OGLETHORPE COUNTY, GEORGIA

AUDIT REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2010

OGLETHORPE COUNTY, GEORGIA

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Oglethorpe County, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Oglethorpe County, Georgia as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Oglethorpe County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oglethorpe County Board of Health, a component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Oglethorpe County Board of Health, is based solely 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Oglethorpe County, Georgia as of December 31, 2010, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for 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 June 21, 2011, on our consideration of Oglethorpe County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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The management's discussion and analysis and schedule of funding progress information on pages 3 through 8 and page 49, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oglethorpe County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements, and the schedule of projects constructed with special sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, and the schedule of projects constructed with special sales tax proceeds have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Macon, Georgia
June 21, 2011

MANAGEMENT'S DISCUSSION & ANALYSIS

As management of the County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the year ended December 31, 2010.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities as of December 31, 2010, by $25,202,644 (net assets).
- As of December 31, 2010, total net assets consisted of $10,467,675 invested in capital equipment, $2,378,471 restricted, and $12,356,498 unrestricted.
- As of December 31, 2010, the County's governmental funds reported ending fund balance of $13,497,515 an increase of $1,010,460 in comparison with the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through administrative fees and charges (business-type activities). The governmental activities of the County include general government, public safety, public works, health and welfare, culture and recreation and conservation of natural resources. The County currently has no business-type activities.

Fund Financial Statements

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

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. 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.

For the year ended December 31, 2010, the County had the following governmental funds, the General Fund, five Special Revenue Funds and three Capital Projects Funds.

The County adopts an annual appropriated budget for the General Fund and Special Revenue Funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

Proprietary Funds

The County maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County used the enterprise fund to account for the activities of the Landfill Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary Funds

Fiduciary funds are not reflected in the government-wide financial statement 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 for proprietary funds. Individual fund data for the fiduciary funds is provided in the form of both combining statements and individual fund statements elsewhere in this report.

The basic fiduciary fund financial statement can be found on page 28 of this report.

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by $25,202,644 at the close of the most recent year.

A significant portion of the County's net assets reflects its investment in capital assets, less any related debt outstanding. As of December 31, 2010, the investment consists of $15,257,464 in assets and accumulated depreciation of $4,789,789.

An additional portion of the County's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations.

For the year ended December 31, 2010, capital assets increased $2,474,363. Long-term liabilities increased $24,300 as of December 31, 2010, compared to 2009. The increase in the long-term liabilities is due primarily to an increase in the landfill closure and post-closure costs.

	Governmental Activities		Business-type Activities		Total	
	Net Assets	Net Assets	Net Assets	Net Assets	Net Assets	Net Assets
	2010	2009	2010	2009	2010	2009
Assets						
Current and other assets	$ 14,117,418	$ 13,290,136	$ 2,194,970	$ 2,195,437	$ 16,312,388	$ 15,485,573
Capital assets	10,837,770	8,342,602	314,378	335,183	11,152,148	8,677,785
Noncurrent assets	-	(949)	-	-	-	(949)
Total assets	24,955,188	21,631,789	2,509,348	2,530,620	27,464,536	24,162,409
Liabilities						
Current and other liabilities	428,092	501,135	35,032	4,054	463,124	505,189
Long-term liabilities	8,682	7,902	1,790,086	1,766,566	1,798,768	1,774,468
Total liabilities	436,774	509,037	1,825,118	1,770,620	2,261,892	2,279,657
Net assets						
Invested in capital assets, net of related debt	10,153,297	8,342,602	314,378	335,183	10,467,675	8,677,785
Restricted	2,378,471	2,486,847	-	-	2,378,471	2,486,847
Unrestricted	11,986,646	10,293,303	369,852	424,817	12,356,498	10,718,120
Total net assets	$ 24,518,414	$ 21,122,752	$ 684,230	$ 760,000	$ 25,202,644	$ 21,882,752

	Governmental Activities		Business-type Activities		Total	
	Changes in Net Assets 2010	Changes in Net Assets 2009	Changes in Net Assets 2010	Changes in Net Assets 2009	Changes in Net Assets 2010	Changes in Net Assets 2009
Revenues						
Program revenues						
Charges for services	$ 1,761,085	$ 1,562,547	$ 319,969	$ 333,918	$ 2,081,054	$ 1,896,465
Operating grants and contributions	34,092	113,666	-	-	34,092	113,666
Capital grants and contributions	2,320,847	24,748	-	-	2,320,847	24,748
General revenues						
Property taxes	3,344,034	3,381,155	-	-	3,344,034	3,381,155
Other taxes	2,496,138	2,478,786	-	-	2,496,138	2,478,786
Interest revenue	180,116	244,242	25,989	7,105	206,105	251,347
Gain on sale of assets	40,787					
Other	150,717	102,409	-	-	150,717	102,409
Total Revenues	10,327,816	7,907,553	345,958	341,023	10,632,987	8,248,576
Expenses						
General government	869,315	1,638,936	-	-	869,315	1,638,936
Public safety	2,477,833	2,268,201	-	-	2,477,833	2,268,201
Public works	1,304,339	1,474,661	-	-	1,304,339	1,474,661
Courts	648,522	566,005	-	-	648,522	566,005
Health and welfare	1,094,476	1,017,190	-	-	1,094,476	1,017,190
Culture and recreation	602,602	297,303	-	-	602,602	297,303
Intergovernmental	-	23,308	-	-	-	23,308
Landfill	-	-	356,795	564,212	356,795	564,212
Total Expenses	6,997,087	7,285,604	356,795	564,212	7,353,882	7,849,816
Increase (decrease) in net assets before transfers	3,330,729	621,949	(10,837)	(223,189)	3,319,892	398,760
Transfers	64,933	-	(64,933)	-	-	-
Increase (decrease) in net assets	3,395,662	621,949	(75,770)	(223,189)	3,319,892	398,760
Net assets beginning of year	21,122,752	20,500,803	760,000	23,300	21,882,752	20,524,103
Net assets ending	$ 24,518,414	$ 21,122,752	$ 684,230	$ 760,000	$ 25,202,644	$ 21,882,752

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of December 31, 2010, the County's governmental funds reported ending fund balance of $13,497,515. Of this balance, $10,988,845 constitutes unreserved fund balance, which is available for spending at the government's discretion. There is a designation of $74,305. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for restricted purposes.

The general fund is the operating fund of the County. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 146 percent of total governmental fund expenditures.

The fund balance of the County's governmental funds increased $1,010,460 during the current year. The County adopts a budget for the general fund and special revenue funds each year and works diligently to stay within the annual budget.

Proprietary Funds

The activities of the County that render services to the general public on a user charge basis are accounted for in the proprietary funds. The Proprietary Fund statements provide the same type of information found in the government-wide statements, but in more detail.

The Landfill fund accounts for the operation of the County's Landfill. The net assets for the proprietary funds decreased by $75,770, primarily due to the landfill closure and post closure expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of December 31, 2010 amounts to $10,467,675 net of accumulated depreciation. The investment in capital assets consists primarily of land, buildings, and machinery and equipment. For the current year, the investment in capital assets increased $1,789,890. The net change is primarily the result of capital acquisitions of $336,287, infrastructure of $1,820,522, donated recreation property of $162,504 and depreciation expense of $529,423. See Note 8 in the Notes to the Financial Statements for more detail on capital assets.

	Governmental Activities	Business-Type Activities	Total
Land	$ 954,876	$ 231,160	$ 1,186,036
Building	8,554,234	-	8,554,234
Furniture and Fixtures	388,781	17,293	406,074
Machinery and equipment	2,308,111	208,048	2,516,159
Infrastructure	1,766,940	-	1,766,940
Vehicles	822,024	-	822,024
Land Improvements	6,000	-	6,000
Accumulated depreciation	(4,647,669)	(142,123)	(4,789,792)
Total	$ 10,153,297	$ 314,378	$10,467,675

Long-Term Debt

As of December 31, 2010, the County's long-term debt consisted of compensated absences and landfill closure. See Note 9 in the Notes to the Financial Statements for more detail on long-term liabilities.

ECONOMIC FACTORS

During the year 2010, notable events were as follows:

Revenue sources have been reduced due to the downturn in the economy. Landfill tonnage, Local Option Sales Tax, motor vehicle revenue, etc have continued to have significant reductions.

The County, the City of Lexington, and the School Board have collectively assisted the City of Crawford in securing a grant to expand sewerage lines to the schools, the City of Lexington, and through the business corridor between Crawford and Lexington.

The County is pursuing a feasibility study to determine the marketing ability of attracting retirees to Oglethorpe County. If successful, retirement communities will have a significant positive economic impact on the County digest and local sales tax.

The County has added Highway 78/State Route 10 to a regional list for widening. The successful completion of this project will improve the County's economic positions.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for anyone with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Ms. Shonda Peterman, County Clerk, P.O. Box 261, Lexington, Georgia 30648.

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FINANCIAL STATEMENTS

OGLETHORPE COUNTY, GEORGIA

STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Board of Health
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 9,625,464	$ 536,388	$ 10,161,852	$ 144,690
Certificates of deposit	3,500,000	1,705,400	5,205,400	-
Receivables, net of allowance				
Taxes	466,504	-	466,504	-
Accounts	137,374	24,185	161,559	31,886
Accrued interest	35,874	18,923	54,797	-
Due from other governments	206,382	-	206,382	2,402
Interfund	89,926	(89,926)	-	-
Prepaid items	15,620	-	15,620	-
Inventory	40,274	-	40,274	-
Total current assets	14,117,418	2,194,970	16,312,388	178,978
Noncurrent assets:				
Other assets	684,473	-	684,473	-
Nondepreciable assets	954,876	231,160	1,186,036	-
Depreciable assets, net	9,198,421	83,218	9,281,639	-
Total noncurrent assets	10,837,770	314,378	11,152,148	-
Total Assets	24,955,188	2,509,348	27,464,536	178,978
LIABILITIES				
Accounts payable	243,227	-	243,227	805
Accrued salaries and benefits	131,611	2,726	134,337	-
Unearned revenue	4,053	-	4,053	-
Noncurrent liabilities:				
Due within one year	49,201	32,306	81,507	4,021
Due in more than one year	8,682	1,790,086	1,798,768	5,140
Total Liabilities	436,774	1,825,118	2,261,892	9,966
NET ASSETS				
Invested in capital assets	10,153,297	314,378	10,467,675	-
Restricted for				
Program purposes	551,270	-	551,270	122,053
Capital outlay	1,827,201	-	1,827,201	-
Unrestricted	11,986,646	369,852	12,356,498	46,959
Total Net Assets	$ 24,518,414	$ 684,230	$ 25,202,644	$ 169,012

The notes to the financial statements are an integral part of this statement.

OGLETHORPE COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Board of Health
Primary Government:								
Governmental Activities								
General government	$ 869,315	$ 617,883	$ 8,820	$ -	$ (242,612)	$ -	$ (242,612)	
Public safety	2,477,833	774,559	11,150	58,206	(1,633,918)	-	(1,633,918)	
Public works	1,304,339	43,937	14,122	1,828,858	582,578	-	582,578	
Courts	648,522	-	-	-	(648,522)	-	(648,522)	
Health and welfare	1,094,476	147,532	-	-	(946,944)	-	(946,944)	
Culture and recreation	602,602	177,174	-	433,783	8,355	-	8,355	
Total governmental activities	6,997,087	1,761,085	34,092	2,320,847	(2,881,063)	-	(2,881,063)	
Business-type Activities								
Landfill	356,795	319,969	-	-	-	(36,826)	(36,826)	
Total business-type activities	356,795	319,969	-	-	-	(36,826)	(36,826)	
Total Primary Government	$ 7,353,882	$ 2,081,054	$ 34,092	$ 2,320,847	(2,881,063)	(36,826)	(2,917,889)	
Component Units:								
Board of Health	$ 312,879	$ 121,856	$ 224,976	$ -				$ 33,953
Total Component Units	$ 312,879	$ 121,856	$ 224,976	$ -				33,953
General Revenues								
Property tax					3,344,034	-	3,344,034	-
Sales tax					1,457,513	-	1,457,513	-
Other tax					503,172	-	503,172	-
Insurance premium tax					527,511	-	527,511	-
Real estate transfer tax					7,942	-	7,942	-
Interest revenue					180,116	25,989	206,105	197
Gain on sale of assets					40,787	-	40,787	-
Miscellaneous					150,717	-	150,717	-
Total General Revenues					6,211,792	25,989	6,237,781	197
Transfers					64,933	(64,933)	-	-
Total General Revenues and Transfers					6,276,725	(38,944)	6,237,781	197
Change in Net Assets					3,395,662	(75,770)	3,319,892	34,150
Net Assets - Beginning of Year					21,122,752	760,000	21,882,752	134,862
Net Assets - End of Year					$ 24,518,414	$ 684,230	$25,202,644	$ 169,012

The notes to the financial statements are an integral part of this statement

OGLETHORPE COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General Fund	2007 SPLOST	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 7,363,067	$ 1,771,811	$ 490,586	$ 9,625,464
Certificates of deposit	3,500,000	-	-	3,500,000
Receivables, net of allowance				
Taxes	466,504	-	-	466,504
Accounts	94,895	-	42,479	137,374
Accrued interest	35,860	-	14	35,874
Due from other governments	105,112	58,680	42,590	206,382
Due from other funds	89,926	-	28,874	118,800
Prepaid items	-	-	15,620	15,620
Inventory	40,274	-	-	40,274
Total Assets	$11,695,638	$ 1,830,491	$ 620,163	$14,146,292
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 197,328	$ 3,292	$ 42,607	$ 243,227
Accrued payroll deductions	122,252	-	9,359	131,611
Due to other funds	27,569	-	1,305	28,874
Deferred revenues				
Taxes	241,012	-	-	241,012
Other	4,053	-	-	4,053
Total Liabilities	592,214	3,292	53,271	648,777
Fund Balances:				
Reserved				
Prepaids	-	-	15,620	15,620
Capital outlay	-	1,827,199	2	1,827,201
Program purposes	-	-	551,270	551,270
Inventory	40,274	-	-	40,274
Unreserved, reported in				
General Fund				
Designated for recreation	48,993	-	-	48,993
Designated for public safety	25,312	-	-	25,312
Undesignated	10,988,845	-	-	10,988,845
Total Fund Balances	11,103,424	1,827,199	566,892	13,497,515
Total Liabilities and Fund Balances	$11,695,638	$ 1,830,491	$ 620,163	$14,146,292

The notes to the financial statements are an integral part of this statement.

OGLETHORPE COUNTY, GEORGIA

RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

Total Fund Equity per Balance Sheet of Governmental Funds	$ 13,497,515
Amounts reported for governmental activities in the Statement of Net Assets differ from amounts reported in the Balance Sheet of Governmental Funds due to the following:	
Capital Assets	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Cost of the assets	14,800,966
Accumulated depreciation	(4,647,669)
Net pension asset is not available during the current period and therefore, is not reported in the funds.	
Other assets	684,473
Revenues	
Some of the government's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	241,012
Long-term Liabilities	
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities both current and long-term are reported in the Statement of Net Assets. Long-term liabilities at year-end consist of the following:	
Compensated absences	(57,883)
Total Net Assets of Governmental Activities	$ 24,518,414

The notes to the financial statements are an integral part of this statement.

OGLETHORPE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	General Fund	2007 SPLOST	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	$ 4,956,779	$ 776,927	$ -	$ 5,733,706
License and permits	45,726	-	-	45,726
Intergovernmental revenue	72,820	-	285,138	357,958
Charges for services	1,104,125	-	198,777	1,302,902
Fines and forfeitures	609,311	-	41,823	651,134
Interest income	176,855	8,403	5,605	190,863
Other revenues	121,272	-	6,156	127,428
Total Revenues	7,086,888	785,330	537,499	8,409,717
Expenditures:				
Current:				
General government	1,485,460	23,717	2,649	1,511,826
Courts	590,318	49,196	-	639,514
Public safety	1,883,206	1,475	323,260	2,207,941
Public works	596,435	239,998	-	836,433
Health and welfare	1,063,754	-	-	1,063,754
Culture and recreation	318,132	16,961	-	335,093
Intergovernmental	37,623	-	-	37,623
Capital Outlay	-	191,015	681,778	872,793
Total Expenditures	5,974,928	522,362	1,007,687	7,504,977
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,111,960	262,968	(470,188)	904,740
Other Financing Sources (Uses):				
Sale of capital assets	40,787	-	-	40,787
Transfers from other funds	64,933	-	106,718	171,651
Transfers to other funds	(106,718)	-	-	(106,718)
Total other financing sources (uses)	(998)	-	106,718	105,720
Net change in fund balances	1,110,962	262,968	(363,470)	1,010,460
Fund Balance, beginning of year	9,992,462	1,564,231	930,362	12,487,055
Fund Balance, end of year	$ 11,103,424	$ 1,827,199	$ 566,892	$ 13,497,515

The notes to the financial statements are an integral part of this statement.

OGLETHORPE COUNTY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

Net Change in Fund Balances - Governmental Funds	$ 1,010,460
Amounts reported for governmental activities in the Statement of Activities differ from amounts reported in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances due to the following:	
Capital Assets	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.	
Total capital outlays	336,287
Total depreciation	(508,618)
The net effect of various miscellaneous transactions involving capital assets (i.e. donations, annexing) is to increase net assets	1,983,026
Change in investment in joint venture	949
Net pension asset is not available during the current period and therefore, is not reported in the funds.	
Other assets	684,473
Long-term Debt	
Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The adjustments for these items are as follows:	
Compensated absences	(5,201)
Revenues	
Because some revenues will not be collected for several months after the government's fiscal year end, they are not considered available revenues and are deferred in the governmental funds. Deferred revenues increased by this amount during the fiscal year.	(105,714)
Change in Net Assets of Governmental Activities	$ 3,395,662

The notes to the financial statements are an integral part of this statement.

OGLETHORPE COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget		Actual Revenue	Variance with Final Budget Positive (Negative)
	Original	Final		
Taxes:				
General property taxes	$ 2,900,415	$ 2,900,415	$ 3,068,022	$ 167,607
Local option sales tax	660,000	660,000	680,586	20,586
Other taxes:				
Recording intangibles	60,000	60,000	43,238	(16,762)
Timber taxes	23,112	23,112	41,886	18,774
Motor vehicle taxes	366,082	366,082	295,519	(70,563)
Mobile home taxes	36,000	36,000	38,974	2,974
Franchise taxes	4,000	4,000	2,138	(1,862)
Insurance premium taxes	550,000	550,000	527,511	(22,489)
Alcoholic beverage taxes	70,000	70,000	81,417	11,417
Penalties and interest	174,407	174,407	177,488	3,081
Total Taxes	4,844,016	4,844,016	4,956,779	112,763
Licenses and Permits:				
Alcohol beverage license	2,500	2,500	4,835	2,335
Business licenses	25,527	25,527	19,361	(6,166)
Building permits	40,000	40,000	21,530	(18,470)
Total Licenses and Permits	68,027	68,027	45,726	(22,301)
Intergovernmental Revenues:				
State grants:				
Forestry commission payment in lieu of tax	8,360	8,360	8,820	460
Real estate transfer tax	7,000	7,000	7,942	942
Criminal Justice Coordinating Council	-	-	56,058	56,058
Total Intergovernmental Revenue	$ 15,360	$ 15,360	$ 72,820	$ 57,460

The notes to the financial statements are an integral part of this statement

OGLETHORPE COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)

	Budget		Actual Revenue	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges for Services:				
Recreation fees	$ 76,100	$ 76,100	$ 149,303	$ 73,203
Ambulance services	375,000	375,000	512,082	137,082
Jail-housing Prisoners State	7,854	7,854	13,596	5,742
Senior citizens client fees	145,000	145,000	147,532	2,532
Recycling	31,000	31,000	43,937	12,937
Civil defense	5,000	5,000	10,000	5,000
Planning and zoning	31,000	31,000	23,402	(7,598)
Tax Commissioner - commissions	-	-	204,238	204,238
Subdivision fees	250	250	-	(250)
Other	45	45	35	(10)
Total Charges for Services	671,249	671,249	1,104,125	432,876
Fines and Forfeits:				
Superior Court	115,000	115,000	144,513	29,513
Probate Court	145,000	145,000	150,052	5,052
Magistrate Court	31,000	31,000	44,455	13,455
Sheriff Cost and fees	195,000	195,000	245,853	50,853
Probation	6,000	6,000	24,438	18,438
Total Fines and Forfeits	492,000	492,000	609,311	117,311
Miscellaneous:				
Interest	205,000	205,000	176,855	(28,145)
Telephone commissions	-	-	25,830	25,830
Insurance recovery	-	-	58,042	58,042
Other revenues	52,828	52,828	37,400	(15,428)
Total Miscellaneous	257,828	257,828	298,127	40,299
Total Revenues	$ 6,348,480	$ 6,348,480	$ 7,086,888	$ 738,408

The notes to the financial statements are an integral part of this statement

OGLETHORPE COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)

	Budget		Actual Expenditures	Variance with Final Budget Positive (Negative)
	Original	Final		
General Government:				
General Administration:				
Group insurance	$ 390,000	$ 390,000	$ 336,892	$ 53,108
Bonds and insurance	120,000	120,000	120,333	(333)
Workman's compensation	92,000	92,000	95,993	(3,993)
Retirement	370,000	370,000	174,577	195,423
Unemployment	10,000	10,000	14,286	(4,286)
Contingency	180,000	20,330	-	20,330
Total General Administration	1,162,000	1,002,330	742,081	260,249
Board of Commissioners:				
Personnel	145,180	145,180	138,017	7,163
Other	52,497	52,497	52,284	213
Information Technology	30,000	30,000	17,548	12,452
Total Board of Commissioners	227,677	227,677	207,849	19,828
Tax Commissioner's Office:				
Personnel	152,825	152,825	147,269	5,556
Other	53,400	53,400	43,998	9,402
Total Tax Commissioner's Office	206,225	206,225	191,267	14,958
Tax Assessors:				
Personnel	22,021	22,021	21,500	521
Other	38,000	38,000	37,867	133
Total Tax Assessors	60,021	60,021	59,367	654
Tax Equalization Office:	$ 4,200	$ 4,200	$ 1,621	$ 2,579

The notes to the financial statements are an integral part of this statement

OGLETHORPE COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)

	Budget		Actual Expenditures	Variance with Final Budget Positive (Negative)
	Original	Final		
General Government (Continued):				
Tax Appraiser:				
Personnel	$ 72,820	$ 78,820	$ 76,527	$ 2,293
Other	2,000	2,000	-	2,000
Total Tax Appraiser	74,820	80,820	76,527	4,293
Coroner:				
Personnel	10,953	10,953	11,418	(465)
Other	8,200	8,200	4,415	3,785
Total Coroner	19,153	19,153	15,833	3,320
County Attorney	35,000	35,000	18,359	16,641
Elections	20,895	27,202	27,202	-
Voter Registrar:				
Personnel	13,730	17,771	21,096	(3,325)
Other	5,800	5,800	2,439	3,361
Total Voter Registrar	19,530	23,571	23,535	36
Public Buildings:				
Personnel	26,913	26,913	13,678	13,235
Other	62,500	62,500	72,103	(9,603)
Total Public Buildings	$ 89,413	$ 89,413	$ 85,781	$ 3,632

The notes to the financial statements are an integral part of this statement

OGLETHORPE COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)

	Budget		Actual Expenditures	Variance with Final Budget Positive (Negative)
	Original	Final		
General Government (Continued):				
Cooperative Extension Service:				
Personnel	$ 27,847	$ 28,100	$ 29,008	$ (908)
Other	7,938	7,938	7,030	908
Total Cooperative Extension Service	35,785	36,038	36,038	-
Total General Government	1,954,719	1,811,650	1,485,460	326,190
Courts:				
Superior Court:				
Personnel	84,417	84,417	83,998	419
Other	20,400	22,676	23,095	(419)
Total Superior Court	104,817	107,093	107,093	-
Probate Court:				
Personnel	130,702	136,768	139,553	(2,785)
Other	10,675	10,675	7,890	2,785
Total Probate Court	141,377	147,443	147,443	-
Magistrate Court:				
Personnel	126,347	130,244	136,534	(6,290)
Other	21,300	21,300	15,010	6,290
Total Magistrate Court	147,647	151,544	151,544	-
Other Judicial:				
Personnel	100,585	100,585	35,177	65,408
Courthouse security	-	-	17,123	(17,123)
Other	125,755	125,755	131,938	(6,183)
Capital Outlay	1,500	1,500	-	1,500
Total Other Judicial	227,840	227,840	184,238	43,602
Total Courts	$ 621,681	$ 633,920	$ 590,318	$ 43,602

The notes to the financial statements are an integral part of this statement

OGLETHORPE COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)

	Budget		Actual Expenditures	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Safety:				
Sheriff's Office:				
Personnel	$ 679,678	$ 679,678	$ 664,759	$ 14,919
Other	176,000	176,000	171,937	4,063
Capital Outlay	3,000	47,616	66,598	(18,982)
Total Sheriff's Office	858,678	903,294	903,294	-
Jail:				
Personnel	564,952	564,952	498,638	66,314
Prisoner	1,000	1,000	-	1,000
Medical	65,000	65,000	107,284	(42,284)
Other	160,500	160,500	166,848	(6,348)
Total Jail	791,452	791,452	772,770	18,682
Rescue Unit / Civil Defense:				
Personnel	10,296	10,296	10,172	124
Other	22,050	22,050	9,612	12,438
Total Rescue Unit / Civil Defense	32,346	32,346	19,784	12,562
Local Fire Departments:				
County Part	178,495	178,495	149,358	29,137
Total Local Fire Departments	178,495	178,495	149,358	29,137
Animal Shelter	38,000	38,000	38,000	-
Total Public Safety	1,898,971	1,943,587	1,883,206	60,381
Public Works:				
Public Work Camp:				
Personnel	279,119	279,119	262,837	16,282
Other	178,500	178,500	129,716	48,784
Capital Outlay	40,000	40,000	39,013	987
Total Public Work Camp	$ 497,619	$ 497,619	$ 431,566	$ 66,053

The notes to the financial statements are an integral part of this statement

OGLETHORPE COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)

	Budget		Actual Expenditures	Variance with Final Budget Positive (Negative)
	Original	Final		
Code Enforcement Center				
Personnel	$ 31,262	$ 31,262	$ 29,620	$ 1,642
Other	5,550	5,550	4,255	1,295
Total Code Enforcement Center	36,812	36,812	33,875	2,937
Recycling				
Personnel	21,530	21,530	19,034	2,496
Other	15,650	15,650	16,433	(783)
Total Recycling	37,180	37,180	35,467	1,713
Planning and Zoning				
Personnel	87,385	87,385	82,177	5,208
Other	12,550	12,550	13,350	(800)
Total Land Use and Development	99,935	99,935	95,527	4,408
Total Public Works	671,546	671,546	596,435	75,111
Health and Welfare:				
Ambulance Service:				
Personnel	667,853	667,853	622,020	45,833
Other	83,900	83,900	80,158	3,742
Capital Outlay	18,500	18,500	11,926	6,574
Total Ambulance Service	$ 770,253	$ 770,253	$ 714,104	$ 56,149

The notes to the financial statements are an integral part of this statement

OGLETHORPE COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)

	Budget		Actual Expenditures	Variance with Final Budget Positive (Negative)
	Original	Final		
Senior Center:				
Personnel	$ 133,785	$ 133,785	$ 131,876	$ 1,909
Other	94,850	103,842	105,751	(1,909)
Total Senior Center	228,635	237,627	237,627	-
Other Health and Welfare:				
Dept of Family and Children Services	8,000	8,000	6,374	1,626
Mental Health	1,940	1,940	1,940	-
Retardation Center	600	600	600	-
Child Development Center	2,050	2,050	1,173	877
Development Authority	25,350	25,350	21,067	4,283
Board of Health	84,000	84,000	80,869	3,131
Total Other Health and Welfare	121,940	121,940	112,023	9,917
Total Health and Welfare	1,120,828	1,129,820	1,063,754	66,066
Culture and Recreation:				
Library:				
Personnel	55,281	55,281	50,674	4,607
Other	18,000	18,000	20,062	(2,062)
Total Library	73,281	73,281	70,736	2,545
Recreation Department:				
Personnel	88,810	88,810	93,299	(4,489)
Other	95,200	138,586	134,097	4,489
Capital Outlay	-	20,000	20,000	-
Total Recreation Department	184,010	247,396	247,396	-
Total Culture and Recreation	$ 257,291	$ 320,677	$ 318,132	$ 2,545

The notes to the financial statements are an integral part of this statement

OGLETHORPE COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)

	Budget		Actual Expenditures	Variance with Final Budget Positive (Negative)
	Original	Final		
Payments to Other Government Agencies:				
State Forestry Commission	$ 9,225	$ 23,061	$ 23,061	$ -
Northeast Georgia Regional Dev. Center	14,000	14,000	13,909	91
Northeast Georgia Solid Waste Authority	1,000	1,000	653	347
Total Payments to Other Government Agencies	24,225	38,061	37,623	438
Total Current Expenditures	6,549,261	6,549,261	5,974,928	574,333
Debt Service				
Principal	3,000	3,000	-	3,000
Total Debt Service	3,000	3,000	-	3,000
Total Expenditures	6,552,261	6,552,261	5,974,928	577,333
Excess (Deficiency) of Revenues Over (Under) Expenditures	(203,781)	(203,781)	1,111,960	1,315,741
Other Financing Sources (Uses):				
Sale of capital assets	-	-	40,787	40,787
Transfers from Landfill	64,933	64,933	64,933	-
Transfers to E911 Fund	(131,386)	(131,386)	(106,718)	24,668
Total Other Financing Uses	(66,453)	(66,453)	(998)	65,455
Net Change in fund balance	$ (270,234)	$ (270,234)	1,110,962	$ 1,381,196
Fund Balance, beginning of year			9,992,462	
Fund Balance, end of year			$ 11,103,424	

The notes to the financial statements are an integral part of this statement

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OGLETHORPE COUNTY, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2010

	Business-type Activities - Enterprise Funds
	Landfill Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ 536,388
Certificates of deposit	1,705,400
Accounts receivable (net of allowance for uncollectibles)	24,185
Accrued interest	18,923
Total current assets	2,284,896
Noncurrent assets:	
Capital assets:	
Nondepreciable	231,160
Depreciable, net	83,218
Total capital assets	314,378
Total noncurrent assets	314,378
Total assets	2,599,274
LIABILITIES	
Current liabilities:	
Accrued liabilities	2,726
Due to other funds	89,926
Compensated absences	1,706
Current portion of post-closure costs	30,600
Total current liabilities	124,958
Noncurrent liabilities	
Post-closure costs	1,790,086
Total noncurrent liabilities	1,790,086
Total liabilities	1,915,044
NET ASSETS	
Invested in capital assets	314,378
Unrestricted	369,852
Total net assets	$ 684,230

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

OGLETHORPE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Business-type Activities - Enterprise Funds
	Landfill Fund
Operating Revenues:	
Charges for services	$ 319,969
Total operating revenues	319,969
Operating Expenses:	
Personal services	69,848
Purchased services	49,747
Landfill closure and postclosure	96,984
Materials and supplies	119,411
Depreciation	20,805
Total Operating Expenses	356,795
Operating Income (Loss)	(36,826)
Non-Operating Revenues (Expenses):	
Interest revenue	25,989
Total Non-Operating Revenues (Expenses)	25,989
Net Income (Loss) before Contributions and Transfers	(10,837)
Transfers out	(64,933)
Change in net assets	(75,770)
Net assets - beginning of year	760,000
Net assets - end of year	$ 684,230

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

OGLETHORPE COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Business-type Activities - Enterprise Funds
	Landfill Fund
Cash Flows from Operating Activities:	
Cash received from customers	$ 1,974,330
Cash paid to suppliers for good and services	(123,383)
Cash paid to employees	(68,183)
Net Cash Provided by (Used for) Operating Activities	1,782,764
Cash Flows from Noncapital Financing Activities:	
Transfer to General Fund	(64,933)
Net Cash Provided by (Used for) Noncapital Financing Activities	(64,933)
Cash Flows from Capital and Related Financing Activities:	
Net Cash Provided by (Used for) Capital and Related Financing Activities	-
Cash Flows from Investing Activities:	
Interest received	7,066
Net Cash Provided by (Used for) Investing Activities	7,066
Net Increase (Decrease) in Cash and Cash Equivalents	1,724,897
Cash and Cash Equivalents - Beginning of Year	516,891
Cash and Cash Equivalents - End of Year	$ 2,241,788

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

OGLETHORPE COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)

	Business-type Activities - Enterprise Funds
	Landfill Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:	
Operating Income (Loss)	$ (36,826)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:	
Depreciation	20,805
Changes in Assets and Liabilities:	
(Increase) decrease in accounts receivables	(416)
(Increase) decrease in due from other funds	1,654,777
Increase (decrease) in accounts payable	(1,465)
Increase (decrease) in accrued liabilities	1,147
Increase (decrease) in compensated absences	518
Increase (decrease) in postclosure costs	54,298
Total adjustments	1,819,590
Net Cash Provided by (Used for) Operating Activities	$ 1,782,764

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

OGLETHORPE COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2010

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 1,106,100
Total Assets	$ 1,106,100
LIABILITIES	
Due to other governments	$ 1,019,479
Funds held in escrow	40,119
Due to others	46,502
Total Liabilities	$ 1,106,100

The notes to the financial statements are an integral part of this statement

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies

Oglethorpe County was established under the provisions of an Act of the General Assembly of Georgia. The County operates under a county commissioner form of government, and provides the following services as authorized by state law, general administrative services, public safety, roads and bridges, courts and health and welfare.

The accounting policies of Oglethorpe County, Georgia conform to generally accepted accounting principles as applicable to governments. The following is a summary of the County's more significant policies applied in the preparation of the accompanying financial statements.

A. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of Oglethorpe County (the primary government) and any component units. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The component unit discussed below is included in the County's reporting entity because of the significance of its operational and financial relationships with the County. In conformity with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards No. 14, *The Financial Reporting Entity*, which was adopted by the County as of October 1, 1995, the financial statements of the component unit have been included as a discretely presented component unit. The component unit column in the combined financial statements includes the financial data for the County's component unit, as reflected in their most recent audited financial statements for June 30, 2010. This audit is reported in a column separate from the County's financial information to emphasize that it is legally separate from the County.

Oglethorpe County Board of Health

The governing board of the Board of Health consists of members appointed by the County Commissioners. The County, by virtue of its appointments, controls a majority of the governing body positions. The Board submits all operating budgets to the County each year. The County provides significant funding to the Board, based upon the approved budgets. The Board operates on a fiscal year ending June 30th.

Complete financial statements of the individual component unit can be obtained from the Oglethorpe County clerk.

Oglethorpe County, Georgia
P.O. Box 261
Lexington, Georgia 30648

Oglethorpe County Law Library (Blended Component Unit)

The Oglethorpe County Law Library is an entity separate from the County. For financial reporting purposes, the Law Library is reported as if it were a part of the County's operations, because the Law Library primarily serves the courts of the County. The Law Library does not issue separate financial statements. Any capital assets purchased by the Law Library become the property of Oglethorpe County.

A joint venture has the following characteristics:

- It is a legal entity that results from a contractual agreement
- It is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control
- Participants retain an ongoing financial interest or an ongoing financial responsibility

The following agency is a joint venture with four other counties: Elbert, Franklin, Hart, and Madison.

Office of the Public Defender – Northern Judicial Circuit – The office is responsible for providing legal representation to indigent citizens. Oglethorpe County provides 12% of the budget; each of the other four counties provides 22%. The office submits annual budget requests to the counties. Total equity interest in the net assets of the joint venture as of June 30, 2010, was $0.

Complete financial statements can be obtained from the Franklin County Clerk:

Franklin County, Georgia
P.O. Box 151
Carnesville, Georgia 30521

Under Georgia law, the County, in conjunction with other cities and counties in the eight county west central Georgia area, is a member of the Northeast Georgia Regional Commission (RC) and is required to pay annual dues thereto. During its year ended December 31, 2010, the county paid $13,609 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 Council membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

Northeast Georgia Regional Commission
305 Research Drive
Athens, Georgia 30605-2795

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Assets and Statement of Change in Net Assets) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the obligations are expected to be liquidated with expendable available financial resources.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the County's enterprise funds is charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The fund financial statements provide more detailed information about the government's most significant funds, not the government as a whole. The activities of the government are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The government reports the following major governmental funds:

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

2007 Special Purpose Local Option Sales Tax – is used to account for the various budgeted roads, streets and bridges projects, public safety projects and infrastructure projects.

The government reports the following major proprietary fund:

Landfill Fund – is used to account for the revenues and expenses associated with operating the County landfill.

Additionally, the government reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Project Funds – Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

Agency Funds – Agency Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates, and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

E. Receivables

Receivables and Due from Other Governments represent funds to be received from other local governments, state grant-in-aid, state contracts, or federal funds. No allowance is deemed necessary for these receivables.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables, have been reduced to their estimated net realizable value, and are shown net of an allowance for doubtful accounts. Estimated uncollectible amounts are based upon historical experience rates.

F. Inventories

Inventories of expendable supplies held for consumption are not considered material and are recorded as expenditures, or expenses, as appropriate, when purchased. Inventory in the General Fund consists of fuel, which is priced at cost using the First-In-First-Out method.

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items in both government-wide and fund financial statements.

H. Capital Assets

Capital assets, which include property, plant; equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items acquired subsequent to January 1, 2003) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the County during the current fiscal year was $0. Of this amount, none was applicable to construction of capital assets.

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

Building	39 years
Equipment	5-25 years
Infrastructure	50 years
Furniture	5 years
Vehicles	5 years

I. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets.

K. Fund Equity

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

L. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors or omissions. The County purchases commercial insurance for most types of risk. For these risks, settlements have not exceeded coverage's for each of the past three fiscal years. The County had no significant reduction in insurance coverage from coverage in the prior year.

The County has joined together with other municipalities in the state as part of the ACCG Group Self Insurance Workers' Compensation Self Insurance Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments. The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings, which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation

Law of Georgia, or on the basis of employer's liability. The Fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense. For the year ending December 31, 2010, the County's total contribution was $0 for the Workers Compensation Fund.

The County is a member of the ACCG Interlocal Risk Management Agency (ACCG-IRMA). This agency functions as a risk sharing arrangement among Georgia County governments and is administered by the Association of County Commissioners of Georgia (ACCG). The purpose of ACCG-IRMA is to establish and administer one or more group self-insurance funds; to establish and administer a risk management service; and to prevent or lessen the incidence or severity of casualty and property losses. Each member pays an annual contribution established by the Board of ACCG-IRMA. For the period December 1, 2009 - December 1, 2010, the County's total contribution was $122,438. ACCG-IRMA may develop and issue such self-insurance coverage descriptions, as it deems necessary. The current coverage provides a $3,000,000 general liability limit with a $1,000 per occurrence deductible.

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

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

A. Budget Process

The annual budget document is the financial plan for the operation of Oglethorpe County. The budget process exists for the purpose of providing a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the financial posture of the County.

The County prepares a separately issued budget report. An annual operating budget is prepared for the General and Special Revenue funds. Prior to year end the Clerk of the County Commissioners submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. The Board of Commissioners holds a public hearing on the budget, giving notice thereof at least ten days in advance by publication in the official organ of Oglethorpe County. The budget is then revised and adopted or amended by the Board of Commissioners at a regular meeting before the year to which it applies. The budget so adopted may be revised during the year only by formal action of the Board of Commissioners in a regular

meeting and no increase shall be made therein without provision also being made for financing same. The legal level of control is at the department level.

Formal budgetary integration is employed as a management control device during the year. The budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The General Fund is subject to budgetary control on a departmental basis, while the Special Revenue funds are subject to budgetary control on an individual fund basis. Budgets are prepared for the Capital Projects Funds on a project basis, which usually covers two or more fiscal years. Budgeted amounts are as originally adopted, or as amended by the Board of Commissioners. Individual amendments are not material in relation to the original appropriations.

B. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to serve that portion of the applicable appropriation, is not employed by the County. Budget to Generally Accepted Accounting Principal Basis reconciliations are not required.

NOTE 3 – DEPOSITS AND INVESTMENTS

Custodial Credit Risk - Deposits

The custodial credit risk of deposits is the risk that in the event of the failure of a bank, the government will not be able to recover deposits. The County's bank balances of deposits as of December 31, 2010 are entirely insured or collateralized with securities held by the County's agent in the County's name. State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

At June 30, 2010, the carrying amount of deposits for the Oglethorpe County Board of Health, a discretely presented component unit, was $144,690, and the bank balance was $148,634. All of the bank balance was covered by federal depository insurance or by collateral held.

NOTE 4 – PROPERTY TAXES

State law requires that property taxes be based on assessed value, which is 40% of market value. All real and personal property (including motor vehicles) is valued as of January 1 of each year and must be returned for tax purposes by March 1. With the exception of motor vehicles and the property of public utilities, which are valued by the State Revenue Department, all assessments are made by the Board of Tax Assessors of Oglethorpe County.

Exemptions are permitted for certain inventories. A homestead exemption is allowed for each taxpayer that is a homeowner and resides in the household as of January 1. There are other exemptions provided by state and local laws.

Upon completion of all assessments and tax returns, the information is turned over to the County Tax Commissioner for compilation of the tax digest. The completed tax digest must be submitted to the State Revenue Commissioner for approval. The State Revenue Commissioner must ascertain that real property on the tax digest has been assessed at the state mandated forty percent (40%) of fair market value. The Commissioner has the option to withhold certain state funding if the mandated 40% level is not reached.

The Oglethorpe County Tax Commissioner distributes tax notices and collects tax payments. Motor vehicle taxes are due based upon the birthday of the owner. The 2010 property taxes were mailed (levied) as of October 20 with a due date of December 20.

Property taxes receivable have been reduced to their estimated net realizable value. Estimated uncollectible amounts are based upon historical experience rates and result in a direct reduction of the related revenue amount at the end of the period.

NOTE 5 – OTHER RECEIVABLES

Receivables at December 31, 2010, consist of the following:

	General Fund	Non-major Governmental Funds	Landfill Fund	Total
Receivables:				
Taxes	$ 572,590	$ -	$ -	$ 572,590
Landfill	-	-	43,591	43,591
Accounts	394,018	42,479	-	436,497
Other	53,704	14	18,923	53,718
Gross Receivables	1,020,312	42,493	62,514	1,106,396
Less: Allowance for uncollectibles	(423,053)	-	(19,406)	(442,459)
Net Total Receivables	$ 597,259	$ 42,493	$ 43,108	$ 663,937

The accounts receivable balance in the General Fund is made up of the uncollected billings for EMS charges as of December 31, 2010. The County has estimated an allowance for uncollectibles against these receivables based on the historical collection rates of the EMS charges.

NOTE 6 – DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at December 31, 2010, are as follows:

	Federal	State	Total
Fund:			
General	$ 53,712	$ 51,400	$ 105,112
SPLOST	-	58,680	58,680
Nonmajor	42,590	-	42,590
Total	$ 96,302	$ 110,080	$ 206,382

The amounts due from other government are primarily for sales tax and grant funds.

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2010, were as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Landfill Fund	$ 89,926
Nonmajor governmental fund	General Fund	27,569
Nonmajor governmental fund	Nonmajor governmental fund	1,305
Total		$ 118,800

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The County expects to repay all interfund balances within one year.

Interfund transfers:

	General Fund	Nonmajor Governmental	Total
Transfer out:			
General fund	$ -	$ 106,718	$ 106,718
Landfill fund	64,933	-	64,933
Total	$ 64,933	$ 106,718	$ 171,651

Transfers are used to move unrestricted revenue to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching fund for various grant programs.

NOTE 8 – CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2010, was as follows:

	Beginning Balance	Increase	Decrease	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 718,790	$ 236,086	$ -	$ -	$ 954,876
Total capital assets, not being depreciated	718,790	236,086	-	-	954,876
Capital assets, being depreciated:					
Buildings	8,554,234	-	-	-	8,554,234
Furniture and Fixtures	388,781	-	-	-	388,781
Machinery and equipment	2,289,614	201,764	(183,267)	-	2,308,111
Infrastructure	-	1,766,940	-	-	1,766,940
Vehicles	778,063	108,523	(64,562)	-	822,024
Land improvements	-	6,000	-	-	6,000
Total capital assets being depreciated	12,010,692	2,083,227	(247,829)	-	13,846,090
Less accumulated depreciation for:					
Buildings	(1,800,555)	(188,620)	-	-	(1,989,175)
Furniture and Fixtures	(219,283)	(49,734)	-	-	(269,017)
Machinery and equipment	(1,860,817)	(108,604)	183,267	-	(1,786,154)
Infrastructure	-	(44,174)	-	-	(44,174)
Vehicles	(506,225)	(117,286)	64,562	-	(558,949)
Land improvements	-	(200)	-	-	(200)
Total accumulated depreciation	(4,386,880)	(508,618)	247,829	-	(4,647,669)
Total capital assets, being depreciated, net	7,623,812	1,574,609	-	-	9,198,421
Governmental activities capital assets, net	$ 8,342,602	$ 1,810,695	$ -	$ -	$ 10,153,297

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

Governmental activities:	
General government	$ 22,387
Public safety	295,742
Public works	149,820
Courts	2,208
Health and welfare	30,722
Recreation	7,739
Total depreciation expense - governmental activities	$ 508,618

	Beginning Balance	Increase	Decrease	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 231,160	$ -	$ -	$ -	$ 231,160
Total capital assets, not being depreciated	231,160	-	-	-	231,160
Capital assets, being depreciated:					
Furniture and Fixtures	17,293	-	-	-	17,293
Machinery and equipment	208,048	-	-	-	208,048
Total capital assets being depreciated	225,341	-	-	-	225,341
Less accumulated depreciation for:					
Furniture and Fixtures	(17,293)	-	-	-	(17,293)
Machinery and equipment	(104,025)	(20,805)	-	-	(124,830)
Total accumulated depreciation	(121,318)	(20,805)	-	-	(142,123)
Total capital assets, being depreciated, net	104,023	(20,805)	-	-	83,218
Business-type activities capital assets, net	$ 335,183	$ (20,805)	$ -	$ -	$ 314,378

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

Business-type activities:	
Landfill	$ 20,805
Total depreciation expense - business-type activities	$ 20,805

	Beginning Balance	Increase	Decrease	Ending Balance
Component Unit activities:				
Capital assets, being depreciated:				
Equipment	$ 15,576	$ -	$ 5,000	$ 10,576
Total capital assets being depreciated	15,576	-	5,000	10,576
Less accumulated depreciation for:				
Equipment	(15,576)	-	5,000	(10,576)
Total accumulated depreciation	(15,576)	-	5,000	(10,576)
Total capital assets, being depreciated, net	-	-	-	-
Component Unit activities capital assets, net	$ -	$ -	$ -	$ -

NOTE 9 – LONG-TERM DEBT

Changes in Long-term Liability

Long-term liability activity for the year ended December 31, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	$ 52,682	$ 41,912	$ (36,711)	$ 57,883	$ 49,201
Governmental activity Long-term liabilities	$ 52,682	$ 41,912	$ (36,711)	$ 57,883	$ 49,201

For the governmental activities, compensated absences are generally liquidated by the general fund.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Compensated absences	$ 1,188	$ 1,392	$ (874)	$ 1,706	$ 1,706
Landfill closure	1,766,388	84,898	(30,600)	1,820,686	30,600
Business-type activity Long-term liabilities	$ 1,767,576	$ 86,290	$ (31,474)	$ 1,822,392	$ 32,306

NOTE 10 – COMMITMENTS

The County is leasing office space on a month-to-month basis.

Landfill Closure Costs

Under state and federal laws and regulations, the County was required to place a final cover upon closing the landfill from receiving solid waste and to continue to perform various maintenance and monitoring functions at the landfill site for a period of 25 years after closure. This is in addition to the normal operating expenses related to the current activities of the landfill.

The current County landfill activities are to receive inert material and construction/demolition debris. The current operation of the landfill is to fulfill an agreement with Athens-Clarke County in which the County is allowed to transport solid waste materials from Oglethorpe County to the Athens-Clark County landfill. County management is of the opinion that the only additional costs to be associated with final landfill closure will be monitoring and maintenance of solid waste materials. The County has estimated the closure and post closure costs associated with the landfill to be $2,598,212. The County has no responsibility for closure costs associated with Athens-Clarke County landfill. The percentage of landfill capacity used as of December 31,

2010, is 42%, and the estimated remaining landfill life is 15 years. As of December 31, 2010, the County had recorded a liability for closure and post closure costs totaling $1,820,686.

The County is of the opinion that costs associated with the landfill closure can be provided from General Fund revenues without impairing County operations. Management estimates are based on the assumption that costs associated with solid waste closures have been incurred and that closure costs associated with solid operations are nominal. However, actual costs may vary due to inflation or deflation, changes in technology, or changes in landfill laws and regulations. Theses costs may have to be covered by increased landfill fees, additional taxes or both.

NOTE 11 – EMPLOYEE RETIREMENT PLANS

A. ACCG Defined Benefit Plan

Plan Description:

The County contributes to the Association 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.

A copy of the plan's financial report may be obtained from:

Government Employee Benefits Corporation of Georgia
3625 Cumberland Boulevard, Suite 825
Atlanta, Georgia 30339

Participation:

All full-time County employees are eligible to participate in the Plan after completing three years of service.

Retirement Benefits:

Benefits vest after five years of service. Participants become eligible to retire at age 65 with 3 years in the Plan. Upon eligibility to retire, participants are entitled to an annual benefit in the amount of 0.5% of average annual compensation up to $6,600 plus 1.0% of average annual compensation in excess of $6,600 plus $36 for each year of service payable as a life annuity. Service is limited to 35 years. Compensation is averaged over a five-year period prior to retirement or termination. The Plan also provides benefits in the event of death or disability. These benefit provisions were established by an adoption agreement executed by the County Board of Commissioners.

Funded Status and Funding Progress:

The funded status of the plan as of December 31, 2009, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/09	$1,862,343	$1,814,500	($47,843)	102.6%	$1,221,649	-3.9%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2009.

Actuarial Assumptions:

1. Rate of return on the investment of present and future assets of 7.75% per year.
2. Projected salary increases of 4.5% to 6.0% per year.
3. Life expectancies before and after retirement based on the 1983 Group Annuity Mortality Table, with a two-year age set back.
4. Postretirement benefit increases - none.
5. Inflation rate assumption of 3.0% per year.
6. Actuarial Value of assets – Market Value.

There were no current year changes in actuarial assumptions or benefit provisions.

Contributions Required and Contributions Made:

County employees are not required to contribute to the Plan. The County contributes the entire cost of the Plan, using the actuarial basis described in the annual valuation report. Contributions were made in accordance with actuarially determined contribution requirements. Contributions made during a particular year are attributable to the prior Plan year.

ACCG Plan funding policy provides for making required actuarially determined periodic contributions under the "Projected Unit Credit" actuarial cost method. This cost method determines plan liabilities consistent with the standardized measure of pension obligation

described by Statement No. 5 of the Governmental Accounting Standards Board (GASB #5). In addition, this cost method determines contributions at rates that, for individual employees, increase gradually as an employee gets older, and enables sufficient assets to accumulate when benefits become due. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The weighted average remaining amortization period as of January 1, 2010, was 20 years.

The significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the pension benefit obligation.

Contributions totaling $174,032, ($174,032 employer and $-0- employee), were made in accordance with actuarially determined contribution requirements determined by an actuarial valuation performed as of January 1, 2010.

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

Actuarial Reports:

The County's practice is to have an actuarial valuation performed every year on the pension plan, and to base the succeeding year's contributions on the result of the valuation. The actuarial valuation is performed as of January 1 every year. This recent valuation was performed as of January 1, 2009, based upon employee data as of January 1, 2010, and based upon available pension assets as of December 31, 2009.

Current Plan Membership and Payroll:

Employee membership data related to the plan membership as of January 1, 2010, is as follows:

Retirees and beneficiaries currently receiving benefits	21
Terminated employees entitled to benefits but not yet receiving them	31
Disabled in pay status	3
Current active employees	44
Total Membership in the plan	99

The County's covered payroll as of January 1, 2010, (the most recent actuarial valuation date) was $1,221,649. Total payroll was $3,116,244.

Summary of Plan Asset Matters and Accounting Policies:

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

Investments in securities are valued at current market prices. The trust fund is invested, approximately, in 45% equities and 55% fixed income securities.

Plan assets do not include any loans, notes, bonds or other instruments or securities of the County or related parties.

Derivation of Annual Pension Cost:

Annual required contribution	$	167,437
Interest on Net Pension Obligation		(52,822)
Amortization of Net Pension Obligation		56,519
Annual Pension Cost	$	171,134

Derivation of Net Pension Obligation:

Annual Pension Cost for Current Year	$	171,134
Actual Contributions to Plan for Current Year		174,032
Increase in Net Pension Obligation/(Asset)		(2,898)
Net Pension Obligation/(Asset), as of December 31, 2009		(681,575)
Net Pension Obligation/(Asset), as of December 31, 2010	$	(684,473)

The net pension asset is presented as other assets in the government-wide statement of net assets.

Historical Trend Information:

Historical trend information is designed to provide information about a public employee retirement system's progress made in accumulating sufficient assets to pay benefits when due. More detailed information regarding the plan is available in Oglethorpe County, Georgia Retirement Plan's actuarial report for the plan year beginning January 1, 2009, which can be obtained from the plan administrator, the Association County Commissioners of Georgia.

Net Pension Obligation:

Fiscal Year Ending	Annual Pension Cost (APC)	Annual County Contribution	Percentage of APC Contributed	Net Pension Obligation/ (Asset)
2010	$ 171,134	$ 174,032	102%	$ (684,473)
2009	142,265	343,514	241%	(681,575)
2008	148,949	355,278	239%	(480,326)

B. Other Retirement Plans

Other employees are covered under the following retirement plans that are not under the direct control of the County.

Probate Judges' Retirement Fund of Georgia:

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

Clerk of Superior Court Retirement Fund:

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

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

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

C. Extension Service Employee Retirement Fund

Employees of Oglethorpe County Agriculture Extension Service are covered under the Teachers Retirement System of Georgia. A contribution is made by the General Fund.

D. Defined Contribution Retirement Plan

The County is a participating member of the Georgia State Employees' Pension and Savings Plan defined contribution retirement plan. The plan is administered by the Employees' Retirement System of Georgia. As of December 31, 2010, there was one participant from the government. Plan members are allowed to make voluntary contributions to the plan. The County does not make contributions to the plan. Plan provisions and contribution requirements are established by County resolution and may be amended by the County. Total contributions for the year ended December 31, 2010 were $660 by the employees and $0 by the County.

NOTE 12 – POST-EMPLOYMENT BENEFITS

The County does not provide supplemental life or health insurance coverage to retirees.

NOTE 13 – INVESTMENTS IN CAPITAL ASSETS

Investments in capital assets on the Government-wide Statement of Net Assets as of December 31, 2010 are as follows:

	Governmental Activities	Business-Type Activities	Component Unit
Investment in capital assets:			
Cost of capital assets	$ 14,800,963	$ 456,501	$ 10,576
Less accumulated depreciation	(4,647,666)	(142,123)	(10,576)
Book Value	10,153,297	314,378	-
Investments in capital assets	$ 10,153,297	$ 314,378	$ -

NOTE 14 – CONTINGENT LIABILITIES

A. Litigation

During the course of normal operations of the County, various claims and lawsuits arise. The County attorney has advised that there are no potential liabilities that will impair the position as of the date of this audit report.

B. Federal Grants

The County participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives, and the audits of these programs for or including the year ended December 31, 2010, have not yet been conducted. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

C. GEFA Loan

The County has entered into an agreement with the City of Crawford whereby the County has guaranteed the payment of a $750,000 GEFA loan. The County is liable to cover any shortfall in the loan payments made by the City.

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REQUIRED SUPPLEMENTARY INFORMATION

OGLETHORPE COUNTY, GEORGIA

SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2010
(UNAUDITED)

Measurement Date	Actuarial Value of Assets (a)		Actuarial Accrued Liability (b)	Funded/ (Assets in Excess of) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded (Assets in Excess of) AAL as a Percentage of Covered Payroll {(b-a)/c}
12/31/2009	$ 1,862,343	*	$ 1,814,500	$ (47,843)	102.6%	$ 1,221,649	-3.9%
12/31/2008	1,611,275	*	1,858,174	246,899	86.7%	1,395,117	17.7%
12/31/2007	1,321,172		1,778,422	457,250	74.3%	1,501,179	30.5%
12/31/2006	956,021		1,641,464	685,443	58.2%	1,280,012	53.5%
12/31/2005	787,090		1,531,856	744,766	51.4%	1,004,011	74.2%
12/31/2004	698,990		1,452,754	753,764	48.1%	990,629	76.1%
12/31/2003	596,298		1,278,579	682,281	46.6%	777,767	87.7%

* - Reflects change to asset smoothing adopted by the ACCG Pension Plan and Trust Board of Trustees.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended 12/31	Annual Required Contribution	Percentage Contributed
2010	$ 167,437	104%
2009	139,660	246%
2008	147,742	240%

SUPPLEMENTARY INFORMATION

OGLETHORPE COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	Special Revenue Funds					Capital Projects		Total Nonmajor Governmental Funds
	Drug Enforcement	Jail	Law Library	E911	Drug Seizure	2002 SPLOST	TE Grant Crawford Depot	
ASSETS								
Cash and cash equivalents	$ 60,664	$ 121,064	$ 24,993	$ 277,363	$ 6,483	$ 17	$ 2	$ 490,586
Receivables, net of allowance								
Accounts	-	-	-	42,479	-	-	-	42,479
Accrued interest	-	-	14	-	-	-	-	14
Due from other governments	-	-	-	-	-	-	42,590	42,590
Due from other funds	-	1,461	-	27,413	-	-	-	28,874
Prepaid expenses	-	-	-	15,620	-	-	-	15,620
Total Assets	$ 60,664	$ 122,525	$ 25,007	$ 362,875	$ 6,483	$ 17	$ 42,592	$ 620,163
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ 17	$ 42,590	$ 42,607
Accrued expenses	-	-	-	9,359	-	-	-	9,359
Due to other funds	47	-	-	1,258	-	-	-	1,305
Total Liabilities	47	-	-	10,617	-	17	42,590	53,271
Fund Balances:								
Reserved:								
Capital outlay	-	-	-	-	-	-	2	2
Prepaids	-	-	-	15,620	-	-	-	15,620
Program purposes	60,617	122,525	25,007	336,638	6,483	-	-	551,270
Unreserved, undesignated	-	-	-	-	-	-	-	-
Total Fund Balances	60,617	122,525	25,007	352,258	6,483	-	2	566,892
Total Liabilities and Fund Balances	$ 60,664	$ 122,525	$ 25,007	$ 362,875	$ 6,483	$ 17	$ 42,592	$ 620,163

OGLETHORPE COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Special Revenue Funds					Capital Projects		Total
	Drug Enforcement	Jail	Law Library	E911	Drug Seizure	2002 SPLOST	TE Grant Crawford Depot	Nonmajor Governmental Funds
Revenues:								
Charges for services	$ -	$ -	$ -	$ 198,777	$ -	$ -	$ -	$ 198,777
Fines	3,606	20,712	4,469	-	13,036	-	-	41,823
Intergovernmental	-	-	-	-	-	14,122	271,016	285,138
Investment earnings	582	561	150	1,968	-	2,344	-	5,605
Contributions	-	-	-	-	-	-	6,156	6,156
Total Revenues	4,188	21,273	4,619	200,745	13,036	16,466	277,172	537,499
Expenditures:								
Current:								
General government	-	-	2,649	-	-	-	-	2,649
Public safety	1,570	3,460	-	307,013	11,217	-	-	323,260
Capital Outlay	-	-	-	450	-	404,158	277,170	681,778
Total Expenditures	1,570	3,460	2,649	307,463	11,217	404,158	277,170	1,007,687
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,618	17,813	1,970	(106,718)	1,819	(387,692)	2	(470,188)
Other Financing Sources (Uses):								
Transfer from other funds	-	-	-	106,718	-	-	-	106,718
Total other financing sources (uses)	-	-	-	106,718	-	-	-	106,718
Net change in fund balances	2,618	17,813	1,970	-	1,819	(387,692)	2	(363,470)
Fund Balance, beginning of year	57,999	104,712	23,037	352,258	4,664	387,692	-	930,362
Fund Balance, end of year	$ 60,617	$ 122,525	$ 25,007	$ 352,258	$ 6,483	$ -	$ 2	$ 566,892

OGLETHORPE COUNTY, GEORGIA

SPECIAL REVENUE FUNDS
DRUG ENFORCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue:			
Fines and forfeitures	$ 6,000	$ 3,606	$ (2,394)
Interest income	-	582	582
Total Revenues	6,000	4,188	(1,812)
Expenditures:			
Current:			
Public Safety	4,000	1,570	2,430
Total Expenditures	4,000	1,570	2,430
Net change in fund balance	$ 2,000	2,618	$ 618
Fund Balance - Beginning of Year		57,999	
Fund Balance - End of Year		$ 60,617	

OGLETHORPE COUNTY, GEORGIA

SPECIAL REVENUE FUNDS
JAIL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue:			
Fines and forfeitures	$ 15,000	$ 20,712	$ 5,712
Interest income	-	561	561
Total Revenues	15,000	21,273	6,273
Expenditures:			
Current:			
Public Safety	50,000	3,460	46,540
Total Expenditures	50,000	3,460	46,540
Net change in fund balance	$ (35,000)	17,813	$ 52,813
Fund Balance - Beginning of Year		104,712	
Fund Balance - End of Year		$ 122,525	

OGLETHORPE COUNTY, GEORGIA

SPECIAL REVENUE FUNDS
LAW LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue:			
Fines and forfeitures	$ 14,000	$ 4,469	$ (9,531)
Interest income	-	150	150
Total Revenues	14,000	4,619	(9,381)
Expenditures:			
Current:			
General government	8,400	2,649	5,751
Total Expenditures	8,400	2,649	5,751
Net change in fund balance	$ 5,600	1,970	$ (3,630)
Fund Balance - Beginning of Year		23,037	
Fund Balance - End of Year		$ 25,007	

OGLETHORPE COUNTY, GEORGIA

SPECIAL REVENUE FUNDS
EMERGENCY 911 FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue:			
Subscriber fees	$ 188,400	$ 198,777	$ 10,377
Interest income	3,000	1,968	(1,032)
Total Revenues	191,400	200,745	9,345
Expenditures:			
Current:			
Public safety	322,286	307,013	15,273
Capital outlay	500	450	50
Total Expenditures	322,786	307,463	15,323
Excess (Deficiency) of Revenues Over (Under) Expenditures	(131,386)	(106,718)	24,668
Other Financing Sources (Uses):			
Transfers from General Fund	131,386	106,718	(24,668)
Total Other Financing Sources (Uses)	131,386	106,718	(24,668)
Net change in fund balance	$ -	-	$ -
Fund Balance - Beginning of Year		352,258	
Fund Balance - End of Year		$ 352,258	

OGLETHORPE COUNTY, GEORGIA

SPECIAL REVENUE FUNDS
DRUG SEIZURES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue:			
Confiscated funds	$ 11,217	$ 13,036	$ 1,819
Total Revenues	11,217	13,036	1,819
Expenditures:			
Current:			
Public Safety	11,217	11,217	-
Total Expenditures	11,217	11,217	-
Net change in fund balance	$ -	1,819	1,819
Fund Balance - Beginning of Year		4,664	
Fund Balance - End of Year		$ 6,483	

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OGLETHORPE COUNTY, GEORGIA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Balance January 1, 2010	Additions	Deletions	Balance December 31, 2010
Total - All Agency Funds				
Assets				
Cash and cash equivalents	$ 276,033	$ 9,421,762	$ 8,591,695	$ 1,106,100
Total Assets	$ 276,033	$ 9,421,762	$ 8,591,695	$ 1,106,100
Liabilities				
Due to State of Georgia	$ 55,115	$ 574,385	$ 575,849	$ 53,651
Due to Board of Education	160,406	7,959,095	7,154,133	965,368
Due to Other Governments	308	4,892	4,739	461
Funds held in escrow	31,922	39,884	31,687	40,119
Due to others	28,282	843,506	825,287	46,502
Total Liabilities	$ 276,033	$ 9,421,762	$ 8,591,695	$ 1,106,100

OGLETHORPE COUNTY, GEORGIA

AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES BY DEPARTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Balance January 1, 2010	Additions	Deletions	Balance December 31, 2010
Superior Court				
Assets				
Cash and cash equivalents	$ 32,552	$ 190,863	$ 173,600	$ 49,815
Total Assets	$ 32,552	$ 190,863	$ 173,600	$ 49,815
Liabilities				
Funds held in escrow	$ 30,588	$ 33,210	$ 23,689	$ 40,109
Due to others	1,964	157,653	149,911	9,706
Total Liabilities	$ 32,552	$ 190,863	$ 173,600	$ 49,815
Magistrate Court				
Assets				
Cash and cash equivalents	$ 1,099	$ 130,979	$ 131,064	$ 1,014
Total Assets	$ 1,099	$ 130,979	$ 131,064	$ 1,014
Liabilities				
Due to others	$ 1,099	$ 130,979	$ 131,064	$ 1,014
Total Liabilities	$ 1,099	$ 130,979	$ 131,064	$ 1,014

OGLETHORPE COUNTY, GEORGIA

AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES BY DEPARTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)

	Balance January 1, 2010	Additions	Deletions	Balance December 31, 2010
Probate Court				
Assets				
Cash and cash equivalents	$ 12,046	$ 87,654	$ 90,684	$ 9,016
Total Assets	$ 12,046	$ 87,654	$ 90,684	$ 9,016
Liabilities				
Funds held in escrow	$ 1,334	$ 6,674	$ 7,998	$ 10
Due to others	10,712	80,980	82,686	9,006
Total Liabilities	$ 12,046	$ 87,654	$ 90,684	$ 9,016
Sheriff's Department				
Assets				
Cash and cash equivalents	$ 12,863	$ 318,575	$ 329,106	$ 2,332
Total Assets	$ 12,863	$ 318,575	$ 329,106	$ 2,332
Liabilities				
Other	$ 12,863	$ 318,575	$ 329,106	$ 2,332
Total Liabilities	$ 12,863	$ 318,575	$ 329,106	$ 2,332

OGLETHORPE COUNTY, GEORGIA

AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES BY DEPARTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)

	Balance January 1, 2010	Additions	Deletions	Balance December 31, 2010
Tax Commissioner's Office				
Assets				
Cash and cash equivalents	$ 217,473	$ 8,693,691	$ 7,867,241	$ 1,043,923
Total Assets	$ 217,473	$ 8,693,691	$ 7,867,241	$ 1,043,923
Liabilities				
Due to State of Georgia	$ 55,115	$ 574,385	$ 575,849	$ 53,651
Due to Board of Education	160,406	7,959,095	7,154,133	965,369
Due to Other Governments	308	4,892	4,738	461
Other	1,644	155,319	132,521	24,443
Total Liabilities	$ 217,473	$ 8,693,691	$ 7,867,241	$ 1,043,923

OGLETHORPE COUNTY, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
YEAR ENDED DECEMBER 31, 2010

Project	Original Estimated Cost	Revisions	Revised Estimated Cost	Expenditures Prior Year(s)	Expenditures Current Year	Expenditures Total	Estimated Percentage of Completion
2002 SPLOST							
Various county road Improvements	$ 2,000,000	$ 300,000	$2,300,000	$ 4,824,435	$ 404,158	$5,228,593	227.33%
County facilities:							
Recreation	1,361,600	(537,619)	823,981	57,539	-	57,539	6.98%
Public buildings	-	-	-	76,837	-	76,837	N/A
EMS building	-	-	-	165,294	-	165,294	N/A
Water System	-	-	-	7,171	-	7,171	N/A
Public Works	-	-	-	233,427	-	233,427	N/A
Public Safety:							
New jail	-	537,619	537,619	2,117,619	-	2,117,619	393.89%
Sheriff vehicles	-	100,000	100,000	66,313	-	66,313	66.31%
Ambulance	-	-	-	98,724	-	98,724	N/A
Landfill	147,622	-	147,622	312,003	-	312,003	211.35%
Courthouse renovations	90,778	-	90,778	90,778	-	90,778	100.00%
Totals	$ 3,600,000	$ 400,000	$4,000,000	$ 8,050,140	$ 404,158	$8,454,298	
Note: This SPLOST project was closed out during 2010.							
2007 SPLOST							
Roads and bridges	$ 4,655,000	$ -	$4,655,000	$ 22,996	$ 333,498	$ 356,494	7.66%
Public Safety:							
Sheriff Vehicles	330,000	-	330,000	9,950	62,598	72,548	21.98%
Ambulance	165,000	-	165,000	129,173	-	129,173	78.29%
EMS Building	750,000	-	750,000	-	-	-	0.00%
Emergency Services	600,000	-	600,000	18,027	20,992	39,019	6.50%
911 Upgrade	200,000	-	200,000	-	-	-	0.00%
Infrastructure:							
Water Reservoir	500,000	-	500,000	-	-	-	0.00%
Courthouse	250,000	-	250,000	29,743	55,996	85,739	34.30%
Sewage startup	200,000	-	200,000	-	-	-	0.00%
Computer update	100,000	-	100,000	-	23,717	23,717	23.72%
Recreation	250,000	-	250,000	24,626	25,561	50,187	20.07%
Totals	$ 8,000,000	$ -	$8,000,000	$ 234,515	$ 522,362	$ 756,877	

GOVERNMENTAL REPORTS

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CLIFTON, LIPFORD, HARDISON & PARKER, LLC

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Truman W. Clifton (1902-1989)

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

To The Board of Commissioners
of Oglethorpe County, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Oglethorpe County, Georgia (the "County") as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 21, 2011. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Oglethorpe County Board of Health, as described in our report on the County's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County'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 responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in their 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. 2010-01 and 2010-02.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County in a separate letter dated June 21, 2011.

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

This report is intended solely for the information and use of the audit committee, management, and County Commissioners and is not intended to be and should not be used by anyone other than these specified parties.

Macon, Georgia
June 21, 2011

FINANCIAL STATEMENT FINDINGS

Findings noted on the 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*:

2010-01 General Ledger Maintenance

CRITERIA
Timely and accurate financial reports are essential in order to perform analysis of the financial condition of the County, review data for accuracy and completeness, monitor compliance with budget appropriations, and to prepare annual financial statements.

CONDITION
The County did not have an employee with adequate qualifications and training to prepare the year-end financial statements. During 2010, the following conditions were noted in the accounting records of the County:

- Certain revenue transactions were not properly recorded.
- Prior year audit adjustments were not properly recorded.
- Accounts payable and capital asset subsidiary ledgers were not reconciled to the general ledger.

EFFECT
Material audit adjustments were needed to fairly report financial information for the year ended December 31, 2010 as follows. In addition, interim financial reports, which are used by management for fiscal-related decisions, could have been relied upon in error.

Recording of Revenue Cycle Transactions – The County did not properly record all transactions for the revenue cycle. Material audit adjustments were necessary to correct revenues as follows:

- Audit adjustments of $66,497 and $51,400 were needed to remove the prior year LOST receivable and to record the current year LOST receivable.
- Audit adjustments of $23,285 and $20,154 were needed to remove the prior year Senior Center receivable and to record the current year Senior Center receivable.
- Audit adjustment of $48,614 was needed to correct other receivables and revenues.
- Audit adjustments of $37,901, $105,714, and $13,162 were needed to correct the property taxes receivable, allowance and deferred revenue accounts.
- Audit adjustments of $35,860 and $18,923 were needed to correct interest income in the General Fund and Landfill Fund, respectively.
- Audit adjustments of $43,767 and $46,530 were needed to correct the EMS receivable and allowance accounts.
- Audit adjustments of $75,909 and $58,680 were needed to remove the prior year SPLOST receivable and to record the current year SPLOST receivable.

- Audit adjustment of $33,558 and $42,590 was needed to record additional Sheriff Department Grant and DOT Crawford Depot Grant proceeds, respectively.
- Audit adjustments of $26,704 and $42,479 were needed to remove the prior year E911 receivable and to record the current year E911 receivable.
- Audit adjustment of $18,338 was needed to correct the Landfill receivable.

Recording of Expenditure and Accounts Payable Transactions – The County did not properly reverse prior year payable activity and record current year payable transactions. Material audit adjustments were necessary to correct expenditures and accounts payables as follows:

- In the General Fund, audit adjustments of $396,184 and $194,958 were needed to remove prior year accounts payable and to record current year accounts payable. In addition, audit adjustments of $42,984 and $117,331 were needed to remove prior year accrued salaries payable and to record current year activity.
- In the Crawford Depot Fund, audit adjustments of $15,221 and $42,590 were needed to record additional accounts payable items discovered during the audit.
- In the Landfill Fund, audit adjustments of $20,805 and $54,297 were needed to record the current year depreciation expense and to correct the landfill closure/postclosure cost liability, respectively.

Other Posting Errors – Audit procedures identified other posting errors where material audit adjustments were necessary to correct as follows:

- In the General Fund, audit adjustments of $525,549 were needed to correct the fund balance account.
- In the 2007 SPLOST Fund, audit adjustment of $204,355 was needed to correct the fund balance account.
- In the Drug Seizure Fund, audit adjustment of $13,036 was needed to record the activity in the Fund during 2010.
- In the E911 Fund, audit adjustment of $137,764 was needed to correct the fund balance account.

CAUSE

The material weakness is the result of the County not having employees with adequate training and expertise in generally accepted accounting principles and governmental accounting standards to prepare or adequately review and evaluate the financial statements which were prepared by the independent auditor.

RECOMMENDATION

The County should evaluate the cost/benefit implications of improving internal control with the preparation of year-end financial statements.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The County concurs with the finding. The County is now contracting with an outside agent that will help with this matter in the coming year.

2010-02 Landfill Receipts

CRITERIA
Internal controls should be designed to reconcile the subsidiary ledger accounts with the general ledger control accounts and any differences discovered should be resolved on a timely basis.

CONDITION
A manual general ledger accounting system is being used by the County. No reconciliation is performed between the receipt books, bank deposit, or final general ledger posting.

EFFECT
Failure to adequately monitor and reconcile activity could increase the likelihood of misappropriation of funds. In addition, interim financial reports, which are used by management for fiscal-related decisions, could have been relied upon in error.

CAUSE
The material weakness is the result of the County not establishing adequate controls over the collection and reconciliation of landfill receipts.

RECOMMENDATION
The County should redesign the internal control system and consider obtaining computer software that would allow for adequate monitoring and reporting. In addition, the County should consider additional training of current personnel.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
The County concurs with the finding. The County is working on getting the proper controls in place to safeguard cash receipts prior to the deposit. The County is working on getting a new computer system that will link the Landfill to the Commissioner's Office to better track this.

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