RABUN COUNTY, GEORGIA

Annual Financial Report

For the fiscal year ended June 30, 2011

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

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Independent Auditor's Report

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

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

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Rabun County, Georgia, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

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

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
March 27, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Rabun County's financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2011. Management's discussion and analysis (MD&A) focuses on current year activities and resulting changes, please read it in conjunction with the County's financial statements.

The following is a presentation of a discussion and analysis of the County's financial condition and performance for the year ended June 30, 2011.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements. **(Pages 8-10)** The government-wide financial statements provide a broad overview of Rabun County finances in a manner similar to that of private-sector businesses. The statements include:

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

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

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

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

Fund Financial Statements. (Pages 11-22) A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and

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

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

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

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

The basic governmental fund financial statements can be found on pages 11-16 of this report.

Proprietary funds. **(Pages 17-19)** The County maintains three proprietary funds. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses a proprietary fund to account for its solid waste operation, its waste water facility, as well as the Golf Course. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the solid waste and waste water operations, which are major funds of the County. Although the Golf Course is not a major fund of the County, it is listed seperately as it is the only nonmajor fund.

Fiduciary Funds. **(Page 20)** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used in the government-wide financial statements.

Notes to the financial statements. **(Pages 23-59)** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Rabun County, on an entity-wide basis, had an increase in net assets during FY 2011 of $2.44 million, of which $1.89 million was in governmental activities and $0.55 million in the business-type activities. At June 30, 2011, the County had $55.53 million invested in capital assets, net of debt and accumulated depreciation and $9.37 million of unrestricted assets (the bulk of which is in cash, investments and accounts receivable). The table below shows the split of net assets between governmental and business-type activities for both FY 2011 and FY 2010.

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

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

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

($ in thousands)

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

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

Governmental revenues increased $983 thousand from FY 2010. Taxes increased $494 thousand and intergovernmental revenues increased $522 thousand.
Tax revenues consisted of $18.4 million, of which $3.2 million came from local SPLOST revenue in the governmental funds.

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

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

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

General Fund Budget Highlights

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

The budget for total revenues increased $1.2 million:

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

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

The budget for total expenditures increased $1.2 million:

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

CAPITAL ASSETS & LONG TERM DEBT

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

Major capital asset activity in 2011 was:

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

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

ECONOMIC FACTORS AND THE 2012 BUDGET

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

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

REQUESTS FOR INFORMATION

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

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BASIC FINANCIAL STATEMENTS

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

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

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

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

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

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

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

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities					
General Government	$ 3,294,696	$ 63,809	$ 211,338	$ 0	$ (3,019,549)
Judicial	918,254	72,381	8,727	0	(837,146)
Public Safety	7,217,722	1,852,996	276,483	0	(5,088,243)
Public Works	4,451,236	0	480,804	10,517	(3,959,915)
Health and Welfare	1,023,178	73,246	103,672	39,600	(806,660)
Culture and Recreation	1,200,324	146,910	16,411	33,716	(1,003,287)
Housing and Development	434,494	26,532	0	0	(407,962)
Interest on long-term debt	265,131	0	0	0	(265,131)
Total governmental activities	18,805,035	2,235,874	1,097,435	83,833	(15,387,893)
Business-type activities					
Solid Waste	1,099,834	471,737	0	0	(628,097)
Waste-Water Facility	476,700	406,934	0	0	(69,766)
Golf Course	241,820	107,677	0	0	(134,143)
Total business-type activities	1,818,354	986,348	0	0	(832,006)
Total primary government	20,623,389	3,222,222	1,097,435	83,833	(16,219,899)
Component Units					
Rabun County Library					
Culture and Recreation	368,783	19,707	35,487	0	(313,589)
Rabun County Health Department					
Health and Welfare	769,205	263,634	208,133	0	(297,438)
Rabun County Economic Development Authority					
Housing and Development	1,043,973	0	0	0	(1,043,973)
Rabun County Building Authority					
Housing and Development	0	0	0	0	0
Total component units	2,181,961	283,341	243,620	0	(1,655,000)

	Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units
Change in net assets				
Net (expense) revenue	$ (15,387,893)	$ (832,006)	$ (16,219,899)	$ (1,655,000)
General revenues				
Taxes				
Property	14,262,869	0	14,262,869	0
Sales	3,139,344	0	3,139,344	0
Insurance premium	541,667	0	541,667	0
Other	498,185	0	498,185	0
Interest and investment earnings	141,343	1,839	143,182	30,448
Rental income	0	0	0	162,739
Payments from Rabun County	0	0	0	751,305
Miscellaneous	77,367	0	77,367	2,014
Transfers	(1,378,529)	1,378,529	0	0
Total general revenues and transfers	17,282,246	1,380,368	18,662,614	946,506
Change in net assets	1,894,353	548,362	2,442,715	(708,494)
Net assets - beginning (original)	62,956,681	(2,146,787)	60,809,894	1,861,352
Prior period adjustments	45,155	676,682	721,837	0
Net assets - beginning (restated)	63,001,836	(1,470,105)	61,531,731	1,861,352
Net assets - ending	$ 64,896,189	$ (921,743)	$ 63,974,446	$ 1,152,858

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

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

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

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

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

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

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

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

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

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

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

Net change in fund balances - total governmental funds	$	(725,665)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of $2,841,341 exceeded depreciation of ($2,059,696) in the current period.		781,645
In the statement of activities, the gain or loss on the sale of assets is reported, whereas in the governmental funds the proceeds from the sale increase financial resources. The change in net assets differs from the change in fund balance by the cost of the assets sold of ($1,231,996), net of related accumulated depreciation of $810,757.		(421,239)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavailable deferred revenue.		(274)
The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which debt repayments of $2,324,139 exceed debt proceeds of ($140,320) and amortization of ($22,431).		2,161,388
Annual employer contributions to retirement plans in excess of pension costs are not reported in the governmental funds, but result in assets in the governmental activities.		66,503
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the net decrease in compensated absences $45,309 and the net increase in interest payable ($13,314).		31,995
Change in net assets of governmental activities	$	1,894,353

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Noncash capital and related financing activities:

Proceeds from notes payable through intergovernmental receivables totaled $148,092 in the Waste-Water Facility Enterprise Fund.

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

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

	Agency Funds
ASSETS	
Cash	$ 859,179
Accounts receivable, net	603,203
Taxes receivable, net	878,914
Total assets	2,341,296
LIABILITIES	
Due to other agencies	$ 2,341,296

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

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

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

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

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

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

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

1. Description of Government Unit

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

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

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

2. Summary of Significant Accounting Policies

A. Basis of Presentation

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

B. Reporting Entity

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

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

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

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

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

Rabun County Health Department – The Rabun County Health Department was established as a legally separate entity and operates pursuant to the Georgia Health Code 88-2, Georgia Laws 1964. The District Health Director is the Executive Officer of the Rabun County Health Department and is responsible for the overall coordination of the local health activities. The Rabun County Health Department is funded by the State and County under the Grant-in-Aid provisions, and operated under the supervision of the local Board of Health. Complete financial statements can be obtained from the administrative offices of the Rabun County Health Department, 184 South Main Street, Clayton, GA 30525.

Rabun County Economic Development Authority – The Rabun County Development Authority was created by an act of the Georgia Assembly on March 19, 1992. The purpose of the Development Authority is to provide for the economic development of Rabun County; to promote for the public good and general welfare infrastructure, trade, commerce, business, industry, research, training support services, eleemosynary institutions, and employment opportunities. Governing the Authority is a Board in which the majority is appointed by the Rabun County Board of Commissioners. Rabun County funds the operation of the Authority when required. Separate financial statements are not issued.

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

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

C. Government-wide and Fund Financial Statements

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

2. Summary of Significant Accounting Policies (continued)

C. Government-wide and Fund Financial Statements, continued

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

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

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated, however, those transactions between governmental and business-type activities have not been eliminated. Governmental activities that normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

2. Summary of Significant Accounting Policies (continued)

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

Governmental Fund Financial Statements

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

The County reports the following major governmental funds:

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

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

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

2. Summary of Significant Accounting Policies (continued)

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

The County reports the following major proprietary funds:

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

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

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

Additionally, the County reports the following fund types:

Governmental Fund Types

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

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

Fiduciary Fund Types

Agency Funds – Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that are held either for the County or for others.

2. Summary of Significant Accounting Policies (continued)

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

Component Units

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

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

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

2. Summary of Significant Accounting Policies (continued)

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal services funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

E. Budgets and Budgetary Accounting

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

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

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

2. Summary of Significant Accounting Policies (continued)

E. Budgets and Budgetary Accounting, continued

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

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

F. Cash and Investments

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

G. Intergovernmental Receivables

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

H. Prepaid Items

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

2. Summary of Significant Accounting Policies (continued)

I. Capital Assets

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

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

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

J. Compensation for Future Absences

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

K. Long-Term Obligations

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

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

2. Summary of Significant Accounting Policies (continued)

L. Capital Contributions

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

M. Fund Balances – Governmental Funds

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

M. Fund Balances – Governmental Funds, continued

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

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

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

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

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

3. Deposit and Investment Risk

Custodial Credit Risk – Deposits

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

Interest Rate Risk

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

Concentration of Credit Risk

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

Foreign currency risk

The County has no investments denominated in a foreign currency.

Credit Risk

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

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

3. Deposit and Investment Risk (continued)

Credit Risk, continued

The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share. Georgia Fund 1 is managed by the Georgia Office of State Treasurer. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board.

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

4. Accounts Receivable

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

Primary Government:		
Major Funds		
General Fund	$ 205,160	
Less: Allowance for Uncollectibles	(54,488)	$ 150,672
Enterprise Funds		
Solid Waste	91,655	
Waste-Water Facility	42,533	134,188
Nonmajor Funds		
Emergency 911 Special Revenue Fund		78,816
Total primary government		$ 363,676
Fiduciary Funds		
Agency Funds		
Clerk of Court	$ 1,105,915	
Less: Allowance for Uncollectibles	(502,712)	$ 603,203
Component Units		
Rabun County Health Department		$ 53,805

5. Intergovernmental Receivables

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

Major Funds		
General Fund		
Federal Emergency Management Agency	$ 372,540	
Georgia Department of Transportation	53,931	
Rabun County Board of Education	24,059	
Mountain Judicial Circuit NCIS Team	17,826	
Georgia Emergency Management Agency	9,150	
Legacy Link	9,138	
City of Mountain City, Georgia	1,706	
City of Tallulah Falls, Georgia	1,030	$ 489,380
Enterprise Funds		
Waste-Water Facility		
Georgia Environmental Facilities Authority		148,092
Nonmajor Funds		
Jail Special Revenue Fund		
City of Clayton, Georgia	1,336	
City of Mountain City, Georgia	822	
City of Tallulah Falls, Georgia	649	2,807
Total primary government		$ 640,279
Component Units		
Rabun County Economic Development Authority		
Rabun County, Georgia		$ 3,880

6. Property Taxes

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

7. Interfund Receivables and Payables

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

Due to/Due from other funds:

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

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

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

8. Interfund Transfers

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

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

9. Capital Assets

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

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

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

9. Capital Assets (continued)

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

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

9. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

Primary Government	
Governmental activities	
General Government	$ 100,195
Judicial	2,418
Public Safety	610,728
Public Works	1,081,242
Health and Welfare	81,018
Culture and Recreation	184,095
Total depreciation expense for governmental activities	$ 2,059,696
Business-type activities	
Solid Waste	$ 70,879
Waste-Water Facility	1,840
Golf Course	14,656
Total depreciation expense for busines-type activities	$ 87,375
Discretely presented component units	
Rabun County Library	$ 64,953
Rabun County Health Department	599
	$ 65,552

10. Capital and Operating Lease Agreements

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

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

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

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

11. Long-Term Debt

General Obligation Bonds

General obligation bonds have been issued for governmental activities funds to pay, or to be applied or contributed toward, the cost of constructing, improving, expanding and extending public roads, highways, streets and related facilities as well as the construction, improvement and expansion of various municipal buildings.

11. Long-Term Debt (continued)

General Obligation Bonds (continued)

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

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

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

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

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

Revenue Bonds

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

- $1,500,000 – Rabun County Building Authority Revenue Bonds Series 2007 - bonds due in quarterly principal and interest payments on beginning January 1, 2008 and ending October 1, 2012; interest at 3.52%. The bonds were issued for the purpose of improving a building that will be used by Rabun County, Georgia to carry out its governmental purposes as well as paying the costs of issuing the bonds. The debt is issued in the name of the Rabun County Building Authority. However, the payment of the bonds is guaranteed by Rabun County to be paid from SPLOST #5 proceeds or property tax levy. Therefore, the bonds are shown in the primary government.

11. Long-Term Debt (continued)

Revenue Bonds (continued)

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

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

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

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

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

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

11. Long-Term Debt (continued)

Notes Payable

Governmental Activities

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

Annual debt service requirements are as follows:

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

Waste-Water Facility Enterprise Fund

On January 29, 2008, the County entered into a lending agreement with the Georgia Environmental Facilities Authority (GEFA) to borrow up to $6,415,000 for the purchase of an existing water supply and wastewater treatment facility located on the former Rabun Apparel manufacturing site. The project also consists of rehabilitation and conversion of these existing facilities, a new water treatment plant, new pipe lines, and appurtenant work such that these facilities will provide regional, municipal water supply and wastewater services. The project has a tentative completion date of December 31, 2011. The note will be payable in 240 consecutive monthly installments commencing on the earlier of the project completion date or December 31, 2011. Until this time, no payments are due and interest at 4.10% will accrue. As of June 30, 2011, the total principal drawn against the note amounted to $3,515,865 and interest of $360,491 has been accrued.

11. Long-Term Debt (continued)

Notes Payable (continued)

Annual debt service requirements are as follows:

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

11. Long-Term Debt (continued)

Changes in Long-Term Debt (continued)

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

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

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

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

12. Bond Issuance

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

13. Landfill Post-Closure Care Costs

On October 8, 1993, in accordance with the provisions of the Georgia Comprehensive Solid Waste Management Act (OCGA 12-8-20), the County was issued a closure certificate for its landfill. State and federal laws and regulations require the County to perform certain maintenance and monitoring operations at the landfill site for 30 years after official closure; the County has approximately 12 years remaining. The estimated cost of all post closure care activities related to the landfill is $2,594,488, and is reflected as a long-term liability in the Solid Waste Enterprise Fund. Because of future changes in technology, laws, or regulations, these costs may change.

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

13. Landfill Post-Closure Care Costs (continued)

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

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

14. Changes in Beginning Balances

Governmental Activities

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

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

General Fund

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

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

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

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

14. Changes in Beginning Balances (continued)

Governmental Activities, continued

SPLOST #5 Capital Projects Fund

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

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

Business-type Activities

Solid Waste Enterprise Fund

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

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

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

15. Defined Benefit Pension Plan

Plan Description and Contribution Information

Description

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

15. Defined Benefit Pension Plan (continued)

Plan Description and Contribution Information, continued

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

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

Current membership and current year payrolls are as follows:

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

Funding Policy

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

15. Defined Benefit Pension Plan (continued)

Annual Pension Cost and Net Pension Obligation

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

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

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

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

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

15. Defined Benefit Pension Plan (continued)

Historical Trend Information

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

Schedule of Employer Contributions

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

Schedule of Funding Progress

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

16. Defined Contribution Plan

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

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

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

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

17. Hotel/Motel Lodging Tax

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

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

18. Joint Ventures

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

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

19. Risk Financing Activities

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

The County is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has joined together with other municipalities in the state as part of the Association of County Commissioners of Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Association of County Commissioners of Georgia Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments. As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pool's agent and attorneys to represent the County in investigation, settlement discussions, and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

19. Risk Financing Activities (continued)

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost taxed against the members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation, or defense.

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

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

20. Commitments and Contingencies

Contingencies

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

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

20. Commitments and Contingencies (continued)

Commitments

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

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

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

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

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

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

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

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

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COMBINING STATEMENTS

Nonmajor Governmental Funds

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

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

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

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

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

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

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GENERAL FUND

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

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

ASSETS

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

LIABILITIES AND FUND BALANCES

Liabilities	
Payables	
Accounts	$ 420,530
Intergovernmental	21,335
Accrued salaries and expenses	57,212
Deferred revenue	157,581
Due to other agencies	5,206
Total liabilities	661,864
Fund balances	
Nonspendable prepaids	117,256
Unassigned	12,256,127
Total fund balances	12,373,383
Total liabilities and fund balances	$ 13,035,247

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

REVENUES	
Taxes	$ 15,224,753
Licenses and permits	51,557
Fines, fees and forfeitures	471,880
Charges for services	1,248,790
Intergovernmental	1,128,308
Interest	135,813
Other	77,243
Total revenues	18,338,344
EXPENDITURES	
Current	
General Government	3,180,305
Judicial	871,349
Public Safety	6,180,275
Public Works	2,470,869
Health and Welfare	976,141
Culture and Recreation	1,125,168
Housing and Development	359,120
Total Current	15,163,227
Debt Service	
General Government	684,676
Public Works	46,115
Total Debt Service	730,791
Total expenditures	15,894,018
Excess (deficiency) of revenues over (under) expenditures	2,444,326
Other financing sources (uses)	
Transfers in (out)	
Emergency 911 Fund	(576,627)
Solid Waste Fund	(1,228,529)
Golf Course Fund	(150,000)
Proceeds from the sale of assets	211,159
Issuance of capital leases	140,320
Total other financing sources (uses)	(1,603,677)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	840,649
Fund balances, July 1 (original)	11,180,473
Prior period adjustments	352,261
Fund balances, July 1 (restated)	11,532,734
Fund balances, June 30	$ 12,373,383

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

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

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

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

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

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

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

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

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

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

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

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

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SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

ASSETS

Cash and cash equivalents	$ 6,349

LIABILITIES AND FUND BALANCES

Fund balances

Restricted for public safety	$ 6,349

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

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

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

ASSETS		
Cash and cash equivalents	$	96,895
Intergovernmental receivable		2,807
Total assets	$	99,702
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$	567
Due to other funds		7,000
Total liabilities		7,567
Fund balances		
Restricted for public safety		92,135
Total liabilities and fund balances	$	99,702

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

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

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

ASSETS

Cash and cash equivalents	$ 33,435

LIABILITIES AND FUND BALANCES

Fund balances

Restricted for judicial	$ 33,435

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

REVENUES	
Fines, fees, and forfeitures	$ 11,221
Interest	160
Total revenues	11,381
EXPENDITURES	
Current	
Judicial	
Contract services	1,000
Materials and supplies	7,013
Total expenditures	8,013
Excess (deficiency) of revenues over (under) expenditures	3,368
Fund balances, July 1	30,067
Fund balances, June 30	$ 33,435

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

ASSETS

Cash and cash equivalents	$ 2,858

LIABILITIES AND FUND BALANCES

Fund balances

Restricted for judicial	$ 2,858

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

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

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

ASSETS	
Cash and cash equivalents	$ 48,545
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable	$ 830
Fund balances	
Restricted for judicial	47,715
Total liabilities and fund balances	$ 48,545

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

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

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

ASSETS

Cash and cash equivalents	$	724,209
Accounts receivable (net)		78,816
Total assets	$	803,025

LIABILITIES AND FUND BALANCES

Liabilities		
Accounts payable	$	1,382
Fund balances		
Assigned to public safety		801,643
Total liabilities and fund balances	$	803,025

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

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

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

ASSETS	
Taxes receivable	$ 21,953
LIABILITIES AND FUND BALANCES	
Liabilities	
Due to other funds	$ 21,953
Total liabilities and fund balances	$ 21,953

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

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

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CAPITAL PROJECTS FUNDS

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

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

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

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

ASSETS	
Cash and cash equivalents	$ 445,198
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable	$ 65,493
Fund balances	
Restricted for capital outlay	379,705
Total liabilities and fund balances	$ 445,198

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

REVENUES	
Interest	$ 10,517
Total revenues	10,517
EXPENDITURES	
Capital outlay	
Public Works	
Roads and Bridges	1,386,344
Total expenditures	1,386,344
Excess (deficiency) of revenues over (under) expenditures	(1,375,827)
Fund balances, July 1	1,755,532
Fund balances, June 30	$ 379,705

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

ASSETS

Cash and cash equivalents	$ 4,729,294
Investments	310,489
Taxes receivable	300,858
Restricted cash and cash equivalents	1,518,858
Total assets	$ 6,859,499

LIABILITIES AND FUND BALANCES

Liabilities	
Accounts payable	$ 311,335
Retainage payable	35,292
Total liabilities	346,627
Fund balances	
Restricted for capital outlay	6,512,872
Total liabilities and fund balances	$ 6,859,499

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

REVENUES	
Taxes	$ 3,139,344
Interest	33,716
Total revenues	3,173,060
EXPENDITURES	
Capital Outlay	
Judicial	
Courthouse	4,286
Public Safety	
Fire Department	1,740
Health and Welfare	
Public Health	410,004
Culture and Recreation	
Rabun Arena	1,241,414
Debt Service	1,845,165
Total expenditures	3,502,609
Excess (deficiency) of revenues over (under) expenditures	(329,549)
Fund balances, July 1	7,092,421
Prior period adjustments	(250,000)
Fund balances, July 1 (restated)	6,842,421
Fund balances, June 30	$ 6,512,872

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ENTERPRISE FUNDS

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

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

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

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

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

ASSETS	
Current assets	
Cash and cash equivalents	$ 50
Accounts receivable (net)	91,655
Total current assets	91,705
Capital assets	
Land and improvements	1,106,031
Buildings	577,300
Machinery and equipment	720,855
Vehicles	315,708
Accumulated depreciation	(644,884)
Total capital assets (net of accumulated depreciation)	2,075,010
Total assets	2,166,715
LIABILITIES	
Current liabilities	
Accounts payable	28,887
Accrued salaries and other payroll liabilities	4,039
Compensated absences	20,243
Due to other funds	53,247
Closure/post-closure care	60,548
Total current liabilities	166,964
Noncurrent liabilities	
Closure/post-closure care	2,939,711
Total liabilities	3,106,675
NET ASSETS	
Invested in capital assets	2,075,010
Unrestricted	(3,014,970)
Total net assets	$ (939,960)

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

OPERATING REVENUES	
Charges for sales and services	$ 471,737
Total operating revenues	471,737
OPERATING EXPENSES	
Costs of sales and services	395,648
Personal services	633,307
Depreciation	70,879
Total operating expenses	1,099,834
Operating income (loss) before transfers	(628,097)
Transfers in (out)	
General fund	1,228,529
Change in net assets	600,432
Net assets, July 1 (original)	(2,217,074)
Prior period adjustments	676,682
Net assets, July 1 (restated)	(1,540,392)
Net assets, June 30	$ (939,960)

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

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

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

ASSETS	
Current assets	
Cash and cash equivalents	$ 295,483
Receivables (net)	
Accounts	42,533
Intergovernmental	148,092
Total current assets	486,108
Capital assets	
Land and land improvements	172,980
Construction in progress	3,188,135
Vehicles	9,199
Accumulated depreciation	(4,600)
Total capital assets (net of accumulated depreciation)	3,365,714
Total assets	3,851,822
LIABILITIES	
Current liabilities	
Payables	
Accounts	14,354
Intergovernmental	3,880
Interest	360,491
Accrued salaries and other payroll liabilities	733
Compensated absences	6,908
Due to other funds	28,685
Notes payable	57,711
Total current liabilities	472,762
Noncurrent liabilities	
Notes payable	3,458,154
Total liabilities	3,930,916
NET ASSETS	
Invested in capital assets, net of related debt	(150,151)
Unrestricted	71,057
Total net assets	$ (79,094)

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

OPERATING REVENUES	
Charges for sales and services	$ 406,934
Total operating revenues	406,934
OPERATING EXPENSES	
Costs of sales and services	232,427
Personal services	104,753
Depreciation	1,840
Total operating expenses	339,020
Operating income (loss)	67,914
Non-operating revenues (expenses)	
Interest revenue	1,839
Interest expense	(137,680)
Total non-operating revenues (expenses)	(135,841)
Change in net assets	(67,927)
Net assets, July 1	(11,167)
Net assets, June 30	$ (79,094)

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

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

Noncash capital and related financing activities:

Proceeds from notes payable through intergovernmental receivables totaled $148,092 for the fiscal year ended June 30, 2011.

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

ASSETS	
Current assets	
Cash and cash equivalents	$ 65,199
Capital assets	
Land and land improvements	19,800
Buildings	120,002
Machinery and equipment	138,417
Accumulated depreciation	(191,979)
Total capital assets (net of accumulated depreciation)	86,240
Total assets	151,439
LIABILITIES	
Current liabilities	
Accounts payable	41
Accrued salaries and other payroll liabilities	1,133
Compensated absences	9,720
Due to other funds	43,234
Total current liabilities	54,128
NET ASSETS	
Invested in capital assets	86,240
Unrestricted	11,071
Total net assets	$ 97,311

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

OPERATING REVENUES	
Charges for sales and services	$ 107,677
Total operating revenues	107,677
OPERATING EXPENSES	
Costs of sales and services	67,662
Personal services	159,502
Depreciation	14,656
Total operating expenses	241,820
Operating income (loss) before transfers	(134,143)
Transfer in (out)	
General Fund	150,000
Change in net assets	15,857
Net assets, July 1	81,454
Net assets, June 30	$ 97,311

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

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

AGENCY FUNDS

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

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

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

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

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

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

Probate Court	Magistrate Court	Sheriff Department	Totals
$ 25,491	$ 8,012	$ 8,837	$ 859,179
0	0	0	603,203
0	0	0	878,914
$ 25,491	$ 8,012	$ 8,837	$ 2,341,296
$ 25,491	$ 8,012	$ 8,837	$ 2,341,296

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

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

SINGLE AUDIT SECTION

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

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Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards*

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

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

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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

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

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

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
March 27, 2012

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

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

Compliance

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

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

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

Internal Control over Compliance

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

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

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

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

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
March 27, 2012

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

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

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

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

1. Basis of Presentation

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

2. Summary of Significant Accounting Policies

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

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

1. Summary of the Auditor's Results

A. Financial Statements

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

B. Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	None reported
Significant Deficiencie(s) identified not considered material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	None reported

Identification of major programs:

97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish Between Type A and Type B programs:	$300,000
Auditee qualified as low-risk auditee?	No

2. Financial Statement Findings and Responses

A. Significant Deficiencies

Comment 11-1

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

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

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

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

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

Comment 11-2

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

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

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

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

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

2. Financial Statement Findings and Responses (continued)

A. Significant Deficiencies, continued

Comment 11-3

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

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

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

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

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

Comment 11-4

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

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

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

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

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

2. Financial Statement Findings and Responses (continued)

A. Significant Deficiencies, continued

Comment 11-5

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

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

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

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

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

Comment 11-6

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

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

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

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

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

Comment 11-7

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

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

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

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

2. Financial Statement Findings and Responses (continued)

A. Significant Deficiencies, continued

Comment 11-7, continued

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

Comment 11-8

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

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

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

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

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

Comment 11-9

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

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

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

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

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

Comment 11-10

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

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

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

2. Financial Statement Findings and Responses (continued)

A. Significant Deficiencies, continued

Comment 11-10, continued

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

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

B. Material Noncompliance

Comment 11-11

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

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

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

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

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

3. Federal Award Findings and Questioned Costs

A. Material Noncompliance

None reported.

B. Significant Deficiencies

None reported

C. *Prior Year Audit Findings Follow-Ups*

None reported

4. Prior Year Audit Findings Follow-Ups

None reported.

STATE REPORTING SECTION

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

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

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

Current year SPLOST #5 Expenditures	$ 1,839,733
Debt principle payments made as debt proceeds expended are reported above	1,662,876
Total expenditures of the SPLOST #5 Capital Projects Fund	$ 3,502,609

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

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