

Oconee County, Georgia
Financial Statements
For the Fiscal Year Ended
June 30, 2011

Oconee County, Georgia
Financial Statements
For the Fiscal Year Ended June 30, 2011
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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, 2011, 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 80%, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2011, 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 30, 2011 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 VIII and pages 37-40 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, the bond disclosures, the Schedule of Special Purpose Local Option Sales Tax, the Schedule of State Contractual Assistance, and the Certification of 9-1-1 Expenditures, 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 supplementary information, the bond disclosures, the schedule of expenditures of federal awards, the Schedule of Special Purpose Local Option Sales Tax, the Schedule of State Contractual Assistance, and the Certification of 9-1-1 Expenditures 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.

Inadwell, Jamplin & Co.

Athens, Georgia
December 30, 2011

MANAGEMENT DISCUSSION AND ANALYSIS

**OCONEE COUNTY, GEORGIA
YEAR ENDED JUNE 30, 2011**

OCONEE COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011

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 to 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, 2011. 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 \$3,976,082,278,098. (Exb. 2) This decrease is a combination of factors which primarily resulted from the fact that depreciation of capital assets exceeded capital outlay. Oconee County continues to practice conservative fiscal policies during challenging financial times.

Business-Type Activities

The County entered into a Georgia Environmental Finance Authority (GEFA) loan for sewer infrastructure improvements with a debt forgiveness of approximately \$270,000. Increases in net assets for business-type activities amounted to a total of \$1,797,235 as a result of operating revenues, capital contributions and transfers in from SPLOST. (Exb.6) SPLOST Capital Projects Fund transferred \$590,283 (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 a decrease of \$3,390. (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. Additionally, refinancing of 2003 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, unassigned 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, 2011, Oconee County governmental funds reported combined fund balances of \$18,846,382; (Exb.4) a decrease of \$3,278,098 (Exb.4.1) over prior year balances, primarily utilizing SPLOST funds.

General Fund is the chief operating fund of the county. At June 30, 2011, total fund balance in the general fund was \$9,813,469. (Exb.4) There was a slight increase of \$139,762 (Exb.4) in the general fund balance. The Board of Commissioners took measures to seek additional revenue sources which are outlined in the financial highlights of page XIII, resulting in not using Fund Balance in FY11.

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-progress 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.

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, the operation of a hotel and the excise tax revenue collections were initiated. The revenue for this period totaled \$97,846. (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, 2011, total net assets amounted to \$55,153,916 (Exb.6), a net increase of \$1,797,235. 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, investment earnings revenue declined due to lower rates from the Federal Reserve Board.

Financial Highlights

The economy started turning in Oconee County faster than other neighboring counties in the region. Primary factors were low unemployment and new revenue sources through small business activity. Sales Tax revenue and economic activity has increased over the period than projected. Fee increases also helped boost program revenues and charges for services. Inmate housing contracts and recycling revenue were unplanned revenue sources. Additionally, the sale of no longer required assets provided additional revenue through a Board of Commissioners approved surplus sale. Lower interest rates enabled the G. O. bond refinancing to become a prudent financial decision. All of these factors enabled Oconee County to maintain the budget at current levels and even lower it in some cases. The millage was maintained while the property digest decreased over 7% and personnel numbers were lowered. The largest project of the fiscal year was an installment sale agreement for a 800 MHz regional radio communication system. The Transportation Improvement & Maintenance Program & Water and Sewer Improvement plans are funded through SPLOST funds and remain within budget for infrastructure improvements. SPLOST now funds debt repayment for the Jail Complex and Veteran's Park G.O bond repayment, as approved by a 2009 referendum. Oconee County maintained its excellent bond rating status during the refinancing of the G. O. bonds. The Aa2 rating remains the gold standard for Oconee. Oconee County's total assets exceeded total liabilities at June 30, 2011, by \$148,359,246 (Exb.1 (net assets)). Of this amount, \$17,535,495 (Exb.1 (unrestricted net assets)) may be used to meet the county's ongoing obligations to citizens and creditors.

As a whole, the financial position of the Oconee County government improved as compared to recent years. At June 30, 2011, Oconee County's Governmental Fund Statement Report combined ending fund balances of \$18,846,382 (Exb.4) decreased \$3,278,098 (Of this amount, \$8,438,199 (Exb.3) is restricted for Capital projects which commits: General Fund \$4,000,000 and SPLOST (2004 \$6,148,767 2009 \$2,262,266) (Exb.3)

The General Fund reported an adequate unassigned fund balance of \$5,041,418. (Exb.3) During Fiscal Year 2011, 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 2011. (Note 10) Additionally, the County implemented GASB 54 Fund Balance reporting and governmental fund type definitions. (Exb.3)

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, 2010 and the fiscal year ended June 30, 2011. The comparative data highlights Government-wide net assets (Table 1) and changes in net assets (Table 2). Fiscal year ended 2011 shows a decrease in net assets of \$2.18 million over the previous fiscal year.

Budget Variations

The original General Fund budget for the fiscal year end June 30, 2011, reflected anticipated revenues of \$19,645,720 and expenditures of \$19,107,467. The final budget for the fiscal year showed revenues of \$21,131,720 and expenditures of \$19,766,049, while the actual results for fiscal year ending June 30, 2011, indicated revenues of \$21,124,521 and expenditures of \$19,171,038. The local economy improved in Oconee County. Primary factors were low unemployment and new revenue sources through small business activity. Sales Tax revenue increased over the period and economic activity has increased. Fee increases also helped boost program revenues and charges for services. Inmate housing and recycling contracts were unplanned revenue sources and approved by the Board of Commissioners after budget adoption. Additionally, the sale of no longer required assets provided added revenue through a surplus sale. (Sked.3)

For an overview of Oconee County's Capital Assets, the reader is referred to Notes to the Financial Statements, Note 4. For Long-term debt Obligations, 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.

Oconee County, Georgia
For the Year Ended June 30, 2011

Table 1
Net Assets
(in Millions)

| | Governmental Activities | | Business-Type Activities | | Total | |
|-----------------------------|------------------------------------|---------------|-------------------------------------|---------------|---------------|---------------|
| | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 |
| Assets | | | | | | |
| Current & Other Assets | 24.21 | 20.65 | 29.75 | 29.09 | 53.96 | 49.74 |
| Capital Assets, Net | 93.90 | 91.06 | 69.07 | 71.65 | 162.97 | 162.71 |
| Total Assets | 118.11 | 111.71 | 98.82 | 100.74 | 216.93 | 212.45 |
| Liabilities | | | | | | |
| Current & Other Liabilities | 1.94 | 1.60 | 1.35 | 1.55 | 3.29 | 3.15 |
| Long-Term Liabilities | | | | | | |
| Due Within One Year | 2.10 | 1.23 | 0.56 | 1.25 | 2.66 | 2.48 |
| Due in More Than One Year | 16.89 | 15.67 | 43.55 | 42.78 | 60.44 | 58.45 |
| Total Liabilities | 20.93 | 18.50 | 45.46 | 45.58 | 66.39 | 64.08 |
| Net Assets | | | | | | |
| Invested in Capital | | | | | | |
| Assets Net of Debt | 78.74 | 74.77 | 43.69 | 44.77 | 122.43 | 119.54 |
| Restricted | | | | | | |
| Capital Projects | 11.89 | 8.44 | 0.00 | 0.00 | 11.89 | 8.44 |
| Judicial | 0.11 | 0.10 | 0.00 | 0.00 | 0.11 | 0.10 |
| Public Safety | 0.09 | 0.15 | 0.00 | 0.00 | 0.09 | 0.15 |
| Debt Service | 0.00 | 0.00 | 2.28 | 2.38 | 2.28 | 2.38 |
| Other Purposes | 0.03 | 0.21 | 0.00 | 0.00 | 0.03 | 0.21 |
| Unrestricted | 6.32 | 9.54 | 7.39 | 8.00 | 13.71 | 17.54 |
| Total Net Assets | 97.18 | 93.21 | 53.36 | 55.15 | 150.54 | 148.36 |

Oconee County, Georgia
For the Year Ended June 30, 2011

Table 2
Changes in Net Assets
(in Millions)

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|---|------------------------------------|---------------|-------------------------------------|--------------|---------------|---------------|
| | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 |
| Revenue | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | 3.87 | 4.44 | 5.96 | 6.91 | 9.83 | 11.35 |
| Operating Grants & Contributions | 0.93 | 0.62 | 0.02 | 0.01 | 0.95 | 0.63 |
| Capital Grants & Contributions | 0.00 | 0.39 | 0.87 | 0.34 | 0.87 | 0.73 |
| General Revenues: | | | | | | |
| Property Taxes | 11.12 | 10.83 | | | 11.12 | 10.83 |
| Sales Taxes | 9.47 | 10.12 | | | 9.47 | 10.12 |
| Intangible Taxes | 0.31 | 0.29 | | | 0.31 | 0.29 |
| Business Taxes | 1.16 | 1.15 | | | 1.16 | 1.15 |
| 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 | 0.00 | 0.00 | | | 0.00 | 0.00 |
| Investment Earnings | 0.19 | 0.02 | 0.08 | 0.05 | 0.27 | 0.07 |
| Miscellaneous | 0.58 | 0.02 | 0.00 | 0.01 | 0.58 | 0.03 |
| Gain on Disposal of Capital Asset | 0.00 | 0.13 | 0.00 | 0.00 | 0.00 | 0.13 |
| Total Revenues | 28.03 | 28.41 | 6.93 | 7.32 | 34.96 | 35.73 |
| Program Expenses | | | | | | |
| General Government | 5.90 | 6.00 | | | 5.90 | 6.00 |
| Judicial | 2.04 | 1.98 | | | 2.04 | 1.98 |
| Public Safety | 8.14 | 8.38 | | | 8.14 | 8.38 |
| Public Works | 8.29 | 8.71 | | | 8.29 | 8.71 |
| Health & Welfare | 0.78 | 0.71 | | | 0.78 | 0.71 |
| Culture & Recreation | 3.39 | 3.34 | | | 3.39 | 3.34 |
| Housing & Development | 1.25 | 1.20 | | | 1.25 | 1.20 |
| Interest & Fiscal Charges | 0.73 | 0.79 | | | 0.73 | 0.79 |
| Water & Sewer | | | 5.69 | 5.65 | 5.69 | 5.65 |
| Solid Waste | | | 0.58 | 0.51 | 0.58 | 0.51 |
| Special Facilities | | | 0.79 | 0.64 | 0.79 | 0.64 |
| Total Expenses | 30.52 | 31.11 | 7.06 | 6.80 | 37.58 | 37.91 |
| Excess (Deficiency) Before Transfers & Contributions | (2.49) | (2.70) | (0.13) | 0.52 | (2.62) | (2.18) |
| Total Transfers | (1.94) | (1.27) | 1.94 | 1.27 | 0.00 | 0.00 |
| Increase in Net Assets | (4.43) | (3.97) | 1.81 | 1.79 | (2.62) | (2.18) |
| Beginning Net Assets | 101.61 | 97.18 | 51.55 | 53.36 | 153.16 | 150.54 |
| Ending Net Assets | 97.18 | 93.21 | 53.36 | 55.15 | 150.54 | 148.36 |

Basic Financial Statements

Oconee County, Georgia
Statement of Net Assets
June 30, 2011

| | Governmental Activities | Business-Type Activities | Total | Industrial Development Authority | Health Department |
|--|------------------------------------|-------------------------------------|-----------------------|---|------------------------------|
| ASSETS | | | | | |
| Cash | \$ 4,891,602 | \$ 1,005,822 | \$ 5,897,424 | \$ 211,697 | \$ 428,017 |
| Investments, plus accrued interest | 13,302,466 | 4,339,438 | 17,641,904 | 59,472 | - |
| Accounts receivable, net | 219,400 | 792,161 | 1,011,561 | - | 73,252 |
| Taxes receivable, net | 271,307 | - | 271,307 | - | - |
| Internal balances | (100,333) | 100,333 | - | - | - |
| Due from other governments | 1,248,180 | 72,057 | 1,320,237 | - | - |
| Prepaid expenses | 167,446 | 12,294 | 179,740 | - | - |
| Restricted cash | 365,879 | 1,033,987 | 1,399,866 | - | - |
| Restricted investments | - | 9,604,939 | 9,604,939 | - | - |
| Sewer capacity fees receivable | - | 17,566 | 17,566 | - | - |
| Net pension asset | 34,175 | 3,987 | 38,162 | - | - |
| Investment - UOBWA, net | - | 11,339,640 | 11,339,640 | - | - |
| Bond and note issuance costs, net | 246,049 | 768,719 | 1,014,768 | - | - |
| Capital assets | | | | | |
| Land | 10,444,867 | 3,578,166 | 14,023,033 | 1,172,686 | - |
| Construction in progress | 4,954,980 | 14,187,324 | 19,142,304 | 4,162 | - |
| Intangibles | - | 58,296 | 58,296 | - | - |
| Land improvements, net | - | 20,361 | 20,361 | - | - |
| Equipment, furniture and vehicles, net | 3,449,295 | 114,240 | 3,563,535 | - | 1,141 |
| Treatment and distribution system, net | - | 51,642,910 | 51,642,910 | - | - |
| Building and improvements, net | 29,700,113 | 2,046,203 | 31,746,316 | 475,795 | - |
| Infrastructure, net | 42,511,963 | - | 42,511,963 | - | - |
| Total capital assets | 91,061,218 | 71,647,500 | 162,708,718 | 1,652,643 | 1,141 |
| Total assets | 111,707,389 | 100,738,443 | 212,445,832 | 1,923,812 | 502,410 |
| LIABILITIES | | | | | |
| Accounts payable | 658,873 | 356,515 | 1,015,388 | - | 4,019 |
| Accounts payable from restricted assets | 44,940 | 34,388 | 79,328 | - | - |
| Retainage payable | 126,762 | 90,359 | 217,121 | - | - |
| Salaries and benefits payable | 482,512 | 84,890 | 567,402 | - | - |
| Customer deposits | - | 412,028 | 412,028 | - | - |
| Accrued interest | 247,393 | 579,752 | 827,145 | 497 | - |
| OPEB obligation | 45,240 | - | 45,240 | - | - |
| Long-term liabilities: | | | | | |
| Portion due or payable within one year: | | | | | |
| Bonds, notes, leases, and contracts payable | 1,229,019 | 1,251,674 | 2,480,693 | 127,578 | - |
| Compensated absences | - | - | - | - | 11,501 |
| Portion due or payable after one year: | | | | | |
| Bonds, notes, leases, and contracts payable, net | 15,021,021 | 42,687,131 | 57,708,152 | - | - |
| Compensated absences | 646,299 | 87,790 | 734,089 | - | 25,560 |
| Total liabilities | 18,502,059 | 45,584,527 | 64,086,586 | 128,075 | 41,080 |
| NET ASSETS | | | | | |
| Invested in capital assets, net of related debt | 74,770,256 | 44,772,570 | 119,542,826 | 1,525,065 | 1,141 |
| Restricted for: | | | | | |
| Capital projects | 8,438,199 | - | 8,438,199 | - | - |
| Judicial | 102,250 | - | 102,250 | - | - |
| Public safety | 145,603 | - | 145,603 | - | - |
| Debt service | - | 2,381,921 | 2,381,921 | - | - |
| Other purposes | 212,952 | - | 212,952 | - | - |
| Unrestricted | 9,536,070 | 7,999,425 | 17,535,495 | 270,672 | 460,189 |
| Total net assets | \$ 93,205,330 | \$ 55,153,916 | \$ 148,359,246 | \$ 1,795,737 | \$ 461,330 |

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

Oconee County, Georgia
Statement of Activities
For the Fiscal Year Ended June 30, 2011

| Activities: | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | | Industrial Development Authority | Health Department | |
|---|----------------------|--------------------------------------|------------------------------------|---|-------------------------|--------------------------|----------------------------------|-----------------------|-------|
| | Expenses | Fees, Fines and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | | | Total |
| | | | | | | | | | |
| Governmental: | | | | | | | | | |
| General government | \$ 6,001,916 | \$ 854,153 | \$ 14,400 | \$ - | \$ (5,133,363) | \$ - | \$ - | \$ - | |
| Judicial | 1,975,257 | 876,392 | 326,516 | - | (772,349) | - | - | (772,349) | |
| Public safety | 8,383,862 | 1,432,484 | 63,305 | 100,000 | (6,788,073) | - | - | (6,788,073) | |
| Public works | 8,707,599 | 22,583 | 320 | 294,527 | (8,390,169) | - | - | (8,390,169) | |
| Health and welfare | 708,773 | - | 210,626 | - | (498,147) | - | - | (498,147) | |
| Culture and recreation | 3,340,530 | 884,159 | 6,267 | - | (2,450,104) | - | - | (2,450,104) | |
| Housing and development | 1,201,630 | 365,650 | 1,699 | - | (834,281) | - | - | (834,281) | |
| Interest and fiscal charges | 794,941 | - | - | - | (794,941) | - | - | (794,941) | |
| Total governmental activities | 31,114,508 | 4,435,421 | 623,133 | 394,527 | (25,661,427) | | | (25,661,427) | |
| Business-type: | | | | | | | | | |
| Water and sewer | 5,656,037 | 6,498,280 | - | 339,823 | - | 1,182,066 | 59,229 | 1,182,066 | |
| Solid waste | 506,716 | 238,611 | 250 | - | - | (267,855) | - | (267,855) | |
| Special facilities | 637,717 | 172,490 | 11,701 | - | - | (453,526) | - | (453,526) | |
| Total business-type activities | 6,800,470 | 6,909,381 | 11,951 | 339,823 | (25,661,427) | 460,685 | | 460,685 | |
| Component units: | | | | | | | | | |
| Oconee Co Industrial Dev. Auth | 73,125 | 132,354 | - | - | - | - | - | - | |
| Oconee Co Health Department | 585,636 | 277,037 | 245,142 | - | - | - | - | (63,457) | |
| Total component units | 658,761 | 409,391 | 245,142 | - | (25,661,427) | 460,685 | 59,229 | (63,457) | |
| Total Oconee County | \$ 38,573,739 | \$ 11,754,193 | \$ 880,226 | \$ 734,350 | | | | | |
| General revenues: | | | | | | | | | |
| Taxes | | | | | | | | | |
| Property taxes, levied for general purposes | | | | | 10,828,993 | - | - | 10,828,993 | |
| Sales tax | | | | | 10,120,897 | - | - | 10,120,897 | |
| Intangible tax | | | | | 294,345 | - | - | 294,345 | |
| Business taxes | | | | | 1,145,430 | - | - | 1,145,430 | |
| Franchise taxes | | | | | 191,753 | - | - | 191,753 | |
| Other taxes | | | | | 212,845 | - | - | 212,845 | |
| Investment earnings | | | | | 23,151 | 51,436 | 3,593 | 74,587 | |
| Miscellaneous | | | | | 16,609 | 6,292 | - | 22,901 | |
| Gain on disposal of capital asset | | | | | 130,144 | - | - | 130,144 | |
| Transfers | | | | | (1,278,822) | 1,278,822 | - | - | |
| Total general revenues and transfers | | | | | 21,685,345 | 1,336,550 | 3,593 | 23,021,895 | |
| Change in net assets | | | | | | | | | |
| Net assets - beginning, as originally reported | | | | | (3,976,082) | 1,797,235 | 62,822 | (2,178,847) | |
| Prior period adjustment | | | | | 97,181,412 | 53,356,681 | 1,732,915 | 150,538,093 | |
| Net assets - beginning, as restated | | | | | - | - | - | - | |
| Net assets - ending | | | | | 97,181,412 | 53,356,681 | 1,732,915 | 150,538,093 | |
| Net assets - ending | | | | | \$ 93,205,330 | \$ 55,153,916 | \$ 1,795,737 | \$ 148,359,246 | |

Oconee County, Georgia
Balance Sheet
Governmental Funds
June 30, 2011

| | General Fund | SPLOST 2004 Fund | SPLOST 2009 Fund | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|------------------------|------------------------|--------------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash | \$ 1,624,058 | \$ 1,069,563 | \$ 1,647,511 | \$ 550,469 | \$ 4,891,601 |
| Investments | 8,227,043 | 5,075,423 | - | - | 13,302,466 |
| Accounts receivable, net | 120,911 | 3,781 | 13 | 103,284 | 227,989 |
| Taxes receivable, net | 256,534 | - | - | 6,183 | 262,717 |
| Internal balances | 89,781 | - | - | 180,666 | 270,447 |
| Due from other governments | 507,338 | - | 565,791 | 175,051 | 1,248,180 |
| Prepaid items | 161,919 | - | - | 5,527 | 167,446 |
| Restricted cash | 44,940 | - | 320,939 | - | 365,879 |
| Total assets | <u>\$ 11,032,524</u> | <u>\$ 6,148,767</u> | <u>\$ 2,534,254</u> | <u>\$ 1,021,180</u> | <u>\$ 20,736,725</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 257,189 | \$ - | \$ 187,026 | \$ 203,806 | \$ 648,021 |
| Retainage payable | - | - | 79,962 | 46,800 | 126,762 |
| Internal balances | 272,658 | - | 5,000 | 93,122 | 370,780 |
| Salaries and benefits payable | 443,516 | - | - | 49,846 | 493,362 |
| Deferred revenue | 200,752 | - | - | 5,726 | 206,478 |
| Bonds and deposits-payable from restricted cash | 44,940 | - | - | - | 44,940 |
| Total liabilities | <u>1,219,055</u> | <u>-</u> | <u>271,988</u> | <u>399,300</u> | <u>1,890,343</u> |
| Fund balances: | | | | | |
| Nonspendable | 161,919 | - | - | 5,527 | 167,446 |
| Restricted | | | | | |
| Capital projects | - | 6,148,767 | 2,262,266 | 27,166 | 8,438,199 |
| Judicial | - | - | - | 102,250 | 102,250 |
| Public safety | - | - | - | 145,603 | 145,603 |
| Culture and recreation | - | - | - | 82,886 | 82,886 |
| Housing and development | - | - | - | 130,066 | 130,066 |
| Committed | | | | | |
| Public works | 4,000,000 | - | - | - | 4,000,000 |
| Assigned | | | | | |
| Subsequent years' budget | 610,132 | - | - | - | 610,132 |
| Health and welfare | - | - | - | 133,278 | 133,278 |
| Unassigned | 5,041,418 | - | - | (4,896) | 5,036,522 |
| Total fund balances | <u>9,813,469</u> | <u>6,148,767</u> | <u>2,262,266</u> | <u>621,880</u> | <u>18,846,382</u> |
| Total liabilities and fund balances | <u>\$ 11,032,524</u> | <u>\$ 6,148,767</u> | <u>\$ 2,534,254</u> | <u>\$ 1,021,180</u> | <u>\$ 20,736,725</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, 2011

Total *fund* balances for governmental funds (Exhibit 3) \$ 18,846,382

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 | 10,444,867 | |
| Construction in progress | 4,954,980 | |
| Infrastructure, net | 42,511,963 | |
| Buildings and improvements, net | 29,700,113 | |
| Equipment, furniture and vehicles, net | 3,449,295 | |
| Total capital assets | 91,061,218 | 91,061,218 |

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.

206,478

The bond issuance costs are not recorded on the fund level balance sheet as it does represent a current financial resource.

246,049

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

34,175

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, 2011 are:

| | | |
|--|--------------|--------------|
| Accrued interest on bonds | \$ (247,393) | |
| Bonds, notes, and capital leases payable | (16,250,040) | |
| Net OPEB obligation | (45,240) | |
| Compensated absences - long-term | (646,299) | |
| Total long-term liabilities | (17,188,972) | (17,188,972) |

Total net assets of governmental activities (Exhibit 1) \$ 93,205,330

Oconee County, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

| | General Fund | SPLOST 2004 Fund | SPLOST 2009 Fund | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|------------------------|------------------------|--------------------------------|--------------------------------|
| REVENUES | | | | | |
| Taxes | \$ 17,381,645 | \$ - | \$ 5,182,125 | \$ 97,846 | \$ 22,661,616 |
| Licenses and permits | 327,818 | - | - | - | 327,818 |
| Intergovernmental revenue | 49,774 | - | 194,486 | 485,723 | 729,983 |
| Charges for services | 2,800,695 | - | - | 876,709 | 3,677,404 |
| Fines and forfeitures | 495,527 | - | - | 114,424 | 609,951 |
| Investment income | 21,811 | 74,230 | 8,812 | 1,340 | 106,193 |
| Contributions and donations | - | - | - | 39,307 | 39,307 |
| Miscellaneous | 47,251 | - | - | 50,779 | 98,030 |
| Total revenues | <u>21,124,521</u> | <u>74,230</u> | <u>5,385,423</u> | <u>1,666,128</u> | <u>28,250,302</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 4,823,183 | - | - | 3,221 | 4,826,404 |
| Judicial | 1,501,148 | - | - | 469,887 | 1,971,035 |
| Public safety | 6,473,994 | - | - | 1,212,999 | 7,686,993 |
| Public works | 2,451,574 | - | - | 207,892 | 2,659,466 |
| Health and welfare | 204,592 | - | - | 468,866 | 673,458 |
| Culture and recreation | 2,683,715 | - | - | 3,703 | 2,687,418 |
| Housing and development | 1,032,832 | - | - | 72,171 | 1,105,003 |
| Debt service: | | | | | |
| Principal payments | - | - | 2,066,081 | 34,055 | 2,100,136 |
| Interest and fiscal charges | - | - | 784,650 | 5,018 | 789,668 |
| Capital outlay | | | | | |
| General government | - | 124,301 | - | - | 124,301 |
| Public safety | - | 91,310 | 2,885,000 | 437,381 | 3,413,691 |
| Public works | - | 314,447 | 1,331,748 | - | 1,646,195 |
| Culture and recreation | - | 28,766 | - | - | 28,766 |
| Intergovernmental | - | - | 725,484 | - | 725,484 |
| Total expenditures | <u>19,171,038</u> | <u>558,824</u> | <u>7,792,963</u> | <u>2,915,193</u> | <u>30,438,018</u> |
| Excess (deficiency) of revenues over/ (under) expenditures | <u>1,953,483</u> | <u>(484,594)</u> | <u>(2,407,540)</u> | <u>(1,249,065)</u> | <u>(2,187,716)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Proceeds from sale of capital assets | 128,944 | - | - | 1,200 | 130,144 |
| Transfers in | 9,529 | - | - | 1,342,028 | 1,351,557 |
| Transfers (out) | (1,952,194) | (575,483) | (14,800) | (29,606) | (2,572,083) |
| Total other financing sources (uses) | <u>(1,813,721)</u> | <u>(575,483)</u> | <u>(14,800)</u> | <u>1,313,622</u> | <u>(1,090,382)</u> |
| Net change in fund balances | 139,762 | (1,060,077) | (2,422,340) | 64,557 | (3,278,098) |
| Fund balances - beginning | 9,673,707 | 7,208,844 | 4,684,606 | 557,323 | 22,124,480 |
| Fund balances - ending | <u>\$ 9,813,469</u> | <u>\$ 6,148,767</u> | <u>\$ 2,262,266</u> | <u>\$ 621,880</u> | <u>\$ 18,846,382</u> |

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, 2011

Net change in *fund* balances - total governmental funds (Exhibit 4) \$ (3,278,098)

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 (\$3,888,696) is exceeded by depreciation (\$6,781,155) in the current period. (2,892,459)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount recorded as a contribution for donation of infrastructure. 117,000

In governmental funds, capital assets are not recorded in the fund. Thus a transfer of an asset to the Water & Sewer Fund has no effect in the governmental fund. However, the statement of activities recognizes a transfer related to the transfer of the asset. (58,296)

Changes in the net pension benefit (obligation) 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. 115,781

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. 20,164

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 (\$206,478) is exceeded by the prior year deferral (\$286,676). (80,198)

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 | 4,769 | |
| Principal repayment | 2,100,136 | |
| Amortization of bond premiums | 7,490 | |
| Amortization of issuance costs | (17,532) | |
| | | 2,094,863 |

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. (14,839)

Change in net assets of governmental activities (Exhibit 2) \$ (3,976,082)

Oconee County, Georgia
Statement of Net Assets
Proprietary Funds
June 30, 2011

| ASSETS | Enterprise Funds | | Total |
|---|----------------------------|------------------------------|----------------------|
| | Water and Sewer Fund | Other Enterprise Funds | |
| Current assets: | | | |
| Cash | \$ 1,005,214 | \$ 608 | \$ 1,005,822 |
| Investments, plus accrued interest | 4,339,438 | - | 4,339,438 |
| Accounts receivable, less allowance of \$79,270 | 772,279 | 19,882 | 792,161 |
| Internal balances | - | 122,400 | 122,400 |
| Due from other governments | 72,057 | - | 72,057 |
| Sewer capacity fees receivable | 11,266 | - | 11,266 |
| Prepaid items | 7,794 | 4,500 | 12,294 |
| Restricted cash | 412,028 | - | 412,028 |
| Total current assets | <u>6,620,076</u> | <u>147,390</u> | <u>6,767,466</u> |
| Noncurrent assets: | | | |
| Restricted cash | 621,959 | - | 621,959 |
| Restricted investments | 9,604,939 | - | 9,604,939 |
| Sewer capacity fees receivable | 6,300 | - | 6,300 |
| Investment - UOBWA, net | 11,339,640 | - | 11,339,640 |
| Bond and note issuance costs, net | 768,719 | - | 768,719 |
| Net pension asset | 2,446 | 1,541 | 3,987 |
| Capital assets | | | |
| Land | 3,428,166 | 150,000 | 3,578,166 |
| Construction in progress | 14,184,940 | 2,384 | 14,187,324 |
| Intangibles | 58,296 | - | 58,296 |
| Land improvements, net | - | 20,361 | 20,361 |
| Equipment, furniture and vehicles, net | 72,158 | 42,082 | 114,240 |
| Treatment and distribution system, net | 51,642,910 | - | 51,642,910 |
| Building and improvements, net | 219,600 | 1,826,603 | 2,046,203 |
| Total capital assets | <u>69,606,070</u> | <u>2,041,430</u> | <u>71,647,500</u> |
| Total noncurrent assets | <u>91,950,073</u> | <u>2,042,971</u> | <u>93,993,044</u> |
| Total assets | <u>98,570,149</u> | <u>2,190,361</u> | <u>100,760,510</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 284,568 | 71,947 | 356,515 |
| Accounts payable-construction from restricted investments | 34,388 | - | 34,388 |
| Retainage payable | 90,359 | - | 90,359 |
| Internal balances | 22,067 | - | 22,067 |
| Salaries and benefits payable | 41,764 | 43,126 | 84,890 |
| Customer deposits-payable from restricted cash | 412,028 | - | 412,028 |
| Accrued interest | 579,752 | - | 579,752 |
| Bonds, notes and contracts payable | 1,251,674 | - | 1,251,674 |
| Total current liabilities | <u>2,716,600</u> | <u>115,073</u> | <u>2,831,673</u> |
| Noncurrent liabilities: | | | |
| Bonds, notes and contracts payable, net | 42,687,131 | - | 42,687,131 |
| Compensated absences | 53,934 | 33,856 | 87,790 |
| Total noncurrent liabilities | <u>42,741,065</u> | <u>33,856</u> | <u>42,774,921</u> |
| Total liabilities | <u>45,457,665</u> | <u>148,929</u> | <u>45,606,594</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 42,731,140 | 2,041,430 | 44,772,570 |
| Restricted for debt service | 2,381,921 | - | 2,381,921 |
| Unrestricted | 7,999,423 | 2 | 7,999,425 |
| Total net assets | <u>\$ 53,112,484</u> | <u>\$ 2,041,432</u> | <u>\$ 55,153,916</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, 2011

| | Enterprise Funds | | |
|--|----------------------------|------------------------------|----------------------|
| | Water and Sewer Fund | Other Enterprise Funds | Total |
| OPERATING REVENUES | | | |
| Charges for services | \$ 6,063,055 | \$ 302,697 | \$ 6,365,752 |
| Licenses and permits | - | 5,000 | 5,000 |
| Rents and royalties | - | 103,404 | 103,404 |
| Miscellaneous | 207,788 | 11,951 | 219,739 |
| Total operating revenues | <u>6,270,843</u> | <u>423,052</u> | <u>6,693,895</u> |
| OPERATING EXPENSES | | | |
| Salaries and benefits | 1,096,991 | 602,141 | 1,699,132 |
| Other contracted services | 72,853 | 250,324 | 323,177 |
| Water purchase and treatment costs | 1,098,991 | - | 1,098,991 |
| Supplies and materials | 50,105 | 44,972 | 95,077 |
| Repairs and maintenance | 189,139 | 11,772 | 200,911 |
| Utilities | 326,491 | 71,995 | 398,486 |
| Insurance | 12,254 | 9,498 | 21,752 |
| Depreciation | 1,483,658 | 73,398 | 1,557,056 |
| Other charges | 70,638 | 80,333 | 150,971 |
| Total operating expenses | <u>4,401,120</u> | <u>1,144,433</u> | <u>5,545,553</u> |
| Operating income (loss) | <u>1,869,723</u> | <u>(721,381)</u> | <u>1,148,342</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment earnings | 51,436 | - | 51,436 |
| Water availability fees | 140,721 | - | 140,721 |
| Sewer capacity fees | 78,716 | - | 78,716 |
| Sewer connection fees | 8,000 | - | 8,000 |
| Gain on disposal of capital asset | 6,292 | - | 6,292 |
| Amortization expense - UOBWA | (167,378) | - | (167,378) |
| Interest expense | (1,087,539) | - | (1,087,539) |
| Total nonoperating revenue (expenses) | <u>(969,752)</u> | <u>-</u> | <u>(969,752)</u> |
| Loss before contributions and transfers | 899,971 | (721,381) | 178,590 |
| Capital contributions | 398,119 | - | 398,119 |
| Transfers in | 590,283 | 630,243 | 1,220,526 |
| Change in net assets | 1,888,373 | (91,138) | 1,797,235 |
| Total net assets - beginning | <u>51,224,111</u> | <u>2,132,570</u> | <u>53,356,681</u> |
| Total net assets - ending | <u>\$ 53,112,484</u> | <u>\$ 2,041,432</u> | <u>\$ 55,153,916</u> |

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, 2011

| | Enterprise Funds | | |
|---|-------------------------------------|---------------------------------------|---------------------|
| | Water and Sewer Fund | Other Enterprise Funds | Total |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | \$ 6,111,624 | \$ 415,043 | \$ 6,526,667 |
| Payments to suppliers | (1,603,989) | (455,084) | (2,059,073) |
| Payments to employees | (1,102,744) | (609,839) | (1,712,583) |
| Net cash provided (used) by operating activities | <u>3,404,891</u> | <u>(649,880)</u> | <u>2,755,011</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers in | - | 630,243 | 630,243 |
| Interfund loans - proceeds and collections | (63,971) | 31,903 | (32,068) |
| Net cash provided (used) by noncapital financing activities | <u>(63,971)</u> | <u>662,146</u> | <u>598,175</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Acquisition and construction of capital assets | (3,844,936) | (12,571) | (3,857,507) |
| Transfers in used for construction of capital assets | 590,283 | - | 590,283 |
| Proceeds from notes payable | 508,998 | - | 508,998 |
| Proceeds from notes payable - debt forgiveness | 89,823 | - | 89,823 |
| Principal payments on debt | (607,830) | - | (607,830) |
| Interest payments on debt | (1,022,556) | - | (1,022,556) |
| Sewer capacity and connection fees from customers | 227,437 | - | 227,437 |
| Proceeds from sale of capital assets | 6,292 | - | 6,292 |
| Net cash (used for) capital and related financing activities | <u>(4,052,489)</u> | <u>(12,571)</u> | <u>(4,065,060)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest and dividends | 51,436 | - | 51,436 |
| Purchase of investments | (14,637) | - | (14,637) |
| Proceeds from sale of investments | 1,336,205 | - | 1,336,205 |
| Net cash used by investing activities | <u>1,373,004</u> | <u>-</u> | <u>1,373,004</u> |
| Net increase (decrease) in cash and cash equivalents | 661,435 | (305) | 661,130 |
| Cash - beginning | 1,377,766 | 913 | 1,378,679 |
| Cash - end | <u>\$ 2,039,201</u> | <u>\$ 608</u> | <u>\$ 2,039,809</u> |
| Displayed as: | | | |
| Cash | \$ 1,005,214 | \$ 608 | \$ 1,005,822 |
| Restricted cash - current | 412,028 | - | 412,028 |
| Restricted cash - noncurrent | 621,959 | - | 621,959 |
| | <u>\$ 2,039,201</u> | <u>\$ 608</u> | <u>\$ 2,039,809</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | |
| Operating income | \$ 1,869,723 | \$ (721,381) | \$ 1,148,342 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation expense | 1,483,658 | 73,398 | 1,557,056 |
| Change in assets and liabilities: | | | |
| Receivables, net | (175,529) | (8,009) | (183,538) |
| Prepaid items | (1,140) | 3,174 | 2,034 |
| Due from other governments | 3,390 | - | 3,390 |
| Net pension asset | (7,945) | (6,124) | (14,069) |
| Accounts payable | 214,232 | 10,636 | 224,868 |
| Accrued expenses | 1,170 | 5,510 | 6,680 |
| Customer deposits | 16,310 | - | 16,310 |
| Compensated absences | 1,022 | (7,084) | (6,062) |
| Net cash provided (used) by operating activities | <u>\$ 3,404,891</u> | <u>\$ (649,880)</u> | <u>\$ 2,755,011</u> |
| Non-cash investing, capital and financing activities: | | | |
| Acquisition of contributed assets | <u>\$ 308,296</u> | <u>\$ -</u> | <u>\$ 308,296</u> |

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

Oconee County, Georgia
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2011

| | <u>Agency Funds</u> |
|--------------------------|-------------------------|
| ASSETS | |
| Cash | \$ 340,069 |
| Due from others | - |
| Total assets | <u>340,069</u> |
| LIABILITIES | |
| Due to others | <u>340,069</u> |
| Total liabilities | <u>340,069</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, 2011

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, 2011

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, 2011

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, 2011: 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, 2011

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, 2011.

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 \$79,270 for the year ended June 30, 2011.

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, 2011 amounted to \$262,718 while deferred property tax revenue totaled \$206,478.

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, 2011

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, debt service reserves for 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, 2011

Note 1: Summary of Significant Accounting Policies, continued

L. Fund Equity

As of June 30, 2011, the County adopted GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* in an effort to improve the consistency in reporting fund balance components, enhance fund balance presentation, improve the usefulness of fund balance information, and clarify the definitions of the governmental fund types. As a result of the implementation, the governmental funds now report the following five categories of fund balance: Nonspendable, Restricted, Committed, Assigned, and Unassigned.

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of Board of Commissioners. Oconee County Board of Commissioners is the highest level of decision-making authority for the County. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by Oconee County Board of Commissioners.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Through board action, the Board of Commissioners has authorized the Finance Director to assign fund balances.

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the County has provided otherwise in its commitment or assignment actions.

Note 2: Stewardship, Compliance and Accountability

Deficit Fund Balance:

The County had no deficit fund balances at June 30, 2011.

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, 2011, none of the County's deposits was exposed to custodial credit risk.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2011

Note 3: Deposits and Investments, continued

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, 2011, the County had \$19,931,510 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.

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, 2011.

Foreign Currency Risk

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

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2011

Note 3: Deposits and Investments, continued

As of June 30, 2011, 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> | | | |
| Georgia Fund 1 | AAAm | 46 days | 2,458,940 |
| Certificates of deposit | | 12 month | 1,880,498 |
| <u>General Fund</u> | | | |
| Georgia Fund 1 | AAAm | 46 days | 8,227,043 |
| <u>SPLOST 2004 Fund</u> | | | |
| Certificates of deposit | | 12 month | 5,075,423 |
| | Total unrestricted | | <u>17,641,904</u> |
| <u>Restricted:</u> | | | |
| <u>Water and Sewer Fund</u> | | | |
| Georgia Fund 1 | AAAm | 46 days | 9,245,527 |
| Fidelity Treasury Money Market Shares | AAAm | 59 days | 359,412 |
| | Total restricted | | <u>9,604,939</u> |
| | Total investments | | <u>\$ 27,246,843</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.

Restricted Cash and Investments

As of June 30, 2011, the County had the following restricted assets:

| <u>Purpose</u> | <u>Balance</u> |
|---|---------------------|
| <u>General Fund</u> | |
| Liability bonds payable | \$ 44,940 |
| <u>SPLOST 2009</u> | |
| Lease proceeds for construction | 320,939 |
| <u>Water and Sewer Fund</u> | |
| Customer deposits | 412,028 |
| Restricted cash - current | <u>412,028</u> |
| <u>Water and Sewer Fund</u> | |
| Debt service reserve 2009 bonds | 621,959 |
| Restricted cash - noncurrent | <u>621,959</u> |
| <u>Water and Sewer Fund</u> | |
| Construction proceeds 2008 WCWSA Contract Payable | 7,838,120 |
| Debt service reserve 2008 WCWSA Contract Payable | 1,407,407 |
| Debt service reserve 2003 bonds | 359,412 |
| Restricted investments - noncurrent | <u>\$ 9,604,939</u> |

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2011

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2011 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 | \$ 10,187,399 | \$ 315,764 | \$ 58,296 | \$ 10,444,867 |
| Construction in progress | 1,948,259 | 3,399,214 | 392,493 | 4,954,980 |
| Total capital assets not being depreciated | <u>12,135,658</u> | <u>3,714,978</u> | <u>450,789</u> | <u>15,399,847</u> |
| <i>Capital assets being depreciated:</i> | | | | |
| Infrastructure | 104,938,567 | 204,087 | - | 105,142,654 |
| Buildings and improvements | 36,812,712 | 105,403 | - | 36,918,115 |
| Equipment, furniture and vehicles | 13,183,447 | 373,721 | 332,756 | 13,224,412 |
| Total capital assets being depreciated | <u>154,934,726</u> | <u>683,211</u> | <u>332,756</u> | <u>155,285,181</u> |
| Less accumulated depreciation for: | | | | |
| Infrastructure | 57,836,829 | 4,793,862 | - | 62,630,691 |
| Buildings and improvements | 6,035,674 | 1,182,328 | - | 7,218,002 |
| Equipment, furniture and vehicles | 9,302,908 | 804,965 | 332,756 | 9,775,117 |
| Total accumulated depreciation | <u>73,175,411</u> | <u>6,781,155</u> | <u>332,756</u> | <u>79,623,810</u> |
| Total capital assets being depreciated, net | <u>81,759,315</u> | <u>(6,097,944)</u> | <u>-</u> | <u>75,661,371</u> |
| Governmental activity capital assets, net | <u>\$ 93,894,973</u> | <u>\$ (2,382,966)</u> | <u>\$ 450,789</u> | <u>\$ 91,061,218</u> |

Depreciation expense was charged to functions as follows:

| | |
|--|---------------------|
| General government | \$ 425,528 |
| Judicial | 25,633 |
| Public safety | 737,187 |
| Public works | 4,884,104 |
| Health and welfare | 37,554 |
| Culture and recreation | 652,593 |
| Housing and development | 18,556 |
| Total governmental activities depreciation expense | <u>\$ 6,781,155</u> |

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2011

Note 4: Capital Assets, continued

| <u>Business-type Activities:</u> | <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 | 10,730,664 | 3,805,727 | 351,449 | 14,184,942 |
| Intangibles | - | 58,296 | - | 58,296 |
| Total capital assets not being depreciated | <u>14,158,830</u> | <u>3,864,023</u> | <u>351,449</u> | <u>17,671,404</u> |
| Capital assets being depreciated: | | | | |
| Treatment and distribution system | 67,715,533 | 601,449 | - | 68,316,982 |
| Buildings and improvements | 296,136 | - | - | 296,136 |
| Equipment, furniture and vehicles | 1,072,688 | 9,668 | 36,423 | 1,045,933 |
| Total capital assets being depreciated | <u>69,084,357</u> | <u>611,117</u> | <u>36,423</u> | <u>69,659,051</u> |
| Less accumulated depreciation for: | | | | |
| Treatment and distribution system | 15,241,726 | 1,432,346 | - | 16,674,072 |
| Buildings and improvements | 76,536 | 9,533 | - | 86,069 |
| Equipment, furniture and vehicles | 958,888 | 41,779 | 36,423 | 964,244 |
| Total accumulated depreciation | <u>16,277,150</u> | <u>1,483,658</u> | <u>36,423</u> | <u>17,724,385</u> |
| Capital assets being depreciated, net | <u>52,807,207</u> | <u>(872,541)</u> | <u>-</u> | <u>51,934,666</u> |
| Water and sewer capital assets, net | <u>66,966,037</u> | <u>2,991,482</u> | <u>351,449</u> | <u>69,606,070</u> |
| Total Non-major Business-type Activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 150,000 | \$ - | \$ - | \$ 150,000 |
| Construction in progress | - | 2,384 | - | 2,384 |
| Total capital assets not being depreciated | <u>150,000</u> | <u>2,384</u> | <u>-</u> | <u>152,384</u> |
| Capital assets being depreciated: | | | | |
| Land improvements | 44,865 | - | - | 44,865 |
| Buildings and improvements | 2,826,321 | - | - | 2,826,321 |
| Equipment, furniture and vehicles | 207,957 | 10,186 | - | 218,143 |
| Total capital assets being depreciated | <u>3,079,143</u> | <u>10,186</u> | <u>-</u> | <u>3,089,329</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | 22,261 | 2,243 | - | 24,504 |
| Buildings and improvements | 938,389 | 61,330 | - | 999,719 |
| Equipment, furniture and vehicles | 166,234 | 9,826 | - | 176,060 |
| Total accumulated depreciation | <u>1,126,884</u> | <u>73,399</u> | <u>-</u> | <u>1,200,283</u> |
| Capital assets being depreciated, net | <u>1,952,259</u> | <u>(63,213)</u> | <u>-</u> | <u>1,889,046</u> |
| Total non-major business-type activities, net | <u>\$ 2,102,259</u> | <u>\$ (60,829)</u> | <u>\$ -</u> | <u>\$ 2,041,430</u> |
| Business-type activities capital assets, net | <u><u>\$ 69,068,296</u></u> | <u><u>\$ 2,930,653</u></u> | <u><u>\$ 351,449</u></u> | <u><u>\$ 71,647,500</u></u> |

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2011

Note 5: Interfund Balances and Activity

Interfund balances

Interfund balances at June 30, 2011 consist of the following:

| Due to: | Due from: | | | | Total |
|----------------------------|-------------------|-----------------------------------|-----------------------|--------------------|-------------------|
| | General Fund | SPLOST 2009 Capital Projects Fund | Non-major Gov't Funds | Water & Sewer Fund | |
| <u>Governmental funds</u> | | | | | |
| General Fund | \$ - | \$ - | \$ 67,714 | \$ 22,067 | \$ 89,781 |
| Non-major Gov't Funds | 150,258 | 5,000 | 25,408 | - | 180,666 |
| <u>Enterprise funds</u> | | | | | |
| Non-major Enterprise Funds | 122,400 | - | - | - | 122,400 |
| | <u>\$ 272,658</u> | <u>\$ 5,000</u> | <u>\$ 93,122</u> | <u>\$ 22,067</u> | <u>\$ 392,847</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 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: | | | | Total |
|---------------------------|-----------------|----------------------|----------------------|---------------------------|---------------------|
| | General Fund | Nonmajor Gov't Funds | Water and Sewer Fund | Nonmajor Enterprise Funds | |
| <u>Governmental funds</u> | | | | | |
| General Fund | \$ - | \$ 1,330,528 | \$ - | \$ 621,666 | \$ 1,952,194 |
| Non-major Gov't Funds | 9,529 | 11,500 | - | 8,577 | 29,606 |
| SPLOST 2004 | - | - | 575,483 | - | 575,483 |
| SPLOST 2009 | | | 14,800 | | 14,800 |
| | <u>\$ 9,529</u> | <u>\$ 1,342,028</u> | <u>\$ 590,283</u> | <u>\$ 630,243</u> | <u>\$ 2,572,083</u> |

The General Fund transferred out \$1,330,528 to nonmajor gov't funds and \$621,666 to nonmajor enterprise funds to assist in the daily operations and special grants. The nonmajor gov't funds transferred \$29,606 to other funds to assist in daily operations. The SPLOST 2004 Fund transferred \$575,483 to the Water and Sewer Fund to assist in construction projects approved by the SPLOST referendum. Also, the SPLOST 2009 Fund transferred \$14,800 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, 2011

Note 6: Other Assets

Investment in Upper Oconee Basin Water Authority

The County, along with three 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, 2011 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>(1,504,958)</u> |
| Investment in UOBWA, net | <u><u>\$ 11,339,640</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 SPLOST 2009 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, 2011

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.

In September 2009, 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, 2011

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.

Note Payable – GEFA

On December 10, 2010, Oconee County entered into a note payable to the Georgia Environmental Finance Authority (GEFA) in the original amount of \$1,800,000 bearing interest at 3.0%. The note payable includes a provision that calls for GEFA to forgive 15% of the total funds advanced under the loan. The County has received total advances under the loan of \$598,820. Because of the principal forgiveness feature of the note, the balance of the note was \$508,998 at June 30, 2011. The note calls for 239 monthly payments of principal and interest beginning after the loan is fully disbursed. Based on the outstanding balance at year-end, the monthly payments will be \$2,831. However, the required monthly payments are expected to increase as additional draws on the loan are made. The County has made additional draws of \$971,522 subsequent to year-end. The proceeds are being used to make improvements to the sewer collection and treatment infrastructure.

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 | \$ 59,365 |
| Radio Communication System | 2,885,000 | - |
| Unspent proceeds from capital lease | 315,000 | |

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2011

Note 7: Long-term Obligations, continued

Future minimum lease payments at June 30, 2011:

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| Year Ending June, 30 | |
| 2012 | \$ - |
| 2013 | 500,000 |
| 2014 | 500,000 |
| 2015 | 500,000 |
| 2016 | 700,000 |
| 2017 - 2020 | 400,545 |
| Minimum lease payments | 2,600,545 |
| Less: Interest | (283,745) |
| Net present value of minimum lease payments | <u>\$ 2,316,800</u> |

Changes in long-term obligations for the year ended June 30, 2011 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 | \$ 631,460 | \$ 54,588 | \$ 39,749 | \$ 646,299 | \$ - |
| Capital Leases | 3,234,055 | - | 917,255 | 2,316,800 | - |
| Notes payable: | | | | | |
| Installment note | 4,606,342 | - | 917,881 | 3,688,461 | 954,019 |
| Bonds payable: | | | | | |
| General obligation bonds | 10,345,000 | - | 265,000 | 10,080,000 | 275,000 |
| Deferred amounts: | | | | | |
| Issuance premiums | 172,269 | - | 7,490 | 164,779 | - |
| Total bonds payable | 10,517,269 | - | 272,490 | 10,244,779 | 275,000 |
| Total Governmental | <u>\$ 18,989,126</u> | <u>\$ 54,588</u> | <u>\$ 2,147,375</u> | <u>\$ 16,896,339</u> | <u>\$ 1,229,019</u> |

| | Governmental Activities | | | |
|---------------------------------|--------------------------------|-------------------|---------------------------------|---------------------|
| | <u>Installment Note</u> | | <u>General Obligation Bonds</u> | |
| Year Ending June 30, | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 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 | 710,464 | 9,648 | 310,000 | 461,262 |
| 2016 | - | - | 325,000 | 448,862 |
| 2017 - 2021 | - | - | 1,850,000 | 1,983,262 |
| 2022 - 2026 | - | - | 2,340,000 | 1,427,463 |
| 2027 - 2031 | - | - | 2,980,000 | 774,488 |
| 2032 - 2034 | - | - | 1,415,000 | 101,650 |
| | <u>\$ 3,688,461</u> | <u>\$ 275,842</u> | <u>\$ 10,080,000</u> | <u>\$ 6,648,370</u> |

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2011

Note 7: Long-term Obligations, continued

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> | <u>Due within One Year</u> |
|----------------------------------|------------------------------|-------------------|-------------------|---------------------------|--------------------------------|
| Business-type activities: | | | | | |
| Compensated absences - Water | \$ 52,912 | \$ 41,400 | \$ 40,378 | \$ 53,934 | \$ - |
| Compensated absences - Nonmajor | 40,940 | 31,933 | 39,017 | 33,856 | - |
| Notes payable | - | 508,998 | - | 508,998 | 14,172 |
| Contracts payable | | | | | |
| UOBWA Contract payable | 9,197,856 | - | 367,830 | 8,830,026 | 382,502 |
| Deferred amt from refinancing | 457,000 | - | 26,883 | 430,117 | - |
| WCWSA Contract payable | 19,535,000 | - | - | 19,535,000 | - |
| Less: For issuance discounts | (128,008) | - | (4,613) | (123,395) | - |
| Total contracts payable | <u>29,061,848</u> | <u>-</u> | <u>390,100</u> | <u>28,671,748</u> | <u>382,502</u> |
| Bonds payable: | | | | | |
| Revenue bonds | 15,340,000 | - | 240,000 | 15,100,000 | 855,000 |
| Deferred amounts: | | | | | |
| Deferred loss on refunding | (511,252) | - | (55,773) | (455,479) | - |
| Issuance discounts | (77,624) | - | (5,544) | (72,080) | - |
| Issuance premiums | 208,347 | - | 22,729 | 185,618 | - |
| Total bonds payable | <u>14,959,471</u> | <u>-</u> | <u>201,412</u> | <u>14,758,059</u> | <u>855,000</u> |
| Total Business-type activities | <u>\$ 44,115,171</u> | <u>\$ 582,331</u> | <u>\$ 670,907</u> | <u>\$ 44,026,595</u> | <u>\$ 1,251,674</u> |

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

| | <u>2003 Series</u> | <u>2009 Series</u> | <u>Total</u> |
|----------------------------|---------------------|---------------------|----------------------|
| Outstanding bond payable | \$ 8,005,000 | \$ 7,095,000 | \$ 15,100,000 |
| Deferred loss on refunding | - | (455,479) | (455,479) |
| Unamortized discount | (72,080) | - | (72,080) |
| Unamortized premium | - | 185,618 | 185,618 |
| Net total | <u>\$ 7,932,920</u> | <u>\$ 6,825,139</u> | <u>\$ 14,758,059</u> |

| Water Fund | | | | |
|---------------------------------|---------------------------|---------------------|---------------------------|---------------------|
| Year Ending June 30, | <u>2003 Revenue Bonds</u> | | <u>2009 Revenue Bonds</u> | |
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 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 | 245,000 | 303,305 | 820,000 | 152,963 |
| 2017 - 2021 | 2,550,000 | 1,267,263 | 3,450,000 | 259,331 |
| 2022 - 2024 | 4,190,000 | 352,125 | - | - |
| | <u>\$ 8,005,000</u> | <u>\$ 3,229,442</u> | <u>\$ 7,095,000</u> | <u>\$ 1,211,126</u> |

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2011

Note 7: Long-term Obligations, continued

| Year Ending June 30, | Water Fund | | | |
|-------------------------|--------------------------|---------------------|--------------------------|----------------------|
| | Contract Payable - UOBWA | | Contract Payable - WCWSA | |
| | Principal | Interest | Principal | Interest |
| 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 | 447,475 | 353,935 | 485,000 | 917,463 |
| 2017 - 2021 | 2,592,628 | 1,411,117 | 2,740,000 | 4,277,325 |
| 2022 - 2026 | 3,311,522 | 702,284 | 3,395,000 | 3,625,150 |
| 2027 - 2031 | 863,510 | 37,779 | 4,315,000 | 2,701,000 |
| 2032 - 2036 | - | - | 5,520,000 | 1,507,250 |
| 2037 - 2038 | - | - | 2,610,000 | 197,250 |
| | <u>\$ 8,830,026</u> | <u>\$ 4,094,525</u> | <u>\$ 19,535,000</u> | <u>\$ 16,970,490</u> |

| Year Ending June 30, | Water Fund | |
|-------------------------|---------------------|-------------------|
| | Note Payable - GEFA | |
| | Principal | Interest |
| 2012 | \$ 14,172 | \$ 11,311 |
| 2013 | 19,399 | 14,579 |
| 2014 | 19,989 | 13,989 |
| 2015 | 20,597 | 13,381 |
| 2016 | 21,223 | 12,755 |
| 2017 - 2021 | 116,201 | 53,690 |
| 2022 - 2026 | 134,981 | 34,910 |
| 2027 - 2031 | 156,796 | 13,095 |
| 2032 | 5,640 | 23 |
| | <u>\$ 508,998</u> | <u>\$ 167,733</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.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2011

Note 7: Long-term Obligations, continued

Interest costs on long-term debt incurred and capitalized during the year ended June 30, 2011 were as follows:

| | Total interest costs incurred | Interest costs capitalized | Interest expensed |
|----------------------------------|--|---|------------------------------|
| Business-type activities: | | | |
| Water and Sewer Fund | \$ 1,945,226 | \$ 885,555 | \$ 1,087,539 |

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 | \$ 8,438,199 |
| Judicial | 95,832 |
| Public safety | 55,412 |
| Housing and Development | 70,616 |
| Total restricted net assets | <u>\$ 8,660,059</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

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2011

Note 9: Retirement Benefits, continued

Funding Policy

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

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, 2011 (the most recent actuarial valuation date) was \$8,692,728 (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 contribution for the 2011 plan year was \$1,216,436. The recommended contribution for the 2011 plan year was 1,473,193, which represents 16.9% of covered payroll.

Plan Membership

| | |
|--|-------------------|
| Retirees and beneficiaries receiving benefits | 50 |
| Terminated plan members entitled to but not receiving benefits | 82 |
| Disabled in pay status | 2 |
| Active plan members | <u>207</u> |
| Total | <u><u>341</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 ten years of service. Participants employed before August 2010 become eligible to retire at age 65 with 3 years of participation in the Plan. Employees hired after August 2010 must have 10 years of service to be eligible to retire with benefits from 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 2% of average of the highest two years' 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.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2011

Note 9: Retirement Benefits, continued

Derivation of Net Pension Obligation

| | |
|--|--------------------|
| Net Pension Obligation as of the Beginning of Prior Year | \$ 91,652 |
| Annual Pension Cost for Prior Year | 1,298,535 |
| Actual Contributions to Plan for Prior Year | 1,428,366 |
| Increase in Net Pension Obligation | <u>(129,831)</u> |
| Net Pension Obligation as of Beginning of the Year | <u>\$ (38,179)</u> |

Derivation of Annual Pension Cost

| | |
|--|---------------------|
| Annual Required Contribution | \$ 1,377,798 |
| Interest on Net Pension Obligation | (2,959) |
| Amortization of Net Pension Obligation | <u>3,166</u> |
| Annual Pension Cost | <u>\$ 1,378,005</u> |

Basis of Valuation

| | |
|---------------------------------------|-------------------------------|
| Current Valuation Date | January 1, 2011 |
| 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

| Actuarial Valuation Date | Annual Pension Cost | Actual County Contribution | Percentage of APC Contributed | Net Pension Obligation |
|--------------------------------|---------------------------|----------------------------------|-------------------------------------|------------------------------|
| 1/1/2011 | \$ 1,378,055 | N/A | N/A | \$ (38,179) |
| 1/1/2010 | 1,298,535 | 1,428,366 | 110% | 91,652 |
| 1/1/2009 | 1,257,060 | 933,647 | 74% | (231,761) |

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.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2011

Note 9: Retirement Benefits, continued

| 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) |
|--------------------------------|---|---|---------------------------------|--------------------------|---------------------------|--|
| 1/1/2011 | \$ 7,814,017 | \$ 13,621,164 | \$ 5,807,147 | 57% | \$ 8,132,027 | 71% |

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. There are no employee or employer contributions at this time. 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.

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.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2011

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 retired in 2010 or 2011 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 years ended June 30, 2011 and 2010, the Board of Commissioners adopted changes 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 2011 and 2010.

The County contributes towards a retiree's Medicare supplement premium. Dependent cost is the responsibility of the retiree. 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 \$90,488 were recognized for retiree health care and Medicare supplements. The County has the following participants in its plan:

| | |
|----------------------|------------------|
| Retired participants | 39 |
| Active participants | <u>-</u> |
| Total participants | <u><u>39</u></u> |

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

| | |
|---|----------------------------|
| Retired participants | \$ 1,510,025 |
| Active participants | <u>-</u> |
| Actuarial Accrued Liability (AAL) | 1,510,025 |
| Less: Present value of plan assets | <u>-</u> |
| Unfunded Actuarial Accrued Liability (UAAL) | <u><u>\$ 1,510,025</u></u> |

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2011

Note 10: Other Postemployment Benefits (OPEB), continued

The County finances its postemployment benefits on a pay-as-you-go basis. The County's cumulative 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>70,324</u> |
| Annual Required Contribution (ARC) | 70,324 |
| OPEB costs paid during year | <u>(90,488)</u> |
| Change in Net OPEB Obligation | (20,164) |
| Net OPEB Obligation, beginning | <u>65,404</u> |
| Net OPEB Obligation, ending | <u><u>\$ 45,240</u></u> |
| Percentage of ARC contributed | 129% |

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. A three year history of funding information for Other Postemployment Benefits is presented in the required supplementary information immediately following the footnotes. The following contains summary information about the County's funding progress for its OPEB obligation:

| 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) |
|--------------------------------|---|---|---------------------------------|--------------------------|---------------------------|--|
| 1/1/2009 | \$ - | \$ 1,510,025 | \$ 1,510,025 | 0% | \$ 9,248,619 | 16% |

Trend Information

| Year Ended | OPEB Cost | OPEB Cost Contributed | % of ARC Contributed | OPEB Obligation |
|---------------|-----------|--------------------------|-------------------------|--------------------|
| 6/30/2011 | \$ 70,324 | \$ 90,488 | 129% | \$ 45,240 |
| 6/30/2010 | 57,702 | 25,000 | 43% | 65,404 |
| 6/30/2009 | 640,255 | 25,000 | 4% | 615,255 |

The OPEB plan was changed to provide postemployment benefits only to current retirees and certain employees that retired under a "window of opportunity" during the year ended June 30, 2010. Previously, all employees were eligible to participate in the OPEB plan.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2011

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, 2011

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.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2011

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.

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 | \$ 56,514 | \$ 79,690 | \$ 83,080 | \$ 53,124 |

Note 16: Hotel Motel Lodging Tax

Oconee County, Georgia has levied a 6% lodging tax. During the year ended June 30, 2011, the County received \$97,846 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 \$68,114 in expenditures. These expenditures were spent from the unrestricted portion of the tax (40%). At June 30, 2011, \$97,782 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).

Required Supplementary Information

Oconee County, Georgia
Required Supplemental Information
Retirement Plan - Schedule of Funding Progress
June 30, 2011

RETIREMENT PLAN

Schedule 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 |
|-----------------------------|--|---|-----------------------------------|----------------------------|---------------------------|---|
| 1/1/2011 | \$7,814,017 | \$ 13,621,164 | \$ 5,807,147 | 57.4% | \$ 8,132,027 | 71.4% |
| 1/1/2010 | 6,646,600 | 12,007,784 | 5,361,184 | 55.4% | 8,136,636 | 65.9% |
| 1/1/2009 | 5,858,023 | 8,381,636 | 2,523,613 | 69.9% | 7,455,563 | 33.8% |
| 1/1/2008 | 5,326,928 | 7,509,236 | 2,182,308 | 70.9% | 6,603,361 | 33.0% |
| 1/1/2007 | 4,361,585 | 6,309,382 | 1,947,797 | 69.1% | 5,832,064 | 33.4% |

Oconee County, Georgia
Required Supplemental Information
Other Postemployment Benefits - Schedule of Funding Progress
June 30, 2011

OTHER POSTEMPLOYMENT BENEFITS

Schedule 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 |
|-----------------------------|--|---|-----------------------------------|----------------------------|---------------------------|---|
| 1/1/2009 | \$ - | \$ 1,510,025 | \$ 1,510,025 | 0.0% | \$ 9,248,619 | 16.3% |

Schedule of Employer Contributions

| Fiscal Year Ended | Annual Required Contribution | Amount Contributed | Percentage Contributed |
|----------------------|---------------------------------|-----------------------|---------------------------|
| 6/30/11 | \$ 70,324 | \$ 90,488 | 128.7% |
| 6/30/10 | 57,702 | 25,000 | 43.3% |
| 6/30/09 | 640,255 | 25,000 | 3.9% |

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, 2011

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|----------------------------|-------------------------|---------------------|---|
| REVENUES | | | | |
| Taxes | \$ 16,735,300 | \$ 17,405,400 | \$ 17,381,645 | \$ (23,755) |
| Licenses and permits | 318,950 | 325,950 | 327,818 | 1,868 |
| Intergovernmental revenue | 35,000 | 49,400 | 49,774 | 374 |
| Charges for services | 2,012,970 | 2,778,970 | 2,800,695 | 21,725 |
| Fines and forfeitures | 489,500 | 515,000 | 495,527 | (19,473) |
| Investment income | 40,000 | 40,000 | 21,811 | (18,189) |
| Miscellaneous | 14,000 | 17,000 | 47,251 | 30,251 |
| Total revenues | <u>19,645,720</u> | <u>21,131,720</u> | <u>21,124,521</u> | <u>(7,199)</u> |
| EXPENDITURES | | | | |
| Department level: | | | | |
| Commission | 527,537 | 627,537 | 612,332 | 15,205 |
| Administration | 363,431 | 400,430 | 391,897 | 8,533 |
| Human resources | 347,696 | 361,197 | 354,398 | 6,799 |
| Finance | 578,570 | 593,569 | 578,203 | 15,366 |
| Law enforcement | 2,966,695 | 3,100,944 | 3,010,302 | 90,642 |
| Jail | 2,282,577 | 2,432,228 | 2,381,424 | 50,804 |
| Tax commissioner | 464,703 | 496,203 | 484,779 | 11,424 |
| Probate court | 372,327 | 391,828 | 385,390 | 6,438 |
| Clerk of courts | 582,720 | 641,220 | 635,778 | 5,442 |
| Juvenile court | 74,940 | 58,940 | 57,486 | 1,454 |
| Superior court | 376,176 | 341,525 | 329,739 | 11,786 |
| District attorney | - | 24,955 | 22,274 | 2,681 |
| Magistrate court | 72,229 | 77,229 | 75,291 | 1,938 |
| Coroner | 26,404 | 31,754 | 30,979 | 775 |
| Tax assessor | 516,592 | 541,142 | 539,834 | 1,308 |
| Board of elections | 218,296 | 218,296 | 210,662 | 7,634 |
| Public works | 2,178,044 | 2,178,045 | 2,042,759 | 135,286 |
| Parks and recreation | 2,246,881 | 2,289,482 | 2,205,775 | 83,707 |
| Operations | 1,545,869 | 1,562,871 | 1,526,010 | 36,861 |
| Public safety | 1,104,562 | 1,094,110 | 1,051,289 | 42,821 |
| Planning | 438,439 | 449,865 | 445,517 | 4,348 |
| Code enforcement | 486,443 | 486,468 | 455,619 | 30,849 |
| Information technology | 522,416 | 541,516 | 529,073 | 12,443 |
| Joint governmental programs | 813,920 | 824,695 | 814,228 | 10,467 |
| Total expenditures | <u>19,107,467</u> | <u>19,766,049</u> | <u>19,171,038</u> | <u>595,011</u> |
| Excess of revenues over expenditures | 538,253 | 1,365,671 | 1,953,483 | 587,812 |
| OTHER FINANCING SOURCES | | | | |
| Proceeds of capital asset dispositions | - | 128,500 | 128,944 | 444 |
| Transfers in | 61,840 | 19,750 | 9,529 | (10,221) |
| Transfers (out) | (1,757,987) | (2,188,132) | (1,952,194) | 235,938 |
| Total other financing sources | <u>(1,696,147)</u> | <u>(2,039,882)</u> | <u>(1,813,721)</u> | <u>226,161</u> |
| Net change in fund balances | (1,157,894) | (674,211) | 139,762 | 813,973 |
| Fund balance - beginning | 9,673,707 | 9,673,707 | 9,673,707 | - |
| Fund balances - ending | <u>\$ 8,515,813</u> | <u>\$ 8,999,496</u> | <u>\$ 9,813,469</u> | <u>\$ 813,973</u> |

Oconee County, Georgia
 Reconciliation of Budget Expenditures by Department to
 GAAP Basis Budget - General Fund
 For the Fiscal Year Ended June 30, 2011

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|----------------------|----------------------|----------------------|----------------------------------|
| Current: | | | | |
| General government: | | | | |
| Commission | \$ 527,537 | \$ 627,537 | \$ 612,332 | \$ 15,205 |
| Administration | 363,431 | 400,430 | 391,897 | 8,533 |
| Human resources | 347,696 | 361,197 | 354,398 | 6,799 |
| Finance | 578,570 | 593,569 | 578,203 | 15,366 |
| Board of elections | 218,296 | 218,296 | 210,662 | 7,634 |
| Information technology | 522,416 | 541,516 | 529,073 | 12,443 |
| Tax commissioner | 464,703 | 496,203 | 484,779 | 11,424 |
| Tax assessor | 516,592 | 541,142 | 539,834 | 1,308 |
| Operations | 1,165,532 | 1,154,032 | 1,117,195 | 36,837 |
| Superior court - Board of equalization | 3,690 | 4,890 | 4,810 | 80 |
| Judicial: | | | | |
| Superior court | 372,486 | 336,635 | 324,929 | 11,706 |
| Clerk of courts | 582,720 | 641,220 | 635,778 | 5,442 |
| District attorney | - | 24,955 | 22,274 | 2,681 |
| Magistrate court | 72,229 | 77,229 | 75,291 | 1,938 |
| Probate court | 372,327 | 391,828 | 385,390 | 6,438 |
| Juvenile court | 74,940 | 58,940 | 57,486 | 1,454 |
| Public safety: | | | | |
| Law enforcement | 2,966,695 | 3,100,944 | 3,010,302 | 90,642 |
| Jail | 2,279,077 | 2,428,728 | 2,381,424 | 47,304 |
| Public safety | 1,104,562 | 1,094,110 | 1,051,289 | 42,821 |
| Coroner | 26,404 | 31,754 | 30,979 | 775 |
| Public works: | | | | |
| Public works | 2,178,044 | 2,178,045 | 2,042,759 | 135,286 |
| County facilities | 380,337 | 408,839 | 408,815 | 24 |
| Health and welfare: | | | | |
| Joint gov't programs-health and welfare | 202,086 | 204,611 | 204,592 | 19 |
| Culture and recreation: | | | | |
| Parks and recreation | 2,246,881 | 2,289,482 | 2,205,775 | 83,707 |
| Joint gov't program-library | 470,010 | 478,260 | 477,940 | 320 |
| Housing and development: | | | | |
| Joint gov't program-development | 141,824 | 141,824 | 131,696 | 10,128 |
| Code enforcement | 486,443 | 486,468 | 455,619 | 30,849 |
| Planning | 438,439 | 449,865 | 445,517 | 4,348 |
| Total current expenditures | <u>19,103,967</u> | <u>19,762,549</u> | <u>19,171,038</u> | <u>591,511</u> |
| Debt service: | | | | |
| Principal payments: | | | | |
| Jail | 3,500 | 3,500 | - | 3,500 |
| Total principal payments | <u>3,500</u> | <u>3,500</u> | <u>-</u> | <u>3,500</u> |
| Interest payments: | | | | |
| Jail | - | - | - | - |
| Total debt service | <u>3,500</u> | <u>3,500</u> | <u>-</u> | <u>3,500</u> |
| Total expenditures by department | <u>\$ 19,107,467</u> | <u>\$ 19,766,049</u> | <u>\$ 19,171,038</u> | <u>\$ 595,011</u> |

Other Supplementary Information

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.

Local Resources Fund - This fund accounts for the acquisition of capital facilities.

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, 2011

| | Total Nonmajor Special Revenue Funds | Total Nonmajor Capital Projects Fund | Total Nonmajor Governmental Funds |
|--|--|---|--|
| ASSETS | | | |
| Cash | \$ 505,832 | \$ 44,637 | \$ 550,469 |
| Accounts receivable, net | 103,284 | - | 103,284 |
| Taxes receivable, net | 6,183 | - | 6,183 |
| Internal balances | 140,430 | 40,236 | 180,666 |
| Due from other governments | 175,051 | - | 175,051 |
| Prepaid items | 5,527 | - | 5,527 |
| Total assets | <u>\$ 936,307</u> | <u>\$ 84,873</u> | <u>\$ 1,021,180</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 165,733 | \$ 38,073 | \$ 203,806 |
| Retainage payable | - | 46,800 | 46,800 |
| Internal balances | 93,122 | - | 93,122 |
| Salaries and benefits payable | 49,846 | - | 49,846 |
| Deferred revenue | 5,726 | - | 5,726 |
| Total liabilities | <u>314,427</u> | <u>84,873</u> | <u>399,300</u> |
| Fund balances: | | | |
| Nonspendable | 5,527 | - | 5,527 |
| Restricted | | | |
| Capital projects | 27,166 | - | 27,166 |
| Judicial | 102,250 | - | 102,250 |
| Public safety | 145,603 | - | 145,603 |
| Culture and recreation | 82,886 | - | 82,886 |
| Housing and development | 130,066 | - | 130,066 |
| Assigned | | | |
| Health and welfare | 133,278 | - | 133,278 |
| Unassigned | (4,896) | - | (4,896) |
| Total fund balances | <u>621,880</u> | <u>-</u> | <u>621,880</u> |
| Total liabilities and fund balances | <u>\$ 936,307</u> | <u>\$ 84,873</u> | <u>\$ 1,021,180</u> |

Oconee County, Georgia
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
June 30, 2011

| | 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 | \$ 140,946 | \$ 71,298 | \$ 17,690 | \$ 260,760 | \$ 14,770 | \$ - | \$ - | \$ 368 | \$ - | \$ 505,832 |
| Accounts receivable, net | 12,995 | - | - | - | - | 81,713 | - | - | 8,576 | 103,284 |
| Taxes receivable, net | - | - | - | - | - | - | - | 6,183 | - | 6,183 |
| Internal balances | - | - | - | 12,373 | 2,000 | 5,000 | 13,035 | 16,888 | 91,134 | 140,430 |
| Due from other governments | - | - | - | 13,626 | 147,770 | - | 13,655 | - | - | 175,051 |
| Prepaid items | 637 | - | - | - | - | 4,594 | - | - | 296 | 5,527 |
| Total assets | \$ 154,578 | \$ 71,298 | \$ 17,690 | \$ 286,759 | \$ 164,540 | \$ 91,307 | \$ 26,690 | \$ 23,439 | \$ 100,006 | \$ 936,307 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | |
| Liabilities: | | | | | | | | | | |
| Accounts payable | \$ 9,325 | \$ 1,000 | \$ - | \$ 6,867 | \$ 112,245 | \$ 17,013 | \$ 1,283 | \$ 17,713 | 287 | \$ 165,733 |
| Internal balances | 488 | - | - | 16,259 | 26,761 | 37,241 | 12,373 | - | - | 93,122 |
| Salaries and benefits payable | 10,850 | - | - | - | - | 37,053 | - | - | 1,943 | 49,846 |
| Deferred revenue | - | - | - | - | - | - | - | 5,726 | - | 5,726 |
| Total liabilities | 20,663 | 1,000 | - | 23,126 | 139,006 | 91,307 | 13,656 | 23,439 | 2,230 | 314,427 |
| Fund balances: | | | | | | | | | | |
| Nonspendable | 637 | - | - | - | - | 4,594 | - | - | 296 | 5,527 |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Capital Projects | - | - | - | - | - | - | - | - | 27,166 | 27,166 |
| Judicial | - | 70,298 | - | 6,418 | 25,534 | - | - | - | - | 102,250 |
| Public safety | - | - | - | 114,879 | - | - | 13,034 | - | - | 145,603 |
| Culture and recreation | - | - | 17,690 | 82,886 | - | - | - | - | - | 82,886 |
| Housing and development | - | - | - | 59,450 | - | - | - | - | 70,616 | 130,066 |
| Assigned | - | - | - | - | - | - | - | - | - | - |
| Health and welfare | 133,278 | - | - | - | - | - | - | - | - | 133,278 |
| Unassigned | - | - | - | - | - | (4,594) | - | - | (302) | (4,896) |
| Total fund balances | 133,915 | 70,298 | 17,690 | 263,633 | 25,534 | - | 13,034 | - | 97,776 | 621,880 |
| Total liabilities and fund balances | \$ 154,578 | \$ 71,298 | \$ 17,690 | \$ 286,759 | \$ 164,540 | \$ 91,307 | \$ 26,690 | \$ 23,439 | \$ 100,006 | \$ 936,307 |

Oconee County, Georgia
Nonmajor Governmental Funds - Capital Projects Funds
Combining Balance Sheet
June 30, 2011

| | GO Bonds Capital Projects Fund | Local Resources Capital Projects Fund | Total Nonmajor Capital Projects Funds |
|--|---|--|--|
| ASSETS | | | |
| Cash | \$ 44,637 | \$ - | \$ 44,637 |
| Internal balances | 2,163 | 38,073 | 40,236 |
| Total assets | <u><u>\$ 46,800</u></u> | <u><u>\$ 38,073</u></u> | <u><u>\$ 84,873</u></u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ - | \$ 38,073 | \$ 38,073 |
| Retainage payable | 46,800 | - | 46,800 |
| Total liabilities | <u><u>46,800</u></u> | <u><u>38,073</u></u> | <u><u>84,873</u></u> |
| Fund balances: | | | |
| Assigned | | | |
| Capital projects | - | - | - |
| Total fund balances | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>-</u></u> |
| Total liabilities and fund balances | <u><u>\$ 46,800</u></u> | <u><u>\$ 38,073</u></u> | <u><u>\$ 84,873</u></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, 2011

| | Total Nonmajor Special Revenue Funds | Total Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|---|--|--|--|
| REVENUES | | | |
| Taxes | \$ 97,846 | \$ - | \$ 97,846 |
| Intergovernmental revenue | 485,723 | - | 485,723 |
| Charges for services | 876,709 | - | 876,709 |
| Fines and forfeitures | 114,424 | - | 114,424 |
| Investment income | 1,209 | 131 | 1,340 |
| Contributions and donations | 39,307 | - | 39,307 |
| Miscellaneous | 50,779 | - | 50,779 |
| Total revenues | <u>1,665,997</u> | <u>131</u> | <u>1,666,128</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 3,221 | - | 3,221 |
| Judicial | 469,887 | - | 469,887 |
| Public safety | 1,212,999 | - | 1,212,999 |
| Public works | 207,892 | - | 207,892 |
| Health and welfare | 468,866 | - | 468,866 |
| Culture and recreation | 3,703 | - | 3,703 |
| Housing and development | 72,171 | - | 72,171 |
| Debt service: | | | |
| Principal payments | - | 34,055 | 34,055 |
| Interest and fiscal charges | - | 5,018 | 5,018 |
| Capital outlay | | | |
| Public safety | - | 437,381 | 437,381 |
| Total expenditures | <u>2,438,739</u> | <u>476,454</u> | <u>2,915,193</u> |
| Deficiency of revenues under expenditures | <u>(772,742)</u> | <u>(476,323)</u> | <u>(1,249,065)</u> |
| OTHER FINANCING SOURCES AND (USES) | | | |
| Proceeds from sale of capital assets | 1,200 | - | 1,200 |
| Transfers in | 865,705 | 476,323 | 1,342,028 |
| Transfers (out) | (29,606) | - | (29,606) |
| Total other financing sources | <u>837,299</u> | <u>476,323</u> | <u>1,313,622</u> |
| Net change in fund balances | 64,557 | - | 64,557 |
| Fund balances - beginning | 557,323 | - | 557,323 |
| Fund balances - ending | <u>\$ 621,880</u> | <u>\$ -</u> | <u>\$ 621,880</u> |

Oconee County, Georgia
Nonmajor Governmental Funds - Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2011

| | 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 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 97,846 | \$ 97,846 |
| Intergovernmental revenue | 120,317 | - | - | 13,826 | 283,872 | - | 67,708 | - | - | 485,723 |
| Charges for services | - | - | - | 44,474 | - | 619,390 | - | 212,845 | - | 876,709 |
| Fines and forfeitures | - | 11,777 | 8,098 | 64,380 | 30,169 | - | - | - | - | 114,424 |
| Investment income | 353 | 150 | 14 | 692 | - | - | - | - | - | 1,209 |
| Contributions and donations | - | - | 890 | 38,417 | - | - | - | - | - | 39,307 |
| Miscellaneous | 48,059 | - | - | 2,720 | - | - | - | - | - | 50,779 |
| Total revenues | 168,729 | 11,927 | 9,002 | 164,509 | 314,041 | 619,390 | 67,708 | 212,845 | 97,846 | 1,665,997 |
| EXPENDITURES | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | - | - | - | 3,221 | - | - | - | - | - | 3,221 |
| Judicial | - | 6,920 | - | 5,044 | 450,653 | - | 7,270 | - | - | 469,887 |
| Public safety | - | - | 14,154 | 79,540 | - | 1,097,151 | 22,154 | - | - | 1,212,999 |
| Public works | - | - | - | 1,352 | - | - | - | 206,540 | - | 207,892 |
| Health and welfare | 426,616 | - | - | - | - | - | 42,250 | - | - | 468,866 |
| Culture and recreation | - | - | - | 3,703 | - | - | - | - | - | 3,703 |
| Housing and development | - | - | - | 4,057 | - | - | - | - | 68,114 | 72,171 |
| Total expenditures | 426,616 | 6,920 | 14,154 | 96,917 | 450,653 | 1,097,151 | 71,674 | 206,540 | 68,114 | 2,438,739 |
| Excess (deficiency) of revenues over (under) expenditures | (257,887) | 5,007 | (5,152) | 67,592 | (136,612) | (477,761) | (3,966) | 6,305 | 29,732 | (772,742) |
| OTHER FINANCING SOURCES | | | | | | | | | | |
| Proceeds from sale of capital assets | - | - | 1,200 | - | - | - | - | - | - | 1,200 |
| Transfers in | 194,966 | - | - | 63,470 | 115,757 | 477,761 | - | - | 13,751 | 865,705 |
| Transfers (out) | - | - | - | (23,301) | - | - | - | (6,305) | - | (29,606) |
| Total other financing sources | 194,966 | - | 1,200 | 40,169 | 115,757 | 477,761 | - | (6,305) | 13,751 | 837,299 |
| Net change in fund balances | (62,921) | 5,007 | (3,952) | 107,761 | (20,855) | - | (3,966) | - | 43,483 | 64,557 |
| Fund balances - beginning | 196,836 | 65,291 | 21,642 | 155,872 | 46,389 | - | 17,000 | - | 54,293 | 557,323 |
| Fund balances - ending | \$ 133,915 | \$ 70,298 | \$ 17,690 | \$ 263,633 | \$ 25,534 | \$ - | \$ 13,034 | \$ - | \$ 97,776 | \$ 621,880 |

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, 2011

| | GO Bonds Capital Projects Fund | Local Resources Capital Projects Fund | Total Nonmajor Capital Projects Funds |
|---|---|---|---|
| REVENUES | | | |
| Investment income | \$ 131 | \$ - | \$ 131 |
| Total revenues | <u>131</u> | <u>-</u> | <u>131</u> |
| EXPENDITURES | | | |
| Debt service: | | | |
| Principal payments | - | 34,055 | 34,055 |
| Interest and fiscal charges | 1,000 | 4,018 | 5,018 |
| Capital outlay | | | |
| Public safety | - | 437,381 | 437,381 |
| Total expenditures | <u>1,000</u> | <u>475,454</u> | <u>476,454</u> |
| Deficiency of revenues under expenditures | <u>(869)</u> | <u>(475,454)</u> | <u>(476,323)</u> |
| OTHER FINANCING SOURCES | | | |
| Transfers in | 869 | 475,454 | 476,323 |
| Total other financing sources | <u>869</u> | <u>475,454</u> | <u>476,323</u> |
| Net change in fund balances | - | - | - |
| Fund balances - beginning | - | - | - |
| Fund balances - ending | <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, 2011

| | Solid Waste Fund | Special Facilities Fund | Total Nonmajor Proprietary Funds |
|---|------------------------|-------------------------------|---|
| ASSETS | | | |
| Current assets: | | | |
| Cash | \$ 608 | \$ - | \$ 608 |
| Accounts receivable, net | 8,274 | 11,608 | 19,882 |
| Internal balances | 63,475 | 58,925 | 122,400 |
| Prepaid items | 1,707 | 2,793 | 4,500 |
| Total current assets | <u>74,064</u> | <u>73,326</u> | <u>147,390</u> |
| Noncurrent assets: | | | |
| Net pension asset | 596 | 945 | 1,541 |
| Capital assets | | | |
| Land | 125,000 | 25,000 | 150,000 |
| Construction in progress | - | 2,384 | 2,384 |
| Land improvements, net | 20,361 | - | 20,361 |
| Equipment, furniture and vehicles, net | 7,104 | 34,978 | 42,082 |
| Building and improvements, net | 37,759 | 1,788,844 | 1,826,603 |
| Total capital assets | <u>190,224</u> | <u>1,851,206</u> | <u>2,041,430</u> |
| Total assets | <u>264,884</u> | <u>1,925,477</u> | <u>2,190,361</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 47,590 | 24,357 | 71,947 |
| Salaries and benefits payable | 18,866 | 24,260 | 43,126 |
| Total current liabilities | <u>66,456</u> | <u>48,617</u> | <u>115,073</u> |
| Noncurrent liabilities: | | | |
| Compensated absences | 8,203 | 25,653 | 33,856 |
| Total noncurrent liabilities | <u>8,203</u> | <u>25,653</u> | <u>33,856</u> |
| Total liabilities | <u>74,659</u> | <u>74,270</u> | <u>148,929</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 190,224 | 1,851,206 | 2,041,430 |
| Unrestricted | 1 | 1 | 2 |
| Total net assets | <u>\$ 190,225</u> | <u>\$ 1,851,207</u> | <u>\$ 2,041,432</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, 2011

| | Solid Waste Fund | Special Facilities Fund | Total Nonmajor Proprietary Funds |
|--|------------------------|-------------------------------|---|
| OPERATING REVENUES | | | |
| Charges for services | \$ 233,611 | \$ 69,086 | \$ 302,697 |
| Licenses and permits | 5,000 | - | 5,000 |
| Rents and royalties | - | 103,404 | 103,404 |
| Miscellaneous | 250 | 11,701 | 11,951 |
| Total operating revenues | <u>238,861</u> | <u>184,191</u> | <u>423,052</u> |
| OPERATING EXPENSES | | | |
| Salaries and benefits | 216,294 | 385,847 | 602,141 |
| Other contracted services | 239,866 | 10,458 | 250,324 |
| Supplies and materials | 22,385 | 22,587 | 44,972 |
| Repairs and maintenance | 4,225 | 7,547 | 11,772 |
| Utilities | 8,515 | 63,480 | 71,995 |
| Insurance | 5,028 | 4,470 | 9,498 |
| Depreciation and amortization | 5,397 | 68,001 | 73,398 |
| Other charges | 5,006 | 75,327 | 80,333 |
| Total operating expenses | <u>506,716</u> | <u>637,717</u> | <u>1,144,433</u> |
| Operating loss | <u>(267,855)</u> | <u>(453,526)</u> | <u>(721,381)</u> |
| Loss before contributions and transfers | (267,855) | (453,526) | (721,381) |
| Transfers in (out) | <u>242,150</u> | <u>388,093</u> | <u>630,243</u> |
| Change in net assets | (25,705) | (65,433) | (91,138) |
| Total net assets - beginning | 215,930 | 1,916,640 | 2,132,570 |
| Total net assets - ending | <u>\$ 190,225</u> | <u>\$ 1,851,207</u> | <u>\$ 2,041,432</u> |

Oconee County, Georgia
Combining Schedule of Cash Flows
Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2011

| | Solid Waste Fund | Special Facilities Fund | Total Nonmajor Proprietary Funds |
|---|---------------------------------|--|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | \$ 239,890 | \$ 175,153 | \$ 415,043 |
| Payments to suppliers | (270,204) | (184,880) | (455,084) |
| Payments to employees | (219,838) | (390,001) | (609,839) |
| | <u>(250,152)</u> | <u>(399,728)</u> | <u>(649,880)</u> |
| Net cash (used) by operating activities | | | |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers in | 242,150 | 388,093 | 630,243 |
| Interfund loans - proceeds and collections | 7,697 | 24,206 | 31,903 |
| Net cash provided by noncapital financing activities | <u>249,847</u> | <u>412,299</u> | <u>662,146</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Acquisition and construction of capital assets | - | (12,571) | (12,571) |
| Net cash (used) by capital and related financing activities | <u>-</u> | <u>(12,571)</u> | <u>(12,571)</u> |
| Net change in cash and cash equivalents | (305) | - | (305) |
| Cash - beginning of the year | 913 | - | 913 |
| Cash - end of the year | <u>\$ 608</u> | <u>\$ -</u> | <u>\$ 608</u> |

Oconee County, Georgia
Combining Schedule of Cash Flows
Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2011

| | <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 | \$ (267,855) | \$ (453,526) | \$ (721,381) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | | | |
| Depreciation and amortization expense | 5,397 | 68,001 | 73,398 |
| Change in assets and liabilities: | | | |
| Receivables, net | 1,029 | (9,038) | (8,009) |
| Prepaid items | 3,150 | 24 | 3,174 |
| Net pension asset | (2,429) | (3,695) | (6,124) |
| Accounts payable | 11,671 | (1,035) | 10,636 |
| Accrued expenses | (488) | 5,998 | 5,510 |
| Compensated absences | (627) | (6,457) | (7,084) |
| Net cash (used) by operating activities | <u>\$ (250,152)</u> | <u>\$ (399,728)</u> | <u>\$ (649,880)</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 Assets and Liabilities
June 30, 2011

| | Tax Commissioner | Sheriff | Superior Court | Probate Court | Magistrate Court | Juvenile Court | Total Fiduciary Funds |
|--------------------------|---------------------|-----------------|-------------------|------------------|---------------------|-------------------|-----------------------------|
| ASSETS | | | | | | | |
| Cash | \$ 23,853 | \$ 8,590 | \$ 195,708 | \$ 52,138 | \$ 59,405 | \$ 375 | \$ 340,069 |
| Due from others | - | - | - | - | - | - | - |
| Total Assets | <u>\$ 23,853</u> | <u>\$ 8,590</u> | <u>\$ 195,708</u> | <u>\$ 52,138</u> | <u>\$ 59,405</u> | <u>\$ 375</u> | <u>\$ 340,069</u> |
| LIABILITIES | | | | | | | |
| Due to others | \$ 23,853 | \$ 8,590 | \$ 195,708 | \$ 52,138 | \$ 59,405 | \$ 375 | \$ 340,069 |
| Total Liabilities | <u>\$ 23,853</u> | <u>\$ 8,590</u> | <u>\$ 195,708</u> | <u>\$ 52,138</u> | <u>\$ 59,405</u> | <u>\$ 375</u> | <u>\$ 340,069</u> |

Bond Disclosures

Oconee County, Georgia
Water and Sewer Fund
Required Bond Disclosures
System Customers
June 30, 2011

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

| <u>Water Customers</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Residential | 7,842 | 7,760 | 7,880 | 7,967 | 8,009 |
| Commercial/Industrial | 526 | 607 | 658 | 661 | 681 |
| Total | <u>8,368</u> | <u>8,367</u> | <u>8,538</u> | <u>8,628</u> | <u>8,690</u> |
| | | | | | |
| <u>Sewer Customers</u> | | | | | |
| Residential | 948 | 1,009 | 1,126 | 1,137 | 1,151 |
| Commercial/Industrial | 210 | 247 | 296 | 300 | 304 |
| Total | <u>1,158</u> | <u>1,256</u> | <u>1,422</u> | <u>1,437</u> | <u>1,455</u> |

Oconee County, Georgia
Water and Sewer Fund
Required Bond Disclosures
Largest Customers
June 30, 2011

TEN LARGEST WATER CUSTOMERS

| <u>Customer</u> | <u>Business/Product</u> | <u>Total Water Billings FY 2011</u> | <u>Percentage of System Revenues ¹</u> |
|---|-------------------------|---|---|
| Walton County Water and Sewer Authority | Retail Water Supply | \$ 113,786 | 1.81% |
| Oconee County Board of Education | Education | 97,387 | 1.55% |
| Piedmont Water | Private Water Supply | 39,951 | < 1.0 |
| Georgia General Kipling | Mobile Home Park | 43,626 | < 1.0 |
| Family Life Enrichment Center | Nursing Home | 37,773 | < 1.0 |
| American Linen | Linen Supply | 30,605 | < 1.0 |
| Oconee County Board of Commissioners | Local Government | 42,455 | < 1.0 |
| Athens Academy | Private Education | 33,157 | < 1.0 |
| Home Depot | Home Supply Store | 18,596 | < 1.0 |
| Wal-Mart | Sales | 14,477 | < 1.0 |
| Total | | <u>\$ 471,812</u> | <u>7.52%</u> |

TEN LARGEST SEWER CUSTOMERS

| <u>Customer</u> | <u>Business/Product</u> | <u>Total Sewer Billings FY 2011</u> | <u>Percentage of System Revenues ¹</u> |
|--------------------------------------|--------------------------|---|---|
| Oconee County Board of Education | Education | \$ 55,491 | < 1.0 |
| Georgia General Kipling | Mobile Home Park | 32,950 | < 1.0 |
| Oconee County Board of Commissioners | Local Government | 19,458 | |
| Wal-Mart | Sales | 10,178 | < 1.0 |
| Ryan's | Restaurant | 9,821 | < 1.0 |
| Home Depot | Home Supply Store | 7,522 | < 1.0 |
| Community Water Management | Restaurants/Retail Shops | 7,219 | < 1.0 |
| Cracker Barrel | Restaurant | 6,452 | < 1.0 |
| Kroger | Grocery | 6,437 | < 1.0 |
| McDonald's | Restaurant | 6,037 | < 1.0 |
| Total | | <u>\$ 161,566</u> | <u>2.58%</u> |

¹ Total operating revenues of the System for the fiscal year ended June 30, 2011 were \$6,270,843

**Oconee County, Georgia
Water and Sewer Fund
Required Bond Disclosures
Five Year Operating History
June 30, 2011**

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

| | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| OPERATING REVENUES | | | | | |
| Charges for services | \$ 5,506,643 | \$ 4,588,523 | \$ 4,339,574 | \$ 5,367,287 | \$ 6,063,055 |
| Miscellaneous | 152,824 | 151,129 | 138,511 | 150,150 | 207,788 |
| Total operating revenues | <u>5,659,467</u> | <u>4,739,652</u> | <u>4,478,085</u> | <u>5,517,437</u> | <u>6,270,843</u> |
| OPERATING EXPENSES | | | | | |
| Salaries and benefits | 1,268,931 | 1,322,679 | 1,281,079 | 1,122,116 | 1,096,991 |
| Other contracted services | 37,592 | 68,556 | 47,568 | 42,185 | 72,853 |
| Water purchase and treatment costs | 1,277,175 | 934,111 | 1,040,846 | 1,089,535 | 1,098,991 |
| Supplies and materials | 59,897 | 62,356 | 51,901 | 58,527 | 50,105 |
| Repairs and maintenance | 186,081 | 490,803 | 197,404 | 163,031 | 189,139 |
| Utilities | 218,110 | 244,189 | 251,384 | 290,920 | 326,491 |
| Insurance | 13,988 | 13,599 | 15,382 | 6,182 | 12,254 |
| Depreciation | 1,590,474 | 1,429,080 | 1,496,156 | 1,492,273 | 1,483,658 |
| Other charges | 138,262 | 140,097 | 76,072 | 62,838 | 70,638 |
| Total operating expenses | <u>4,790,510</u> | <u>4,705,470</u> | <u>4,457,792</u> | <u>4,327,607</u> | <u>4,401,120</u> |
| Operating income (loss) | <u>868,957</u> | <u>34,182</u> | <u>20,293</u> | <u>1,189,830</u> | <u>1,869,723</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Investment earnings | 347,064 | 339,684 | 372,835 | 84,866 | 51,436 |
| Water availability fees | 331,375 | 463,775 | 148,504 | 60,892 | 140,721 |
| Sewer capacity fees | 299,216 | 132,869 | 296,119 | - | 78,716 |
| Sewer connection fees | - | 77,600 | 22,400 | 16,000 | 8,000 |
| Gain (loss) on disposal of assets | - | (271,596) | - | - | 6,292 |
| Amortization expense - UOBWA | - | (167,378) | (167,378) | (167,378) | (167,378) |
| Miscellaneous income | 26,882 | - | - | - | - |
| Interest expense | (1,264,700) | (1,290,819) | (1,501,852) | (1,193,623) | (1,087,539) |
| Total nonoperating revenue (expenses) | <u>(260,163)</u> | <u>(715,865)</u> | <u>(829,372)</u> | <u>(1,199,243)</u> | <u>(969,752)</u> |
| Loss before contributions and transfers | 608,794 | (681,683) | (809,079) | (9,413) | 899,971 |
| Capital contributions | 1,776,030 | 2,805,850 | 618,950 | 874,932 | 398,119 |
| Transfers in | 806,208 | 2,287,761 | 225,589 | 979,050 | 590,283 |
| Change in net assets | <u>3,191,032</u> | <u>4,411,928</u> | <u>35,460</u> | <u>1,844,569</u> | <u>1,888,373</u> |
| Total net assets - beginning | 40,383,762 | 43,574,794 | 49,344,082 | 49,379,542 | 51,224,111 |
| Prior period adjustment | - | 1,357,360 | - | - | - |
| Total net assets - beginning, as restated | 40,383,762 | 44,932,154 | 49,344,082 | 49,379,542 | 51,224,111 |
| Total net assets - ending | <u>\$ 43,574,794</u> | <u>\$ 49,344,082</u> | <u>\$ 49,379,542</u> | <u>\$ 51,224,111</u> | <u>\$ 53,112,484</u> |

Oconee County, Georgia
Water and Sewer Fund
Required Bond Disclosures
Historical Debt Service Coverage Ratios
June 30, 2011

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

| | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|---|--------------|--------------|--------------|--------------|--------------|
| Historical Net Revenues Available for Debt Service (1) | \$ 3,991,225 | \$ 4,325,977 | \$ 2,414,518 | \$ 3,655,533 | \$ 3,638,546 |
| Historical Debt Service on Revenue Bonds | 1,514,590 | 1,515,034 | 1,515,351 | 1,567,993 | 815,358 |
| Historical Debt Service Coverage Ratio | 2.64 | 2.86 | 1.59 | 2.33 | 4.46 |

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

Treadwell, Tamplin & Co.

Certified Public Accountants

A Limited Liability Partnership

157 West Jefferson Street
Madison, Georgia 30650
Ph: (706) 342-1040

2470 Daniell's Bridge Rd, Ste 151103
Athens, Georgia 30606
Ph: (706) 353-3120

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, 2011, which collectively comprise the Oconee County, Georgia's basic financial statements and have issued our report thereon dated December 30, 2011. 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 not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 30, 2011.

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.

Dreadwell, Jamlin & Co.

Athens, Georgia
December 30, 2011

Treadwell, Jamplin & Co.

Certified Public Accountants

A Limited Liability Partnership

157 West Jefferson Street
Madison, Georgia 30650
Ph: (706) 342-1040

2470 Daniell's Bridge Rd, Ste 151103
Athens, Georgia 30606
Ph: (706) 353-3120

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, 2011. 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, 2011.

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.

We noted certain other matters that we have reported to management of Oconee County, Georgia in a separate letter dated December 30, 2011.

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.

W. Readwell, Sampson & Co.

Athens, Georgia
December 30, 2011

Oconee County, Georgia
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2011

| 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 | 427-00-373-00000005063 | \$ 10,458 | \$ 10,458 | \$ 10,458 |
| Title III-C1 | 93.045 | 427-00-373-00000005063 | 24,624 | 24,624 | 24,624 |
| Title III-C2 | 93.053 | 427-00-373-00000005063 | 28,751 | 28,751 | 28,751 |
| | | | <u>63,833</u> | <u>63,833</u> | <u>63,833</u> |
| US Dept. of Justice - | | | | | |
| <i>Council of Juvenile Court Judges of Georgia</i> | | | | | |
| Purchase of Services for Juvenile Offenders Program | 16.523 | 07B-ST-0001 | 7,000 | 55 | 55 |
| | | JB-07ST-004 | 2,000 | 2,000 | 2,000 |
| | | JB-08ST-0002 | 7,000 | 5,215 | 5,215 |
| | | | <u>16,000</u> | <u>7,270</u> | <u>7,270</u> |
| <i>Criminal Justice Coordinating Council</i> | | | | | |
| Violence Against Women Act | 16.588 | W08-8-051 | 78,002 | 46,690 | 46,690 |
| | | W09-8-031 | 61,200 | 9,370 | 9,370 |
| | | W09-8-051 | 64,004 | 64,004 | 64,004 |
| | | W09-8-060 | 20,585 | 20,585 | 20,585 |
| | | W10-8-044 | 78,002 | 38,206 | 38,206 |
| | | W10-8-060 | 120,585 | 47,851 | 47,851 |
| ARRA- Violence Against Women Act | 16.588 | W82-8-066 | 101,998 | 52,823 | 52,823 |
| | | | <u>524,376</u> | <u>279,529</u> | <u>279,529</u> |
| Victims of Crime Act of 1984 | 16.575 | C09-8-103 | 76,027 | 11,695 | 11,695 |
| | | C10-8-126 | 84,250 | 57,648 | 57,648 |
| | | | <u>160,277</u> | <u>69,343</u> | <u>69,343</u> |
| | | | <u>\$ 700,653</u> | <u>\$ 356,142</u> | <u>\$ 356,142</u> |

Oconee County, Georgia
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2011

| 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 | | | | | |
| <i>Georgia Emergency Management Agency</i> State Homeland Security Program | 97.067 | 2010-SS-T0-0034 | \$ 100,000 | \$ 100,000 | \$ 100,000 |
| Emergency Management Performance Grant | 97.042 | 2010-EP-00-0013 | 18,688 | 18,688 | 18,688 |
| | | | <u>118,688</u> | <u>118,688</u> | <u>118,688</u> |
| US Department of Transportation | | | | | |
| <i>Georgia Emergency Management Agency</i> State and Community Highway Safety | 20.600 | TEN-2011-108-00519 | 15,000 | 13,626 | 13,626 |
| <i>Northeast Georgia Regional Commission</i> Coordinated Transportation | 20.513 | 427-00-373-00000005063 | 38,321 | 38,321 | 38,321 |
| | | | <u>53,321</u> | <u>51,947</u> | <u>51,947</u> |
| US Environmental Protection Agency | | | | | |
| <i>Georgia Environmental Finance Authority</i> Clean Water State Revolving Fund | 66.458 | CWSRF 09-062 | 960,943 | 479,057 | 479,057 |
| Total | | | <u>\$ 1,897,438</u> | <u>\$ 1,069,667</u> | <u>\$ 1,069,667</u> |

Oconee County, Georgia
Notes to Schedule of Expenditures of Federal Awards
June 30, 2011

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, 2011

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?

_____ yes X no

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

_____ yes X 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

66.458

Clean Water State Revolving Funds

97.067

Homeland Security Grant Program

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

\$ 300,000

Auditee qualified as a low risk auditee?

_____ yes X no

** Our audit procedures did not identify any noncompliance which is material to the financial statements of the auditee. However, in the process of performing our procedures we did identify conditions that appear to be a potential violation of state law. This instance of possible noncompliance is reported in the Schedule of Findings and Questioned Costs in accordance with the requirements of Government Auditing Standards Section 5.15(a) which requires that the auditor report "illegal acts that have an effect on the financial statements that is more than inconsequential".

Oconee County, Georgia
Schedule of Findings and Questioned Costs
June 30, 2011

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 \$14,571 in its banking accounts that represented partial payments of fines that had not yet been paid in full. This amount is reduced from the amount that Superior Court had in unremitted partial payments at June 30, 2010 of \$18,038. |
| 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. |

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

None reported.

Oconee County, Georgia
Summary Schedule of Prior Audit Findings
June 30, 2011

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 2011

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

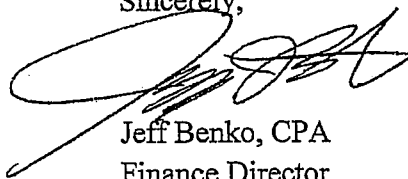
Subj: **Corrective Action Plan**
Oconee County, Georgia
Audit Period Ending June 30, 2011

1. In response to the Schedule of Audit Findings for period ending June 30, 2011, 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. There was progress made in FY11 towards reducing the amount of monies held.

Sincerely,



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, 2011

| | <u>Original Estimated Cost</u> | <u>Revised Estimated Cost</u> | <u>Prior Years</u> | <u>Expenditures Current Year</u> | <u>Total</u> | <u>Estimated Percentages of Completion</u> |
|---|--|---------------------------------------|-----------------------------|--|-----------------------------|--|
| 2004 Referendum*** | | | | | | |
| Water & Sewer improvements | \$ 6,000,000 | \$ 6,637,752 | \$ 4,555,120 | \$ 575,483 | \$ 5,130,603 | 77.29% |
| Recreation & cultural facilities | 5,000,000 | 5,031,350 | 5,002,584 | 28,766 | 5,031,350 | 100.00% |
| Roads | 6,000,000 | 6,276,265 | 5,960,284 | 314,447 | 6,274,731 | 99.98% |
| Jail expansion | 1,300,000 | 1,319,670 | 1,319,670 | - | 1,319,670 | 100.00% |
| Emergency operations center | 600,000 | 681,721 | 681,721 | - | 681,721 | 100.00% |
| Fire station project | 1,500,000 | 1,500,000 | 1,294,327 | 91,310 | 1,385,637 | 92.38% |
| County facilities expansion and renovation | <u>4,600,000</u> | <u>4,600,000</u> | <u>410,112</u> | <u>124,301</u> | <u>534,413</u> | 11.62% |
| Totals | <u>\$ 25,000,000</u> | <u>\$ 26,046,758</u> | <u>\$ 19,223,818</u> | <u>\$ 1,134,307</u> | <u>\$ 20,358,125</u> | |
| 2009 Referendum*** | | | | | | |
| Recreation facilities | \$ 4,847,985 | \$ 4,847,985 | \$ 511,753 | \$ 769,325 | \$ 1,281,078 | 26.42% |
| County Jail and Emergency Operation Center-911 Building | 6,059,981 | 6,059,981 | 811,048 | 1,081,406 | 1,892,454 | 31.23% |
| Water & Sewer facilities | 6,884,176 | 6,884,176 | - | 14,800 | 14,800 | 0.21% |
| Roads, Streets & Bridges | 8,080,020 | 8,080,020 | 168,369 | 1,237,262 | 1,405,631 | 17.40% |
| Recreational, Historic and Scenic Facilities | 1,110,999 | 1,110,999 | - | - | - | 0.00% |
| Fire Station Facilities and Equipment | 3,939,014 | 3,939,014 | - | - | - | 0.00% |
| Communication Facilities | 3,232,001 | 3,232,001 | 700 | 2,901,800 | 2,902,500 | 89.81% |
| Farmland Protection | 504,984 | 504,984 | - | - | - | 0.00% |
| Payment to Cities | | | | | | |
| City of Watkinsville | 3,227,960 | 3,227,960 | 284,202 | 407,925 | 692,127 | 21.44% |
| Town of Bogart | 1,616,000 | 1,616,000 | 142,279 | 204,218 | 346,497 | 21.44% |
| Town of North High Shoals | 674,680 | 674,680 | 59,401 | 85,261 | 144,662 | 21.44% |
| Town of Bishop | <u>222,200</u> | <u>222,200</u> | <u>19,563</u> | <u>28,080</u> | <u>47,643</u> | 21.44% |
| Totals | <u>\$ 40,400,000</u> | <u>\$ 40,400,000</u> | <u>\$ 1,997,315</u> | <u>6,730,077</u> | <u>\$ 8,727,392</u> | |
| Principal payments on Communication Facilities capital lease | | | | 883,200 | | |
| Costs incurred in SPLOST fund reimbursed by grant revenue | | | | 94,486 | | |
| Costs incurred in SPLOST fund reimbursed by grant revenue | | | | <u>100,000</u> | | |
| Total expenditures and transfers reported in the SPLOST 2009 fund | | | | <u>\$ 7,807,763</u> | | |
| The costs reported in the 2009 SPLOST fund are reported as: | | | | | | |
| Total expenditures | | | | <u>\$ 7,792,963</u> | | |
| Total transfers | | | | <u>14,800</u> | | |
| Total expenditures and transfers | | | | <u>\$ 7,807,763</u> | | |

***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, 2011

| <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 | 427-93-11110019-99 | \$ 31,725 | \$ 42,250 | \$ 10,525 |

Oconee County Board of Commissioners
Certification of 9-1-1 Expenditures

For the Year Ended June 30, 2011

Line
No.

O.C.G.A.
Reference:

1 Indicate UCOA Fund Type Used to Account for 9-1-1 Activity (choose one):

 X Special Revenue Fund Enterprise Fund

Expenditures (UCOA Activity 3800)

2 Wireless service supplier cost recovery charges
(Identify each supplier individually on lines below - attach list, if necessary)

46-5-134(G)

| | | |
|------------------------------------|----|-----------|
| UMB Wholesale Bank (Sprint/Nextel) | \$ | 926.65 |
| AT&T Mobility | \$ | 46,608.60 |
| Metro PCS Wireless | \$ | 1,692.45 |

3 Emergency telephone equipment, including necessary computer hardware, software, and data base provisioning, addressing, and nonrecurring costs of establishing a 9-1-1 system:

3a Lease costs 46-5-134(f)(1)(A) \$ -

3b Purchase costs 46-5-134(f)(1)(A) \$ -

3c Maintenance costs 46-5-134(f)(1)(A) \$ -

4 Rates associated with the service suppliers 9-1-1 service and other service suppliers recurring charges 46-5-134(f)(1)(B) \$ -

5 Employees hired by the local government solely for the operation and maintenance of the emergency 9-1-1 system and employees who work as directors as defined in O.C.G.A. §46-5-138.2

5a Salaries and wages 46-5-134(f)(1)(C) \$ 545,690.56

5b Employee benefits 46-5-134(f)(1)(C) \$ 209,892.14

6 Cost of training of employees who work as dispatchers or directors 46-5-134(f)(1)(D) \$ 2,793.14

7 Office supplies of the public safety answering points used directly in providing emergency 9-1-1 system services 46-5-134(f)(1)(E) \$ 6,642.73

8 Building used as a public safety answering point:

8a Lease costs 46-5-134(f)(1)(F) \$ -

8b Purchase costs 46-5-134(f)(1)(F) \$ -

9 Computer hardware and software used at a public safety answering point, including computer assisted dispatch systems and automatic vehicle location systems:

9a Lease costs 46-5-134(f)(1)(G) \$ 187,454.68

9b Purchase costs 46-5-134(f)(1)(G) \$ -

Oconee County Board of Commissioners
Certification of 9-1-1 Expenditures

For the Year Ended June 30, 2011

| Line No. | | O.C.G.A. Reference | |
|-------------|---|------------------------|-------------|
| 9c | Maintenance costs | 46-5-134(f)(1)(G) | \$ - |
| 10 | Supplies directly related to providing emergency 9-1-1 system services, including the cost of printing emergency 9-1-1 public education materials | 46-5-134(f)(1)(H) | \$ - |
| 11 | Logging recorders used at a public safety answering point to record telephone and radio traffic: | | |
| 11a | Lease costs | 46-5-134(f)(1)(I) | \$ - |
| 11b | Purchase costs | 46-5-134(f)(1)(I) | \$ - |
| 11c | Maintenance costs | 46-5-134(f)(1)(I) | \$ 5,492.20 |
| 12 | Insurance purchased to insure against risks and liability in the operation and maintenance of the 9-1-1 system on behalf of the local government or on behalf of employees hired by the local government solely for the operation and maintenance of the 9-1-1 system and employees who work as directors | 46-5-134(f)(2)(B)(i) | \$ - |
| 13 | Mobile communications vehicle and equipment, if the primary purpose and designation of such vehicle is to function as a backup 9-1-1 system center | | |
| 13a | Lease costs | 46-5-134(f)(2)(B)(ii) | \$ - |
| 13b | Purchase costs | 46-5-134(f)(2)(B)(ii) | \$ - |
| 13c | Maintenance costs | 46-5-134(f)(2)(B)(ii) | \$ - |
| 14 | Allocation of indirect costs associated with supporting the 9-1-1 system center and operations as identified and outlined in an indirect cost allocation plan approved by the local governing authority that is consistent with the costs allocated within the local government to both governmental and business-type activities | 46-5-134(f)(2)(B)(iii) | \$ - |
| 15 | Mobile public safety voice and data equipment, geo-targeted text messaging alert systems, or towers necessary to carry out the function of 9-1-1 system operations | | |
| 15a | Lease costs | 46-5-134(f)(2)(B)(iv) | \$ 2,600.00 |
| 15b | Purchase costs | 46-5-134(f)(2)(B)(iv) | \$ - |
| 15c | Maintenance costs | 46-5-134(f)(2)(B)(iv) | \$ - |
| 16 | Public safety voice and data communications systems located in the 9-1-1 system facility that further the legislative intent of providing the highest level of emergency response service on a local, regional, and state-wide basis, including equipment and associated hardware and software that supports the use of public safety wireless voice and data communication systems | | |
| 16a | Lease costs | 46-5-134(f)(2)(B)(v) | \$ - |
| 16b | Purchase costs | 46-5-134(f)(2)(B)(v) | \$ - |
| 16c | Maintenance costs | 46-5-134(f)(2)(B)(v) | \$ - |

Oconee County Board of Commissioners
Certification of 9-1-1 Expenditures

For the Year Ended June 30, 2011

Line
No.

O.C.G.A.
Reference

- 17 Other expenditures not included in Lines 2 through 16 above.
Identify by object and purpose.

| | |
|---|-----------------|
| Professional (UCOA Expenditure Source 52.1200) | \$ 1,045.00 |
| Technical (UCOA Expenditure Source 52.1300) | \$ 938.50 |
| Repairs & Maintenance (UCOA Expenditure Source 52.2200) | \$ 22,041.15 |
| Rental of Copiers/Maintenance (UCOA Expenditure Source 52.2300) | \$ 3,535.04 |
| Insurance, Other Than Employee Benefits (UCOA Expenditure Source 52.3100) | \$ 8,380.45 |
| Communications (UCOA Expenditure Source 52.3200) | \$ 5,011.30 |
| Dues & Fees (UCOA Expenditure Source 52.3600) | \$ 1,462.00 |
| General Supplies & Materials (UCOA Expenditure Source 53.1100) | \$ 3,613.38 |
| Energy (UCOA Expenditure Source 53.1200) | \$ 38,747.00 |
| Small Equipment (UCOA Expenditure Source 53.1600) | \$ 1,094.71 |
| Other Supplies (UCOA Expenditure Source 53.1700) | \$ 1,489.65 |
| 18 Total Expenditures (total of all amounts reported on Lines 2 through 17 above) | \$ 1,097,151.33 |

Certification of Local Government Officials

I have reviewed the information presented in this report and certify that it is accurate and correct. I further certify that the 9-1-1 funds were expended in compliance with the expenditure requirements specified in the Official Code of Georgia Annotated (OCGA), Section 46-5-134. I understand that, in accordance with OCGA Section 46-5-134(m)(2), any local government which makes expenditures not in compliance with this Code section may be held liable for pro rata reimbursement to telephone and wireless telecommunications subscribers of amounts improperly expended. Further, the noncompliant local government shall be solely financially responsible for the reimbursement and for any costs associated with the reimbursement. Such reimbursement shall be accomplished by the service providers abating the imposition of the 9-1-1 charges and 9-1-1 wireless enhanced charges until such abatement equals the total amount of the rebate.

Signature of Chief Elected Official

Melvin Davis

Date

12/28/11

Print Name of Chief Elected Official

Melvin Davis

Title of Chief Elected Official

Chairman, Oconee County Board of Commissioners

Signature of Chief Financial Officer

Jeff Benko

Date

12/28/11

Print Name of Chief Financial Officer

Jeff Benko, CPA