconee County 401(a) Defined Contribution Plan through adoption of the ACCG 401(a) Defined Contribution Program. The plan was established to provide benefits at retirement to Oconee County employees. The County matches 50% of employee contributions up to a maximum of 3%. The County's contributions for the fiscal year ended June 30, 2010 were \$164,661. Employee contributions totaled \$378,720. The County has delegated certain administrative responsibilities to ACCG, or its designee. Plan provisions are established and may be amended by the Board of Commissioners.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2010

Note 9: Retirement Benefits, continued

In addition, the following pension and retirement plans are in effect, but are not under the direct control of the County:

Extension Service Employees Retirement Plan

Employees of the Oconee County Agricultural Extension Service are covered under the Teachers Retirement System of Georgia. The General Fund contributes 9.24% of these employees' compensation to their pension fund.

Probate Judge's Retirement Fund of Georgia

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

Clerk of Superior Court Retirement Fund

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

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

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

Note 10: Other Postemployment Benefits (OPEB)

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires the recognition of certain postemployment obligations in the accrual basis financial statements (proprietary and governmental wide governmental activities) of state and local governments. The purpose of the statement is to require local governments to recognize the cost of promised postemployment benefits as those benefits are earned by employees. Consequently, the expense recorded in the accrual basis statements of the County reports the actuarially determined cost of benefits earned this year plus an amortization component of benefits earned in previous years. The actuarial valuation of the County's postemployment benefits amortizes the cost of the previously earned benefits over 30 years.

The County provides postretirement health care benefits under the Oconee County Health Care Plan to all former employees who have already retired or current employees who are retiring in 2010 from the County after providing at least 5 years of service. The plan is a single employer plan, and it does not issue a separately available financial report. The County contributes toward retiree health costs on the authority of a resolution by the Board of Commissioners. Any plan amendments would similarly be approved by a resolution of the Board of Commissioners. During the year ended June 30, 2010, the Board of Commissioners adopted a change to the plan which limited eligibility for the plan to former employees who had already retired from service with the County as well as those who retired during 2010. Prior to this change, the plan covered all currently retired former employees as well as provided for a future benefit for any employee who retired from service with the County with at least five years of service. The change in the plan resulted in a decrease in the Net OPEB Obligation as of June 30, 2009 of \$582,583 from \$615,255 to \$32,702. This increase in fund balance resulting from the change in the plan is reported as a special item on the Statement of Revenues, Expenses, and Changes in Fund Balance and in the Statement of Activities. The change in eligibility requirements reduced the Actuarially Accrued Liability from \$4.6 million to \$1.5 million.

The County contributes between \$155 - \$206 per month (depending on age of retiree) towards a retiree's health care or Medicare supplement premium; dependent cost is the responsibility of the retiree. Retirees eligible for the Medicare supplement must have attained the age of 65. The County allows retirees under age 65 to continue in the health plan the County maintains for its active employees. The County contributes an amount equal to the cost of a Medicare Supplement Premium towards the retiree's health benefit. During the fiscal year, expenditures of approximately \$25,000 were recognized for retiree health care and Medicare supplements. The County has the following participants in its plan:

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2010

Note 10: Other Postemployment Benefits (OPEB), continued

Retired participants	32
Active participants	<u>-</u>
Total participants	<u>32</u>

The County finances its postemployment benefits on a pay-as-you-go basis.

Retired participants	\$ 1,510,025
Active participants	<u>-</u>
Actuarial Accrued Liability (AAL)	1,510,025

The Actuarial Accrued Liability and the Unfunded Actuarial Accrued Liability for the County's OPEB are calculated as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2010	\$ -	\$ 1,510,025	\$ 1,510,025	0%	\$ 9,248,619	16%
1/1/2009	-	4,627,058	4,627,058	0%	9,248,619	50%

The County finances its postemployment benefits on a pay-as-you-go basis resulting in the County having no present value of plan assets. Consequently, all of the actuarial accrued liability is unfunded. Because this year is the second year of implementation of GASB no. 45 only two year's funding information is presented in the required supplementary information immediately following the footnotes. The County will continue compiling this information until a three year trend comparison can be presented. The following contains summary information about the County's funding progress for its OPEB obligation:

The County's expenditures on a pay-as-you-go basis were less than the Annual Required Contribution (ARC) as determined by the actuarial valuation. This results in the County reporting a Net OPEB Obligation. The ARC and the Net OPEB obligation are calculated as follows:

Normal cost (current service cost)	\$ -
Amortization of UAAL (share of past service cost)	<u>57,702</u>
Annual Required Contribution (ARC)	57,702
OPEB costs paid during year	<u>(25,000)</u>
Increase in Net OPEB Obligation	32,702
Decrease in Net OPEB Obligation, caused by change in eligibilty requirements (reported as a special item)	(582,553)
Net OPEB Obligation, beginning	<u>615,255</u>
Net OPEB Obligation, ending	<u><u>\$ 65,404</u></u>
Percentage of ARC contributed	43%

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2010

Note 10: Other Postemployment Benefits (OPEB), continued

Actuarial Assumptions and Methods

The actuary performed his valuation based on the benefits offered under the plan as explained by the County. The actuarial valuation of the plan involves estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The actuarial valuation projects the costs of the benefits provided based on the substantive plan currently in place and the relative cost sharing of the plan between the County and the retired employees. The actuarial calculations reflect a long-term perspective, consistent with that perspective the methods and assumption used include techniques designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The following table contains the significant methods used and assumptions made by the actuary for purposes of the actuarial valuation:

Valuation date	1/1/09
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return (includes 3% inflation)	4%
Medical cost trend rate	10.50% - 5.0%
Year of ultimate trend rate	2016

Note 11: Risk Management

The County is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Government has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's 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 pool's agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's 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.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2010

Note 12: Landfill Costs

The Oconee County landfill received no solid waste after October 8, 1993. It currently operates only as a transfer station and was officially declared closed by the EPD in 1996. Thus, the County is only responsible for minor monitoring of the closed facility and is not subject to GASB 18, "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs," which is based on the EPA rule that establishes thirty-year postclosure care requirements for landfills that accept solid waste after October 9, 1993.

Note 13: Contingencies and Commitments

Contingent Liabilities

The County participates in a number of federal and state assisted grant programs. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. The amount, if any, of disallowed expenditures discovered in future audits is expected to be immaterial.

Commitments

In February 1996, the County entered into an agreement to lease certain property to the Oconee County Industrial Development Authority, a Component Unit of the County. The Industrial Development Authority simultaneously leased the property to the United States Postal Service (USPS) and began construction of a post office on the property. The terms of the County's lease stipulate that the Industrial Development Authority must pay rent of one half of the net income produced by the property, after making all payments for debt incurred to construct improvements to the property and after making reasonable provisions for upcoming maintenance needs of the property. The lease terms under both leases are for fifteen years with two five-year renewal options. The monthly rental payment made by the USPS will be \$10,196 through August 2012.

Litigation

The County is a defendant in several lawsuits, which arose in the ordinary course of its activities. The County records liabilities resulting from such claims and litigation only when they become probable and measurable. No liability has been recorded for any of the lawsuits currently in process. However, the County attorney and the County's management believes that damages, if any, that are to be paid by the County in excess of insurance coverage will not be material to the financial statements.

Note 14: Joint Ventures

Northeast Georgia Regional Commission (RC)

Oconee County, Georgia, along with cities and counties in the 12 county Northeast Georgia area is a member of the Northeast Georgia Regional Commission (RC). Membership in an RC is automatic for each municipality and county in the state. The Official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RCs. Each county and municipality in the state is required by law to pay minimum annual dues to the RC. The Board is comprised of not less than two (2) or more than five (5) representatives of each member county served by the RC. The manner of selecting such representatives from each member county is as follows:

- * The chief elected official or the chair of the board of commissioners of each county served by the Center shall be a member (or a designated government official).
- * One elected or appointed municipal government official from each county served by the Center. The mayors of the municipalities in such county shall select the municipal representative of that county.
- * Not less than ten (10) or more than twenty (20) public members.
- * A minority representation, the percentage of which is at least equal to the minority population of the geographical region served by the Board, as established by the latest United States Census.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2010

Note 14: Joint Ventures, continued

The Georgia Planning Act of 1989 (*O.C.G.A. 50-8-34*) defines RCs as “public agencies and instrumentalities of their members”. Georgia laws also provide that the member governments are liable for any debts or obligations of an RC beyond its resources. (*O.C.G.A. 50-8-39.1*) Complete financial statements of the Northeast Georgia Regional Commission can be obtained directly from the RC’s administrative office at 305 Research Drive, Athens, Georgia 30605.

Note 15: Due from Upper Oconee Basin Water Authority

As part of the Intergovernmental Agreement between the County and the Upper Oconee Basin Water Authority (UOBWA), a reconciliation is to be performed at the Authority’s year-end (December 31) to determine the actual cost sharing by each member county and then a computational comparison is made of these actual costs to the provisional invoicing to each county during the year.

Changes in the Due from UOBWA for the year are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Due from UOBWA	\$ 22,398	\$ 84,771	\$ 50,655	\$ 56,514

Note 16: Hotel Motel Lodging Tax

Oconee County, Georgia has levied a 6% lodging tax. During the year ended June 30, 2010, the County received \$65,114 in hotel motel tax revenue of this amount, 60% must be spent in accordance with O.C.G.A 48-13-51(a) (4). During the current fiscal year, the Hotel Motel Tax fund had \$11,738 in expenditures. These expenditures were spent from the unrestricted portion of the tax (40%). At June 30, 2010, \$39,071 was the balance of reserved fund balance and restricted net assets. This amount represents the restricted portion of the tax (60%) and will be spent in accordance with O.C.G.A 48-13-51(a) (4).

Note 17: Prior Period Adjustment

In May 2009, the State of Georgia remitted two months of sales tax collections. At June 30, 2009, the County recorded two months as receivable at year end erroneously; therefore, a prior period adjustment had to be recorded to appropriately report the revenue in the appropriate year. This catch-up remittance lead to the State remitting payments to the County one month after the underlying transaction rather than two as the State had done for several years. The volatility in sales tax in sales tax remittances made it unclear that the additional remittance in May 2009 was a catch-up remittance. Additionally, the Department of Revenue did not publicize the catch-up remittance nor does the Department of Revenue advise the County which month contains the underlying transaction for each remittance. Accordingly, the County continued with its normal practice of accruing two month’s remittances. The County has since learned about the change in the Department of Revenue’s practices and has recorded a prior period adjustment for \$338,184 of LOST and an adjustment for \$382,345 of SPLOST that was erroneously accrued in 2009. The adjustment has no effect on the current period change in net assets, but would have decreased the 2009 change in net assets by \$720,529.

Note 18: Subsequent Events

The GASB issued GASB Statement no. 54 that will be effective for financial statements for periods beginning after June 15, 2010; therefore Oconee County will implement GASB 54 next fiscal year. The new pronouncement will improve financial reporting by providing fund balance categories and classifications that will be more easily understood and will reduce uncertainty about which resources can or should be reported in respective fund types. The implementation of the requirements of this statement will not affect the total of fund balance or net assets for the County. The statement’s requirements will only change the characterization of amounts in the fund balance and net asset section of the balance sheet and statement of net assets, respectively.

Required Supplementary Information

Oconee County, Georgia
Required Supplemental Information
Retirement Plan - Schedule of Funding Progress
June 30, 2010

RETIREMENT PLAN
Schedule of Funding Progress

Fiscal Year Ending	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Projected Unit Credit	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	(c) Covered Payroll	UAAL as a percentage of covered payroll (b - a) / c
12/31/2009	\$6,646,600	\$12,007,784	\$ 5,361,184	55.4%	\$ 8,136,636	65.9%
12/31/2008	5,858,023	8,381,636	2,523,613	69.9%	7,455,563	33.8%
12/31/2007	5,326,928	7,509,236	2,182,308	70.9%	6,603,361	33.0%
12/31/2006	4,361,585	6,309,382	1,947,797	69.1%	5,832,064	33.4%
12/31/2005	3,553,777	5,577,976	2,024,199	63.7%	5,201,363	38.9%

Oconee County, Georgia
Required Supplemental Information
Other Postemployment Benefits - Schedule of Funding Progress
June 30, 2010

OTHER POSTEMPLOYMENT BENEFITSSchedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Projected Unit Credit	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	(c) Covered Payroll	UAAL as a percentage of covered payroll (b - a) / c
1/1/2010	\$ -	\$ 1,510,025	\$ 1,510,025	0.0%	\$ 9,248,619	16.3%
1/1/2009	-	4,627,058	4,627,058	0.0%	9,248,619	50.0%

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Amount Contributed	Percentage Contributed
6/30/10	\$ 57,702	\$ 25,000	43.3%
6/30/09	640,255	25,000	3.9%

Note: The County implemented the measurement and disclosure requirements of GASB Statement no. 45 during the year ended June 30, 2009. This statement allows for a prospective application of the measurement and disclosure requirements. Accordingly, the County does not have the actuarial information for the past 3 years as required by GASB 45. As the County obtains the actuarial data in future periods, the 3 years of funding progress will be presented.

Oconee County, Georgia
Required Supplemental Information
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (by Department) and Actual - General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 17,827,400	\$ 17,827,400	\$ 17,378,184	\$ (449,216)
Licenses and permits	335,050	335,050	296,089	(38,961)
Intergovernmental revenue	35,000	35,000	35,374	374
Charges for services	2,046,145	2,046,145	2,310,329	264,184
Fines and forfeitures	739,500	739,500	485,261	(254,239)
Investment income	100,000	100,000	31,230	(68,770)
Miscellaneous	14,000	14,000	26,996	12,996
Total revenues	21,097,095	21,097,095	20,564,903	(532,192)
EXPENDITURES				
Department level:				
Commission	510,728	825,000	800,337	24,663
Administration	379,473	385,000	376,926	8,074
Human resources	274,677	279,677	270,672	9,005
Finance	621,187	621,187	573,251	47,936
Law enforcement	2,844,984	3,050,000	2,916,669	133,331
Jail	2,412,336	2,650,000	2,523,736	126,264
Tax commissioner	491,911	491,911	479,075	12,836
Probate court	387,570	387,570	381,456	6,114
Clerk of courts	595,428	645,000	625,650	19,350
Juvenile court	74,940	55,500	53,823	1,677
Superior court	395,071	382,000	371,660	10,340
District attorney	128,215	124,215	120,818	3,397
Magistrate court	72,229	77,000	74,904	2,096
Coroner	22,193	24,250	23,470	780
Tax assessor	520,373	535,000	522,574	12,426
Board of elections	158,230	158,230	152,540	5,690
Public works	2,331,223	2,331,223	2,061,904	269,319
Parks and recreation	2,293,406	2,293,406	2,175,663	117,743
Operations	1,577,009	1,611,009	1,564,032	46,977
Public safety	1,100,610	1,100,610	1,002,447	98,163
Planning	544,097	544,097	520,983	23,114
Code enforcement	542,542	542,542	511,441	31,101
Information technology	543,575	543,575	525,122	18,453
Joint governmental programs	893,907	907,500	905,708	1,792
Total expenditures	19,715,914	20,565,502	19,534,861	1,030,641
Excess of revenues over expenditures	1,381,181	531,593	1,030,042	498,449
OTHER FINANCING SOURCES				
Proceeds of capital asset dispositions	-	-	11,768	11,768
Transfers in	-	-	11,918	11,918
Transfers (out)	(2,015,840)	(2,126,177)	(1,957,632)	168,545
Total other financing sources	(2,015,840)	(2,126,177)	(1,933,946)	192,231
Net change in fund balances	\$ (634,659)	\$ (1,594,584)	(903,904)	\$ 690,680
Fund balance - beginning, as originally reported			10,915,795	
Prior period adjustment			(338,184)	
Fund balances - beginning, as restated			10,577,611	
Fund balances - ending			\$ 9,673,707	

Oconee County, Georgia
Reconciliation of Budget Expenditures by Department to
GAAP Basis Budget - General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
Current:				
General government:				
Commission	\$ 510,728	\$ 825,000	\$ 800,337	\$ 24,663
Administration	379,473	385,000	376,926	8,074
Human resources	274,677	279,677	270,672	9,005
Finance	621,187	621,187	573,251	47,936
Board of elections	158,230	158,230	152,540	5,690
Information technology	543,575	543,575	525,122	18,453
Tax commissioner	491,911	491,911	479,075	12,836
Tax assessor	520,373	535,000	522,574	12,426
Operations	1,164,115	1,178,115	1,143,174	34,941
Superior court - Board of equalization	7,190	7,500	5,594	1,906
Judicial:				
Superior court	387,881	374,500	366,066	8,434
Clerk of courts	595,428	645,000	625,650	19,350
District attorney	128,215	124,215	120,818	3,397
Magistrate court	72,229	77,000	74,904	2,096
Probate court	387,570	387,570	381,456	6,114
Juvenile court	74,940	55,500	53,823	1,677
Public safety:				
Law enforcement	2,844,984	3,050,000	2,916,669	133,331
Jail	2,141,936	2,376,100	2,249,887	126,213
Public safety	1,100,610	1,100,610	1,002,447	98,163
Coroner	22,193	24,250	23,470	780
Public works:				
Public works	2,331,223	2,331,223	2,061,904	269,319
County facilities	412,894	432,894	420,858	12,036
Health and welfare:				
Joint gov't programs-health and welfare	298,826	302,126	302,042	84
Culture and recreation:				
Parks and recreation	2,293,406	2,293,406	2,175,663	117,743
Joint gov't program-library	470,010	475,760	475,300	460
Housing and development:				
Joint gov't program-development	125,071	129,614	128,366	1,248
Code enforcement	542,542	542,542	511,441	31,101
Planning	544,097	544,097	520,983	23,114
Total current expenditures	<u>19,445,514</u>	<u>20,291,602</u>	<u>19,261,012</u>	<u>1,030,590</u>
Debt service:				
Principal payments:				
Jail	<u>217,100</u>	<u>220,600</u>	<u>224,034</u>	<u>(3,434)</u>
Total principal payments	<u>217,100</u>	<u>220,600</u>	<u>224,034</u>	<u>(3,434)</u>
Interest payments:				
Jail	<u>53,300</u>	<u>53,300</u>	<u>49,815</u>	<u>3,485</u>
Total debt service	<u>270,400</u>	<u>273,900</u>	<u>273,849</u>	<u>51</u>
Total expenditures by department	<u>\$ 19,715,914</u>	<u>\$ 20,565,502</u>	<u>\$ 19,534,861</u>	<u>\$ 1,030,641</u>

Supplementary Information

Governmental funds

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special Revenue Funds account for revenues from specific taxes or other earmarked revenue sources which, by law, are designated to finance particular functions or activities of government.

Council on Aging - The Council on Aging Fund accounts for the activity relating to the County's senior center.

Law Library - The Law Library Fund accounts for the funds used for the purpose of providing a law library for use by the County courts.

Special Revenue Fund - The Special Revenue Fund accounts for the receipt of donations to the County for various uses and projects, as well as other funding paid to the County with specified purposes set forth for the funding.

Confiscated Assets - The Confiscated Assets Fund accounts for the cash received either from a cash confiscation or cash received from a sale of capital assets acquired from a drug raid.

Victims Services - The Victims Services and Forfeited Property Fund accounts for the receipt of the additional court costs assessed for the purpose of assisting victims and to cover the related salary costs.

Special Lighting District - The Special Lighting Districts Fund accounts for the fiscal activity relating to the providing of street lighting services within the County.

E-911 Emergency Telephone System - The E-911 Fund accounts for the fiscal activity related to the imposition, collection and uses of the E-911 emergency telephone number system fees.

Multiple Grant Fund - The Multiple Grant Fund accounts for the fiscal activity related to various small grants awarded to the County.

Hotel/Motel Tax Fund - The Hotel/Motel Tax Fund accounts for the hotel/motel taxes collected as required by general law that are legally restricted for promotion of trade and tourism in the County.

CAPITAL PROJECTS FUNDS

Capital Projects Funds account for the financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds and trust funds.

E911 Grant Fund - This fund accounts for an ODP grant used to finance construction of E911 tower.

GO Bond Fund - This fund accounts for the proceeds from the General Obligation Bonds used to finance the construction of the new park.

Oconee County, Georgia
All Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2010

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash	\$ 468,552	\$ 45,505	\$ 514,057
Accounts receivable, net	106,181	-	106,181
Taxes receivable, net	14,133	-	14,133
Internal balances	92,971	1,295	94,266
Due from other governments	158,732	-	158,732
Prepaid items	5,326	-	5,326
Total assets	<u>\$ 845,895</u>	<u>\$ 46,800</u>	<u>\$ 892,695</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 126,324	\$ -	\$ 126,324
Retainage payable	-	46,800	46,800
Internal balances	118,810	-	118,810
Salaries and benefits payable	33,769	-	33,769
Deferred revenue	9,669	-	9,669
Total liabilities	<u>288,572</u>	<u>46,800</u>	<u>335,372</u>
Fund balances:			
Reserved for:			
Prepaid items	5,326	-	5,326
Capital projects	10,855	-	10,855
Housing and development	28,216	-	28,216
Unreserved, reported in nonmajor:			
Special revenue funds	512,926	-	512,926
Total fund balances	<u>557,323</u>	<u>-</u>	<u>557,323</u>
Total liabilities and fund balances	<u>\$ 845,895</u>	<u>\$ 46,800</u>	<u>\$ 892,695</u>

Oconee County, Georgia
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
June 30, 2010

	Council on Aging	Law Library	Confiscated Assets	Special Revenue Fund	Victims Services and Forfeited Property	E-911	Multiple Grant Fund	Special Lighting District	Hotel/Motel Tax	Total Nonmajor Special Revenue Funds
ASSETS										
Cash	\$ 207,810	\$ 65,291	\$ 21,642	\$ 166,586	\$ 7,223	\$ -	\$ -	\$ -	\$ -	\$ 468,552
Accounts receivable, net	17,175	-	-	-	-	81,065	-	-	7,941	106,181
Taxes receivable, net	-	-	-	-	-	-	-	14,133	-	14,133
Internal balances	-	-	-	10,750	4,987	-	17,000	12,247	47,987	92,971
Due from other governments	-	-	-	-	146,048	-	12,684	-	-	158,732
Prepaid items	-	-	-	-	744	4,416	-	-	166	5,326
Total assets	<u>\$ 224,985</u>	<u>\$ 65,291</u>	<u>\$ 21,642</u>	<u>\$ 177,336</u>	<u>\$ 159,002</u>	<u>\$ 85,481</u>	<u>\$ 29,684</u>	<u>\$ 26,380</u>	<u>\$ 56,094</u>	<u>\$ 845,895</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 6,699	\$ -	\$ -	\$ 3,314	\$ 74,371	\$ 23,424	\$ 1,574	\$ 16,711	231	\$ 126,324
Internal balances	21,450	-	-	18,150	36,329	31,771	11,110	-	-	118,810
Salaries and benefits payable	-	-	-	-	1,913	30,286	-	-	1,570	33,769
Deferred revenue	-	-	-	-	-	-	-	9,669	-	9,669
Total liabilities	<u>28,149</u>	<u>-</u>	<u>-</u>	<u>21,464</u>	<u>112,613</u>	<u>85,481</u>	<u>12,684</u>	<u>26,380</u>	<u>1,801</u>	<u>288,572</u>
Fund balances:										
Reserved for:										
Prepaid items	-	-	-	-	744	4,416	-	-	166	5,326
Capital projects	-	-	-	-	-	-	-	-	10,855	10,855
Housing and development	-	-	-	-	-	-	-	-	28,216	28,216
Unreserved, reported in nonmajor:										
Special revenue funds	196,836	65,291	21,642	155,872	45,645	(4,416)	17,000	-	15,056	512,926
Total fund balances	<u>196,836</u>	<u>65,291</u>	<u>21,642</u>	<u>155,872</u>	<u>46,389</u>	<u>-</u>	<u>17,000</u>	<u>-</u>	<u>54,293</u>	<u>557,323</u>
Total liabilities and fund balances	<u>\$ 224,985</u>	<u>\$ 65,291</u>	<u>\$ 21,642</u>	<u>\$ 177,336</u>	<u>\$ 159,002</u>	<u>\$ 85,481</u>	<u>\$ 29,684</u>	<u>\$ 26,380</u>	<u>\$ 56,094</u>	<u>\$ 845,895</u>

Oconee County, Georgia
Nonmajor Governmental Funds - Capital Projects Funds
Combining Balance Sheet
June 30, 2010

	GO Bonds Capital Projects Fund	Local Resources Capital Projects Fund	Total Nonmajor Capital Projects Funds
ASSETS			
Cash	\$ 45,505	\$ -	\$ 45,505
Internal balances	1,295	-	1,295
Total assets	<u>\$ 46,800</u>	<u>\$ -</u>	<u>\$ 46,800</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Retainage payable	46,800	-	46,800
Total liabilities	<u>46,800</u>	<u>-</u>	<u>46,800</u>
Fund balances:			
Reserved for:			
Capital projects	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 46,800</u>	<u>\$ -</u>	<u>\$ 46,800</u>

Oconee County, Georgia
All Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2010

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 65,114	\$ -	\$ 65,114
Intergovernmental revenue	779,663	-	779,663
Charges for services	863,861	-	863,861
Fines and forfeitures	104,978	-	104,978
Investment income	1,444	287	1,731
Contributions and donations	82,820	-	82,820
Miscellaneous	56,075	-	56,075
Total revenues	<u>1,953,955</u>	<u>287</u>	<u>1,954,242</u>
EXPENDITURES			
Current:			
General government	4,064	-	4,064
Judicial	363,496	-	363,496
Public safety	1,460,717	-	1,460,717
Public works	198,582	-	198,582
Health and welfare	514,633	-	514,633
Culture and recreation	48,982	-	48,982
Housing and development	50,252	-	50,252
Debt service:			
Principal payments	-	30,460	30,460
Interest and fiscal charges	-	8,613	8,613
Capital outlay			
General government	-	25,401	25,401
Public safety	-	167,239	167,239
Culture and recreation	-	68,842	68,842
Total expenditures	<u>2,640,726</u>	<u>300,555</u>	<u>2,941,281</u>
Deficiency of revenues under expenditures	<u>(686,771)</u>	<u>(300,268)</u>	<u>(987,039)</u>
OTHER FINANCING SOURCES AND (USES)			
Transfers in	785,671	232,008	1,017,679
Transfers (out)	(32,518)	-	(32,518)
Total other financing sources	<u>753,153</u>	<u>232,008</u>	<u>985,161</u>
Net change in fund balances	66,382	(68,260)	(1,878)
Fund balances - beginning	490,941	68,260	559,201
Fund balances - ending	<u>\$ 557,323</u>	<u>\$ -</u>	<u>\$ 557,323</u>

Oconee County, Georgia
Nonmajor Governmental Funds - Special Revenue Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2010

	Council on Aging	Law Library	Confiscated Assets	Special Revenue Fund	Victims Services and Forfeited Property	E-911	Multiple Grant Fund	Special Lighting District	Hotel/Motel Tax	Total Nonmajor Special Revenue Funds
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,114	\$ 65,114
Intergovernmental revenue	126,364	-	-	-	285,711	-	366,671	-	917	779,663
Charges for services	-	-	-	37,882	-	618,423	-	207,556	-	863,861
Fines and forfeitures	-	12,040	24,266	40,948	27,724	-	-	-	-	104,978
Investment income	401	155	25	845	18	-	-	-	-	1,444
Contributions and donations	-	-	-	82,820	-	-	-	-	-	82,820
Miscellaneous	47,088	-	-	8,987	-	-	-	-	-	56,075
Total revenues	<u>173,853</u>	<u>12,195</u>	<u>24,291</u>	<u>171,482</u>	<u>313,453</u>	<u>618,423</u>	<u>366,671</u>	<u>207,556</u>	<u>66,031</u>	<u>1,953,955</u>
EXPENDITURES										
Current:										
General government	-	-	-	4,064	-	-	-	-	-	4,064
Judicial	-	6,377	-	11,709	336,885	-	8,525	-	-	363,496
Public safety	-	-	37,992	31,886	-	1,077,626	313,213	-	-	1,460,717
Public works	-	-	-	44	-	-	-	198,538	-	198,582
Health and welfare	469,700	-	-	-	-	-	44,933	-	-	514,633
Culture and recreation	-	-	-	48,982	-	-	-	-	-	48,982
Housing and development	-	-	-	38,514	-	-	-	-	11,738	50,252
Total expenditures	<u>469,700</u>	<u>6,377</u>	<u>37,992</u>	<u>135,199</u>	<u>336,885</u>	<u>1,077,626</u>	<u>366,671</u>	<u>198,538</u>	<u>11,738</u>	<u>2,640,726</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(295,847)</u>	<u>5,818</u>	<u>(13,701)</u>	<u>36,283</u>	<u>(23,432)</u>	<u>(459,203)</u>	<u>-</u>	<u>9,018</u>	<u>54,293</u>	<u>(686,771)</u>
OTHER FINANCING SOURCES										
Transfers in	302,481	-	-	-	23,987	459,203	-	-	-	785,671
Transfers (out)	-	-	-	(23,500)	-	-	-	(9,018)	-	(32,518)
Total other financing source	<u>302,481</u>	<u>-</u>	<u>-</u>	<u>(23,500)</u>	<u>23,987</u>	<u>459,203</u>	<u>-</u>	<u>(9,018)</u>	<u>-</u>	<u>753,153</u>
Net change in fund balance	<u>6,634</u>	<u>5,818</u>	<u>(13,701)</u>	<u>12,783</u>	<u>555</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,293</u>	<u>66,382</u>
Fund balances - beginning	<u>190,202</u>	<u>59,473</u>	<u>35,343</u>	<u>143,089</u>	<u>45,834</u>	<u>-</u>	<u>17,000</u>	<u>-</u>	<u>-</u>	<u>490,941</u>
Fund balances - ending	<u>\$ 196,836</u>	<u>\$ 65,291</u>	<u>\$ 21,642</u>	<u>\$ 155,872</u>	<u>\$ 46,389</u>	<u>\$ -</u>	<u>\$ 17,000</u>	<u>\$ -</u>	<u>\$ 54,293</u>	<u>\$ 557,323</u>

Oconee County, Georgia
Nonmajor Governmental Funds - Capital Projects Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2010

	GO Bonds Capital Projects Fund	Local Resources Capital Projects Fund	Total Nonmajor Capital Projects Funds
REVENUES			
Investment income	\$ 287	\$ -	\$ 287
Total revenues	<u>287</u>	<u>-</u>	<u>287</u>
EXPENDITURES			
Debt service:			
Principal payments	-	30,460	30,460
Interest and fiscal charges	1,000	7,613	8,613
Capital outlay			
General government	-	25,401	25,401
Public safety	-	167,239	167,239
Culture and recreation	68,842	-	68,842
Total expenditures	<u>69,842</u>	<u>230,713</u>	<u>300,555</u>
Deficiency of revenues under expenditures	<u>(69,555)</u>	<u>(230,713)</u>	<u>(300,268)</u>
OTHER FINANCING SOURCES			
Transfers in	1,295	230,713	232,008
Total other financing sources	<u>1,295</u>	<u>230,713</u>	<u>232,008</u>
Net change in fund balances	(68,260)	-	(68,260)
Fund balances - beginning	<u>68,260</u>	<u>-</u>	<u>68,260</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Nonmajor Proprietary Funds

Enterprise Funds

Solid Waste Fund - The Solid Waste Fund accounts for the operation and maintenance of the County's landfill disposal sites and recycling.

Special Facilities Fund - The Special Facilities Fund accounts for the operation, maintenance and development of the County's Civic Center, William Daniell House and the Eagle Tavern Museum, as well as economic development and tourism.

Oconee County, Georgia
Nonmajor Proprietary Funds
Combining Schedule of Net Assets
June 30, 2010

	Solid Waste Fund	Special Facilities Fund	Total Nonmajor Proprietary Funds
ASSETS			
Current assets:			
Cash	\$ 913	\$ -	\$ 913
Accounts receivable, net	9,303	2,570	11,873
Internal balances	71,172	83,131	154,303
Prepaid items	4,857	2,815	7,672
Total current assets	<u>86,245</u>	<u>88,516</u>	<u>174,761</u>
Noncurrent assets:			
Capital assets			
Land	125,000	25,000	150,000
Land improvements, net	22,604	-	22,604
Equipment, furniture and vehicles, net	9,184	32,538	41,722
Building and improvements, net	38,833	1,849,100	1,887,933
Total capital assets	<u>195,621</u>	<u>1,906,638</u>	<u>2,102,259</u>
Total assets	<u>281,866</u>	<u>1,995,154</u>	<u>2,277,020</u>
LIABILITIES			
Current liabilities:			
Accounts payable	35,919	25,392	61,311
Salaries and benefits payable	19,354	18,262	37,616
Total current liabilities	<u>55,273</u>	<u>43,654</u>	<u>98,927</u>
Noncurrent liabilities:			
Compensated absences	8,830	32,110	40,940
Net pension obligation	1,833	2,750	4,583
Total noncurrent liabilities	<u>10,663</u>	<u>34,860</u>	<u>45,523</u>
Total liabilities	<u>65,936</u>	<u>78,514</u>	<u>144,450</u>
NET ASSETS			
Invested in capital assets, net of related debt	195,621	1,906,638	2,102,259
Unrestricted	20,309	10,002	30,311
Total net assets	<u>\$ 215,930</u>	<u>\$ 1,916,640</u>	<u>\$ 2,132,570</u>

Oconee County, Georgia
Combining Schedule of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2010

	Solid Waste Fund	Special Facilities Fund	Total Nonmajor Proprietary Funds
OPERATING REVENUES			
Licenses and permits	\$ 6,500	\$ -	\$ 6,500
Charges for services	193,786	62,950	256,736
Rents and royalties	-	96,464	96,464
Miscellaneous	-	9,079	9,079
Total operating revenues	<u>200,286</u>	<u>168,493</u>	<u>368,779</u>
OPERATING EXPENSES			
Salaries and benefits	248,107	409,059	657,166
Other contracted services	276,982	17,113	294,095
Supplies and materials	20,812	22,695	43,507
Repairs and maintenance	4,185	11,210	15,395
Utilities	9,188	63,977	73,165
Insurance	9,300	4,924	14,224
Depreciation and amortization	4,695	67,986	72,681
Other charges	9,775	194,746	204,521
Total operating expenses	<u>583,044</u>	<u>791,710</u>	<u>1,374,754</u>
Operating loss	<u>(382,758)</u>	<u>(623,217)</u>	<u>(1,005,975)</u>
Loss before contributions and transfers	(382,758)	(623,217)	(1,005,975)
Capital contributions	7,500	-	7,500
Transfers in (out)	<u>401,355</u>	<u>558,749</u>	<u>960,104</u>
Change in net assets	26,097	(64,468)	(38,371)
Total net assets - beginning	<u>189,833</u>	<u>1,981,108</u>	<u>2,170,941</u>
Total net assets - ending	<u><u>\$ 215,930</u></u>	<u><u>\$ 1,916,640</u></u>	<u><u>\$ 2,132,570</u></u>

Oconee County, Georgia
Combining Schedule of Cash Flows
Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2010

	Solid Waste Fund	Special Facilities Fund	Total Nonmajor Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 193,253	\$ 168,781	\$ 362,034
Payments to suppliers	(354,455)	(306,000)	(660,455)
Payments to employees	(237,721)	(392,013)	(629,734)
Net cash used by operating activities	<u>(398,923)</u>	<u>(529,232)</u>	<u>(928,155)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	401,355	558,749	960,104
Interfund loans - proceeds and collections	5,412	(35,027)	(29,615)
Net cash provided by noncapital financing activities	<u>406,767</u>	<u>523,722</u>	<u>930,489</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(15,309)	-	(15,309)
Receipt of contributed capital	7,500	-	7,500
Net cash used by capital and related financing activities	<u>(7,809)</u>	<u>-</u>	<u>(7,809)</u>
Net change in cash and cash equivalents	35	(5,510)	(5,475)
Cash - beginning of the year	878	5,510	6,388
Cash - end of the year	<u>\$ 913</u>	<u>\$ -</u>	<u>\$ 913</u>

Oconee County, Georgia
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2010

	<u>Solid Waste Fund</u>	<u>Special Facilities Fund</u>	<u>Total</u>
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$ (382,758)	\$ (623,217)	\$ (1,005,975)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation and amortization expense	4,695	67,986	72,681
Change in assets and liabilities:			
Receivables, net	(7,032)	288	(6,744)
Prepaid items	(3,560)	(2,052)	(5,612)
Net pension asset	4,826	6,484	11,310
Accounts payable	(20,653)	10,717	(9,936)
Accrued expenses	3,073	2,441	5,514
Net pension obligation	1,833	2,750	4,583
Compensated absences	653	5,371	6,024
Net cash used by operating activities	<u>\$ (398,923)</u>	<u>\$ (529,232)</u>	<u>\$ (928,155)</u>

Fiduciary Funds

Agency funds are custodial in nature (assets equal liabilities) and thus do not represent the measurement or results of operations.

Oconee County, Georgia
Fiduciary Funds
Combining Schedule of Fiduciary Net Assets
June 30, 2010

	<u>Tax Commissioner</u>	<u>Sheriff</u>	<u>Superior Court</u>	<u>Probate Court</u>	<u>Magistrate Court</u>	<u>Juvenile Court</u>	<u>Total Fiduciary Funds</u>
ASSETS							
Cash	\$ (2,798)	\$ 5,385	\$ 177,173	\$ 50,084	\$ 51,405	\$ 375	\$ 281,624
Due from others	2,798	-	-	-	-	-	2,798
Total Assets	<u><u>\$ -</u></u>	<u><u>\$ 5,385</u></u>	<u><u>\$ 177,173</u></u>	<u><u>\$ 50,084</u></u>	<u><u>\$ 51,405</u></u>	<u><u>\$ 375</u></u>	<u><u>\$ 284,422</u></u>
LIABILITIES							
Due to others	\$ -	\$ 5,385	\$ 177,173	\$ 50,084	\$ 51,405	\$ 375	\$ 284,422
Total Liabilities	<u><u>\$ -</u></u>	<u><u>\$ 5,385</u></u>	<u><u>\$ 177,173</u></u>	<u><u>\$ 50,084</u></u>	<u><u>\$ 51,405</u></u>	<u><u>\$ 375</u></u>	<u><u>\$ 284,422</u></u>

Required Bond Disclosures

**Oconee County, Georgia
Water and Sewer Fund
Required Bond Disclosures
System Customers
June 30, 2010**

Set forth below are the total number of customers for the last five years.

<u>Water Customers</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Residential	7,042	7,842	7,760	7,880	7,967
Commercial/Industrial	465	526	607	658	661
Total	<u>7,507</u>	<u>8,368</u>	<u>8,367</u>	<u>8,538</u>	<u>8,628</u>

<u>Sewer Customers</u>					
Residential	873	948	1,009	1,126	1,137
Commercial/Industrial	156	210	247	296	300
Total	<u>1,029</u>	<u>1,158</u>	<u>1,256</u>	<u>1,422</u>	<u>1,437</u>

**Oconee County, Georgia
Water and Sewer Fund
Required Bond Disclosures
Largest Customers
June 30, 2010**

TEN LARGEST WATER CUSTOMERS

<u>Customer</u>	<u>Business/Product</u>	<u>Total Water Billings FY 2010</u>	<u>Percentage of System Revenues ¹</u>
Walton County Water and Sewer Authority	Retail Water Supply	\$ 291,678	5.29%
Oconee County Board of Education	Education	87,140	1.58%
Piedmont Water	Private Water Supply	44,743	< 1.0
Georgia General Kipling	Mobile Home Park	37,692	< 1.0
Oconee County Board of Commissioners	Local Government	36,145	< 1.0
Athens Academy	Private Education	29,944	< 1.0
Family Life Enrichment Center	Nursing Home	27,957	< 1.0
American Linen	Linen Supply	25,511	< 1.0
Home Depot	Home Supply Store	14,029	< 1.0
Wal-Mart	Sales	12,330	< 1.0
Total		<u><u>\$ 607,169</u></u>	<u><u>11.00%</u></u>

TEN LARGEST SEWER CUSTOMERS

<u>Customer</u>	<u>Business/Product</u>	<u>Total Sewer Billings FY 2010</u>	<u>Percentage of System Revenues ¹</u>
American Linen	Linen Supply	\$ 66,028	1.20%
Oconee County Board of Education	Education	49,347	< 1.0
Georgia General Kipling	Mobile Home Park	26,789	< 1.0
Benson's	Bakery	16,854	< 1.0
Oconee County Board of Commissioners	Local Government	13,658	< 1.0
Wal-Mart	Sales	8,060	< 1.0
Athens Academy	Private Education	7,060	< 1.0
Ryan's	Restaurant	6,875	< 1.0
Kroger	Grocery	6,353	< 1.0
Home Depot	Home Supply Store	5,433	< 1.0
Total		<u><u>\$ 206,457</u></u>	<u><u>3.74%</u></u>

¹ Total operating revenues of the System for the fiscal year ended June 30, 2010 were \$5,517,437

**Oconee County, Georgia
Water and Sewer Fund
Required Bond Disclosures
Five Year Operating History
June 30, 2010**

Set forth below is an historical, comparative summary of the revenues and expenses of the System for the past five fiscal years.

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
OPERATING REVENUES					
Charges for services	\$ 4,704,476	\$ 5,506,643	\$ 4,588,523	\$ 4,339,574	\$ 5,367,287
Miscellaneous	129,725	152,824	151,129	138,511	150,150
Total operating revenues	<u>4,834,201</u>	<u>5,659,467</u>	<u>4,739,652</u>	<u>4,478,085</u>	<u>5,517,437</u>
OPERATING EXPENSES					
Salaries and benefits	1,093,317	1,268,931	1,322,679	1,281,079	1,122,116
Other contracted services	78,525	37,592	68,556	47,568	42,185
Water purchase and treatment costs	1,032,137	1,277,175	934,111	1,040,846	1,089,535
Supplies and materials	68,283	59,897	62,356	51,901	58,527
Repairs and maintenance	185,997	186,081	490,803	197,404	163,031
Utilities	197,745	218,110	244,189	251,384	290,920
Insurance	12,275	13,988	13,599	15,382	6,182
Depreciation	1,469,270	1,590,474	1,429,080	1,496,156	1,492,273
Other charges	86,043	138,262	140,097	76,072	62,838
Total operating expenses	<u>4,223,592</u>	<u>4,790,510</u>	<u>4,705,470</u>	<u>4,457,792</u>	<u>4,327,607</u>
Operating income (loss)	<u>610,609</u>	<u>868,957</u>	<u>34,182</u>	<u>20,293</u>	<u>1,189,830</u>
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	215,492	347,064	339,684	372,835	84,866
Water availability fees	420,025	331,375	463,775	148,504	60,892
Sewer capacity fees	250,464	299,216	132,869	296,119	-
Sewer connection fees	-	-	77,600	22,400	16,000
Loss on disposal of assets	1,000	-	(271,596)	-	-
Amortization expense - UOBWA	-	-	(167,378)	(167,378)	(167,378)
Miscellaneous income	26,882	26,882	-	-	-
Interest expense	(1,271,970)	(1,264,700)	(1,290,819)	(1,501,852)	(1,193,623)
Total nonoperating revenue (expenses)	<u>(358,107)</u>	<u>(260,163)</u>	<u>(715,865)</u>	<u>(829,372)</u>	<u>(1,199,243)</u>
Loss before contributions and transfers	252,502	608,794	(681,683)	(809,079)	(9,413)
Capital contributions	7,776,350	1,776,030	2,805,850	618,950	874,932
Transfers in	<u>767,958</u>	<u>806,208</u>	<u>2,287,761</u>	<u>225,589</u>	<u>979,050</u>
Change in net assets	<u>8,796,810</u>	<u>3,191,032</u>	<u>4,411,928</u>	<u>35,460</u>	<u>1,844,569</u>
Total net assets - beginning	28,615,805	40,383,762	43,574,794	49,344,082	49,379,542
Prior period adjustment	<u>2,971,147</u>	<u>-</u>	<u>1,357,360</u>	<u>-</u>	<u>-</u>
Total net assets - beginning, as restated	<u>31,586,952</u>	<u>40,383,762</u>	<u>44,932,154</u>	<u>49,344,082</u>	<u>49,379,542</u>
Total net assets - ending	<u>\$ 40,383,762</u>	<u>\$ 43,574,794</u>	<u>\$ 49,344,082</u>	<u>\$ 49,379,542</u>	<u>\$ 51,224,111</u>

**Oconee County, Georgia
Water and Sewer Fund
Required Bond Disclosures
Historical Debt Service Coverage Ratios
June 30, 2010**

Set forth below are the System's historical debt service coverage ratios for the past five fiscal years.

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Historical Net Revenues Available for Debt Service (1)	\$ 3,482,030	\$ 3,991,225	\$ 4,325,977	\$ 2,414,518	\$ 3,655,533
Historical Debt Service on Revenue Bonds	1,516,888	1,514,590	1,515,034	1,515,351	1,567,993
Historical Debt Service Coverage Ratio	2.30	2.64	2.86	1.59	2.33

1 Consists of: (i) Change in net assets, plus Depreciation, plus Amortization - UOBWA(amortization of the reasonable investment cost in the Upper Oconee Basin Water Authority), plus Interest expense; minus (ii) capital contributions.

Compliance

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Certified Public Accountants

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

To the Honorable Commissioners of
Oconee County, 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 Oconee County, Georgia as of and for the year ended June 30, 2010, which collectively comprise the Oconee County, Georgia's basic financial statements and have issued our report thereon dated December 31, 2010. We did not audit the financial statements of the Oconee County Health Department. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Oconee County Health Department, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did, however, identify certain deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. We consider the deficiencies 2009-1 and 2010-1 described in the accompanying schedule of findings and questioned costs, to be material weaknesses in internal control over financial reporting.

We also identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs, which we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies 2009-1, 2010-1 and 2010-2, described in the accompanying schedule of findings and questioned costs, to be significant deficiencies in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oconee 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 an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as item 2007-3.

We noted certain other matters that we have reported to management of Oconee County, Georgia in a separate letter dated December 31, 2010.

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

This report is intended solely for the information and use of the Board of Commissioners, management, and 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.

J. Readwell, Jamplin & Co.

Athens, Georgia
December 31, 2010

Treadwell, Tamplin & Co.

Certified Public Accountants

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Commissioners of
Oconee County, Georgia

Compliance

We have audited the compliance of Oconee County, Georgia, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. Oconee 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 Oconee County, Georgia's management. Our responsibility is to express an opinion on Oconee 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 Oconee 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 Oconee County, Georgia's compliance with those requirements.

In our opinion, Oconee County, Georgia, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of Oconee County, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Oconee County, Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our 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 Oconee 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.

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

This report is intended solely for the information and use of management, the Board of Commissioners, 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.

A handwritten signature in cursive script, appearing to read "J. Readwell, J. Anglin & Co.".

Athens, Georgia
December 31, 2010

Oconee County, Georgia
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2010

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor Number	Program or Award Amount	Receipt Recognized	Expenditures
US Dept. of Health and Human Services -					
<i>Northeast Georgia Regional Commission</i>					
Title III B	93.044		10,457	10,457	10,457
Title III-C1	93.045		44,205	44,205	44,205
Title III-C2	93.053		6,823	6,823	6,823
			<u>61,485</u>	<u>61,485</u>	<u>61,485</u>
US Dept. of Housing and Urban Development					
<i>Georgia Department of Community Affairs</i>					
Community Development Block Grant - Employment Incentive Program	14.228	08q-y-108-5180	<u>186,711</u>	<u>18,933</u>	<u>18,933</u>
US Dept. of Justice -					
<i>Council of Juvenile Court Judges of Georgia</i>					
Purchase of Services for Juvenile Offenders Program	16.523	04B-ST-001	8,525	8,525	8,525
<i>Criminal Justice Coordinating Council</i>					
Victims of Crime Act of 1984	16.575		298,406	72,428	72,428
VAWA	16.588		<u>524,058</u>	<u>148,283</u>	<u>148,283</u>
			<u>830,989</u>	<u>229,236</u>	<u>229,236</u>

Oconee County, Georgia
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2010

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor Number	Program or Award Amount	Receipt Recognized	Expenditures
US Department of Homeland Security					
Assistance to Firefighters Grant	97.044	EMW-2008-FO-02695	294,525	294,525	294,525
<i>Georgia Emergency Management Agency</i> Emergency Management Performance Grant	97.042	P09-09-110	18,688	18,688	18,688
			<u>313,213</u>	<u>313,213</u>	<u>313,213</u>
US Department of Transportation					
Coordinated Transportation	20.513		38,166	38,166	38,166
			<u>38,166</u>	<u>38,166</u>	<u>38,166</u>
Total Federal Assistance			\$ <u>1,430,564</u>	\$ <u>661,033</u>	\$ <u>661,033</u>

Oconee County, Georgia
Notes to Schedule of Expenditures of Federal Awards
June 30, 2010

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Oconee County, Georgia and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirement of OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Oconee County, Georgia
Schedule of Findings and Questioned Costs
June 30, 2010

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Internal control over financial reporting:

Unqualified on all opinion units

Material weakness (es) identified?

X yes no

Significant deficiency (ies) not considered to be material weakness(es)?

X yes none reported

Noncompliance material to financial statements noted?

yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

yes X no

Significant deficiency (ies) not considered to be material weakness(es)?

yes X 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 Circular A-133, Section .510(a)

yes X no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

14.228

Community Development Block Grant

97.042

Emergency Management Performance Grant

97.044

Assistance to Firefighters Grant

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 300,000

Auditee qualified as a low risk auditee?

yes X no

Oconee County, Georgia
Schedule of Findings and Questioned Costs
June 30, 2010

Section II – Findings and Questioned Costs – Financial Statement Findings and Responses

2007-3 Fine remittance

Criteria:	On July 1, 2004, a new state law went into effect that requires entities that collect fines to remit all monies collected during a given month during the following month in accordance with a specific ordering schedule included in the law.
Condition:	We noted that the Superior Court had \$18,038 in its banking accounts that represented partial payments of fines that had not yet been paid in full.
Effect:	Because the Superior Court did not remit the fines timely, the different entities that were to receive money from the payment of the fine did not receive a payment. Additionally, the presence of additional funds in the Court increases the risk of a significant theft.
Cause:	The Superior Court Clerk has not remitted the fines as required because of the time intensive nature of the work that would be required to remit the fines properly.
Recommendation:	We recommend that the Superior Court Clerk institute policies that allow the Superior Court to comply with state law.
Views of Officials:	Management concurs with audit finding. The Finance Director will coordinate with the Clerk of Courts to affect the administrative detail to separate partial payment of monies (fines) to the various entities and request the Clerk of Courts to make distribution in accordance with in the ordering schedule included in State law.

2009-1 Bank Reconciliations

Criteria:	Accounting tasks such as monthly and annual reconciliations play a key role in providing the accuracy of accounting data and information included in the financial statements.
Condition:	The Sheriff's Office does not prepare bank regular and timely reconciliations for the bank accounts controlled by the Sheriff's Office.
Effect:	Because the bank reconciliations are not being prepared, the accounts are not being monitored properly. This could lead to a material misstatement, through error or fraud, if not corrected.
Recommendation:	All accounts at the Sheriff's Office should be reconciled monthly. Additionally, the bank reconciliations should be reviewed by a responsible official.
View of Officials:	Management concurs with audit finding. The Finance Director will collaborate with the Sheriff to ensure that Generally Accepted Accounting Procedures are followed more closely. These procedures are to include, monthly reconciliation of bank statements and that they are performed in a timely manner.

Oconee County, Georgia
Schedule of Findings and Questioned Costs
June 30, 2010

2010-1 LOST and SPLOST Revenue Cutoff

Criteria:	In May 2009, the state of Georgia remitted two months of sales tax collections. At June 30, 2009 the County erroneously recorded two months of collections at year end. This error was not discovered until after the 2009 financial statements were issued.
Condition:	Revenue and receivable for sales tax revenue should be recognized in the same period as the underlying transaction takes place.
Effect:	In 2009, tax revenue was overstated in the General fund by \$338,184 and the SPLOST fund by \$382,345. Therefore, a prior period adjustment was recorded. The adjustment has no effect on the current period change in net assets.
Cause:	The Department of Revenue changed their practices and did not publicize the catch-up remittance. The volatility in sales tax remittances made it unclear that the additional remittance was a catch-up remittance.
Recommendation:	We recommend that the County carefully review the year end accruals for receivables. We also recommend that the County continue to coordinate with agencies that collect taxes on its behalf to ensure that the County is aware of the period in which the underlying transaction that resulted in the tax took place.
Views of Officials:	The County agrees with the finding and will implement the auditor's suggestion.

2010-2 Capitalization of Capital Asset Costs

Criteria:	The cost to bring capital assets into service in proprietary funds should be recorded as an increase to the assets reported on the balance sheet.
Condition:	Our audit procedures identified a software purchase in the Water Fund for \$31,306 that was expensed but should have been capitalized. We also noted a purchase of a piece of equipment in the Solid Waste Fund for \$15,309 that was listed as an asset addition in the County's capital assets listing, but was expensed in the County's accounting records.
Effect:	The effect of the errors that we identified was that total capital assets were understated by around \$30,000 in the Water Fund and \$15,000 in the Solid Waste Fund. Even though, these amounts were not material to the financial statements, management wanted to record the adjustment to the County's financial statements.
Cause:	The error in the Water Fund was the result of any oversight by management when it applied its procedures to ensure that the Water Fund capital assets listing included all current period additions. The error in the Solid Waste Fund was the result of management not completing the final step in reconciling its capital asset additions by reclassifying additions in the Solid Waste Fund to the balance sheet.
Recommendation:	We recommend that management continue its procedures to ensure the completeness of its capital asset listings. We also recommend that management closely monitor its repair and maintenance and equipment expense accounts to ensure that all capital assets are recorded as an increase to capital assets on the balance sheet.
Views of Officials:	The County agrees with the finding and will implement the auditor's suggestion.

Oconee County, Georgia
Schedule of Findings and Questioned Costs
June 30, 2010

Section III – Findings and Questioned Costs – Federal Awards Findings and Responses

None reported.

Oconee County, Georgia
Summary Schedule of Prior Audit Findings
June 30, 2010

There were no reported prior year findings relative to federal awards.



Oconee County Finance Department

Jeff Benko, CPA
Director

Board of Commissioners

Melvin Davis, Chairman
Jim Luke, Post 1
John Daniell, Post 2
Margaret Hale, Post 3
Chuck Horton, Post 4

30 December 2010

To: Edward Blaha, Director
Georgia Department of Audits and Accounts
270 Washington Street, S.W., Room 1-156
Atlanta, Georgia 30334-8400

Subj: **Corrective Action Plan**
Oconee County, Georgia
Audit Period Ending June 30, 2010

1. In response to the Schedule of Audit Findings for period ending June 30, 2010, if you have any questions pertaining to this Corrective Action Plan, please contact Jeff Benko, CPA, Finance Director, via email at jbenko@oconee.ga.us or by phone at 706-769-2944.
2. The following Summary of Corrective Action is submitted for your consideration:

2007-3 Fine Remittance

View of Officials: Management concurs with audit finding. The Finance Director will continue to provide expertise to the Clerk of Courts to affect the administrative detail to separate partial payment of monies (fines) to the various entities and request the Clerk of Courts to make distribution in accordance with in the ordering schedule included in State law.

2009-2 Bank Reconciliations

View of Officials: Management concurs with audit finding. The Finance Director provided expertise to the Sheriff to ensure Generally Accepted Accounting Procedures to include, monthly reconciliation of bank statements, performed in a timely manner, were thoroughly illustrated.

2010-1 LOST and SPLOST Revenue Cutoff

View of Officials: Management concurs with audit finding and will implement the auditor's suggestion. Additionally, within the implementation of the Department of Revenue's software, one month is reported with each distribution. Thus an adjustment is not anticipated going forward.

2010-2 Capitalization of Capital Asset Costs

View of Officials: Management concurs with audit finding and will implement the auditor's suggestion. Additionally, management will perform a review of all capital assets at all fund levels.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeff Benko', written over a horizontal line.

Jeff Benko, CPA
Finance Director

JB/dn

Oconee County, Georgia
Schedule of Special Purpose Local Option Sales Tax
For the Fiscal Year Ended June 30, 2010

	Original Estimated Cost	Revised Estimated Cost	Prior Years	Expenditures Current Year	Total	Estimated Percentages of Completion
2004 Referendum**						
Water & Sewer improvements	\$ 6,000,000	\$ 6,637,752	\$ 3,576,070	\$ 979,050	\$ 4,555,120	69%
Recreation & cultural facilities	5,000,000	5,031,350	4,614,656	387,928 *	5,002,584	99%
Roads	6,000,000	6,000,000	5,022,121	938,163	5,960,284	99%
Jail expansion	1,300,000	1,319,670	1,300,000	19,670	1,319,670	100%
Emergency operations center	600,000	681,721	600,000	81,721	681,721	100%
Fire station project	1,500,000	1,500,000	406,777	887,550	1,294,327	86%
County facilities expansion and renovation	4,600,000	4,600,000	318,056	92,056	410,112	9%
Totals	\$ 25,000,000	\$ 25,770,493	\$ 15,837,680	\$ 3,386,138	\$ 19,223,818	
2009 Referendum**						
Recreation facilities	\$ 4,847,985	\$ 4,847,985	\$ -	\$ 511,753	\$ 511,753	11%
County Jail and Emergency Operation Center-911 Building	6,059,981	6,059,981	-	811,048	811,048	13%
Water & Sewer facilities	6,884,176	6,884,176	-	-	-	0%
Roads, Streets & Bridges	8,080,020	8,080,020	-	168,369	168,369	2%
Recreational, Historic and Scenic Facilities	1,110,999	1,110,999	-	-	-	0%
Fire Station Facilities and Equipment	3,939,014	3,939,014	-	-	-	0%
Communication Facilities	3,232,001	3,232,001	-	700	700	0%
Farmland Protection	504,984	504,984	-	-	-	0%
Payment to Cities						
City of Watkinsville	3,227,960	3,227,960	-	284,202	284,202	9%
Town of Bogart	1,616,000	1,616,000	-	142,279	142,279	9%
Town of North High Shoals	674,680	674,680	-	59,401	59,401	9%
Town of Bishop	222,200	222,200	-	19,563	19,563	9%
Totals	\$ 40,400,000	\$ 40,400,000	\$ -	\$ 1,997,315	\$ 1,997,315	

* Other funding sources of \$450 were used to offset the cost of this project.

**The Original Estimated Cost of each project may change as actual costs are incurred.

Oconee County, Georgia
Schedule of State Contractual Assistance
For the Fiscal Year Ended June 30, 2010

<u>State Program Name</u>	<u>Contract Number</u>	<u>Actual Revenue Received</u>	<u>Current Expenditures</u>	<u>Amount Due To/From State</u>
Family Connection	427-93-10100365-99	\$ 32,250	\$ 44,933	\$ 12,683