

Oconee County, Georgia
Financial Statements
For the Fiscal Year Ended
June 30, 2013

Oconee County, Georgia
Financial Statements
For the Fiscal Year Ended June 30, 2013
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Financial Section

MANAGEMENT DISCUSSION AND ANALYSIS

**OCONEE COUNTY, GEORGIA
YEAR ENDED JUNE 30, 2013**

OCONEE COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013

Management's discussion and analysis provides an objective and easily readable analysis of the government's financial activities. The analysis provides summary financial information for Oconee County and should be read in conjunction with the Government's financial statements.

Overview of the Financial Statements

The Government's discussion and analysis is intended to serve as an introduction to Oconee County Government's financial statements which include government-wide and fund statements as well as notes to the financial statements. This report also contains other supplementary financial information in addition to the basic financial statements that may be of interest to the reader.

The Government's basic financial statements are comprised of three components:

1. Government-wide financial statements present an overall picture of the Government's financial position and results of operations.
2. Fund financial statements present financial information for the Government's major funds.
3. Notes to the financial statements provide additional information concerning the Government's finances that are not disclosed in the Government-wide or Fund financial statements.

Government-Wide Financial Statements

Government-wide financial statements are designed to provide you with a broad overview of the financial position of Oconee County and are similar to private-sector financial statements. They include a statement of net position and a statement of activities. Emphasis is placed on the net position of governmental activities and business-type activities and the change in net position. Governmental activities are primarily supported by sales taxes, property taxes, federal and state grants, and charges for services and fines. Business-type activities are supported by charges to the users of those activities.

The Statement of Net Position shows the County's assets and deferred outflows less its liabilities and deferred inflows at June 30, 2013. The residual amount is reported as net position. Assets, liabilities and net position are reported for all governmental activities separate from the assets, liabilities and net position of business-type activities. Changes in net position over time may be helpful in identifying an improving or deteriorating financial position.

The Statement of Activities follows the Statement of Net Position and presents information showing how the net position changed during the fiscal year. The statement presents all underlying events, which give rise to the change, regardless of the timing of the related cash flows. Some included items, such as accounts payable or earned but unused vacation leave, will produce changes in cash in a future fiscal period.

Both statements attempt to distinguish functions of Oconee County that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

Governmental activities reported in the statements include general government, law enforcement, parks and recreation, jail operations, zoning and enforcement, judicial, public works and human resources. Business-type activities financed by user charges include water and sewer, sanitation collection sites and community development.

Fund Financial Statements

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

Governmental Funds essentially account for the same functions as those reported under the government-wide Statement of Net Position and Statement of Activities. However, this set of financial statements focuses on events that produce near-term inflows and outflows of spendable resources as well as on the balances of spendable resources available at the end of the fiscal year and is a narrower focus than the government-wide financial statements. Such information may be useful in evaluating Oconee County's near-term financing requirements and available resources.

By comparing functions between the two sets of statements for government funds and governmental activities, readers may better understand the long-term impact of the government's near-term financing decisions. Both the government fund balance sheet and the governmental fund statements of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison. The county reports three major governmental funds – General Fund, SPLOST Capital Projects Funds 2009 and IDA Grant Funds. (pg 3)

Proprietary Funds report, in greater detail, the same information presented as business-type activities in the government-wide financial statements for one major fund: water and sewer. (pg 8-10)

Fiduciary Funds are agency funds held in a custodial nature, but outside the general county government. Although these funds are presented in the fund set of statements, they do not appear in the government-wide financial statements because the resources of fiduciary funds are not available to support Oconee County Government's general programs. The accounting used for fiduciary funds is much like that used for proprietary funds. You will note that funds held by Oconee County for investment are reflected in this section as the Agency Fund. The county reports six agency funds – Tax Commissioner, Sheriff, Superior Court, Probate Court, Magistrate Court and Juvenile Court.

Notes to the Financial Statement

The Notes provide additional detail concerning the financial activities and financial balances of the Government. Additional information about the accounting practices of the Government; investments of the Government, long-term debt and the pension plan are some of the items included in the Notes.

Governmental Activities

The decrease for governmental activity net position amounted to \$1,863,090. (Exb. 2) This decrease was primarily caused by the County spending Series 2012 bond proceeds on economic development. Oconee County continues to practice conservative fiscal policies during challenging financial times.

Business-Type Activities

Increases in net position for business-type activities amounted to a total of \$2,187,377 as a result of operating revenues, capital contributions and transfers in from SPLOST. (Exb.6) SPLOST Capital Projects Fund transferred \$785,668 to the Water and Sewer Fund for the purposes of capital expenses. As part of the Intergovernmental Agreement between the County and the Upper Oconee Basin Water Authority (UOBWA), reconciliation is performed at the Authority's year-end (December 31) to determine the actual cost sharing by each member county. The change in the UOBWA (Due from) is an increase of \$137,592 (Note 14). In October 2007, the county entered into as part of an Intergovernmental Contract with Walton County and the Walton County Water and Sewerage Authority (WCWSA) for a Reservoir Project. The contract indicated that WCWSA would issue Revenue bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2008 totaling \$19,535,000 (Note 7), for the purpose of financing or refinancing all or a portion of the cost of acquiring, constructing, installing and equipping a reservoir and related treatment and transmission facilities, paying capitalized interest on the Series 2008 Bonds, funding a debt service reserve and paying the costs of issuing the Series 2008 Bonds. The county intends to make the contract payments with revenues derived from its water and sewerage system.

Financial Analysis of Oconee County's Funds

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

Governmental Funds

Governmental funds provide information on near-term inflows, outflows and balances of spendable resources. In assessing Oconee County's financial requirements, unassigned fund balance is a particular useful measure of net resources available for spending at the end of the fiscal year. The governmental fund types include the General Fund, SPLOST Capital Projects Fund, Special Revenue Funds, Capital Projects Local Resources Fund, and G.O. Bond Capital Projects Fund.

As of June 30, 2013, Oconee County governmental funds reported combined fund balances of \$17,851,722, (Exb.4) an increase of \$84,071 (Exb.4) resulting in a minimal change over prior year. The County continues to utilize SPLOST funds to retire debt and the development of capital projects such as road, water and sewer improvements.

General Fund is the chief operating fund of the county. At June 30, 2013, total fund balance in the general fund was \$8,895,430. (Exb.4) There was an increase of \$285,337 (Exb.4) in the general fund balance. The Board of Commissioners took conservative measures and worked closely with Elected Officials and Department Directors keeping expenditures to the minimum.

SPLOST Capital Projects Fund reflects funds collected with the 1% sales tax and expended for capital items that are in agreement with the referendum approved by the voters. Because projects often cross several years and involve design, land acquisition and construction phases, expenditures may vary widely from year to year. Costs expended yearly in capital projects funds are added to the County's construction-in-progress until the project is complete, and then depreciated over its useful life. Water and Sewer projects funded by SPLOST are treated as transfers out to the Water and Sewer Fund and accounted for as Capital Improvement Projects in the Water and Sewer Fund.

IDA Grant Fund reflects funds used during FY13 in the amount of \$13,659,958 (Exb. 4) exhausting all available grant funding. The Industrial Development Authority was awarded a State Edge Grant for \$18 million by the OneGeorgia Authority for the purpose of site preparation and initial construction costs associated with the Caterpillar plant. Caterpillar constructed a facility, approximately 850,000 square foot, which straddles Oconee/Athens-Clarke County lines. This facility plans to assemble small-track tractors and mini excavators. As a joint venture, the counties provided infrastructure improvements to support the site, while Caterpillar provided site improvements and constructed the facility. Caterpillar will have committed to the creation of a minimum of 1,400 jobs and an investment of at least \$160 million into the facility and equipment by

2020. The Industrial Development Authority issued \$10,380,000 Series 2012 Revenue Bonds during March 2012 as incentive for the Caterpillar development. These bonds are repayable solely through the proceeds of an intergovernmental contract between the Authority and Oconee County and listed as Contract Payable-OCIDA in the Financial Statements.

Special Revenue Fund- Lodging tax By ordinance the Oconee County Board of Commissioners authorized an excise tax on rooms, lodgings and accommodations to contribute to the promotion of tourism, conventions and trade shows. In fiscal year 2010, the operation of a hotel and the excise tax revenue collections were initiated. The revenue for the period ending June 30, 2013 totaled \$114,698. (Note 16)

Proprietary Funds

Proprietary Fund statements provide the same information as in the business activities column of the government-wide statements, but in greater detail, and on a fund basis for enterprise funds.

Enterprise Funds – At June 30, 2013, total net position amounted to \$59,717,870 (Exb.6), a net increase of \$2,905,290. (Exb.6) Net position changes are a result of operations, non-operating revenues, depreciation, expenses, capital contributions, donated assets and grants. The two funds in this category, Water & Sewer Fund and Other Enterprise Funds (Solid Waste Fund and Special Facilities Fund) receive additional revenue from such areas as user fees, licenses, permits, rent and donated infrastructure. The prior period adjustment in the amount of \$717,913 (Exb. 6) is a result of GASB 65. (Note 17)

Program Revenue, General Revenue and Total Revenue

Total Program revenues for primary government increased from the previous fiscal year. The county received operating and capital grants which were a driving force in the increase. The general state of the economy also improved, as did Sales Tax revenues. House Bill 386 was passed by the 2012 Georgia General Assembly and provided a new method of taxation for motor vehicles, commonly referred to as Title Ad Valorem Tax or TAVT. This bill became effective March 1, 2013. Vehicles purchased after March 1, 2013 are exempt from Sales Tax and the ad valorem tax (aka “birthday tax”). These taxes are replaced by a one-time tax that is imposed on the fair market value of the vehicle called the TAVT. This fee is calculated by multiplying the fair market value by 6.5% in 2013.

Financial Highlights

In March 2012, Oconee County was selected as the site for the Caterpillar facility. Construction began in May of 2012. The Caterpillar plant opened March 2013. The facility is comprised of 850,000 square feet. The facility will produce mini hydraulic excavators and small track type tractors. As of March 2013, the company employed 55 employees. When fully operational, the company will employ approximately 1,400 people. The Oconee County Industrial Development Authority issued revenue bonds in the amount of \$10,380,000 for site and infrastructure development. The County is responsible for debt service bond payments. Beginning in FY13, the Industrial Development Authority is presented within the County's Financial Statements as a blended component unit. The economy in Oconee County is returning to normal levels faster than neighboring counties in the region. Primary factors were low unemployment, new revenue sources through small business activity and an increase in new housing starts. Sales Tax revenue and economic activity has increased over the period slightly faster than projected. All of these factors enabled Oconee County to maintain the budget at current levels and even lower it in some cases. The millage rate was maintained while the property digest was flat. The Transportation Improvement & Maintenance Program & Water and Sewer Improvement plans are funded through SPLOST funds and remain within budget for infrastructure improvements. SPLOST now funds debt repayment for the Jail Complex and Veteran's Park G.O bond repayment, as approved by a 2009 referendum. Oconee County's total assets exceeded total liabilities at June 30, 2013, by \$145,376,467. (Exb.1) Of this amount, \$8,232,874 (Exb.1) may be used to meet the county's ongoing obligations to citizens and creditors.

As a whole, the financial position of the Oconee County government improved as compared to recent years. At June 30, 2013, Oconee County's Governmental Fund Statement Report combined ending fund balances of \$17,851,722 (Exb.3) an increase of \$84,071. Of this amount, \$8,132,694 (Exb.3) is restricted for Capital projects which commit the following funds: SPLOST 2004 - \$4,164,597 SPLOST 2009 -\$2,446,213, Hotel Sales Tax - \$64,097, Industrial Development Authority Projects - \$1,457,787. General Fund has committed \$4,000,000 to advance fund GDOT project SR53/Mars Hill Road. Reimbursement from the State of Georgia will encompass (3) drawdowns. The first drawdown was completed in FY12 and the second was completed in FY13. The third payment is expected to be finalized in FY14. Total reimbursement to date: \$5,017,185.

The General Fund reported an adequate unassigned fund balance of \$4,075,760. (Exb.3) During Fiscal Year 2013, the government in accordance with GASB statement number 45, accounting and financial reporting by employees for post-employment benefits other than pensions continued to remain in effect. The County implemented GASB 54 Fund Balance reporting and governmental fund type definitions in 2012. (Exb.3) In 2013, the County implemented GASB 61. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. The amendments to the criteria for blending improve the focus of a financial reporting entity on the primary government by ensuring that the primary government includes only those component

units that are so intertwined with the primary government that they are essentially the same as the primary government, and by clarifying which component units have that characteristic. Oconee County and the Oconee County Industrial Development Authority were reported in FY13 as a blended component unit in accordance with GASB 61. The County also implemented GASB 63. This Statement provides guidance for deferred outflows and deferred inflows of resources and defines those elements which are distinct from assets and liabilities as a consumption or acquisition of net assets that is applicable to future reporting periods and renames net assets to net position. The County further implemented GASB 65. This Statement reclassifies certain items as deferred outflows or as deferred inflows of resources previously reported as assets and liabilities. (Note 17)

Government – Wide Financial Analysis

Table 1 & Table 2 depict comparative data for Oconee County, Georgia for the fiscal year ended June 30, 2012 and the fiscal year ended June 30, 2013. The comparative data highlights Government-wide net position (Table 1) and changes in net position (Table 2). Fiscal year ended 2013 shows an increase net position of \$1.04 million over the previous fiscal year.

Budget Variations

The original General Fund budget for the fiscal year end June 30, 2013, reflected anticipated revenues of \$20,251,910 and expenditures of \$18,148,863. The final budget for the fiscal year showed revenues of \$23,894,160 and expenditures of \$23,340,079, while the actual results for fiscal year ending June 30, 2013, indicated revenues of \$23,661,962 and expenditures of \$21,687,735. (Sch. 3) The local economy improved in Oconee County. Primary factors were low unemployment, new revenue sources through small business activity and increased commercial site construction. Sales Tax revenue has increased over the period and economic activity has improved. The opening of the Epps Bridge Centre in Oconee County will generate sales tax and in turn boost the County's economy. Additionally, House Bill 386 was passed by the 2012 Georgia General Assembly and provided a new method of taxation for motor vehicles, commonly referred to as Title Ad Valorem Tax or TAVT. This bill became effective March 1, 2013. Vehicles purchased after March 1, 2013 are exempt from Sales Tax and the ad valorem tax (aka "birthday tax"). These taxes are replaced by a one-time tax that is imposed on the fair market value of the vehicle called the TAVT. This fee is calculated by multiplying the fair market value by 6.5% in 2013.

For a detailed overview of Oconee County's Capital Assets, the reader is referred to Notes to the Financial Statements, Note 3. For Long-term Debt Obligations, the reader is referred to Note 6. Additionally, Oconee County is utilizing Water and Sewer Revenue Bonds to supplement SPLOST funding as a means to assist in providing for future infrastructure, water sources and sewer needs.

Oconee County, Georgia
For the Year Ended June 30, 2013

Table 1
Net Position
(in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
Assets						
Current & Other Assets	19.99	20.75	25.84	22.67	45.83	43.42
Capital Assets, Net	88.61	91.23	75.28	78.83	163.89	170.06
Total Assets	108.60	111.98	101.12	101.50	209.72	213.48
Deferred Outflows of Resources						
Deferred Amount on Debt Refunding	0.00	0.78	0.00	0.47	0.00	1.25
Total Assets and Deferred Outflows	108.60	112.76	101.12	101.97	209.72	214.73
Liabilities						
Current & Other Liabilities	1.23	1.96	1.28	1.30	2.51	3.26
Long-Term Liabilities						
Due Within One Year	1.39	1.78	1.36	1.14	2.75	2.92
Due in More Than One Year	24.67	23.35	40.95	39.82	65.62	63.17
Total Liabilities	27.29	27.09	43.59	42.26	70.88	69.35
Net Position						
Net Investment in Capital Assets	73.58	77.13	47.51	49.26	121.09	126.39
Restricted						
Capital Projects	8.60	8.13	0.00	0.00	8.60	8.13
Judicial	0.13	0.09	0.00	0.00	0.13	0.09
Public Safety	0.16	0.14	0.00	0.00	0.16	0.14
Debt Service	0.00	0.00	2.43	2.19	2.43	2.19
Other Purposes	0.26	0.20	0.00	0.00	0.26	0.20
Unrestricted	(1.42)	(0.03)	7.59	8.26	6.17	8.23
Total Net Position	81.31	85.66	57.53	59.71	138.84	145.37

Oconee County, Georgia
For the Year Ended June 30, 2013

Table 2
Changes in Net Position
(in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
Revenue						
Program Revenues:						
Charges for Services	4.18	4.56	7.67	8.15	11.85	12.71
Operating Grants & Contributions	1.86	0.61	0.01	0.01	1.87	0.62
Capital Grants & Contributions	1.03	17.83	0.29	0.35	1.32	18.18
General Revenues:						
Property Taxes	10.21	10.07			10.21	10.07
Sales Taxes	10.66	10.93			10.66	10.93
Intangible Taxes	0.36	0.51			0.36	0.51
Business Taxes	1.27	1.36			1.27	1.36
Franchise Fees	0.21	0.25			0.21	0.25
Other Taxes	0.22	0.18			0.22	0.18
Investment Earnings	0.04	0.02	0.03	0.04	0.07	0.06
Gain on Disposal of Capital Asset	0.00	0.09	0.00	0.00	0.00	0.09
Total Revenues	30.04	46.42	8.00	8.55	38.04	54.97
Program Expenses						
General Government	5.99	5.75			5.99	5.75
Judicial	1.96	2.02			1.96	2.02
Public Safety	8.36	8.39			8.36	8.39
Public Works	8.31	7.15			8.31	7.15
Health & Welfare	0.65	0.71			0.65	0.71
Culture & Recreation	3.40	3.42			3.40	3.42
Housing & Development	11.41	18.50			11.41	18.50
Interest & Fiscal Charges	0.57	0.89			0.57	0.89
Water & Sewer			5.83	6.04	5.83	6.04
Solid Waste			0.45	0.38	0.45	0.38
Special Facilities			0.63	0.68	0.63	0.68
Total Expenses	40.65	46.83	6.91	7.10	47.56	53.93
Excess (Deficiency) Before Transfers & Contributions	(10.61)	(0.41)	1.09	1.45	(9.52)	1.04
Total Transfers	(1.29)	(1.45)	1.29	1.45	0.00	0.00
Changes in Net Position	(11.90)	(1.86)	2.38	2.90	(9.52)	1.04
Net Position, Beginning	93.21	81.31	55.15	57.53	148.36	138.84
Prior Period Adj-Implementation GASB 65	0.00	(0.44)	0.00	(0.72)	0.00	(1.16)
Prior Period Adj-Implementation GASB 61	0.00	6.65	0.00	0.00	0.00	6.65
Net Position, Beginning, as Restated	93.21	87.52	55.15	56.81	148.36	144.33
Net Position, Ending	81.31	85.66	57.53	59.71	138.84	145.37

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Commissioners of
Oconee County, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Oconee County, Georgia as of and for the year ended June 30, 2013, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oconee County Health Department, which represents 100% of the assets and revenues of the component unit column. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included in the Oconee County Health Department, is based on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information for Oconee County, Georgia as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof in conformity with accounting principles generally accepted in the United States of America.

Changes in Accounting Principle

As discussed in Note 17 to the financial statements, in 2013 the County adopted new accounting guidance, GASB Statement No. 61, *The Financial Reporting Entity*, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement no. 65, *Items Previously Reported as Assets and Liabilities*. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Retirement Plan – Schedule of Funding Progress, the Other Postemployment Benefits - Schedule of Funding Progress, and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund and information on pages I through IX, and pages 43-46 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.

Other Information

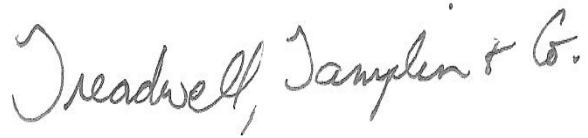
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oconee County, Georgia's financial statements as a whole. The combining and individual fund schedules, the Schedule of Projects Constructed with Special Sales Tax Proceeds, the Schedule of State Contractual Assistance, and the Certification of 9-1-1 Expenditures, and bond disclosures, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining and individual nonmajor fund statements, the Schedule of Projects Constructed with Special Sales Tax Proceeds, and the Schedule of State Contractual Assistance, 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 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.

The bond disclosures and the Certification of 9-1-1 Expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 31, 2013 on our consideration of Oconee County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oconee County, Georgia's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Dreadwell, Sampson & Co." The signature is written in dark ink and is positioned centrally on the page.

Watkinsville, Georgia
December 31, 2013

Basic Financial Statements

Oconee County, Georgia
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-Type Activities	Total	Health Department
ASSETS				
Cash (Note 2)	\$ 6,170,782	\$ 3,080,099	\$ 9,250,881	\$ 505,618
Investments, plus accrued interest (Note 2)	11,847,629	2,732,434	14,580,063	-
Accounts receivable, net	222,321	566,900	789,221	16,585
Taxes receivable, net	190,374	-	190,374	-
Internal balances (Note 4)	(35,987)	35,987	-	-
Due from other governments	1,916,116	16,684	1,932,800	-
Due from component unit	3,884	-	3,884	-
Prepaid expenses	197,902	11,981	209,883	-
Restricted cash (Note 2)	12,475	1,330,898	1,343,373	-
Restricted investments (Note 2)	-	3,868,463	3,868,463	-
Net pension benefit (Note 9)	192,513	23,512	216,025	-
OPEB benefit (Note 10)	29,458	-	29,458	-
Investment - UOBWA, net (Note 5)	-	11,004,884	11,004,884	-
Capital assets (Note 3)				
Capital assets not being depreciated	17,392,404	23,861,844	41,254,248	-
Capital assets, net of accumulated depreciation	73,840,426	54,971,529	128,811,955	14,780
Total assets	111,980,297	101,505,215	213,485,512	536,983
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on debt refunding	777,612	472,017	1,249,629	-
Total assets and deferred outflows	112,757,909	101,977,232	214,735,141	536,983
LIABILITIES				
Accounts payable	1,346,680	159,314	1,505,994	31,503
Accounts payable from restricted assets	12,475	-	12,475	-
Retainage payable	50,781	29,143	79,924	-
Salaries and benefits payable	178,151	29,467	207,618	-
Customer deposits	-	520,636	520,636	-
Accrued interest	369,723	558,968	928,691	-
Long-term liabilities: (Note 7)				
Portion due or payable within one year:				
Bonds, notes, leases, and contracts payable	1,781,500	1,135,796	2,917,296	-
Compensated absences	-	-	-	7,969
Portion due or payable after one year:				
Bonds, notes, leases, and contracts payable, net	22,746,125	39,720,246	62,466,371	-
Compensated absences	613,877	105,792	719,669	26,807
Total liabilities	27,099,312	42,259,362	69,358,674	66,279
NET POSITION				
Net investment in capital assets	77,126,483	49,259,694	126,386,177	14,780
Restricted for:				
Capital projects	8,132,694	-	8,132,694	-
Judicial	88,927	-	88,927	-
Public safety	135,283	-	135,283	-
Debt service	-	2,194,758	2,194,758	-
Other purposes	205,754	-	205,754	-
Unrestricted	(30,544)	8,263,418	8,232,874	455,924
Total net position	\$ 85,658,597	\$ 59,717,870	\$ 145,376,467	\$ 470,704

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

Oconee County, Georgia
Statement of Activities
For the Fiscal Year Ended June 30, 2013

Activities:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Health Department
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Governmental:								
General government	\$ 5,753,657	\$ 835,108	\$ 2,500	\$ -	\$ (4,916,049)		\$ (4,916,049)	
Judicial	2,020,888	793,667	319,413	-	(907,808)		(907,808)	
Public safety	8,394,420	1,050,762	61,583	-	(7,282,075)		(7,282,075)	
Public works	7,155,081	23,503	330	3,493,532	(3,637,716)		(3,637,716)	
Health and welfare	706,201	-	193,512	-	(512,689)		(512,689)	
Culture and recreation	3,415,183	1,065,876	26,233	-	(2,323,074)		(2,323,074)	
Housing and development	18,500,922	800,117	3,750	14,338,388	(3,358,667)		(3,358,667)	
Interest and fiscal charges	888,126	-	-	-	(888,126)		(888,126)	
Total governmental activities	46,834,478	4,569,033	607,321	17,831,920	(23,826,204)		(23,826,204)	
Business-type:								
Water and sewer	6,039,216	7,766,901	-	352,208		\$ 2,079,893	2,079,893	
Solid waste	382,778	197,759	-	-		(185,019)	(185,019)	
Special facilities	682,500	191,727	10,000	-		(480,773)	(480,773)	
Total business-type activities	7,104,494	8,156,387	10,000	352,208		1,414,101	1,414,101	
Component units:								
Oconee Co Health Department	614,901	379,794	328,029	-				\$ 92,922
Total Oconee County	\$ 54,553,873	\$ 13,105,214	\$ 945,350	\$ 18,184,128	(23,826,204)	1,414,101	(22,412,103)	
General revenues:								
Taxes								
Property taxes, levied for general purposes					10,070,808	-	10,070,808	-
Sales tax					10,933,925	-	10,933,925	-
Intangible tax					505,956	-	505,956	-
Business taxes					1,358,208	-	1,358,208	-
Franchise taxes					253,318	-	253,318	-
Other taxes					181,160	-	181,160	-
Investment earnings					17,250	39,727	56,977	2,204
Gain on disposal of capital asset					93,951	-	93,951	-
Transfers					(1,451,462)	1,451,462	-	-
Total general revenues and transfers					21,963,114	1,491,189	23,454,303	2,204
Change in net position								
					(1,863,090)	2,905,290	1,042,200	95,126
Net position - beginning, as previously reported					81,311,124	57,530,493	138,841,617	375,578
Prior period adjustment - GASB 65 (Note 17)					(440,883)	(717,913)	(1,158,796)	-
Prior period adjustment - GASB 61 (Note 17)					6,651,446	-	6,651,446	-
Net position - beginning, as restated					87,521,687	56,812,580	144,334,267	375,578
Net position - ending					\$ 85,658,597	\$ 59,717,870	\$ 145,376,467	\$ 470,704

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

Oconee County, Georgia
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	SPLOST 2009 Fund	IDA Grant	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash (Note 2)	\$ 753,412	\$ 2,757,844	\$ -	\$ 2,659,526	\$ 6,170,782
Investments (Note 2)	8,039,272	-	-	3,808,357	11,847,629
Accounts receivable, net	118,730	-	-	119,874	238,604
Taxes receivable, net	172,738	-	-	1,353	174,091
Internal balances (Note 4)	200,439	-	-	286,283	486,722
Due from other governments	1,396,039	436,270	-	83,807	1,916,116
Due from component unit	3,884	-	-	-	3,884
Prepaid items	192,034	-	-	5,868	197,902
Restricted cash (Note 2)	12,475	-	-	-	12,475
Total assets	<u>\$ 10,889,023</u>	<u>\$ 3,194,114</u>	<u>\$ -</u>	<u>\$ 6,965,068</u>	<u>\$ 21,048,205</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 326,804	\$ 697,120	\$ -	\$ 318,985	\$ 1,342,909
Retainage payable	-	50,781	-	-	50,781
Internal balances (Note 4)	404,931	-	-	117,778	522,709
Salaries and benefits payable	164,899	-	-	17,024	181,923
Bonds and deposits-payable from restricted cash	12,475	-	-	-	12,475
Total liabilities	<u>909,109</u>	<u>747,901</u>	<u>-</u>	<u>453,787</u>	<u>2,110,797</u>
Deferred inflows of resources:					
Unavailable property taxes	158,025	-	-	1,202	159,227
Unavailable grant reimbursements	926,459	-	-	-	926,459
Total deferred inflows	<u>1,084,484</u>	<u>-</u>	<u>-</u>	<u>1,202</u>	<u>1,085,686</u>
Fund balances:					
Nonspendable	192,034	-	-	5,868	197,902
Restricted					
Capital projects	-	2,446,213	-	5,686,481	8,132,694
Judicial	-	-	-	88,927	88,927
Public safety	-	-	-	135,283	135,283
Culture and recreation	-	-	-	39,148	39,148
Housing and development	-	-	-	166,606	166,606
Committed					
Public works	4,000,000	-	-	-	4,000,000
Assigned					
Subsequent years' budget	627,636	-	-	-	627,636
Health and welfare	-	-	-	41,321	41,321
Housing and development	-	-	-	351,703	351,703
Unassigned	4,075,760	-	-	(5,258)	4,070,502
Total fund balances	<u>8,895,430</u>	<u>2,446,213</u>	<u>-</u>	<u>6,510,079</u>	<u>17,851,722</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 10,889,023</u>	<u>\$ 3,194,114</u>	<u>\$ -</u>	<u>\$ 6,965,068</u>	<u>\$ 21,048,205</u>

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

Oconee County, Georgia
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2013

Total *fund* balances for governmental funds (Exhibit 3) \$ 17,851,722

Total *net position* reported for governmental activities in the Statement of Net Position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Capital assets not being depreciated	17,392,404	
Capital assets, net of depreciation	73,840,426	
Total capital assets		91,232,830

Some of the County's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable property taxes in the funds. 159,228

Grant reimbursements are recorded as revenue once the costs for the grant are incurred under the accrual basis of accounting used on the Statement of Net Position. The reimbursements must be received in time to liquidate current obligations to be considered available and reported as revenue in the funds. 926,459

The net pension benefit is not recorded on the fund level balance sheet as it does represent a current financial resource. 192,513

The County has made payments of current financial resources for its other postemployment benefits that exceed the normal cost and amortized past service cost of the benefits calculated under the full accrual method of accounting. The total excess payments are reported as an asset on the government wide statements. 29,458

Gains and losses on the refunding of debt issuances are amortized into income during the shorter of the remaining life of the refunded debt or the life of the new debt issuance. The unamortized loss is reported as a deferred outflow of resources. 777,612

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the Statement of Net Position. Balances at June 30, 2013 are:

Accrued interest	\$ (369,723)	
Bonds, notes, and capital leases payable	(24,527,625)	
Compensated absences - long-term	(613,877)	
Total long-term liabilities		(25,511,225)

Total net position of governmental activities (Exhibit 1) \$ 85,658,597

Oconee County, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2013

	<u>General Fund</u>	<u>SPLOST 2009 Fund</u>	<u>IDA Grant Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 17,398,073	\$ 5,598,734	\$ -	\$ 114,698	\$ 23,111,505
Licenses and permits	697,573	-	-	-	697,573
Intergovernmental revenue	2,549,610	726,768	13,659,958	1,147,459	18,083,795
Charges for services	2,549,763	-	-	1,015,002	3,564,765
Fines and forfeitures	391,742	-	-	64,153	455,895
Investment income	15,316	7,378	-	9,545	32,239
Contributions and donations	3,532	-	-	81,454	84,986
Miscellaneous	56,353	-	-	18,553	74,906
Total revenues	<u>23,661,962</u>	<u>6,332,880</u>	<u>13,659,958</u>	<u>2,450,864</u>	<u>46,105,664</u>
EXPENDITURES					
Current:					
General government	4,654,446	-	-	5,119	4,659,565
Judicial	1,533,453	-	-	476,134	2,009,587
Public safety	6,319,950	-	-	1,248,997	7,568,947
Public works	5,275,877	-	-	214,161	5,490,038
Health and welfare	218,447	-	-	446,153	664,600
Culture and recreation	2,708,090	-	-	62,482	2,770,572
Housing and development	977,472	-	-	113,140	1,090,612
Debt service:					
Principal payments	-	1,670,617	-	-	1,670,617
Interest and fiscal charges	-	624,732	-	288,867	913,599
Capital outlay:					
General government	-	-	-	166,860	166,860
Public safety	-	1,914,344	-	311,935	2,226,279
Public works	-	2,123,508	-	-	2,123,508
Culture and recreation	-	164,488	-	-	164,488
Housing and development	-	-	13,659,958	3,708,782	17,368,740
Intergovernmental	-	795,580	-	-	795,580
Total expenditures	<u>21,687,735</u>	<u>7,293,269</u>	<u>13,659,958</u>	<u>7,042,630</u>	<u>49,683,592</u>
Excess (deficiency) of revenues over/ (under) expenditures	<u>1,974,227</u>	<u>(960,389)</u>	<u>-</u>	<u>(4,591,766)</u>	<u>(3,577,928)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	73,378	-	-	-	73,378
Transfers in	10,383	1,433	-	1,121,124	1,132,940
Transfers (out)	(1,772,651)	-	-	(811,751)	(2,584,402)
Total other financing sources (uses)	<u>(1,688,890)</u>	<u>1,433</u>	<u>-</u>	<u>309,373</u>	<u>(1,378,084)</u>
Net change in fund balances	<u>285,337</u>	<u>(958,956)</u>	<u>-</u>	<u>(4,282,393)</u>	<u>(4,956,012)</u>
Fund balances - beginning, as originally reported	8,610,093	3,405,169	-	5,752,389	17,767,651
Prior period adjustment - GASB 61 (Note 17)	-	-	-	5,040,083	5,040,083
Fund balances - beginning, as restated	<u>8,610,093</u>	<u>3,405,169</u>	<u>-</u>	<u>10,792,472</u>	<u>22,807,734</u>
Fund balances - ending	<u>\$ 8,895,430</u>	<u>\$ 2,446,213</u>	<u>\$ -</u>	<u>\$ 6,510,079</u>	<u>\$ 17,851,722</u>

Oconee 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, 2013

Net change in *fund* balances - total governmental funds (Exhibit 4) \$ (4,956,012)

The change in *net position* reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$5,745,700) exceeds depreciation (\$4,733,344) in the current period. 1,012,356

The funds report the proceeds from the sale of capital assets as revenues without regard to the cost of the capital assets. The government wide statements report revenue net of the net book value of the assets sold.

In the Statement of Activities, only the loss on the sale/disposal of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold/disposed (net of accumulated depreciation). (4,927)

Changes in the net pension benefit (obligation) are not reported in the funds because they do not represent the receipt or consumption of current financial assets. In the Statement of Activities, the change in the net pension benefit is reported as an increase or decrease in expense. 73,765

Under the full accrual method, postemployment benefits expenses are recorded as the benefits are earned. These benefits are recognized as expenditures in the funds as they become a claim on current financial resources. The County accrued the increase in the OPEB obligation which represents the difference between the actuarially determined OPEB costs and the current payment of financial resources. 32,193

Governmental funds do not recognize all tax revenues not collected within 60 days of year end. However, the Statement of Activities uses the accrual basis and, thus, the entire amount is recognized as revenue, regardless of the collection date. This is the net difference in revenue between the accrual basis used in the government-wide statements and the modified accrual basis used in the funds. 10,710

Governmental funds do not recognize certain other revenues not collected within 60 days of year end. However, the Statement of Activities uses the accrual basis, and, thus, the entire amount is recognized as revenue, regardless of the collection date. This is the net difference in revenue between the accrual basis used in the government-wide statements and the modified accrual basis used in the funds. 238,023

Oconee 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, 2013

Repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. Additionally, interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The amounts of the items that comprise these differences in the treatment of long-term debt and related items are:

Principal repayment	1,385,616	
Accrued interest on debt	44,479	
Payment of cost reported as a deferred loss on refunding	285,000	
Amortization of deferred amount on bond refunding	(38,881)	
Amortization of bond premiums and discounts	<u>19,878</u>	
		1,696,092

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net change of the compensated absences account.

	<u>34,710</u>
Change in net position of governmental activities (Exhibit 2)	<u><u>\$ (1,863,090)</u></u>

Oconee County, Georgia
Statement of Net Position
Proprietary Funds
June 30, 2013

ASSETS	Enterprise Funds		Total
	Water and Sewer Fund	Other Enterprise Funds	
Current assets:			
Cash (Note 2)	\$ 3,078,666	\$ 1,433	\$ 3,080,099
Investments, plus accrued interest (Note 2)	2,732,434	-	2,732,434
Accounts receivable, less allowance of \$103,358	563,737	3,163	566,900
Internal balances (Note 4)	-	144,433	144,433
Due from other governments	11,280	5,404	16,684
Prepaid items	8,114	3,867	11,981
Restricted cash - customer deposits (Note 2)	520,636	-	520,636
Total current assets	6,914,866	158,300	7,073,166
Noncurrent assets:			
Restricted cash (Note 2)	810,262	-	810,262
Restricted investments (Note 2)	3,868,463	-	3,868,463
Investment - UOBWA, net (Note 5)	11,004,884	-	11,004,884
Net pension asset (Note 9)	15,926	7,586	23,512
Capital assets (Note 3)			
Capital assets not being depreciated	23,711,844	150,000	23,861,844
Capital assets, net of accumulated depreciation	53,160,134	1,811,395	54,971,529
Total capital assets	76,871,978	1,961,395	78,833,373
Total noncurrent assets	92,571,513	1,968,981	94,540,494
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on debt refunding	472,017	-	472,017
Total assets and deferred outflows	99,958,396	2,127,281	102,085,677
LIABILITIES			
Current liabilities:			
Accounts payable	99,914	59,399	159,313
Retainage payable	29,143	-	29,143
Internal balances (Note 4)	108,446	-	108,446
Salaries and benefits payable	15,823	13,644	29,467
Customer deposits-payable from restricted cash	520,636	-	520,636
Accrued interest	558,968	-	558,968
Bonds, notes and contracts payable (Note 7)	1,135,796	-	1,135,796
Total current liabilities	2,468,726	73,043	2,541,769
Noncurrent liabilities:			
Bonds, notes and contracts payable, net (Note 7)	39,720,246	-	39,720,246
Compensated absences (Note 7)	69,755	36,037	105,792
Total noncurrent liabilities	39,790,001	36,037	39,826,038
Total liabilities	42,258,727	109,080	42,367,807
NET POSITION			
Net investment in capital assets	47,298,299	1,961,395	49,259,694
Restricted for debt service	2,194,758	-	2,194,758
Unrestricted	8,206,612	56,806	8,263,418
Total net position	\$ 57,699,669	\$ 2,018,201	\$ 59,717,870

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

Oconee County, Georgia
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2013

	Enterprise Funds		Total
	Water and Sewer Fund	Other Enterprise Funds	
OPERATING REVENUES			
Charges for services	\$ 6,389,969	\$ 268,842	\$ 6,658,811
Licenses and permits	-	8,000	8,000
Rents and royalties	-	113,184	113,184
Miscellaneous	236,948	10,148	247,096
Total operating revenues	6,626,917	400,174	7,027,091
OPERATING EXPENSES			
Salaries and benefits	1,192,213	548,089	1,740,302
Other contracted services	90,756	188,817	279,573
Water purchase and treatment costs	1,157,868	-	1,157,868
Supplies and materials	44,899	41,040	85,939
Repairs and maintenance	562,441	57,107	619,548
Utilities	348,414	66,405	414,819
Insurance	11,969	8,160	20,129
Depreciation	1,445,624	83,040	1,528,664
Other charges	105,476	73,310	178,786
Total operating expenses	4,959,660	1,065,968	6,025,628
Operating income (loss)	1,667,257	(665,794)	1,001,463
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	39,732	-	39,732
Water availability fees	696,241	-	696,241
Sewer capacity fees	389,490	-	389,490
Sewer connection fees	54,250	-	54,250
Loss on disposal of capital assets	1,279	-	1,279
Amortization expense - UOBWA	(167,378)	-	(167,378)
Interest expense	(913,457)	-	(913,457)
Total nonoperating revenue (expenses)	100,157	-	100,157
Income (loss) before contributions and transfers	1,767,414	(665,794)	1,101,620
Capital contributions	352,208	-	352,208
Transfers in	785,668	665,794	1,451,462
Change in net position	2,905,290	-	2,905,290
Total net position - beginning, as originally reported	55,512,292	2,018,201	57,530,493
Prior period adjustment - GASB 65 (Note 17)	(717,913)	-	(717,913)
Total net position - beginning, as restated	54,794,379	2,018,201	56,812,580
Total net position - ending	\$ 57,699,669	\$ 2,018,201	\$ 59,717,870

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

Oconee County, Georgia
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2013

	Enterprise Funds		Total
	Water and Sewer Fund	Other Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 6,548,347	\$ 405,890	\$ 6,954,237
Payments to suppliers	(2,376,770)	(423,950)	(2,800,720)
Payments to employees	(1,187,656)	(552,674)	(1,740,330)
Receipts from others	374,543	(5,404)	369,139
Net cash provided (used) by operating activities	<u>3,358,464</u>	<u>(576,138)</u>	<u>2,782,326</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	665,794	665,794
Interfund loans - proceeds and collections	(27,028)	(62,798)	(89,826)
Net cash provided by noncapital financing activities	<u>(27,028)</u>	<u>602,996</u>	<u>575,968</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(4,835,201)	(26,233)	(4,861,434)
Transfers in used for construction of capital assets	785,668	-	785,668
Proceeds from issuance of debt	8,297,677	-	8,297,677
Principal payments on debt	(10,008,192)	-	(10,008,192)
Interest payments on debt	(915,438)	-	(915,438)
Sewer capacity and connection fees from customers	1,139,981	-	1,139,981
Proceeds from sale of capital assets	1,279	-	1,279
Net cash used for capital and related financing activities	<u>(5,534,226)</u>	<u>(26,233)</u>	<u>(5,560,459)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	39,732	-	39,732
Proceeds from sale of investments	3,563,054	-	3,563,054
Net cash provided by investing activities	<u>3,602,786</u>	<u>-</u>	<u>3,602,786</u>
Net change in cash	1,399,996	625	1,400,621
Cash - beginning	3,009,568	808	3,010,376
Cash - end	<u>\$ 4,409,564</u>	<u>\$ 1,433</u>	<u>\$ 4,410,997</u>
Displayed as:			
Cash	\$ 3,078,666	\$ 1,433	\$ 3,080,099
Restricted cash - current	520,636	-	520,636
Restricted cash - noncurrent	810,262	-	810,262
	<u>\$ 4,409,564</u>	<u>\$ 1,433</u>	<u>\$ 4,410,997</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income	\$ 1,667,257	\$ (665,794)	\$ 1,001,463
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	1,445,624	83,040	1,528,664
Change in assets and liabilities:			
Receivables, net	82,333	5,716	88,049
Prepaid items	(236)	593	357
Due from other governments	137,592	(5,404)	132,188
Net pension asset	(6,514)	(2,650)	(9,164)
Accounts payable	(54,708)	24,710	(29,998)
Accrued expenses	(252)	(15,460)	(15,712)
Customer deposits	76,045	-	76,045
Compensated absences	11,323	(889)	10,434
Net cash provided (used) by operating activities	<u>\$ 3,358,464</u>	<u>\$ (576,138)</u>	<u>\$ 2,782,326</u>
Non-cash investing, capital and financing activities:			
Discount on GEFA note	\$ 127,508	\$ -	\$ 127,508
Contribution of water system assets	224,700	-	224,700

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

Oconee County, Georgia
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2013

	Agency Funds
ASSETS	
Cash	<u>\$ 658,691</u>
Total assets	<u>658,691</u>
 LIABILITIES	
Due to others	<u>658,691</u>
Total liabilities	<u>658,691</u>
NET ASSETS	<u><u>\$ -</u></u>

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

Notes to Financial Statements

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2013

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Oconee County was incorporated under the laws of the State of Georgia in 1875. The County is governed by a five-member Board of Commissioners. Each commissioner is elected to a four-year term. The Chairman serves as the full-time Chief Executive Officer and the other four commissioners serve on a part-time basis. The Chairman is responsible for the daily operations of the County.

The financial statements of Oconee County, Georgia (the County) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

In conformity with generally accepted accounting principles, as set forth in GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 61, the financial statements of the reporting entity include those of Oconee County (the primary government) and its component units. The County implemented the guidance of GASB Statement No. 61 *The Financial Reporting Entity: Omnibus*, which amends some of the provisions of Statement 14, as of July 1, 2012. The criteria for including organizations as component units within the County's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- * the organization is legally separate (can sue and be sued in its own name)
- * the County holds the corporate powers of the organization
- * the County appoints a voting majority of the organization's board
- * the County is able to impose its will on the organization
- * the organization has the potential to impose a financial benefit/burden on the County
- * there is fiscal dependency by the organization on the County

Discretely Presented Component Units – The component unit columns in the government-wide financial statements include the financial data of the County's component units. They are included because, if excluded, the County's financial statements would be misleading. They are reported in separate columns in the government-wide financial statements to emphasize their legal separation from the County. The following component units are included in the statements:

Oconee County Health Department - The Health Department was created by state legislative act in 1964 to provide various health related programs such as immunization, family planning, and nutrition services. It operates under an Executive Officer and a seven member board comprised of the following: the Chairman of the Board of Commissioners, the Oconee County School Superintendent, and the Mayor of the City of Watkinsville, three at-large members appointed by the County, and one at-large member appointed by the City of Watkinsville. Because the County appoints a majority of the Health Department's board and provides funding in support of the Health Department, it is reported as discretely presented component unit of the County.

The Health Department issues its own financial statements and it has a June 30 fiscal year end. Complete financial statements of the individual component units can be obtained its administrative offices at:

Oconee County Health Department
160 Experiment Station Road
Post Office Box 222
Watkinsville, Georgia 30677

Blended Component Units - Based on the GASB criteria, the Oconee County Industrial Development Authority (OCIDA) qualifies as a blended component unit.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2013

Note 1: Summary of Significant Accounting Policies, continued

Oconee County Industrial Development Authority - The financial operations of OCIDA are presented in its stand-alone statements as governmental activities. The five voting members of the OCIDA include the Chairman of the Board of Commissioners, the President of the Oconee County Chamber of Commerce, the Mayor of the City of Watkinsville, and two at-large members appointed by the County Board of Commissioners. Substantially all of the financial operations of the Authority are subject to the prior approval of the Board of Commissioners. The OCIDA issued its Series 2012 Industrial Revenue Bonds which are payable only from payments by Oconee County pursuant to an intergovernmental agreement. Because substantially all of the debt of the OCIDA will be paid by resources of the County, the OCIDA is reported as a blended component unit.

The OCIDA issues its own financial statements and has a June 30 year end. Complete financial statements of the OCIDA can be obtained from its administrative offices at:

Oconee County Industrial Development Authority
Post Office Box 145
Watkinsville, Georgia 30677

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The County reports the following major governmental funds:

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

SPLOST 2009 – This is a capital projects fund established to account for all special local option sales tax revenues collected as a result of the County's 2009 SPLOST referendum as well as the specifically identified projects for which the SPLOST tax was established.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2013

Note 1: Summary of Significant Accounting Policies, continued

IDA Grant Fund – This fund accounts for the proceeds and expenditures of the OCIDA related to a capital grant awarded by the State of Georgia in support of economic development.

The County reports the following major enterprise fund:

Water and Sewer Fund – This fund accounts for the operation, maintenance and development of the County’s water and sewer system.

The County reports the following fiduciary fund type:

Agency Funds – These funds account for monies held by the County in a trustee capacity or as an agent on behalf of individuals, private organizations, other governments and/or other funds. Following are the agency funds of the County at June 30, 2013: Tax Commissioner, Sheriff, Superior Court, Probate Court, Magistrate Court and Juvenile Court.

Measurement Focus, Basis of Accounting

Government-wide, Proprietary and Fiduciary Fund Financial Statements – The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. The governmental activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be *available* if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

C. Budgets and Budgetary Accounting

The County follows these procedures in establishing budgetary data reflected in the financial statements:

1. Prior to the May Commissioners’ meeting, department heads must submit their requests for budgets for the coming year.
2. The Board of Commissioners meets with each department head to discuss their requests and make necessary adjustments.
3. The revised requests are reviewed at the May Commissioners’ meeting.
4. The final budget is approved at the June Commissioners’ meeting.
5. Department heads may make lateral changes to the budget within their department. Any increase in total departmental budgets, however, must be approved by the Board of Commissioners.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2013

Note 1: Summary of Significant Accounting Policies, continued

6. The budget is prepared and adopted on a basis consistent with generally accepted accounting principles, but is adopted at the department level and presented as such in the financials. A reconciliation from the department level to current expenditures, debt service expenditures and transfers out is provided. An annual budget is adopted for the General Fund, Special Revenue Funds and Capital Projects Funds. An operating budget is prepared for each Enterprise Fund for planning, control, cost allocation, and evaluation purposes. Budgetary amounts are not formally integrated into the Enterprise Fund general ledgers.

D. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of money are recorded in order to reserve that portion of the applicable appropriation, is used by the County. There were no outstanding encumbrances at June 30, 2013.

E. Deposits and Investments

Cash consists of demand and interest-bearing deposits held in banks. All bank deposits must be collateralized by an amount equal to 110% of uninsured deposits of the State of Georgia or U.S. obligations or direct loans to the County. General Fund cash balances in excess of amounts required for the County's daily operating activities were invested in either the State of Georgia Local Government Investment Pool or Certificates of Deposit during the fiscal year.

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

Investments that represent certificates of deposits with an original maturity greater than 90 days are recorded at cost plus accrued interest, which approximates market value. Investments with quoted market prices, such as obligations of the federal government, are reported at the quoted market price.

F. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectibles, when material. Water and Sewer Fund allowances for uncollectible accounts, netted with accounts receivable, were \$103,358 for the year ended June 30, 2013.

G. Property Tax Calendar

Property taxes attach as an enforceable lien on property as of January 1. The County bills and collects its own property taxes as well as the taxes for the County School District and several cities within the County. County property tax revenues are recognized when levied to the extent that they result in current receivables.

Property taxes were levied on August 7, 2012. The collection period for property taxes was September 7, 2012 through November 15, 2012. Taxes receivable at June 30, 2013 amounted to \$174,091 while unavailable property taxes totaled \$159,227.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2013

Note 1: Summary of Significant Accounting Policies, continued

I. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Property, plant and equipment with initial, individual costs that equal or exceed \$5,000 are recorded as capital assets. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, net of related interest earned, is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	15-50
Building and improvements	10-50
Water and sewer distribution system	20-50
Vehicles	4-20
Furniture, fixtures and equipment	5-10

Pursuant to GASB Statement No. 34, the County has retroactively identified all infrastructure assets placed in service prior to July 1, 2002 and has recorded those assets which fall within the County's capitalization policy.

J. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual vacation and comp time balances. The liability has been calculated using the vesting method, in which leave amounts for employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments upon termination are included. In accordance with the provisions of GASB Statement 16, concerning Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Compensated absence balances related to governmental activities are liquidated through the General Fund.

K. Restricted Assets

Restricted assets consist of restricted cash and investments. These resources have been set aside for customer deposits, debt service reserves for the water and sewerage revenue bonds, construction of the Hard Labor Creek Reservoir, and the repayment of the contract payable with WCWSA.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2013

Note 1: Summary of Significant Accounting Policies, continued

L. Fund Equity

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

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

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

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

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

Unassigned – all other spendable amounts.

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

Note 2: Deposits and Investments

Custodial Credit Risk-Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's policy regarding custodial credit risk is to comply with the state law requiring collateralization of uninsured deposits up to 110% of the value of the deposits. As of June 30, 2013, none of the County's deposits was exposed to custodial credit risk. Georgia law also requires that the securities used by financial institutions to collateralize deposits of the County be either obligations of the federal government or a government in Georgia. One bank collateralized approximately \$600,000 of the County's deposits with obligations of governments in Alabama and Tennessee at June 30, 2013. The County has required that this bank correct this error and replace the noncompliant collateral with obligations that do meet the requirements of Georgia law. The bank did so before the financial statements were issued.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2013

Note 2: Deposits and Investments, continued

Investments

Credit Risk

Georgia law authorizes local governments to invest in the following types of obligations:

- Obligations of the State of Georgia or any other states;
- Obligations issued by the United States;
- Obligations fully insured or guaranteed by the United States government or governmental agency;
- Obligations of any corporation of the United States Government;
- Prime bankers' acceptances;
- The State of Georgia Local Government Investment Pool;
- Repurchase agreements; and
- Obligations of other political subdivisions of the State of Georgia.

The County has no investment policy that would further limit its investment choices. As of June 30, 2013, the County had \$16,625,065 invested in Georgia Fund 1. Georgia Fund 1, created by *O.C.G.A. 36-83-8*, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAM rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool is managed by the Office of the State Treasurer. Its primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1.00 per share.

Interest Rate Risk

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

Concentration of Credit Risk

The County places no limit on the amount the County may invest in any one issuer. GASB Statement 40 requires disclosure when the percent is 5% or more in any one issuer. The County had no investments that met this requirement at June 30, 2012.

Foreign Currency Risk

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

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2013

Note 2: Deposits and Investments, continued

As of June 30, 2013, the County had the following investments:

<u>Type of Investment</u>	<u>Credit Risk</u>	<u>Maturities</u>	<u>Fair Value</u>
Unrestricted:			
<u>Water and Sewer Fund</u>			
Georgia Fund 1	AAAf	43 days	820,675
Certificates of deposit		12 month	1,911,759
 <u>General Fund</u>			
Georgia Fund 1	AAAf	43 days	8,039,272
 <u>SPLOST 2004 Fund</u>			
Georgia Fund 1	AAAf	43 days	3,808,357
 Restricted:			
<u>Water and Sewer Fund</u>			
Georgia Fund 1	AAAf	43 days	3,865,198
Fidelity Treasury Money Market Shares	AAAm	53 days	3,265
	Total restricted		<u>3,868,463</u>
	Total investments		<u>\$ 18,448,526</u>

The maturities of the County's investments in Georgia Fund 1 and the Fidelity Treasury Money Market Shares is calculated based on a weighted average maturity of the investments held in the respective funds.

Custodial Credit Risk-Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the investments held by the County are either insured or registered in the name of the County. The County has no policy on custodial credit risk for investments.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2013

Note 2: Deposits and Investments, continued

Restricted Cash and Investments

As of June 30, 2013, the County had the following restricted assets:

<u>Purpose</u>	<u>Balance</u>
<u>General Fund</u>	
Liability bonds payable	\$ 12,475
 <u>Water and Sewer Fund</u>	
Customer deposits	520,536
Restricted cash - current	<u>520,536</u>
 <u>Water and Sewer Fund</u>	
Debt service reserve 2009 bonds	682,468
Debt service reserve 2012 bonds	101,667
Construction proceeds - WCWSA 2012 GEFA	26,227
Restricted cash - noncurrent	<u>810,362</u>
 <u>Water and Sewer Fund</u>	
Construction proceeds 2008 WCWSA Contract Payable	2,457,840
Debt service reserve 2008 WCWSA Contract Payable	1,407,358
Debt service reserve 2003 bonds	3,265
Restricted investments - noncurrent	<u>\$ 3,868,463</u>

Note 3: Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

<u>Primary Government</u>	<u>Beginning Balances, as restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 11,617,553	\$ 92,110	\$ -	\$ 11,709,663
Construction in progress	<u>7,403,656</u>	<u>5,117,735</u>	<u>6,838,650</u>	<u>5,682,741</u>
Total capital assets not being depreciated	<u>19,021,209</u>	<u>5,209,845</u>	<u>6,838,650</u>	<u>17,392,404</u>
<i>Capital assets being depreciated:</i>				
Infrastructure	105,142,654	362,872	-	105,505,526
Buildings and improvements	38,210,232	5,378,960	33,174	43,556,018
Equipment, furniture and vehicles	<u>13,292,779</u>	<u>1,632,673</u>	<u>435,481</u>	<u>14,489,971</u>
Total capital assets being depreciated	<u>156,645,665</u>	<u>7,374,505</u>	<u>468,655</u>	<u>163,551,515</u>
Less accumulated depreciation for:				
Infrastructure	66,332,048	2,599,548	-	68,931,596
Buildings and improvements	8,984,786	1,305,056	28,247	10,261,595
Equipment, furniture and vehicles	<u>10,124,639</u>	<u>828,740</u>	<u>435,481</u>	<u>10,517,898</u>
Total accumulated depreciation	<u>85,441,473</u>	<u>4,733,344</u>	<u>463,728</u>	<u>89,711,089</u>
Total capital assets being depreciated, net	<u>71,204,192</u>	<u>2,641,161</u>	<u>4,927</u>	<u>73,840,426</u>
Governmental activity capital assets, net	<u>\$ 90,225,401</u>	<u>\$ 7,851,006</u>	<u>\$ 6,843,577</u>	<u>\$ 91,232,830</u>

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2013

Note 3: Capital Assets, continued

General government	\$ 330,826
Judicial	21,934
Public safety	925,718
Public works	2,711,678
Health and welfare	43,730
Culture and recreation	643,484
Housing and development	55,974
Total governmental activities depreciation expense	\$ 4,733,344

Total interest cost incurred for governmental activities was \$888,126. All of the interest cost incurred for governmental activities was expensed.

Business-type Activities:

	Beginning Balances	Increases	Decreases	Ending Balances
Water and Sewer Fund:				
Capital assets not being depreciated:				
Land	\$ 3,442,714	\$ -	\$ -	\$ 3,442,714
Construction in progress	15,681,226	4,769,504	239,896	20,210,834
Intangibles	58,296	-	-	58,296
Total capital assets not being depreciated	19,182,236	4,769,504	239,896	23,711,844
Capital assets being depreciated:				
Treatment and distribution system	71,865,926	464,596	-	72,330,522
Buildings and improvements	296,136	-	-	296,136
Equipment, furniture and vehicles	1,091,918	62,464	165,591	988,791
Total capital assets being depreciated	73,253,980	527,060	165,591	73,615,449
Less accumulated depreciation for:				
Treatment and distribution system	18,099,944	1,400,997	-	19,500,941
Buildings and improvements	95,602	9,533	-	105,135
Equipment, furniture and vehicles	979,736	35,094	165,591	849,239
Total accumulated depreciation	19,175,282	1,445,624	165,591	20,455,315
Capital assets being depreciated, net	54,078,698	(918,564)	-	53,160,134
Water and sewer capital assets, net	73,260,934	3,850,940	239,896	76,871,978

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2013

Note 3: Capital Assets, continued

Total Non-major Business-type Activities

Capital assets not being depreciated:

Land	\$ 150,000	\$ -	\$ -	\$ 150,000
Construction in progress	-	-	-	-
Total capital assets not being depreciated	150,000	-	-	150,000

Capital assets being depreciated:

Land improvements	44,865	-	-	44,865
Buildings and improvements	2,836,369	-	-	2,836,369
Equipment, furniture and vehicles	249,945	26,233	-	276,178
Total capital assets being depreciated	3,131,179	26,233	-	3,157,412

Less accumulated depreciation for:

Land improvements	26,747	2,243	-	28,990
Buildings and improvements	1,061,383	62,334	-	1,123,717
Equipment, furniture and vehicles	174,847	18,463	-	193,310
Total accumulated depreciation	1,262,977	83,040	-	1,346,017
Capital assets being depreciated, net	1,868,202	(56,807)	-	1,811,395
Total non-major business-type activities, net	2,018,202	(56,807)	-	1,961,395
Business-type activities capital assets, net	\$ 75,279,136	\$ 3,794,133	\$ 239,896	\$ 78,833,373

Note 4: Interfund Balances and Activity

Interfund balances

Interfund balances at June 30, 2013 consist of the following:

	Due from:			
Due to:	General Fund	Non-major Gov't Funds	Water & Sewer Fund	Total
<u>Governmental funds</u>				
General Fund	\$ -	\$ 91,993	\$ 108,446	\$ 200,439
Non-major Gov't Funds	260,498	25,785	-	286,283
<u>Enterprise funds</u>				
Non-major Enterprise Funds	144,433	-	-	144,433
	\$ 404,931	\$ 117,778	\$ 108,446	\$ 631,155

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which the transactions are executed or are the result of the General Fund maintaining the cash for another fund. Balances that are the result transactions between funds are the result of current transactions and will be settled within the next year. Balances in which the General Fund is the custodian for cash belonging to another fund will be settled when the resources are expended by the fund that has the economic claim on the cash. The County expects that all but approximately \$100,000 of the funds held by the General Fund for a non-major governmental fund will be repaid during the coming year.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2013

Note 4: Interfund Balances and Activity, continued

Transfers to/from Other Funds

Transfers Out:	Transfers in:					Total
	General Fund	SPLOST 2009 Fund	Nonmajor Gov't Funds	Water and Sewer Fund	Nonmajor Enterprise Funds	
<u>Governmental funds</u>						
General Fund	\$ -	\$ -	\$ 1,106,857	\$ -	\$ 665,794	\$ 1,772,651
Non-major Gov't Funds	10,383	1,433	14,267	785,668	-	811,751
	\$ 10,383	\$ 1,433	\$ 1,121,124	\$ 785,668	\$ 665,794	\$ 2,584,402

The General Fund transferred out \$1,106,857 to nonmajor gov't funds and \$665,794 to nonmajor enterprise funds to assist in the daily operations and special grants. Included in the transfers from the General Fund to the nonmajor gov't funds are transfers to the E-911 fund. These transfers are used to supplement the E-911 surcharge and to pay costs of the fund which state law does not allow the 911 surcharge to be used for, such as professional fees. The nonmajor gov't funds transferred \$785,668 to the Water and Sewer Fund to assist with capital projects as was approved by the voters in a SPLOST referendum. Other transfers from nonmajor governmental funds to other nonmajor governmental funds were made to allow for a project to be accounted for within a single fund or to allow resources to be spent within funds that are required to spend certain funds.

Note 5: Other Assets

Investment in Upper Oconee Basin Water Authority

The County, along with three other counties, is a member of the Upper Oconee Basin Water Authority (UOBWA). The purpose of this venture was to construct a reservoir and water treatment plant that would provide water for the counties involved. Each government is responsible for a pro-rata share of the costs based on population.

In March 2005, the UOBWA issued \$48,155,000 of Water Revenue Refunding Bonds, Series 2005. The proceeds of the bonds were used to advance refund the Series 1997 Bonds maturing in the years 2009 and thereafter and to pay certain expenses incident to the issuance of the bonds. The County's share of the bond debt is 20.929%. An Investment in UOBWA and an offsetting Contract Payable have been recorded in the Oconee County Water and Sewer Fund to recognize this investment and obligation.

The investment costs are amortized over the useful lives of the underlying assets of the investment. Approximately 10% of the total investment costs represent the investment into the land, 50% represent the investment into the reservoir, which has a useful life of 100 years, and 40% represent the investment into the treatment plant, which has a useful life of 50 years.

Investment in UOBWA at June 30, 2013 consisted of the following:

Initial cash costs	\$ 70,221
Contract payable for 20.959% of revenue bond liability	12,733,127
Additional cash investments	41,250
	12,844,598
Accumulated amortization	(1,839,714)
Investment in UOBWA, net	\$ 11,004,884

Financial statements for the Upper Oconee Basin Water Authority can be obtained at the following address: Northeast Georgia Regional Commission, 305 Research Drive, Athens, Georgia 30605-2795.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2013

Note 6: Unavailable Grant Reimbursement

The County received a grant from the Georgia Department of Transportation (GDOT) to assist in funding the widening of Mars Hill Road. One of the requirements for receiving reimbursement under that grant is that the grant reimbursements be of sufficient size before they are submitted to the GDOT. The County accumulated \$926,459 of unreimbursed cost as of June 30. The County met the reimbursement threshold set by GDOT in November 2013 and received reimbursement shortly thereafter. Because the reimbursement of costs incurred through June 30 was not received by the County soon enough to be considered "available", the County did not report revenue under the modified accrual basis of accounting in the general fund. Revenue was reported in the governmental activities on the statement of activities because there is no requirement that the funds be "available" under the accrual basis of accounting.

Note 7: Long-term Obligations

Governmental Activities

Categories of Debt

General Obligation Bonds

In March 2003, the County issued Series 2003 Oconee County, Georgia General Obligation Bonds in the amount of \$11,780,000, with interest rates ranging from 1.5% to 5.5%. The bonds are being repaid through revenues from the SPLOST 2009 Fund, in principal installments of \$225,000 to \$725,000. The proceeds were used for a recreation project which consists of the acquisition, development and equipping of a new park.

In September 2011, the County issued \$10,095,000 of Series 2011 Oconee County, Georgia General Obligation Bonds with coupon rates ranging from 1.5% to 5.5%. The proceeds were used to advance refund the remaining outstanding balance of \$9,805,000 of the Series 2003 Oconee County, Georgia General Obligation Bonds. The Series 2011 bonds were issued at a premium of \$428,875 and had issuance costs of \$211,235. The County had net proceeds of \$10,312,550 most of which was deposited into an irrevocable escrow account to pay the required principal and interest payments on the Series 2003 bonds as they come due. Because the County has placed an amount sufficient to retire the Series 2003 bonds in an irrevocable escrow, these bonds are considered defeased. Consequently, the Series 2003 bonds have been removed from the Statement of Net Position. The Series 2003 bonds had a net carrying value of \$9,766,627 at the time that they were defeased by placing \$10,311,448 into the irrevocable escrow account. The \$544,491 difference has been included netted against the Series 2011 bonds and is being amortized over the life of the new debt. The County will save \$745,129 of debt service costs over the 22 years that the new debt is outstanding. The savings have a net present value of \$695,597.

Contract Payable - OCIDA

During March 2012, the Oconee County Industrial Development Authority issued \$10,380,000 of Series 2012 Revenue Bonds with coupon rates ranging from 2% to 4%. The proceeds from these bonds were used to provide incentives for a large private employer to locate a factory within the county. The bonds are repayable solely through the proceeds of an intergovernmental contract which calls for the County to make all of the required debt service payments on the bonds. Pursuant to this contract, the County has agreed to assess property taxes sufficient to make all of the required debt service payments provided that the necessary taxes will not exceed one mill per dollar of assessed value. Because the County is unconditionally liable for the payment of the debt, a contract payable for the entire present value of the debt is reported on the Statement of Net Position. Because the OCIDA is only responsible for repayment of the bonds to the extent it receives payment under the intergovernmental agreement, the bonds are not reported as a liability of the OCIDA.

Installment Note

On June 29, 2006, the County and the Association County Commissioners of Georgia (ACCG) entered into a \$9,000,000 Installment Sale Agreement with Wachovia Bank for financing of a 130 bed jail in Oconee County, as authorized by *O.C.G.A. 36-60-13*. The Installment Sale Agreement includes interest payments at a rate of 3.85% per annum, is renewable annually and originally called for the principal and interest to be payable in 120 monthly installments of approximately \$90,737. During fiscal year 2008, Amendment One to the Installment Sale Agreement was executed as a result of a \$1.1 million principal pre-payment.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2013

Note 7: Long-term Obligations, continued

Installment Note, continued

As a result of this pre-payment, the monthly installments dropped to \$90,116 and are expected to be repaid by February 2015. ACCG will transfer certain of its interest in the Installment Sale Agreement under the terms of the transfer agreement by and between ACCG and Wachovia Bank and will secure such assignment and stated obligations under the Installment Sale agreement with security title to the transferred property pursuant to a deed to secure debt from ACCG to Wachovia Bank.

Capital Leases

On May 5, 2010, the County entered into a \$3,200,000 lease-purchase agreement for establishing a new 700/800 MHz regional radio communication system. The lease is for a period of six years at an interest rate of 3.65% and will be liquidated by payments from the SPLOST 2009 Capital Projects Fund. The lease is payable in six annual payments. The lease qualifies as a capital lease for accounting purposes and has been recorded at the present value of future minimum lease payments at the date of inception. The assets received under the lease are depreciated under the County's capital asset depreciation policy and the resulting expense is reported as a component of depreciation expense.

	<u>Historical Cost</u>	<u>Accumulated Depreciation</u>
Radio Communication System	\$ 3,205,700	57,088

Future minimum lease payments at June 30, 2012:

Year Ending June, 30	<u>Governmental Activities</u>
2014	500,000
2015	500,000
2016	700,000
2017	400,545
Minimum lease payments	<u>2,100,545</u>
Less: Interest	<u>(177,089)</u>
Net present value of minimum lease payments	<u><u>\$ 1,923,456</u></u>

Conduit Debt

The Oconee County Industrial Development Authority (OCIDA), a blended component unit of the County, has issued several industrial revenue bonds that were used to finance the cost of the acquisition, equipping and improvement of certain land and buildings located in Oconee County, Georgia. The total amount of industrial revenue bonds outstanding at year end was \$24,285,000, made up of three issues. The Authority receives an annual administrative fee of \$10,000 in connection with the issuance of the Series 2009 Bonds. This fee is reported as other income in the financial statements. Although this debt bear's the name of the Oconee County Industrial Development Authority, the Authority has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf the debt was issued. Therefore, no liability has been reflected in the financial statements for this debt.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2013

Note 7: Long-term Obligations, continued

Conduit Debt, continued

OCIDA also issued \$10,380,000 of Series 2012 Industrial Revenue Bonds. The proceeds from these bonds were used to provide incentives for a large private employer to locate with Oconee County. All of the bonds were outstanding at year end. The County has agreed to pay all of the debt service costs associated with this bond issuance as part of intergovernmental agreement between OCIDA and the County. The Series 2012 bonds provide that the only source of repayment is the payments made by the County pursuant to the intergovernmental agreement. The County reports a long term liability in its governmental activities for these bonds. Further disclosure related to these bonds is located in the "Contract Payable - OCIDA" section of this note disclosure.

Business-type Activities

Revenue Bonds

Series 2003 Bonds

In July 2003, the County issued Series 2003 Water and Sewerage Revenue Bonds in the amount of \$9,375,000, with interest rates ranging from 1.35% to 4.5%. The bonds are being repaid through operating revenues of the Water and Sewer Enterprise Fund, in principal installments of \$215,000 to \$1,480,000. The proceeds of the issue have been used to purchase the land on which the LAS site is located (the County was previously leasing this property), to refinance the GEFA loan, to pay the premium for a surety bond that will fund the debt service reserve, to pay the premium for a municipal bond new issue insurance policy and to pay the costs of issuing the Series 2003 Bonds. The remaining proceeds were used to finance additions, improvements, extensions and expansions of the water and sewer system of the County. The majority of the Series 2003 bonds were advance refunded by the County's issuance of the Series 2012 bonds. At year-end, the Series 2003 Bonds had an outstanding balance of \$100,000. Interest of 4% is due semiannually on the outstanding balance until September 2024 when the outstanding interest and principal are due.

Series 2009 Bonds

In September 2009, the County issued \$7,095,000 of its Series 2009 Water and Sewerage Revenue Bonds with an average interest cost of 3.18%. These bonds consist of serial bonds bearing various fixed rates ranging from 2% to 4% with annual maturities from September 2011 through September 2019. The net proceeds of \$7,129,309 (\$7,095,000 face value plus \$227,288 issuance premium less \$192,980 in issuance costs) were used to complete a current refunding of the Series 1998 Water and Sewerage Revenue Bonds with a total principal amount outstanding of \$7,470,000 and an average interest rate of 4.75%.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This difference amounted to \$557,730 and is being charged to interest expense through the year 2020 using the straight-line method.

Series 2012 Bonds

During July 2012, the County issued \$6,740,000 of Series 2012 Oconee County, Georgia Water and Sewerage Refunding Revenue Bonds with coupon rates ranging from 2% to 5%. The bonds were issued at a premium of \$1,295,000 with issuance costs of \$177,500 which yielded net proceeds of \$7,857,500. The proceeds of these bonds were used to advance refund \$7,390,000 of the remaining outstanding balance of the Series 2003 Oconee County, Georgia Water and Sewerage Revenue Bonds. Assets sufficient to pay the \$7,390,000 of Series 2003 Bonds were placed in escrow upon the closing of the Series 2012 Bonds. These assets were paid out of escrow and the \$7,390,000 of Series 2003 Bonds were retired during September 2012. After the refunding, the Series 2003 bonds had a remaining outstanding balance of \$360,000. As of June 30, the Series 2003 Water and Sewer Revenue Bonds had an outstanding balance of \$100,000.

Prior to the refunding, the total cash flows required to retire the refunded portion of the Series 2003 Bonds was \$10,223,233. The total cash flows required to retire the Series 2012 Bonds is \$9,529,903. The economic gain on refunding is calculated by discounting the total cash flow savings to their present value using the average yield of the Series 2012 Bonds as the discount rate. The economic gain on refunding is \$671,223. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This difference amounted to \$557,730 and is being charged to interest expense through the year 2020 using the straight-line method.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2013

Note 7: Long-term Obligations, continued

Contract Payable- UOBWA

In November 1997, Oconee County entered into a supplemental contract with the Upper Oconee Basin Water Authority. This contract indicated that the UOBWA would issue Revenue Bonds, Series 1997 totaling \$60,770,000. By signing the contract, Oconee County agreed to pay the Issuer amounts sufficient to pay 20.959% of the debt service of the Series 1997 Bonds, totaling \$12,677,837.

In March 2005, Oconee County entered into an additional supplemental contract with the Upper Oconee Basin Water Authority (UOBWA). This contract indicated that the UOBWA would issue Revenue Refunding Bonds, Series 2005, in the principal amount of \$48,155,000 in order to advance refund the UOBWA's Series 1997 Bonds maturing in the years 2009 and thereafter and to pay certain expenses incident to the issuance of the Bonds. Again, by signing the contract, Oconee County agreed to pay the Issuer amounts sufficient to pay 20.959% of the debt service of the Series 2005 Bonds as well as the Series 1997 Bonds maturing in years 2005-2008. Interest payments were funded through July 1, 2005 from the proceeds of the Series 2005 Bond. The County is making monthly payments covering annual debt service requirements from \$562,679 to \$901,289, with a coupon interest rate varying from 2.00% to 5.125%. The contract matures on July 1, 2027. This advanced refunding of the 1997 bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This difference amounted to \$618,294 and is being amortized over the remaining life of the new debt.

Contract Payable – WCWSA

In October 2007, Oconee County entered into an Intergovernmental Contract-Reservoir Project with Walton County and the Walton County Water and Sewerage Authority (WCWSA). This contract indicated that WCWSA would issue the Walton County Water and Sewerage Authority Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2008 totaling \$19,535,000. The proceeds from the Series 2008 Bonds will be used by the Authority for the purpose of financing or refinancing all or a portion of the cost of acquiring, constructing, installing and equipping a reservoir and related treatment and transmission facilities, paying capitalized interest on the Series 2008 Bonds, funding a debt service reserve and paying the costs of issuing the Series 2008 Bonds.

Under the terms of the Contract, the County has agreed to pay the Authority amounts sufficient to pay the debt service on the Series 2008 Bonds. The County intends to make the Contract Payments with moneys derived from its water and sewerage system. However, the County System Revenues have not been pledged as security for the Contract Payments or the Series 2008 Bonds. In the event that the County System Revenues are insufficient to make the Contract Payments, the County has agreed to levy an ad valorem property tax, unlimited as to rate or amount, on all property in the County subject to taxation for such purposes in order to make the Contract Payments. The County will make semiannual payments over to the Authority, ranging from \$309,486 to \$1,228,500 over the life of the contract. The contract matures on February 1, 2038.

WCWSA and the County agreed that based on the a reevaluation of the costs that each had incurred on the HLC project that the County would make payments that would satisfy the debt service requirements for \$18,822,851 of the total Series 2008 bonds. The reduction in the amount that the contract requires the County to make also resulted in a reduction in the County's claim on the unspent proceeds of the Series 2008 bonds. Accordingly, the change did not affect the net position of the Water and Sewer Fund. The beginning balance of the contract payable was restated to reflect this agreement.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2013

Note 7: Long-term Obligations, continued

Note Payable – GEFA

The Walton County Water and Sewer Authority entered into a note payable with the Georgia Environmental Finance Authority (GEFA) during 2013. Oconee County is obligated to pay 28.8% of the amounts payable under that note pursuant to the intergovernmental agreement that establishes the Hard Labor Creek Reservoir Project (HLC). The note allows for up to \$20,000,000 of borrowing, of which the County's share would be \$5,760,000. At year-end, the total borrowed to date was \$910,648, of which the County is responsible for paying \$262,267. The note calls for no interest to be paid during the construction period, which continues until September 2015. During the repayment period, interest will accrue on the outstanding principal balance at 1%. Interest only payments will be made annually. All remaining outstanding interest and the outstanding principal will be paid in one payment on December 31, 2052. Because the note bears interest at a rate that differs substantially from the market interest rate available to the County, the accounting standards required that the County discount the required debt service payments using the County's market yield on debt with similar terms. The County estimated that the market yield that it would be required to pay would be 3% and used this rate to calculate the discount on this debt. This discount will be amortized to interest expense over the life of the loan.

Changes in long-term obligations for the year ended June 30, 2013 are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental activities:					
Contract payable - OCIDA	\$ 10,380,000	\$ -	\$ -	\$ 10,380,000	\$ -
Less: discount	(11,699)	-	(540)	(11,159)	-
Net contract payable	<u>10,368,301</u>	<u>-</u>	<u>(540)</u>	<u>10,368,841</u>	<u>-</u>
General obligation bonds	10,095,000	-	-	10,095,000	320,000
Issuance premiums	418,576	-	20,418	398,158	-
Total bonds payable	<u>10,513,576</u>	<u>-</u>	<u>20,418</u>	<u>10,493,158</u>	<u>320,000</u>
Compensated absences	648,587	381,864	416,574	613,877	-
Capital Leases	2,316,800	-	393,344	1,923,456	429,794
Installment note payable	2,734,442	-	992,272	1,742,170	1,031,706
Total governmental activities	<u>\$ 26,581,706</u>	<u>\$ 381,864</u>	<u>\$ 1,822,068</u>	<u>\$ 25,141,502</u>	<u>\$ 1,781,500</u>

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2013

Note 7: Long-term Obligations, continued

	<u>Beginning Balance, as restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Business-type activities:					
Note payable - GEFA	\$ -	\$ 262,267	\$ -	\$ 262,267	\$ -
Less: discount on GEFA note	-	(127,508)	-	(127,508)	-
Total note payable	-	134,759	-	134,759	-
Contracts payable					
UOBWA Contract payable	8,447,524	-	396,125	8,051,399	410,796
WCWSA Contract payable	18,822,852	-	-	18,822,852	-
Less: issuance discount	(118,782)	-	(4,613)	(114,169)	-
Total contracts payable	27,151,594	-	391,512	26,760,082	410,796
Bonds payable:					
Revenue bonds	14,245,000	6,740,000	8,350,000	12,635,000	725,000
Deferred amounts:					
Issuance discounts	(66,535)	-	(64,303)	(2,232)	-
Issuance premiums	162,890	1,295,410	129,867	1,328,433	-
Total bonds payable	14,341,355	8,035,410	8,415,564	13,961,201	725,000
Compensated absences - Water	58,432	23,400	12,077	69,755	-
Compensated absences - Nonmajor	36,926	16,562	17,451	36,037	-
Total Business-type activities	<u>\$ 41,588,307</u>	<u>\$ 8,210,131</u>	<u>\$ 8,836,604</u>	<u>\$ 40,961,834</u>	<u>\$ 1,135,796</u>

The business-type bonds payable amounts reported above consist of the following individual revenue bond issues:

	<u>2003 Series</u>	<u>2009 Series</u>	<u>2012 Series</u>	<u>Total</u>
Outstanding bond payable	\$ 100,000	\$ 5,795,000	\$ 6,740,000	\$ 12,635,000
Unamortized discount	(2,232)	-	-	(2,232)
Unamortized premium	-	140,161	1,188,272	1,328,433
Net total	<u>\$ 97,768</u>	<u>\$ 5,935,161</u>	<u>\$ 7,928,272</u>	<u>\$ 13,961,201</u>

All business-type notes, contracts and bonds payable presented above represent liabilities of the Water and Sewer Fund.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2013

Note 7: Long-term Obligations, continued

Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2013 are as follows:

Governmental activities

Year Ending June 30,	Installment Note		General Obligation Bonds		Contract Payable - OCIDA	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 1,031,706	\$ 49,691	\$ 320,000	\$ 384,720	\$ -	\$ 292,112
2015	710,464	9,648	50,000	381,200	410,000	292,112
2016	-	-	390,000	380,380	415,000	283,912
2017	-	-	400,000	371,235	425,000	273,862
2018	-	-	415,000	351,235	440,000	261,112
2019 - 2023	-	-	2,330,000	1,461,525	2,325,000	1,163,694
2024 - 2028	-	-	2,815,000	921,083	2,635,000	859,588
2029 - 2033	-	-	3,375,000	388,783	3,055,000	440,677
2034 - 2035	-	-	-	-	675,000	24,975
	<u>\$ 1,742,170</u>	<u>\$ 59,339</u>	<u>\$ 10,095,000</u>	<u>\$ 4,640,161</u>	<u>\$ 10,380,000</u>	<u>\$ 3,892,044</u>

Business-type activities

Year Ending June 30,	Water and Sewer Fund					
	2003 Revenue Bonds		2009 Revenue Bonds		2012 Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ -	\$ 4,000	\$ 725,000	\$ 193,419	\$ -	\$ 305,000
2015	-	4,000	800,000	175,263	-	305,000
2016	-	4,000	820,000	152,963	230,000	302,700
2017	-	4,000	845,000	126,931	240,000	298,000
2018	-	4,000	870,000	95,800	250,000	291,850
2019 - 2023	-	20,000	1,735,000	72,600	4,650,000	1,070,950
2024	100,000	8,000	-	-	1,370,000	34,250
	<u>\$ 100,000</u>	<u>\$ 48,000</u>	<u>\$ 5,795,000</u>	<u>\$ 816,976</u>	<u>\$ 6,740,000</u>	<u>\$ 2,607,750</u>

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2013

Note 7: Long-term Obligations, continued

Year Ending June 30,	Contract Payable - UOBWA		Water and Sewer Fund Contract Payable - WCWSA		Note Payable - GEFA	
	Principal	Interest	Principal	Interest	Principal	Interest
	2014	410,796	390,118	-	902,131	-
2015	425,468	375,740	452,866	902,131	-	653
2016	447,475	353,935	467,319	884,016	-	2,635
2017	469,482	331,561	486,590	865,324	-	2,635
2018	492,537	308,087	505,861	845,860	-	2,635
2019 - 2023	2,857,760	1,148,260	2,866,546	3,895,902	-	13,174
2024 - 2028	2,947,881	363,272	3,594,023	3,168,859	-	13,174
2029 - 2033	-	-	4,591,292	2,176,166	-	13,174
2034 - 2038	-	-	5,858,355	907,178	-	13,174
2039 - 2043	-	-	-	-	-	13,174
2044 - 2048	-	-	-	-	-	13,174
2049 - 2053	-	-	-	-	262,267	13,174
	<u>\$ 8,051,399</u>	<u>\$ 3,270,973</u>	<u>\$ 18,822,852</u>	<u>\$ 14,547,567</u>	<u>\$ 262,267</u>	<u>\$ 100,776</u>

Debt Covenants

The bond and note indentures contain significant limitations and restrictions on annual debt service requirements, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverage ratios. Management believes the County is in compliance with all such significant financial limitations and restrictions.

Capitalization of Interest

Interest costs incurred in the Water and Sewer Enterprise Fund during construction are capitalized, net of interest income from the proceeds of related tax-exempt debt, as part of the cost of the related assets of the Water and Sewer Enterprise Fund.

Business-type activities:	Total interest costs incurred	Interest costs capitalized	Interest expensed
Water and Sewer Fund	<u>\$ 1,798,011</u>	<u>\$ 884,554</u>	<u>\$ 913,457</u>

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2013

Note 8: Net Position Restricted By Enabling Legislation

In 2003 and 2009, referendums were passed providing for a 1% sales tax to be used by the County for various construction projects.

Additionally, the County maintains several special revenue funds to account for activities that are required by Georgia law.

The County reports restrictions on the use of the remaining fund balance in the funds as follows:

Capital projects	\$ 6,674,905
Judicial	81,615
Public safety	66,536
Housing and Development	166,609
	<u>\$ 6,989,665</u>

Note 9: Retirement Benefits

Defined Benefit Pension Plan

During the fiscal year ending June 30, 1990, the County began a Defined Benefit Pension Plan for full-time employees employed for three years or more. The plan is reported on a calendar year basis.

Plan Description

The County sponsors the Association County Commissioners of Georgia Restated Pension Plan for Oconee County Employees (The Plan), which is a defined benefit pension plan.

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Plan, through execution of the adoption agreement, is affiliated with the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan, administered by GEBCorp. The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of the ACCG Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of The Plan, as provided in Section 19.02 of the ACCG Plan document.

Complete financial statements for The Plan can be obtained directly from the plan administrator:

GEBCorp
1100 Circle 75 Parkway, Suite 300
Atlanta, Georgia 30339

Funding Policy

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

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

County employees are not required to contribute to the Plan. The County contributes the entire cost of the Plan, using the actuarial basis described in the annual valuation report.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2013

Note 9: Retirement Benefits, continued

The County's payroll for employees participating in the Plan as of January 1, 2013 (the most recent actuarial valuation date) was \$8,606,230 (based on W-2 earnings for the preceding year). Covered payroll refers to all compensation paid by the County to active employees covered by The Plan on which contributions to the pension plan are based. The required contribution for the 2013 plan year was \$1,081,957. The recommended contribution for the 2013 plan year was 1,573,983, which represents 18.3% of covered payroll.

Plan Membership

Retirees and beneficiaries receiving benefits	68
Terminated plan members entitled to but not receiving benefits	87
Disabled in pay status	4
Active plan members	204
Total	363

All full-time County employees are eligible to participate in the Plan after completing three years of service. Benefits are fully vested after ten years of service. Participants employed before August 2010 become eligible to retire at age 65 with 3 years of participation in the Plan. Employees hired after August 2010 must have 10 years of service to be eligible to retire with benefits from the Plan. Upon eligibility to retire, participants are entitled to an annual benefit in the amount of the greater of: a) 1.0% of average annual compensation up to \$6,600 plus 2% of average of the highest two years' annual compensation in excess of \$6,600 plus \$36 for each year of service prior to January 1, 1990 or b) 0.5% of average annual compensation up to \$6,600 plus 1% of average annual compensation in excess of \$6,600 plus \$36 multiplied by years of service to a maximum of 35 years, payable as a life annuity. Average annual compensation is based on the highest average of the Participant's compensation over five consecutive plan years during the ten plan years preceding the Participant's date of retirement or termination. The Plan also provides benefits in the event of death or disability. These benefit provisions were established by an adoption agreement executed by the County Board of Commissioners.

Plan Asset Matter and Accounting Policies

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

Investments in securities are valued at current market prices. The trust fund is invested, approximately, in 60% equities and 40% fixed income securities. Plan assets do not include any loans, notes, bonds, or other instruments or securities of the County or related parties.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2013

Note 9: Retirement Benefits, continued

Derivation of Net Pension Obligation

Net Pension Obligation as of the Beginning of Prior Year	\$ (133,367)
Annual Pension Cost for Prior Year	1,414,267
Actual Contributions to Plan for Prior Year	1,497,442
Increase in Net Pension Obligation	<u>(83,175)</u>
Net Pension Obligation as of Ending of Prior Year	<u>\$ (216,542)</u>

Derivation of Annual Pension Cost

Annual Required Contribution	\$ 1,413,544
Interest on Net Pension Obligation	(10,336)
Amortization of Net Pension Obligation	<u>11,059</u>
Annual Pension Cost	<u>\$ 1,414,267</u>

Basis of Valuation

Current Valuation Date	January 1, 2013
Annual Return on Invested Plan Assets	7.75%
Projected Annual Salary Increases	4.5% - 7.0%
Expected Annual Inflation	3.00%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Projected Unit Credit
Amortization method	Level Percent of Pay (Closed)
Amortization period	10 years

Trend Information for the Plan

Actuarial Valuation Date	Annual Pension Cost	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation
1/1/2013	\$ 1,510,811	N/A	N/A	\$ (216,542)
1/1/2012	1,414,267	1,497,442	106%	(133,367)
1/1/2011	1,378,005	1,473,193	107%	(38,179)
1/1/2010	1,298,535	1,428,366	110%	91,652

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2013

Note 9: Retirement Benefits, continued

Information about the funding status of the plan as of the most recent valuation date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2013	\$ 10,195,073	\$ 15,955,259	\$ 5,760,186	64%	\$ 8,779,600	66%

The required supplementary information containing multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability directly follows the footnotes.

Deferred Compensation Plan

The County offers employees the Oconee County Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The plan is administered by an independent third party plan administrator. As a result, the assets and liabilities of the plan are not recorded on the County's financial statements. All contributions to this plan are voluntary employee contributions.

Defined Contribution Plan

The County has also established the Oconee County 401(a) Defined Contribution Plan through adoption of the ACCG 401(a) Defined Contribution Program. The plan was established to provide benefits at retirement to Oconee County employees. There are no employee or employer contributions at this time. The County has delegated certain administrative responsibilities to ACCG, or its designee. Plan provisions are established and may be amended by the Board of Commissioners.

In addition, the following pension and retirement plans are in effect, but are not under the direct control of the County:

Extension Service Employees Retirement Plan

Employees of the Oconee County Agricultural Extension Service are covered under the Teachers Retirement System of Georgia. The General Fund contributes 9.24% of these employees' compensation to their pension fund.

Probate Judge's Retirement Fund of Georgia

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

Clerk of Superior Court Retirement Fund

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

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

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

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2013

Note 10: Other Postemployment Benefits (OPEB)

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires the recognition of certain postemployment obligations in the accrual basis financial statements (proprietary and governmental wide governmental activities) of state and local governments. The purpose of the statement is to require local governments to recognize the cost of promised postemployment benefits as those benefits are earned by employees. Consequently, the expense recorded in the accrual basis statements of the County reports the actuarially determined cost of benefits earned this year plus an amortization component of benefits earned in previous years. The actuarial valuation of the County's postemployment benefits amortizes the cost of the previously earned benefits over 30 years

The County provides postretirement health care benefits under the Oconee County Health Care Plan to all former employees who have already retired or current employees who retired in 2010 or 2011 from the County after providing at least 5 years of service. The plan is a single employer plan, and it does not issue a separately available financial report. The County contributes toward retiree health costs on the authority of a resolution by the Board of Commissioners. Any plan amendments would similarly be approved by a resolution of the Board of Commissioners. During the years ended June 30, 2011 and 2010, the Board of Commissioners adopted changes to the plan which limited eligibility for the plan to former employees who had already retired from service with the County as well as those who retired during 2011 and 2010.

The County contributes towards a retiree's Medicare supplement premium. Dependent cost is the responsibility of the retiree. The County allows retirees under age 65 to continue in the health plan the County maintains for its active employees. The County contributes an amount equal to the cost of a Medicare Supplement Premium towards the retiree's health benefit. During the fiscal year, expenditures of \$153,889 were recognized for retiree health care and Medicare supplements. The County has the following participants in its plan:

Retired participants	51
Active participants	<u>-</u>
Total participants	<u><u>51</u></u>

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

Retired participants	\$ 2,790,731
Active participants	<u>-</u>
Actuarial Accrued Liability (AAL)	2,790,731
Less: Present value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$ 2,790,731</u></u>

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2013

Note 10: Other Postemployment Benefits (OPEB), continued

The County finances its postemployment benefits on a pay-as-you-go basis. The County's cumulative expenditures on a pay-as-you-go basis were greater than the Annual Required Contribution (ARC) as determined by the actuarial valuation. This results in the County reporting a Net OPEB benefit. The ARC and the Net OPEB benefit are calculated as follows:

Normal cost (current service cost)	\$ -
Amortization of UAAL (share of past service cost)	<u>121,537</u>
Annual Required Contribution (ARC)	121,537
Interest on Net OPEB Obligation	(109)
Adjustment to Annual Required Contribution	<u>268</u>
Annual OPEB Cost	121,696
OPEB costs paid during year	<u>(153,889)</u>
Change in Net OPEB Obligation	(32,193)
Net OPEB Obligation/(Asset), beginning	<u>2,735</u>
Net OPEB Obligation/(Asset), ending	<u>\$ (29,458)</u>
Percentage of ARC contributed	127%

The County finances its postemployment benefits on a pay-as-you-go basis resulting in the County having no present value of plan assets. Consequently, all of the actuarial accrued liability is unfunded. A three year history of funding information for Other Postemployment Benefits is presented in the required supplementary information immediately following the footnotes. The following contains summary information about the County's funding progress for its OPEB obligation:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2011	\$ -	\$ 2,790,731	\$ 2,790,731	0%	\$ -	0%
1/1/2009	-	1,510,025	1,510,025	0%	9,248,619	16%

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2013

Note 10: Other Postemployment Benefits (OPEB), continued

Trend Information

Year Ended	OPEB Cost	OPEB Cost Contributed	% of ARC Contributed	OPEB Obligation/(Asset)
6/30/2013	\$ 121,696	\$ 153,889	126%	\$ (29,458)
6/30/2012	121,696	164,201	135%	2,735
6/30/2011	70,324	90,488	129%	45,240
6/30/2010	57,702	25,000	43%	65,404

Actuarial Assumptions and Methods

The actuary performed his valuation based on the benefits offered under the plan as explained by the County. The actuarial valuation of the plan involves estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The actuarial valuation projects the costs of the benefits provided based on the substantive plan currently in place and the relative cost sharing of the plan between the County and the retired employees. The actuarial calculations reflect a long-term perspective, consistent with that perspective the methods and assumption used include techniques designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The following table contains the significant methods used and assumptions made by the actuary for purposes of the actuarial valuation:

Valuation date	7/01/11
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Remaining amortization period	26 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return (includes 3% inflation)	4%
Medical cost trend rate	10.50% - 5.0%
Year of ultimate trend rate	2016

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2013

Note 11: Risk Management

The County is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Government has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

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

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

Note 12: Landfill Costs

The Oconee County landfill received no solid waste after October 8, 1993. It currently operates only as a transfer station and was officially declared closed by the EPD in 1996. Thus, the County is only responsible for minor monitoring of the closed facility and is not subject to GASB 18, "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs," which is based on the EPA rule that establishes thirty-year postclosure care requirements for landfills that accept solid waste after October 9, 1993.

Note 13: Contingencies and Commitments

Contingent Liabilities

The County participates in a number of federal and state assisted grant programs. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. The amount, if any, of disallowed expenditures discovered in future audits is expected to be immaterial.

Litigation

The County is a defendant in several lawsuits, which arose in the ordinary course of its activities. The County records liabilities resulting from such claims and litigation only when they become probable and measurable. No liability has been recorded for any of the lawsuits currently in process. However, the County attorney and the County's management believes that damages, if any, that are to be paid by the County in excess of insurance coverage will not be material to the financial statements.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2013

Note 14: Joint Ventures

Northeast Georgia Regional Commission (RC)

Oconee County, Georgia, along with cities and counties in the 12 county Northeast Georgia area is a member of the Northeast Georgia Regional Commission (RC). Membership in an RC is automatic for each municipality and county in the state. The Official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RCs. Each county and municipality in the state is required by law to pay minimum annual dues to the RC. The Board is comprised of not less than two (2) or more than five (5) representatives of each member county served by the RC. The manner of selecting such representatives from each member county is as follows:

- * The chief elected official or the chair of the board of commissioners of each county served by the Center shall be a member (or a designated government official).
- * One elected or appointed municipal government official from each county served by the Center. The mayors of the municipalities in such county shall select the municipal representative of that county.
- * Not less than ten (10) or more than twenty (20) public members.
- * A minority representation, the percentage of which is at least equal to the minority population of the geographical region served by the Board, as established by the latest United States Census.

The Georgia Planning Act of 1989 (*O.C.G.A. 50-8-34*) defines RCs as “public agencies and instrumentalities of their members”. Georgia laws also provide that the member governments are liable for any debts or obligations of an RC beyond its resources. (*O.C.G.A. 50-8-39.1*) Complete financial statements of the Northeast Georgia Regional Commission can be obtained directly from the RC’s administrative office at 305 Research Drive, Athens, Georgia 30605.

Note 15: Due from Upper Oconee Basin Water Authority

As part of the Intergovernmental Agreement between the County and the Upper Oconee Basin Water Authority (UOBWA), a reconciliation is to be performed at the Authority’s year-end (December 31) to determine the actual cost sharing by each member county and then a computational comparison is made of these actual costs to the provisional invoicing to each county during the year.

Changes in the Due from UOBWA for the year are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Due from UOBWA	\$ 148,872	\$ 16,920	\$ 154,512	\$ 11,280

Note 16: Hotel Motel Lodging Tax

Oconee County, Georgia has levied a 6% lodging tax. During the year ended June 30, 2012, the County received \$114,698 in hotel motel tax revenue of this amount, 60% must be spent in accordance with O.C.G.A 48-13-51(a) (4). During the current fiscal year, the Hotel Motel Tax fund had \$61,235 in expenditures. These expenditures were spent from the unrestricted portion of the tax (40%). At June 30, 2013, \$230,704 was the balance of reserved fund balance and restricted net assets. This amount represents the restricted portion of the tax (60%) and will be spent in accordance with O.C.G.A 48-13-51(a) (4).

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2013

Note 17: Implementation of New Accounting Standards

Implementation of GASB Statement No. 61, *The Financial Reporting Entity*

The County implemented GASB Statement no. 61, *The Financial Reporting Entity*, effective July 1, 2012. This pronouncement changed the criteria under which a component unit of a primary government is required to be reported as a “blended” component unit. The financial condition and results of blended component units are required to be reported as though the blended component unit is actually a part of the primary government and is not an entity separate from the primary government. Because resources of the County will be the primary source of repayment for the debt that the Oconee County Industrial Development Authority issued, the new accounting standards require that the OCIDA be reported as a blended component unit as opposed to a discretely presented component unit as had been the case previously.

The GASB required that the new accounting standard be implemented retroactively, which required a restatement to increase beginning fund balance in the nonmajor governmental funds of \$5,040,083. This amount represents the total beginning fund balance of the funds reported by the OCIDA reported on the modified accrual basis of accounting. Additionally, the County’s beginning net position in the governmental activities column of the government wide statements was increased by \$6,651,446 to report the beginning net position of the OCIDA under the accrual basis of accounting. The restated beginning net position of the governmental funds was the result of adding \$5,040,083 of beginning fund balance plus the OCIDA’s beginning net investment in capital assets of \$1,611,365. Adopting the new accounting principle reduced the current change in fund balance for nonmajor funds by \$3,251,589 from a decrease in fund balance of \$1,725,419 to \$4,977,008. The change in net position for governmental activities was reduced by \$3,292,867 (\$3,251,589 reduction in change in nonmajor fund balance less \$41,278 of depreciation on the OCIDA’s capital assets) from an increase of \$1,408,781 to a decrease of \$1,884,086. During the year ended June 30, 2012, the County reported a decrease in nonmajor governmental fund balance of \$1,018,258 and a decrease in net position of \$11,894,206. Had the accounting principle been adopted in 2012, the County would have reported an increase in governmental fund balances of \$3,750,656 and a decrease in net position of \$7,038,495.

Implementation of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement no. 65, *Items Previously Reported as Assets and Liabilities*

The County implemented the requirements of GASB Statement no. 63 as of July 1, 2012. This statement required that the balance sheet and statement of net position contain elements entitled “deferred outflows or resources” and “deferred inflows of resources”. Additionally, the standard requires that the name of the residual financial position value of the government-wide financial statements and the enterprise fund financial statements be changed from “net assets” to “net position”. Deferred outflows of resources, which are similar to assets, represent resources consumed by the entity that is applicable to a future period (i.e. the related expenditure / expense will be reported in a future period). Deferred inflows of resources, which are similar to liabilities, represent resources received by the entity that are applicable to future period (i.e. the related revenue will be reported in a future period).

The County elected to early implement the guidance of GASB 65 as of July 1, 2012. This pronouncement proscribed certain financial statement elements that should be reported as either deferred outflows of resources or deferred inflows of resources. Additionally, the statement clarified that most debt issuance costs would be reported as an expense in the period that they are incurred rather than amortized to expense over the life of the related debt issuance. The statement requires that any unamortized debt issuance costs present upon implementation of the standard be removed from assets and the appropriate class of beginning net position be reduced. The County’s governmental beginning net position was reduced by \$440,883 and the Water and Sewer Fund and business-type activities beginning net position was reduced by \$717,913 as a result of removing the unamortized debt issuance costs from the respective statements of net position. Had the County continued amortizing debt issuance costs, governmental activities would have reported additional interest expense of \$31,666 and the total decrease in net position would have been \$1,915,752. The Water and Sewer Fund would have reported reduced interest expense of \$137,606 and the change in net position would have been \$3,042,896 had the change not been implemented. For 2012, the County’s governmental activities reported a reduction in net position of \$11,894,206 that would have been offset by \$25,666 to a reduction of \$11,868,540 had the guidance been implemented last year. For 2012, the County’s Water and Sewer Fund reported an increase in net position of \$2,399,808 that would have been increased by \$50,807 to \$2,450,615 had the guidance been implemented last year.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2013

Note 17: Implementation of New Accounting Standards, continued

The County reported deferred inflows of resources in its governmental funds for taxes and grant reimbursements receivable that were not reported as revenue in the funds because they were not received soon enough to be considered available. Prior to the implementation of GASB 63, these amounts had been reported as liabilities. The County reported deferred outflows of resources in the government wide statement of net position for both governmental and business-type activities related to deferred losses on the refunding of debt issuances.

Required Supplementary Information

Oconee County, Georgia
Required Supplemental Information
Retirement Plan - Schedule of Funding Progress
June 30, 2013

RETIREMENT PLAN
Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Projected Unit Credit	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	(c) Covered Payroll	UAAL as a percentage of covered payroll (b - a) / c
1/1/2013	\$ 10,195,073	\$ 15,955,259	\$ 5,760,186	63.9%	\$ 8,779,600	65.6%
1/1/2012	9,005,571	14,519,069	5,513,498	62.0%	8,692,728	63.4%
1/1/2011	7,814,017	13,621,164	5,807,147	57.4%	8,132,027	71.4%
1/1/2010	6,646,600	12,007,784	5,361,184	55.4%	8,136,636	65.9%
1/1/2009	5,858,023	8,381,636	2,523,613	69.9%	7,455,563	33.8%
1/1/2008	5,326,928	7,509,236	2,182,308	70.9%	6,603,361	33.0%
1/1/2007	4,361,585	6,309,382	1,947,797	69.1%	5,832,064	33.4%

Oconee County, Georgia
Required Supplemental Information
Other Postemployment Benefits - Schedule of Funding Progress
June 30, 2013

OTHER POSTEMPLOYMENT BENEFITS
Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Actuarial Accrued Liability (AAL) Projected Unit Credit</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>(c) Covered Payroll</u>	<u>UAAL as a percentage of covered payroll (b - a) / c</u>
7/1/2011	\$ -	\$ 2,790,731	\$ 2,790,731	0.0%	\$ -	0.0%
1/1/2009	-	1,510,025	1,510,025	0.0%	9,248,619	16.3%

Schedule of Employer Contributions

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Amount Contributed</u>	<u>Percentage Contributed</u>
6/30/13	\$ 121,537	\$ 153,889	126.6%
6/30/12	121,537	164,201	135.1%
6/30/11	70,324	90,488	128.7%
6/30/10	57,702	25,000	43.3%
6/30/09	640,255	25,000	3.9%

Oconee County, Georgia
Required Supplemental Information
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (by Department) and Actual - General Fund
For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes	\$ 16,872,185	\$ 17,389,185	\$ 17,398,073	\$ 8,888
Licenses and permits	399,950	673,950	697,573	23,623
Intergovernmental revenue	35,000	2,548,750	2,549,610	860
Charges for services	2,441,575	2,725,075	2,549,763	(175,312)
Fines and forfeitures	459,000	484,000	391,742	(92,258)
Investment income	16,000	16,000	15,316	(684)
Contributions and donations	-	-	3,532	3,532
Miscellaneous	28,200	57,200	56,353	(847)
Total revenues	<u>20,251,910</u>	<u>23,894,160</u>	<u>23,661,962</u>	<u>(232,198)</u>
EXPENDITURES				
Department level:				
Commission	466,293	406,295	394,942	11,353
Administration	300,023	450,024	440,681	9,343
Human resources	330,638	435,458	433,717	1,741
Finance	589,361	529,361	513,310	16,051
Law enforcement	3,033,347	3,138,348	3,029,116	109,232
Jail	2,341,525	2,421,525	2,344,407	77,118
Tax commissioner	405,389	455,390	448,027	7,363
Probate court	392,975	416,975	410,928	6,047
Clerk of courts	598,168	658,168	653,121	5,047
Juvenile court	74,940	74,940	68,495	6,445
Superior court	346,747	346,747	309,244	37,503
District attorney	22,675	22,675	20,601	2,074
Magistrate court	71,429	75,929	74,252	1,677
Coroner	25,697	32,196	30,939	1,257
Tax assessor	526,398	526,399	487,936	38,463
Board of elections	215,352	215,351	208,099	7,252
Public works	2,179,441	4,934,440	4,856,205	78,235
Parks and recreation	2,155,817	2,329,817	2,275,532	54,285
Operations	964,760	1,563,014	1,521,307	41,707
Public safety	994,952	1,020,692	915,488	105,204
Planning	465,341	465,342	449,094	16,248
Code enforcement	345,369	378,368	371,117	7,251
Information technology	511,989	627,388	622,911	4,477
Joint governmental programs	790,237	815,237	808,266	6,971
Total expenditures	<u>18,148,863</u>	<u>22,340,079</u>	<u>21,687,735</u>	<u>652,344</u>
Excess of revenues over expenditures	2,103,047	1,554,081	1,974,227	420,146
OTHER FINANCING SOURCES (USES)				
Proceeds of capital asset dispositions	-	73,000	73,378	378
Transfers in	-	10,500	10,383	(117)
Transfers (out)	(1,495,431)	(1,975,956)	(1,772,651)	203,305
Total other financing sources (uses)	<u>(1,495,431)</u>	<u>(1,892,456)</u>	<u>(1,688,890)</u>	<u>203,566</u>
Net change in fund balances	607,616	(338,375)	285,337	623,712
Fund balance - beginning	8,610,093	8,610,093	8,610,093	-
Fund balances - ending	<u>\$ 9,217,709</u>	<u>\$ 8,271,718</u>	<u>\$ 8,895,430</u>	<u>\$ 623,712</u>

Oconee County, Georgia
Reconciliation of Budget Expenditures by Department to
GAAP Basis Budget - General Fund
For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Current:				
General government:				
Commission	\$ 466,293	\$ 406,295	\$ 394,942	\$ 11,353
Administration	300,023	450,024	440,681	9,343
Human resources	330,638	435,458	433,717	1,741
Finance	589,361	529,361	513,310	16,051
Board of elections	215,352	215,351	208,099	7,252
Information technology	511,989	627,388	622,911	4,477
Tax commissioner	405,389	455,390	448,027	7,363
Tax assessor	526,398	526,399	487,936	38,463
Operations	568,197	1,135,451	1,101,635	33,816
Superior court - Board of equalization	3,690	3,690	3,188	502
Judicial:				
Superior court	343,057	343,057	306,056	37,001
Clerk of courts	598,168	658,168	653,121	5,047
District attorney	22,675	22,675	20,601	2,074
Magistrate court	71,429	75,929	74,252	1,677
Probate court	392,975	416,975	410,928	6,047
Juvenile court	74,940	74,940	68,495	6,445
Public safety:				
Law enforcement	3,033,347	3,138,348	3,029,116	109,232
Jail	2,341,525	2,421,525	2,344,407	77,118
Public safety	994,952	1,020,692	915,488	105,204
Coroner	25,697	32,196	30,939	1,257
Public works:				
Public works	2,179,441	4,934,440	4,856,205	78,235
County facilities	396,563	427,563	419,672	7,891
Health and welfare:				
Joint gov't programs-health and welfare	217,485	218,485	218,447	38
Culture and recreation:				
Parks and recreation	2,155,817	2,329,817	2,275,532	54,285
Joint gov't program-library	429,010	436,010	432,558	3,452
Housing and development:				
Joint gov't program-development	143,742	160,742	157,261	3,481
Code enforcement	345,369	378,368	371,117	7,251
Planning	465,341	465,342	449,094	16,248
Total expenditures by department	<u>\$ 18,148,863</u>	<u>\$ 22,340,079</u>	<u>\$ 21,687,735</u>	<u>\$ 652,344</u>

Oconee County, Georgia
Notes to Required Supplementary Information
June 30, 2013

NOTE A: BASIS OF PRESENTATION

The budget is prepared and adopted on a basis consistent with generally accepted accounting principles (GAAP).

Supplementary Information

Governmental funds

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special Revenue Funds account for revenues from specific taxes or other earmarked revenue sources which, by law, are designated to finance particular functions or activities of government.

Council on Aging - The Council on Aging Fund accounts for the activity relating to the County's senior center.

Law Library - The Law Library Fund accounts for the funds used for the purpose of providing a law library for use by the County courts.

Special Revenue Fund - The Special Revenue Fund accounts for the receipt of donations to the County for various uses and projects, as well as other funding paid to the County with specified purposes set forth for the funding.

Confiscated Assets - The Confiscated Assets Fund accounts for the cash received either from a cash confiscation or cash received from a sale of capital assets acquired from a drug raid.

Victims Services - The Victims Services and Forfeited Property Fund accounts for the receipt of the additional court costs assessed for the purpose of assisting victims and to cover the related salary costs.

Special Lighting District - The Special Lighting Districts Fund accounts for the fiscal activity relating to the providing of street lighting services within the County.

E-911 Emergency Telephone System - The E-911 Fund accounts for the fiscal activity related to the imposition, collection and uses of the E-911 emergency telephone number system fees.

Multiple Grant Fund - The Multiple Grant Fund accounts for the fiscal activity related to various small grants awarded to the County.

Hotel/Motel Tax Fund - The Hotel/Motel Tax Fund accounts for the hotel/motel taxes collected as required by general law that are legally restricted for promotion of trade and tourism in the County.

Industrial Development Grant Fund - This fund accounts for all of the transactions related to the administration of the EDGE Grant that the Authority received from the OneGeorgia Authority.

CAPITAL PROJECTS FUNDS

Capital Projects Funds account for the financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds and trust funds.

SPLOST 2004 Fund - This fund accounts for capital projects financed from SPLOST funds.

GO Bond Fund - This fund accounts for the proceeds from the General Obligation Bonds used to finance the construction of the new park.

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

Industrial Development Capital Projects Fund - This fund accounts for all of the funds received and expended related to the Authority's issuance of its Series 2012 revenue bonds.

Oconee County, Georgia
All Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash	\$ 707,889	\$ 1,951,637	\$ 2,659,526
Investments, plus accrued interest	-	3,808,357	3,808,357
Accounts receivable, net	119,874	-	119,874
Taxes receivable, net	1,353	-	1,353
Internal balances	258,837	27,446	286,283
Due from other governments	83,807	-	83,807
Prepaid items	5,868	-	5,868
Total assets	\$ 1,177,628	\$ 5,787,440	\$ 6,965,068
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 153,929	\$ 165,056	\$ 318,985
Internal balances	117,778	-	117,778
Salaries and benefits payable	17,024	-	17,024
Total liabilities	288,731	165,056	453,787
Deferred inflows of resources:			
Unavailable property taxes	1,202	-	1,202
Total deferred inflows	1,202	-	1,202
Fund balances:			
Nonspendable	5,868	-	5,868
Restricted			
Capital projects	64,097	5,622,384	5,686,481
Judicial	88,927	-	88,927
Public safety	135,283	-	135,283
Culture and recreation	39,148	-	39,148
Housing and development	166,606	-	166,606
Assigned			
Health and welfare	41,321	-	41,321
Housing and development	351,703	-	351,703
Unassigned	(5,258)	-	(5,258)
Total fund balances	887,695	5,622,384	6,510,079
Total liabilities, deferred inflows and fund balances	\$ 1,177,628	\$ 5,787,440	\$ 6,965,068

Oconee County, Georgia
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
June 30, 2013

	Council on Aging	Law Library	Confiscated Assets	Special Revenue Fund	Victims Services and Forfeited Property	E-911	Multiple Grant Fund	Special Lighting District	Hotel/Motel Tax	Industrial Development Authority	Total Nonmajor Special Revenue Funds
ASSETS											
Cash	\$ 64,528	\$ 80,962	\$ 21,077	\$ 158,823	\$ 5,560	\$ -	\$ -	\$ 5,392	\$ -	\$ 371,547	\$ 707,889
Accounts receivable, net	15,213	-	-	5,500	-	88,378	-	-	10,783	-	119,874
Taxes receivable, net	-	-	-	-	-	-	-	1,353	-	-	1,353
Internal balances	-	-	-	11,250	1,500	-	13,035	12,498	220,554	-	258,837
Due from other governments	-	-	-	-	71,673	-	12,134	-	-	-	83,807
Prepaid items	609	-	-	-	-	4,940	-	-	319	-	5,868
Total assets	<u>\$ 80,350</u>	<u>\$ 80,962</u>	<u>\$ 21,077</u>	<u>\$ 175,573</u>	<u>\$ 78,733</u>	<u>\$ 93,318</u>	<u>\$ 25,169</u>	<u>\$ 19,243</u>	<u>\$ 231,656</u>	<u>\$ 371,547</u>	<u>\$ 1,177,628</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES											
Liabilities:											
Accounts payable	\$ 6,807	\$ -	\$ 910	\$ 12,496	\$ 78,080	\$ 16,534	\$ 885	\$ 18,041	\$ 332	\$ 19,844	\$ 153,929
Internal balances	27,841	-	-	14,535	-	64,152	11,250	-	-	-	117,778
Salaries and benefits payable	3,772	-	-	-	-	12,632	-	-	620	-	17,024
Total liabilities	<u>38,420</u>	<u>-</u>	<u>910</u>	<u>27,031</u>	<u>78,080</u>	<u>93,318</u>	<u>12,135</u>	<u>18,041</u>	<u>952</u>	<u>19,844</u>	<u>288,731</u>
Deferred inflows of resources:											
Unavailable property taxes	-	-	-	-	-	-	-	1,202	-	-	1,202
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,202</u>	<u>-</u>	<u>-</u>	<u>1,202</u>
Fund balances:											
Nonspendable	609	-	-	-	-	4,940	-	-	319	-	5,868
Restricted											
Capital Projects	-	-	-	-	-	-	-	-	64,097	-	64,097
Judicial	-	80,962	-	7,312	653	-	-	-	-	-	88,927
Public safety	-	-	20,167	102,082	-	-	13,034	-	-	-	135,283
Culture and recreation	-	-	-	39,148	-	-	-	-	-	-	39,148
Housing and development	-	-	-	-	-	-	-	-	166,606	-	166,606
Assigned											
Health and welfare	41,321	-	-	-	-	-	-	-	-	-	41,321
Housing and development	-	-	-	-	-	-	-	-	-	351,703	351,703
Unassigned	-	-	-	-	-	(4,940)	-	-	(318)	-	(5,258)
Total fund balances	<u>41,930</u>	<u>80,962</u>	<u>20,167</u>	<u>148,542</u>	<u>653</u>	<u>-</u>	<u>13,034</u>	<u>-</u>	<u>230,704</u>	<u>351,703</u>	<u>887,695</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 80,350</u>	<u>\$ 80,962</u>	<u>\$ 21,077</u>	<u>\$ 175,573</u>	<u>\$ 78,733</u>	<u>\$ 93,318</u>	<u>\$ 25,169</u>	<u>\$ 19,243</u>	<u>\$ 231,656</u>	<u>\$ 371,547</u>	<u>\$ 1,177,628</u>

Oconee County, Georgia
Nonmajor Governmental Funds - Capital Projects Funds
Combining Balance Sheet
June 30, 2013

	SPLOST 2004 Fund	GO Bonds Capital Projects Fund	Local Resources Capital Projects Fund	Industrial Development Authority Projects Fund	Total Nonmajor Capital Projects Funds
ASSETS					
Cash	\$ 374,480	\$ -	\$ -	\$ 1,577,157	\$ 1,951,637
Investments	3,808,357	-	-	-	3,808,357
Internal balances		-	27,446	-	27,446
Total assets	<u>\$ 4,182,837</u>	<u>\$ -</u>	<u>\$ 27,446</u>	<u>\$ 1,577,157</u>	<u>\$ 5,787,440</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 18,240	\$ -	\$ 27,446	\$ 119,370	\$ 165,056
Total liabilities	<u>18,240</u>	<u>-</u>	<u>27,446</u>	<u>119,370</u>	<u>165,056</u>
Fund balances:					
Restricted					
Capital projects	4,164,597	-	-	1,457,787	5,622,384
Total fund balances	<u>4,164,597</u>	<u>-</u>	<u>-</u>	<u>1,457,787</u>	<u>5,622,384</u>
Total liabilities and fund balances	<u>\$ 4,182,837</u>	<u>\$ -</u>	<u>\$ 27,446</u>	<u>\$ 1,577,157</u>	<u>\$ 5,787,440</u>

Oconee County, Georgia
All Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2013

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 114,698	\$ -	\$ 114,698
Intergovernmental revenue	497,459	650,000	1,147,459
Charges for services	1,015,002	-	1,015,002
Fines and forfeitures	64,153	-	64,153
Investment income	1,933	7,612	9,545
Contributions and donations	53,024	28,430	81,454
Miscellaneous	18,553	-	18,553
Total revenues	<u>1,764,822</u>	<u>686,042</u>	<u>2,450,864</u>
EXPENDITURES			
Current:			
General government	5,119	-	5,119
Judicial	476,134	-	476,134
Public safety	1,248,997	-	1,248,997
Public works	214,161	-	214,161
Health and welfare	446,153	-	446,153
Culture and recreation	62,482	-	62,482
Housing and development	113,140	-	113,140
Debt service:			
Interest and fiscal charges	-	288,867	288,867
Capital outlay			
General government	-	166,860	166,860
Public safety	-	311,935	311,935
Housing and development	-	3,708,782	3,708,782
Total expenditures	<u>2,566,186</u>	<u>4,476,444</u>	<u>7,042,630</u>
Deficiency of revenues under expenditures	<u>(801,364)</u>	<u>(3,790,402)</u>	<u>(4,591,766)</u>
OTHER FINANCING SOURCES AND (USES)			
Transfers in	848,078	273,046	1,121,124
Transfers (out)	(24,650)	(787,101)	(811,751)
Total other financing sources (uses)	<u>823,428</u>	<u>(514,055)</u>	<u>309,373</u>
Change in fund balances	<u>22,064</u>	<u>(4,304,457)</u>	<u>(4,282,393)</u>
Fund balances - beginning, as originally reported	602,554	5,149,835	5,752,389
Prior period adjustment - GASB 61 (Note 17)	263,077	4,777,006	5,040,083
Fund balances - beginning, as restated	<u>865,631</u>	<u>9,926,841</u>	<u>10,792,472</u>
Fund balances - ending	<u>\$ 887,695</u>	<u>\$ 5,622,384</u>	<u>\$ 6,510,079</u>

Oconee County, Georgia
Nonmajor Governmental Funds - Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2013

	Council on Aging	Law Library	Confiscated Assets	Special Revenue Fund	Victims Services and Forfeited Property	E-911	Multiple Grant Fund	Special Lighting District	Hotel/Motel Tax	Industrial Development Authority	Total Nonmajor Special Revenue Funds
REVENUES											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 114,698	\$ -	\$ 114,698
Intergovernmental revenue	130,789	-	-	-	282,206	-	84,464	-	-	-	497,459
Charges for services	-	-	-	46,510	-	651,825	-	181,160	-	135,507	1,015,002
Fines and forfeitures	-	9,710	19,746	9,948	24,749	-	-	-	-	-	64,153
Investment income	86	114	53	406	-	-	-	-	-	1,274	1,933
Contributions and donations	-	-	30	52,994	-	-	-	-	-	-	53,024
Miscellaneous	17,723	-	500	330	-	-	-	-	-	-	18,553
Total revenues	<u>148,598</u>	<u>9,824</u>	<u>20,329</u>	<u>110,188</u>	<u>306,955</u>	<u>651,825</u>	<u>84,464</u>	<u>181,160</u>	<u>114,698</u>	<u>136,781</u>	<u>1,764,822</u>
EXPENDITURES											
Current:											
General government	-	-	-	5,119	-	-	-	-	-	-	5,119
Judicial	-	5,799	-	-	468,503	-	1,832	-	-	-	476,134
Public safety	-	-	36,010	52,788	-	1,126,300	33,899	-	-	-	1,248,997
Public works	-	-	-	600	-	-	-	213,561	-	-	214,161
Health and welfare	401,153	-	-	-	-	-	45,000	-	-	-	446,153
Culture and recreation	-	-	-	62,482	-	-	-	-	-	-	62,482
Housing and development	-	-	-	-	-	-	3,750	-	61,235	48,155	113,140
Total expenditures	<u>401,153</u>	<u>5,799</u>	<u>36,010</u>	<u>120,989</u>	<u>468,503</u>	<u>1,126,300</u>	<u>84,481</u>	<u>213,561</u>	<u>61,235</u>	<u>48,155</u>	<u>2,566,186</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(252,555)</u>	<u>4,025</u>	<u>(15,681)</u>	<u>(10,801)</u>	<u>(161,548)</u>	<u>(474,475)</u>	<u>(17)</u>	<u>(32,401)</u>	<u>53,463</u>	<u>88,626</u>	<u>(801,364)</u>
OTHER FINANCING SOURCES (USES)											
Transfers in	203,266	-	-	1,772	120,790	474,475	17	32,401	15,357	-	848,078
Transfers (out)	-	-	-	(24,650)	-	-	-	-	-	-	(24,650)
Total other financing sources (uses)	<u>203,266</u>	<u>-</u>	<u>-</u>	<u>(22,878)</u>	<u>120,790</u>	<u>474,475</u>	<u>17</u>	<u>32,401</u>	<u>15,357</u>	<u>-</u>	<u>823,428</u>
Net change in fund balances	<u>(49,289)</u>	<u>4,025</u>	<u>(15,681)</u>	<u>(33,679)</u>	<u>(40,758)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,820</u>	<u>88,626</u>	<u>22,064</u>
Fund balances - beginning, originally reported	91,219	76,937	35,848	182,221	41,411	-	13,034	-	161,884	-	602,554
Prior period adj. - GASB 61 (Note 17)	-	-	-	-	-	-	-	-	-	263,077	263,077
Fund balances - beginning, as restated	<u>91,219</u>	<u>76,937</u>	<u>35,848</u>	<u>182,221</u>	<u>41,411</u>	<u>-</u>	<u>13,034</u>	<u>-</u>	<u>161,884</u>	<u>263,077</u>	<u>865,631</u>
Fund balances - ending	<u>\$ 41,930</u>	<u>\$ 80,962</u>	<u>\$ 20,167</u>	<u>\$ 148,542</u>	<u>\$ 653</u>	<u>\$ -</u>	<u>\$ 13,034</u>	<u>\$ -</u>	<u>\$ 230,704</u>	<u>\$ 351,703</u>	<u>\$ 887,695</u>

Oconee County, Georgia
Nonmajor Governmental Funds - Capital Projects Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2013

	SPLOST 2004 Fund	GO Bonds Capital Projects Fund	Local Resources Capital Projects Fund	Industrial Development Authority Projects Fund	Total Nonmajor Capital Projects Funds
REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 650,000	\$ 650,000
Investment income	7,612	-	-	-	7,612
Contributions and donations	-	-	-	28,430	28,430
Total revenues	<u>7,612</u>	<u>-</u>	<u>-</u>	<u>678,430</u>	<u>686,042</u>
EXPENDITURES					
Debt service:					
Interest and fiscal charges	-	-	-	288,867	288,867
Capital outlay					
General government	151,260	-	15,600	-	166,860
Public safety	54,489	-	257,446	-	311,935
Housing and development	-	-	-	3,708,782	3,708,782
Total expenditures	<u>205,749</u>	<u>-</u>	<u>273,046</u>	<u>3,997,649</u>	<u>4,476,444</u>
Deficiency of revenues under expenditures	<u>(198,137)</u>	<u>-</u>	<u>(273,046)</u>	<u>(3,319,219)</u>	<u>(3,790,402)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	273,046	-	273,046
Transfers (out)	(785,668)	(1,433)	-	-	(787,101)
Total other financing sources (uses)	<u>(785,668)</u>	<u>(1,433)</u>	<u>273,046</u>	<u>-</u>	<u>(514,055)</u>
Net change in fund balances	<u>(983,805)</u>	<u>(1,433)</u>	<u>-</u>	<u>(3,319,219)</u>	<u>(4,304,457)</u>
Fund balances - beginning,					
as originally reported	5,148,402	1,433	-	-	5,149,835
Prior period adj. - GASB 61 (Note 17)	-	-	-	4,777,006	4,777,006
Fund balances - beginning, as restated	<u>5,148,402</u>	<u>1,433</u>	<u>-</u>	<u>4,777,006</u>	<u>9,926,841</u>
Fund balances - ending	<u>\$ 4,164,597</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,457,787</u>	<u>\$ 5,622,384</u>

Nonmajor Proprietary Funds

Enterprise Funds

Solid Waste Fund - The Solid Waste Fund accounts for the operation and maintenance of the County's landfill disposal sites and recycling.

Special Facilities Fund - The Special Facilities Fund accounts for the operation, maintenance and development of the County's Civic Center, William Daniell House and the Eagle Tavern Museum, as well as economic development and tourism.

Oconee County, Georgia
Nonmajor Proprietary Funds
Combining Schedule of Net Position
June 30, 2013

	Solid Waste Fund	Special Facilities Fund	Total Nonmajor Proprietary Funds
ASSETS			
Current assets:			
Cash	\$ 796	\$ 637	\$ 1,433
Accounts receivable, net	1,220	1,943	3,163
Internal balances	42,290	102,143	144,433
Due from other governments	-	5,404	5,404
Prepaid items	966	2,901	3,867
Total current assets	<u>45,272</u>	<u>113,028</u>	<u>158,300</u>
Noncurrent assets:			
Net pension asset	2,486	5,100	7,586
Capital assets not being depreciated	125,000	25,000	150,000
Capital assets, net of depreciation	62,486	1,748,909	1,811,395
Total capital assets	<u>187,486</u>	<u>1,773,909</u>	<u>1,961,395</u>
Total assets	<u>235,244</u>	<u>1,892,037</u>	<u>2,127,281</u>
LIABILITIES			
Current liabilities:			
Accounts payable	29,477	29,922	59,399
Salaries and benefits payable	3,036	10,608	13,644
Total current liabilities	<u>32,513</u>	<u>40,530</u>	<u>73,043</u>
Noncurrent liabilities:			
Compensated absences	8,929	27,108	36,037
Total noncurrent liabilities	<u>8,929</u>	<u>27,108</u>	<u>36,037</u>
Total liabilities	<u>41,442</u>	<u>67,638</u>	<u>109,080</u>
NET POSITION			
Net investment in capital assets	187,486	1,773,909	1,961,395
Unrestricted	6,316	50,490	56,806
Total net position	<u>\$ 193,802</u>	<u>\$ 1,824,399</u>	<u>\$ 2,018,201</u>

Oconee County, Georgia
Combining Schedule of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2013

	Solid Waste Fund	Special Facilities Fund	Total Nonmajor Proprietary Funds
OPERATING REVENUES			
Charges for services	\$ 189,759	\$ 79,083	\$ 268,842
Licenses and permits	8,000	-	8,000
Rents and royalties	-	113,184	113,184
Miscellaneous	-	10,148	10,148
Total operating revenues	197,759	202,415	400,174
OPERATING EXPENSES			
Salaries and benefits	156,362	391,727	548,089
Other contracted services	176,022	12,795	188,817
Supplies and materials	13,423	27,617	41,040
Repairs and maintenance	7,165	49,942	57,107
Utilities	9,717	56,688	66,405
Insurance	3,808	4,352	8,160
Depreciation and amortization	6,317	76,723	83,040
Other charges	9,964	63,346	73,310
Total operating expenses	382,778	683,190	1,065,968
Operating loss	(185,019)	(480,775)	(665,794)
Loss before contributions and transfers	(185,019)	(480,775)	(665,794)
Transfers in	185,019	480,775	665,794
Change in net position	-	-	-
Total net position - beginning	193,802	1,824,399	2,018,201
Total net position - ending	\$ 193,802	\$ 1,824,399	\$ 2,018,201

Oconee County, Georgia
Combining Schedule of Cash Flows
Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2013

	Solid Waste Fund	Special Facilities Fund	Total Nonmajor Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 200,652	\$ 205,238	\$ 405,890
Payments to suppliers	(223,590)	(200,360)	(423,950)
Payments to employees	(156,975)	(395,699)	(552,674)
Receipts from others	-	(5,404)	(5,404)
Net cash (used) by operating activities	<u>(179,913)</u>	<u>(396,225)</u>	<u>(576,138)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	185,019	480,775	665,794
Interfund loans - proceeds and collections	(5,118)	(57,680)	(62,798)
Net cash provided by noncapital financing activities	<u>179,901</u>	<u>423,095</u>	<u>602,996</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	-	(26,233)	(26,233)
Net cash (used) by capital and related financing activities	<u>-</u>	<u>(26,233)</u>	<u>(26,233)</u>
Net change in cash and cash equivalents	(12)	637	625
Cash - beginning of the year	808	-	808
Cash - end of the year	<u>\$ 796</u>	<u>\$ 637</u>	<u>\$ 1,433</u>

Oconee County, Georgia
Combining Schedule of Cash Flows
Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2013

	Solid Waste Fund	Special Facilities Fund	Total
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$ (185,019)	\$ (480,775)	\$ (665,794)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation and amortization expense	6,317	76,723	83,040
Change in assets and liabilities:			
Receivables, net	2,893	2,823	5,716
Prepaid items	670	(77)	593
Due from other governments	-	(5,404)	(5,404)
Net pension asset	(613)	(2,037)	(2,650)
Accounts payable	4,567	20,143	24,710
Accrued expenses	(9,774)	(5,686)	(15,460)
Compensated absences	1,046	(1,935)	(889)
Net cash (used) by operating activities	\$ (179,913)	\$ (396,225)	\$ (576,138)

Fiduciary Funds

Agency funds are custodial in nature (assets equal liabilities) and thus do not represent the measurement or results of operations.

Oconee County, Georgia
Fiduciary Funds
Combining Schedule of Fiduciary Assets and Liabilities
June 30, 2013

	<u>Tax Commissioner</u>	<u>Sheriff</u>	<u>Superior Court</u>	<u>Probate Court</u>	<u>Magistrate Court</u>	<u>Juvenile Court</u>	<u>Total Fiduciary Funds</u>
ASSETS							
Cash	\$ 35,951	\$ 8,257	\$ 496,399	\$ 49,968	\$ 67,778	\$ 338	\$ 658,691
Total Assets	<u>\$ 35,951</u>	<u>\$ 8,257</u>	<u>\$ 496,399</u>	<u>\$ 49,968</u>	<u>\$ 67,778</u>	<u>\$ 338</u>	<u>\$ 658,691</u>
LIABILITIES							
Due to others	\$ 35,951	\$ 8,257	\$ 496,399	\$ 49,968	\$ 67,778	\$ 338	\$ 658,691
Total Liabilities	<u>\$ 35,951</u>	<u>\$ 8,257</u>	<u>\$ 496,399</u>	<u>\$ 49,968</u>	<u>\$ 67,778</u>	<u>\$ 338</u>	<u>\$ 658,691</u>

Oconee County, Georgia
Fiduciary Funds
Combining Schedule of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2013

	<u>Balance</u> <u>6/30/2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2013</u>
TAX COMMISSIONER				
Assets				
Cash	\$ 44,306	\$ 38,966,972	\$ 38,975,327	\$ 35,951
	<u>44,306</u>	<u>38,966,972</u>	<u>38,975,327</u>	<u>35,951</u>
Liabilities				
Due to others	44,306	38,966,972	38,975,327	35,951
	<u>44,306</u>	<u>38,966,972</u>	<u>38,975,327</u>	<u>35,951</u>
SHERIFF				
Assets				
Cash	6,403	102,085	100,231	8,257
	<u>6,403</u>	<u>102,085</u>	<u>100,231</u>	<u>8,257</u>
Liabilities				
Due to others	6,403	102,085	100,231	8,257
	<u>6,403</u>	<u>102,085</u>	<u>100,231</u>	<u>8,257</u>
SUPERIOR COURT				
Assets				
Cash	191,701	2,320,472	2,015,774	496,399
	<u>191,701</u>	<u>2,320,472</u>	<u>2,015,774</u>	<u>496,399</u>
Liabilities				
Due to others	191,701	2,320,472	2,015,774	496,399
	<u>\$ 191,701</u>	<u>\$ 2,320,472</u>	<u>\$ 2,015,774</u>	<u>\$ 496,399</u>

Oconee County, Georgia
Fiduciary Funds
Combining Schedule of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2013

	<u>Balance</u> <u>6/30/2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2013</u>
PROBATE COURT				
Assets				
Cash	\$ 47,218	\$ 524,225	\$ 521,475	\$ 49,968
	<u>47,218</u>	<u>524,225</u>	<u>521,475</u>	<u>49,968</u>
Liabilities				
Due to others	47,218	524,225	521,475	49,968
	<u>47,218</u>	<u>524,225</u>	<u>521,475</u>	<u>49,968</u>
MAGISTRATE COURT				
Assets				
Cash	76,128	245,282	253,632	67,778
	<u>76,128</u>	<u>245,282</u>	<u>253,632</u>	<u>67,778</u>
Liabilities				
Due to others	76,128	245,282	253,632	67,778
	<u>76,128</u>	<u>245,282</u>	<u>253,632</u>	<u>67,778</u>
JUVENILE COURT				
Assets				
Cash	375	5,615	5,652	338
	<u>375</u>	<u>5,615</u>	<u>5,652</u>	<u>338</u>
Liabilities				
Due to others	375	5,615	5,652	338
	<u>375</u>	<u>5,615</u>	<u>5,652</u>	<u>338</u>
TOTALS				
Assets				
Cash	366,131	42,164,651	41,872,091	658,691
	<u>366,131</u>	<u>42,164,651</u>	<u>41,872,091</u>	<u>658,691</u>
Liabilities				
Due to others	366,131	42,164,651	41,872,091	658,691
	<u>\$ 366,131</u>	<u>\$ 42,164,651</u>	<u>\$ 41,872,091</u>	<u>\$ 658,691</u>

Other Supplementary Information

Bond Disclosures

**Oconee County, Georgia
Water and Sewer Fund
Bond Disclosures
System Customers
June 30, 2013**

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

<u>Water Customers</u>	<u>2008</u>	<u>2009</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Residential	7,760	7,880	8,009	8,056	8,279
Commercial/Industrial	607	658	681	747	814
Total	<u>8,367</u>	<u>8,538</u>	<u>8,690</u>	<u>8,803</u>	<u>9,093</u>
<u>Sewer Customers</u>					
Residential	1,009	1,126	1,151	1,152	1,192
Commercial/Industrial	247	296	304	382	441
Total	<u>1,256</u>	<u>1,422</u>	<u>1,455</u>	<u>1,534</u>	<u>1,633</u>

**Oconee County, Georgia
Water and Sewer Fund
Bond Disclosures
Largest Customers
June 30, 2013**

TEN LARGEST WATER CUSTOMERS

<u>Customer</u>	<u>Business/Product</u>	<u>Total Water Billings FY 2013</u>	<u>Percentage of System Revenues</u> ¹
Oconee County Board of Education	Education	\$ 97,146	1.47%
Walton County Water and Sewer Authority	Retail Water Supply	78,876	1.19%
Oconee County Board of Commissioners	Local Government	45,166	< 1.0
Piedmont Water	Private Water Supply	41,282	< 1.0
Georgia General Kipling	Mobile Home Park	34,544	< 1.0
Ameripride	Linen Supply	31,723	< 1.0
Family Life Enrichment Center	Nursing Home	30,736	< 1.0
Highland Hills Village	Nursing Home	26,640	< 1.0
Athens Academy	Private Education	26,064	< 1.0
Home Depot	Home Supply Store	19,625	< 1.0
Total		\$ 431,802	6.52%

TEN LARGEST SEWER CUSTOMERS

<u>Customer</u>	<u>Business/Product</u>	<u>Total Sewer Billings FY 2013</u>	<u>Percentage of System Revenues</u> ¹
Ameripride	Linen Supply	\$ 76,317	1.15%
Oconee County Board of Education	Education	52,872	< 1.0
Benson's	Food Processing	30,645	< 1.0
Georgia General Kipling	Mobile Home Park	27,516	< 1.0
Oconee County Board of Commissioners	Local Government	18,518	< 1.0
Kroger	Grocery	10,588	< 1.0
Walmart	Retail	11,599	< 1.0
Athens Academy	Private Education	7,940	< 1.0
Community Water Management	Restaurants/Retail Shops	8,481	< 1.0
Cracker Barrel	Restaurant	7,790	< 1.0
Total		\$ 252,266	3.81%

¹ Total operating revenues of the System for the fiscal year ended June 30, 2013 were \$6,626,917

Oconee County, Georgia
Water and Sewer Fund
Bond Disclosures
Five Year Operating History
June 30, 2013

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
OPERATING REVENUES					
Charges for services	\$ 4,339,574	\$ 5,367,287	\$ 6,063,055	\$ 6,678,469	\$ 6,389,969
Miscellaneous	138,511	150,150	207,788	160,058	236,948
Total operating revenues	<u>4,478,085</u>	<u>5,517,437</u>	<u>6,270,843</u>	<u>6,838,527</u>	<u>6,626,917</u>
OPERATING EXPENSES					
Salaries and benefits	1,281,079	1,122,116	1,096,991	1,136,458	1,192,213
Other contracted services	47,568	42,185	72,853	87,814	90,756
Water purchase and treatment costs	1,040,846	1,089,535	1,098,991	1,056,457	1,157,868
Supplies and materials	51,901	58,527	50,105	61,989	44,899
Repairs and maintenance	197,404	163,031	189,139	323,991	562,441
Utilities	251,384	290,920	326,491	335,581	348,414
Insurance	15,382	6,182	12,254	11,085	11,969
Depreciation	1,496,156	1,492,273	1,483,658	1,467,400	1,445,624
Other charges	76,072	62,838	70,638	89,037	105,476
Total operating expenses	<u>4,457,792</u>	<u>4,327,607</u>	<u>4,401,120</u>	<u>4,569,812</u>	<u>4,959,660</u>
Operating income (loss)	<u>20,293</u>	<u>1,189,830</u>	<u>1,869,723</u>	<u>2,268,715</u>	<u>1,667,257</u>
NONOPERATING REVENUES					
(EXPENSES)					
Investment earnings	372,835	84,866	51,436	34,908	39,732
Water availability fees	148,504	60,892	140,721	225,941	696,241
Sewer capacity fees	296,119	-	78,716	167,494	389,490
Sewer connection fees	22,400	16,000	8,000	20,800	54,250
Gain (loss) on disposal of assets	-	-	6,292	(31,873)	1,279
Amortization expense - UOBWA	(167,378)	(167,378)	(167,378)	(167,378)	(167,378)
Interest expense	(1,501,852)	(1,193,623)	(1,087,539)	(1,056,702)	(913,457)
Total nonoperating revenue	<u>(829,372)</u>	<u>(1,199,243)</u>	<u>(969,752)</u>	<u>(806,810)</u>	<u>100,157</u>
(expenses)	<u>(829,372)</u>	<u>(1,199,243)</u>	<u>(969,752)</u>	<u>(806,810)</u>	<u>100,157</u>
Loss before contributions and transfers	(809,079)	(9,413)	899,971	1,461,905	1,767,414
Capital contributions	618,950	874,932	398,119	279,627	352,208
Transfers in	225,589	979,050	590,283	658,276	785,668
Change in net position	<u>35,460</u>	<u>1,844,569</u>	<u>1,888,373</u>	<u>2,399,808</u>	<u>2,905,290</u>
Total net position - beginning	49,344,082	49,379,542	51,224,111	53,112,484	55,512,292
Prior period adjustment	-	-	-	-	(717,913)
Total net position - beginning, as restated	<u>49,344,082</u>	<u>49,379,542</u>	<u>51,224,111</u>	<u>53,112,484</u>	<u>54,794,379</u>
Total net position - ending	<u>\$ 49,379,542</u>	<u>\$ 51,224,111</u>	<u>\$ 53,112,484</u>	<u>\$ 55,512,292</u>	<u>\$ 57,699,669</u>

Oconee County, Georgia
Water and Sewer Fund
Bond Disclosures
Historical Debt Service Coverage Ratios
June 30, 2013

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Historical Net Revenues Available for Debt Service (1)	\$ 2,414,518	\$ 3,655,533	\$ 3,638,546	\$ 4,153,385	\$ 5,431,752
Historical Debt Service on Revenue Bonds	1,515,351	1,567,993	815,358	1,416,614	1,227,419
Historical Debt Service Coverage Ratio	1.59	2.33	4.46	2.93	4.43

1 Consists of: (i) Change in net position, plus Depreciation, plus Amortization - UOBWA(amortization of the reasonable investment cost in the Upper Oconee Basin Water Authority), plus Interest expense; minus (ii) capital contributions.

Compliance

Treadwell, Tamplin & Co.

Certified Public Accountants

A Limited Liability Partnership

157 West Jefferson Street
Madison, Georgia 30650

1031 Park Drive, Suite #1
Watkinsville, GA 30677

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

To the Honorable Commissioners of
Oconee County, Georgia

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Oconee County, Georgia as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Oconee County, Georgia's basic financial statements and have issued our report thereon dated December 31, 2013. We did not audit the financial statements of the Oconee County Health Department. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Oconee County Health Department, is based on the report of the other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Oconee County, Georgia's internal control over financial reporting (internal control) 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 Oconee County, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Oconee County, Georgia's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section 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 audit findings and responses, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of audit findings and responses at 2013-002 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oconee County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2013-001.

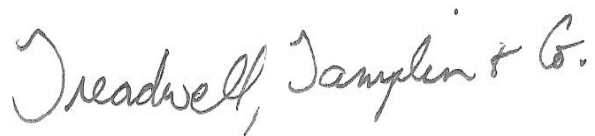
We noted certain other matters that we have reported to management of Oconee County, Georgia in a separate letter dated December 31, 2013.

Oconee County, Georgia's Response to Findings

Oconee County, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings. Oconee County, Georgia's response was not subjected to the auditing procedures applied in the audit of financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Dreadwell, Sampson & Co." The signature is written in dark ink and is positioned above the typed name and date.

Watkinsville, Georgia
December 31, 2013

Oconee County, Georgia
Schedule of Audit Findings and Responses
June 30, 2013

2013-001: Collateralization in Accordance With O.C.G.A § 50-17-59

Criteria: O.C.G.A §50-17-59 requires that the uninsured bank deposits of political subdivisions of the state of Georgia be collateralized with debt obligations of the United States or “of this state”.

Condition: We noted that one bank pledged \$619,574 of collateral that did not meet the requirements of Georgia law because the collateral consisted of debt obligations of other states.

Effect: The County did not comply with the requirements of O.C.G.A. §50-17-59 because it did not ensure that one of the banks that held its uninsured deposit posted collateral that met the requirements of Georgia law.

Cause: The bank in question did not monitor the collateral that it pledged for public funds closely enough to ensure that all of the pledged collateral met the requirements of Georgia law. The County’s monitoring and follow up of the bank’s pledged collateral was not sufficient to prevent the error.

Recommendation: We recommend that the County regularly review the accounts that each bank reports as being insured by the FDIC. The County should regularly receive a listing of the assets pledged as collateral for any uninsured deposits to ensure that the collateral meets the requirements of Georgia law. If the County finds that any deposits are not adequately collateralized, we recommend that the County take the necessary steps to ensure that the error is corrected.

Views of Officials: Management concurs with the finding. The Finance Director will work more closely with banks to ensure pledges are compliant with O.C.G.A 50-17-59. The compliance issue of pledged collateral has been resolved for FY14 moving forward. We will work with our banking partners for future compliance and have discussed this with bank representatives who have put new measures in place to avoid recurrence.

2013-002: Debt Transactions in the Water and Sewer Fund

Criteria: Debt transactions are often the most complex transactions that a governmental entity enters into. This added complexity requires additional internal controls that will allow accounting personnel to both recognize that a debt transaction has taken place and account for the debt transactions in accordance with GAAP.

Condition: The County’s Water and Sewer Fund entered into three debt transactions during the year that were not accounted for in accordance with GAAP.

The Series 2003 Water Revenue Bonds were refinanced with the Series 2012 Water Revenue Bonds which resulted in substantially all of the Series 2003 Water Revenue Bonds being defeased. The defeased portion of the 2003 bonds should have been removed from the accounting records and the assets placed in trust to retire the bonds should have been excluded from the accounting records. Instead, the Water and Sewer Fund reported the 2003 bonds as still outstanding and reported the assets that were placed in escrow to retire the 2003 bonds as an asset in the accounting records.

The WCWSA issued \$19.5 million in revenue bonds related to the HLC reservoir that the County was originally obligated to repay. The WCWSA and the County subsequently determined that the County should only be responsible for \$18.8 million of the debt issuance. An audit adjustment was required to reduce the debt and related debt proceeds.

Oconee County, Georgia
Schedule of Audit Findings and Responses
June 30, 2013

2013-002: Debt Transactions in the Water and Sewer Fund, continued

Condition, continued: The Walton County Water and Sewer Authority obtained a loan from GEFA that allows for up to \$20 million in financing for the new Hard Labor Creek Reservoir to be repaid over the next 40 years. The County participates in this project and will be obligated to pay a portion of the debt service on this debt even though the debt is not in its name. The Water and Sewer Fund did not initially report any of this outstanding debt as an obligation. Additionally, because the stated interest rate of 1% during the repayment period differed substantially from the prevailing rate available on similar notes a discount should have been recorded on the note.

Effect: Audit adjustments were required related to all three transactions to prevent the Water and Sewer Fund financial statements from being misstated. In the first two instances, the differences would have materially misstated the financial statements. In the last instance, the effect was not material, but it is unclear that the County's controls would have prevented a material misstatement of the financial statements had the disbursements under the GEFA note been greater.

Cause: The debt transactions noted in the condition are complex and require specialized accounting knowledge to record them in accordance with GAAP. Additionally, the two transactions related to the WCWSA require a high level of coordination between upper management and accounting personnel to allow the accounting personnel to be aware that the transactions have taken place and to identify the fact that the terms of the transactions require the County to make accounting entries even though the related debts are not in the County's name.

Recommendation: We recommend that the Finance Director more closely monitor the accounting records prepared by the Utility Department. The Finance Director could accomplish this by both regularly reviewing the accounting records in detail with the Utility Department accounting staff and by ensuring that the Utility Department's accounting records are automatically integrated with the accounting records for the County as a whole. At a minimum, the Utility Department staff should have the necessary training to identify complex transactions, so that the County can retain appropriate assistance in accounting for them.

We recommend that top management consult with accounting staff when the County enters into agreements with others to jointly develop and manage large projects. This will allow accounting staff to have the necessary understanding of the relationship and any related transactions to determine whether any accounting entries are necessary on the County's books.

Views of Officials: Management concurs with the audit finding. The Finance Director recommends the use of consolidated accounting software for the Utility Department and the County. This will ensure that complex transactions such as the debt refinancing of Water Revenue bonds are appropriately accounted for in the future. Of note, management does not anticipate debt refinancing in the near future.



Oconee County Finance Department

Board of Commissioners

Melvin Davis, Chairman
Jim Luke, Post 1
John Daniell, Post 2
Margaret Hale, Post 3
Mark Saxon, Post 4

31 December 2013

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

Subj: **Corrective Action Plan**
Oconee County, Georgia
Audit Period Ending June 30, 2013

1. In response to the Schedule of Audit Findings for period ending June 30, 2013, if you have any questions pertaining to this Corrective Action Plan, please contact Wes Geddings, Finance Director, via email at wgeddings@oconee.ga.us or by phone at 706-769-2944.
2. The following Summary of Corrective Action is submitted for your consideration:

2013-001: Collateralization in Accordance With O.C.G.A § 50-17-59

View of Officials: Management concurs with the audit finding. The Finance Director will work more closely with banks to ensure pledges are compliant with O.C.G.A § 50-17-59. The compliance issue of pledged collateral has been resolved for FY14 moving forward. We will work with our banking partners for future compliance and have discussed this with bank representatives who have put new measures in place to avoid recurrence.

2013-002: Debt Transactions in the Water and Sewer Fund

View of Officials: Management concurs with the audit finding. The Finance Director recommends the use of consolidated accounting software for the Utility Department and the County. This will ensure that complex transactions such as the debt refinancing of Water Revenue bonds are appropriately accounted for in the future. Of note, management does not anticipate debt refinancing in the near future.

Sincerely,


Wes Geddings
Finance Director

WG/dn

Oconee County, Georgia
Schedule of Special Purpose Local Option Sales Tax
For the Fiscal Year Ended June 30, 2013

	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percentages of Completion
			Prior Years	Current Year	Total	
2004 Referendum***						
Water & Sewer improvements	\$ 6,000,000	\$ 6,637,752	\$ 5,788,879	\$ 785,668	\$ 6,574,547	99.05%
Recreation & cultural facilities	5,000,000	5,031,350	5,031,350	-	5,031,350	100.00%
Roads	6,000,000	6,276,265	6,276,264	-	6,276,264	100.00%
Jail expansion	1,300,000	1,319,670	1,319,670	-	1,319,670	100.00%
Emergency operations center	600,000	681,721	681,721	-	681,721	100.00%
Fire station project	1,500,000	1,500,000	1,445,511	54,489	1,500,000	100.00%
County facilities expansion and renovation	4,600,000	4,600,000	821,543	151,260	972,803	21.15%
Totals	\$ 25,000,000	\$ 26,046,758	\$ 21,364,938	\$ 991,417	\$ 22,356,355	
2009 Referendum***						
Recreation facilities	\$ 4,847,985	\$ 4,847,985	\$ 1,815,429	\$ 712,323	\$ 2,527,752	52.14%
County Jail and Emergency Operation Center-911 Building	6,059,981	6,059,981	2,973,851	1,081,593	4,055,444	66.92%
Water & Sewer facilities	6,884,176	6,884,176	14,800	-	14,800	0.21%
Roads, Streets & Bridges	8,080,020	8,080,020	3,058,052	1,396,740	4,454,792	55.13%
Recreational, Historic and Scenic Facilities	1,110,999	1,110,999	-	164,488	164,488	14.81%
Fire Station Facilities and Equipment	3,939,014	3,939,014	14,656	1,751,984	1,766,640	44.85%
Communication Facilities	3,232,001	3,508,604	3,062,500	267,712	3,330,212	94.92%
Farmland Protection	504,984	504,984	111,000	-	111,000	21.98%
Payment to Cities						
City of Watkinsville	3,227,960	3,227,960	1,128,681	447,339	1,576,020	48.82%
Town of Bogart	1,616,000	1,616,000	565,047	223,949	788,996	48.82%
Town of North High Shoals	674,680	674,680	235,907	93,499	329,406	48.82%
Town of Bishop	222,200	222,200	77,694	30,793	108,487	48.82%
Totals	\$ 40,400,000	\$ 40,676,603	\$ 13,057,617	6,170,420	\$ 19,228,037	
Expenditures paid from funds that were transferred into the SPLOST fund				728,201		
Expenditures paid from interest earned on capital lease proceeds				1,304		
Principal payment on Communication Facility purchased using capital lease				393,344		
Total expenditures and transfers reported in the SPLOST 2009 fund				<u>\$ 7,293,269</u>		

***The Original Estimated Cost of each project may change as actual costs are incurred.

Oconee County, Georgia
Schedule of State Contractual Assistance
For the Fiscal Year Ended June 30, 2013

<u>State Program Name</u>	<u>Contract Number</u>	<u>Actual Revenue Received</u>	<u>Current Expenditures</u>	<u>Amount Due To/From State</u>
Family Connection	93-131300099-99	\$ 33,750	\$ 45,000	\$ 11,250

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

For the Year Ended June 30, 2013

Line No.		O.C.G.A. Reference:	
1	Indicate UCOA Fund Type Used to Account for 9-1-1 Activity (choose one): <input checked="" type="checkbox"/> Special Revenue Fund <input type="checkbox"/> Enterprise Fund		
2	Expenditures (UCOA Activity 3800) Wireless service supplier cost recovery charges (identify each supplier individually on lines below - attach list, if necessary)	46-5-134(e)	
	<u>UMB Wholesale Bank (Sprint/Nextel)</u>		\$ 1,033.05
	<u>AT&T Mobility</u>		\$ 51,530.70
			\$ _____
3	Emergency telephone equipment, including necessary computer hardware, software, and data base provisioning, addressing, and nonrecurring costs of establishing a 9-1-1 system:		
3a	Lease costs	46-5-134(f)(1)(A)	\$ _____
3b	Purchase costs	46-5-134(f)(1)(A)	\$ _____
3c	Maintenance costs	46-5-134(f)(1)(A)	\$ _____
4	Rates associated with the service suppliers 9-1-1 service and other service suppliers recurring charges	46-5-134(f)(1)(B)	\$ _____
5	Employees hired by the local government solely for the operation and maintenance of the emergency 9-1-1 system and employees who work as directors as defined in O.C.G.A. §46-5-138.2		
5a	Salaries and wages	46-5-134(f)(1)(C)	\$ 545,986.39
5b	Employee benefits	46-5-134(f)(1)(C)	\$ 221,609.36
6	Cost of training of employees who work as dispatchers or directors	46-5-134(f)(1)(D)	\$ 3,846.01
7	Office supplies of the public safety answering points used directly in providing emergency 9-1-1 system services	46-5-134(f)(1)(E)	\$ 7,171.14
8	Building used as a public safety answering point:		
8a	Lease costs	46-5-134(f)(1)(F)	\$ _____
8b	Purchase costs	46-5-134(f)(1)(F)	\$ _____
9	Computer hardware and software used at a public safety answering point, including computer assisted dispatch systems and automatic vehicle location systems:		
9a	Lease costs	46-5-134(f)(1)(G)	\$ 183,240.65
9b	Purchase costs	46-5-134(f)(1)(G)	\$ _____
9c	Maintenance costs	46-5-134(f)(1)(G)	\$ _____

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

For the Year Ended June 30, 2013

Line No.		O.C.G.A. Reference:	
10	Supplies directly related to providing emergency 9-1-1 system services, including the cost of printing emergency 9-1-1 public education materials	46-5-134(f)(1)(H)	\$ _____
11	Logging recorders used at a public safety answering point to record telephone and radio traffic:		
11a	Lease costs	46-5-134(f)(1)(I)	\$ _____
11b	Purchase costs	46-5-134(f)(1)(I)	\$ _____
11c	Maintenance costs	46-5-134(f)(1)(I)	\$ _____
12	Insurance purchased to insure against risks and liability in the operation and maintenance of the 9-1-1 system on behalf of the local government or on behalf of employees hired by the local government solely for the operation and maintenance of the 9-1-1 system and employees who work as directors	46-5-134(f)(2)(B)(i)	\$ _____
13	Mobile communications vehicle and equipment, if the primary purpose and designation of such vehicle is to function as a backup 9-1-1 system center		
13a	Lease costs	46-5-134(f)(2)(B)(ii)	\$ _____
13b	Purchase costs	46-5-134(f)(2)(B)(ii)	\$ _____
13c	Maintenance costs	46-5-134(f)(2)(B)(ii)	\$ _____
14	Allocation of indirect costs associated with supporting the 9-1-1 system center and operations as identified and outlined in an indirect cost allocation plan approved by the local governing authority that is consistent with the costs allocated within the local government to both governmental and business-type activities	46-5-134(f)(2)(B)(iii)	\$ 109,483.11
15	Mobile public safety voice and data equipment, geo-targeted text messaging alert systems, or towers necessary to carry out the function of 9-1-1 system operations		
15a	Lease costs	46-5-134(f)(2)(B)(iv)	\$ 2,400.00
15b	Purchase costs	46-5-134(f)(2)(B)(iv)	\$ _____
15c	Maintenance costs	46-5-134(f)(2)(B)(iv)	\$ _____
16	Public safety voice and data communications systems located in the 9-1-1 system facility that further the legislative intent of providing the highest level of emergency response service on a local, regional, and state-wide basis, including equipment and associated hardware and software that supports the use of public safety wireless voice and data communication systems		
16a	Lease costs	46-5-134(f)(2)(B)(v)	\$ _____
16b	Purchase costs	46-5-134(f)(2)(B)(v)	\$ _____
16c	Maintenance costs	46-5-134(f)(2)(B)(v)	\$ _____

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

For the Year Ended June 30, 2013

Line
 No.

O.C.G.A.
 Reference:

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

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

18 Total Expenditures (total of all amounts reported on Lines 2 through 17 above) \$ 1,126,300.41

Certification of Local Government Officials

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

Signature of Chief Elected Official *Melvin Davis* Date 12/27/13

Print Name of Chief Elected Official Melvin Davis

Title of Chief Elected Official Chairman, Oconee County Board of Commissioners

Signature of Chief Financial Officer *Wes Geddings* Date 12/27/13

Print Name of Chief Financial Officer Wes Geddings