

RABUN COUNTY, GEORGIA

Annual Financial Report

For the fiscal year ended June 30, 2011

This page intentionally left blank.

RABUN COUNTY, GEORGIA
FINANCIAL REPORT
For the fiscal year ended June 30, 2011

TABLE OF CONTENTS

INTRODUCTORY SECTION:

Page(s)

| | |
|-------------------|-----|
| Table of Contents | i-v |
|-------------------|-----|

FINANCIAL SECTION:

| | |
|--------------------------------------|-----|
| Independent Auditor's Report | 1-2 |
| Management's Discussion and Analysis | 3-7 |

BASIC FINANCIAL STATEMENTS

Exhibit

Government-wide Statements

| | | |
|-----|-------------------------|-----|
| A-1 | Statement of Net Assets | 8-9 |
| A-2 | Statement of Activities | 10 |

Fund Financial Statements

| | | |
|------|--|-------|
| A-3 | Balance Sheet – Governmental Funds | 11 |
| A-4 | Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets | 12 |
| A-5 | Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | 13 |
| A-6 | Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 14 |
| A-7 | Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) to Actual – General Fund | 15-16 |
| A-8 | Statement of Net Assets – Proprietary Funds | 17 |
| A-9 | Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds | 18 |
| A-10 | Statement of Cash Flows – Proprietary Funds | 19 |
| A-11 | Statement of Fiduciary Assets and Liabilities – Fiduciary Funds | 20 |

RABUN COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2011

Table of Contents, continued

BASIC FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

| <u>Exhibit</u> | <u>Page(s)</u> |
|--|----------------|
| A-12 Combining Statement of Net Assets – Component Units | 21 |
| A-13 Combining Statement of Activities – Component Units | 22 |
| A-14 Notes to the Financial Statements | 23-59 |

| Item # | Page # |
|---|--------|
| 1. Description of Government Unit | 23 |
| 2. Summary of Significant Accounting Policies | 23-36 |
| 3. Deposit and Investment Risk | 37-38 |
| 4. Accounts Receivable | 38 |
| 5. Intergovernmental Receivables | 39 |
| 6. Property Taxes | 39 |
| 7. Interfund Receivables and Payables | 40 |
| 8. Interfund Transfers | 40 |
| 9. Capital Assets | 41-43 |
| 10. Capital and Operating Lease Agreements | 44 |
| 11. Long-Term Debt | 44-49 |
| 12. Bond Issuance | 50 |
| 13. Landfill Post-Closure Care Costs | 50-51 |
| 14. Changes in Beginning Balances | 51-52 |
| 15. Defined Benefit Pension Plan | 52-55 |
| 16. Defined Contribution Plan | 56 |
| 17. Hotel/Motel Lodging Tax | 56 |
| 18. Joint Ventures | 57 |
| 19. Risk Financing Activities | 57-58 |
| 20. Commitments and Contingencies | 58-59 |
| 21. Excess of Expenditures over Appropriations in Individual Governmental Funds for which Budgets are Adopted | 59 |

RABUN COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2011

Table of Contents, continued

SUPPLEMENTARY INFORMATION (continued)

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

| <u>Exhibit</u> | | <u>Page (s)</u> |
|----------------------------------|--|-----------------|
| B-1 | Combining Balance Sheet – Nonmajor Governmental Funds | 60-61 |
| B-2 | Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds | 62-63 |
| GENERAL FUND | | |
| C-1 | Balance Sheet | 64 |
| C-2 | Statement of Revenues, Expenditures and Changes in Fund Balances | 65 |
| C-3 | Schedule of Revenues – Budget (GAAP Basis) and Actual | 66 |
| C-4 | Schedule of Expenditures – Budget (GAAP Basis) and Actual | 67-71 |
| SPECIAL REVENUE FUNDS | | |
| D-1 | Confiscated Assets Special Revenue Fund Balance Sheet | 72 |
| D-2 | Confiscated Assets Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual | 73 |
| D-3 | Jail Special Revenue Fund Balance Sheet | 74 |
| D-4 | Jail Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual | 75 |
| D-5 | Law Library Special Revenue Fund Balance Sheet | 76 |
| D-6 | Law Library Special Revenue Fund Statement of Revenues, Expenditures and Changes in Fund Balances | 77 |
| D-7 | Juvenile Case Management Special Revenue Fund Balance Sheet | 78 |
| D-8 | Juvenile Case Management Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual | 79 |
| D-9 | Drug Abuse Treatment Education Special Revenue Fund Balance Sheet | 80 |
| D-10 | Drug Abuse Treatment Education Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual | 81 |

RABUN COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2011

Table of Contents, continued

SUPPLEMENTARY INFORMATION (continued)

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (continued)

| <u>Exhibit</u> | | <u>Page (s)</u> |
|----------------|---|-----------------|
| | <i>SPECIAL REVENUE FUNDS (continued)</i> | |
| D-11 | Emergency 911 Special Revenue Fund Balance Sheet | 82 |
| D-12 | Emergency 911 Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual | 83 |
| D-13 | Hotel/Motel Tax Special Revenue Fund Balance Sheet | 84 |
| D-14 | Hotel/Motel Tax Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual | 85 |
| | <i>CAPITAL PROJECTS FUND</i> | |
| E-1 | Special Purpose Local Option Sales Tax #4 Capital Projects Fund Balance Sheet | 86 |
| E-2 | Special Purpose Local Option Sales Tax #4 Capital Projects Fund Statement of Revenues, Expenditures and Changes in Fund Balance | 87 |
| E-3 | Special Purpose Local Option Sales Tax #5 Capital Projects Fund Balance Sheet | 88 |
| E-4 | Special Purpose Local Option Sales Tax #5 Capital Projects Fund Statement of Revenues, Expenditures and Changes in Fund Balance | 89 |
| | <i>ENTERPRISE FUNDS</i> | |
| F-1 | Solid Waste Enterprise Fund Statement of Net Assets | 90 |
| F-2 | Solid Waste Enterprise Fund Statement of Revenues, Expenses and Changes in Net Assets | 91 |
| F-3 | Solid Waste Enterprise Fund Statement of Cash Flows | 92 |
| F-4 | Waste-Water Facility Enterprise Fund Statement of Net Assets | 93 |
| F-5 | Waste-Water Facility Enterprise Fund Statement of Revenues, Expenses, and Changes in Net Assets | 94 |
| F-6 | Waste-Water Facility Enterprise Fund Statement of Cash Flows | 95 |

RABUN COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2011

Table of Contents, continued

SUPPLEMENTARY INFORMATION (continued)

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (continued)

| <u>Exhibit</u> | | <u>Page (s)</u> |
|----------------|---|-----------------|
| | ENTERPRISE FUNDS | |
| F-7 | Golf Course Enterprise Fund Statement of Net Assets | 96 |
| F-8 | Golf Course Enterprise Fund Statement of Revenues, Expenses and Changes in Net Assets | 97 |
| F-9 | Golf Course Enterprise Fund Statement of Cash Flows | 98 |
| | AGENCY FUNDS | |
| G-1 | Combining Balance Sheet | 99-100 |
| G-2 | Statement of Changes in Assets and Liabilities | 101 |
| | SINGLE AUDIT SECTION | |
| | Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 102-103 |
| | Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 | 104-105 |
| H-1 | Schedule of Expenditures of Federal Awards | 106 |
| H-2 | Notes to the Schedule of Expenditures of Federal Awards | 107 |
| H-3 | Schedule of Findings and Questioned Costs | 108-113 |
| | STATE REPORTING SECTION | |
| I-1 | Schedule of Projects Financed with Special Purpose Local Option Sales Tax | 114 |

This page intentionally left blank.

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Rabun County, Georgia, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Rabun County, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Rabun County Health Department, a component unit of Rabun County, Georgia, which represent 3.2 percent, 47.9 percent, and 50.6 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinions on the financial statements, insofar as they relate to the amounts included for the Rabun County Health Department, are based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the 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, 2011, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2012, on our consideration of Rabun County, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Rabun County, Georgia's financial statements as a whole. The combining and individual fund financial statements and schedules and the state reporting section with the special purpose local option sales tax report are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards and the state reporting section with the special purpose local option sales tax report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia

March 27, 2012

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, 2011. 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, 2011.

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 8-10) 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, a Waste Water Facility, and the Rabun County Golf Club.

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 11-22) 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

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 11-16 of this report.

Proprietary funds. (Pages 17-19) The County maintains three 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, its waste water facility, as well as the Golf Course. 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. Although the Golf Course is not a major fund of the County, it is listed separately as it is the only nonmajor fund.

Fiduciary Funds. (Page 20) 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 23-59) 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. Following the basic financial statements is other supplementary information, which includes combining and individual fund statements and schedules that can be found on pages 60 - 101 of this report. This report also includes two schedules (pages 12 and 14), which reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting).

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Rabun County, on an entity-wide basis, had an increase in net assets during FY 2011 of \$2.44 million, of which \$1.89 million was in governmental activities and \$0.55 million in the business-type activities. At June 30, 2011, the County had \$55.53 million invested in capital assets, net of debt and accumulated depreciation and \$9.37 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 2011 and FY 2010.

RABUN COUNTY, GEORGIA'S NET ASSETS
June 30, 2011 and 2010
(\$ in thousands)

| | Governmental Activities | | Business-type Activities | | Total Government | |
|---|--------------------------------|------------------|---------------------------------|-------------------|-------------------------|------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Cash and investments | \$ 19,783 | \$ 20,600 | \$ 361 | \$ 292 | \$ 20,144 | \$ 20,892 |
| Other assets | 2,363 | 2,099 | 157 | 32 | 2,520 | 2,131 |
| Capital assets | 50,005 | 49,654 | 5,527 | 4,324 | 55,532 | 53,978 |
| Total assets | <u>72,151</u> | <u>72,353</u> | <u>6,045</u> | <u>4,648</u> | <u>78,196</u> | <u>77,001</u> |
| Current liabilities | 3,679 | 2,162 | 569 | 488 | 4,248 | 2,650 |
| Noncurrent Liabilities | 3,576 | 7,234 | 6,398 | 6,307 | 9,974 | 13,541 |
| Total liabilities | <u>7,255</u> | <u>9,396</u> | <u>6,967</u> | <u>6,795</u> | <u>14,222</u> | <u>16,191</u> |
| Net assets: | | | | | | |
| Invested in capital assets, net of debt | 45,515 | 43,067 | 2,011 | 4,324 | 47,526 | 47,391 |
| Restricted | 7,076 | - | - | - | 7,076 | - |
| Unrestricted | 12,305 | 19,890 | (2,933) | (6,471) | 9,372 | 13,419 |
| Total net assets | <u>\$ 64,896</u> | <u>\$ 62,957</u> | <u>\$ (922)</u> | <u>\$ (2,147)</u> | <u>\$ 63,974</u> | <u>\$ 60,810</u> |

RABUN COUNTY GEORGIA'S CHANGES IN NET ASSETS
FISCAL YEARS ENDED JUNE 30, 2011

(\$ in thousands)

| | Governmental Activities | | Business-type Activities | | Total Government | |
|------------------------------------|------------------------------------|------------------|-------------------------------------|-------------------|-----------------------------|------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| REVENUES | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 2,236 | \$ 2,278 | \$ 986 | \$ 632 | \$ 3,222 | \$ 2,910 |
| Operating grants and contributions | 1,097 | 615 | - | 25 | 1,097 | 640 |
| Capital grants and contributions | 84 | - | - | - | 84 | - |
| General revenues | | | | | | |
| Taxes | 18,442 | 18,037 | - | - | 18,442 | 18,037 |
| Interest | 141 | 180 | 2 | 2 | 143 | 182 |
| Other | 77 | 73 | - | - | 77 | 73 |
| Total revenues | <u>22,077</u> | <u>21,183</u> | <u>988</u> | <u>659</u> | <u>23,065</u> | <u>21,842</u> |
| EXPENSES | | | | | | |
| Program Expenses: | | | | | | |
| General Government | 3,295 | 3,470 | - | - | 3,295 | 3,470 |
| Judicial | 918 | 950 | - | - | 918 | 950 |
| Public Safety | 7,218 | 7,009 | - | - | 7,218 | 7,009 |
| Public Works | 4,451 | 3,315 | - | - | 4,451 | 3,315 |
| Health and Welfare | 1,023 | 1,036 | - | - | 1,023 | 1,036 |
| Culture and Recreation | 1,200 | 1,051 | - | - | 1,200 | 1,051 |
| Housing and Development | 435 | 417 | - | - | 435 | 417 |
| Interest and paying agent fees | 265 | 325 | - | - | 265 | 325 |
| Solid Waste | - | - | 1,100 | 1,077 | 1,100 | 1,077 |
| Waste Water Facility | - | - | 476 | 450 | 476 | 450 |
| Golf Course | - | - | 242 | 235 | 242 | 235 |
| Total expenses | <u>18,805</u> | <u>17,573</u> | <u>1,818</u> | <u>1,762</u> | <u>20,623</u> | <u>19,335</u> |
| Excess (Deficiency) before | | | | | | |
| Transfers | 3,272 | 3,610 | (830) | (1,103) | 2,442 | 2,507 |
| Transfers (Out) In | <u>(1,378)</u> | <u>(1,226)</u> | <u>1,378</u> | <u>1,226</u> | <u>-</u> | <u>-</u> |
| Increase (Decrease) in net assets | 1,894 | 2,384 | 548 | 123 | 2,442 | 2,507 |
| Net assets, beginning | 62,957 | 60,573 | (2,147) | (2,272) | 60,810 | 58,301 |
| Prior period adjustment | 45 | - | 677 | 2 | 722 | 2 |
| Net assets, ending | <u>\$ 64,896</u> | <u>\$ 62,957</u> | <u>\$ (922)</u> | <u>\$ (2,147)</u> | <u>\$ 63,974</u> | <u>\$ 60,810</u> |

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 increased \$983 thousand from FY 2010. Taxes increased \$494 thousand and intergovernmental revenues increased \$522 thousand.

Tax revenues consisted of \$18.4 million, of which \$3.2 million came from local SPLOST revenue in the governmental funds.

Expenditures in the governmental funds were \$21.7 million of which approximately \$3.1 million going toward the purchase or construction of capital assets.

There was a \$1.7 million increase in governmental expenditures due mainly to an increase of \$1.5 million increase in capital outlays.

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

General Fund Budget Highlights

The original budget for the General Fund was amended by various appropriations approved after the beginning of the fiscal year. In addition, the Board of Commissioners approved several adjustments to prevent budget overruns. The following highlights the differences between the original and final budget amounts:

The budget for total revenues increased \$1.2 million:

More tax revenue was collected than anticipated because utility values were based on prior years values and were also based on 36.60 ratio. Values were increased and were collected on 40.00 ratio. This information was not available until October and our budget is required to be set by law by June 30th of each year.

\$123,000 was collected over what was budgeted in Fines and Forfeitures because we budget conservatively in all of our accounts on the unknown revenues.

The budget for total expenditures increased \$1.2 million:

Expenditures in the Fire Department increased \$481,000, increased in the Road Department \$268,000, increased \$152,000, all due to the cost of emergency repairs of a tornado that was declared a state wide emergency. Jail expenditures were increased due to increased inmate medical expenditures. Rabun Arena was originally budgeted \$200,000 in contingency because it was a new department . Once we adopted the budget we were able to spend more time and allocated the \$200,000 to various expenditures.

CAPITAL ASSETS & LONG TERM DEBT

Capital Assets. Rabun County's government-wide investment in capital assets at June 30, 2011 was \$87.2 million, net of \$31.7 million in accumulated depreciation. The investment, which includes land, buildings, roads, bridges, machinery and equipment, park facilities and vehicles, is covered in Note 9 on pages 41 - 43. Government-wide capital additions in FY 2011 were approximately \$4.1 million.

Major capital asset activity in 2011 was:

The County completed the Rabun County Arena. This arena was built for Economic Development. It is our hope and anticipation that events held here will bring in tourists to Rabun County that will help boost our economy by staying in our hotel/motels and by eating at our restaurants, etc.

Long-term debt. At June 30, 2011, Rabun County had \$12.5 million in bonds and notes payable, capital leases, and landfill closure/postclosure care costs; this is a decrease in total of \$1.5 million from FY 2010. The reduction in debt was due to payments of \$2.4 million made to reduce long-term debt in excess of \$905 thousand of new notes payable and capital leases. Additional information on the County's long-term debt can be found in Note 11 found on pages 44 - 49.

ECONOMIC FACTORS AND THE 2012 BUDGET

The economy in the County seems to be steady; for example, the un-employment rate in the County of 11.5% is in line with the State average. The County will adhere to strict budget controls for FY 2012.

Funding for the operations of the County come from three primary sources: taxes, charges for services and fines. Rabun County has been able to maintain current services without an increase in the millage rate. We have no plans of using fund balance to balance the 2012.

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.

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

RABUN COUNTY, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2011

| | Primary Government | | | Component Units |
|--|----------------------------|-----------------------------|-------------------|--------------------|
| | Governmental Activities | Business-type Activities | Total | |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 10,781,499 | \$ 360,732 | \$ 11,142,231 | \$ 1,061,700 |
| Certificates of deposit | 7,172,929 | 0 | 7,172,929 | 15,518 |
| Investments | 310,489 | 0 | 310,489 | 0 |
| Restricted assets | | | | |
| Cash and cash equivalents | 1,518,858 | 0 | 1,518,858 | 7,452,377 |
| Receivables (net) | | | | |
| Accounts | 229,488 | 134,188 | 363,676 | 53,805 |
| Intergovernmental | 492,187 | 148,092 | 640,279 | 3,880 |
| Taxes | 565,596 | 0 | 565,596 | 0 |
| Interest | 13,390 | 0 | 13,390 | 0 |
| Notes | 0 | 0 | 0 | 15,196 |
| Prepays | 117,256 | 0 | 117,256 | 0 |
| Internal balances | 125,166 | (125,166) | 0 | 0 |
| Total current assets | <u>21,326,858</u> | <u>517,846</u> | <u>21,844,704</u> | <u>8,602,476</u> |
| Noncurrent assets | | | | |
| Capital assets | | | | |
| Non-depreciable | 4,560,837 | 4,486,946 | 9,047,783 | 9,381,022 |
| Depreciable (net) | 45,443,618 | 1,040,018 | 46,483,636 | 170,249 |
| Other assets | | | | |
| Notes receivable | 0 | 0 | 0 | 66,319 |
| Investment in joint venture | 0 | 0 | 0 | 10,000 |
| Pension asset | 788,264 | 0 | 788,264 | 0 |
| Debt issue costs (net) | 31,829 | 0 | 31,829 | 488,402 |
| Total noncurrent assets | <u>50,824,548</u> | <u>5,526,964</u> | <u>56,351,512</u> | <u>10,115,992</u> |
| Total assets | <u>72,151,406</u> | <u>6,044,810</u> | <u>78,196,216</u> | <u>18,718,468</u> |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Payables | | | | |
| Accounts | 800,137 | 43,282 | 843,419 | 14,155 |
| Intergovernmental | 21,335 | 3,880 | 25,215 | 0 |
| Retainages | 35,292 | 0 | 35,292 | 0 |
| Interest | 13,314 | 360,491 | 373,805 | 0 |
| Accrued salaries and expenses | 57,212 | 5,905 | 63,117 | 2,767 |
| Compensated absences | 314,893 | 36,871 | 351,764 | 27,000 |
| Due to others | 5,206 | 0 | 5,206 | 0 |
| Capital lease payable | 44,444 | 0 | 44,444 | 0 |
| Notes payable | 649,169 | 57,711 | 706,880 | 0 |
| Bonds payable | 1,737,646 | 0 | 1,737,646 | 0 |
| Closure/post-closure care | 0 | 60,548 | 60,548 | 0 |
| Liabilities payable from restricted assets | | | | |
| Payables | | | | |
| Accounts | 0 | 0 | 0 | 1,112,530 |
| Retainages | 0 | 0 | 0 | 289,780 |
| Customer deposits | 0 | 0 | 0 | 3,334 |
| Interest | 0 | 0 | 0 | 315,218 |
| Total current liabilities | <u>3,678,648</u> | <u>568,688</u> | <u>4,247,336</u> | <u>1,764,784</u> |

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

RABUN COUNTY, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2011

| | Primary Government | | | Component Units |
|--|----------------------------|-----------------------------|---------------|--------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Noncurrent liabilities | | | | |
| Compensated absences | \$ 0 | \$ 0 | \$ 0 | \$ 3,943 |
| Capital lease payable | 133,257 | 0 | 133,257 | 0 |
| Notes payable | 336,444 | 3,458,154 | 3,794,598 | 0 |
| Bonds payable | 3,106,868 | 0 | 3,106,868 | 15,796,883 |
| Closure/post-closure care | 0 | 2,939,711 | 2,939,711 | 0 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total noncurrent liabilities | 3,576,569 | 6,397,865 | 9,974,434 | 15,800,826 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total liabilities | 7,255,217 | 6,966,553 | 14,221,770 | 17,565,610 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 45,515,485 | 2,011,099 | 47,526,584 | 1,203,431 |
| Restricted for: | | | | |
| Judicial | 84,008 | 0 | 84,008 | 0 |
| Public safety | 98,484 | 0 | 98,484 | 0 |
| Health and welfare | 0 | 0 | 0 | 1,050 |
| Capital outlay | 6,892,577 | 0 | 6,892,577 | 0 |
| Unrestricted | 12,305,635 | (2,932,842) | 9,372,793 | (51,623) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total net assets | \$ 64,896,189 | \$ (921,743) | \$ 63,974,446 | \$ 1,152,858 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

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

RABUN COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2011

| FUNCTIONS/PROGRAMS | Expenses | Program Revenues | | | Net (Expense) Revenue |
|---|------------------------------------|-------------------------------------|--|--|-----------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Primary government | | | | | |
| Governmental activities | | | | | |
| General Government | \$ 3,294,696 | \$ 63,809 | \$ 211,338 | \$ 0 | \$ (3,019,549) |
| Judicial | 918,254 | 72,381 | 8,727 | 0 | (837,146) |
| Public Safety | 7,217,722 | 1,852,996 | 276,483 | 0 | (5,088,243) |
| Public Works | 4,451,236 | 0 | 480,804 | 10,517 | (3,959,915) |
| Health and Welfare | 1,023,178 | 73,246 | 103,672 | 39,600 | (806,660) |
| Culture and Recreation | 1,200,324 | 146,910 | 16,411 | 33,716 | (1,003,287) |
| Housing and Development | 434,494 | 26,532 | 0 | 0 | (407,962) |
| Interest on long-term debt | 265,131 | 0 | 0 | 0 | (265,131) |
| Total governmental activities | 18,805,035 | 2,235,874 | 1,097,435 | 83,833 | (15,387,893) |
| Business-type activities | | | | | |
| Solid Waste | 1,099,834 | 471,737 | 0 | 0 | (628,097) |
| Waste-Water Facility | 476,700 | 406,934 | 0 | 0 | (69,766) |
| Golf Course | 241,820 | 107,677 | 0 | 0 | (134,143) |
| Total business-type activities | 1,818,354 | 986,348 | 0 | 0 | (832,006) |
| Total primary government | 20,623,389 | 3,222,222 | 1,097,435 | 83,833 | (16,219,899) |
| Component Units | | | | | |
| Rabun County Library | | | | | |
| Culture and Recreation | 368,783 | 19,707 | 35,487 | 0 | (313,589) |
| Rabun County Health Department | | | | | |
| Health and Welfare | 769,205 | 263,634 | 208,133 | 0 | (297,438) |
| Rabun County Economic Development Authority | | | | | |
| Housing and Development | 1,043,973 | 0 | 0 | 0 | (1,043,973) |
| Rabun County Building Authority | | | | | |
| Housing and Development | 0 | 0 | 0 | 0 | 0 |
| Total component units | 2,181,961 | 283,341 | 243,620 | 0 | (1,655,000) |
| Primary Government | | | | | |
| | Governmental Activities | Business-Type Activities | Total | Component Units | |
| Change in net assets | | | | | |
| Net (expense) revenue | \$ (15,387,893) | \$ (832,006) | \$ (16,219,899) | \$ (1,655,000) | |
| General revenues | | | | | |
| Taxes | | | | | |
| Property | 14,262,869 | 0 | 14,262,869 | 0 | |
| Sales | 3,139,344 | 0 | 3,139,344 | 0 | |
| Insurance premium | 541,667 | 0 | 541,667 | 0 | |
| Other | 498,185 | 0 | 498,185 | 0 | |
| Interest and investment earnings | 141,343 | 1,839 | 143,182 | 30,448 | |
| Rental income | 0 | 0 | 0 | 162,739 | |
| Payments from Rabun County | 0 | 0 | 0 | 751,305 | |
| Miscellaneous | 77,367 | 0 | 77,367 | 2,014 | |
| Transfers | (1,378,529) | 1,378,529 | 0 | 0 | |
| Total general revenues and transfers | 17,282,246 | 1,380,368 | 18,662,614 | 946,506 | |
| Change in net assets | 1,894,353 | 548,362 | 2,442,715 | (708,494) | |
| Net assets - beginning (original) | 62,956,681 | (2,146,787) | 60,809,894 | 1,861,352 | |
| Prior period adjustments | 45,155 | 676,682 | 721,837 | 0 | |
| Net assets - beginning (restated) | 63,001,836 | (1,470,105) | 61,531,731 | 1,861,352 | |
| Net assets - ending | \$ 64,896,189 | \$ (921,743) | \$ 63,974,446 | \$ 1,152,858 | |

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

RABUN COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

| | <u>General</u> | <u>SPLOST #4</u> | <u>SPLOST #5</u> | <u>Nonmajor Governmental Funds</u> | <u>Totals</u> |
|--|----------------------|-------------------|---------------------|--|----------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 4,694,716 | \$ 445,198 | \$ 4,729,294 | \$ 912,291 | \$ 10,781,499 |
| Certificates of deposit | 7,172,929 | 0 | 0 | 0 | 7,172,929 |
| Investments | 0 | 0 | 310,489 | 0 | 310,489 |
| Receivables (net) | | | | | |
| Accounts | 150,672 | 0 | 0 | 78,816 | 229,488 |
| Intergovernmental | 489,380 | 0 | 0 | 2,807 | 492,187 |
| Taxes | 242,785 | 0 | 300,858 | 21,953 | 565,596 |
| Interest | 13,390 | 0 | 0 | 0 | 13,390 |
| Prepays | 117,256 | 0 | 0 | 0 | 117,256 |
| Due from other funds | 154,119 | 0 | 0 | 0 | 154,119 |
| Restricted Assets | | | | | |
| Cash and cash equivalents | 0 | 0 | 1,518,858 | 0 | 1,518,858 |
| Total assets | \$ 13,035,247 | \$ 445,198 | \$ 6,859,499 | \$ 1,015,867 | \$ 21,355,811 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Payables | | | | | |
| Accounts | \$ 420,530 | \$ 65,493 | \$ 311,335 | \$ 2,779 | \$ 800,137 |
| Intergovernmental | 21,335 | 0 | 0 | 0 | 21,335 |
| Retainages | 0 | 0 | 35,292 | 0 | 35,292 |
| Accrued salaries and expenses | 57,212 | 0 | 0 | 0 | 57,212 |
| Deferred revenue | 157,581 | 0 | 0 | 0 | 157,581 |
| Due to other agencies | 5,206 | 0 | 0 | 0 | 5,206 |
| Due to other funds | 0 | 0 | 0 | 28,953 | 28,953 |
| Total liabilities | 661,864 | 65,493 | 346,627 | 31,732 | 1,105,716 |
| Fund balances | | | | | |
| Nonspendable prepaids | 117,256 | 0 | 0 | 0 | 117,256 |
| Restricted for: | | | | | |
| Judicial | 0 | 0 | 0 | 84,008 | 84,008 |
| Public safety | 0 | 0 | 0 | 98,484 | 98,484 |
| Capital outlay | 0 | 379,705 | 6,512,872 | 0 | 6,892,577 |
| Assigned to public safety | 0 | 0 | 0 | 801,643 | 801,643 |
| Unassigned | 12,256,127 | 0 | 0 | 0 | 12,256,127 |
| Total fund balances | 12,373,383 | 379,705 | 6,512,872 | 984,135 | 20,250,095 |
| Total liabilities and fund balances | \$ 13,035,247 | \$ 445,198 | \$ 6,859,499 | \$ 1,015,867 | \$ 21,355,811 |

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

RABUN COUNTY, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
June 30, 2011

| | |
|---|-----------------------------|
| Total fund balance - total governmental funds | \$ 20,250,095 |
| Amounts reported for governmental activities in the statement of net assets are different because: | |
| Capital assets of \$80,839,724, net of accumulated depreciation of (\$30,835,269), and debt issue costs of \$31,829 are not financial resources and, therefore, are not reported in the funds. | 50,036,284 |
| Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the fund. These are deferred property taxes. | 157,581 |
| Net pension asset is not reported in the governmental funds. This amount represents annual plan contributions in excess of pension costs. | 788,264 |
| Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are capital leases payable of (\$177,701), notes payable of (\$985,613), bonds payable of (\$4,844,514), interest payable of (\$13,314) and compensated absences of (\$314,893). | <u>(6,336,035)</u> |
| Net assets of governmental activities | <u><u>\$ 64,896,189</u></u> |

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

RABUN COUNTY, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2011

| | <u>General</u> | <u>SPLOST #4</u> | <u>SPLOST #5</u> | <u>Nonmajor Governmental Funds</u> | <u>Totals</u> |
|--|----------------------|--------------------|---------------------|--|----------------------|
| REVENUES | | | | | |
| Taxes | \$ 15,224,753 | \$ 0 | \$ 3,139,344 | \$ 78,242 | \$ 18,442,339 |
| Licenses and permits | 51,557 | 0 | 0 | 0 | 51,557 |
| Fines, fees and forfeitures | 471,880 | 0 | 0 | 108,577 | 580,457 |
| Charges for services | 1,248,790 | 0 | 0 | 355,120 | 1,603,910 |
| Intergovernmental | 1,128,308 | 0 | 0 | 8,677 | 1,136,985 |
| Interest | 135,813 | 10,517 | 33,716 | 5,530 | 185,576 |
| Other | 77,243 | 0 | 0 | 125 | 77,368 |
| Total revenues | 18,338,344 | 10,517 | 3,173,060 | 556,271 | 22,078,192 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General Government | 3,180,305 | 0 | 0 | 0 | 3,180,305 |
| Judicial | 871,349 | 0 | 0 | 44,206 | 915,555 |
| Public Safety | 6,180,275 | 0 | 0 | 871,388 | 7,051,663 |
| Public Works | 2,470,869 | 0 | 0 | 0 | 2,470,869 |
| Health and Welfare | 976,141 | 0 | 0 | 0 | 976,141 |
| Culture and Recreation | 1,125,168 | 0 | 0 | 0 | 1,125,168 |
| Housing and Development | 359,120 | 0 | 0 | 78,242 | 437,362 |
| Capital outlay | 0 | 1,386,344 | 1,657,444 | 0 | 3,043,788 |
| Debt service | 730,791 | 0 | 1,845,165 | 0 | 2,575,956 |
| Total expenditures | 15,894,018 | 1,386,344 | 3,502,609 | 993,836 | 21,776,807 |
| Excess (deficiency) of revenues over (under) expenditures | 2,444,326 | (1,375,827) | (329,549) | (437,565) | 301,385 |
| Other financing sources (uses) | | | | | |
| Transfers in | 0 | 0 | 0 | 576,627 | 576,627 |
| Transfers out | (1,955,156) | 0 | 0 | 0 | (1,955,156) |
| Proceeds from sale of assets | 211,159 | 0 | 0 | 0 | 211,159 |
| Issuance of capital leases | 140,320 | 0 | 0 | 0 | 140,320 |
| Total other financing sources (uses) | (1,603,677) | 0 | 0 | 576,627 | (1,027,050) |
| Net change in fund balance | 840,649 | (1,375,827) | (329,549) | 139,062 | (725,665) |
| Fund balances, July 1 (original) | 11,180,473 | 1,755,532 | 7,092,421 | 845,073 | 20,873,499 |
| Prior period adjustments | 352,261 | 0 | (250,000) | 0 | 102,261 |
| Fund balances, July 1 (restated) | 11,532,734 | 1,755,532 | 6,842,421 | 845,073 | 20,975,760 |
| Fund balances, June 30 | \$ 12,373,383 | \$ 379,705 | \$ 6,512,872 | \$ 984,135 | \$ 20,250,095 |

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

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 fiscal year ended June 30, 2011

Net change in fund balances - total governmental funds \$ (725,665)

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 is the amount by which capital outlays of \$2,841,341 exceeded depreciation of (\$2,059,696) in the current period. | 781,645 |
| In the statement of activities, the gain or loss on the sale of assets is reported, whereas in the governmental funds the proceeds from the sale increase financial resources. The change in net assets differs from the change in fund balance by the cost of the assets sold of (\$1,231,996), net of related accumulated depreciation of \$810,757. | (421,239) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavailable deferred revenue. | (274) |
| The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which debt repayments of \$2,324,139 exceed debt proceeds of (\$140,320) and amortization of (\$22,431). | 2,161,388 |
| Annual employer contributions to retirement plans in excess of pension costs are not reported in the governmental funds, but result in assets in the governmental activities. | 66,503 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the net decrease in compensated absences \$45,309 and the net increase in interest payable (\$13,314). | <u>31,995</u> |
| Change in net assets of governmental activities | <u><u>\$ 1,894,353</u></u> |

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

RABUN COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2011

| | Budget | | Actual | Variance with Final Budget |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 14,545,719 | \$ 15,512,769 | \$ 15,224,753 | \$ (288,016) |
| Licenses and permits | 35,850 | 54,715 | 51,557 | (3,158) |
| Fines, fees and forfeitures | 360,000 | 482,885 | 471,880 | (11,005) |
| Charges for services | 1,299,650 | 1,361,125 | 1,248,790 | (112,335) |
| Intergovernmental | 610,000 | 526,700 | 1,128,308 | 601,608 |
| Interest | 95,000 | 135,750 | 135,813 | 63 |
| Other | 32,500 | 106,000 | 77,243 | (28,757) |
| Total revenues | 16,978,719 | 18,179,944 | 18,338,344 | 158,400 |
| EXPENDITURES | | | | |
| Current | | | | |
| General Government | | | | |
| General Administration | 2,216,595 | 1,629,528 | 1,571,796 | 57,732 |
| Elections | 141,184 | 145,152 | 131,785 | 13,367 |
| Board of Commissioners | 410,396 | 452,320 | 448,760 | 3,560 |
| Tax Commissioner | 293,388 | 310,504 | 297,597 | 12,907 |
| Tax Assessors | 287,502 | 318,360 | 317,017 | 1,343 |
| Buildings and Properties | 394,076 | 419,859 | 413,350 | 6,509 |
| Judicial | | | | |
| Clerk of Court | 304,250 | 368,981 | 319,055 | 49,926 |
| Probate Court | 181,196 | 195,239 | 191,174 | 4,065 |
| Administration of Justice | 210,853 | 248,253 | 241,868 | 6,385 |
| District Attorney | 127,985 | 132,223 | 119,252 | 12,971 |
| Public Safety | | | | |
| Sheriff | 1,318,658 | 1,399,590 | 1,434,684 | (35,094) |
| Rabun County Jail | 1,487,702 | 1,609,322 | 1,565,341 | 43,981 |
| Coroner | 20,399 | 23,399 | 17,541 | 5,858 |
| Emergency Management Agency | 39,141 | 47,321 | 50,686 | (3,365) |
| Fire Department | 644,262 | 1,125,377 | 824,995 | 300,382 |
| County Marshal | 237,692 | 265,158 | 264,881 | 277 |
| E911 Mapping & Addressing | 125,282 | 138,742 | 137,506 | 1,236 |
| Drug Task Force | 84,796 | 84,796 | 41,782 | 43,014 |
| Emergency Medical Service | 1,500,336 | 1,652,847 | 1,642,459 | 10,388 |
| Boggs Mountain Animal Shelter | 200,400 | 200,400 | 200,400 | 0 |
| Public Works | | | | |
| Roads and Bridges | 1,623,738 | 1,891,752 | 2,315,047 | (423,295) |
| Water and Sewer Authority | 146,500 | 156,000 | 155,822 | 178 |
| Health and Welfare | | | | |
| Public Health | 326,028 | 326,853 | 317,929 | 8,924 |
| Public Welfare | 63,600 | 63,600 | 24,744 | 38,856 |
| Program on Aging | 495,383 | 513,029 | 545,968 | (32,939) |
| Court Appointed Special Advocates | 7,500 | 7,500 | 7,500 | 0 |
| F.A.I.T.H. | 80,000 | 80,000 | 80,000 | 0 |
| Culture and Recreation | | | | |
| Civic Center | 117,442 | 117,442 | 80,121 | 37,321 |
| Recreation | 529,256 | 589,929 | 574,051 | 15,878 |
| Rabun Arena | 0 | 200,000 | 170,895 | 29,105 |
| Rabun County Library | 295,542 | 295,642 | 295,601 | 41 |
| Rabun County Historical Society | 4,500 | 4,500 | 4,500 | 0 |

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

RABUN COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2011

| | Budget | | Actual | Variance with Final Budget |
|--|--------------------|--------------------|----------------------|-------------------------------|
| | Original | Final | | |
| Housing and Development | | | | |
| Extension Service | \$ 31,600 | \$ 31,600 | \$ 17,873 | \$ 13,727 |
| Planning Commission | 55,221 | 63,667 | 62,053 | 1,614 |
| Economic Development | 212,700 | 292,700 | 270,990 | 21,710 |
| Soil Erosion Control | 8,592 | 8,592 | 8,204 | 388 |
| Total Current | 14,223,695 | 15,410,177 | 15,163,227 | 246,950 |
| Debt Service | | | | |
| General Government | | | | |
| General Administration | 689,000 | 689,150 | 684,676 | 4,474 |
| Public Works | | | | |
| Roads and Bridges | 71,000 | 62,350 | 46,115 | 16,235 |
| Total Debt Service | 760,000 | 751,500 | 730,791 | 20,709 |
| Total expenditures | 14,983,695 | 16,161,677 | 15,894,018 | 267,659 |
| Excess (deficiency) of revenues over (under) expenditures | 1,995,024 | 2,018,267 | 2,444,326 | 426,059 |
| Other financing sources (uses) | | | | |
| Transfers out | (1,454,880) | (1,433,318) | (1,955,156) | (521,838) |
| Sale of capital assets | 10,000 | 24,500 | 211,159 | 186,659 |
| Issuance of capital leases | 0 | 0 | 140,320 | 140,320 |
| Contingency | (550,144) | (609,449) | 0 | 609,449 |
| Total other financing sources (uses) | (1,995,024) | (2,018,267) | (1,603,677) | 414,590 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 0 | 0 | 840,649 | 840,649 |
| Fund balances, July 1 (original) | 0 | 0 | 11,180,473 | 11,180,473 |
| Prior period adjustments | 0 | 0 | 352,261 | 352,261 |
| Fund balances, July 1 (restated) | 0 | 0 | 11,532,734 | 11,532,734 |
| Fund balances, June 30 | \$ 0 | \$ 0 | \$ 12,373,383 | \$ 12,373,383 |

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

RABUN COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

| | Business-Type Activities | | | Totals |
|---|--------------------------|-------------------------|------------------|---------------------|
| | Solid Waste | Waste-Water Facility | Golf Course | |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 50 | \$ 295,483 | \$ 65,199 | \$ 360,732 |
| Receivables (net) | | | | |
| Accounts | 91,655 | 42,533 | 0 | 134,188 |
| Intergovernmental | 0 | 148,092 | 0 | 148,092 |
| Total current assets | 91,705 | 486,108 | 65,199 | 643,012 |
| Noncurrent assets | | | | |
| Capital assets | | | | |
| Non-depreciable | 1,106,031 | 3,361,115 | 19,800 | 4,486,946 |
| Depreciable (net) | 968,979 | 4,599 | 66,440 | 1,040,018 |
| Total noncurrent assets | 2,075,010 | 3,365,714 | 86,240 | 5,526,964 |
| Total assets | 2,166,715 | 3,851,822 | 151,439 | 6,169,976 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Payables | | | | |
| Accounts | 28,887 | 14,354 | 41 | 43,282 |
| Intergovernmental | 0 | 3,880 | 0 | 3,880 |
| Interest | 0 | 360,491 | 0 | 360,491 |
| Accrued salaries | 4,039 | 733 | 1,133 | 5,905 |
| Compensated absences | 20,243 | 6,908 | 9,720 | 36,871 |
| Due to other funds | 53,247 | 28,685 | 43,234 | 125,166 |
| Notes payable | 0 | 57,711 | 0 | 57,711 |
| Closure/post-closure care | 60,548 | 0 | 0 | 60,548 |
| Total current liabilities | 166,964 | 472,762 | 54,128 | 693,854 |
| Noncurrent liabilities | | | | |
| Notes payable | 0 | 3,458,154 | 0 | 3,458,154 |
| Closure/post-closure care | 2,939,711 | 0 | 0 | 2,939,711 |
| Total noncurrent liabilities | 2,939,711 | 3,458,154 | 0 | 6,397,865 |
| Total liabilities | 3,106,675 | 3,930,916 | 54,128 | 7,091,719 |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 2,075,010 | (150,151) | 86,240 | 2,011,099 |
| Unrestricted | (3,014,970) | 71,057 | 11,071 | (2,932,842) |
| Total net assets | \$ (939,960) | \$ (79,094) | \$ 97,311 | \$ (921,743) |

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

RABUN COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2011

| | Business-Type Activities | | | Totals |
|--|---------------------------------|-----------------------------|--------------------|---------------------|
| | Solid Waste | Waste-Water Facility | Golf Course | |
| OPERATING REVENUES | | | | |
| Charges for sales and services | \$ 471,737 | \$ 406,934 | \$ 107,677 | \$ 986,348 |
| Total operating revenues | 471,737 | 406,934 | 107,677 | 986,348 |
| OPERATING EXPENSES | | | | |
| Costs of sales and services | 395,648 | 232,427 | 67,662 | 695,737 |
| Personal services | 633,307 | 104,753 | 159,502 | 897,562 |
| Depreciation | 70,879 | 1,840 | 14,656 | 87,375 |
| Total operating expenses | 1,099,834 | 339,020 | 241,820 | 1,680,674 |
| Operating income (loss) | (628,097) | 67,914 | (134,143) | (694,326) |
| Non-operating revenues (expenses) | | | | |
| Interest revenue | 0 | 1,839 | 0 | 1,839 |
| Interest expense | 0 | (137,680) | 0 | (137,680) |
| Total non-operating revenues (expenses) | 0 | (135,841) | 0 | (135,841) |
| Net income before transfers | (628,097) | (67,927) | (134,143) | (830,167) |
| Transfers | | | | |
| Transfers in | 1,228,529 | 0 | 150,000 | 1,378,529 |
| Change in net assets | 600,432 | (67,927) | 15,857 | 548,362 |
| Net assets - July 1 (original) | (2,217,074) | (11,167) | 81,454 | (2,146,787) |
| Prior period adjustments | 676,682 | 0 | 0 | 676,682 |
| Net assets - July 1 (restated) | (1,540,392) | (11,167) | 81,454 | (1,470,105) |
| Net assets, June 30 | \$ (939,960) | \$ (79,094) | \$ 97,311 | \$ (921,743) |

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

RABUN COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2011

| | Business-Type Activities | | | Totals |
|--|----------------------------|--------------------------|----------------------------|----------------------------|
| | Solid Waste | Waste-Water Facility | Golf Course | |
| Cash flows from operating activities: | | | | |
| Receipts from customers | \$ 411,769 | \$ 364,401 | \$ 107,677 | \$ 883,847 |
| Payments to suppliers | (456,284) | (214,193) | (67,621) | (738,098) |
| Payments to employees | (655,200) | (108,665) | (161,519) | (925,384) |
| Net cash provided (used) by operating activities | <u>(699,715)</u> | <u>41,543</u> | <u>(121,463)</u> | <u>(779,635)</u> |
| Cash flows from non-capital financing activities: | | | | |
| Receipts from other funds | <u>1,281,776</u> | <u>28,685</u> | <u>193,234</u> | <u>1,503,695</u> |
| Cash flows from capital and related financing activities: | | | | |
| Acquisition of capital assets | (582,061) | (684,542) | (7,499) | (1,274,102) |
| Proceeds from notes payable | <u>0</u> | <u>617,073</u> | <u>0</u> | <u>617,073</u> |
| Net cash provided (used) by capital and related financing activities | <u>(582,061)</u> | <u>(67,469)</u> | <u>(7,499)</u> | <u>(657,029)</u> |
| Cash flows from investing activities: | | | | |
| Interest received | <u>0</u> | <u>1,839</u> | <u>0</u> | <u>1,839</u> |
| Net increase (decrease) in cash and cash equivalents | 0 | 4,598 | 64,272 | 68,870 |
| Cash and cash equivalents, July 1 | <u>50</u> | <u>290,885</u> | <u>927</u> | <u>291,862</u> |
| Cash and cash equivalents, June 30 | <u><u>\$ 50</u></u> | <u><u>\$ 295,483</u></u> | <u><u>\$ 65,199</u></u> | <u><u>\$ 360,732</u></u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Operating income (loss) | \$ (628,097) | \$ 67,914 | \$ (134,143) | \$ (694,326) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Depreciation expense | 70,879 | 1,840 | 14,656 | 87,375 |
| Closure/postclosure care costs | (37,769) | 0 | 0 | (37,769) |
| (Increase) decrease in accounts receivable | (59,968) | (42,533) | 0 | (102,501) |
| Increase (decrease) in accounts payable | (22,867) | 14,354 | 41 | (8,472) |
| Increase (decrease) in intergovernmental payable | 0 | 3,880 | 0 | 3,880 |
| Increase (decrease) in accrued payroll liabilities | (21,893) | (3,912) | (2,017) | (27,822) |
| Total adjustments | <u>(71,618)</u> | <u>(26,371)</u> | <u>12,680</u> | <u>(85,309)</u> |
| Net cash provided (used) by operating activities | <u><u>\$ (699,715)</u></u> | <u><u>\$ 41,543</u></u> | <u><u>\$ (121,463)</u></u> | <u><u>\$ (779,635)</u></u> |
| Noncash capital and related financing activities: | | | | |
| Proceeds from notes payable through intergovernmental receivables totaled \$148,092 in the Waste-Water Facility Enterprise Fund. | | | | |

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

RABUN COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2011

| | <u>Agency Funds</u> |
|--------------------------|-------------------------|
| ASSETS | |
| Cash | \$ 859,179 |
| Accounts receivable, net | 603,203 |
| Taxes receivable, net | <u>878,914</u> |
| Total assets | <u>2,341,296</u> |
| LIABILITIES | |
| Due to other agencies | <u>\$ 2,341,296</u> |

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

RABUN COUNTY, GEORGIA
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
June 30, 2011

| | Rabun County Library | Rabun County Health Department | Rabun County Economic Development Authority | Rabun County Building Authority | Totals |
|--|----------------------------|---|---|--|---------------------|
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | \$ 70,480 | \$ 542,577 | \$ 443,096 | \$ 5,547 | \$ 1,061,700 |
| Certificates of deposit | 15,518 | 0 | 0 | 0 | 15,518 |
| Restricted cash and cash equivalents | 0 | 0 | 7,452,377 | 0 | 7,452,377 |
| Receivables (net) | | | | | |
| Accounts | 0 | 53,805 | 0 | 0 | 53,805 |
| Intergovernmental | 0 | 0 | 3,880 | 0 | 3,880 |
| Notes | 0 | 0 | 15,196 | 0 | 15,196 |
| Total current assets | <u>85,998</u> | <u>596,382</u> | <u>7,914,549</u> | <u>5,547</u> | <u>8,602,476</u> |
| Noncurrent assets | | | | | |
| Capital assets | | | | | |
| Non-depreciable | 0 | 0 | 9,381,022 | 0 | 9,381,022 |
| Depreciable (net) | 169,649 | 600 | 0 | 0 | 170,249 |
| Notes receivable | 0 | 0 | 66,319 | 0 | 66,319 |
| Investment in joint venture | 0 | 0 | 10,000 | 0 | 10,000 |
| Debt issue costs (net) | 0 | 0 | 488,402 | 0 | 488,402 |
| Total noncurrent assets | <u>169,649</u> | <u>600</u> | <u>9,945,743</u> | <u>0</u> | <u>10,115,992</u> |
| Total assets | <u>255,647</u> | <u>596,982</u> | <u>17,860,292</u> | <u>5,547</u> | <u>18,718,468</u> |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Accounts payable | 0 | 14,155 | 0 | 0 | 14,155 |
| Accrued salaries and expenses | 0 | 0 | 2,767 | 0 | 2,767 |
| Compensated absences | 0 | 27,000 | 0 | 0 | 27,000 |
| Liabilities payable from restricted assets | | | | | |
| Payables | | | | | |
| Accounts | 0 | 0 | 1,112,530 | 0 | 1,112,530 |
| Retainages | 0 | 0 | 289,780 | 0 | 289,780 |
| Customer deposits | 0 | 0 | 3,334 | 0 | 3,334 |
| Interest | 0 | 0 | 315,218 | 0 | 315,218 |
| Total current liabilities | <u>0</u> | <u>41,155</u> | <u>1,723,629</u> | <u>0</u> | <u>1,764,784</u> |
| Noncurrent liabilities | | | | | |
| Compensated absences | 0 | 3,943 | 0 | 0 | 3,943 |
| Bonds payable | 0 | 0 | 15,796,883 | 0 | 15,796,883 |
| Total noncurrent liabilities | <u>0</u> | <u>3,943</u> | <u>15,796,883</u> | <u>0</u> | <u>15,800,826</u> |
| Total liabilities | <u>0</u> | <u>45,098</u> | <u>17,520,512</u> | <u>0</u> | <u>17,565,610</u> |
| NET ASSETS | | | | | |
| Invested in capital assets, net of related debt | 169,649 | 600 | 1,033,182 | 0 | 1,203,431 |
| Restricted for health and welfare | 0 | 1,050 | 0 | 0 | 1,050 |
| Unrestricted | 85,998 | 550,234 | (693,402) | 5,547 | (51,623) |
| Total net assets | <u>\$ 255,647</u> | <u>\$ 551,884</u> | <u>\$ 339,780</u> | <u>\$ 5,547</u> | <u>\$ 1,152,858</u> |

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

RABUN COUNTY, GEORGIA
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the fiscal year ended June 30, 2011

| | Rabun County Library | Rabun County Health Department | Rabun County Economic Development Authority | Rabun County Building Authority | Totals |
|------------------------------------|----------------------------|---|---|--|---------------------|
| Expenses | | | | | |
| Health and Welfare | \$ 0 | \$ 769,205 | \$ 0 | \$ 0 | \$ 769,205 |
| Culture and Recreation | 368,783 | 0 | 0 | 0 | 368,783 |
| Housing and Development | 0 | 0 | 1,043,973 | 0 | 1,043,973 |
| Total expenses | 368,783 | 769,205 | 1,043,973 | 0 | 2,181,961 |
| Program revenues | | | | | |
| Charges for services | 19,707 | 263,634 | 0 | 0 | 283,341 |
| Operating grants and contributions | 35,487 | 208,133 | 0 | 0 | 243,620 |
| Total program revenues | 55,194 | 471,767 | 0 | 0 | 526,961 |
| Net (expense) revenue | (313,589) | (297,438) | (1,043,973) | 0 | (1,655,000) |
| General revenues | | | | | |
| Interest | 544 | 0 | 29,863 | 41 | 30,448 |
| Rental income | 0 | 0 | 162,739 | 0 | 162,739 |
| Payments from Rabun County | 294,077 | 272,997 | 184,231 | 0 | 751,305 |
| Miscellaneous | 2,014 | 0 | 0 | 0 | 2,014 |
| Total general revenues | 296,635 | 272,997 | 376,833 | 41 | 946,506 |
| Change in net assets | (16,954) | (24,441) | (667,140) | 41 | (708,494) |
| Net assets, July 1 | 272,601 | 576,325 | 1,006,920 | 5,506 | 1,861,352 |
| Net assets, June 30 | \$ 255,647 | \$ 551,884 | \$ 339,780 | \$ 5,547 | \$ 1,152,858 |

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

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

1. Description of Government Unit

Rabun County, Georgia (the County) is located in the foothills of the Georgia mountains about seventy-five miles northeast of Atlanta.

The County provides a full range of governmental services, including public safety, health and welfare services, recreational programs, public works, water and sewer services, and solid waste services.

The government is governed by an elected five member commission and four Constitutional Officers; Tax Commissioner, Magistrate Judge, Probate Judge, Sheriff, and Clerk of Superior Court.

2. Summary of Significant Accounting Policies

A. Basis of Presentation

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

B. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of Rabun County (the primary government) and material component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationship with the County.

In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, the financial statements of component units have been included either as blended or discretely presented component units.

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

Discretely Presented Component Units – Discretely presented component units are reported in a separate column in the combined financial statements to emphasize they are legally separate from the government

Rabun County Library – The Rabun County Library is a member of the Northeast Georgia Regional Library System which also includes the counties of Rabun, Stephens, and White. The system is governed by the Regional Board of Trustees and each affiliated County has a County Board of Trustees. The Rabun County Library's Board of Trustees are appointed by the Board of Commissioners of Rabun County. Rabun County primarily funds the Library and approves its budgets. Complete financial statements can be obtained from the administrative offices of the Rabun County Library, 73 Jo Dotson Circle, Clayton, GA 30525.

Rabun County Health Department – The Rabun County Health Department was established as a legally separate entity and operates pursuant to the Georgia Health Code 88-2, Georgia Laws 1964. 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 operated under the supervision of the local Board of Health. Complete financial statements can be obtained from the administrative offices of the Rabun County Health Department, 184 South Main Street, Clayton, GA 30525.

Rabun County Economic Development Authority – The Rabun County Development Authority was created by an act of the Georgia Assembly on March 19, 1992. The purpose of the Development 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. Governing the Authority is a Board in which the majority is appointed by the Rabun County Board of Commissioners. Rabun County funds the operation of the Authority when required. Separate financial statements are not issued.

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

Rabun County Building Authority – The Rabun County Building Authority was created on March 30, 1994 by an act of the Georgia Assembly (HB No. 2011). The Act authorizes the Building 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 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. Separate financial statements are not issued.

C. 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 non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

C. Government-wide and Fund Financial Statements, continued

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 fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The County's government-wide financial statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental and Business-Type activities for the County. Fiduciary activities of the County are not included in these statements.

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

These statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Accordingly, all the County's assets and liabilities, including capital assets, as well as current year infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the County are reported in three categories: 1) charges for services to customers who directly benefit from goods, services or privileges provided by a given function, 2) operating grants and contributions that are restricted to meeting the operational needs requirements of a particular function and 3) capital grants and contributions that are restricted to meeting the capital needs requirements of a particular function.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated, however, those transactions between governmental and business-type activities have not been eliminated. Governmental activities that 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.

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Governmental Fund Financial Statements

Governmental Fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Those revenues susceptible to accrual are property taxes, sales taxes, licenses, interest revenue and charges for services. Sales taxes collected and held by the state at year-end on behalf of the government also are recognized as revenue. The County considers property taxes as available in the period for which they were levied if they are collected within 60 days subsequent to year-end. A 60-day availability period is also used for revenue recognition for all other governmental fund revenue.

The County reports the following major governmental funds:

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

Special Purpose Local Option Sales Tax #4 Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition or construction of capital facilities financed by special purpose local option sales taxes.

Special Purpose Local Option Sales Tax #5 Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition or construction of capital facilities financed by special purpose local option sales taxes.

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

The County reports the following major proprietary funds:

Solid Waste Fund – This fund is used to account for the activities of solid waste disposal and recycling programs for Rabun County.

Waste Water Facility Fund – This fund is used to account for activities connected with the waste water and water treatment facility of Rabun County.

Golf Course Fund – This fund accounts for the operations of the County owned golf facility. Rabun County purchased the Golf Course on July 1, 2009.

Additionally, the County reports the following fund types:

Governmental Fund Types

Special Revenue Funds - This fund type is used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Capital Projects Funds – This fund type is used to account for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds).

Fiduciary Fund Types

Agency Funds – Agency Funds are custodial in nature and do not present 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 are held either for the County or for others.

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Component Units

The Rabun County Library, Rabun County Health Department, Rabun County Economic Development Authority, and Rabun County Building Authority are accounted for using a current financial resources measurement focus and use the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available).

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, are generally followed in the governmental and business type activities and enterprise fund financial statements to the extent that those standards do no conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option for following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

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

Proprietary funds distinguish operating revenues and expenses from non-operating 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. Operating expenses for enterprise funds and internal services funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Certain indirect costs have been included as part of the program expenses reported for the various functional activities.

E. Budgets and Budgetary Accounting

The Board of Commissioners adopts an annual budget for all governmental fund types, prior to July 1, except for the Capital Projects Funds. The Capital Projects Funds are budgeted by the Board of Commissioners when capital projects are approved. The operating budget includes proposed expenditures and the means of financing them. The budget is legally enacted at a public meeting. A budget was not adopted for the Law Library Special Revenue Fund for the fiscal year ended June 30, 2011.

Each year in April, a Budget Committee consisting of the Board of Commissioners, the County Manager, and the Financial Director prepare the proposed budget. Budget requests from the various County departments are presented to this committee for consideration. Public hearings are held to discuss the proposed budget and to obtain input from the citizens of Rabun County. These hearings are publicized in the local newspaper for at least one week before the hearings, and the budget document is made available for public inspection during this time.

The final proposed budget is presented at a Board of Commissioners meeting for final passage prior to July 1.

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

E. Budgets and Budgetary Accounting, continued

The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is the department level. Any changes in total departmental expenditures/expenses, personnel benefits, or capital purchases must be approved by the Board of Commissioners.

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) at the legal level of budgetary control which is the department, sub-department, or project level. Expenditures may not exceed the appropriations within a fund. Budgets, as reported in the financial statements, are as originally passed by ordinance and subsequently amended. During the year, several supplementary appropriations are made as needed. The results are increases and decreases to the appropriations within the funds. All annual appropriations lapse at year end. The County does not use the encumbrance system of accounting.

F. Cash and Investments

Cash and equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents, and investments with an original maturity at three months or less. Investments are reported at fair market value with accrued interest shown under a separate caption on the balance sheet. Reinvested interest on certain debt service and capital projects investments is included in the investment accounts.

G. Intergovernmental Receivables

Receivables from state, federal, and local governments are recorded as revenue for the period of the allocation or as earned based on expenditures made for which reimbursement is due.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items.

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

GASB Statement No. 34 required the County to report and depreciate new infrastructure assets effective with the beginning of the fiscal year ended June 30, 2003. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. Neither their historical costs nor related depreciation had historically been reported in the financial statements. The County has previously implemented the requirements for retroactive reporting of major general infrastructure assets acquired in 1981 forward. The County elected not to report general infrastructure assets placed into service prior to July 1, 1980.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets ranging as follows:

| | Useful Life in Years | Capitalization Threshold |
|---------------------------------|---------------------------------|-------------------------------------|
| Land | N/A | \$ 1 |
| Buildings and improvements | 7-40 | \$ 5,000 |
| Land Improvements | 15 | \$ 5,000 |
| Machinery and Equipment | 7-10 | \$ 5,000 |
| Furniture and Fixtures | 7 | \$ 5,000 |
| Vehicles | 5-10 | \$ 5,000 |
| Computer Equipment and Software | 3-5 | \$ 5,000 |
| Distribution System | 50 | \$ 5,000 |
| Infrastructure | 15-50 | \$ 50,000 |

The costs of normal maintenance and repairs that do not add value or materially extend the life of the asset are charged to operations as incurred. Costs of major additions and improvements are capitalized.

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

J. Compensation for Future Absences

It is the County's policy to permit employees to accumulate earned but unused vacation benefits which will be paid to the employees upon separation from County service. Accumulated unpaid vacation pay amounts are accrued when incurred by the County in the government-wide, proprietary, and fiduciary fund financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. In governmental fund types, a liability is recorded only if the benefit has matured and is expected to be liquidated with expendable available financial resources.

K. Long-Term Obligations

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

In the fund financial statements, governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financial sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

L. Capital Contributions

Federal, state and local government assistance in the form of grants that are permanent in nature and restricted for the construction or acquisition of specific property and equipment is recorded as an asset and as non-operating revenue.

M. Fund Balances – Governmental Funds

Rabun County implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not in spendable form (e.g. inventories and prepaids) or are legally or contractually required to be maintained intact. It is the responsibility of the Chief Financial Officer/Designee to report all nonspendable funds appropriately in the County's financial statements. All amounts reported as nonspendable at June 30, 2011 by the County are nonspendable in form. The County has not reported any amounts that are legally or contractually required to be maintained intact.

Restricted – includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation. It is the responsibility of the Chief Financial Officer/Designee to report all restricted funds appropriately in the County's financial statements.

Committed – includes amounts that can be used only for the specific purposes determined by a formal action of the County's highest level of decision making authority, the Board of Commissioners. The Board of Commissioners may commit fund balance for specific purposes pursuant to constraints imposed by passage of a resolution. These committed amounts cannot be used for any other purpose unless the Board of Commissioners removes or changes the specific use through the same type of formal action taken to establish the commitment.

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

M. Fund Balances – Governmental Funds, continued

Assigned – includes amounts that are intended to be used by the County for a specific purpose. Intent can only be expressed by the Board of Commissioners or their designee. Assigned fund balance differs from committed fund balance in that assignments do not require a resolution. An assignment of fund balance requires the majority vote of the Board however the Board has authorized the County Manager or designee to automatically assign fund balance in the following situations:

- If upon passage of a budget resolution, any fund balance is used to balance a future budget, the amount used will be automatically recorded as assigned fund balance.
- If any unspent funds for an ongoing capital project or donations for a specific purpose remain at fiscal year end, these funds will be automatically recorded as assigned fund balance until the project is complete or the donation has been spent for its intended purpose.

Unassigned – the amount of fund balance in the General Fund which is not classified as either nonspendable, restricted, committed, or assigned. It represents resources available for immediate appropriation by the Board. No use of unassigned fund balance is permitted without approval of the Board of Commissioners. The County will make every effort to use unassigned funds following purposes (listed in order of priority):

- To address unexpected revenue shortfalls or expenditures encountered in the current fiscal year.
- To fund nonrecurring capital expenditures. Unassigned fund balance will not be used to fund recurring expenditures.

When an expenditure is incurred for the purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the County to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the County that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

3. Deposit and Investment Risk

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned. The County has no formal policy, but follows the State of Georgia requirement that all deposits be federally insured or fully collateralized.

Interest Rate Risk

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

Concentration of Credit Risk

The County has no formal policy on the amount the County may invest in any one issuer.

Foreign currency risk

The County has no investments denominated in a foreign currency.

Credit Risk

State of Georgia law limits investments to include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia or other states, obligations of other political subdivisions of the State of Georgia, and pooled investment programs of the State of Georgia. The County has no investment policy that would further limit its investment choices. Investments are reported at fair value.

The County participates in the State of Georgia Local Government Investment Pool (Georgia Fund 1). Assets in this pool are invested in the Georgia Fund 1, created by OCGA 36-83-8, which is a stable net asset investment pool that follows Standard and Poor's criteria for AAAM rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company.

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

3. Deposit and Investment Risk (continued)

Credit Risk, continued

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 participant's shares sold and redeemed based on \$1.00 per share. Georgia Fund 1 is managed by the Georgia Office of State Treasurer. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board.

The Georgia Fund 1 is rated AAAM by Standard & Poor's. The weighted average maturity at June 30, 2011 was 46 days. At June 30, 2011, the County's balance in Georgia Fund 1 was \$310,489.

4. Accounts Receivable

Net accounts receivable at June 30, 2011 consist of the following:

Primary Government:

Major Funds

| | | |
|------------------------------------|------------|------------|
| General Fund | \$ 205,160 | |
| Less: Allowance for Uncollectibles | (54,488) | \$ 150,672 |
| | | |

Enterprise Funds

| | | |
|----------------------|--------|---------|
| Solid Waste | 91,655 | |
| Waste-Water Facility | 42,533 | 134,188 |
| | | |

Nonmajor Funds

| | | |
|------------------------------------|--|--------|
| Emergency 911 Special Revenue Fund | | 78,816 |
| | | |

| | | |
|--------------------------|--|------------|
| Total primary government | | \$ 363,676 |
| | | |

Fiduciary Funds

| | | |
|------------------------------------|--------------|------------|
| Agency Funds | | |
| Clerk of Court | \$ 1,105,915 | |
| Less: Allowance for Uncollectibles | (502,712) | \$ 603,203 |
| | | |
| | | |

Component Units

| | | |
|--------------------------------|--|-----------|
| Rabun County Health Department | | \$ 53,805 |
| | | |
| | | |

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

5. Intergovernmental Receivables

Intergovernmental receivables at June 30, 2011 consist of the following:

Major Funds

General Fund

| | | |
|--------------------------------------|------------|------------|
| Federal Emergency Management Agency | \$ 372,540 | |
| Georgia Department of Transportation | 53,931 | |
| Rabun County Board of Education | 24,059 | |
| Mountain Judicial Circuit NCIS Team | 17,826 | |
| Georgia Emergency Management Agency | 9,150 | |
| Legacy Link | 9,138 | |
| City of Mountain City, Georgia | 1,706 | |
| City of Tallulah Falls, Georgia | 1,030 | \$ 489,380 |

Enterprise Funds

| | | |
|--|--|---------|
| Waste-Water Facility | | |
| Georgia Environmental Facilities Authority | | 148,092 |

Nonmajor Funds

Jail Special Revenue Fund

| | | |
|---------------------------------|-------|-------|
| City of Clayton, Georgia | 1,336 | |
| City of Mountain City, Georgia | 822 | |
| City of Tallulah Falls, Georgia | 649 | 2,807 |

| | | |
|--------------------------|--|------------|
| Total primary government | | \$ 640,279 |
|--------------------------|--|------------|

Component Units

| | | |
|---|--|----------|
| Rabun County Economic Development Authority | | |
| Rabun County, Georgia | | \$ 3,880 |

6. Property Taxes

Property tax rates are set by the Board of Commissioners each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1st each year. Property taxes for digest year 2010, based upon the assessments of January 1, 2010, were levied on July 27, 2010, billed on September 8, 2010, and due on December 20, 2010. Tax liens may be issued 90 days after the due date.

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

7. Interfund Receivables and Payables

A summary of interfund receivables and payables as of June 30, 2011 is as follows:

Due to/Due from other funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|-----------------------|-------------------|
| General | Solid Waste | \$ 53,247 |
| | Waste-Water Facility | 28,685 |
| | Golf Course | 43,234 |
| | Nonmajor Governmental | <u>28,953</u> |
| Total | | <u>\$ 154,119</u> |

The balances reported as Due to/Due from represent loans between the borrower funds and the lender funds. These balances resulted from the time lag between the dates that transactions are recorded in the accounting system and payments between the funds are made.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

8. Interfund Transfers

During the fiscal year ended June 30, 2011, the General Fund transferred \$1,228,529, \$150,000, and \$576,627 to the Solid Waste Enterprise Fund, Golf Course Enterprise Fund, and Emergency 911 Special Revenue Fund, respectively.

Interfund transfers are used to 1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and 2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

9. Capital Assets

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

| | <u>Balance 6/30/10</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance 6/30/11</u> |
|--|----------------------------|---------------------|---------------------|----------------------------|
| Governmental activities | | | | |
| Non-depreciable assets | | | | |
| Land | \$ 1,690,996 | \$ 0 | \$ 0 | \$ 1,690,996 |
| Construction in progress | 1,256,255 | 1,655,704 | (42,118) | 2,869,841 |
| Total non-depreciable assets | <u>2,947,251</u> | <u>1,655,704</u> | <u>(42,118)</u> | <u>4,560,837</u> |
| Depreciable assets | | | | |
| Buildings | 25,769,287 | 133,817 | (70,000) | 25,833,104 |
| Machinery and equipment | 4,294,551 | 343,629 | (255,087) | 4,383,093 |
| Vehicles | 8,133,307 | 306,354 | (906,909) | 7,532,752 |
| Infrastructure | 38,085,983 | 443,955 | 0 | 38,529,938 |
| Total depreciable assets | <u>76,283,128</u> | <u>1,227,755</u> | <u>(1,231,996)</u> | <u>76,278,887</u> |
| Less accumulated depreciation | | | | |
| Buildings | (4,535,545) | (487,123) | 42,917 | (4,979,751) |
| Machinery and equipment | (1,734,348) | (247,389) | 215,155 | (1,766,582) |
| Vehicles | (4,174,094) | (412,245) | 552,685 | (4,033,654) |
| Infrastructure | (19,142,343) | (912,939) | 0 | (20,055,282) |
| Total accumulated depreciation | <u>(29,586,330)</u> | <u>(2,059,696)</u> | <u>810,757</u> | <u>(30,835,269)</u> |
| Total depreciable assets, net | <u>46,696,798</u> | <u>(831,941)</u> | <u>(421,239)</u> | <u>45,443,618</u> |
| Governmental activities capital assets, net | <u>\$ 49,644,049</u> | <u>\$ 823,763</u> | <u>\$ (463,357)</u> | <u>\$ 50,004,455</u> |
| Business-type activities | | | | |
| Non-depreciable assets | | | | |
| Land | \$ 734,212 | \$ 564,599 | \$ 0 | \$ 1,298,811 |
| Construction in progress | 2,503,593 | 684,542 | 0 | 3,188,135 |
| Total non-depreciable assets | <u>3,237,805</u> | <u>1,249,141</u> | <u>0</u> | <u>4,486,946</u> |
| Depreciable assets | | | | |
| Buildings | 697,302 | 0 | 0 | 697,302 |
| Machinery and equipment | 851,772 | 7,500 | 0 | 859,272 |
| Vehicles | 307,445 | 17,462 | 0 | 324,907 |
| Total depreciable assets | <u>1,856,519</u> | <u>24,962</u> | <u>0</u> | <u>1,881,481</u> |
| Less accumulated depreciation | | | | |
| Buildings | (269,298) | (14,415) | 0 | (283,713) |
| Machinery and equipment | (402,438) | (53,487) | 0 | (455,925) |
| Vehicles | (82,352) | (19,473) | 0 | (101,825) |
| Total accumulated depreciation | <u>(754,088)</u> | <u>(87,375)</u> | <u>0</u> | <u>(841,463)</u> |
| Total depreciable assets, net | <u>1,102,431</u> | <u>(62,413)</u> | <u>0</u> | <u>1,040,018</u> |
| Business-type activities capital assets, net | <u>\$ 4,340,236</u> | <u>\$ 1,186,728</u> | <u>\$ 0</u> | <u>\$ 5,526,964</u> |

Prior period adjustments have been made in the governmental and business-type activities to adjust beginning capital asset balances (See Note 14).

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

9. Capital Assets (continued)

Capital asset activity for the discretely presented component units for the year ended June 30, 2011 was as follows:

| | <u>Balance 6/30/10</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance 6/30/11</u> |
|---|----------------------------|---------------------|--------------------|----------------------------|
| Rabun County Library | | | | |
| Non-depreciable assets | | | | |
| Furniture and equipment | \$ 11,963 | \$ 0 | \$ (11,963) | \$ 0 |
| Depreciable assets | | | | |
| Furniture and equipment | 179,146 | 11,963 | 0 | 191,109 |
| Books and collections | 882,896 | 33,994 | (42,761) | 874,129 |
| Total depreciable assets | <u>1,062,042</u> | <u>45,957</u> | <u>(42,761)</u> | <u>1,065,238</u> |
| Less accumulated depreciation | | | | |
| Furniture and equipment | (116,451) | (6,629) | 0 | (123,080) |
| Books and collections | (756,946) | (58,324) | 42,761 | (772,509) |
| Total accumulated depreciation | <u>(873,397)</u> | <u>(64,953)</u> | <u>42,761</u> | <u>(895,589)</u> |
| Total depreciable assets, net | <u>188,645</u> | <u>(18,996)</u> | <u>0</u> | <u>169,649</u> |
| Rabun County Library capital assets, net | <u>\$ 200,608</u> | <u>\$ (18,996)</u> | <u>\$ (11,963)</u> | <u>\$ 169,649</u> |
| Rabun County Health Department | | | | |
| Depreciable assets | | | | |
| Equipment | \$ 5,995 | \$ 0 | \$ 0 | \$ 5,995 |
| Less accumulated depreciation | | | | |
| Equipment | (4,796) | (599) | 0 | (5,395) |
| Rabun County Health Department capital assets, net | <u>\$ 1,199</u> | <u>\$ (599)</u> | <u>\$ 0</u> | <u>\$ 600</u> |
| Rabun County Economic Development Authority | | | | |
| Non-depreciable assets | | | | |
| Land | \$ 275,750 | \$ 987,673 | 0 | \$ 1,263,423 |
| Construction in progress | 0 | 8,117,599 | 0 | 8,117,599 |
| Other non-depreciable asset | 26,349 | 0 | (26,349) | 0 |
| Rabun County Economic Development Authority capital assets, net | <u>\$ 302,099</u> | <u>\$ 9,105,272</u> | <u>\$ (26,349)</u> | <u>\$ 9,381,022</u> |

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

9. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

Primary Government

Governmental activities

| | |
|------------------------|------------|
| General Government | \$ 100,195 |
| Judicial | 2,418 |
| Public Safety | 610,728 |
| Public Works | 1,081,242 |
| Health and Welfare | 81,018 |
| Culture and Recreation | 184,095 |
| | <hr/> |

| | |
|--|--------------|
| Total depreciation expense for governmental activities | \$ 2,059,696 |
| | <hr/> <hr/> |

Business-type activities

| | |
|----------------------|-----------|
| Solid Waste | \$ 70,879 |
| Waste-Water Facility | 1,840 |
| Golf Course | 14,656 |
| | <hr/> |

| | |
|---|-------------|
| Total depreciation expense for business-type activities | \$ 87,375 |
| | <hr/> <hr/> |

Discretely presented component units

| | |
|--------------------------------|-----------|
| Rabun County Library | \$ 64,953 |
| Rabun County Health Department | 599 |
| | <hr/> |

| | |
|--|-------------|
| | \$ 65,552 |
| | <hr/> <hr/> |

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

10. Capital and Operating Lease Agreements

The County has entered into agreements for the lease of certain equipment. The terms of the agreements meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. The balance of these leases at June 30, 2011 is \$177,701 for governmental activities. Assets leased under capital leases consist of equipment totaling \$264,188.

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of June 30, 2011:

| Year Ending June 30, | Governmental activities |
|---|------------------------------------|
| 2012 | \$ 49,940 |
| 2013 | 34,745 |
| 2014 | 18,046 |
| 2015 | 89,512 |
| Total minimum lease payments | 192,243 |
| Less amounts representing interest | (14,542) |
| Present value of minimum lease payments | \$ 177,701 |

The County's lease agreements, other than such agreements described above, are relatively minor commitments and are in compliance with state law.

11. Long-Term Debt

General Obligation Bonds

General obligation bonds have been issued for governmental activities 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.

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

11. Long-Term Debt (continued)

General Obligation Bonds (continued)

General obligation bonds of the governmental activities are comprised of the following individual issues at June 30, 2011:

- \$3,475,000 General Obligation Sales Tax Bonds, Series 2007 – bonds due in annual principal payments on December 1 beginning in 2009 with semi-annual interest payments (3.53%) due on June 1 and December 1.
- \$3,025,000 General Obligation Sales Tax Bonds, Series 2008 – bonds due in annual principal payments on December 1 beginning in 2012 with semi-annual interest payments (2.80%) due on June 1 and December 1.

Annual debt service requirements to maturity for general obligation bonds are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------------------|---------------------|-------------------|---------------------|
| 2012 | \$ 1,420,000 | \$ 134,826 | \$ 1,554,826 |
| 2013 | 1,480,000 | 63,980 | 1,543,980 |
| 2014 | 1,545,000 | 21,630 | 1,566,630 |
| Totals | <u>\$ 4,445,000</u> | <u>\$ 220,436</u> | <u>\$ 4,665,436</u> |

Revenue Bonds

Revenue bonds have been issued for governmental activities and are comprised of the following individual issue at June 30, 2011:

- \$1,500,000 – Rabun County Building Authority Revenue Bonds Series 2007 - bonds due in quarterly principal and interest payments on beginning January 1, 2008 and ending October 1, 2012; interest at 3.52%. The bonds were 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 the bonds. The debt is issued in the name of the Rabun County Building Authority. However, the payment of the bonds is guaranteed by Rabun County to be paid from SPLOST #5 proceeds or property tax levy. Therefore, the bonds are shown in the primary government.

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

11. Long-Term Debt (continued)

Revenue Bonds (continued)

Annual debt service requirements to maturity for revenue bonds of the governmental activities are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---------------------------------|-------------------|------------------|-------------------|
| 2012 | \$ 317,646 | \$ 10,842 | \$ 328,488 |
| 2013 | 81,868 | 722 | 82,590 |
| Totals | <u>\$ 399,514</u> | <u>\$ 11,564</u> | <u>\$ 411,078</u> |

Revenue bonds have been issued for the Rabun County Economic Development Authority Component Unit and are comprised of the following individual issue at June 30, 2011:

- \$15,975,000 – Development Authority of Rabun County Revenue Bonds – Series A and B series bonds due in annual principal payments on July 1 with semi-annual interest payments (2.5% - 4.4%) due on January 1 and July 1. The bonds were issued for the purpose of paying all or a portion of the costs of the acquisition and renovation of an approximately 1,021,294 square-foot manufacturing facility located on approximately 96 acres of land in Rabun County, Georgia and related fixtures and equipment. The bonds will also be used to pay interest on the Series 2010 Bonds and the costs related to issuance of the Series 2010 Bonds.

Annual debt service requirements to maturity for revenue bonds of the Rabun County Economic Development Authority are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---------------------------------|----------------------|----------------------|----------------------|
| 2012 | \$ 0 | \$ 630,435 | \$ 630,435 |
| 2013 | 0 | 630,435 | 630,435 |
| 2014 | 0 | 630,435 | 630,435 |
| 2015 | 350,000 | 626,060 | 976,060 |
| 2016 | 360,000 | 617,005 | 977,005 |
| 2017 - 2021 | 1,980,000 | 2,894,499 | 4,874,499 |
| 2022 - 2026 | 2,410,000 | 2,451,440 | 4,861,440 |
| 2027 - 2031 | 2,940,000 | 1,917,250 | 4,857,250 |
| 2032 - 2036 | 3,575,000 | 1,267,950 | 4,842,950 |
| 2037 - 2041 | 4,360,000 | 464,063 | 4,824,063 |
| Totals | <u>\$ 15,975,000</u> | <u>\$ 12,129,572</u> | <u>\$ 28,104,572</u> |

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

11. Long-Term Debt (continued)

Notes Payable

Governmental Activities

On December 15, 2005, the County entered into a lending agreement with Rabun County Bank for the refinance of tax anticipation notes previously issued to finance the sale of the Rabun County Hospital. At June 30, 2011, the balance of this note is \$985,613. The note requires monthly payments of \$58,863 with all unpaid principal and interest due on December 15, 2012; interest at 4.725%.

Annual debt service requirements are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------------------|-------------------|------------------|---------------------|
| 2012 | \$ 649,169 | \$ 33,185 | \$ 682,354 |
| 2013 | 336,444 | 4,733 | 341,177 |
| Totals | <u>\$ 985,613</u> | <u>\$ 37,918</u> | <u>\$ 1,023,531</u> |

Waste-Water Facility Enterprise Fund

On January 29, 2008, the County entered into a lending agreement with the Georgia Environmental Facilities Authority (GEFA) to borrow up to \$6,415,000 for the purchase of 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 note will be payable in 240 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 at 4.10% will accrue. As of June 30, 2011, the total principal drawn against the note amounted to \$3,515,865 and interest of \$360,491 has been accrued.

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

11. Long-Term Debt (continued)

Notes Payable (continued)

Annual debt service requirements are as follows:

| Years Ending June 30, | Principal | Interest | Total |
|--------------------------------------|---------------------|---------------------|---------------------|
| 2012 | \$ 57,711 | \$ 71,584 | \$ 129,295 |
| 2013 | 119,027 | 139,564 | 258,591 |
| 2014 | 124,000 | 134,591 | 258,591 |
| 2015 | 129,180 | 129,411 | 258,591 |
| 2016 | 134,578 | 124,014 | 258,592 |
| 2017 - 2021 | 762,075 | 530,882 | 1,292,957 |
| 2022 - 2026 | 935,139 | 357,817 | 1,292,956 |
| 2027 - 2031 | 1,254,155 | 146,547 | 1,400,702 |
| Totals | <u>\$ 3,515,865</u> | <u>\$ 1,634,410</u> | <u>\$ 5,150,275</u> |

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

11. Long-Term Debt (continued)

Changes in Long-Term Debt (continued)

The following is a summary of changes in long-term debt of the County for the fiscal year ending June 30, 2011:

| | <u>Balance 6/30/2010</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance 6/30/2011</u> | <u>Due Within One Year</u> |
|---|------------------------------|----------------------|---------------------|------------------------------|--------------------------------|
| Governmental activities | | | | | |
| Capital lease obligations | \$ 79,711 | \$ 140,320 | \$ 42,330 | \$ 177,701 | \$ 44,444 |
| Notes payable | 1,604,546 | 0 | 618,933 | 985,613 | 649,169 |
| Bonds payable | 6,507,390 | 0 | 1,662,876 | 4,844,514 | 1,737,646 |
| Compensated absences | 360,202 | 314,893 | 360,202 | 314,893 | 314,893 |
| Total governmental activities | <u>\$ 8,551,849</u> | <u>\$ 455,213</u> | <u>\$ 2,684,341</u> | <u>\$ 6,322,721</u> | <u>\$ 2,746,152</u> |
| Business-type activities | | | | | |
| Notes payable | \$ 2,750,700 | \$ 765,165 | \$ 0 | \$ 3,515,865 | \$ 57,711 |
| Landfill closure/post-closure care | 3,038,028 | 22,779 | 60,548 | 3,000,259 | 60,548 |
| Compensated absences | 40,573 | 36,871 | 40,573 | 36,871 | 36,871 |
| | <u>\$ 5,829,301</u> | <u>\$ 824,815</u> | <u>\$ 101,121</u> | <u>\$ 6,552,995</u> | <u>\$ 155,130</u> |
| Component Units | | | | | |
| Rabun County Health Department | | | | | |
| Compensated absences | \$ 26,959 | \$ 31,191 | \$ 27,207 | \$ 30,943 | \$ 27,000 |
| Rabun County Economic Development Authority | | | | | |
| Bonds Payable | 0 | 15,975,000 | 0 | 15,975,000 | 0 |
| Unamortized bond discount | 0 | (183,106) | (4,989) | (178,117) | 0 |
| Total component units | <u>\$ 26,959</u> | <u>\$ 15,823,085</u> | <u>\$ 22,218</u> | <u>\$ 15,827,826</u> | <u>\$ 27,000</u> |

Debt issue costs are amortized over the life of the related debt using the straight-line method. In prior years, long-term liabilities, such as compensated absences, of the governmental activities were liquidated in the General Fund. The landfill post-closure care costs are paid for by the Solid Waste Fund. Compensated absences of the Rabun County Health Department are liquidated by the Rabun County Health Department.

A prior period adjustment has been made to decrease the landfill closure/post-closure care liability as of June 30, 2010 due to an incorrect calculation (See Note 14).

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

12. Bond Issuance

On September 15, 2010, the Rabun County Economic Development Authority issued \$15,975,000 in Revenue Bonds, Series 2010 A and B, with interest rates ranging from 2.5% to 4.4%. The net proceeds were \$15,276,904 (\$15,975,000 less original issue discount of \$183,106 and \$514,990 in underwriting fees, insurance, and other costs of issuance).

13. Landfill 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. State and federal laws and regulations require the County to perform certain maintenance and monitoring operations at the landfill site for 30 years after official closure; the County has approximately 12 years remaining. The estimated cost of all post closure care activities related to the landfill is \$2,594,488, and is reflected as a long-term liability in the Solid Waste Enterprise Fund. Because of future changes in technology, laws, or regulations, these costs may change.

During the fiscal year ended June 30, 2000, the County opened a new solid waste landfill. State and federal laws and regulations require that the County place a final cover on the landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and post-closure care costs has a balance of \$405,771 as of June 30, 2011, which is based on 38.5% usage (filled) of the landfill. It is estimated that an additional \$648,188 will be recognized as closure and post-closure care expense between the date of the balance sheet and the date the landfill is expected to be filled to capacity (2041).

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

13. Landfill Post-Closure Care Costs (continued)

The estimated total current cost of the landfill closure and post-closure care (\$22,779) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2011. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

A prior period adjustment has been made to decrease the estimated liability as of June 30, 2010 due to an incorrect calculation (See Note 14).

14. Changes in Beginning Balances

Governmental Activities

A prior period adjustment has been made to remove capital assets that were sold or scrapped in previous years and record capital assets that were purchased in previous years. This adjustment decreased beginning net assets by \$10,392.

A prior period adjustment has been made to adjust deferred tax revenue at June 30, 2010. This adjustment decreased beginning net assets by \$46,714.

General Fund

A prior period adjustment has been made to remove an amount which should not have been recorded as a payable at June 30, 2010. This adjustment increased beginning fund balance by \$194,678.

A prior period adjustment has been made to adjust deferred tax revenue at June 30, 2010. This adjustment increased beginning fund balance by \$46,714.

A prior period adjustment has been made to record previously unrecorded prepaid insurance at June 30, 2010. This adjustment increased beginning fund balance by \$110,869.

The net effect of these adjustments was to increase beginning fund balance by 352,261.

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

14. Changes in Beginning Balances (continued)

Governmental Activities, continued

SPLOST #5 Capital Projects Fund

A prior period adjustment has been made to remove an amount which should not have been recorded as a receivable at June 30, 2010. This adjustment decreased beginning fund balance by \$250,000.

The net effect of these adjustments was to increase beginning net assets by \$45,155.

Business-type Activities

Solid Waste Enterprise Fund

A prior period adjustment has been made to record capital assets that were purchased in previous years. This adjustment increased beginning net assets by \$16,150.

A prior period adjustment has been made to decrease the liability for landfill closure and post-closure care that was incorrectly calculated in the prior period. This adjustment increased beginning net assets by \$660,532.

The net effect of these adjustments was to increase beginning net assets by \$676,682.

15. Defined Benefit Pension Plan

Plan Description and Contribution Information

Description

Rabun County contributes to the Association of County Commissioners of Georgia ("ACCG") Defined Benefit Plan ("Plan"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating counties in Georgia. The County elected to participate in the Plan as of the result of Board of Commissioner vote and a contract between the County and the ACCG.

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

15. Defined Benefit Pension Plan (continued)

Plan Description and Contribution Information, continued

The Plan's assets may be used only for the payment of benefits to the members of the Plan, in accordance with the terms of the Plan. See Note 2 – Summary of Significant Accounting Policies for reporting of investments. The ACCG issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to Pension Service Company, 1100 Circle 75 Parkway, Suite 320, Atlanta, GA 30339.

All full-time County employees are eligible to participate in the Plan after completing three years of service. Benefits vest evenly over five years of service. Participants become eligible to retire with unreduced benefits at age 65 with 5 years of vesting service. The amount of monthly retirement benefits to be provided for each participant at their normal retirement date is equal to 1.5% of the participant's average annual compensation multiplied by the participant's total number of years of service limited to 35 years. The Plan also provides benefits in the event of death or disability. These benefit provisions and powers to amend the plan were established by a resolution executed by the County Board of Commissioners.

Current membership and current year payrolls are as follows:

| | |
|--|-------------------|
| Retirees and beneficiaries currently receiving benefits | 18 |
| Terminated vested participants entitled to but not yet receiving benefits | 29 |
| Active participants | 122 |
| Disabled participants currently receiving benefits | <u>0</u> |
| Total number of participants | <u><u>169</u></u> |

Funding Policy

County employees are not required to contribute to the Plan. The County contributes the entire cost of the Plan, based on an actuarially determined rate. The current rate is 11.9% of annual covered payroll. The Board of Commissioners provides for the benefits and funding policy through County ordinance and maintains the authority to change the policy.

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

15. Defined Benefit Pension Plan (continued)

Annual Pension Cost and Net Pension Obligation

The net pension obligation was computed as part of an actuarial valuation performed as of January 1, 2010. Significant actuarial assumptions used in the valuation include:

| | |
|--|-------------|
| Rate of return on investments of present and future assets compounded annually | 7.75% |
| Projected salary increases due to: | |
| Inflation | 3.0% |
| Merit | 0.5% - 3.0% |
| Post-retirement benefit increases | none |
| Life expectancy before and after retirement (Group Annuity Mortality table) | 1983 |

The Plan's funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, accumulate funds so that sufficient assets will be available to pay benefits when due. The contribution rate for normal cost is determined using the projected unit credit actuarial funding method. The actuarial value of Rabun County's assets was determined using market value. The unfunded actuarially accrued liability is being amortized as a level dollar of projected payroll on a closed basis over a thirty-year period. The remaining amortization period at January 1, 2010 varies for the bases.

The County's annual pension cost and net pension obligations for the current year were as follows:

| | |
|---|----------------------------|
| Annual required contribution (ARC) | \$ 546,025 |
| Interest on net pension obligation | (55,937) |
| Adjustment to ARC | <u>59,851</u> |
| Annual pension cost | 549,939 |
| Contributions made | <u>616,442</u> |
| Increase (decrease) in net pension obligation | (66,503) |
| Net pension obligation - beginning of year | <u>(721,761)</u> |
| Net pension obligation - end of year | <u><u>\$ (788,264)</u></u> |

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

15. Defined Benefit Pension Plan (continued)

Historical Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Trend information for the pension plan is presented below.

Schedule of Employer Contributions

| <u>Plan Year Ended</u> | <u>Annual Pension Cost (APC)</u> | <u>Actual County Contribution</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|------------------------|----------------------------------|-----------------------------------|--------------------------------------|-------------------------------|
| 12/31/2005 | \$ 338,879 | \$ 427,429 | 126% | \$ (412,148) |
| 12/31/2006 | 375,582 | 458,094 | 122% | (494,660) |
| 12/31/2007 | 424,367 | 502,800 | 118% | (573,093) |
| 12/31/2008 | 447,074 | 517,856 | 116% | (643,875) |
| 12/31/2009 | 510,715 | 588,601 | 115% | (721,761) |
| 12/31/2010 | 549,939 | 616,442 | 112% | (788,264) |

Schedule of Funding Progress

| <u>Plan Year Ended</u> | <u>Actuarial Value of Assets (a)</u> | <u>Actuarial Accrued Liability (AAL) (b)</u> | <u>Unfunded (UAAL) (b-a)</u> | <u>Funded Ratio (a/b)</u> | <u>Covered Payroll (c)</u> | <u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u> |
|------------------------|--------------------------------------|--|------------------------------|---------------------------|----------------------------|--|
| 12/31/2005 | \$ 985,097 | \$ 3,153,234 | \$ 2,168,137 | 31.2% | \$ 3,203,547 | 67.7% |
| 12/31/2006 | 1,408,092 | 3,516,993 | 2,108,901 | 40.0% | 3,517,030 | 60.0% |
| 12/31/2007 | 1,923,573 | 4,130,740 | 2,207,167 | 46.6% | 3,924,187 | 56.2% |
| 12/31/2008 | 2,277,476 | 4,673,006 | 2,395,530 | 48.7% | 4,025,974 | 59.5% |
| 12/31/2009 | 2,811,120 | 5,448,048 | 2,636,928 | 51.6% | 4,340,888 | 60.7% |
| 12/31/2010 | 3,352,457 | 5,966,639 | 2,614,182 | 56.2% | 4,606,852 | 56.7% |

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

16. 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. Employee contributions vest when made and employer contributions vest as follows:

| Years of Service | % Vested |
|---------------------|----------|
| 1 | 0% |
| 2 | 0% |
| 3 | 100% |

Normal retirement age is 60. The plan does not provide for early retirement. The County made contributions to the plan of \$129,383 and plan members made contributions to the plan of \$249,035. The County contributed approximately 34% of all benefits contributed. Total salaries paid for the current year were \$7,593,972 and total covered salaries were \$4,312,776.

The County has no fiduciary relationship with the plan, and plan assets are not available to the County or its general creditors. The Plan assets are held in trust by the administrator for the exclusive benefit of the participants of the Plan. The County Commission provides for the funding policy through a County ordinance and maintains the authority to change the policy. Separate financial statements are not issued for the Plan.

17. Hotel/Motel Lodging Tax

The County has levied a 5% lodging tax in accordance with OCGA 48-13-51. A summary of the transactions for the fiscal year ending June 30, 2011 follows:

| | | | |
|-------------------------------------|----|--------|------|
| Lodging tax receipts | \$ | 78,242 | |
| Disbursements for tourism and trade | \$ | 78,242 | 100% |

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

18. Joint Ventures

Under Georgia law, the County, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Commission (GMRC) and is required to pay annual dues thereto. During the year ended June 30, 2011, the County paid \$15,158 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official in each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. A copy of the GMRC financial statements can be obtained from GMRC, 1310 West Ridge Road, Gainesville, Georgia 30501.

On August 21, 2007, the Rabun County Economic Development Authority formed a joint authority with Habersham and Banks Counties. The initial investment in the joint authority was \$10,000.

19. Risk Financing Activities

Material estimates have been made by management about the historical cost of capital assets and the life of the depreciated fixed assets. Management has used a conservative approach on these estimates.

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 Association of County Commissioners of Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Association of County Commissioners of Georgia Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments. As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pool's agent 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.

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

19. Risk Financing Activities (continued)

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost taxed against the 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.

Settled claims in the past three years have not exceeded the coverages.

Management estimates liabilities for unpaid claims based on the probability of losses exceeding the occurrence limits and the reasonableness of estimating those losses. At June 30, 2011, the County has no losses that are probable or estimable and accordingly has not recognized any liability.

20. Commitments and Contingencies

Contingencies

Rabun County participates in a number of Revenue Sharing Grants. Expenditures financed by Revenue Sharing Grants are subject to a compliance audit by the grantor or its representative. If expenditures are disallowed due to noncompliance with program regulations, the County may be required to reimburse the grantor government. The County believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual funds or the overall financial position of the County.

The County is a defendant in a lawsuit. Management intends to contest the open case vigorously. The County's legal counsel has stated that the outcome of the lawsuit is not presently determinable.

RABUN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

20. Commitments and Contingencies (continued)

Commitments

The County has active construction projects as of June 30, 2011. At fiscal year end, the County's commitments with contractors are as follows:

| Project | Amount Spent to Date | Remaining Commitment |
|---|-------------------------------------|---------------------------------|
| Improvements to the first floor of the old hospital | \$ 433,119 | \$ 426,805 |
| Construction of multi-purpose arena | 2,436,721 | 149,595 |
| Total | <u>\$ 2,869,840</u> | <u>\$ 576,400</u> |

The Rabun County Economic Development Authority has an active construction project as of June 30, 2011. At fiscal year end, the Authority has spent \$8,117,599 on the acquisition and renovation of a local manufacturing plant for use as the Rabun County Business Park. The remaining commitments for the project total \$1,197,432.

21. Excess of Expenditures over Appropriations in Individual Governmental Funds for which Budgets are Adopted

During the fiscal year, the County incurred material expenditures in the General Fund which were in excess of the amounts appropriated:

| Department | Budget | Actual | Variance |
|-----------------------------|---------------|---------------|-----------------|
| Sheriff | \$ 1,399,590 | \$ 1,434,684 | \$ (35,094) |
| Emergency Management Agency | 47,321 | 50,686 | (3,365) |
| Roads and Bridges | 1,891,752 | 2,315,047 | (423,295) |
| Program on Aging | 513,029 | 545,968 | (32,939) |

Also during the fiscal year, the Hotel/Motel Tax Special Revenue Fund had appropriations of \$50,000 and expenditures of \$78,242.

Rabun County Management concurs with this finding. The County Clerk/CFO continuously reviews the comparative financial statements to budget and recommends any necessary budget revisions to the Board of Commissioners. This action was taken immediately upon receipt of the comment from our auditors.

This page intentionally left blank.

COMBINING STATEMENTS
Nonmajor Governmental Funds

RABUN COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011

| | Special Revenue Funds | | |
|--|-------------------------------|------------------|------------------------|
| | Confiscated Assets | Jail | Law Library |
| ASSETS | | | |
| Cash and cash equivalents | \$ 6,349 | \$ 96,895 | \$ 33,435 |
| Receivables (net) | | | |
| Accounts | 0 | 0 | 0 |
| Intergovernmental | 0 | 2,807 | 0 |
| Taxes | 0 | 0 | 0 |
| Total assets | \$ 6,349 | \$ 99,702 | \$ 33,435 |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities | | | |
| Accounts payable | \$ 0 | \$ 567 | \$ 0 |
| Due to other funds | 0 | 7,000 | 0 |
| Total liabilities | 0 | 7,567 | 0 |
| Fund balances | | | |
| Restricted for: | | | |
| Judicial | 0 | 0 | 33,435 |
| Public safety | 6,349 | 92,135 | 0 |
| Assigned to public safety | 0 | 0 | 0 |
| Total fund balances | 6,349 | 92,135 | 33,435 |
| Total liabilities and fund balances | \$ 6,349 | \$ 99,702 | \$ 33,435 |

| Special Revenue Funds | | | | |
|---|---|--------------------------|----------------------------|--|
| Juvenile Case Management | Drug Abuse Treatment Education | Emergency 911 | Hotel/Motel Tax | Total Nonmajor Governmental Funds |
| \$ 2,858 | \$ 48,545 | \$ 724,209 | \$ 0 | \$ 912,291 |
| 0 | 0 | 78,816 | 0 | 78,816 |
| 0 | 0 | 0 | 0 | 2,807 |
| 0 | 0 | 0 | 21,953 | 21,953 |
| <u>\$ 2,858</u> | <u>\$ 48,545</u> | <u>\$ 803,025</u> | <u>\$ 21,953</u> | <u>\$ 1,015,867</u> |
| \$ 0 | \$ 830 | \$ 1,382 | \$ 0 | \$ 2,779 |
| 0 | 0 | 0 | 21,953 | 28,953 |
| 0 | 830 | 1,382 | 21,953 | 31,732 |
| 2,858 | 47,715 | 0 | 0 | 84,008 |
| 0 | 0 | 0 | 0 | 98,484 |
| 0 | 0 | 801,643 | 0 | 801,643 |
| <u>2,858</u> | <u>47,715</u> | <u>801,643</u> | <u>0</u> | <u>984,135</u> |
| <u>\$ 2,858</u> | <u>\$ 48,545</u> | <u>\$ 803,025</u> | <u>\$ 21,953</u> | <u>\$ 1,015,867</u> |

RABUN COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2011

| | Special Revenue Funds | | |
|--|-------------------------------|------------------|------------------------|
| | Confiscated Assets | Jail | Law Library |
| REVENUES | | | |
| Taxes | \$ 0 | \$ 0 | \$ 0 |
| Fines, fees, and forfeitures | 1,000 | 78,264 | 11,221 |
| Charges for services | 0 | 0 | 0 |
| Intergovernmental | 0 | 0 | 0 |
| Interest | 42 | 617 | 160 |
| Other | 0 | 0 | 0 |
| Total revenues | 1,042 | 78,881 | 11,381 |
| EXPENDITURES | | | |
| Current | | | |
| Judicial | 0 | 0 | 8,013 |
| Public safety | 0 | 53,998 | 0 |
| Housing and development | 0 | 0 | 0 |
| Total expenditures | 0 | 53,998 | 8,013 |
| Excess (deficiency) of revenues over (under) expenditures | 1,042 | 24,883 | 3,368 |
| Other financing sources (uses) | | | |
| Transfers in | 0 | 0 | 0 |
| Net change in fund balance | 1,042 | 24,883 | 3,368 |
| Fund balances, July 1 | 5,307 | 67,252 | 30,067 |
| Fund balances, June 30 | \$ 6,349 | \$ 92,135 | \$ 33,435 |

| Special Revenue Funds | | | | |
|---|---|--------------------------|----------------------------|--|
| Juvenile Case Management | Drug Abuse Treatment Education | Emergency 911 | Hotel/Motel Tax | Total Nonmajor Governmental Funds |
| \$ 0 | \$ 0 | \$ 0 | \$ 78,242 | \$ 78,242 |
| 50 | 18,042 | 0 | 0 | 108,577 |
| 0 | 0 | 355,120 | 0 | 355,120 |
| 8,677 | 0 | 0 | 0 | 8,677 |
| 15 | 420 | 4,276 | 0 | 5,530 |
| 0 | 125 | 0 | 0 | 125 |
| <u>8,742</u> | <u>18,587</u> | <u>359,396</u> | <u>78,242</u> | <u>556,271</u> |
| 9,061 | 27,132 | 0 | 0 | 44,206 |
| 0 | 0 | 817,390 | 0 | 871,388 |
| 0 | 0 | 0 | 78,242 | 78,242 |
| <u>9,061</u> | <u>27,132</u> | <u>817,390</u> | <u>78,242</u> | <u>993,836</u> |
| (319) | (8,545) | (457,994) | 0 | (437,565) |
| 0 | 0 | 576,627 | 0 | 576,627 |
| (319) | (8,545) | 118,633 | 0 | 139,062 |
| <u>3,177</u> | <u>56,260</u> | <u>683,010</u> | <u>0</u> | <u>845,073</u> |
| <u>\$ 2,858</u> | <u>\$ 47,715</u> | <u>\$ 801,643</u> | <u>\$ 0</u> | <u>\$ 984,135</u> |

This page intentionally left blank.

GENERAL FUND

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

**RABUN COUNTY, GEORGIA
GENERAL FUND
BALANCE SHEET
June 30, 2011**

ASSETS

| | |
|---------------------------|------------------------------------|
| Cash and cash equivalents | \$ 4,694,716 |
| Certificates of deposit | 7,172,929 |
| Receivables (net) | |
| Accounts | 150,672 |
| Intergovernmental | 489,380 |
| Taxes | 242,785 |
| Interest | 13,390 |
| Prepays | 117,256 |
| Due from other funds | <u>154,119</u> |
| Total assets | <u><u>\$ 13,035,247</u></u> |

LIABILITIES AND FUND BALANCES

Liabilities

| | |
|-------------------------------|-----------------------|
| Payables | |
| Accounts | \$ 420,530 |
| Intergovernmental | 21,335 |
| Accrued salaries and expenses | 57,212 |
| Deferred revenue | 157,581 |
| Due to other agencies | <u>5,206</u> |
| Total liabilities | <u>661,864</u> |

Fund balances

| | |
|----------------------------|--------------------------|
| Nonspendable prepaids | 117,256 |
| Unassigned | <u>12,256,127</u> |
| Total fund balances | <u>12,373,383</u> |

| | |
|--|------------------------------------|
| Total liabilities and fund balances | <u><u>\$ 13,035,247</u></u> |
|--|------------------------------------|

RABUN COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal year ended June 30, 2011

REVENUES

| | |
|-----------------------------|-------------------|
| Taxes | \$ 15,224,753 |
| Licenses and permits | 51,557 |
| Fines, fees and forfeitures | 471,880 |
| Charges for services | 1,248,790 |
| Intergovernmental | 1,128,308 |
| Interest | 135,813 |
| Other | 77,243 |
| | <u>18,338,344</u> |
| Total revenues | 18,338,344 |

EXPENDITURES

| | |
|---------------------------|-------------------|
| Current | |
| General Government | 3,180,305 |
| Judicial | 871,349 |
| Public Safety | 6,180,275 |
| Public Works | 2,470,869 |
| Health and Welfare | 976,141 |
| Culture and Recreation | 1,125,168 |
| Housing and Development | 359,120 |
| | <u>15,163,227</u> |
| Total Current | 15,163,227 |
| Debt Service | |
| General Government | 684,676 |
| Public Works | 46,115 |
| | <u>730,791</u> |
| Total Debt Service | 730,791 |
| Total expenditures | 15,894,018 |

| | |
|---|------------------|
| Excess (deficiency) of revenues over (under) expenditures | <u>2,444,326</u> |
|---|------------------|

Other financing sources (uses)

| | |
|--------------------------------------|--------------------|
| Transfers in (out) | |
| Emergency 911 Fund | (576,627) |
| Solid Waste Fund | (1,228,529) |
| Golf Course Fund | (150,000) |
| Proceeds from the sale of assets | 211,159 |
| Issuance of capital leases | 140,320 |
| | <u>140,320</u> |
| Total other financing sources (uses) | <u>(1,603,677)</u> |

| | |
|--|----------------|
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | <u>840,649</u> |
|--|----------------|

| | |
|----------------------------------|----------------------|
| Fund balances, July 1 (original) | 11,180,473 |
| Prior period adjustments | 352,261 |
| | <u>11,532,734</u> |
| Fund balances, July 1 (restated) | 11,532,734 |
| Fund balances, June 30 | \$ 12,373,383 |

RABUN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|------------------------------------|-----------------------------|-----------------------------|--------------------------|
| REVENUES | | | |
| Taxes | | | |
| General property taxes | | | |
| Current and prior year levies | \$ 13,823,219 | \$ 13,617,269 | \$ (205,950) |
| Motor vehicle tax | 461,000 | 460,543 | (457) |
| Mobile home tax | 43,000 | 42,829 | (171) |
| Cost, penalties, and interest | 142,550 | 142,502 | (48) |
| Total general property taxes | <u>14,469,769</u> | <u>14,263,143</u> | <u>(206,626)</u> |
| Real estate transfer tax | 288,500 | 287,928 | (572) |
| Franchise tax | 22,500 | 21,734 | (766) |
| Insurance premium tax | 542,000 | 541,667 | (333) |
| Alcohol excise tax | 104,000 | 102,884 | (1,116) |
| Occupational tax | 7,500 | 7,397 | (103) |
| Other | 78,500 | 0 | (78,500) |
| Total taxes | <u>15,512,769</u> | <u>15,224,753</u> | <u>(288,016)</u> |
| Licenses and permits | | | |
| Alcohol licenses | 26,000 | 25,050 | (950) |
| Building permits | 21,800 | 20,700 | (1,100) |
| Other permits | 6,915 | 5,807 | (1,108) |
| Total licenses and permits | <u>54,715</u> | <u>51,557</u> | <u>(3,158)</u> |
| Fines, fees and forfeitures | | | |
| | <u>482,885</u> | <u>471,880</u> | <u>(11,005)</u> |
| Charges for Services | | | |
| Emergency medical services | 769,450 | 668,243 | (101,207) |
| Sheriff services | 50,500 | 46,424 | (4,076) |
| Prisoner board | 247,920 | 248,674 | 754 |
| Recreation fees | 114,505 | 113,930 | (575) |
| Senior center fees | 73,300 | 73,246 | (54) |
| Civic center fees | 35,000 | 32,980 | (2,020) |
| Collection commissions | 17,000 | 17,299 | 299 |
| Other charges for services | 53,450 | 47,994 | (5,456) |
| Total charges for services | <u>1,361,125</u> | <u>1,248,790</u> | <u>(112,335)</u> |
| Intergovernmental | | | |
| | <u>526,700</u> | <u>1,128,308</u> | <u>601,608</u> |
| Interest | | | |
| | <u>135,750</u> | <u>135,813</u> | <u>63</u> |
| Other | | | |
| Rental Income | 5,000 | 5,000 | 0 |
| Miscellaneous | 101,000 | 72,243 | (28,757) |
| Total other | <u>106,000</u> | <u>77,243</u> | <u>(28,757)</u> |
| Total revenues | <u><u>\$ 18,179,944</u></u> | <u><u>\$ 18,338,344</u></u> | <u><u>\$ 158,400</u></u> |

RABUN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--------------------------------|-------------------------|------------------|-----------------|
| EXPENDITURES | | | |
| Current | | | |
| General Government | | | |
| General Administration | | | |
| Personal services | \$ 1,002,078 | \$ 974,931 | \$ 27,147 |
| Contract services | 627,450 | 596,865 | 30,585 |
| Total General Administration | <u>1,629,528</u> | <u>1,571,796</u> | <u>57,732</u> |
| Elections | | | |
| Personal services | 65,027 | 57,201 | 7,826 |
| Contract services | 72,225 | 67,249 | 4,976 |
| Materials and supplies | 7,900 | 7,335 | 565 |
| Total Elections | <u>145,152</u> | <u>131,785</u> | <u>13,367</u> |
| Board of Commissioners | | | |
| Personal services | 387,070 | 386,861 | 209 |
| Contract services | 52,550 | 46,159 | 6,391 |
| Materials and supplies | 12,700 | 15,740 | (3,040) |
| Total Board of Commissioners | <u>452,320</u> | <u>448,760</u> | <u>3,560</u> |
| Tax Commissioner | | | |
| Personal services | 249,154 | 241,802 | 7,352 |
| Contract services | 53,650 | 49,222 | 4,428 |
| Materials and supplies | 7,700 | 6,573 | 1,127 |
| Total Tax Commissioner | <u>310,504</u> | <u>297,597</u> | <u>12,907</u> |
| Tax Assessors | | | |
| Personal services | 289,140 | 288,958 | 182 |
| Contract services | 25,070 | 24,502 | 568 |
| Materials and supplies | 4,150 | 3,557 | 593 |
| Total Tax Assessors | <u>318,360</u> | <u>317,017</u> | <u>1,343</u> |
| Buildings and Properties | | | |
| Personal services | 208,709 | 208,549 | 160 |
| Contract services | 72,650 | 72,432 | 218 |
| Materials and supplies | 138,500 | 132,369 | 6,131 |
| Total Buildings and Properties | <u>419,859</u> | <u>413,350</u> | <u>6,509</u> |
| Total General Government | <u>3,275,723</u> | <u>3,180,305</u> | <u>95,418</u> |
| Judicial | | | |
| Clerk of Court | | | |
| Personal services | 258,881 | 246,708 | 12,173 |
| Contract services | 99,900 | 62,959 | 36,941 |
| Materials and supplies | 10,200 | 9,388 | 812 |
| Total Clerk of Court | <u>368,981</u> | <u>319,055</u> | <u>49,926</u> |

RABUN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-----------------------------------|-------------------------|------------------|-----------------|
| Judicial (continued) | | | |
| Probate Court | | | |
| Personal services | \$ 141,871 | \$ 141,096 | \$ 775 |
| Contract services | 47,483 | 44,562 | 2,921 |
| Materials and supplies | 5,885 | 5,516 | 369 |
| Total Probate Court | <u>195,239</u> | <u>191,174</u> | <u>4,065</u> |
| Administration of Justice | | | |
| Personal services | 37,749 | 36,341 | 1,408 |
| Contract services | 77,750 | 77,831 | (81) |
| Payments to other agencies | 132,754 | 127,696 | 5,058 |
| Total Administration of Justice | <u>248,253</u> | <u>241,868</u> | <u>6,385</u> |
| District Attorney | | | |
| Personal services | 91,448 | 86,410 | 5,038 |
| Contract services | 28,675 | 26,221 | 2,454 |
| Materials and supplies | 10,600 | 6,621 | 3,979 |
| Capital outlay | 1,500 | 0 | 1,500 |
| Total District Attorney | <u>132,223</u> | <u>119,252</u> | <u>12,971</u> |
| Total Judicial | <u>944,696</u> | <u>871,349</u> | <u>73,347</u> |
| Public Safety | | | |
| Sheriff | | | |
| Personal services | 1,059,754 | 1,084,213 | (24,459) |
| Contract services | 87,468 | 92,305 | (4,838) |
| Materials and supplies | 148,217 | 139,211 | 9,006 |
| Capital outlay | 104,151 | 118,955 | (14,804) |
| Total Sheriff | <u>1,399,590</u> | <u>1,434,684</u> | <u>(35,094)</u> |
| Rabun County Jail | | | |
| Personal services | 972,864 | 970,207 | 2,657 |
| Contract services | 301,058 | 242,688 | 58,370 |
| Materials and supplies | 326,400 | 345,188 | (18,788) |
| Capital outlay | 9,000 | 7,258 | 1,742 |
| Total Rabun County Jail | <u>1,609,322</u> | <u>1,565,341</u> | <u>43,981</u> |
| Coroner | | | |
| Personal services | 3,369 | 3,261 | 108 |
| Contract services | 8,562 | 6,508 | 2,054 |
| Materials and supplies | 5,125 | 1,572 | 3,553 |
| Capital outlay | 6,343 | 6,200 | 143 |
| Total Coroner | <u>23,399</u> | <u>17,541</u> | <u>5,858</u> |
| Emergency Management Agency | | | |
| Personal services | 17,221 | 17,145 | 76 |
| Contract services | 11,680 | 10,633 | 1,047 |
| Materials and supplies | 17,950 | 16,908 | 1,042 |
| Capital outlay | 470 | 6,000 | (5,530) |
| Total Emergency Management Agency | <u>47,321</u> | <u>50,686</u> | <u>(3,365)</u> |

**RABUN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011**

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|-------------------------|------------------|------------------|
| Public Safety (continued) | | | |
| Fire Department | | | |
| Personal services | \$ 209,577 | \$ 208,878 | \$ 699 |
| Contract services | 161,300 | 121,617 | 39,683 |
| Materials and supplies | 156,800 | 260,760 | (103,960) |
| Capital outlay | 597,700 | 233,740 | 363,960 |
| Total Fire Department | <u>1,125,377</u> | <u>824,995</u> | <u>300,382</u> |
| County Marshal | | | |
| Personal services | 233,258 | 232,093 | 1,165 |
| Contract services | 7,825 | 8,171 | (346) |
| Materials and supplies | 10,275 | 10,715 | (440) |
| Payments to other agencies | 13,800 | 13,902 | (102) |
| Total County Marshal | <u>265,158</u> | <u>264,881</u> | <u>277</u> |
| E911 Mapping & Addressing | | | |
| Personal services | 100,692 | 100,550 | 142 |
| Contract services | 5,550 | 4,798 | 752 |
| Materials and supplies | 32,500 | 32,158 | 342 |
| Total E911 Mapping & Addressing | <u>138,742</u> | <u>137,506</u> | <u>1,236</u> |
| Drug Task Force | | | |
| Personal services | 83,796 | 41,782 | 42,014 |
| Capital outlay | 1,000 | 0 | 1,000 |
| Total Drug Task Force | <u>84,796</u> | <u>41,782</u> | <u>43,014</u> |
| Emergency Medical Service | | | |
| Personal services | 1,362,272 | 1,354,570 | 7,702 |
| Contract services | 106,675 | 107,287 | (612) |
| Materials and supplies | 120,300 | 117,412 | 2,888 |
| Capital outlay | 63,600 | 63,190 | 410 |
| Total Emergency Medical Service | <u>1,652,847</u> | <u>1,642,459</u> | <u>10,388</u> |
| Boggs Mountain Animal Shelter | | | |
| Payments to other agencies | 200,400 | 200,400 | 0 |
| Total Public Safety | <u>6,546,952</u> | <u>6,180,275</u> | <u>366,677</u> |
| Public Works | | | |
| Roads and Bridges | | | |
| Personal services | 1,077,252 | 1,076,066 | 1,186 |
| Contract services | 93,550 | 92,114 | 1,436 |
| Materials and supplies | 720,950 | 1,006,547 | (285,597) |
| Capital outlay | 0 | 140,320 | (140,320) |
| Total Roads and Bridges | <u>1,891,752</u> | <u>2,315,047</u> | <u>(423,295)</u> |
| Rabun County Water and Sewer Authority | | | |
| Payments to other agencies | 156,000 | 155,822 | 178 |
| Total Public Works | <u>2,047,752</u> | <u>2,470,869</u> | <u>(423,117)</u> |

RABUN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-----------------------------------|-------------------------|----------------|-----------------|
| Health and Welfare | | | |
| Public Health | | | |
| Contract services | \$ 3,750 | \$ 3,715 | \$ 35 |
| Materials and supplies | 2,300 | 2,286 | 14 |
| Payments to other agencies | 320,803 | 311,928 | 8,875 |
| Total Public Health | <u>326,853</u> | <u>317,929</u> | <u>8,924</u> |
| Public Welfare | | | |
| Contract services | 2,100 | 2,100 | 0 |
| Payments to other agencies | 61,500 | 22,644 | 38,856 |
| Total Public Welfare | <u>63,600</u> | <u>24,744</u> | <u>38,856</u> |
| Program on Aging | | | |
| Personal services | 247,544 | 242,299 | 5,245 |
| Contract services | 32,970 | 28,841 | 4,129 |
| Materials and supplies | 224,065 | 226,778 | (2,713) |
| Capital outlay | 0 | 39,600 | (39,600) |
| Payments to other agencies | 8,450 | 8,450 | 0 |
| Total Program on Aging | <u>513,029</u> | <u>545,968</u> | <u>(32,939)</u> |
| Court Appointed Special Advocates | | | |
| Payments to other agencies | 7,500 | 7,500 | 0 |
| F.A.I.T.H. | | | |
| Payments to other agencies | 80,000 | 80,000 | 0 |
| Total Health and Welfare | <u>990,982</u> | <u>976,141</u> | <u>14,841</u> |
| Culture and Recreation | | | |
| Civic Center | | | |
| Personal services | 20,992 | 20,192 | 800 |
| Contract services | 69,000 | 31,452 | 37,548 |
| Materials and supplies | 27,450 | 28,477 | (1,027) |
| Total Civic Center | <u>117,442</u> | <u>80,121</u> | <u>37,321</u> |
| Recreation | | | |
| Personal services | 274,429 | 274,697 | (268) |
| Contract services | 111,485 | 69,288 | 42,197 |
| Materials and supplies | 167,073 | 195,691 | (28,618) |
| Capital outlay | 36,942 | 34,375 | 2,567 |
| Total Recreation | <u>589,929</u> | <u>574,051</u> | <u>15,878</u> |
| Rabun Arena | | | |
| Personal services | 36,906 | 36,743 | 163 |
| Contract services | 26,219 | 9,641 | 16,578 |
| Materials and supplies | 71,875 | 59,759 | 12,116 |
| Capital outlay | 65,000 | 64,752 | 248 |
| Total Rabun Arena | <u>200,000</u> | <u>170,895</u> | <u>29,105</u> |
| Rabun County Library | | | |
| Payments to other agencies | 295,642 | 295,601 | 41 |

RABUN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|-------------------------|----------------------|-------------------|
| Culture and Recreation (continued) | | | |
| Rabun County Historical Society | | | |
| Payments to other agencies | \$ 4,500 | \$ 4,500 | \$ 0 |
| Total Culture and Recreation | <u>1,207,513</u> | <u>1,125,168</u> | <u>82,345</u> |
| Housing and Development | | | |
| Extension Service | | | |
| Personal services | 19,400 | 9,985 | 9,415 |
| Contract services | 9,925 | 5,613 | 4,312 |
| Materials and supplies | 2,275 | 2,275 | 0 |
| Total Extension Service | <u>31,600</u> | <u>17,873</u> | <u>13,727</u> |
| Planning Commission | | | |
| Personal services | 54,852 | 54,668 | 184 |
| Contract services | 5,695 | 4,295 | 1,400 |
| Materials and supplies | 3,120 | 3,090 | 30 |
| Total Planning Commission | <u>63,667</u> | <u>62,053</u> | <u>1,614</u> |
| Economic Development | | | |
| Payments to other agencies | 292,700 | 270,990 | 21,710 |
| Soil Erosion Control | | | |
| Personal services | 7,792 | 7,757 | 35 |
| Contract services | 300 | 100 | 200 |
| Materials and supplies | 500 | 347 | 153 |
| Total Soil Erosion Control | <u>8,592</u> | <u>8,204</u> | <u>388</u> |
| Total Housing and Development | <u>396,559</u> | <u>359,120</u> | <u>37,439</u> |
| Total Current | <u>15,410,177</u> | <u>15,163,227</u> | <u>246,950</u> |
| Debt Service | | | |
| General Government | | | |
| General Administration | 689,150 | 684,676 | 4,474 |
| Public Works | | | |
| Roads and Bridges | 62,350 | 46,115 | 16,235 |
| Total Debt Service | <u>751,500</u> | <u>730,791</u> | <u>20,709</u> |
| Total Expenditures | <u>\$ 16,161,677</u> | <u>\$ 15,894,018</u> | <u>\$ 267,659</u> |

This page intentionally left blank.

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Confiscated Assets Fund – This fund is used to account for the cash or property received from drug confiscations restricted for law enforcement.

Jail Fund – This fund is used to account for fines and fees received restricted for the maintenance of the County Jail.

Law Library Fund – This fund is used to account for fines and fees received restricted for operation of the Rabun County Law Library.

Juvenile Case Management Fund – This fund is used to account for fines and fees received restricted for juvenile supervision.

Drug Abuse Treatment Education Fund – This fund is used to account for fines and fees received restricted for drug treatment and education programs in the County.

Emergency 911 Fund – This fund is used to account for the County's share of telephone fees restricted for the operation of the 911 emergency system.

Hotel/Motel Tax Fund – This fund is used to account for hotel/motel tax collections restricted for trade and tourism in Rabun County.

RABUN COUNTY, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
BALANCE SHEET
June 30, 2011

ASSETS

| | |
|---------------------------|-----------------|
| Cash and cash equivalents | <u>\$ 6,349</u> |
|---------------------------|-----------------|

LIABILITIES AND FUND BALANCES

Fund balances

| | |
|------------------------------|-----------------|
| Restricted for public safety | <u>\$ 6,349</u> |
|------------------------------|-----------------|

RABUN COUNTY, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|-------------------------|------------------------|------------------------|
| REVENUES | | | |
| Fines, fees, and forfeitures | \$ 1,500 | \$ 1,000 | \$ (500) |
| Interest | 100 | 42 | (58) |
| Total revenues | <u>1,600</u> | <u>1,042</u> | <u>(558)</u> |
| EXPENDITURES | | | |
| Current | | | |
| Public Safety | | | |
| Materials and supplies | 1,600 | 0 | 1,600 |
| Total expenditures | <u>1,600</u> | <u>0</u> | <u>1,600</u> |
| Excess (deficiency) of revenues over (under) expenditures | 0 | 1,042 | 1,042 |
| Fund balances, July 1 | <u>0</u> | <u>5,307</u> | <u>5,307</u> |
| Fund balances, June 30 | <u><u>\$ 0</u></u> | <u><u>\$ 6,349</u></u> | <u><u>\$ 6,349</u></u> |

RABUN COUNTY, GEORGIA
JAIL SPECIAL REVENUE FUND
BALANCE SHEET
June 30, 2011

ASSETS

| | |
|------------------------------|--------------------------------|
| Cash and cash equivalents | \$ 96,895 |
| Intergovernmental receivable | <u>2,807</u> |
| Total assets | <u><u>\$ 99,702</u></u> |

LIABILITIES AND FUND BALANCES

Liabilities

| | |
|--------------------------|--------------|
| Accounts payable | \$ 567 |
| Due to other funds | <u>7,000</u> |
| Total liabilities | 7,567 |

Fund balances

| | |
|--|--------------------------------|
| Restricted for public safety | <u>92,135</u> |
| Total liabilities and fund balances | <u><u>\$ 99,702</u></u> |

RABUN COUNTY, GEORGIA
JAIL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|-------------------------|-------------------------|-------------------------|
| REVENUES | | | |
| Fines, fees, and forfeitures | \$ 80,000 | \$ 78,264 | \$ (1,736) |
| Interest | 850 | 617 | (233) |
| Total revenues | <u>80,850</u> | <u>78,881</u> | <u>(1,969)</u> |
| EXPENDITURES | | | |
| Current | | | |
| Public Safety | | | |
| Materials and supplies | <u>80,850</u> | <u>53,998</u> | <u>26,852</u> |
| Total expenditures | <u>80,850</u> | <u>53,998</u> | <u>26,852</u> |
| Excess (deficiency) of revenues over (under) expenditures | 0 | 24,883 | 24,883 |
| Fund balances, July 1 | <u>0</u> | <u>67,252</u> | <u>67,252</u> |
| Fund balances, June 30 | <u><u>\$ 0</u></u> | <u><u>\$ 92,135</u></u> | <u><u>\$ 92,135</u></u> |

**RABUN COUNTY, GEORGIA
LAW LIBRARY SPECIAL REVENUE FUND
BALANCE SHEET
June 30, 2011**

ASSETS

Cash and cash equivalents \$ 33,435

LIABILITIES AND FUND BALANCES

Fund balances

 Restricted for judicial \$ 33,435

**RABUN COUNTY, GEORGIA
 LAW LIBRARY SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 For the fiscal year ended June 30, 2011**

REVENUES

| | |
|------------------------------|---------------|
| Fines, fees, and forfeitures | \$ 11,221 |
| Interest | 160 |
| | 11,381 |
| Total revenues | 11,381 |

EXPENDITURES

| | |
|--|------------------|
| Current | |
| Judicial | |
| Contract services | 1,000 |
| Materials and supplies | 7,013 |
| | 8,013 |
| Total expenditures | 8,013 |
| Excess (deficiency) of revenues over (under) expenditures | 3,368 |
| Fund balances, July 1 | 30,067 |
| Fund balances, June 30 | \$ 33,435 |

RABUN COUNTY, GEORGIA
JUVENILE CASE MANAGEMENT SPECIAL REVENUE FUND
BALANCE SHEET
June 30, 2011

ASSETS

| | |
|---------------------------|-----------------|
| Cash and cash equivalents | <u>\$ 2,858</u> |
|---------------------------|-----------------|

LIABILITIES AND FUND BALANCES

Fund balances

| | |
|-------------------------|-----------------|
| Restricted for judicial | <u>\$ 2,858</u> |
|-------------------------|-----------------|

RABUN COUNTY, GEORGIA
JUVENILE CASE MANAGEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|-------------------------|------------------------|------------------------|
| REVENUES | | | |
| Fines, fees, and forfeitures | \$ 0 | \$ 50 | \$ 50 |
| Intergovernmental | 9,000 | 8,677 | (323) |
| Interest | 50 | 15 | (35) |
| Total revenues | <u>9,050</u> | <u>8,742</u> | <u>(308)</u> |
| EXPENDITURES | | | |
| Current | | | |
| Judicial | | | |
| Contract services | 9,050 | 9,061 | (11) |
| Total expenditures | <u>9,050</u> | <u>9,061</u> | <u>(11)</u> |
| Excess (deficiency) of revenues over (under) expenditures | 0 | (319) | (319) |
| Fund balances, July 1 | <u>0</u> | <u>3,177</u> | <u>3,177</u> |
| Fund balances, June 30 | <u><u>\$ 0</u></u> | <u><u>\$ 2,858</u></u> | <u><u>\$ 2,858</u></u> |

RABUN COUNTY, GEORGIA
DRUG ABUSE TREATMENT EDUCATION SPECIAL REVENUE FUND
BALANCE SHEET
June 30, 2011

ASSETS

| | |
|---------------------------|------------------|
| Cash and cash equivalents | <u>\$ 48,545</u> |
|---------------------------|------------------|

LIABILITIES AND FUND BALANCES

Liabilities

| | |
|------------------|--------|
| Accounts payable | \$ 830 |
|------------------|--------|

Fund balances

| | |
|-------------------------|---------------|
| Restricted for judicial | <u>47,715</u> |
|-------------------------|---------------|

| | |
|--|-------------------------|
| Total liabilities and fund balances | <u><u>\$ 48,545</u></u> |
|--|-------------------------|

RABUN COUNTY, GEORGIA
DRUG ABUSE TREATMENT EDUCATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|-------------------------|-------------------------|-------------------------|
| REVENUES | | | |
| Fines, fees, and forfeitures | \$ 20,000 | \$ 18,042 | \$ (1,958) |
| Interest | 600 | 420 | (180) |
| Other | 0 | 125 | 125 |
| Total revenues | <u>20,600</u> | <u>18,587</u> | <u>(2,013)</u> |
| EXPENDITURES | | | |
| Current | | | |
| Judicial | | | |
| Contract services | 10,600 | 16,495 | (5,895) |
| Materials and supplies | 20,000 | 10,637 | 9,363 |
| Total expenditures | <u>30,600</u> | <u>27,132</u> | <u>3,468</u> |
| Excess (deficiency) of revenues over (under) expenditures | (10,000) | (8,545) | 1,455 |
| Fund balances, July 1 | 10,000 | 56,260 | 46,260 |
| Fund balances, June 30 | <u><u>\$ 0</u></u> | <u><u>\$ 47,715</u></u> | <u><u>\$ 47,715</u></u> |

RABUN COUNTY, GEORGIA
EMERGENCY 911 SPECIAL REVENUE FUND
BALANCE SHEET
June 30, 2011

ASSETS

| | |
|---------------------------|---------------------------------|
| Cash and cash equivalents | \$ 724,209 |
| Accounts receivable (net) | <u>78,816</u> |
| Total assets | <u><u>\$ 803,025</u></u> |

LIABILITIES AND FUND BALANCES

Liabilities

| | |
|------------------|----------|
| Accounts payable | \$ 1,382 |
|------------------|----------|

Fund balances

| | |
|---------------------------|----------------|
| Assigned to public safety | <u>801,643</u> |
|---------------------------|----------------|

| | |
|--|---------------------------------|
| Total liabilities and fund balances | <u><u>\$ 803,025</u></u> |
|--|---------------------------------|

RABUN COUNTY, GEORGIA
EMERGENCY 911 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|-------------------------|--------------------------|--------------------------|
| REVENUES | | | |
| Charges for services | \$ 400,000 | \$ 355,120 | \$ (44,880) |
| Interest | 5,000 | 4,276 | (724) |
| Total revenues | <u>405,000</u> | <u>359,396</u> | <u>(45,604)</u> |
| EXPENDITURES | | | |
| Current | | | |
| Public Safety | | | |
| Personal Services | 536,735 | 535,253 | 1,482 |
| Contract services | 243,850 | 209,631 | 34,219 |
| Materials and supplies | 45,300 | 45,214 | 86 |
| Capital outlay | 0 | 27,292 | (27,292) |
| Total expenditures | <u>825,885</u> | <u>817,390</u> | <u>8,495</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(420,885)</u> | <u>(457,994)</u> | <u>(37,109)</u> |
| Other financing sources (uses) | | | |
| Transfers in (out) | | | |
| General Fund | 630,885 | 576,627 | (54,258) |
| Contingency | (210,000) | 0 | 210,000 |
| Total other financing sources (uses) | <u>420,885</u> | <u>576,627</u> | <u>155,742</u> |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 0 | 118,633 | 118,633 |
| Fund balances, July 1 | <u>0</u> | <u>683,010</u> | <u>683,010</u> |
| Fund balances, June 30 | <u><u>\$ 0</u></u> | <u><u>\$ 801,643</u></u> | <u><u>\$ 801,643</u></u> |

RABUN COUNTY, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
BALANCE SHEET
June 30, 2011

ASSETS

Taxes receivable \$ 21,953

LIABILITIES AND FUND BALANCES

Liabilities

Due to other funds \$ 21,953

Total liabilities and fund balances \$ 21,953

RABUN COUNTY, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|-------------------------|--------------------|--------------------|
| REVENUES | | | |
| Taxes | \$ 50,000 | \$ 78,242 | \$ 28,242 |
| Total revenues | <u>50,000</u> | <u>78,242</u> | <u>28,242</u> |
| EXPENDITURES | | | |
| Current | | | |
| Housing and Development | | | |
| Tourism | | | |
| Rabun County Convention and Visitors Bureau | <u>50,000</u> | <u>78,242</u> | <u>(28,242)</u> |
| Total expenditures | <u>50,000</u> | <u>78,242</u> | <u>(28,242)</u> |
| Excess (deficiency) of revenues over (under) expenditures | 0 | 0 | 0 |
| Fund balances, July 1 | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund balances, June 30 | <u><u>\$ 0</u></u> | <u><u>\$ 0</u></u> | <u><u>\$ 0</u></u> |

This page intentionally left blank.

CAPITAL PROJECTS FUNDS

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds).

Special Purpose Local Option Sales Tax #4 Fund – This fund is used to account for long-term projects financed by the 2002 passage of a special purpose local option sales tax.

Special Purpose Local Option Sales Tax #5 Fund – This fund is used to account for long-term projects financed by the 2007 passage of a special purpose local option sales tax.

RABUN COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX #4
CAPITAL PROJECTS FUND
BALANCE SHEET
June 30, 2011

ASSETS

| | |
|---------------------------|-------------------|
| Cash and cash equivalents | <u>\$ 445,198</u> |
|---------------------------|-------------------|

LIABILITIES AND FUND BALANCES

Liabilities

| | |
|------------------|-----------|
| Accounts payable | \$ 65,493 |
|------------------|-----------|

Fund balances

| | |
|-------------------------------|----------------|
| Restricted for capital outlay | <u>379,705</u> |
|-------------------------------|----------------|

| | |
|--|--------------------------|
| Total liabilities and fund balances | <u><u>\$ 445,198</u></u> |
|--|--------------------------|

RABUN COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX #4
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the fiscal year ended June 30, 2011

REVENUES

| | |
|-----------------------|---------------|
| Interest | \$ 10,517 |
| Total revenues | 10,517 |

EXPENDITURES

| | |
|---|-------------------|
| Capital outlay | |
| Public Works | |
| Roads and Bridges | 1,386,344 |
| Total expenditures | 1,386,344 |
| Excess (deficiency) of revenues over (under) expenditures | (1,375,827) |
| Fund balances, July 1 | 1,755,532 |
| Fund balances, June 30 | \$ 379,705 |

RABUN COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX #5
CAPITAL PROJECTS FUND
BALANCE SHEET
June 30, 2011

ASSETS

| | |
|--------------------------------------|-----------------------------------|
| Cash and cash equivalents | \$ 4,729,294 |
| Investments | 310,489 |
| Taxes receivable | 300,858 |
| Restricted cash and cash equivalents | <u>1,518,858</u> |
| Total assets | <u><u>\$ 6,859,499</u></u> |

LIABILITIES AND FUND BALANCES

Liabilities

| | |
|--------------------------|----------------|
| Accounts payable | \$ 311,335 |
| Retainage payable | <u>35,292</u> |
| Total liabilities | 346,627 |

Fund balances

| | |
|--|-----------------------------------|
| Restricted for capital outlay | <u>6,512,872</u> |
| Total liabilities and fund balances | <u><u>\$ 6,859,499</u></u> |

RABUN COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX #5
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the fiscal year ended June 30, 2011

REVENUES

| | |
|-----------------------|-------------------------|
| Taxes | \$ 3,139,344 |
| Interest | <u>33,716</u> |
| Total revenues | <u><u>3,173,060</u></u> |

EXPENDITURES

| | |
|---------------------------|-------------------------|
| Capital Outlay | |
| Judicial | |
| Courthouse | 4,286 |
| Public Safety | |
| Fire Department | 1,740 |
| Health and Welfare | |
| Public Health | 410,004 |
| Culture and Recreation | |
| Rabun Arena | 1,241,414 |
| Debt Service | <u>1,845,165</u> |
| Total expenditures | <u><u>3,502,609</u></u> |

| | |
|--|------------------|
| Excess (deficiency) of revenues over (under) expenditures | <u>(329,549)</u> |
|--|------------------|

| | |
|-----------------------|-----------|
| Fund balances, July 1 | 7,092,421 |
|-----------------------|-----------|

| | |
|--------------------------|------------------|
| Prior period adjustments | <u>(250,000)</u> |
|--------------------------|------------------|

| | |
|----------------------------------|------------------|
| Fund balances, July 1 (restated) | <u>6,842,421</u> |
|----------------------------------|------------------|

| | |
|-------------------------------|-----------------------------------|
| Fund balances, June 30 | <u><u><u>\$ 6,512,872</u></u></u> |
|-------------------------------|-----------------------------------|

This page intentionally left blank.

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are self-supporting in nature where the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

Solid Waste Fund – This fund is used to account for the activities of solid waste disposal and recycling programs for Rabun County.

Waste-Water Facility Fund – This fund is used to account for activities connected with the waste water and water treatment facility of Rabun County.

Golf Course Fund – This fund is used to account for activities connected with the operations of a public golf course owned by Rabun County.

**RABUN COUNTY, GEORGIA
SOLID WASTE ENTERPRISE FUND
STATEMENT OF NET ASSETS
June 30, 2011**

ASSETS

Current assets

| | | |
|---------------------------|--------|--------|
| Cash and cash equivalents | \$ 50 | |
| Accounts receivable (net) | 91,655 | |
| Total current assets | | 91,705 |

Capital assets

| | | |
|--|-----------|-----------|
| Land and improvements | 1,106,031 | |
| Buildings | 577,300 | |
| Machinery and equipment | 720,855 | |
| Vehicles | 315,708 | |
| Accumulated depreciation | (644,884) | |
| Total capital assets (net of accumulated depreciation) | | 2,075,010 |

Total assets

2,166,715

LIABILITIES

Current liabilities

| | | |
|--|--------|---------|
| Accounts payable | 28,887 | |
| Accrued salaries and other payroll liabilities | 4,039 | |
| Compensated absences | 20,243 | |
| Due to other funds | 53,247 | |
| Closure/post-closure care | 60,548 | |
| Total current liabilities | | 166,964 |

Noncurrent liabilities

| | | |
|---------------------------|--|-----------|
| Closure/post-closure care | | 2,939,711 |
|---------------------------|--|-----------|

Total liabilities

3,106,675

NET ASSETS

| | | |
|----------------------------|-------------|--------------|
| Invested in capital assets | 2,075,010 | |
| Unrestricted | (3,014,970) | |
| Total net assets | | \$ (939,960) |

**RABUN COUNTY, GEORGIA
SOLID WASTE ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
For the fiscal year ended June 30, 2011**

OPERATING REVENUES

| | |
|---------------------------------|----------------|
| Charges for sales and services | \$ 471,737 |
| Total operating revenues | 471,737 |

OPERATING EXPENSES

| | |
|---------------------------------|------------------|
| Costs of sales and services | 395,648 |
| Personal services | 633,307 |
| Depreciation | 70,879 |
| Total operating expenses | 1,099,834 |

| | |
|--|---------------------|
| Operating income (loss) before transfers | (628,097) |
| Transfers in (out) | |
| General fund | 1,228,529 |
| Change in net assets | 600,432 |
| Net assets, July 1 (original) | (2,217,074) |
| Prior period adjustments | 676,682 |
| Net assets, July 1 (restated) | (1,540,392) |
| Net assets, June 30 | \$ (939,960) |

RABUN COUNTY, GEORGIA
SOLID WASTE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the fiscal year ended June 30, 2011

| | |
|---|----------------------------|
| Cash flows from operating activities: | |
| Receipts from customers | \$ 411,769 |
| Payments to suppliers | (456,284) |
| Payments to employees | <u>(655,200)</u> |
| Net cash provided (used) by operating activities | (699,715) |
| Cash flows from non-capital financing activities: | |
| Receipts from other funds | 1,281,776 |
| Cash flows from capital and related financing activities: | |
| Acquisition of capital assets | <u>(582,061)</u> |
| Net increase (decrease) in cash and cash equivalents | 0 |
| Cash and cash equivalents, July 1 | <u>50</u> |
| Cash and cash equivalents, June 30 | <u><u>\$ 50</u></u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | |
| Operating income (loss) | <u>\$ (628,097)</u> |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | |
| Depreciation expense | 70,879 |
| Closure/post-closure care costs | (37,769) |
| (Increase) decrease in accounts receivable | (59,968) |
| Increase (decrease) in accounts payable | (22,867) |
| Increase (decrease) in accrued payroll liabilities | <u>(21,893)</u> |
| Total adjustments | <u>(71,618)</u> |
| Net cash provided (used) by operating activities | <u><u>\$ (699,715)</u></u> |

RABUN COUNTY, GEORGIA
WASTE-WATER FACILITY ENTERPRISE FUND
STATEMENT OF NET ASSETS
June 30, 2011

ASSETS

Current assets

| | |
|---------------------------|------------|
| Cash and cash equivalents | \$ 295,483 |
| Receivables (net) | |
| Accounts | 42,533 |
| Intergovernmental | 148,092 |
| | 148,092 |
| Total current assets | 486,108 |

Capital assets

| | |
|--|-----------|
| Land and land improvements | 172,980 |
| Construction in progress | 3,188,135 |
| Vehicles | 9,199 |
| Accumulated depreciation | (4,600) |
| | (4,600) |
| Total capital assets (net of accumulated depreciation) | 3,365,714 |

Total assets

3,851,822

LIABILITIES

Current liabilities

| | |
|--|---------|
| Payables | |
| Accounts | 14,354 |
| Intergovernmental | 3,880 |
| Interest | 360,491 |
| Accrued salaries and other payroll liabilities | 733 |
| Compensated absences | 6,908 |
| Due to other funds | 28,685 |
| Notes payable | 57,711 |
| | 57,711 |
| Total current liabilities | 472,762 |

Noncurrent liabilities

| | |
|---------------|-----------|
| Notes payable | 3,458,154 |
| | 3,458,154 |

Total liabilities

3,930,916

NET ASSETS

| | |
|---|-----------|
| Invested in capital assets, net of related debt | (150,151) |
| Unrestricted | 71,057 |
| | 71,057 |

Total net assets

\$ (79,094)

RABUN COUNTY, GEORGIA
WASTE-WATER FACILITY ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
For the fiscal year ended June 30, 2011

OPERATING REVENUES

| | |
|--------------------------------|------------|
| Charges for sales and services | \$ 406,934 |
| | 406,934 |

OPERATING EXPENSES

| | |
|-----------------------------|---------|
| Costs of sales and services | 232,427 |
| Personal services | 104,753 |
| Depreciation | 1,840 |
| | 339,020 |

| | |
|-------------------------|--------|
| Operating income (loss) | 67,914 |
|-------------------------|--------|

| | |
|-----------------------------------|-----------|
| Non-operating revenues (expenses) | |
| Interest revenue | 1,839 |
| Interest expense | (137,680) |
| | (135,841) |

| | |
|---|-----------|
| Total non-operating revenues (expenses) | (135,841) |
|---|-----------|

| | |
|----------------------|----------|
| Change in net assets | (67,927) |
|----------------------|----------|

| | |
|--------------------|----------|
| Net assets, July 1 | (11,167) |
|--------------------|----------|

| | |
|----------------------------|--------------------|
| Net assets, June 30 | \$ (79,094) |
|----------------------------|--------------------|

RABUN COUNTY, GEORGIA
WASTE-WATER FACILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the fiscal year ended June 30, 2011

| | |
|--|--------------------------|
| Cash flows from operating activities: | |
| Receipts from customers | \$ 364,401 |
| Payments to suppliers | (214,193) |
| Payments to employees | <u>(108,665)</u> |
| Net cash provided (used) by operating activities | <u>41,543</u> |
| Cash flows from non-capital financing activities: | |
| Receipts from other funds | <u>28,685</u> |
| Cash flows from capital and related financing activities: | |
| Acquisition of capital assets | (684,542) |
| Proceeds from notes payable | <u>617,073</u> |
| Net cash provided (used) by capital and related financing activities | <u>(67,469)</u> |
| Cash flows from investing activities: | |
| Interest received | <u>1,839</u> |
| Net increase (decrease) in cash and cash equivalents | 4,598 |
| Cash and cash equivalents, July 1 | <u>290,885</u> |
| Cash and cash equivalents, June 30 | <u><u>\$ 295,483</u></u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | |
| Operating income (loss) | <u>\$ 67,914</u> |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | |
| Depreciation expense | 1,840 |
| (Increase) decrease in accounts receivable | (42,533) |
| Increase (decrease) in accounts payable | 14,354 |
| Increase (decrease) in intergovernmental payable | 3,880 |
| Increase (decrease) in accrued payroll liabilities | <u>(3,912)</u> |
| Total adjustments | <u>(26,371)</u> |
| Net cash provided (used) by operating activities | <u><u>\$ 41,543</u></u> |
| Noncash capital and related financing activities: | |
| Proceeds from notes payable through intergovernmental receivables totaled \$148,092 for the fiscal year ended June 30, 2011. | |

**RABUN COUNTY, GEORGIA
GOLF COURSE ENTERPRISE FUND
STATEMENT OF NET ASSETS
June 30, 2011**

ASSETS

Current assets

| | |
|---------------------------|-----------|
| Cash and cash equivalents | \$ 65,199 |
|---------------------------|-----------|

Capital assets

| | |
|----------------------------|------------------|
| Land and land improvements | 19,800 |
| Buildings | 120,002 |
| Machinery and equipment | 138,417 |
| Accumulated depreciation | <u>(191,979)</u> |

| | |
|--|---------------|
| Total capital assets (net of accumulated depreciation) | <u>86,240</u> |
|--|---------------|

| | |
|---------------------|-----------------------|
| Total assets | <u>151,439</u> |
|---------------------|-----------------------|

LIABILITIES

Current liabilities

| | |
|--|---------------|
| Accounts payable | 41 |
| Accrued salaries and other payroll liabilities | 1,133 |
| Compensated absences | 9,720 |
| Due to other funds | <u>43,234</u> |

| | |
|---------------------------|---------------|
| Total current liabilities | <u>54,128</u> |
|---------------------------|---------------|

NET ASSETS

| | |
|----------------------------|---------------|
| Invested in capital assets | 86,240 |
| Unrestricted | <u>11,071</u> |

| | |
|-------------------------|-------------------------|
| Total net assets | <u>\$ 97,311</u> |
|-------------------------|-------------------------|

**RABUN COUNTY, GEORGIA
GOLF COURSE ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
For the fiscal year ended June 30, 2011**

OPERATING REVENUES

| | |
|---------------------------------|----------------|
| Charges for sales and services | \$ 107,677 |
| Total operating revenues | 107,677 |

OPERATING EXPENSES

| | |
|---------------------------------|----------------|
| Costs of sales and services | 67,662 |
| Personal services | 159,502 |
| Depreciation | 14,656 |
| Total operating expenses | 241,820 |

| | |
|--|------------------|
| Operating income (loss) before transfers | (134,143) |
| Transfer in (out) | |
| General Fund | 150,000 |
| Change in net assets | 15,857 |
| Net assets, July 1 | 81,454 |
| Net assets, June 30 | \$ 97,311 |

**RABUN COUNTY, GEORGIA
GOLF COURSE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the fiscal year ended June 30, 2011**

| | |
|---|----------------------------|
| Cash flows from operating activities: | |
| Receipts from customers | \$ 107,677 |
| Payments to suppliers | (67,621) |
| Payments to employees | <u>(161,519)</u> |
| Net cash provided (used) by operating activities | (121,463) |
| Cash flows from non-capital financing activities: | |
| Receipts from other funds | 193,234 |
| Cash flows from capital and related financing activities: | |
| Acquisition of capital assets | <u>(7,499)</u> |
| Net increase (decrease) in cash and cash equivalents | 64,272 |
| Cash and cash equivalents, July 1 | <u>927</u> |
| Cash and cash equivalents, June 30 | <u><u>\$ 65,199</u></u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | |
| Operating income (loss) | <u>\$ (134,143)</u> |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | |
| Depreciation expense | 14,656 |
| Increase (decrease) in accounts payable | 41 |
| Increase (decrease) in accrued payroll liabilities | <u>(2,017)</u> |
| Total adjustments | <u>12,680</u> |
| Net cash provided (used) by operating activities | <u><u>\$ (121,463)</u></u> |

AGENCY FUNDS

These funds are used to account for assets held by the County as an agent to be expended in accordance with the conditions of its agency capacity.

Tax Commissioner - This fund accounts for assets and related liabilities for the collection of taxes and tag and title fees.

Clerk of Superior Court, Probate Court, and Magistrate Court - These funds account for assets and related liabilities for the collection of court related fees.

Sheriff Department - This fund accounts for deposits held for incarcerated inmates.

**RABUN COUNTY, GEORGIA
 AGENCY FUNDS
 COMBINING BALANCE SHEET
 June 30, 2011**

| | <u>Tax Commissioner</u> | <u>Clerk of Superior Court</u> |
|--|-----------------------------|------------------------------------|
| ASSETS | | |
| Cash | \$ 296,281 | \$ 520,558 |
| Accounts receivable, net | 0 | 603,203 |
| Taxes receivable, net | <u>878,914</u> | <u>0</u> |
| Total assets | <u>\$ 1,175,195</u> | <u>\$ 1,123,761</u> |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities | | |
| Due to other agencies | <u>\$ 1,175,195</u> | <u>\$ 1,123,761</u> |

| <u>Probate Court</u> | <u>Magistrate Court</u> | <u>Sheriff Department</u> | <u>Totals</u> |
|--------------------------|-----------------------------|-------------------------------|---------------------|
| \$ 25,491 | \$ 8,012 | \$ 8,837 | \$ 859,179 |
| 0 | 0 | 0 | 603,203 |
| 0 | 0 | 0 | 878,914 |
| <u>\$ 25,491</u> | <u>\$ 8,012</u> | <u>\$ 8,837</u> | <u>\$ 2,341,296</u> |
| <u>\$ 25,491</u> | <u>\$ 8,012</u> | <u>\$ 8,837</u> | <u>\$ 2,341,296</u> |

RABUN COUNTY, GEORGIA
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended June 30, 2011

| | Balance July 1 | Additions | Deletions | Balance June 30 |
|--------------------------------|---------------------|----------------------|----------------------|---------------------|
| TAX COMMISSIONER | | | | |
| ASSETS | | | | |
| Cash | \$ 171,071 | \$ 31,783,710 | \$ 31,658,500 | \$ 296,281 |
| Taxes receivable, net | 2,003,338 | 878,914 | 2,003,338 | 878,914 |
| Total | <u>\$ 2,174,409</u> | <u>\$ 32,662,624</u> | <u>\$ 33,661,838</u> | <u>\$ 1,175,195</u> |
| LIABILITIES | | | | |
| Due to other agencies | <u>\$ 2,174,409</u> | <u>\$ 32,662,624</u> | <u>\$ 33,661,838</u> | <u>\$ 1,175,195</u> |
| CLERK OF SUPERIOR COURT | | | | |
| ASSETS | | | | |
| Cash | \$ 476,774 | \$ 1,595,697 | \$ 1,551,913 | \$ 520,558 |
| Accounts receivable, net | 0 | 603,203 | 0 | 603,203 |
| Total | <u>\$ 476,774</u> | <u>\$ 2,198,900</u> | <u>\$ 1,551,913</u> | <u>\$ 1,123,761</u> |
| LIABILITIES | | | | |
| Due to other agencies | <u>\$ 476,774</u> | <u>\$ 2,198,900</u> | <u>\$ 1,551,913</u> | <u>\$ 1,123,761</u> |
| PROBATE COURT | | | | |
| ASSETS | | | | |
| Cash | \$ 46,494 | \$ 439,268 | \$ 460,271 | \$ 25,491 |
| LIABILITIES | | | | |
| Due to other agencies | <u>\$ 46,494</u> | <u>\$ 439,268</u> | <u>\$ 460,271</u> | <u>\$ 25,491</u> |
| MAGISTRATE COURT | | | | |
| ASSETS | | | | |
| Cash | \$ 3,535 | \$ 156,568 | \$ 152,091 | \$ 8,012 |
| LIABILITIES | | | | |
| Due to other agencies | <u>\$ 3,535</u> | <u>\$ 156,568</u> | <u>\$ 152,091</u> | <u>\$ 8,012</u> |
| SHERIFF DEPARTMENT | | | | |
| ASSETS | | | | |
| Cash | \$ 11,045 | \$ 59,045 | \$ 61,253 | \$ 8,837 |
| LIABILITIES | | | | |
| Due to other agencies | <u>\$ 11,045</u> | <u>\$ 59,045</u> | <u>\$ 61,253</u> | <u>\$ 8,837</u> |
| TOTALS | | | | |
| ASSETS | | | | |
| Cash | \$ 708,919 | \$ 34,034,288 | \$ 33,884,028 | \$ 859,179 |
| Accounts receivable, net | 0 | 603,203 | 0 | 603,203 |
| Taxes receivable, net | 2,003,338 | 878,914 | 2,003,338 | 878,914 |
| Total | <u>\$ 2,712,257</u> | <u>\$ 35,516,405</u> | <u>\$ 35,887,366</u> | <u>\$ 2,341,296</u> |
| LIABILITIES | | | | |
| Due to other agencies | <u>\$ 2,712,257</u> | <u>\$ 35,516,405</u> | <u>\$ 35,887,366</u> | <u>\$ 2,341,296</u> |

SINGLE AUDIT SECTION

This section contains reports required by OMB A-133 and grantor agencies.

This page intentionally left blank.

**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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Rabun County, Georgia, as of and for the year ended June 30, 2011, which collectively comprise Rabun County, Georgia's basic financial statements and have issued our report thereon dated March 27, 2012. We did not audit the financial statements of the Rabun County Health Department, a component unit of Rabun County, Georgia. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Rabun County Health Department, is based on the report of the other auditors. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as comments 11-1 through 11-2 to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as comments 11-3 through 11-10 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Rabun County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance and other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as comment 11-11.

We noted certain matters that we have reported to management of Rabun County, Georgia in a separate letter dated March 27, 2012.

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

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

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
March 27, 2012

Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

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

Compliance

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

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

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

Internal Control over Compliance

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

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia

March 27, 2012

RABUN COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011

| <u>Federal Grant/Pass-Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Pass- Through Number</u> | <u>Expenditures</u> |
|--|------------------------------------|-------------------------------------|--|
| <u>Department of Agriculture</u> | | | |
| Passed through the Georgia Office of the State Treasury: Schools and Roads - Grants to States | 10.665 | N/A | <u>\$ 108,264</u> |
| <u>Department of Justice</u> | | | |
| Passed through the Criminal Justice Coordinating Council: Juvenile Accountability Block Grants | 16.523 | 07B-ST-0001 | <u>7,500</u> |
| <u>Department of Transportation</u> | | | |
| Passed through the Georgia Department of Transportation: Formula Grants for Other Than Urbanized Areas | 20.509 | GA-18-4031 GA-18-0031 | <u>74,605</u> <u>39,600</u> <u>114,205</u> |
| <u>Department of Health and Human Services</u> | | | |
| Passed through Legacy Link, Inc.: Title III, Part B, Grants for Supportive Services and Senior Centers | 93.044 | N/A | 14,139 |
| Passed through Legacy Link, Inc.: Social Services Block Grant | 93.667 | N/A | <u>14,139</u> |
| Total Department of Health and Human Services | | | <u>28,278</u> |
| <u>Department of Homeland Security</u> | | | |
| Passed through the Georgia Emergency Management Agency: Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | PA-04-GA- 1973-State-0009(8) | 328,715 |
| Emergency Management Performance Grants | 97.042 | PPA | 10,000 |
| State Homeland Security Program (SHSP) | 97.073 | 2010-SS-T0-0034 | <u>32,786</u> |
| Total Department of Homeland Security | | | <u>371,501</u> |
| Total Federal Awards | | | <u><u>\$ 629,748</u></u> |

See accompanying notes to the schedule of expenditures of federal awards and the schedule of findings and questioned costs.

RABUN COUNTY, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2011

1. Basis of Presentation

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

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

RABUN COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011

1. Summary of the Auditor's Results

A. Financial Statements

| | |
|--|-------------|
| Type of auditor's report issued: | Unqualified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | Yes |
| Significant Deficiencie(s) identified not considered material weaknesses? | Yes |
| Noncompliance material to financial statements noted? | Yes |

B. Federal Awards

| | |
|--|---------------|
| Internal control over major programs: | |
| Material weakness(es) identified? | None reported |
| Significant Deficiencie(s) identified not considered material weaknesses? | None reported |
| Type of auditor's report issued on compliance for major programs: | Unqualified |
| Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)? | None reported |
| Identification of major programs: | |
| 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters) | |
| Dollar threshold used to distinguish Between Type A and Type B programs: | \$300,000 |
| Auditee qualified as low-risk auditee? | No |

RABUN COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011

2. Financial Statement Findings and Responses

A. Significant Deficiencies

Comment 11-1

Condition: The fiscal year 2010 financial statements were restated for the General Fund due to previously unrecorded prepaids, a prior year amount incorrectly recorded as payable, incorrectly calculated deferred tax revenue, and previously unrecorded capital asset additions and dispositions. Restatements were also made in the Landfill Enterprise Fund due to an error in the calculation of the landfill closure and post-closure care liability and previously unrecorded capital asset additions.

Criteria: Generally accepted accounting principles require that accruals be properly calculated and recorded.

Effect: Failure to properly apply generally accepted accounting principles led to financial statements that were materially misstated.

Recommendation: Management should verify that all assets and liabilities are correctly calculated and recorded in accordance with governmental accounting standards.

Management Response: Management concurs with this finding. The County Clerk/CFO will review all year-end accruals to ensure they are properly calculated and recorded. This action was taken immediately upon receipt of the comment from our auditors.

Comment 11-2

Condition: Material receivable and payable adjustments were necessary during the audit to provide accurate financial reporting.

Criteria: Generally accepted accounting principles require that accruals be properly calculated and recorded.

Effect: Failure to properly apply generally accepted accounting principles led to financial statements that were materially misstated.

Recommendation: We recommend management review their procedures for recording receivable and payable accruals at year-end.

Management Response: Management concurs with this finding. The County Clerk/CFO will review all year-end accruals to ensure they are properly calculated and recorded. This action was taken immediately upon receipt of the comment from our auditors.

RABUN COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011

2. Financial Statement Findings and Responses (continued)

A. Significant Deficiencies, continued

Comment 11-3

Condition: County personnel may require additional training in the application of generally accepted accounting principles and the preparation of financial statements. Currently, the County relies on the external auditors for technical assistance in applying generally accepted accounting principles and the preparation of the financial statements. This is common for governments of similar size and structure to the County. Under current auditing standards, providing technical assistance does not impair the independence of the external auditor. However, future changes to auditing standards by standards setting boards could state that providing technical assistance would impair the independence of the external auditor. This does not indicate that the County Clerk/CFO is not trained to perform the daily accounting functions, but that the County has elected as a cost benefit to outsource this expertise to their auditors. As required, we have indicated this as a significant deficiency in our letter on Internal Control and Compliance.

Criteria: Effective internal control requires that the County accept responsibility and understanding of the audited financial report.

Effect: Failure to understand the vast amount of requirements for reporting in financial statements may lead to material misstatements.

Recommendation: County personnel should continue to receive training in the identification and application of generally accepted accounting principles and the preparation of the County's financial statements.

Management Response: Management agrees with this finding and understands the requirement of SAS 112 to issue this statement as a Significant Deficiency. All employees of the Board of Commissioners Finance Office will continue to seek training in the application of generally accepted accounting principles and in the preparation of the County's financial statements. Until such time it is financially feasible for the County finance staff to prepare the County's financial statements, the Finance Office will continue to rely on an independent auditor to prepare them.

Comment 11-4

Condition: A transaction for a new capital lease was not recorded. The lease proceeds did not come to the County and went directly to the vendor.

Criteria: Generally accepted accounting principles require that all leases be properly recorded when the transaction occurs.

Effect: Failure to properly apply generally accepted accounting principles led to financial statements that were materially misstated.

Recommendation: All capital leases should be recorded as an "other financing source" and a capital outlay.

Management Response: Management concurs with this finding. The County Clerk/CFO will implement procedures to capture and record the transaction on all new lease agreements. This action was taken immediately upon receipt of the comment from our auditors.

RABUN COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011

2. Financial Statement Findings and Responses (continued)

A. Significant Deficiencies, continued

Comment 11-5

Condition: While performing audit procedures at the Clerk of Courts Office, we noted that support for deleted and voided transactions are not being retained by management.

Criteria: Proper internal controls require an adequate audit trail for all transactions.

Effect: Failure by management to approve voided transactions and maintain documentation exposes the County to a greater risk of loss due to fraud.

Recommendation: Management at the Clerk of Courts Office should retain supporting documentation for all transactions, including deleted and voided.

Management Response: Management concurs with this finding. Management has advised the appropriate Elected Official to implement the recommendation. This action was taken immediately upon receipt of the comment from our auditors.

Comment 11-6

Condition: While performing audit procedures at the Tax Commissioner's Office, we noted that tax account adjustments do not have evidence of proper authorization.

Criteria: Proper internal controls require that all transactions be properly supported by appropriate documentation.

Effect: Failure to maintain proper supporting documentation for adjustments subjects the assets of the County to greater risk of misappropriation.

Recommendation: Management at the Tax Commissioner's Office should approve all account adjustments and evidence approval by signing or initially the supporting documentation for the adjustment.

Management Response: Management concurs with this finding. Management has advised the appropriate Elected Officials to implement the recommendation. This action was taken immediately upon receipt of the comment from our auditors.

Comment 11-7

Condition: While performing audit procedures at the Tax Commissioner's Office, we noted that tag and title back-outs are not being reviewed by someone other than the employee making the back-out.

Criteria: Proper internal controls require adequate segregation of duties in control over voided transactions.

Effect: Since the same employee is receipting and voiding transactions, failure by management to approve voided transactions exposes the County to a greater risk of loss due to fraud.

Recommendation: Management at the Tax Commissioner's Office should approve all tag and title back-outs and evidence approval by signing or initially the supporting documentation for the back-out.

RABUN COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011

2. Financial Statement Findings and Responses (continued)

A. Significant Deficiencies, continued

Comment 11-7, continued

Management Response: Management concurs with this finding. Management has advised the appropriate Elected Officials to implement the recommendation. This action was taken immediately upon receipt of the comment from our auditors.

Comment 11-8

Condition: While performing audit procedures on building permits, we noted that deposits are made only monthly.

Criteria: Proper internal controls require that cash receipts be deposited and transactions recorded in a timely manner.

Effect: Failure to deposit cash receipts in a timely manner exposes the County to a greater risk of loss due to fraud.

Recommendation: At a minimum, deposits should be made weekly.

Management Response: Management concurs with this finding. Management has advised the Department Head to implement the recommendation to ensure that deposits are made timely. This action was taken immediately upon receipt of the comment from our auditors.

Comment 11-9

Condition: While performing audit procedures at the Landfill, we noted that no supporting documentation for voided transactions is being maintained.

Criteria: Proper internal controls require adequate segregation of duties in control over voided transactions.

Effect: Since the same employee is receipting and voiding transactions, failure by management to approve voided transactions exposes the County to a greater risk of loss due to fraud.

Recommendation: Management at the Landfill should review and approve all voided transactions and maintain proper supporting documentation with evidence of their approval.

Management Response: Management concurs with this finding. Management has advised the Department Head to implement the recommendation to ensure that adequate segregation of duties exists. This action was taken immediately upon receipt of the comment from our auditors.

Comment 11-10

Condition: While performing audit procedures at the Landfill, we noted that customer account adjustments do not have any supporting documentation retained to explain the reason for the adjustment and to show proper review and authorization.

Criteria: Proper internal controls require that all transactions be properly supported by appropriate documentation.

Effect: Failure to maintain proper supporting documentation for adjustments subjects the assets of the County to greater risk of misappropriation.

RABUN COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011

2. Financial Statement Findings and Responses (continued)

A. Significant Deficiencies, continued

Comment 11-10, continued

Recommendation: Management at the Landfill should review and approve all customer account adjustments and supporting documentation, with evidence of management's approval, should be retained for all adjustments.

Management Response: Management concurs with this finding. Management has advised the Department Head to implement the recommendation to ensure that adequate segregation of duties exists. This action was taken immediately upon receipt of the comment from our auditors.

B. Material Noncompliance

Comment 11-11

Condition: Although the General Fund was under budget as a whole, four General Fund departments experienced a material excess of expenditures over appropriations. Also during the fiscal year, the Hotel/Motel Tax Special Revenue Funds experienced a material excess of expenditures over appropriations and a budget was not adopted for the Law Library Special Revenue Fund.

Criteria: State law requires that the budget at the legal level of control not be over-expended.

Effect: Failure to maintain expenditures within the balanced budget for these funds will place the County in violation of state law.

Recommendation: Budgets should be adopted for the General Fund and all Special Revenue Funds. The budgets should be reviewed regularly for compliance. This will assist management with budgetary decisions throughout the fiscal year.

Management Response: Management concurs with this finding. The County Clerk/Finance Director will be reviewing the comparative financial statements to budget and recommending any necessary budget revisions to the Board of Commissioners. This action was taken immediately upon receipt of the comment from our auditors.

3. Federal Award Findings and Questioned Costs

A. Material Noncompliance

None reported.

B. Significant Deficiencies

None reported

C. Prior Year Audit Findings Follow-Ups

None reported

4. Prior Year Audit Findings Follow-Ups

None reported.

STATE REPORTING SECTION

This section contains additional reports required by the State of Georgia.

RABUN COUNTY, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2011

| <u>Project</u> | <u>Estimated Cost *</u> | | <u>Expenditures</u> | | |
|---|-----------------------------|-----------------------------|-----------------------------|----------------------------|-----------------------------|
| | <u>Original</u> | <u>Current</u> | <u>Prior Years</u> | <u>Current Year</u> | <u>Total</u> |
| <u>SPLOST # 4</u> | | | | | |
| Roads, Streets and Bridges | \$ 6,750,000 | \$ 6,750,000 | \$ 1,788,430 | \$ 1,386,344 | \$ 3,174,774 |
| County Jail | 4,000,000 | 4,000,000 | 6,655,408 | 0 | 6,655,408 |
| Recreational Facilities | 4,000,000 | 4,000,000 | 4,162,566 | 0 | 4,162,566 |
| County Administration | 1,000,000 | 1,000,000 | 1,095,213 | 0 | 1,095,213 |
| Fire Fighting Equipment | 250,000 | 250,000 | 250,000 | 0 | 250,000 |
| Total | <u>\$ 16,000,000</u> | <u>\$ 16,000,000</u> | <u>\$ 13,951,617</u> | <u>\$ 1,386,344</u> | <u>\$ 15,337,961</u> |
| <u>SPLOST # 5</u> | | | | | |
| Roads, Streets and Bridges | \$ 7,541,850 | \$ 7,541,850 | \$ 0 | \$ 0 | \$ 0 |
| Hospital Building | 3,500,000 | 3,500,000 | 1,871,442 | 477,695 | 2,349,137 |
| Multipurpose Arena | 1,500,000 | 1,500,000 | 1,423,938 | 1,292,919 | 2,716,857 |
| Health Department | 1,000,000 | 1,000,000 | 830,286 | 30,032 | 860,318 |
| Fire Fighting Equipment | 1,000,000 | 1,000,000 | 622 | 1,740 | 2,362 |
| Courthouse | 900,000 | 900,000 | 914,012 | 37,347 | 951,359 |
| City of Clayton | 2,058,000 | 2,058,000 | 2,058,000 | 0 | 2,058,000 |
| City of Dillard | 450,000 | 450,000 | 450,000 | 0 | 450,000 |
| City of Sky Valley | 450,000 | 450,000 | 450,000 | 0 | 450,000 |
| Mountain City | 300,000 | 300,000 | 300,000 | 0 | 300,000 |
| City of Tiger | 300,000 | 300,000 | 300,000 | 0 | 300,000 |
| City of Tallulah Falls | 150,000 | 150,000 | 150,000 | 0 | 150,000 |
| Total | <u>\$ 19,149,850</u> | <u>\$ 19,149,850</u> | <u>\$ 8,748,300</u> | <u>\$ 1,839,733</u> | <u>\$ 10,588,033</u> |
| Current year SPLOST #5 Expenditures | | | | \$ 1,839,733 | |
| Debt principle payments made as debt proceeds expended are reported above | | | | 1,662,876 | |
| Total expenditures of the SPLOST #5 Capital Projects Fund | | | | <u>\$ 3,502,609</u> | |

Note: The prior year amounts have been restated on SPLOST #5 projects: Hospital Building, Multipurpose Arena, Health Department and Courthouse to reflect allocation of interest expense paid from SPLOST proceeds in prior years. This interest was not included in prior year reporting and this restatement increased the total prior year amount by \$816,541.

* Estimated cost represents the portion of these projects to be financed with Special Purpose Local Option Sales Tax. Actual costs that are in excess of these amounts have been financed through alternative funds.