

RABUN COUNTY, GEORGIA

AUDITED FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

RABUN COUNTY, GEORGIA
June 30, 2009

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October 14, 2009

Independent Auditor's Report

**Honorable Chairman and
Members of the Board of Commissioners
Rabun County, Georgia**

I 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 Rabun County, Georgia, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Rabun County's management. My responsibility is to express opinions on these financial statements based on my audit. I did not audit the financial statements of the Rabun County Health Department, a nonmajor component unit, as of and for the year then ended June 30, 2009. These statements reflect total assets of \$565,244 as of June 30, 2009 and total revenues of \$724,297, for the year ended June 30, 2009. These financial statements of the Health Department were audited by another auditor whose reports have been furnished to me and my opinion on the basic financial statements, insofar as it relates to the amounts included for the Rabun County Health Department in the component unit column, is based solely on the reports of the other auditor.

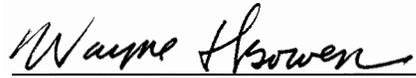
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform 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. I believe that my audit and the reports of other auditors provide a reasonable basis for my opinions.

In my opinion, based on my audit and the reports 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 of Rabun County, Georgia, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, 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, I have also issued my report dated October 14, 2009, on my consideration of the Government's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my 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 my audit.

The Management's Discussion and Analysis and the Budgetary Comparison Schedule are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Rabun County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of special purpose local option sales tax proceeds are presented for the purpose of additional analysis as required by the Official Code of Georgia Annotated 48-8-121, and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedules of expenditures of special purpose local option sales tax proceeds have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.


Certified Public Accountant

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Rabun County's financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2009. Management's discussion and analysis (MD&A) focuses on current year activities and resulting changes, please read it in conjunction with the County's financial statements.

The following is a presentation of a discussion and analysis of the County's financial condition and performance for the year ended June 30, 2009.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements. (Pages 9-10) The government-wide financial statements provide a broad overview of Rabun County finances in a manner similar to that of private-sector businesses. The statements include:

Statement of net assets presents the County's assets and liabilities, with the difference between the two reported as net assets. Over time, the change in net assets is an indicator of the improvement (an increase) or deterioration (a decrease) in the County's financial condition.

Statement of activities presents the revenues and expenses of the County. The difference between these is the change in net assets for the year.

Both of the government-wide financial statements identify the various functions of Rabun County that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Rabun County, Georgia, include general government, judicial, health and welfare, public safety, public works, recreation and culture, and housing and development. The business-type activities of Rabun County, Georgia are its Solid Waste and Recycling operations and a Waste Water Facility.

Government-wide financial statements. The government-wide financial statements include not only Rabun County, Georgia itself (known as the primary government), but also legally separate component units (Library, Health Department, Economic Development Authority and Building Authority) for which Rabun County, Georgia is financially accountable. Financial information for these component units is reported separately from financial information presented for the primary government itself.

Fund Financial Statements. (Pages 11-19) A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The County maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, and SPLOST #4 and #5, all of which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with its budget.

The basic governmental fund financial statements can be found on **pages 11-15** of this report.

Proprietary funds. (Pages 16-18) The County maintains two proprietary funds. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses a proprietary fund to account for its solid waste operation as well as its waste water facility. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the solid waste and waste water operations, which are major funds of the County.

Fiduciary Funds. (Page 19) Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used in the government-wide financial statements.

Notes to the financial statements. (Pages 22-42) The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's schedule of budgetary comparisons on **pages 44-46**. Combining and individual fund statements and schedules can be found on **pages 48-51** of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Rabun County, on an entity-wide basis, had an increase in net assets during FY 2009 of \$3.52 million, of which \$3.01 million was in governmental activities and business-type activities showed a decrease in net asset deficit of \$.51 million. At June 30, 2009 the County had \$45.05 million invested in capital assets, net of debt and accumulated depreciation and \$13.17 million of unrestricted assets (the bulk of which is in cash, investments and accounts receivable). The table below shows the split of net assets between governmental and business-type activities for both FY 2009 and FY 2008.

RABUN COUNTY, GEORGIA'S NET ASSETS

June 30, 2009

(\$ in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Cash and investments	\$ 20,534	\$ 19,835	\$ 106	\$ 163	\$ 20,640	\$ 19,998
Other assets	1,858	2,521	29	71	1,887	2,592
Capital assets	48,800	46,889	3,864	3,148	52,664	50,037
Total assets	<u>71,192</u>	<u>69,245</u>	<u>3,999</u>	<u>3,382</u>	<u>75,191</u>	<u>72,627</u>
Other liabilities	1,727	1,933	322	228	2,049	2,161
Long Term Debt						
Due in More Than One Year	8,892	9,745	6,034	6,022	14,926	15,767
Total liabilities	<u>10,619</u>	<u>11,678</u>	<u>6,356</u>	<u>6,250</u>	<u>16,975</u>	<u>17,928</u>
Net assets:						
Invested in capital assets, net of debt	41,185	39,039	3,865	3,148	45,050	42,187
Unrestricted (deficit)	19,388	18,528	(6,222)	(6,016)	13,166	12,512
Total net assets	<u>\$ 60,573</u>	<u>\$ 57,567</u>	<u>\$ (2,357)</u>	<u>\$ (2,868)</u>	<u>\$ 58,216</u>	<u>\$ 54,699</u>

RABUN COUNTY GEORGIA'S CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2009

(\$ in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
REVENUES						
Program revenues						
Charges for services	\$ 2,231	\$ 2,585	\$ 425	\$ 637	\$ 2,656	\$ 3,222
Operating grants and contributions	772	1,443	-	-	772	1,443
Capital grants and contributions	54	30	-	-	54	30
General revenues						
Taxes	18,835	19,415	-	-	18,835	19,415
Interest	562	777	2	1	564	778
Other	438	162	-	-	438	162
Total revenues	<u>22,892</u>	<u>24,412</u>	<u>427</u>	<u>638</u>	<u>23,319</u>	<u>25,050</u>
EXPENSES						
Program Expenses:						
Governmental Activities	3,463	3,667	-	-	3,463	3,667
Judicial	982	887	-	-	982	887
Public Health and Welfare	911	951	-	-	911	951
Public Safety	6,709	6,386	-	-	6,709	6,386
Public Works	4,468	4,968	-	-	4,468	4,968
Recreation and Culture	1,059	1,027	-	-	1,059	1,027
Housing and Development	388	400	-	-	388	400
Interest and paying agent fees	402	332	-	-	402	332
Solid Waste	-	-	1,310	1,068	1,310	1,068
Waste Water Facility	-	-	270	65	270	65
Total expenses	<u>18,382</u>	<u>18,618</u>	<u>1,580</u>	<u>1,133</u>	<u>19,962</u>	<u>19,751</u>
Excess (Deficiency) before						
Transfers	4,510	5,794	(1,153)	(495)	3,357	5,299
Transfers (Out) In	<u>(1,664)</u>	<u>(698)</u>	<u>1,664</u>	<u>698</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in net assets	2,846	5,096	511	203	3,357	5,299
Net assets, Beginning	57,567	53,357	(2,868)	(3,071)	54,699	50,286
Prior Period Adjustment	160	(886)	-	-	160	(886)
Net assets, Ending	<u>\$ 60,573</u>	<u>\$ 57,567</u>	<u>\$ (2,357)</u>	<u>\$ (2,868)</u>	<u>\$ 58,216</u>	<u>\$ 54,699</u>

Total government-wide revenue for FY 2009 was \$23.32 million with \$18.83 million in taxes, \$.83 million in grants and contributions, \$.56 million in investment earnings, \$2.66 million in charges for services and other revenue for \$.44 million.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows and outflows of spendable resources. Such information is useful in evaluating a government's near-term financing requirements.

Governmental revenues went down \$.56 million from FY 2008. Taxes decreased \$.53 million and there was a decrease in investment earnings as well of approximately \$.22 million.

Tax revenues consisted of over \$18 million, of which \$3.20 million came from local SPLOST revenue in the governmental funds.

Expenditures in the governmental funds were \$21.08 million of which approximately \$3.71 million going toward the purchase or construction of capital assets.

There was a \$.23 million increase in governmental expenditures.

Proprietary fund. The County's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Revenues in business type activities (Solid Waste Fund) was approximately \$425,000 which was a decrease of approximately \$212,000 from the previous year.

Expenses in business-type activities was \$1,580,000, thus creating the need for supplemental income (transfer) from the General Fund. The General Fund transferred to the Solid Waste Fund approximately \$1,464,000 and \$200,000 to the Waste Water Facility during FY 2009.

CAPITAL ASSETS & LONG TERM DEBT

Rabun County's Government-wide investment in capital assets at June 30, 2009 was \$52.66 million, net of \$26.58 million in accumulated depreciation. The investment, which includes land, buildings, roads, bridges, machinery and equipment, park facilities and vehicles, is covered in Note 5. Government-wide capital additions in FY 2009 were approximately \$4.48 million.

Major capital asset activity in 2009 was:

The County completed the renovations pertaining to the security of the Courthouse. The renovations for the old Health department were also completed to house the Tax Assessor's Office, Tax Commissioner's Office, The Marshal's office, Planning and Zoning offices along with the Elections Office. Moving these departments allowed for the court related departments to have more room in the Courthouse. In addition to this, it allows the Board of Elections & Voters Registration to be housed next door to the Civic Center where all precincts have been combined and will vote. Rabun County also implemented a new E911 System that allows us to receive additional revenues by charging a fee on all wireless phones.

Rabun County's long term debt had a net decrease of over \$.84 million.

ECONOMIC FACTORS AND THE 2009 BUDGET

The economy in the County seems to be steady; for example, the un-employment rate in the County is in line with the State average. The County will adhere to strict budget controls for FY 2010.

Funding for the operations of the County come from three primary sources: taxes, charges for services and fines. The County has been able to increase revenues through growth development throughout the County.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of Rabun County's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Clerk to the Commission at 25 Courthouse Square, Suite 201 Clayton, GA 30525.

RABUN COUNTY, GEORGIA
June 30, 2009

BASIC FINANCIAL
STATEMENTS

RABUN COUNTY, GEORGIA
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$20,180,162	\$ 105,866	\$20,286,028	\$ 1,240,555
Investments	354,346	-	354,346	24,720
Receivables(net of allowance for uncollectibles)	1,139,056	28,923	1,167,979	16,554
Net Pension Asset	643,875	-	643,875	-
Bond Issue Costs (net of amortization)	68,107	-	68,107	-
Loan Closing Costs (net of amortization)	7,500	-	7,500	-
Capital Assets:				
Land and Improvements	1,615,996	714,412	2,330,408	275,750
Buildings and Improvements	24,760,137	577,300	25,337,437	-
Waste-Water Facility	-	2,242,618	2,242,618	-
Machinery and Equipment	3,574,918	553,466	4,128,384	193,788
Vehicles	6,480,188	288,445	6,768,633	-
Infrastructure	37,343,129	-	37,343,129	-
Construction in Progress	1,096,970	-	1,096,970	-
Other Non-Depreciable Asset	-	-	-	26,349
Books and Collections	-	-	-	869,876
Accumulated Depreciation	(26,071,599)	(511,850)	(26,583,449)	(849,478)
Capital Assets, Net of Depreciation	<u>48,799,739</u>	<u>3,864,391</u>	<u>52,664,130</u>	<u>516,285</u>
Total Assets	<u>71,192,785</u>	<u>3,999,180</u>	<u>75,191,965</u>	<u>1,798,114</u>
LIABILITIES				
Accounts Payable	463,000	44,428	507,428	421
Other Accrued Payables	-	113,213	113,213	-
Noncurrent Liabilities				
Due within one year				
Compensated Absences	347,632	25,379	373,011	34,532
Revenue Bonds	297,021	-	297,021	-
Notes Payable	590,037	-	590,037	-
Capital Lease Payable	30,037	-	30,037	-
Landfill Closure/Postclosure Costs	-	138,594	138,594	-
Due in more than one year				
General Obligation Bonds	6,500,000	-	6,500,000	-
Revenue Bonds	707,514	-	707,514	-
Notes Payable	1,604,546	2,348,517	3,953,063	-
Capital Lease Payable	79,711	-	79,711	-
Landfill Closure/Postclosure Costs	-	3,686,186	3,686,186	-
Total Liabilities	<u>10,619,498</u>	<u>6,356,317</u>	<u>16,975,815</u>	<u>34,953</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	41,185,456	3,864,391	45,049,847	516,285
Unrestricted	19,387,831	(6,221,528)	13,166,303	1,246,876
Total Net Assets	<u>\$60,573,287</u>	<u>\$ (2,357,137)</u>	<u>\$58,216,150</u>	<u>\$ 1,763,161</u>

Accompanying notes to financial statements are an integral part of this statement

**RABUN COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
JUNE 30, 2009**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units
	Expenses	Charges For Services	Operating		Governmental Activities	Primary Government		
			Grants and Contributions	Capital Grants and Contributions		Business-type Activities	Total	
FUNCTIONS/PROGRAMS								
PRIMARY GOVERNMENT:								
GOVERNMENTAL ACTIVITIES								
General Government	\$ 3,463,217	\$ 266,066	\$ 372,577	\$ -	\$ (2,824,574)	\$ -	\$ (2,824,574)	
Judicial	981,524	529,788	102,968	-	(348,768)	-	(348,768)	
Public Health and Welfare	911,148	-	83,541	-	(827,607)	-	(827,607)	
Public Safety	6,708,922	1,257,993	50,354	-	(5,400,575)	-	(5,400,575)	
Public Works	4,467,648	-	-	53,801	(4,413,847)	-	(4,413,847)	
Recreation and Culture	1,059,208	177,588	-	-	(881,620)	-	(881,620)	
Housing and Development	387,950	-	162,379	-	(225,571)	-	(225,571)	
Interest and paying agent fees	402,457	-	-	-	(402,457)	-	(402,457)	
Total Governmental Activities	18,382,074	2,231,435	771,819	53,801	(15,325,019)	-	(15,325,019)	
BUSINESS-TYPE ACTIVITIES								
Solid Waste	1,310,150	425,255	-	-	-	(884,895)	(884,895)	
Waste Water Facility	270,494	-	-	-	-	(270,494)	(270,494)	
Total Business-type Activities	1,580,644	425,255	-	-	-	(1,155,389)	(1,155,389)	
Total Primary Government	\$ 19,962,718	\$ 2,656,690	\$ 771,819	\$ 53,801	\$ (15,325,019)	\$ (1,155,389)	\$ (16,480,408)	
COMPONENT UNITS								
Total Nonmajor Component Units	\$ 1,090,278	\$ 345,039	\$ 859,263	\$ -			\$ 114,024	
General Revenues								
Property Taxes					14,939,963	-	14,939,963	-
Sales Taxes					3,204,361	-	3,204,361	-
Other Taxes					690,216	-	690,216	-
Investment Earnings					561,841	2,382	564,223	13,667
Miscellaneous					438,546	-	438,546	11,091
Total General Revenues					19,834,927	2,382	19,837,309	24,758
Transfers					(1,663,706)	1,663,706	-	-
Total General Revenues and Transfers					18,171,221	1,666,088	19,837,309	24,758
Change in Net Assets					2,846,202	510,699	3,356,901	138,782
NET ASSETS, Beginning					57,566,809	(2,867,836)	54,698,973	1,620,782
Prior Period Adjustments					160,276	-	160,276	3,597
NET ASSETS, Ending					\$ 60,573,287	\$ (2,357,137)	\$ 58,216,150	\$ 1,763,161

**RABUN COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	<u>General</u>	<u>SPLOST#4</u>	<u>SPLOST#5</u>	<u>Other Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 11,343,366	\$ 2,480,739	\$ 5,713,836	\$ 642,221	\$ 20,180,162
Investments	102,725	-	251,621	-	354,346
Receivables (net of allowance for uncollectibles)	559,605	-	547,100	32,351	1,139,056
Total Assets	<u>\$ 12,005,696</u>	<u>\$ 2,480,739</u>	<u>\$ 6,512,557</u>	<u>\$ 674,572</u>	<u>\$ 21,673,564</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 354,691	\$ -	\$ 108,309	\$ -	\$ 463,000
Deferred Revenue	116,028	-	-	-	116,028
Total Liabilities	<u>470,719</u>	<u>-</u>	<u>108,309</u>	<u>-</u>	<u>579,028</u>
Fund Balances					
Reserved:					
Self Insurance	2,965	-	-	-	2,965
Capital Projects	248,723	-	-	-	248,723
Unreserved, reported in:					
General Fund	11,283,289	-	-	-	11,283,289
Special Revenue Funds	-	-	-	674,572	674,572
Capital Project Funds	-	2,480,739	6,404,248	-	8,884,987
Total Fund Balances	<u>11,534,977</u>	<u>2,480,739</u>	<u>6,404,248</u>	<u>674,572</u>	<u>21,094,536</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 12,005,696</u>	<u>\$ 2,480,739</u>	<u>\$ 6,512,557</u>	<u>\$ 674,572</u>	<u>\$ 21,673,564</u>

RABUN COUNTY, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

Total fund balances for governmental funds **\$ 21,094,536**

Total net assets reported for governmental activities in the statement of net assets are different because:

Net Pension Asset is not recorded on the fund financial statements. 643,875

Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds. However, in the statement of net assets the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.

Cost of Capital Assets	\$ 74,871,338	
Less accumulated depreciation	<u>(26,071,599)</u>	48,799,739

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Property Taxes		116,028
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Long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

General obligation bonds	(6,500,000)	
Revenue bonds	(1,004,535)	
Notes payable	(2,194,583)	
Lease payable	(109,748)	
Compensated absences	<u>(347,632)</u>	(10,156,498)

Other assets used in the governmental activities that are not financial resources and therefore are not reported in the funds.

Bond issue costs		68,107
Loan closing costs		<u>7,500</u>

Net assets of governmental activities **\$ 60,573,287**

RABUN COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>General</u>	<u>SPLOST#4</u>	<u>SPLOST#5</u>	<u>Other Nonmajor Funds</u>	<u>Total</u>
REVENUES					
Taxes	\$ 15,595,779	\$ -	\$ 3,204,360	\$ 46,823	\$ 18,846,962
Licenses and Permits	65,889	-	-	-	65,889
Intergovernmental	712,299	-	-	81,863	794,162
Fines and Forfeitures	504,633	-	-	25,154	529,787
Charges for Services	1,323,075	-	-	312,683	1,635,758
Contributions	-	-	-	400	400
Investment Earnings	381,884	50,987	117,442	11,527	561,840
Miscellaneous	438,546	-	-	-	438,546
Total Revenues	<u>19,022,105</u>	<u>50,987</u>	<u>3,321,802</u>	<u>478,450</u>	<u>22,873,344</u>
EXPENDITURES					
Current Expenditures					
General Government	3,400,757	-	-	46,823	3,447,580
Judicial	953,610	-	-	22,504	976,114
Public Health and Welfare	862,178	-	-	-	862,178
Public Safety	6,182,857	-	-	1,464,196	7,647,053
Public Works	2,285,941	-	-	-	2,285,941
Recreation and Culture	919,061	-	-	-	919,061
Housing and Development	390,064	-	-	-	390,064
Intergovernmental	-	-	1,294,841	-	1,294,841
Capital Outlay	-	592,227	1,343,908	-	1,936,135
Debt Service					
Principal	577,131	-	345,465	-	922,596
Interest and Paying Agent Fees	127,064	-	275,393	-	402,457
Total Expenditures	<u>15,698,663</u>	<u>592,227</u>	<u>3,259,607</u>	<u>1,533,523</u>	<u>21,084,020</u>
Excess (deficiency) of Revenues Over Expenditures	<u>3,323,442</u>	<u>(541,240)</u>	<u>62,195</u>	<u>(1,055,073)</u>	<u>1,789,324</u>
OTHER FINANCING SOURCES(USES)					
Transfers in	-	-	-	606,612	606,612
Transfers (out)	(2,270,318)	-	-	-	(2,270,318)
Total Other Financing Sources (Uses)	<u>(2,270,318)</u>	<u>-</u>	<u>-</u>	<u>606,612</u>	<u>(1,663,706)</u>
Net Change in Fund Balances	1,053,124	(541,240)	62,195	(448,461)	125,618
Prior Period Adjustment	160,276	-	-	-	160,276
FUND BALANCES, Beginning of year	10,321,577	3,021,979	6,342,053	1,123,033	20,808,642
FUND BALANCES, End of year	<u>\$ 11,534,977</u>	<u>\$ 2,480,739</u>	<u>\$ 6,404,248</u>	<u>\$ 674,572</u>	<u>\$ 21,094,536</u>

**RABUN COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

Net Changes in Fund Balances - Total Governmental Funds **\$ 125,618**

Amounts reported for governmental activities in the Statement of Activities are 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 difference is the amount by which capital outlay exceeded depreciation expense in the current period.

Capital Outlay	\$ 3,710,414	
Depreciation expense	<u>(1,939,047)</u>	1,771,367

Capital assets contributed are not reported at the fund financial reporting level but are reported on the government-wide financial reporting level. 31,062

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property Taxes:		
Deferred @ 06/30/2009	116,028	
Deferred @ 06/30/2008	<u>(128,451)</u>	(12,423)

In the statement of activities, only the gain/loss on the sale of various equipment is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the equipment sold.

Net book value of assets sold		(15,581)
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The current year addition to the net pension asset creates a balance sheet item while reducing net expenses of pensionable functions on the government-wide statements.

Net Pension Asset @ 6/30/2009	643,875	
Net Pension Asset @ 6/30/2008	<u>(573,093)</u>	70,782

Compensated Absences are reported in the Statement of Activities but do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Liability @ 06/30/2009	(347,632)	
Liability @ 06/30/2008	<u>321,758</u>	<u>(25,874)</u>

Total carried forward to next page: \$ 1,944,951

**RABUN COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

Total brought forward from previous page: \$ 1,944,951

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Capital Lease Retirement		14,640
Bond Principal Retirement		345,465
Note Principal Retirement		562,491

Issuance Costs of debt are amortized over the life of the instrument. These are reported in the Statement of Activities but do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Loan Closing Costs @ 6/30/2009	7,500	
Loan Closing Costs @ 6/30/2008	<u>(9,643)</u>	(2,143)
Bond Issue Costs @ 06/30/2009	68,107	
Bond Issue Costs @ 06/30/2008	<u>(87,309)</u>	<u>(19,202)</u>

Change in Net Assets of Governmental Activities \$ 2,846,202

**RABUN COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009**

	<u>Solid Waste</u>	<u>Waste-Water Facility</u>	<u>Total Proprietary Funds</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 50	\$ 105,816	\$ 105,866
Receivables (Net of Allowance for Uncollectibles)	28,923	-	28,923
Total Current Assets	<u>28,973</u>	<u>105,816</u>	<u>134,789</u>
Noncurrent Assets:			
Capital Assets:			
Land and Improvements	541,432	172,980	714,412
Buildings and Improvements	577,300	-	577,300
Waste-Water Facility	-	2,242,618	2,242,618
Machinery and Equipment	553,466	-	553,466
Vehicles	279,246	9,199	288,445
Accumulated Depreciation	<u>(510,930)</u>	<u>(920)</u>	<u>(511,850)</u>
Total Non-Current Assets	<u>1,440,514</u>	<u>2,423,877</u>	<u>3,864,391</u>
TOTAL ASSETS	<u>1,469,487</u>	<u>2,529,693</u>	<u>3,999,180</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	44,428	-	44,428
Other Accrued Payables	-	113,213	113,213
Compensated Absences	25,379	-	25,379
Closure/Post Closure Care	<u>138,594</u>	<u>-</u>	<u>138,594</u>
Total Current Liabilities	<u>208,401</u>	<u>113,213</u>	<u>321,614</u>
Noncurrent Liabilities:			
Closure/Post Closure Care	3,686,186	-	3,686,186
Notes Payable	<u>-</u>	<u>2,348,517</u>	<u>2,348,517</u>
Total Noncurrent Liabilities	<u>3,686,186</u>	<u>2,348,517</u>	<u>6,034,703</u>
Total Liabilities	<u>3,894,587</u>	<u>2,461,730</u>	<u>6,356,317</u>
NET ASSETS			
Invested in Capital Assets	1,440,514	2,423,877	3,864,391
Unrestricted (Deficit)	<u>(3,865,614)</u>	<u>(2,355,914)</u>	<u>(6,221,528)</u>
Total Net Assets (Deficit)	<u>\$ (2,425,100)</u>	<u>\$ 67,963</u>	<u>\$ (2,357,137)</u>

Accompanying notes to financial statements are an integral part of this statement

RABUN COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Solid Waste</u>	<u>Waste-Water Facility</u>	<u>Total Proprietary Funds</u>
Operating Revenues			
Charges for Services	\$ 322,764	\$ -	\$ 322,764
Other Revenue - Recycling	102,491	-	102,491
Total Operating Revenues	<u>425,255</u>	<u>-</u>	<u>425,255</u>
Operating Expenses			
Personal Services	564,766	69,297	634,063
Purchased/Contracted Services	607,671	63,912	671,583
Supplies and Other	83,191	40,349	123,540
Depreciation	54,522	920	55,442
Total Operating Expenses	<u>1,310,150</u>	<u>174,478</u>	<u>1,484,628</u>
Operating Income (Loss)	<u>(884,895)</u>	<u>(174,478)</u>	<u>(1,059,373)</u>
Nonoperating Revenue (Expenses)			
Interest Income	-	2,382	2,382
Interest Expense	-	(96,016)	(96,016)
Total Nonoperating (Expenses)	<u>-</u>	<u>(93,634)</u>	<u>(93,634)</u>
Income (Loss) before Transfers	(884,895)	(268,112)	(1,153,007)
Transfers In	<u>1,463,706</u>	<u>200,000</u>	<u>1,663,706</u>
Change in Net Assets	578,811	(68,112)	510,699
NET ASSETS (Deficit), Beginning of Year	<u>(3,003,911)</u>	<u>136,075</u>	<u>(2,867,836)</u>
NET ASSETS (Deficit), End of Year	<u>\$ (2,425,100)</u>	<u>\$ 67,963</u>	<u>\$ (2,357,137)</u>

Accompanying notes to financial statements are an integral part of this statement

**RABUN COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Solid Waste</u>	<u>Waste-Water Facility</u>	<u>Total Proprietary Funds</u>
Cash Flows From (To) Operating Activities:			
Receipts from customers	\$ 467,081	\$ -	\$ 467,081
Payments to Vendors and Other Suppliers	(702,418)	(5,934)	(708,352)
Purchased/Contracted Services	(112,362)	-	(112,362)
Payments to Employees	(561,630)	(69,297)	(630,927)
Net Cash Provided by (Used in) Operating Activities	<u>(909,329)</u>	<u>(75,231)</u>	<u>(984,560)</u>
Cash Flows From Non-Capital Financing Activities			
Transfers in	<u>1,463,706</u>	<u>200,000</u>	<u>1,663,706</u>
Cash Flows From (To) Capital Activities			
Acquisition and Construction of Capital Assets	(554,377)	(217,839)	(772,216)
Proceeds from Loans	-	129,049	129,049
Interest Paid	-	(96,016)	(96,016)
Net Cash Provided by (Used in) Capital and related Financing Activities	<u>(554,377)</u>	<u>(184,806)</u>	<u>(739,183)</u>
Cash Flows From Investing Activities			
Interest on Investments	<u>-</u>	<u>2,382</u>	<u>2,382</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	(57,655)	(57,655)
CASH, Beginning of Year	50	163,471	163,521
CASH, End of Year	<u>\$ 50</u>	<u>\$ 105,816</u>	<u>\$ 105,866</u>
Reconciliation of Operating Loss to Net Cash Flows From Operating Activities:			
Operating Loss	\$ (884,895)	\$ (174,478)	(1,059,373)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:			
Depreciation	54,522	920	55,442
Change In:			
Accounts Receivable	41,826	-	41,826
Accounts Payable	(11,556)	-	(11,556)
Other Accrued Items	3,136	98,327	101,463
Landfill Closure/Post Closure Care	(112,362)	-	(112,362)
Net Cash Provided by (Used in) Operating Activities	<u>\$ (909,329)</u>	<u>\$ (75,231)</u>	<u>\$ (984,560)</u>

RABUN COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2009

	<u>Agency Funds Total</u>
ASSETS	
Cash	\$ 889,582
Taxes Receivable	<u>1,273,054</u>
 TOTAL ASSETS	 <u>\$ 2,162,636</u>
 LIABILITIES	
Due to Others	<u>\$ 2,162,636</u>
 TOTAL LIABILITIES	 <u>\$ 2,162,636</u>

RABUN COUNTY, GEORGIA
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
JUNE 30, 2009

	Rabun County Library	Rabun County Health Department	Rabun County Economic Development Authority	Rabun County Building Authority	TOTAL
ASSETS					
Cash	\$ 55,416	\$ 546,891	\$ 632,792	\$ 5,456	\$ 1,240,555
Investments	14,719	-	10,001	-	24,720
Receivables(net of allowance for uncollectibles)	-	16,554	-	-	16,554
Capital assets:					
Land	-	-	275,750	-	275,750
Machinery and Equipment	187,793	5,995	-	-	193,788
Books and Collections	869,876	-	-	-	869,876
Other Non-Depreciable Asset	-	-	26,349	-	26,349
Less Accumulated Depreciation	(845,282)	(4,196)	-	-	(849,478)
Capital Assets, Net of Depreciation	212,387	1,799	302,099	-	516,285
TOTAL ASSETS	282,522	565,244	944,892	5,456	1,798,114
LIABILITIES					
Current Liabilities:					
Accounts Payable	-	421	-	-	421
Noncurrent liabilities:					
Due within one year	-	34,532	-	-	34,532
Compensated Absences	-	34,953	-	-	34,953
TOTAL LIABILITIES					
NET ASSETS					
Invested in Capital Assets	212,387	1,799	302,099	-	516,285
Unrestricted	70,135	528,492	642,793	5,456	1,246,876
TOTAL NET ASSETS	\$ 282,522	\$ 530,291	\$ 944,892	\$ 5,456	\$ 1,763,161

RABUN COUNTY, GEORGIA
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
JUNE 30, 2009

	Rabun County Library	Rabun County Health Department	Rabun County Economic Development Authority	Rabun County Building Authority	TOTAL
EXPENSES					
General Government	\$ 338,361	\$ -	\$ 41,783	\$ -	\$ 380,144
Health and Welfare	-	710,134	-	-	710,134
TOTAL EXPENSES	338,361	710,134	41,783	-	1,090,278
PROGRAM REVENUES					
Charges for Services	19,098	325,941	-	-	345,039
Operating Grants and Contributions	336,835	387,265	135,163	-	859,263
TOTAL PROGRAM REVENUES	355,933	713,206	135,163	-	1,204,302
NET (EXPENSES) REVENUES	17,572	3,072	93,380	-	114,024
GENERAL REVENUES					
Interest	953	-	12,611	103	13,667
Miscellaneous and Other	-	11,091	-	-	11,091
TOTAL GENERAL REVENUES	953	11,091	12,611	103	24,758
CHANGE IN NET ASSETS	18,525	14,163	105,991	103	138,782
NET ASSETS, Beginning of year	263,997	512,531	838,901	5,353	1,620,782
Prior Period Adjustment	-	3,597	-	-	3,597
NET ASSETS, End of year	\$ 282,522	\$ 530,291	\$ 944,892	\$ 5,456	\$ 1,763,161

RABUN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(A) REPORTING ENTITY

The government is a political subdivision of the State of Georgia governed by an elected five member commission. In addition, there are four Constitutional Officers; the Tax Commissioner, Probate Court Judge, Sheriff, and Clerk of Superior Court. The Constitutional Officers are elected county wide. The Board of County Commissioners budgets and approves all funding used by the separate Constitutional Officers. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize they are legally separate from the government. Additionally, each individual component unit is presented on pages 20-21. The following entities are component units of Rabun County:

Rabun County Library

The Rabun County Library is a member of the Northeast Georgia Regional Library System which also includes Habersham, Stephens and White Counties. The system is governed by the Regional Board of Trustees. Each affiliated County has a County Board of Trustees. Rabun County Library's Board of Trustees is appointed by the Board of Commissioners of Rabun County. One to four representatives from each County member comprise the Regional Board of Trustees. Rabun County also has the ability to impose its will on the Library's Board of Trustees as the County primarily funds the Library and approves its budget.

Rabun County Health Department

The Rabun County Health Department was constituted and operated in accordance with the Georgia Health Code 88-2, Georgia Law 1964. The Health Department provides a number of health services including but not limited to, child care, family planning, hypertension screening and monitoring, prenatal care and other services. The District Health Director is the Executive Officer of the Rabun County Health Department and is responsible for the overall coordination of the local health activities.

The Rabun County Health Department is funded by the State and County under the Grant-in-Aid provisions and operates under the supervision of the local Board of Health.

**RABUN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Rabun County Economic Development Authority

The Rabun County Economic Development Authority was created by an act of the Georgia Assembly on March 19, 1992. The purpose of the Authority is to provide for the economic development of Rabun County; to promote for the public good and general welfare infrastructure, trade, commerce, business, industry, research, training support services, eleemosynary institutions and employment opportunities. The Authority is governed by a Board; the majority of which is appointed by the Rabun County Board of Commissioners. The County also funds the operation of the Authority when funds are required.

Rabun County Building Authority

On March 30, 1994, the Rabun County Building Authority was created by an act of the Georgia Assembly (HB No. 2011). The "Act" authorizes "the Authority" to acquire, construct, and equip self-liquidating projects, including, but not limited to, buildings, sanitary and surface water sewers, streets, roads and public facilities of every nature, type and character, for use by Rabun County for its governmental, proprietary, public, and administrative functions. Rabun County is granted the right and power by proper resolution of its governing authority to sell or lease to the Authority lands and buildings owned by it, to borrow money for any of its corporate purposes, to issue revenue bonds payable solely from funds pledged for that purpose and to provide for the payment of the same for the rights of the holders thereof, among other provisions of the "Act". The Authority is governed by a five member Board of Directors all of whom are appointed for three year terms by the Rabun County Board of Commissioners.

Complete financial statements of the above component units may be obtained from the administrative offices at the following locations:

RABUN COUNTY LIBRARY

73 Jo Dotson Circle
P.O. Box 330
Clayton, GA 30525

**THE RABUN COUNTY
ECONOMIC DEVELOPMENT AUTHORITY**

P.O. Box 750
Clayton, GA 30525

RABUN COUNTY HEALTH DEPARTMENT

184 South Main Street
Clayton, GA 30525

RABUN COUNTY BUILDING AUTHORITY

25 Courthouse Square, Suite 201
Clayton, GA 30525

RABUN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(B) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

(C) MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property taxes as available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

RABUN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property taxes, sales tax, franchise taxes, fines, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

The *SPLOST Capital Projects Fund #4 and #5* accounts for funds received from a local 1% sales tax reserved for construction of various capital projects.

The government reports the following major proprietary funds:

The *Solid Waste* accounts for the activities of the County's solid waste disposal and recycling programs. It is accounted for on the accrual basis of accounting.

The *Waste Water Facility* accounts for the County's waste water and treatment facility. This proprietary fund is accounted for on the accrual basis of accounting.

Additionally, the government reports the following fund types:

The *Agency Funds (Fiduciary Funds)* are custodial in nature and do not represent results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. If there is a conflict with GASB pronouncements, then GASB prevails.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

RABUN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

(D) ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

1. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand. Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County.

State statutes authorize the government to invest in obligations of the U.S. Treasury and of its agencies and instrumentalities; bonds or certificates of indebtedness of this state and of its agencies, instrumentalities and political subdivisions, certificates of deposits of national or state banks that are fully insured or collateralized by United States obligations, and Georgia Fund 1, the Local Government Investment Pool. Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAM rated money market funds and is regulated by the Georgia Office of Treasury and Fiscal Services. 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's 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 a participant's shares sold and redeemed based on \$1.00 per share.

Investments are recorded at cost as of the balance sheet date.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government wide financial statements as "internal balances." As of June 30, 2009, there are no outstanding internal balances.

All trade and property tax receivables are shown net of an allowance of uncollectibles. Trade accounts receivable has no recorded allowance for doubtful accounts as bad debts are written off directly against receivables.

RABUN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property taxes were levied October 2, 2008. Taxes for the 2008 digest year were payable on December 20, 2008, with an enforceable lien date as of December 21, 2008. Interest of 1% per month is assessed on taxes not paid by this date. A penalty of 10% is assessed on taxes paid after March 20, 2009.

The County bills and collects its own property taxes and also those for the School Board and the State. Only the County's tax levy is recognized as revenue when levied and uncollected taxes are recorded as deferred revenue in the general fund.

3. Inventories and Prepaid Items

Inventories, consisting of expendable supplies, not held for resale were considered immaterial and thus no accounting was made as of June 30, 2009. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, culverts, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost greater than \$5,000 and an estimated useful life in excess of one year. Roads, bridges and culverts are defined by the County as projects with an individual cost greater than \$50,000. Such assets are recorded at historical cost or estimated historical cost if actual cost is not known. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs 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 is included as part of the assets constructed.

RABUN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Capital Assets (Continued)

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	30-80
Machinery and Equipment	15-30
Vehicles	10-30
Infrastructure	40-50

5. Accrued Personal and Sick Leave

It is the government's policy to permit employees to accumulate earned but unused personal and sick pay benefits. All vacation pay and sick pay is accrued when incurred in the government-wide statements.

6. Lease

In the government-wide financial statements, lease debt is reported as a liability in the applicable governmental activities statement of net assets.

7. Long-Term Obligations

In the government-wide statement of net assets, long-term debt and other long term obligations are reported as liabilities. Bond issuance and loan closing costs are deferred and amortized over the life of the debt instrument using the straight line method. The liability (payable) is reported separately from the associated issue costs. Unamortized bond issue cost at June 30,2009 equaled \$68,107 with 4 years of amortization remaining. Loan closing costs of \$15,000 associated with the refinancing of the Tax Anticipation Notes will be amortized over 7 years. This is the fourth year of amortization with \$2,143 being amortized and 3 years remaining leaving a balance as of June 30, 2009 of \$7,500.

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

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations, if any, of fund balance represent tentative management plans that are subject to change.

**RABUN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. Management Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(A) BUDGETARY INFORMATION

Annual appropriated budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, special revenue funds and capital projects funds. An annual operating budget is prepared for the proprietary fund for planning, control, cost allocation and evaluation purposes. Budgetary amounts are formally integrated into proprietary fund's general ledger.

The County follows these procedures in establishing the budgetary data reflected in the budgetary schedules.

In the beginning of the budget process, all departments and applicable component units of the government submit requests for appropriation to the government's administrator so that a budget may be prepared. The budget is prepared by fund, function and activity and line item, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Increases in appropriations for a department require the approval of the Board of Commissioners. The legal level of budgetary control is at the department level within individual funds.

Then the proposed budget is presented to the government's Board of Commissioners for review. The government's Board of Commissioners hold public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the government's administrator or the revenue estimates must be changed by an affirmative vote of a majority of the government's Board of Commissioners.

During the year the Commissioners authorized amendments to include appropriations for some activities that were not originally budgeted and to reclassify certain character and functional expenditures.

The budgetary comparison schedule is presented for the General Fund at the legal level of control. Material excesses (if both over 1 percent and greater than \$3,000) of expenditures over the budget at the object level within departments are as follows:

Department

Excess over Budget

There were no departments that exceeded the amended budget appropriations for the FY 2009:

(B) DEFICIT FUND EQUITIES (NONMAJOR FUNDS)

No individual nonmajor funds reported deficit fund balances at the fund reporting level at June 30, 2009.

RABUN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 3- DEPOSITS AND INVESTMENTS

Deposits - as of June 30, 2009, the carrying amount of the County's deposits for the County and discretely presented component units, was \$21,529,956 and \$1,265,275 respectively. The amount of the total bank balance is classified into three categories of credit risk: (1) deposits that are insured or collateralized with securities held by the County or by its agent in the County's name, (2) deposits collateralized with securities held by the pledging financial institution's trust department or agent in the County's name and (3) uncollateralized bank accounts. At June 30, 2009, all deposits of the County were adequately insured or collateralized.

The County's deposits are displayed as follows:

Balances per statement of net assets:

	Rabun Co. Government Carrying Amount	Discretely Presented Component Units Carrying Amount	Total
Cash	\$ 20,286,028	\$ 1,240,555	\$ 21,526,583
Investments	354,346	24,720	379,066

Balances per statement of fiduciary net assets:

Cash, agency funds	<u>889,582</u>	-	<u>889,582</u>
Total	<u>\$ 21,529,956</u>	<u>\$ 1,265,275</u>	<u>\$ 22,795,231</u>

Cash deposited with financial institutions	\$ 22,415,888
Petty cash	277
Investments:	
Cash deposited with Georgia Fund 1	251,621
Cash deposited with Rabun County Bank	102,725
Cash deposited with Community Bank and Trust	14,720
Investment in Banks, Habersham & Rabun Joint Development Authority	10,000
Total	<u>\$ 22,795,231</u>

Statutes require collateral pledged in the amount of 110% of deposits.

Credit Risk

State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the United States government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptances; the local investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of June 30, 2009, the investments in the Georgia Fund 1 was rated AAAM by Standard & Poor's. The investments held in Rabun County Bank and Community Bank and Trust were not currently rated by Standard & Poor's.

RABUN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 3- DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2009, the County had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Fair Value</u>
Primary Government:			
Georgia Fund 1	41 day weighted average	AAAm	\$ 251,621
Certificates of Deposits-Rabun County Bank	12 months	N/A	102,725
			<u>\$ 354,346</u>
Component Units:			
Certificates of Deposits-Community Bank & Trust	12 months	N/A	<u>\$ 14,720</u>
Investment in Banks, Habersham and Rabun Joint Development Authority	N/A	N/A	<u>\$ 10,000</u>

Interest rate risk

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

Custodial credit risk - deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. At June 30, 2009, all deposits of the County were adequately insured or collateralized.

NOTE 4 - RECEIVABLES

Receivables as of year end for the County's individual major funds and nonmajor governmental funds are as follows:

	<u>General Fund</u>	<u>SPLOST #5</u>	<u>Solid Waste</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
Receivables:					
Property Taxes	\$ 265,020	\$ -	\$ -	\$ -	\$ 265,020
Accounts	381,233	-	28,923	31,776	441,932
Intergovernmental	-	547,100	-	575	547,675
Total Gross Receivables	<u>646,253</u>	<u>547,100</u>	<u>28,923</u>	<u>32,351</u>	<u>1,254,627</u>
Less: Allowance for Uncollectibles	<u>(86,648)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(86,648)</u>
Total Net Receivables	<u>\$ 559,605</u>	<u>\$ 547,100</u>	<u>\$ 28,923</u>	<u>\$ 32,351</u>	<u>\$ 1,167,979</u>

RABUN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Primary Government:				
Governmental Activities:				
Non-Depreciable Assets:				
Land and Improvements	\$ 1,615,996	\$ -	\$ -	\$ 1,615,996
Construction in Progress	478,383	1,011,271	(392,684)	1,096,970
Total Non-Depreciable Capital Assets	<u>2,094,379</u>	<u>1,011,271</u>	<u>(392,684)</u>	<u>2,712,966</u>
Depreciable Assets:				
Buildings and Improvements	23,867,052	893,085	-	24,760,137
Machinery and Equipment	2,637,066	1,288,930	(351,078)	3,574,918
Vehicles	6,116,728	449,280	(85,820)	6,480,188
Infrastructure	36,446,340	896,789	-	37,343,129
Total Depreciable Capital Assets	<u>69,067,186</u>	<u>3,528,084</u>	<u>(436,898)</u>	<u>72,158,372</u>
Less Accumulated Depreciation				
Buildings and Improvements	(3,604,206)	(452,665)	-	(4,056,871)
Machinery and Equipment	(1,044,781)	(193,398)	62,536	(1,175,643)
Vehicles	(2,267,477)	(408,310)	77,974	(2,597,813)
Infrastructure	(17,356,598)	(884,674)	-	(18,241,272)
Total Accumulated Depreciation	<u>(24,273,062)</u>	<u>(1,939,047)</u>	<u>140,510</u>	<u>(26,071,599)</u>
Total Depreciable Capital Assets, Net	<u>44,794,124</u>	<u>1,589,037</u>	<u>(296,388)</u>	<u>46,086,773</u>
Governmental Activities Capital Assets, Net	<u>\$ 46,888,503</u>	<u>\$ 2,600,308</u>	<u>\$ (689,072)</u>	<u>\$ 48,799,739</u>
Business-type Activities:				
Non-Depreciable Assets:				
Land and Improvements	\$ 172,980	\$ 541,432	\$ -	\$ 714,412
Depreciable Assets:				
Buildings and Improvements	577,300	-	-	577,300
Waste-Water Facility	2,033,978	208,640	-	2,242,618
Machinery and Equipment	540,521	12,945	-	553,466
Vehicles	279,246	9,199	-	288,445
Total Depreciable Capital Assets	<u>3,431,045</u>	<u>230,784</u>	<u>-</u>	<u>3,661,829</u>
Less Accumulated Depreciation				
Buildings and Improvements	(171,245)	(10,638)	-	(181,883)
Machinery and Equipment	(240,489)	(27,850)	-	(268,339)
Vehicles	(44,674)	(16,954)	-	(61,628)
Total Accumulated Depreciation	<u>(456,408)</u>	<u>(55,442)</u>	<u>-</u>	<u>(511,850)</u>
Total Depreciable Capital Assets, Net	<u>2,974,637</u>	<u>175,342</u>	<u>-</u>	<u>3,149,979</u>
Business-type Activities Capital Assets, Net	<u>\$ 3,147,617</u>	<u>\$ 716,774</u>	<u>\$ -</u>	<u>\$ 3,864,391</u>

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

Governmental activities:	
General Government	\$ 123,331
Public Health and Welfare	57,189
Public Safety	559,574
Public Works	1,050,939
Recreation and Culture	148,014
Total Depreciation Expense-Governmental Activities	<u>\$ 1,939,047</u>
Business-type Activities:	
Solid Waste	\$ 54,522
Waste-Water Facility	920
Total Depreciation Expense-Business-type Activities	<u>\$ 55,442</u>

RABUN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Units

Activity for the Health Department for the year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Depreciable Assets:				
Machinery and Equipment	\$ 5,995	\$ -	\$ -	\$ 5,995
Less Accumulated Depreciation - Machinery and Equipment	(3,597)	(599)	-	(4,196)
Capital Assets, Net	<u>\$ 2,398</u>	<u>\$ (599)</u>	<u>\$ -</u>	<u>\$ 1,799</u>

Activity for the Library for the year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets, not being Depreciated				
Furniture and Equipment	\$ 11,963			\$ 11,963
Depreciable Assets:				
Machinery and Equipment	175,059	1,392	(621)	175,830
Books and Collections	840,332	46,660	(17,116)	869,876
Total Depreciable Capital Assets	<u>1,015,391</u>	<u>48,052</u>	<u>(17,737)</u>	<u>1,045,706</u>
Less Accumulated Depreciation				
Machinery and Equipment	(103,808)	(6,324)	310	(109,822)
Books and Collections	(707,091)	(45,485)	17,116	(735,460)
Total Accumulated Depreciation	<u>(810,899)</u>	<u>(51,809)</u>	<u>17,426</u>	<u>(845,282)</u>
Depreciable Capital Assets, Net	<u>204,492</u>	<u>(3,757)</u>	<u>(311)</u>	<u>200,424</u>
Total Capital Assets, Net	<u>\$ 216,455</u>	<u>\$ (3,757)</u>	<u>\$ (311)</u>	<u>\$ 212,387</u>

Activity for the Rabun County Economic Development Authority for the year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets, not being Depreciated				
Land	\$ 275,750	\$ -	\$ -	\$ 275,750
Other Non-Depreciable Asset	26,349	-	-	26,349
Total Non-Depreciable Assets	<u>\$ 302,099</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,099</u>

The Rabun County Building Authority did not have any capital assets for the year ended June 30, 2009.

RABUN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 6 - LONG TERM DEBT

General Obligation Bonds- In prior years the County issued general obligation bonds to provide funds to pay, or to be applied or contributed toward, the cost of constructing, improving, expanding and extending public roads, highways, streets and related facilities as well as the construction, improvement and expansion of various municipal buildings.

General obligation bonds are direct obligations of the County and are payable from the levy of an ad valorem tax, without limitation as to rate or amount, levied on all taxable property, including all real property, within the County subject to taxation for general obligation bond purposes. The County has obligations from two bond issues outstanding as of the year end; a Series 2007 and a Series 2008.

On April 27, 2007, a Series 2007 bond was delivered to the County with an original principal value of \$3.475 million. The bond has interest payable semiannually on June 1 and December 1 of each year at a rate of 3.53% per annum. The full principal amount of the bond is due at maturity on December 1, 2011. Bonds outstanding at June 30, 2009 are shown below.

Rabun County issued a Series 2008 bond that was delivered on January 25, 2008 with an original principal value of \$3.025 million. The bond matures on December 1, 2012 and December 1, 2013 with principal amounts due of \$1,480,000 and \$1,545,000 respectively. Interest of 2.80% will be payable every six months starting June 1, 2008. Bonds outstanding at June 30, 2009 are shown below.

Series 2007

Period Ending	Principal	Interest	Total
December-09	\$ -	\$ 61,334	\$ 61,334
June-10	-	61,334	61,334
December-10	-	61,334	61,334
June-11	-	61,334	61,334
December-11	3,475,000	61,334	3,536,334
Total	<u>\$ 3,475,000</u>	<u>\$ 306,670</u>	<u>\$ 3,781,670</u>

Series 2008

Period Ending	Principal	Interest	Total
December-09	\$ -	\$ 42,350	\$ 42,350
June-10	-	42,350	42,350
December-10	-	42,350	42,350
June-11	-	42,350	42,350
December-11	-	42,350	42,350
June-12	-	42,350	42,350
December-12	1,480,000	42,350	1,522,350
June-13	-	21,630	21,630
December-13	1,545,000	21,630	1,566,630
Total	<u>\$ 3,025,000</u>	<u>\$ 339,710</u>	<u>\$ 3,364,710</u>

CHANGES IN BOND OBLIGATIONS

Bond activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Series 2007	\$ 3,475,000	\$ -	\$ -	\$ 3,475,000	\$ -
Series 2008	3,025,000	-	-	3,025,000	-
Total Bond Obligation	<u>\$ 6,500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,500,000</u>	<u>\$ -</u>

RABUN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 6 - LONG TERM DEBT (CONTINUED)

CHANGES IN OTHER LONG TERM DEBT

Other long term debt activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Promissory Note	\$2,757,074	\$ -	\$ (562,491)	\$2,194,583	\$ 590,037
Compensated Absences	321,758	25,874	-	347,632	347,632
Capital Leases	-	124,388	(14,640)	109,748	30,037
Total Long-Term Liabilities	<u>\$3,078,832</u>	<u>\$ 150,262</u>	<u>\$ (577,131)</u>	<u>\$2,651,963</u>	<u>\$ 967,706</u>

Long-term obligations of the County's governmental funds will be financed either through future General Fund expendable available financial resources as they become due or SPLOST resources as required by resolution. The compensated absences liability in the governmental activities will be paid from the General Fund while the compensated absences liability in the business-type activities will be paid from the solid waste fund.

The Tax Anticipation Notes were short term notes used to finance the sale of the Rabun County Hospital. These TAN's were subsequently refinanced on December 15, 2005 with a 7 year promissory note with an original principal due of \$4,051,000. The promissory note is payable in 54 equal payments of \$56,863 to the Rabun County Bank, Clayton, Georgia. Fiscal year 2010 principal due is \$590,037. Total interest at a 4.725% rate is being paid over the life of the promissory note. Outstanding balances are as follows:

7-Year Promissory Note

Period Ending	Principal	Interest	Total
June 30, 2010	\$ 590,037	\$ 92,317	\$ 682,354
June 30, 2011	618,933	63,421	682,354
June 30, 2012	649,169	33,185	682,354
June 30, 2013	336,444	4,733	341,177
Total	<u>\$ 2,194,583</u>	<u>\$ 193,656</u>	<u>\$ 2,388,239</u>

Capital Lease - The County is obligated under a lease which is accounted for as a capital lease. The leased assets consist of vehicles and equipment. Assets under a capital lease totaled \$405,200 as of June 30, 2009, and accumulated depreciation on those assets totaled \$5,065. During FY 2009, the County entered into a 4 year lease agreement in the amount of \$124,388 at a 3.4% annual interest rate with BancorpSouth Equipment Finance in order to obtain two motorgraders to be used in the road department. Monies from the General Fund were used to pay the liability of the capital lease. The following is a schedule of future minimum lease payments under the capital lease, together with the net present value of the minimum lease payments as of June 30, 2009:

Year Ending	
<u>June 30</u>	
FY 2010	\$ 33,398
FY 2011	33,398
FY 2012	33,398
FY 2013	16,699
Minimum Lease Payments	<u>116,893</u>
Less: Amount representing interest at the County's incremental borrowing rate of interest	<u>(7,145)</u>
Present Value of Minimum Lease Payments	<u>\$ 109,748</u>

RABUN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 6 - LONG TERM DEBT (CONTINUED)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Compensated Absences	\$ 22,243	\$ 3,136	\$ -	\$ 25,379	\$ 25,379
Notes Payable	2,219,468	129,049	-	2,348,517	-
Landfill closure/post closure	3,937,142	22,196	(134,558)	3,824,780	138,594
Total Long-Term Liabilities	<u>\$6,178,853</u>	<u>\$ 154,381</u>	<u>\$ (134,558)</u>	<u>\$6,198,676</u>	<u>\$ 163,973</u>

On January 29, 2008, Rabun County Georgia entered into an agreement with the Georgia Environmental Facilities Authority (GEFA) to borrow up to \$6,415,000. The money will be used to purchase an existing water supply and wastewater treatment facility located on the former Rabun Apparel manufacturing site. The project also consists of rehabilitation and conversion of these existing facilities, a new water treatment plant, new pipe lines, and appurtenant work such that these facilities will provide regional, municipal water supply and wastewater services. The project has a tentative completion date of December 31, 2011.

The GEFA Note will be payable in 239 consecutive monthly installments commencing on the earlier of the project completion date or December 31, 2011. Until this time, no payments are due and interest of 4.1% per annum will accrue. As of June 30, 2009, the total principal drawn against the note amounted to \$2,348,517 and interest of \$110,902 has been accrued. At completion, principal and accrued interest will be amortized over the 239 monthly installments.

Landfill Closure/Post Closure Care Costs - On October 8, 1993 in accordance with the provisions of the Georgia Comprehensive Solid Waste Management Act (OCGA 12-8-20), the County was issued a closure certificate for its landfill. It is estimated that monitoring activities will be necessary for thirty years after the date of closure. The current year amortization of the post closure monitoring costs is \$134,558 with an unamortized balance as of June 30, 2009 of \$2,793,630 which is based on 100% of the landfill capacity used to date. All estimated liability for these costs have been recognized since the landfill is no longer used. The estimated post closure costs are subject to adjustments due to changes in inflation, technology, or applicable laws or regulations.

In addition, a new C&D Landfill was opened during the fiscal year ended June 30, 2000. The estimated closure costs are \$154,790 and the estimated post closure care costs are \$876,360. The total estimated closure and post closure care costs of \$1,031,150 are being amortized over 30 years. This liability is based on landfill capacity used to date of 38% with an estimated remaining life of 16 years.

COMPONENT UNITS

Changes in General Long - Term Liabilities - During the year June 30, 2009, the following changes occurred in liabilities reported in long-term debt of the Rabun County Health Department:

	2008 Balance	Additions	Reductions	2009 Balance	Due Within One Year
Compensated Absences	<u>\$ 46,141</u>	<u>\$ 35,470</u>	<u>\$ (47,079)</u>	<u>\$ 34,532</u>	<u>\$ 34,532</u>

Compensated absences of the Rabun County Health Department are liquidated by the Rabun County Health Department.

RABUN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 6 - LONG TERM DEBT (CONTINUED)

The activity of the Series 2007 Rabun County Building Authority Revenue Bonds as of June 30, 2009 is as follows:

	2008		2009	Due Within
	Balance	Additions	Reductions	Balance
Series 2007 Revenue Bonds	<u>\$ 1,350,000</u>	<u>\$ -</u>	<u>\$ (345,465)</u>	<u>\$ 1,004,535</u>
				<u>\$ 297,021</u>

On February 13, 2007, Rabun County Building Authority, issued the Series 2007 Rabun County Building Authority Revenue Bonds. The bonds have an original principal amount of \$1.5 million and will be retired with 20 quarterly payments of \$82,122 each starting January 1, 2008 and ending October 1, 2012. The bonds bear an interest rate of 3.52%. Total interest paid over the course of the 5 year maturity will total \$175,873. Interest paid during FY 2009 was \$53,630.

These bonds are being issued for the purpose of improving a building that will be used by Rabun County, Georgia to carry out its governmental purposes as well as paying the costs of issuing these bonds.

Even though the debt is in the name of the Rabun County Building Authority, payment of the bonds is guaranteed by Rabun County to be paid out of SPLOST #5 and/or property tax levy. Therefore, the debt is shown in the primary government's financial statements as well as the asset.

Annual requirements to amortize this debt are as follows:

<u>Period Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2010	\$ 297,021	\$ 31,468	\$ 328,489
June 30, 2011	307,615	20,874	328,489
June 30, 2012	318,587	9,902	328,489
June 30, 2013	81,312	716	82,028
Total	<u>\$ 1,004,535</u>	<u>\$ 62,960</u>	<u>\$ 1,067,495</u>

There was no long term debt for the Library or Economic Development Authority.

NOTE 7 - INTERGOVERNMENTAL EXPENDITURES

During the year, SPLOST#5 distributed \$1,294,841 to various municipalities within the County. Per the resolution adopted by voters on March 20, 2007, a total of at least \$3,708,000 will be collected over a period of up to six years and subsequently distributed to the various municipalities for particular capital projects. The distributions for the year ended June 30, 2009 as well as prior years were as follows:

	Prior	Fiscal Year	Total
	Years	2009	
City of Clayton	\$ 418,812	\$ 1,232,465	\$ 1,651,277
City of Dillard	418,812	31,188	450,000
City of Sky Valley	418,812	31,188	450,000
Mountain City	300,000	-	300,000
City of Tiger	300,000	-	300,000
City of Tallulah Falls	150,000	-	150,000
Total Distributions to the Municipalities	<u>\$2,006,436</u>	<u>\$1,294,841</u>	<u>\$ 3,301,277</u>

RABUN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 8 - 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 County has joined together with other municipalities in the state as part of the ACCG Property and Liability Insurance Fund and the ACCG 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 cost 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.

The County has not decreased any of its insurance coverage from the prior year and there have been no claims in excess of insurance coverage over the past three years.

The following is a detail of the County's liability coverage:

	<u>Per Occurrence</u>
Law Enforcement Liability	2,000,000
Automobile Liability	2,000,000
Public Officials Liability	2,000,000
Money and Securities	150,000
Depositor's Forgery Bond	150,000
Building Coverage	36,750,504
Building Contents	2,907,159

All coverage's are subject to a per occurrence deductible of \$1,000. There is an annual aggregate of \$4,000,000 that limits the insurance provider's exposure within any given year. However, excess losses, if any, are covered by reinsurance and would be paid by the reinsurer.

NOTE 9 - DEFINED BENEFIT PENSION PLAN

On July 1, 1996, the County began sponsoring the Association County Commissioners of Georgia Restated Pension Plan for Rabun County Employees (The Plan), which is a defined benefit pension plan. Eligible employees may enter the "Plan" in the first quarter after completion of one year of service. Employees are not required to contribute to the 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 Association County Commissioners of Georgia (ACCG) Defined Benefit Pension Plan can be obtained from GEBCorp, 3625 Cumberland Boulevard, Suite 825, Atlanta, GA 30339.

RABUN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 9 - DEFINED BENEFIT PENSION PLAN (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.

Annual Pension Cost: The County's annual pension cost and net pension obligation for the pension plan as of January 1, 2009 (the most current year available) were determined as follows:

Derivation of Net Pension Obligation:

	<u>2009</u>	<u>2008</u>
Net pension Obligation (Asset) as of the Beginning of the Year	<u>\$ (573,093)</u>	<u>\$ (494,660)</u>
Annual Pension Cost for Prior Year	447,074	424,367
Actual Contributions to Plan for Prior Year	<u>(517,856)</u>	<u>(502,800)</u>
Increase (Decrease) in Net Pension Obligation	<u>(70,782)</u>	<u>(78,433)</u>
Net Pension Obligation (Asset) as of the End of the Year	<u><u>\$ (643,875)</u></u>	<u><u>\$ (573,093)</u></u>

Derivation of Annual Pension Cost:

	<u>2009</u>	<u>2008</u>
Annual Required Contribution	\$ 507,223	\$ 444,548
Interest on Net Pension Obligation (Asset)	(49,900)	(45,847)
Amortization of Net Pension Obligation	53,392	48,373
Annual Pension Cost	<u><u>\$ 510,715</u></u>	<u><u>\$ 447,074</u></u>

Basis of Valuation:

Current Valuation Date	January 1, 2009
Annual Return on Invested Plan Assets	7.75%
Projected Annual Salary Increases	3.5% to 6.0% Based on Age
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 for Unfunded Actuarial Accrued Liability	30 Years

Required Employer Contributions for the Plan Year:

	<u>Year</u>	<u>Amount</u>
Employees are not required to contribute to the Plan	2009	\$ 517,856
	2008	\$ 502,800
	2007	\$ 458,094
	2006	\$ 427,429

RABUN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 9 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Trend Information for the Plan:

<u>Fiscal Year Beginning</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual County Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
January 1, 2009	\$ 510,715	N/A	N/A	\$ (643,875)
January 1, 2008	447,074	517,856	116%	(573,093)
January 1, 2007	424,367	502,800	118%	(494,660)
January 1, 2006	375,582	458,094	122%	(412,148)
January 1, 2005	338,879	427,429	126%	(323,598)

Required Supplementary Information Schedule of Funding Progress:

<u>Measurement Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
	(a)	(b)	(b-a)	(a/b)	c	[(b-a)/c]
December 31, 2008	\$ 2,277,476	\$ 4,673,006	\$ 2,395,530	48.7%	\$ 4,025,974	59.5%
December 31, 2007	1,923,573	4,130,740	2,207,167	46.6%	3,924,187	56.2%
December 31, 2006	1,408,092	3,516,993	2,108,901	40.0%	3,517,030	60.0%
December 31, 2005	985,097	3,153,234	2,168,137	31.2%	3,203,547	67.7%
December 31, 2004	599,994	2,558,956	1,958,962	23.4%	2,854,757	68.6%

The administrator has only provided 5 years of financial data as of June 30, 2009.

The assets and liabilities shown above reflect expected amounts as of the last day of the plan year. These amounts may vary from those used in determining the required contribution, since those calculations use actual amounts as of the first day of the next plan year.

NOTE 10 - DEFINED CONTRIBUTION PLAN

The County approved the adoption of the *Rabun County Matching Thrift Plan, a Defined Contribution Plan*, effective July 1, 1996. The plan is funded exclusively through the purchase of annuity contracts from the Variable Annuity Life Insurance Company (VALIC). The County is required under the "Plan" to match employee contributions of 3% of salary. All employees are eligible for participation in the "Plan". Eligible employees may enter the "Plan" in the first quarter after completion of one year of service. The "Plan" can be amended by a majority vote of the Rabun County Board of Commissioners. Vesting schedule is as follows:

<u>Years of Service</u>	<u>% Vested</u>
1	0%
2	0%
3	100%

Normal retirement age is 60. The "Plan" does not provide for early retirement.

Contributions required under the plan equaled \$133,980. Actual contributions made equaled \$133,980 by the County and \$264,721 by the plan members. The County contributed approximately 33% of all benefits contributed. Total salaries paid for the current year were \$7,184,875 and total covered salaries was \$4,465,986.

The County has no fiduciary responsibilities in relation to this plan, and therefore, is not required to report the financial activity as an expendable trust fund.

RABUN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

In May 2004, the GASB issued Statement No. 43, "Financial Reporting for Other Postemployment Benefit Plans Other Than Pension Plans" and in June 2004, the GASB issued Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefit Other Than Pension Plans." Statement No. 43 establishes accounting and financial reporting standards for healthcare and other nonpension benefits provided to employees as part of their compensation for services. Employees of Rabun County are eligible to continue their health, dental, vision and life insurance through COBRA at their own expense for a period of up to 18 months. Rabun County does not offer any other post employment benefits aside from pension plans described in Notes 9 & 10.

NOTE 12 - TRANSFERS

The purpose of interfund transfers is to provide financial resources sufficient for ongoing operations. There is no intention to be reimbursed.

Interfund transfers for the year ended June 30, 2009 were as follows:

	Transfers In:			
	Waste Water	E-911 Fund	Solid Waste	Total
Transfers out by the General Fund	\$ 200,000	\$ 606,612	\$ 1,463,706	\$ 2,270,318

NOTE 13 - JOINT VENTURE

Under Georgia law, the County, in conjunction with other cities and counties in the area, is a member of the Georgia Mountains Regional Development Center (RDC) and is required to pay annual dues there to. Membership in an RDC is required by the official Code of Georgia Annotated (OCGA) Section 50-8-34 that provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality in the area. OCGA 50-8-39.1 provides that the governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from Georgia Mountain Regional Development Center, P.O. Box 1720, Gainesville, Georgia 30503.

NOTE 14 - HOTEL/MOTEL TAX

Hotel/Motel tax collected by the County during the year ending June 30, 2009, was \$46,823 in compliance with OCGA 48-13-93, all of the proceeds were expended on economic development in Fiscal Year 2009. Expenses equaled \$46,823 (100% of the current year proceeds).

NOTE 15 - LITIGATION

The County is involved in a dispute involving the placement of an election polling precinct and has received an Ante Litem Notice although a suit has not been filed. The County will vigorously defend the case in the event one is filed. It is too early to make an assessment on the outcome of this case, but it should lie in the nature of declaratory and/or equitable relief and should not involve damages other than attorney's fees.

RABUN COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 16 - PRIOR PERIOD ADJUSTMENT (PPA)

In prior years the Premium Insurance Tax revenue was understated by \$160,276. A prior period adjustment is necessary to correct the beginning of year Fund Balance.

RABUN COUNTY, GEORGIA
June 30, 2009

REQUIRED

SUPPLEMENTARY

INFORMATION

**RABUN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 15,941,336	\$ 16,093,881	\$ 15,595,779	\$ (498,102)
Licenses and Permits	82,900	83,337	65,889	(17,448)
Intergovernmental	466,000	719,460	712,299	(7,161)
Fines and Forfeitures	577,500	616,350	504,633	(111,717)
Charges for Services	1,838,450	1,839,050	1,323,075	(515,975)
Investment Earnings	140,000	370,000	381,884	11,884
Miscellaneous	29,500	428,262	438,546	10,284
Total Revenues	<u>19,075,686</u>	<u>20,150,340</u>	<u>19,022,105</u>	<u>(1,128,235)</u>
EXPENDITURES				
Current Expenditures				
General Government				
General Administration	2,445,780	2,277,679	1,740,564	537,115
Elections	157,020	157,020	139,002	18,018
Board of Commissioners	39,587	41,987	40,563	1,424
Chief Executive	124,225	123,412	121,275	2,137
Clerk Administration	277,276	282,726	279,282	3,444
Tax Commissioner	298,141	336,141	320,175	15,966
Tax Assessors	314,278	316,078	303,910	12,168
Buildings and Properties	414,172	550,516	455,986	94,530
Total General Government	<u>4,070,479</u>	<u>4,085,559</u>	<u>3,400,757</u>	<u>684,802</u>
Judicial				
Clerk of Court	386,493	414,456	360,555	53,901
Probate Court	220,988	205,488	181,466	24,022
Administration of Justice	303,715	306,715	306,134	581
District Attorney	81,880	106,330	105,455	875
Total Judicial	<u>993,076</u>	<u>1,032,989</u>	<u>953,610</u>	<u>79,379</u>
Public Health and Welfare				
Dial-A-Ride	131,646	128,396	120,828	7,568
Public Health	283,549	269,905	268,903	1,002
Public Welfare	69,700	69,700	43,625	26,075
Rabun Hospice	57,500	74,010	73,245	765
Program on Aging	383,099	386,149	355,577	30,572
Total Public Health and Welfare	<u>\$ 925,494</u>	<u>\$ 928,160</u>	<u>\$ 862,178</u>	<u>\$ 65,982</u>

continued....

**RABUN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009**

continued....	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Public Safety				
Sheriff	\$ 1,393,075	\$ 1,403,479	\$ 1,330,531	\$ 72,948
Rabun County Jail	1,572,388	1,886,888	1,801,060	85,828
Coroner and Medical Examiner	10,580	11,430	11,194	236
Emergency Management Agency	55,016	55,016	43,485	11,531
Fire Department	693,493	777,243	713,837	63,406
County Marshal	259,246	268,246	261,653	6,593
E-911 Mapping and Addressing	140,611	142,111	136,594	5,517
Drug Task Force	81,620	81,620	72,639	8,981
Emergency Medical Service	1,674,300	1,655,600	1,631,664	23,936
Animal Control	150,000	180,200	180,200	-
Total Public Safety	<u>6,030,329</u>	<u>6,461,833</u>	<u>6,182,857</u>	<u>278,976</u>
Public Works				
Roads & Bridges	<u>2,538,546</u>	<u>2,539,146</u>	<u>2,285,941</u>	<u>253,205</u>
Recreation and Culture				
Civic Center	99,835	110,936	106,647	4,289
Parks and Recreation	524,463	529,913	521,401	8,512
Library	285,678	286,028	286,013	15
Historical Society	5,000	5,000	5,000	-
Total Recreation and Culture	<u>914,976</u>	<u>931,877</u>	<u>919,061</u>	<u>12,816</u>
Housing and Development				
Water & Sewer Auth.	41,000	41,000	41,000	-
Extension Service	34,225	35,025	35,005	20
Planning and Development	176,365	178,245	119,457	58,788
Board of Tourism	182,750	185,870	185,870	-
Soil Conservation	9,316	9,516	8,732	784
Total Housing and Development	<u>443,656</u>	<u>449,656</u>	<u>390,064</u>	<u>59,592</u>
Debt Service				
Principal	755,000	630,000	577,131	52,869
Interest and paying agent fees	5,000	130,000	127,064	2,936
Total Debt Service	<u>760,000</u>	<u>760,000</u>	<u>704,195</u>	<u>55,805</u>
Total Expenditures	<u>16,676,556</u>	<u>17,189,220</u>	<u>15,698,663</u>	<u>1,490,557</u>
Excess of Revenues Over Expenditures	<u>2,399,130</u>	<u>2,961,120</u>	<u>3,323,442</u>	<u>362,322</u>
OTHER FINANCING SOURCES				
Transfers out	<u>(2,399,130)</u>	<u>(2,961,120)</u>	<u>(2,270,318)</u>	<u>690,802</u>
Net Change in Fund Balance	-	-	1,053,124	1,053,124
Prior Period Adjustment	-	-	160,276	160,276
FUND BALANCE, Beginning	-	-	10,321,577	10,321,577
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,534,977</u>	<u>\$ 11,534,977</u>

RABUN COUNTY, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2009

NOTE 1 - BUDGETARY INFORMATION

Budgets for the general fund are adopted on a basis that is consistent with accounting principles generally accepted in the United States as applied to governments.

Expenditures that exceed the amended budget appropriations are considered to be material if they are both greater than \$3,000 and over 1 percent of the department level (the legal level of control).

There were no departments that exceeded the amended budget appropriations for the FY 2009:

RABUN COUNTY, GEORGIA
June 30, 2009

SUPPLEMENTAL
INFORMATION
COMBINING STATEMENTS

AND

SCHEDULES

RABUN COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
JUNE 30, 2009

	Confiscated Assets	Jail Fund	Law Library	Juvenile Case Mgt. Fund	Drug Abuse Treatment Edu. Fund	E911 Fund	Hotel/ Motel Tax	TOTAL
ASSETS								
Cash	\$ 5,219	\$ 89,230	\$ 30,154	\$ 2,916	\$ 72,678	\$ 442,024	\$ -	\$ 642,221
Receivables	-	2,644	575	-	-	29,132	-	32,351
TOTAL ASSETS	<u>\$ 5,219</u>	<u>\$ 91,874</u>	<u>\$ 30,729</u>	<u>\$ 2,916</u>	<u>\$ 72,678</u>	<u>\$ 471,156</u>	<u>\$ -</u>	<u>\$ 674,572</u>
LIABILITIES AND FUND BALANCES								
Total Liabilities and Fund Balances	\$ 5,219	\$ 91,874	\$ 30,729	\$ 2,916	\$ 72,678	\$ 471,156	\$ -	\$ 674,572

RABUN COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
JUNE 30, 2009

	Confiscated Assets	Jail Fund	Law Library	Juvenile Case Mgt. Fund	Drug Abuse Treatment Edu. Fund	E911 Fund	Hotel/Motel Tax	TOTAL
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,823	\$ 46,823
Intergovernmental	-	61,961	12,229	7,335	338	-	-	81,863
Fines and Forfeitures	2,612	-	-	900	21,642	-	-	25,154
Charges for Services	-	-	-	-	-	312,683	-	312,683
Contributions	400	-	-	-	-	-	-	400
Investment Earnings	107	1,759	615	58	1,392	7,596	-	11,527
Total Revenues	<u>3,119</u>	<u>63,720</u>	<u>12,844</u>	<u>8,293</u>	<u>23,372</u>	<u>320,279</u>	<u>46,823</u>	<u>478,450</u>
EXPENDITURES								
Current								
General Government	-	-	-	-	-	-	46,823	46,823
Judicial	-	-	14,094	8,410	-	-	-	22,504
Public Safety	4,794	72,234	-	-	22,199	1,364,969	-	1,464,196
Total Expenditures	<u>4,794</u>	<u>72,234</u>	<u>14,094</u>	<u>8,410</u>	<u>22,199</u>	<u>1,364,969</u>	<u>46,823</u>	<u>1,533,523</u>
Excess (deficiency) of Revenues Over Expenditures	<u>(1,675)</u>	<u>(8,514)</u>	<u>(1,250)</u>	<u>(117)</u>	<u>1,173</u>	<u>(1,044,690)</u>	<u>-</u>	<u>(1,055,073)</u>
OTHER FINANCING SOURCES								
Transfers In	-	-	-	-	-	606,612	-	606,612
Net Change in Fund Balances	<u>(1,675)</u>	<u>(8,514)</u>	<u>(1,250)</u>	<u>(117)</u>	<u>1,173</u>	<u>(438,078)</u>	<u>-</u>	<u>(448,461)</u>
FUND BALANCES, Beginning	<u>6,894</u>	<u>100,388</u>	<u>31,979</u>	<u>3,033</u>	<u>71,505</u>	<u>909,234</u>	<u>-</u>	<u>1,123,033</u>
FUND BALANCES, Ending	<u>\$ 5,219</u>	<u>\$ 91,874</u>	<u>\$ 30,729</u>	<u>\$ 2,916</u>	<u>\$ 72,678</u>	<u>\$ 471,156</u>	<u>\$ -</u>	<u>\$ 674,572</u>

RABUN COUNTY, GEORGIA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
JUNE 30, 2009

	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court	Sheriff	Total
ASSETS						
Cash	\$ 560,077	\$ 277,153	\$ 22,928	\$ 12,802	\$ 16,622	\$ 889,582
Taxes Receivable	1,273,054	-	-	-	-	1,273,054
Total Assets	<u>\$ 1,833,131</u>	<u>\$ 277,153</u>	<u>\$ 22,928</u>	<u>\$ 12,802</u>	<u>\$ 16,622</u>	<u>\$ 2,162,636</u>
LIABILITIES						
Due to Others	\$ 1,833,131	\$ 277,153	\$ 22,928	\$ 12,802	\$ 16,622	\$ 2,162,636
Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

RABUN COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
JUNE 30, 2009

	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court	Sheriff	Total
ASSETS						
Cash, Balance June 30, 2008	\$ 571,224	\$ 349,283	\$ 15,638	\$ 12,256	\$ 1,695	\$ 950,096
Additions	31,661,151	1,222,919	245,362	158,767	133,846	33,422,045
Deletions	(31,672,298)	(1,295,049)	(238,072)	(158,221)	(118,919)	(33,482,559)
Cash, Balance June 30, 2009	560,077	277,153	22,928	12,802	16,622	889,582
Taxes Receivable, June 30, 2008	1,127,705	-	-	-	-	1,127,705
Additions	26,018,064	-	-	-	-	26,018,064
Deletions	(25,872,715)	-	-	-	-	(25,872,715)
Taxes Receivable, June 30, 2009	1,273,054	-	-	-	-	1,273,054
Total Assets	\$ 1,833,131	\$ 277,153	\$ 22,928	\$ 12,802	\$ 16,622	\$ 2,162,636
LIABILITIES						
Due to Others, June 30, 2008	\$ 1,698,929	\$ 349,283	\$ 15,638	\$ 12,256	\$ 1,695	\$ 2,077,801
Additions	57,679,215	1,222,919	245,362	158,767	133,846	59,440,109
Deletions	(57,545,013)	(1,295,049)	(238,072)	(158,221)	(118,919)	(59,355,274)
Due to Others, June 30, 2009	1,833,131	277,153	22,928	12,802	16,622	2,162,636
Total Liabilities	\$ 1,833,131	\$ 277,153	\$ 22,928	\$ 12,802	\$ 16,622	\$ 2,162,636

RABUN COUNTY, GEORGIA
June 30, 2009

ADDITIONAL
SUPPLEMENTARY
INFORMATION

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October 14, 2009

**INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF
PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX**

**Honorable Chairman and
Members of the Board of Commissioners
Rabun County, Georgia**

I have audited the accompanying Schedules of Projects Constructed with Special Purpose Local Option Sales Tax for Rabun County, Georgia for the year ended June 30, 2009. These schedules are the responsibility of Rabun County, Georgia's management. My responsibility is to express an opinion on the Schedules of Projects Constructed with Special Purpose Local Option Sales Tax based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the Schedules of Projects Constructed with Special Purpose Local Option Sales Tax are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules of Projects Constructed with Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedules of Projects Constructed with Special Purpose Local Option Sales Tax. I believe that my audit provides a reasonable basis for my opinion.

The accompanying Schedules of Projects Constructed with Special Purpose Local Option Sales Tax were prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121 on the modified accrual basis of accounting as described in Note 1 and are not intended to be a complete presentation of Rabun County's revenues and expenditures.

In my opinion, the Schedules of Projects Constructed with Special Purpose Local Option Sales Tax referred to above present fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project in Rabun County, Georgia's resolution or ordinance calling for the tax for the year ended June 30, 2009, in conformity with accounting principles generally accepted in the United States of America.



Certified Public Accountant

**SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST #4)
For the year ended June 30, 2009**

PROJECT	Estimated Cost		Expenditures			Total
	Original	Current	Prior Years	Prior Period Adjustment	Current Years	
Roads, Streets and Bridges	\$ 6,750,000	\$ 6,750,000	\$ 453,349	\$ -	\$ 592,227	\$ 1,045,576
County Jail	4,000,000	4,000,000	6,665,408	-	-	6,665,408
Recreational Facilities	4,000,000	4,000,000	4,162,566	-	-	4,162,566
County Administration	1,000,000	1,000,000	1,095,213	-	-	1,095,213
Fire Fighting Equipment	250,000	250,000	250,000	-	-	250,000
Total	\$16,000,000	\$16,000,000	\$12,626,536	\$ -	\$ 592,227	\$ 13,218,763

Note A: The SPLOST schedule has been prepared on the modified accrual basis of accounting

Note B: On August 20, 2002, the Special One Percent Sales Tax IV was approved by voters in Rabun County with funds to be specifically used for:

- 1) Roads, Streets & Bridges
- 2) County Jail
- 3) Recreational Facilities
- 4) County Administration Building to house courthouse records
- 5) Fire Fighting Equipment

RABUN COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST #5)
For the year ended June 30, 2009

PROJECT	Estimated Cost		Expenditures		Total
	Original	Current	Prior Years	Current Years	
Roads, Streets and Bridges	\$ 7,541,850	\$ 7,541,850	\$ -	\$ -	\$ -
Hospital Building	3,500,000	3,500,000	173,115	-	173,115
Multipurpose Arena	1,500,000	1,500,000	41,484	340,100	381,584
Health Department	1,000,000	1,000,000	21,100	671,170	692,270
Fire Fighting Equipment	1,000,000	1,000,000	-	-	-
Courthouse	900,000	900,000	392,684	332,638	725,322
Municipal Projects					
City of Clayton	2,058,000	2,058,000	418,812	1,232,465	1,651,277
City of Dillard	450,000	450,000	418,812	31,188	450,000
City of Sky Valley	450,000	450,000	418,812	31,188	450,000
Mountain City	300,000	300,000	300,000	-	300,000
City of Tiger	300,000	300,000	300,000	-	300,000
City of Tallulah Falls	150,000	150,000	150,000	-	150,000
Total	\$19,149,850	\$19,149,850	\$ 2,634,819	\$2,638,749	\$ 5,273,568

Note A: The SPLOST schedule has been prepared on the modified accrual basis of accounting

Note B: On March 20, 2007, the Special One Percent Sales Tax V was approved by voters in Rabun County with funds to be specifically used for:

- 1) Roads, Streets & Bridges
- 2) Hospital Building Refurbishment
- 3) Multipurpose Arena
- 4) Courthouse Retrofit
- 5) Health Department Retrofit
- 6) Fire Department Capital Outlay
- 7) Other Municipal Projects for the Cities of Clayton, Dillard, Sky Valley, Mountain City, Tiger and Tallulah Falls

Note C: Interest and paying agent fees amounted to \$275,393 for the year ended June 30, 2009

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October 14, 2009

**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***

**Honorable Chairman and
Members of the Board of Commissioners
Rabun County, Georgia**

I 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 Rabun County, Georgia as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements, and have issued my report thereon dated October 14, 2009. I did not audit the financial statements of the Rabun County Health Department, a non-major component unit, as of and for the year then ended June 30, 2009, which statements reflect total assets of \$565,244 as of June 30, 2009, and total revenues of \$724,297, for the year then ended. These financial statements were audited by another auditor whose reports have been furnished to me and my opinion on the basic financial statements, insofar as it relates to the amounts included for the Rabun County Health Department, is based solely on the reports of the other auditor. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered Rabun County, Georgia's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rabun County, Georgia's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Honorable Chairman and Members of the Board of Commissioners and others within the organization, federal awarding agencies and pass-thru entities and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountant