

DOUGHERTY COUNTY, GEORGIA

FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2015**

DOUGHERTY COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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LIST OF PRINCIPAL OFFICIALS

DOUGHERTY COUNTY BOARD OF COMMISSIONERS

Christopher Cohilas, Chairman

Lamar Hudgins, Vice Chairman

John Hayes

Clinton Johnson

Ewell Lyle

Harry James

Anthony Jones

COUNTY ADMINISTRATOR

Richard Crowdis

FINANCE DIRECTOR

Martha B. Hendley

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**Board of Commissioners
of Dougherty County, Georgia
Albany, Georgia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **Dougherty County, Georgia (the "County")**, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Dougherty County, Georgia'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 Dougherty County Board of Health, which represents 100% of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Dougherty County Board of Health, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about 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 audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dougherty County, Georgia as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Special Services District Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 9 and Note 15, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of July 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (on pages 4 through 13), the Schedule of Changes in the County's Net Pension Liability and Related Ratios (on page 75), the Schedule of County Contributions and the Schedule of Investment Returns (on page 76), the Schedule of Proportionate Share of the Net Pension Liability (on page 77), the Schedule of Contributions (on page 78), and the Other Post Employment Benefit Plan Schedule of Funding Progress (on page 79), 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 Dougherty County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2016 on our consideration of Dougherty County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dougherty County, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Albany, Georgia
February 9, 2016

DOUGHERTY COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

As management of Dougherty County, Georgia, (the County) we offer readers of the County's financial statements this overview and analysis of the County's financial activities for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

Financial Highlights

- The County's statement of net position on page 14 shows an increase of \$2,441,908 compared to the prior fiscal year for governmental activities. This statement is a combined view of all the County's financial activities, except any enterprise funds, including SPLOST funds. The County's liabilities increased \$4,866,033 while assets increased \$846,362. GASB 68 had to be implemented this fiscal year which states that the net pension liability must be shown in the County's financial statements. The net pension liability is \$6,116,752.
- The statement of activities (page 15) reports revenue collected through service charges and grants. These revenues are 40% of the total revenue required to provide primary government services. The remaining 60% of the required revenues comes from property tax, sales tax and other tax.
- The 2014 county-wide tax digest net assessed values decreased \$15 million dollars or 0.7% compared to an increase of 0.10% in 2013. Net assessed value statistics are after exemptions. The County-wide millage rate remained the same at 11.894 mils.
- The General Fund (the operating fund) total fund balance decreased \$827,195 instead of the \$3.6 million that the Board of Commissioners re-apportioned so that the millage rate would remain the same, 11.894 mils, as in the prior year. Revenues were over \$360 thousand more than budgeted and expenditures were under budget approximately \$2.5 million.
- The Special Services District Fund is used to record services to the unincorporated area of the county. The Special Services District Fund showed an increase in fund balance of \$1,066,815. The fund balance at June 30, 2015 is \$1,615,987.
- The Solid Waste Fund, an Enterprise Fund, records the activity of the County's Landfill. The net position in this fund increased \$425,733.
- 2005 One Percent Sales Tax Fund – Collections ceased March 31, 2012 but this is still classified as a major fund with approximately \$10.9 million in projects to complete. The total expended on projects in this fiscal year total over \$2.7 million. A project level detail is shown in the "Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds" and is referenced as "2005 Referendum."
- 2010 One Percent Sales Tax Fund - Collections began April 1, 2012 and will continue until March 31, 2017. The City of Albany receives 64% and Dougherty County receives 36% of the total collected. Dougherty County expenditures for this period total \$5,386,454. A project level detail is shown in the "Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds" and is referenced as "2010 Referendum."
- Due to the implementation of GASB 68, beginning balances were restated. More information can be found in the notes of these statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the County's basic financial statements. The basic financial statements include: (1) *government-wide financial statements*, (2) *fund financial statements*, and (3) *notes* to the basic financial statements.

(1) The *government-wide financial statements* include two statements, the Statement of Net position and the Statement of Activities (pages 14-16). These statements provide information about the activities of the County as a whole and present both long-term and short-term views of the County's financial status.

In the Statement of Net position and the Statement of Activities, we divide the County into three kinds of activities:

- Governmental Activities – Most of the County's basic services are reported here, including courts, libraries, public works and public safety. The majority of these activities are financed through property taxes, fees and fines. Dougherty County receives very little State and Federal funds for its governmental activities. Also included in this category are the County's special local option tax funds which are used for capital projects.
- Business-Type Activities – Dougherty County charges a fee to customers to cover the cost of operations for its enterprise fund. No tax dollars are used to operate the landfill. The Solid Waste Landfill is the only enterprise fund that the County maintains. Tipping fees are set to sufficiently operate facility.
- Component Units – Dougherty County includes the Dougherty County Health Department as a Component Unit. The Health Department legally is a separate entity but the County is required by GAAP to include its financial statements.

(2) *Fund financial statements* begin on page 17. A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. Fund financial statements focus on individual sections of the County, reporting the County's operations in more detail than the panoramic picture presented by the government-wide statements. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Non-major fund statements begin on page 80.

(3) The *Notes* section of the basic financial statements explains some of the information contained in the financial statements in greater detail. This section begins on page 33.

Analysis of Government-Wide Statements

One of the most important questions asked about the County's finances is, "Is the County, as a whole, better off or worse off as a result of this year's activities?" The Statement of Net position and Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting basis used by most private-sector companies. All of the current year's revenues and expenditures are taken into account regardless of when cash is received or paid.

MANAGEMENT'S DISCUSSION AND ANALYSIS

These two statements report the County's net position and changes in them. You can think of the County's net position – the difference between assets and liabilities – as one way to measure the County's financial health or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. Other non-financial factors that must be considered include changes in the County's property tax base and the conditions of the County's infrastructure, to assess the overall health of the County.

The net position for Governmental Activities decreased between fiscal years 2014 and 2015. Business-Type Activities net position increased between fiscal years 2014 and 2015. Table 1 below compares the net position of fiscal year 2014 to fiscal year 2015 for Governmental and Business-Type activities. Table 2 compares the changes in net position for fiscal year 2014 and fiscal year 2015 for Governmental and Business-Type activities.

Table 1
Net Position
(in Millions)

	Governmental Activities		Business-type Activities	
	2014	2015	2014	2015
Current and other assets	57.3	54.5	13.9	14.4
Capital assets	152.2	155.8	9.1	9.3
Total assets	209.5	210.3	23.0	23.7
Deferred outflows of resources	-	2.5	-	0.1
Current liabilities	19.2	26.0	-	0.2
Long-term liabilities	8.9	2.6	5.8	5.9
Total liabilities	28.1	28.6	5.8	6.1
Deferred inflows of resources	0.1	0.5	-	-
Net position:				
Net investment in capital assets	149.1	154.3	9.1	9.3
Restricted	27.1	24.7	-	-
Unrestricted	5.1	4.7	8.1	8.3
Total net position	181.3	183.7	17.2	17.6

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 2
Changes in Net Position
(In Millions)

	Governmental Activities		Business-Type Activities	
	2014	2015	2014	2015
Revenues				
Program revenues:				
Charges for services	\$ 12.4	\$ 11.8	\$ 4.0	\$ 3.2
Operating grants and contributions	1.0	0.9	-	-
Capital grants and contributions	0.2	-	-	-
General revenues:				
Property taxes	30.5	31.0	-	-
Sales tax	21.9	21.6	-	-
Insurance premium taxes	0.8	0.8	-	-
Other taxes	2.8	2.9	-	-
Investment income	0.1	0.1	-	-
Gain on sale of assets	0.1	-	-	-
Total revenues	<u>69.8</u>	<u>69.1</u>	<u>4.0</u>	<u>3.2</u>
Program Expenses				
General government	8.9	9.1	-	-
Judicial	7.7	7.9	-	-
Public safety	30.4	28.8	-	-
Public works	10.1	8.8	-	-
Health and welfare	3.5	2.5	-	-
Culture and recreation	4.1	5.4	-	-
Economic development	2.7	3.9	-	-
Interest on long-term debt	0.1	0.1	-	-
Solid waste operating expenses	-	-	3.1	3.0
Total expenses	<u>67.5</u>	<u>66.5</u>	<u>3.1</u>	<u>3.0</u>
Excess (deficiency) of revenues over (under) expenses before transfers	<u>2.3</u>	<u>2.6</u>	<u>0.9</u>	<u>0.2</u>
Transfers	<u>-</u>	<u>(0.2)</u>	<u>-</u>	<u>0.2</u>
Increase (decrease) in net position	<u>2.3</u>	<u>2.4</u>	<u>0.9</u>	<u>0.4</u>
Net position, beginning of year, restated	179.0	181.3	16.3	17.2
Net position, end of year	<u>\$ 181.3</u>	<u>\$ 183.7</u>	<u>\$ 17.2</u>	<u>\$ 17.6</u>

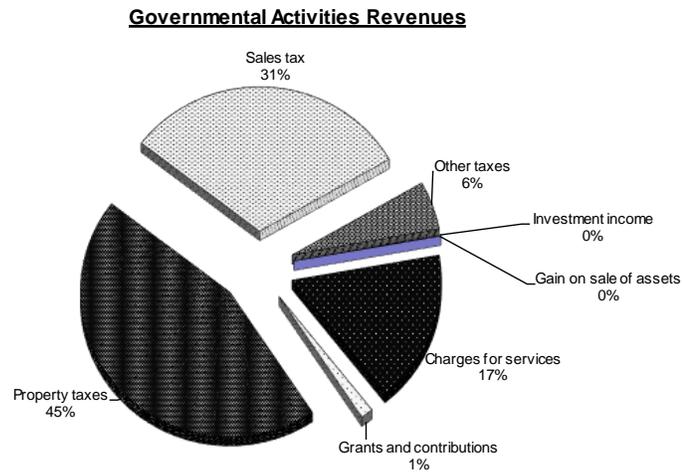
Governmental Activities

Compared to FY2014, General and Program revenues decreased \$700 thousand in FY2015. The largest decrease in revenues was in charges for services for 86% or \$600 thousand of the \$700 thousand. Net expenditures in FY2015 decreased approximately \$1 million compared to net expenditures in FY2014.

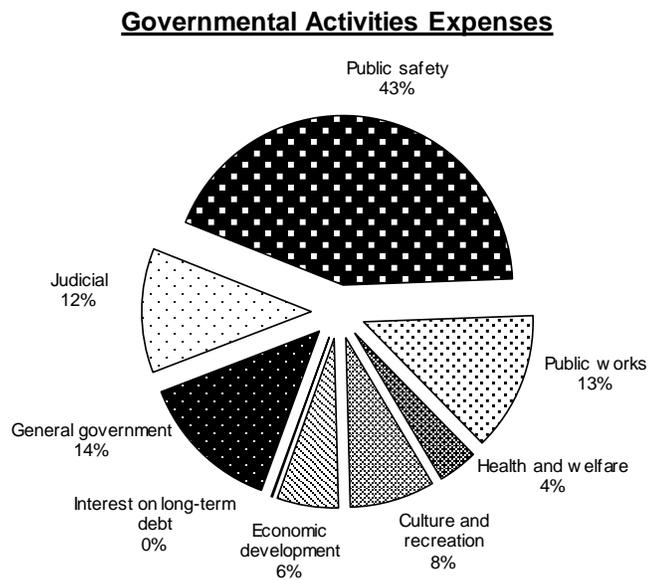
The County relies heavily on property taxes and sales taxes to support governmental operations. Property taxes provided \$30.5 million in revenue or 45% of the County's total governmental activities revenues. The county-wide millage rate set by the Board of Commissioners for the 2014 Tax Digest remained at 11.894 mills. The special services district (unincorporated portion of the county) millage rate for the 2014 Tax Digest remained at 9.272 mills.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Local Option Sales Tax and Special Local Option Sales Tax revenue combined provided approximately \$21.9 million in revenue or 31% of the County's total governmental activities revenues in FY2015.



The primary government expenses for governmental activities decreased approximately \$1 million in FY2015. Expenses decreased from \$67.5 million in 2014 to \$66.5 million in 2015. Governmental activities include the functions of general government, judicial system, public safety, public works, health and welfare, culture and recreation, and economic development operating expenses as well as SPLOST capital projects. The chart below shows the percentages of expenses for each function or service.



MANAGEMENT'S DISCUSSION AND ANALYSIS

The Public Safety activities make up approximately 43% of the total governmental activities expenses. General Government activities, which include Facilities Management, Tax and Tag Collections and County Administration, Finance, Human Resources, and Legal counsel, make up approximately 14%. The Judicial System activities, which include Clerk of Courts, Superior, State, Magistrate and Probate Court, make up approximately 12%. Public Works activities is 13%.

Table 3 presents the cost of services by category as well as the net cost (total cost less revenues generated by that activity). The Net Cost of Services shows the financial burden that is placed on the County's taxpayers through taxes by function or service provided. Public Safety, includes the Jail Facility and Dougherty County Police, generates only a small fraction of the revenue needed to operate.

Table 3
Governmental Activities
(In Millions)

	Total Cost of Services		Net Cost of Services	
	2014	2015	2014	2015
	General government	\$ 8.9	\$ 9.1	\$ (4.4)
Judicial	7.7	7.9	(6.9)	(7.1)
Public safety	30.4	28.8	(23.3)	(22.5)
Public works	10.1	8.8	(9.2)	(8.2)
Health and welfare	3.5	2.5	(3.5)	(2.5)
Culture and recreation	4.1	5.4	(3.9)	(5.1)
Housing and development	2.7	3.9	(2.7)	(3.9)
Interest on long-term debt	0.1	0.1	(0.1)	(0.1)
Total governmental activities	\$ 67.5	\$ 66.5	\$ (54.0)	\$ (53.8)

Business-type Activities

The Dougherty County Solid Waste Landfill is the County's only business-type activity. This enterprise is primarily funded through tipping fees. Each year liabilities and expenses are recorded for estimated closure and post-closure care as required by law. No revenue is received from taxes for this activity. The Solid Waste net position increased \$426 thousand. Charges for services revenue was 12% less than last year and expenses decreased 3%.

Analysis of the Fund Level Statements

The fund financial statements begin on page 17 and provide detailed information about the County's most significant funds. Fund level statements provide a narrower more focused view of financial activity. Fund level statements focus on a more *current* rather than *long-term* financial position. The establishment of some funds is required by State law; however, the County Commission establishes many other funds to help control and manage money for particular purposes and provide transparency in financial management. The County's *governmental and proprietary funds* use different accounting approaches.

Governmental funds

Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of these funds and the remaining spendable balances. The County Governmental Funds include the General Fund, Special Tax District Fund, DHR Building Lease Fund, Confiscated Assets Fund, Grant Fund, Lease Commercial

MANAGEMENT'S DISCUSSION AND ANALYSIS

Property Fund, Law Library Fund, 2005 and 2010 One Percent Sales Tax Fund. The Balance Sheets for the following funds (Non-major governmental funds) are consolidated and shown as "Nonmajor Governmental Funds" on page 18: 1995 One Percent Sales Tax Fund, One Percent Sales Tax – Road Projects Fund, 1990 One Percent Sales Tax Fund, 2000 One Percent Sales Tax Fund, Capital Improvement Program Fund, Confiscated Assets, Grant, Lease Commercial Property and Law Library. The General Fund, Special Services District, DHR Building Lease Fund, 2005 and 2010 One Percent Sales Tax Fund are categorized as major funds (page 19). The County's governmental funds reported combined fund balances of \$44.4 million, a decrease of 7.5% from the prior year.

The **General Fund** fund balance decreased by \$827,195. The County Commission budgeted to use \$3.6 million from reserves instead of raising property taxes in the budget for FY2015. Due to controlled, efficient monitoring of budgets by department managers, unfilled vacant positions and the retirement of long time employees, the fund balance was not used. Actual expenditures were approximately \$2.5 million less than budgeted expenditures. To control spending, no cost-of-living or merit increases were budgeted. Employees continue to contribute 3% of their gross salaries toward the annual required contribution for the pension plan thereby reducing the annual minimum required minimum contribution to the County's defined benefit pension plan approximately \$550 thousand. An inter-fund transfer of \$250,000 to the Special Services District Fund was made to align revenue generated by traffic fines with the expenses of County Police traffic enforcement.

The **DHR Building Lease Fund** was established to record the lease transactions between the State of Georgia, acting by and through the Georgia Department of Human Services, and Dougherty County, the leasing agent for a building located at 200 West Oglethorpe Boulevard, Albany, Georgia. The DHR Building houses the Department of Family & Children Services (DFACS). The lease agreement went into effect December, 2000. A general obligation bond for \$14.7 million was sold in 1999 through Albany-Dougherty Inner City Authority to facilitate the construction of the building. Bond and interest payments due by the County are secured by the full faith and credit of the State of Georgia. In FY2010, the 2000 GO bond was repaid and new revenue refunding bonds were sold in March 2010. It is projected to save the County \$693,000 in principal and interest payments. The County received a bond rating of AA- from Standard & Poor's. The County received a \$250,000 deposit from the sale to be used for HVAC and roof capital items.

In the **2005 One Percent Sales Tax Fund** (SPLOST V), the collection period of this one cent ended March 31, 2012. Total sales tax revenues collected over a six-year period totaled \$102 million of which the City of Albany received \$63.2 million (62%) for City projects. Current County projects include but are not limited to Public Health Building Improvements, Mental Health Building Improvements, Public Works Administrative Building construction and Radium Springs Improvement.

In the **2010 One Percent Sales Tax Fund** (SPLOST VI) the collection period started April 1, 2011 and will go through March 31, 2017. As of the date of this statement, \$67.9 million has been received. The City of Albany receives 64% compared to the County's 36% of the collections. For a list of the projects and total expenditures as of the date of this report, see the "Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds – 2010 Referendum" in this report.

Proprietary funds

The County's Solid Waste Landfill is reported as an enterprise fund. The level of fees charged for services at the Landfill is based on the operational cost of running the Landfill. Proprietary funds are reported in the same way all other activities are reported in the Statement of Net position and the Statement of Activities. The County's enterprise fund (proprietary fund) reporting (pages 27-30) is the same as the business-type activities we report in the government-wide statements

MANAGEMENT'S DISCUSSION AND ANALYSIS

but provide more detail and additional information, such as cash flows. The tipping fee charged for Landfill services for this fiscal year is \$37.57 per ton. Revenues from tipping fees decreased 17% compared to a decrease of 43% in the prior year. The projected life, at June 30, 2015, of the Landfill is 53.65 years for solid waste and 58.62 years for construction and demolition. The successful methane gas project had revenues of \$127,621 in this fiscal year. This project supplies methane gas to the Marine Corp Logistics Base.

Internal Service Funds

Group Health Plan - Self-insured health care plan for County employees. This fund has a board made up of the County Administrator, Chairman and five members that serve at the pleasure of the County Administrator. The board meets quarterly or as needed to review and monitor the costs associated with the plan. The County employs the services of an insurance broker to advise on cost containment and negotiate service and coverage contracts.

Risk Management Fund – Self-insured property and casualty – New fund created in FY2014 to account for general liability and property and casualty claims internally. It is funded from other funds of the County. A consultant and broker were hired to advise the County and negotiate stop loss contracts.

Workers' Compensation Fund – Self-insured fund to account for workers' compensation claims under \$500,000. Claims above \$500,000 are covered by a third party insurance company.

Fiduciary Funds

Dougherty County is the trustee for its employees' pension fund. The Dougherty County Pension Fund is overseen by an appointed Board which chooses a third-party investment manager through an RFP process. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The funds are in a protected trust fund. The County reviews, reconciles and records the statements from the investment manager on a quarterly basis. The total net position increased \$149,111 from last year. The County's required annual contribution had a minimal decrease from \$2,191,969 to \$2,119,353. Per the actuarial valuation report, the plan's accrued benefits are 87.92% funded which is in a high percentile for government plans.

General Fund Budgetary Highlights

The General Fund Budget is developed to cover the costs of services and the tax millage is set to generate enough revenue to cover costs. Budget figures are not calculated on the modified-accrual basis whereas the actual expenditures listed on page 23 are on the modified-accrual basis. Revenues were budgeted at \$42.7 million with an actual of \$43.2 million.

Capital Assets and Debt Administration

Capital Assets

At the end of FY2015, the County's governmental activities shows \$155.8 million net capital assets (costs less accumulated depreciation) invested in a broad range of capital assets, including police and fire equipment, public works heavy equipment, buildings, roads, and bridges. This is an increase of \$3.6 million from the prior year. The Business-type activity (Solid Waste Landfill) has \$9.3 million net capital assets (costs less accumulated depreciation), an increase of \$200 thousand. Table 4 is summary data of capital assets. More details can be found in Note 6 of the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 4
Capital Assets at Year-end
(Net of Depreciation, in Millions)

	Governmental Activities		Business-type Activities	
	2014	2015	2014	2015
Land	\$ 35.6	\$ 35.8	\$ 2.1	\$ 2.1
Intangible Assets	5.6	5.6	-	-
Construction in Progress	7.6	4.9	-	0.1
Building & Improvements	69.4	74.4	4.5	4.2
Infrastructure	28.7	28.1	-	-
Vehicles	2.1	2.3	-	-
Equipment	3.2	4.7	2.5	2.9
Totals	\$ 152.2	\$ 155.8	\$ 9.1	\$ 9.3

Debt

At year-end, the County had no outstanding debt for bonds or notes payable. The bonds payable listed on page 53 of the financial statements are bonds issued through the Albany-Dougherty Intercity Authority (ADICA) for the purpose of building construction of a building on 200 Oglethorpe Boulevard. The bond principal and interest payments are funded through a lease agreement with the State of Georgia, acting by and through the Georgia Department of Human Resources, and the County, the leasing agent for a building which houses the Department of Family & Children Services. The County is obligated until January 2016.

The certificates of participation included in the debt section of the financial statements are for the lease pool agreement with the Georgia Municipal Association (GMA). The purpose of the pool is to finance capital purchases. The County currently does not have any outstanding principal due before the end of the bond period. The principal amount owed at June 30, 2015 is \$474,000 which is a reduction of \$153,000. The County retains the capacity to use these funds for capital purchases approved by the bond insurer. Information for the lease pool is shown in Note 7 of these financial statements.

Post-employment benefits (OPEB) obligation is required for governmental agencies in accordance with GASB Statement 45. These benefits include the cost of health prescription drug, dental and life insurance provided to retired employees and their dependents. Currently, the health premiums are split; 50% paid by the County and 50% paid by the retiree for retirees not greater than 65 years old. An actuarial valuation report is conducted every two years to determine this obligation. The most recent report indicated an annual required contribution of \$1.2 million. GASB Statement 45 does not require advance funding but rather accrual accounting of the obligations associated with other post-employee benefits plans. The County has decided to continue on a pay-as-you-go basis and pay the actual costs per year. More details of OPEB obligations can be found on pages 70-72.

The business-type activity that the County operates is the Landfill. The County has been able to maintain and run a state of the art landfill without ever having to borrow money for capital projects or maintenance. The County is required by law to set aside funding for the closure and post-closure of the landfill. These costs include a final cover over the landfill and maintenance and monitoring for 30 years after closure. These laws ensure against negative environmental impact from garbage gases and leachate. Calculations are made each year to estimate these costs. See Note 7, page 55.

MANAGEMENT’S DISCUSSION AND ANALYSIS

None of the County’s debt payments are currently funded through ad valorem taxes. See Note 7 pages 51-54.

Table 5
Outstanding Debt at Year-end
(in millions)

	Governmental Activities		Business-type Activities	
	2014	2015	2014	2015
Bonds payable	\$ 3.1	\$ 1.5	\$ -	\$ -
Certificates of participation	0.6	0.5	-	-
Compensated absences	3.4	3.0	0.1	0.1
Net pension liability	4.4	6.1	-	0.1
Net OPEB obligation	10.1	11.2	-	-
Landfill closure/postclosure	-	-	5.6	5.9
Totals	\$ 21.6	\$ 22.3	\$ 5.7	\$ 6.1

Economic Factors and Next Year’s Budgets and Rates

The County is impacted by the same economic conditions impacting the State of Georgia and the nation as a whole. Economic conditions were taken into account in developing the County’s 2016 budget. Some of the issues impacting the County’s future are:

- ◆ County-wide tax digest – minimal growth or decrease
- ◆ Reduced sales tax collections – State of Georgia exemptions
- ◆ Increase in healthcare costs affecting the County’s self-insured health care plan

Contacting the County’s Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County’s finances and to show the County’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Finance Office at 222 Pine Avenue, Suite 430, Albany, Georgia 31702.

Complete financial statements for the Dougherty County Health Department (a component unit) may be requested from its administrative office at (229) 430-6324.

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF NET POSITION

JUNE 30, 2015

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Board of Health
Cash and cash equivalents	\$ 4,611,532	\$ 1,114,669	\$ 5,726,201	\$ 2,205,583
Investments	45,387,228	12,913,124	58,300,352	-
Taxes receivable	2,305,150	-	2,305,150	-
Accounts receivable	1,229,795	295,571	1,525,366	457,316
Internal balances	27,977	(27,977)	-	-
Due from other governments	669,209	-	669,209	1,059,862
Inventories	126,343	57,809	184,152	-
Fair value of interest rate swap agreement	131,090	-	131,090	-
Capital assets, non-depreciable	46,255,492	2,214,872	48,470,364	-
Capital assets, depreciable, net of accumulated depreciation	109,571,841	7,096,505	116,668,346	99,772
Total assets	210,315,657	23,664,573	233,980,230	3,822,533
DEFERRED OUTFLOWS OF RESOURCES				
Net difference between projected and actual earnings on pension plan investments	2,502,006	69,094	2,571,100	-
Employer contributions subsequent to the measurement date	-	-	-	1,062,298
Total deferred outflows of resources	2,502,006	69,094	2,571,100	1,062,298
LIABILITIES				
Accounts payable	1,504,969	-	1,504,969	258,104
Accrued liabilities	2,648,781	-	2,648,781	-
Due to other governments	2,146,137	-	2,146,137	310,723
Unearned revenues	33,467	-	33,467	-
Other liabilities	11,192,463	-	11,192,463	-
Bonds payable due within one year	1,527,291	-	1,527,291	-
Compensated absences due within one year	882,045	22,720	904,765	50,567
Compensated absences due in more than one year	2,090,491	47,530	2,138,021	455,104
Closure and postclosure care costs	-	5,887,672	5,887,672	-
Certificates of participation due in more than one year	474,000	-	474,000	-
Net pension liability	6,116,752	168,917	6,285,669	8,330,760
Total liabilities	28,616,396	6,126,839	34,743,235	9,405,258
DEFERRED INFLOWS OF RESOURCES				
Accumulated increase in fair value of hedging activities	131,090	-	131,090	-
Differences between expected and actual experience of economic/demographic (gains)/losses	353,644	9,766	363,410	-
Net difference between projected and actual earnings on pension plan investments	-	-	-	2,033,283
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-	-	218,354
Total deferred inflows of resources	484,734	9,766	494,500	2,251,637
NET POSITION				
Net investment in capital assets	154,300,042	9,311,377	163,611,419	99,772
Restricted for:				
Drug treatment education	105,270	-	105,270	-
Juvenile court	82,003	-	82,003	-
Judicial	372,848	-	372,848	-
Public safety	2,253,012	-	2,253,012	-
Capital outlay	21,927,300	-	21,927,300	-
Special use	-	-	-	1,719,823
Unrestricted	4,676,058	8,285,685	12,961,743	(8,591,659)
Total net position (deficit)	\$ 183,716,533	\$ 17,597,062	\$ 201,313,595	\$ (6,772,064)

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

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 9,049,511	\$ 4,619,088	\$ 2,500	\$ 357
Judicial	7,887,791	239,827	525,627	1,072
Public safety	28,846,963	6,307,508	73,030	8,215
Public works	8,820,443	305,892	280,253	8,930
Health and welfare	2,524,387	-	-	1,429
Culture and recreation	5,389,533	330,404	-	26,342
Housing and development	3,890,544	24,050	-	1,429
Interest on long-term debt	77,936	-	-	-
Total governmental activities	66,487,108	11,826,769	881,410	47,774
Business-type activities:				
Solid waste	2,990,252	3,163,026	-	-
Total business-type activities	2,990,252	3,163,026	-	-
Total primary government	\$ 69,477,360	\$ 14,989,795	\$ 881,410	\$ 47,774
Component unit:				
Board of Health	\$ 13,020,941	\$ 3,593,939	\$ 10,026,374	\$ -
Total component unit	\$ 13,020,941	\$ 3,593,939	\$ 10,026,374	\$ -
General revenues:				
Property taxes				
Sales taxes				
Insurance premium taxes				
Other taxes				
Unrestricted investment earnings				
Gain on sale of assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year, as restated				
Net position, end of year				

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

**Net (Expense) Revenue and
Changes in Net Position**

			<u>Component Unit</u>
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Board of Health</u>
\$ (4,427,566)	\$ -	\$ (4,427,566)	\$ -
(7,121,265)	-	(7,121,265)	-
(22,458,210)	-	(22,458,210)	-
(8,225,368)	-	(8,225,368)	-
(2,522,958)	-	(2,522,958)	-
(5,032,787)	-	(5,032,787)	-
(3,865,065)	-	(3,865,065)	-
(77,936)	-	(77,936)	-
<u>(53,731,155)</u>	<u>-</u>	<u>(53,731,155)</u>	<u>-</u>
-	172,774	172,774	-
-	172,774	172,774	-
<u>\$ (53,731,155)</u>	<u>\$ 172,774</u>	<u>\$ (53,558,381)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 599,372</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 599,372</u>
\$ 30,973,228	\$ -	\$ 30,973,228	\$ -
21,617,713	-	21,617,713	-
839,616	-	839,616	-
2,899,717	-	2,899,717	-
74,496	19,990	94,486	-
-	1,262	1,262	-
(231,707)	231,707	-	-
<u>56,173,063</u>	<u>252,959</u>	<u>56,426,022</u>	<u>-</u>
<u>2,441,908</u>	<u>425,733</u>	<u>2,867,641</u>	<u>599,372</u>
<u>181,274,625</u>	<u>17,171,329</u>	<u>198,445,954</u>	<u>(7,371,436)</u>
<u>\$ 183,716,533</u>	<u>\$ 17,597,062</u>	<u>\$ 201,313,595</u>	<u>\$ (6,772,064)</u>

DOUGHERTY COUNTY, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2015

ASSETS	General	Special Services District	DHR Building Lease Fund	2005 One Percent Sales Tax	2010 One Percent Sales Tax
Cash and cash equivalents	\$ 4,220,339	\$ -	\$ 32,293	\$ -	\$ -
Investments	12,436,181	1,896,008	1,422,449	11,282,563	9,714,242
Taxes receivable	936,831	86,555	-	-	1,281,764
Accounts receivable	1,227,319	-	-	-	-
Notes receivable	-	-	697,980	-	-
Due from other funds	1,160,349	-	159,154	-	-
Due from other governments	570,082	-	-	-	-
Inventory	126,343	-	-	-	-
Total assets	<u>\$ 20,677,444</u>	<u>\$ 1,982,563</u>	<u>\$ 2,311,876</u>	<u>\$ 11,282,563</u>	<u>\$ 10,996,006</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 1,409,315	\$ -	\$ -	\$ 6,000	\$ 87,654
Accrued expenses	1,349,329	-	-	1,382	-
Due to other funds	722,808	321,624	-	338,285	310,564
Due to other governments	542,660	-	-	-	1,601,458
Unearned revenue	28,600	-	-	-	-
Total liabilities	<u>4,052,712</u>	<u>321,624</u>	<u>-</u>	<u>345,667</u>	<u>1,999,676</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - notes receivable	-	-	697,980	-	-
Unavailable revenue - property taxes	711,697	44,952	-	-	-
Total deferred inflow of resources	<u>711,697</u>	<u>44,952</u>	<u>697,980</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable:					
Inventory	126,343	-	-	-	-
Restricted for:					
Drug treatment education	105,270	-	-	-	-
Juvenile court	82,003	-	-	-	-
Judicial	-	-	-	-	-
Public safety	-	1,615,987	-	-	-
Capital outlay	-	-	-	10,936,896	8,996,330
Committed for:					
Development authority	69,572	-	-	-	-
Debt service and building maintenance	-	-	1,613,896	-	-
Parking deck maintenance	-	-	-	-	-
Capital outlay	-	-	-	-	-
Assigned					
Budgetary stabilization	3,486,583	-	-	-	-
Unassigned	12,043,264	-	-	-	-
Total fund balances	<u>15,913,035</u>	<u>1,615,987</u>	<u>1,613,896</u>	<u>10,936,896</u>	<u>8,996,330</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 20,677,444</u>	<u>\$ 1,982,563</u>	<u>\$ 2,311,876</u>	<u>\$ 11,282,563</u>	<u>\$ 10,996,006</u>

Amounts reported for governmental activities in the statement of net position are different because:

- Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.
- Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.
- Deferred outflows of resources related to the net difference between projected and actual earnings on pension plan investments are not available to pay for current resources and, therefore, are not reported in the governmental funds.
- Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.
- Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities.
- The net pension liability is not due and payable in the current period and, therefore, is not reported in governmental funds.
- The net OPEB obligation is not due and payable in the current period and, therefore, is not reported in governmental funds.
- Deferred inflows of resources related to the net difference between expected and actual experience of economic/demographic (gains)/losses

Net position of governmental activities

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

Nonmajor Governmental Funds		Total	
\$	318,208	\$	4,570,840
	4,722,754		41,474,197
	-		2,305,150
	1,372		1,228,691
	-		697,980
	362,004		1,681,507
	99,127		669,209
	-		126,343
<u>\$</u>	<u>5,503,465</u>	<u>\$</u>	<u>52,753,917</u>

\$	2,000	\$	1,504,969
	-		1,350,711
	123,775		1,817,056
	2,019		2,146,137
	4,867		33,467
	<u>132,661</u>		<u>6,852,340</u>

	-		697,980
	-		756,649
	-		<u>1,454,629</u>

	-		126,343
	-		105,270
	-		82,003
	372,848		372,848
	637,025		2,253,012
	1,994,074		21,927,300
	-		69,572
	-		1,613,896
	38,722		38,722
	1,198,981		1,198,981
	1,129,154		4,615,737
	-		12,043,264
	<u>5,370,804</u>		<u>44,446,948</u>
<u>\$</u>	<u>5,503,465</u>		

	155,827,333
	756,649
	2,502,006
	(5,003,827)
	2,850,283
	(6,116,752)
	(11,192,463)
	<u>(353,644)</u>
<u>\$</u>	<u>183,716,533</u>

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General	Special Services District	DHR Building Lease Fund	2005 One Percent Sales Tax	2010 One Percent Sales Tax
Revenues:					
Property taxes	\$ 25,711,281	\$ 5,139,700	\$ -	\$ -	\$ -
Sales taxes	6,176,459	-	-	-	15,441,254
Other taxes	1,943,590	1,795,743	-	-	-
Licenses and permits	-	180,158	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	8,088,222	6,694	84,076	-	-
Fines and forfeitures	929,328	-	-	-	-
Interest	7,683	2,774	1,956	19,058	12,957
Other revenues	300,274	4,800	1,684,863	-	27,816
Total revenues	43,156,837	7,129,869	1,770,895	19,058	15,482,027
Expenditures:					
Current:					
General government	8,195,399	480	286,591	-	-
Judicial	6,800,491	-	-	-	-
Public safety	21,656,636	5,581,758	-	-	-
Public works	2,243,408	160,372	-	-	-
Health and welfare	2,009,209	-	-	-	-
Culture and recreation	2,335,310	245,483	-	-	-
Housing and development	493,579	324,961	-	-	-
Intergovernmental payments	-	-	-	-	9,882,403
Capital outlay	-	-	-	2,663,591	5,386,454
Debt service:					
Principal	-	-	1,560,000	-	-
Interest	-	-	113,550	-	-
Total expenditures	43,734,032	6,313,054	1,960,141	2,663,591	15,268,857
Excess (deficiency) of revenues over (under) expenditures	(577,195)	816,815	(189,246)	(2,644,533)	213,170
Other financing sources (uses):					
Proceeds from sale of assets	-	-	-	-	-
Transfers in	-	250,000	-	-	-
Transfers out	(250,000)	-	-	-	-
Total other financing sources (uses)	(250,000)	250,000	-	-	-
Net change in fund balances	(827,195)	1,066,815	(189,246)	(2,644,533)	213,170
Fund balances, beginning of year	16,740,230	549,172	1,803,142	13,581,429	8,783,160
Fund balances, end of year	\$ 15,913,035	\$ 1,615,987	\$ 1,613,896	\$ 10,936,896	\$ 8,996,330

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

Nonmajor Governmental Funds	Total
\$ -	\$ 30,850,981
-	21,617,713
-	3,739,333
-	180,158
893,465	893,465
-	8,178,992
342,219	1,271,547
65,787	110,215
178,319	2,196,072
<u>1,479,790</u>	<u>69,038,476</u>
3,767	8,486,237
811,033	7,611,524
230,556	27,468,950
278,959	2,682,739
-	2,009,209
12,055	2,592,848
51,211	869,751
-	9,882,403
1,185,311	9,235,356
153,000	1,713,000
36,364	149,914
<u>2,762,256</u>	<u>72,701,931</u>
<u>(1,282,466)</u>	<u>(3,663,455)</u>
46,994	46,994
-	250,000
-	<u>(250,000)</u>
<u>46,994</u>	<u>46,994</u>
(1,235,472)	(3,616,461)
<u>6,606,276</u>	<u>48,063,409</u>
<u>\$ 5,370,804</u>	<u>\$ 44,446,948</u>

DOUGHERTY 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, 2015

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (3,616,461)
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 difference between depreciation expense and capital outlay in the current period.	3,735,491
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(121,851)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Deferred revenues increased during the year by this amount.	122,247
The issuance of long-term debt (i.e., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,761,578
The internal service fund is used by management to charge the cost of workers' compensation insurance and health insurance to individual funds. The net revenue of the internal service fund is reported with governmental activities.	816,113
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(255,209)</u>
Change in net position of governmental activities	<u>\$ 2,441,908</u>

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

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (GAAP) BASIS AND ACTUAL GENERAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 25,214,337	\$ 25,214,337	\$ 25,711,281	\$ 496,944
Sales taxes	6,200,000	6,200,000	6,176,459	(23,541)
Other taxes	1,792,279	1,792,279	1,943,590	151,311
Charges for services	8,547,404	8,547,404	8,088,222	(459,182)
Fines and forfeitures	869,500	869,500	929,328	59,828
Interest income	1,000	1,000	7,683	6,683
Miscellaneous	168,693	168,693	300,274	131,581
Total revenues	42,793,213	42,793,213	43,156,837	363,624
Expenditures:				
Current:				
General government:				
Administrative and legislative	627,665	648,087	648,085	2
Auditing	71,000	71,000	61,150	9,850
Finance	388,740	388,740	369,628	19,112
Computer information	552,855	614,973	614,972	1
Contingency	100,000	-	-	-
Facilities management	2,306,124	2,318,738	2,235,828	82,910
Human resources	444,915	444,915	444,124	791
Legal services	171,600	171,600	166,563	5,037
Mail and security system	251,695	252,895	244,321	8,574
Purchasing	1,398,959	1,398,959	1,398,959	-
Registration and elections	420,200	420,200	276,993	143,207
Tax and tag collections	2,061,175	1,960,831	1,734,776	226,055
Total general government	8,794,928	8,690,938	8,195,399	495,539
Judicial:				
Clerk of courts	1,049,360	1,136,134	1,136,134	-
District attorney	1,788,360	1,788,360	1,765,958	22,402
Juvenile court	798,048	798,048	769,576	28,472
Magistrate court	883,495	883,495	878,192	5,303
Probate court	387,849	387,849	384,546	3,303
Public defender	833,197	833,197	807,994	25,203
State court	545,935	545,935	531,026	14,909
Superior court	651,705	651,705	527,065	124,640
Total judicial	6,937,949	7,024,723	6,800,491	224,232

(Continued)

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (GAAP) BASIS AND ACTUAL GENERAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures: (Continued)				
Current: (Continued)				
Public safety:				
Coroner	\$ 131,102	\$ 134,605	\$ 130,466	\$ 4,139
Drug squad	904,740	904,739	846,045	58,694
S.W.A.T.	20,150	20,150	13,265	6,885
Emergency medical services	4,132,550	4,134,450	3,799,997	334,453
Emergency management	58,525	58,525	58,025	500
Environmental control	482,910	482,910	449,611	33,299
Jail	14,031,204	14,031,204	13,144,171	887,033
Sheriff's department	3,231,059	3,231,059	3,215,056	16,003
Total public safety	<u>22,992,240</u>	<u>22,997,642</u>	<u>21,656,636</u>	<u>1,341,006</u>
Public works:				
Engineering	307,960	307,960	291,994	15,966
Public works	1,576,205	1,576,205	1,486,465	89,740
Vehicle maintenance	263,220	263,220	229,215	34,005
Park maintenance	232,010	235,734	235,734	-
Total public works	<u>2,379,395</u>	<u>2,383,119</u>	<u>2,243,408</u>	<u>139,711</u>
Health and welfare:				
Department of Family and Children Services	98,374	98,374	97,124	1,250
Health services	1,938,952	1,938,952	1,912,085	26,867
Total health and welfare	<u>2,037,326</u>	<u>2,037,326</u>	<u>2,009,209</u>	<u>28,117</u>
Culture and recreation:				
Library	2,560,455	2,560,455	2,335,310	225,145
Total culture and recreation	<u>2,560,455</u>	<u>2,560,455</u>	<u>2,335,310</u>	<u>225,145</u>
Housing and development:				
Agricultural services	94,626	96,591	96,590	1
Community development	394,830	400,955	384,773	16,182
Natural resources	12,216	12,216	12,216	-
Total housing and development	<u>501,672</u>	<u>509,762</u>	<u>493,579</u>	<u>16,183</u>
Total expenditures	<u>46,203,965</u>	<u>46,203,965</u>	<u>43,734,032</u>	<u>2,469,933</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,410,752)</u>	<u>(3,410,752)</u>	<u>(577,195)</u>	<u>2,833,557</u>

(Continued)

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (GAAP) BASIS AND ACTUAL GENERAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Other financing sources (uses):				
Proceeds from sale of assets	\$ 3,000	\$ 3,000	\$ -	\$ (3,000)
Transfers out	(250,000)	(250,000)	(250,000)	-
Total other financing sources (uses)	(247,000)	(247,000)	(250,000)	(3,000)
Net change in fund balances	(3,657,752)	(3,657,752)	(827,195)	2,830,557
Fund balance, beginning of year	16,740,230	16,740,230	16,740,230	-
Fund balance, end of year	\$ 13,082,478	\$ 13,082,478	\$ 15,913,035	\$ 2,830,557

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

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (GAAP) BASIS AND ACTUAL SPECIAL SERVICES DISTRICT FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 4,952,700	\$ 4,952,700	\$ 5,139,700	\$ 187,000
Other taxes	1,697,751	1,697,751	1,795,743	97,992
Licenses and permits	139,000	139,000	180,158	41,158
Charges for services	5,000	5,000	6,694	1,694
Interest income	1,000	1,000	2,774	1,774
Miscellaneous	1,000	1,000	4,800	3,800
Total revenues	6,796,451	6,796,451	7,129,869	333,418
Expenditures:				
Current:				
General government:				
Administrative	375,065	360,065	480	359,585
Total general government	375,065	360,065	480	359,585
Public safety:				
County police	3,236,535	3,234,712	2,923,877	310,835
Fire protection	2,542,492	2,542,492	2,542,492	-
Animal control	109,925	109,925	100,149	9,776
Code enforcement	69,440	69,440	15,240	54,200
Total public safety	5,958,392	5,956,569	5,581,758	374,811
Public works:				
Street lighting and utilities	141,000	156,426	156,426	-
Stormwater	2,550	3,947	3,946	1
Total public works	143,550	160,373	160,372	1
Culture and recreation:				
Recreation	245,483	245,483	245,483	-
Total culture and recreation	245,483	245,483	245,483	-
Housing and development:				
Planning and development services	324,961	324,961	324,961	-
Total housing and development	324,961	324,961	324,961	-
Total expenditures	7,047,451	7,047,451	6,313,054	734,397
Excess (deficiency) of revenues over (under) expenditures	(251,000)	(251,000)	816,815	1,067,815

(Continued)

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (GAAP) BASIS AND ACTUAL SPECIAL SERVICES DISTRICT FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Other financing sources:				
Proceeds from sale of assets	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Transfers in	250,000	250,000	250,000	-
Total other financing sources	<u>251,000</u>	<u>251,000</u>	<u>250,000</u>	<u>(1,000)</u>
Net change in fund balances	-	-	1,066,815	1,066,815
Fund balance, beginning of year	<u>549,172</u>	<u>549,172</u>	<u>549,172</u>	<u>-</u>
Fund balance, end of year	<u>\$ 549,172</u>	<u>\$ 549,172</u>	<u>\$ 1,615,987</u>	<u>\$ 1,066,815</u>

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

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS

JUNE 30, 2015

	Major Enterprise Fund Solid Waste Fund	Governmental Activities- Internal Service Funds
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,114,669	\$ 40,692
Investments	12,913,124	3,913,031
Accounts receivable, net of allowances	295,571	1,104
Due from other funds	-	201,650
Inventory	57,809	-
Total current assets	14,381,173	4,156,477
NONCURRENT ASSETS		
Capital assets:		
Nondepreciable	2,214,872	-
Depreciable, net of accumulated depreciation	7,096,505	-
Total noncurrent assets	9,311,377	-
Total assets	23,692,550	4,156,477
DEFERRED OUTFLOWS OF RESOURCES		
Net difference between projected and actual earnings on pension plan investments	69,094	-
Total deferred outflows of resources	69,094	-
LIABILITIES		
CURRENT LIABILITIES		
Accrued expenses	-	1,268,070
Due to other funds	27,977	38,124
Current portion - compensated absences	22,720	-
Total current liabilities	50,697	1,306,194
LONG-TERM LIABILITIES		
Compensated absences, net of current portion	47,530	-
Accrued landfill closure/postclosure care costs	5,887,672	-
Net pension liability	168,917	-
Total long-term liabilities	6,104,119	-
Total liabilities	6,154,816	1,306,194
DEFERRED INFLOWS OF RESOURCES		
Differences between expected and actual experience of economic/demographic (gains)/losses	9,766	-
Total deferred inflows of resources	9,766	-
NET POSITION		
Investment in capital assets	9,311,377	-
Unrestricted	8,285,685	2,850,283
Total net position	\$ 17,597,062	\$ 2,850,283

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

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Major Enterprise Fund Solid Waste Fund	Governmental Activities- Internal Service Funds
OPERATING REVENUES		
Charges for services	\$ 3,118,927	\$ 7,405,012
Miscellaneous	44,099	116,663
Total operating revenues	3,163,026	7,521,675
OPERATING EXPENSES		
Salaries and benefits	827,309	-
Cost of sales and services	730,017	249,280
Supplies	430,294	-
Claims	-	4,154,637
Insurance	-	2,074,484
Closure/post closure care costs	278,479	-
Depreciation	724,153	-
Total operating expenses	2,990,252	6,478,401
Operating income	172,774	1,043,274
NONOPERATING INCOME		
Interest income	19,990	4,546
Gain on sale of assets	1,262	-
Total nonoperating income	21,252	4,546
Income before transfers	194,026	1,047,820
TRANSFERS		
Transfers in	231,707	-
Transfers out	-	(231,707)
Total transfers	231,707	(231,707)
Change in net position	425,733	816,113
NET POSITION, beginning of year, as restated	17,171,329	2,034,170
NET POSITION, end of year	\$ 17,597,062	\$ 2,850,283

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

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Major Enterprise Fund Solid Waste Fund	Governmental Activities- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 3,354,195	\$ 7,665,000
Payments to suppliers	(1,060,849)	(2,323,764)
Payments for insurance claims	-	(4,072,903)
Payments to employees	(853,765)	-
	1,439,581	1,268,333
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to (from) other funds	231,707	(231,707)
	231,707	(231,707)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(912,189)	-
Proceeds from sale of capital assets	1,262	-
	(910,927)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(180,303)	(1,153,937)
Sale of investments	-	112,793
Interest on investments	19,990	4,546
	(160,313)	(1,036,598)
Net increase in cash and cash equivalents	600,048	28
Cash and cash equivalents:		
Beginning of year	514,621	40,664
End of year	\$ 1,114,669	\$ 40,692

(Continued)

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Major Enterprise Fund Solid Waste Fund	Governmental Activities- Internal Service Funds
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 172,774	\$ 1,043,274
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation expense	724,153	-
Landfill closure/postclosure care expense	278,479	-
Decrease in accounts receivable	250,696	-
Decrease in due from other funds	-	110,822
Decrease in inventory	99,462	-
Increase in deferred inflows of resources	(69,094)	-
Increase in accrued expenses	-	81,734
Increase (decrease) in due to other funds	(59,527)	32,503
Decrease in compensated absences	(22,525)	-
Increase in net pension liability	55,397	-
Increase in deferred inflows of resources	9,766	-
	\$ 1,439,581	\$ 1,268,333
Net cash provided by operating activities	\$ 1,439,581	\$ 1,268,333

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

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

JUNE 30, 2015

ASSETS	Agency Funds	Employee Retirement Plan
	<u> </u>	<u> </u>
Cash	\$ 3,019,697	\$ 842,481
Investments, at fair value:		
Pooled, common and collective funds	-	33,128,418
Mutual funds	-	16,567,884
Local government investment pool	1,875	-
Accrued dividends	-	122
Taxes receivable	3,239,967	-
Prepaid expenses	-	44,130
	<u> </u>	<u> </u>
Total assets	<u>\$ 6,261,539</u>	<u>\$ 50,583,035</u>
LIABILITIES		
Due to others	\$ 3,021,572	\$ -
Uncollected taxes	3,239,967	-
	<u> </u>	<u> </u>
Total liabilities	<u>6,261,539</u>	<u>-</u>
NET POSITION		
Restricted for pension benefits	<u>\$ -</u>	<u>\$ 50,583,035</u>

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

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

ADDITIONS	Employee Retirement Plan
Contributions:	
Employer	\$ 2,122,826
Employee	510,167
Other receipts	2,838
Total contributions	<u>2,635,831</u>
Investment earnings:	
Dividend income	519,367
Net increase in fair value of investments	160,708
Less investment expenses	(236,322)
Net investment earnings	<u>443,753</u>
 Total additions	 <u>3,079,584</u>
 DEDUCTIONS	
Benefits	2,846,484
Administrative expenses	83,989
 Total deductions	 <u>2,930,473</u>
 Change in net position	 149,111
 NET POSITION, beginning of year	 <u>50,433,924</u>
 NET POSITION, end of year	 <u>\$ 50,583,035</u>

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

DOUGHERTY COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

Dougherty County was incorporated in 1853 under the laws of the State of Georgia. The County operates under a commission-administrator form of government, and provides the following services: public safety (police and fire), highways and streets, landfill, courts and sheriff's department, health and social services, public improvements, planning and zoning, and general administrative services.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of Dougherty County, Georgia (the "primary government") and its component unit. The component unit discussed below is included in the County's reporting entity because of the significance of its operational or financial relationship with the County.

Discretely Presented Component Unit

The Dougherty County Board of Health (the "Board of Health") is governed by a seven-member board consisting of four members appointed by the County Commissioners. The County has the authority to modify and approve the Board of Health's budget and the ability to approve environmental health service fees. The Board of Health has a June 30th year end.

The Board of Health's financial statements can be obtained by writing to the Dougherty County Board of Health, P.O. Box 3048, Albany, Georgia 31706.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements, although the agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, intergovernmental income, licenses, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

The **General Fund** 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.

The **Special Services District Fund** is a special revenue fund used to account for the receipt of taxes assessed to a special district that are restricted for expenditures for the district.

The **DHR Building Lease Fund** is a capital projects fund used to account for the receipt of rental funds from the Georgia Department of Human Resources (DHR) that are used to amortize debt incurred in the construction of a DHR building in Albany, Georgia.

The **2005 One Percent Sales Tax Fund** is a capital projects fund used to account for the County's receipt and expenditure of special purpose sales tax from the 2005 sales tax referendum.

The **2010 One Percent Sales Tax Fund** is a capital projects fund used to account for the County's receipt and expenditure of special purpose sales tax from the 2010 sales tax referendum.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The County reports the following major proprietary fund:

The ***Solid Waste Fund*** is used to account for the operation, maintenance, and development of the County landfill and disposal sites.

Additionally, the County reports the following fund types:

The ***special revenue funds*** account for specific revenues that are legally restricted to expenditure for particular purposes.

The ***internal service funds*** account for self-insured programs for health insurance and workers' compensation. These funds were created to accommodate the payment of claims and administrative expenses for the self-insured programs.

The ***employee retirement plan trust fund*** accounts for all activities of the County's defined benefit pension plan.

The ***agency funds*** are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals, such as cash bonds, traffic fines, support payments and ad valorem and property taxes.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the County's solid waste function and various other functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services provided.

Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Deposits and Investments

The County considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

State statutes authorize the County to invest in obligations of the State of Georgia or other states, obligations issued by the U.S. Government, obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States, prime bankers' acceptances, the local government investment pool established by state law, repurchase agreements, and obligations of other political subdivisions of the State of Georgia. The Defined Benefit Pension Plan may also invest in equities, corporate bonds and U.S. government securities.

The investment in the Georgia Fund 1 represents the Authority's portion of a pooled investment account operated by the Office of the State Treasurer. The pool consists of U.S. treasury obligations, securities issued or guaranteed by the U.S. Government or any of its agencies or instrumentalities, banker's acceptances, overnight and term repurchase agreements with highly rated counterparties, and collateralized bank accounts. The investment in the Georgia Fund 1 is valued at fair market value.

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Real estate assets are reported at fair value utilizing an income approach to valuation. Investments that do not have an established market are reported at estimated fair values.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. For the most part, the effect of interfund activity has been removed from the government-wide statement of net position.

Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide statement of net position as “internal balances.” In the major fund balance sheets, these receivables and payables are classified as “due from other funds” and “due to other funds.”

F. Inventories and Prepaid Items

Inventories consist of supplies. Inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. The consumption method is used to account for inventories. Under the consumption method, inventory items are recognized as expenditures when used. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Capital Assets

Capital assets, which include property, intangible assets, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB 34, infrastructure assets acquired prior to June 30, 1980 have been capitalized. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend useful lives are expensed as incurred.

Major outlays for capital improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets is included as part of the capitalized value of the assets constructed. No interest expense was capitalized during the fiscal year ended June 30, 2015.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets (Continued)

Capital assets are depreciated using the straight line method over the following useful lives:

<u>Asset Category</u>	<u>Years</u>
Infrastructure	30
Buildings	50
Building improvements	20
Vehicles	2 - 15
Equipment	3 - 15

H. Compensated Absences

County employees are entitled to certain compensated absences based on their length of employment. It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Only employees with 15 or more years of service may be paid for sick leave benefits. All compensated absences are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the year the debt is issued.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the balance sheet and statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items, which arise only under a modified accrual basis of accounting that qualify for reporting in this category.

The governmental funds report *unavailable revenues* from property taxes and other receivables, and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. An *effective hedge* is reported in the government-wide statement of net position. The effective hedge results from the change in market value of a swap agreement related to the certificates of participation. The amount is deferred and will mature on June 1, 2028, at the same time as the certificates of participation.

The County also has deferred inflows and outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the County's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the County Commission through the adoption of a resolution. Only the County Commission may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the County’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the County Commission has authorized the County Administrator to assign fund balances.
- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Equity (Continued)

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the County has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

L. Use of Estimates

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

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$5,003,827 difference are as follows:

Bonds payable	\$ (1,500,000)
Unamortized bond premium	(27,291)
Accrued interest	(30,000)
Certificates of participation	(474,000)
Compensated absences	<u>(2,972,536)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (5,003,827)</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$3,735,491 difference are as follows:

Capital outlay	\$ 7,560,327
Depreciation expense	<u>(3,824,836)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 3,735,491</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities (Continued)

Another element of that reconciliation explains that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$1,761,578 difference are as follows:

Principal repayment - certificates of participation	\$ 153,000
Principal repayment - general obligation bonds	1,560,000
Amortization of bond premium	48,578
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ 1,761,578

Another element of that reconciliation explains that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$255,209 difference are as follows:

Compensated absences	\$ 374,497
Change in net pension and related deferred inflows and outflows of resources	426,703
Net OPEB obligation	(1,079,809)
Accrued interest	23,400
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ (255,209)

NOTES TO FINANCIAL STATEMENTS

NOTE 3. BUDGETS AND BUDGETARY ACCOUNTING

Budget Policies

Formal budgetary accounting is employed as a management control device for all funds of the County. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for all governmental funds. The GAAP basis of accounting is used in preparing the budgets of all budgeted funds. The GAAP basis of accounting is used to reflect actual revenues and expenditures/expenses recognized which is not consistent with accounting principles generally accepted in the United States of America. Budgets for Capital Project Funds are adopted on a project basis, spanning more than one fiscal year. Budgetary control is exercised at the departmental level or by projects.

Budget Process

The County distributes budget forms to all department managers for their preparation and the requests are submitted to the Finance Director. The department budgets are formed during the various work sessions that include the department managers, elected officials, the Finance Director, and the County Administrator. The budget is next presented to the Finance Committee of the County Commission and work sessions are held where a formal budget is prepared. The formal budget is presented to the County Commission and a public hearing is conducted. One week after the public hearing, the final budget is adopted by the County Commission. All annual budget appropriations, except project budgets, lapse at the end of the year.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed by Dougherty County. Encumbrances outstanding at year end are reported as restricted, committed, or assigned fund balance, as appropriate, and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2015, there were no expenditures which exceeded budget.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

At June 30, 2015, the County had the following investments:

<u>Investments</u>	<u>Maturities</u>	<u>Rating</u>	<u>Fair Value</u>
Georgia Fund 1	56 days weighted average	AAAf	\$ 57,682,900
Certificates of deposit	29 month weighted average	N/A	83,572
Guaranteed Investment Contract	13 year weighted average	AA-	535,755
Pooled, common and collective funds	N/A	N/A	33,128,418
Mutual funds	N/A	N/A	16,567,884
			<u>\$ 107,998,529</u>

Of the investments listed above, the certificates of deposit, guaranteed investment contract and \$57,681,025 of Georgia Fund 1, total \$58,300,352 and are included as investments on the Statement of Net Position. Additionally, investments in Georgia Fund 1 of \$1,875 are included as investments related to Agency Funds in the Statement of Fiduciary Net Position. All other investments are included in the Employee Retirement Plan Fund.

Interest Rate Risk. The County's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

Custodial Credit Risk – Deposits. The County formal policy requires that all securities pledged to the County for certificates of deposit or demand deposits shall be held by an independent depository and the safekeeping bank may not be within the same holding company as the bank from which the securities are pledged. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2015, the County had no uncollateralized deposits.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Investments. Custodial credit risk for investments 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. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.

Pension Plan – Investments. The Dougherty County Retirement Plan's (DCRP) policy in regard to investments, including the allocation of invested assets, is established and may be amended by the Dougherty County Pension Committee by a majority vote of its members. The DCRP is authorized to invest in obligations of the United States Treasury or its agencies and instrumentalities, collateralized mortgage obligations, asset and mortgage backed securities, taxable bonds that are obligations of any state and its agencies, instrumentalities, and political subdivisions, and in certificates of deposit of national or state banks that are fully insured or collateralized by United States obligations. Additionally, the DCRP is authorized to invest in common stocks, money market instruments, and corporate bonds and debentures, which are not in default as to principal and interest.

As of June 30, 2015, the DCRP had \$33,128,418 invested in pooled, common & collective funds and \$16,567,884 invested in mutual funds. Corporate equities, international equities, and mutual funds invested in equities are not classified by credit quality.

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

Custodial Credit Risk – Deposits – Dougherty County Board of Health. The Board of Health does not have a formal policy related to custodial credit risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Board of Health will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2015, the Health Department did not have any balances exposed to custodial credit risk as uninsured and uncollateralized as defined by GASB pronouncements.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

Property taxes were levied on July 21, 2014. Bills are payable on or before December 20, 2014, after which the applicable property is subject to lien and penalties and interest as assessed. The County bills and collects its own property taxes. Property taxes levied for 2014 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended June 30, 2015, and collected by August 31, 2015, are recognized as revenues in the year ended June 30, 2015.

Notes receivable of \$697,980 represents the amount due from the Georgia Department of Human Resources (DHR) for the lease of the Albany Department of Human Resources building. Rental payments received are used to repay the County's debt obligation for this building.

Receivables at June 30, 2015, for the County's individual major and nonmajor funds in the aggregate are as follows:

	General	Special Services District	DHR Building Lease Fund	2010 One Percent Sales Tax
Receivables:				
Taxes	\$ 1,398,255	\$ 129,186	\$ -	\$ 1,281,764
Accounts	2,620,041	-	-	-
Notes	-	-	697,980	-
Gross receivables	<u>4,018,296</u>	<u>129,186</u>	<u>697,980</u>	<u>1,281,764</u>
Less allowance for uncollectibles	(1,854,146)	(42,631)	-	-
Net receivables	<u><u>\$ 2,164,150</u></u>	<u><u>\$ 86,555</u></u>	<u><u>\$ 697,980</u></u>	<u><u>\$ 1,281,764</u></u>
	Nonmajor Governmental Funds	Solid Waste	Internal Service Fund	Total
Receivables:				
Taxes	\$ -	\$ -	\$ -	\$ 2,809,205
Accounts	1,372	442,414	1,104	3,064,931
Notes	-	-	-	697,980
Gross receivables	<u>1,372</u>	<u>442,414</u>	<u>1,104</u>	<u>6,572,116</u>
Less allowance for uncollectibles	-	(146,843)	-	(2,043,620)
Net receivables	<u><u>\$ 1,372</u></u>	<u><u>\$ 295,571</u></u>	<u><u>\$ 1,104</u></u>	<u><u>\$ 4,528,496</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

A. Primary Government

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ 35,627,983	\$ 27,800	\$ -	\$ 175,347	\$ 35,831,130
Intangible assets	5,573,000	-	-	-	5,573,000
Construction in progress	7,621,197	3,969,888	-	(6,739,723)	4,851,362
Total capital assets, not being depreciated	48,822,180	3,997,688	-	(6,564,376)	46,255,492
Capital assets, being depreciated:					
Buildings	93,270,886	2,067,666	(29,165)	4,585,698	99,895,085
Infrastructure	79,929,355	220,428	-	302,742	80,452,525
Vehicles	7,025,334	348,175	(171,853)	470,480	7,672,136
Equipment	7,993,934	926,370	(88,712)	1,205,456	10,037,048
Total capital assets, being depreciated	188,219,509	3,562,639	(289,730)	6,564,376	198,056,794
Less accumulated depreciation for:					
Buildings	(23,816,571)	(1,659,819)	12,954	(29,072)	(25,492,508)
Infrastructure	(51,278,364)	(997,597)	-	23,167	(52,252,794)
Vehicles	(4,940,900)	(551,979)	70,240	7,352	(5,415,287)
Equipment	(4,792,161)	(615,441)	84,685	(1,447)	(5,324,364)
Total accumulated depreciation	(84,827,996)	(3,824,836)	167,879	-	(88,484,953)
Total capital assets, being depreciated, net	103,391,513	(262,197)	(121,851)	6,564,376	109,571,841
Governmental activities capital assets, net	<u>\$ 152,213,693</u>	<u>\$ 3,735,491</u>	<u>\$ (121,851)</u>	<u>\$ -</u>	<u>\$ 155,827,333</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

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

Governmental activities:		
General government	\$	279,614
Judicial		57,761
Public safety		1,171,995
Public works		1,428,840
Health and welfare		391,288
Culture and recreation		494,054
Housing and development		1,284
Total depreciation expense - governmental activities	<u>\$</u>	<u>3,824,836</u>

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities:					
Capital assets, not being depreciated:					
Land	\$ 2,064,045	\$ -	\$ -	\$ -	\$ 2,064,045
Construction in progress	50,312	100,515	-	-	150,827
Total capital assets, not being depreciated	2,114,357	100,515	-	-	2,214,872
Capital assets, being depreciated:					
Building and improvements	11,744,472	163,219	-	-	11,907,691
Equipment and vehicles	5,958,309	648,455	(932,410)	-	5,674,354
Total	17,702,781	811,674	(932,410)	-	17,582,045
Less accumulated depreciation for:					
Building and improvements	(7,203,759)	(449,854)	-	-	(7,653,613)
Equipment and vehicles	(3,490,038)	(274,299)	932,410	-	(2,831,927)
Total	(10,693,797)	(724,153)	932,410	-	(10,485,540)
Total capital assets, being depreciated, net	7,008,984	87,521	-	-	7,096,505
Business-type activities capital assets, net	\$ 9,123,341	\$ 188,036	\$ -	\$ -	\$ 9,311,377

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

B. Discretely Presented Component Unit – Board of Health

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Machinery and equipment	\$ 434,418	\$ -	\$ -	\$ 434,418
Total capital assets, being depreciated	434,418	-	-	434,418
Less accumulated depreciation for:				
Machinery and equipment	(307,539)	(27,107)	-	(334,646)
Total accumulated depreciation	(307,539)	(27,107)	-	(334,646)
 Total capital assets, net	 \$ 126,879	 \$ (27,107)	 \$ -	 \$ 99,772

NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the fiscal year ended June 30, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	\$ 3,060,000	\$ -	\$ (1,560,000)	\$ 1,500,000	\$ 1,500,000
Unamortized premium	75,869	-	(48,578)	27,291	27,291
Net bonds payable	3,135,869	-	(1,608,578)	1,527,291	1,527,291
Certificates of participation	627,000	-	(153,000)	474,000	-
Compensated absences	3,347,033	1,136,101	(1,510,598)	2,972,536	882,045
Net pension liability	4,395,093	5,153,446	(3,431,787)	6,116,752	-
Net OPEB obligation	10,112,654	1,207,822	(128,013)	11,192,463	-
Governmental activities long-term liabilities	<u>\$ 21,617,649</u>	<u>\$ 7,497,369</u>	<u>\$ (6,831,976)</u>	<u>\$ 22,283,042</u>	<u>\$ 2,409,336</u>
Business-type activities:					
Landfill closure/ postclosure costs	\$ 5,609,193	\$ 278,479	\$ -	\$ 5,887,672	\$ -
Compensated absences	92,775	15,800	(38,325)	70,250	22,720
Net pension liability	113,520	142,315	(86,918)	168,917	-
Business-type activities long-term liabilities	<u>\$ 5,815,488</u>	<u>\$ 436,594</u>	<u>\$ (125,243)</u>	<u>\$ 6,126,839</u>	<u>\$ 22,720</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

For governmental funds, compensated absences are liquidated by the General Fund. The capital lease debt is normally paid by the Building Fund and the Capital Projects Fund. For business-type activities, compensated absences are liquidated by the Solid Waste Fund.

Bonds payable. During the year ended June 30, 2010, the County issued tax-exempt Revenue Refunding Bonds, Series 2010 (Series 2010 Bonds). The proceeds from the bonds were used to prepay the County's capital lease related to the DHR building, provide funds to finance certain improvements to the building, and pay certain costs incurred in connection with the execution and delivery of the bonds. The bonds are limited obligations of the County and are payable solely from the rent received on the building. The outstanding balance of the Series 2010 Bond was \$1,500,000 at June 30, 2015.

The Series 2010 Bonds maturing on January 1, 2016 and thereafter are subject to redemption prior to maturity, at the option of the County, on or after January 1, 2015, in whole or in part (in any order of maturity and by lot within a maturity) at any time, at a price of par plus accrued interest to the redemption date.

A summary of debt service requirements of bonds payable, Series 2010 is as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2016	\$ 1,500,000	\$ 60,000	\$ 1,560,000
	\$ 1,500,000	\$ 60,000	\$ 1,560,000

Certificates of participation. In June 1998, the County entered into a lease pool agreement with the Georgia Municipal Association (the "Association"). The funding of the lease pool was provided by the issuance of \$150,126,000 Certificates of Participation by the Association. The Association passed the net proceeds through to the participating municipalities with the County's participation totaling \$4,333,000. The lease pool agreement with the Association provides that the County owns their portion of the assets invested by the pool and is responsible for the payment of their portion of the principal and interest of the Certificates of Participation. In prior years, the County repaid \$3,706,000 of the principal amount due on these bonds and during the fiscal year ended June 30, 2015, the principal amount owed was reduced from \$627,000 to \$474,000. The principal balance is due in a lump sum payment on June 1, 2028. Interest is payable at a rate of 4.75% each year. The County draws from the investment to lease equipment from the Association. The lease pool agreement requires the County to make lease payments back into its investment account to fund the principal and interest requirements of the 1998 GMA Certificates of Participation.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Certificates of participation (Continued)

As part of the issuance of the certificates of participation, the County entered into an interest rate swap agreement. Under the swap agreement, the County is required to pay (1) a semiannual (and beginning July 1, 2003, a monthly) floating rate of interest based on the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index (plus a 31 basis points spread) to, or on behalf of, the Swap Counterparty (the "Swap Payment"); and the Swap Counterparty will pay to, or on behalf of, the County a semi-annual payment based on a rate equal to the fixed rate on the certificates of participation (4.75%) times a notional amount specified in the swap agreement, but generally equal to the outstanding unpaid principal portion of such contract, less the amount originally deposited in the Reserve Fund relating to the contract, and (ii) a one-time swap premium to be paid on the effective date of the swap agreement. The semiannual payments from the swap counterparty with respect to the County are structured, and expected, to be sufficient to make all interest payments due under the contract, and related distributions of interest on the certificates. Monthly interest payments between the County, the holders of the Certificates of Participation, and the swap counterparty can be made in net settlement form as part of this agreement. Under the swap agreement, the County's obligation to pay floating payments to the swap counterparty in any calendar year may not exceed an amount equal to the SIFMA Municipal Swap Index plus 5% to be determined on the first business day of December in the preceding year. This agreement matures on June 1, 2028, at the same time of the certificates of participation. This derivative qualifies as a fair market hedge.

In the unlikely event that the swap counterparty becomes insolvent, or fails to make payments as specified in the swap agreement, the County would be exposed to credit risk in the amount of the swap's fair value. To minimize this risk, the County executed this agreement with counterparties of appropriate credit strength, with the counterparty being rated Aa1 by Moody's. At June 30, 2015, the floating rate being paid by the County is 0.38% and the market value of the County's portion of this agreement is \$131,090, a decrease of \$16,116 from the market value at the end of the previous fiscal year. The market value of the hedge was determined using settlement prices at the end of the day on June 30, 2015 based on the derivative contract. This market value is reported as an asset in the statement of net position. As this derivative is an effective hedge, qualifying for hedge accounting, the inflow from the hedge (any change in fair value from inception until fiscal year end) is deferred and reported as deferred revenue in the statement of net position.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Certificates of participation (Continued)

Annual debt service requirements for the certificates of participation are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2016	\$ -	\$ 41,277	\$ 41,277
2017	-	41,277	41,277
2018	-	41,278	41,278
2019	-	41,278	41,278
2020	-	41,278	41,278
2021-2025	-	206,388	206,388
2026-2028	474,000	123,833	597,833
	<u>\$ 474,000</u>	<u>\$ 536,609</u>	<u>\$ 1,010,609</u>

Landfill closure and postclosure care costs. State and federal laws and regulations require that Dougherty County, Georgia place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The amount of costs recognized in each period is based on the relative amount of waste received during the period, even though some of the closure and postclosure care costs will be paid after the landfill is closed. The \$5,887,672 reported as an estimated liability for closure and postclosure care costs represents the estimated cost for landfill closure and postclosure care based upon the capacity of the landfill used to date. The amount of the remaining estimated cost for landfill closure and postclosure care of \$17,012,634 will be recognized on a pro rata basis as the remaining estimated capacity of 8,324,521 cubic yards of useable space is filled. Approximately 35% of the landfill's capacity has been used to date, and the County expects the landfill to close the Municipal Solid Waste area in 2069 and the Construction and Demolition area in 2074.

All amounts recognized are based on what it would cost to perform all closure and postclosure care in 2015. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. It is anticipated that future inflation costs will be in part financed from earnings on investments. The remaining portion of anticipated future inflation costs (including inadequate earning on investments, if any) and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example), may need to be covered by charges to future landfill users, taxpayers, or both. The financial assurance requirements are being met through the proper maintenance of cash balances and financial ratios.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2015, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	2005 One Percent Sales Tax Fund	\$ 338,285
General Fund	2010 One Percent Sales Tax Fund	310,564
General Fund	Special Services District Fund	321,624
General Fund	Solid Waste Fund	27,977
General Fund	Management	38,124
General Fund	Nonmajor Governmental Funds	123,775
DHR Building Fund	General Fund	159,154
Internal Service Fund - Self Insurance	General Fund	198,976
Internal Service Fund - Workers' Compensation	General Fund	2,674
Nonmajor Governmental Funds	General Fund	362,004
		<u>\$ 1,883,157</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers:

<u>Transfers Out</u>	<u>Transfers In</u>		<u>Total</u>
	<u>Special Services District Fund</u>	<u>Solid Waste Fund</u>	
General Fund	\$ 250,000	\$ -	\$ 250,000
Internal Service Fund - Risk Management	-	231,707	231,707
Total	<u>\$ 250,000</u>	<u>\$ 231,707</u>	<u>\$ 481,707</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN

A. Primary Government

Plan Description

The Dougherty County Board of County Commissioners established and appointed the Dougherty County Pension Committee with responsibility to manage the Dougherty County Retirement Plan (the DCRP), a single employer defined benefit pension plan administered by Silverstone Group, Inc. The DCRP provides retirement, disability, and death benefits to plan members and beneficiaries.

Section 9.01 of the DCRP adopted by the Dougherty County Board of Commissioners gives the Board the right to amend the provisions of the plan.

The DCRP's obligations to funding are provided within the Georgia State Code. Separate publicly available financial statements are not issued for the DCRP.

All employees who are employed on a basis to work 2,000 hours or more per year, excluding overtime hours, and who, as of the plan anniversary date have been employed for six months or longer, are eligible to participate in the plan. Participants' normal retirement date is the first day of the month coinciding with or following the later of attainment of age 65 or completion of five years of plan participation. Early retirement can be elected by participants on the first day of the month coinciding with or next following age 55 with 15 years of service. Special early retirement is available to participants on the first day of the month coinciding with or next following age 55 with 25 years of service. A participant who retires under the normal retirement criteria will receive a monthly annuity equal to one-twelfth of the participant's years of benefit accrual service multiplied by 1.5% of average compensation, plus .25% of average compensation for each year of service prior to January 1, 1985. A participant that elects to retire under the early retirement criteria will receive a monthly annuity equal to the accrued benefit reduced by 5/12 of 1% per month for each of the first 120 months by which the early retirement date precedes the normal retirement date. Under the special early retirement criteria, the participant will receive a monthly annuity equal to the unreduced accrued benefit on the special early retirement date.

The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The County's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair market value. Securities traded on a national exchange are valued at the last reported sales price on the County's balance sheet date. Securities without an established market value are reported at estimated fair market value. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitation, if applicable.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Primary Government (Continued)

Plan Membership

At July 1, 2015, the date of the most recent actuarial valuation, there were 922 participants as follows:

Inactive plan members (or beneficiary) currently receiving benefits	211
Inactive plan members entitled to but not yet receiving benefits	151
Active plan members	560
Total	<u>922</u>

Benefits Provided

Retirement benefits for plan members are calculated as 1.5% of the member's final 5-year average salary times the member's years of service plus .25% of average salary for each year of service prior to January 1, 1985. Plan members with 5 years of service are eligible to retire at age 65. Members are eligible for an unreduced retirement benefit after age 55 if they have 25 years of service. Plan members may retire early with a reduced benefit at age 55 with 15 years of service. Disability retirement benefits are determined in the same manner as retirement benefits and are payable immediately upon termination of employment due to permanent and total disability. The death benefit for death prior to retirement is the greater of the present value of the accrued benefit or 50 times the projected monthly benefit.

Contributions

The County makes annual contributions based on a recommendation by an independent actuary and in accordance with Georgia State Code. The 5-year average contribution rate for plan year beginning 2010-2014 is 10.95% of annual payroll. The contribution requirements are established and may be amended by the Dougherty County Board of Commissioners. Plan participants are required to contribute 3% of compensation, excluding overtime pay, to the plan.

Rate of Return

For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.35%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The cash flows used as inputs in the calculation are determined on a monthly basis.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Primary Government (Continued)

Plan Disclosures

Effective July 1, 2014, the County implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which significantly changed the County's accounting for pension amounts. The information disclosed below is presented in accordance with this new standard. The DCRP does not issue separate financial statements.

Net Pension Liability

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2015. The following actuarial assumptions applied to all periods included in the measurement:

Measurement Date	June 30, 2015
Valuation Date	June 30, 2015
Reporting Date	June 30, 2015
Measurement Period	July 1, 2014 - June 30, 2015
Investment Rate of Return	7.75%
Discount Rate	7.75%
Inflation Rate	2.50%
Salary Scale	3.00%
Mortality Table	IRS 2007
Actuarial Cost Method	Entry Age Normal

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Primary Government (Continued)

Net Pension Liability (Continued)

Discount rate. The discount rate used to measure the total pension liability as of June 30, 2015 was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at 13.95% (10.95% from the employer and 3.0% from the employees) of the covered payroll of the current plan members for each year in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability of the County. The changes in the components of the net pension liability of the County for the year ended June 30, 2015 were as follows:

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	\$ 54,942,537	\$ 50,433,924	\$ 4,508,613
Changes for the year:			
Service Cost	987,469	-	987,469
Interest	4,224,303	-	4,224,303
Differences between expected and actual experience	(439,121)	-	(439,121)
Contributions - employer	-	2,122,826	(2,122,826)
Contributions - employee	-	510,167	(510,167)
Net investment income	-	443,753	(443,753)
Benefit payments, including refunds of employee contributions	(2,846,484)	(2,846,484)	-
Administrative expense	-	(83,989)	83,989
Other changes	-	2,838	(2,838)
Net changes	<u>1,926,167</u>	<u>149,111</u>	<u>1,777,056</u>
Balances at June 30, 2015	<u>\$ 56,868,704</u>	<u>\$ 50,583,035</u>	<u>\$ 6,285,669</u>

The required schedule of changes in the County's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Primary Government (Continued)

Net Pension Liability (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the County, calculated using the discount rate of 7.75%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.75%) or 1-percentage point higher (8.75%) than the current rate:

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
County's Net Pension Liability	\$ 12,281,102	\$ 6,329,799	\$ 1,271,610

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the County recognized pension expense of \$1,453,033. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 2,571,100	\$ -
Differences between expected and actual experience of economic/demographic (gains)/losses	-	363,410
Total	\$ 2,571,100	\$ 363,410

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Primary Government (Continued)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ 567,064
2017	567,064
2018	567,064
2019	567,064
2020	(60,566)
Total	<u>\$ 2,207,690</u>

B. Discretely Presented Component Unit – Dougherty County Board of Health

Plan Description

The Employees' Retirement System (ERS) was established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. It is a cost-sharing, multiple-employer defined benefit pension plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. ERS is directed by the Board of Trustees. Title 47 of the O.C.G.A assigns the authority to establish and amend the benefit provisions to the State Legislature.

Benefits Provided

The ERS Plan supports three benefits tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan (GSEPS). Employees under the Old Plan started membership prior to July 1, 1982 and are subject to plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are New Plan members subject to modified plan provisions. Effective January 1, 2009, new state employees and rehired state employees who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS member hired prior to January 1, 2009 also have the option to irrevocably change their memberships to GSEPS.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Discretely Presented Component Unit – Dougherty County Board of Health (Continued)

Benefits Provided (Continued)

Under the Old Plan, the New Plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for member under age 60.

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, postretirement cost-of-living adjustments may also be made to member's benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

Contributions

Contributions. Contributions made during the measurement period (fiscal year ended June 30, 2014) were \$322,159.

Member contributions under the Old Plan are 4% of annual compensation, up to \$4,200, plus 6% of annual compensation in excess of \$4,200. Under the Old Plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the Old Plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the New Plan and GSEPS are 1.25% of annual compensation. The Health Department's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2015 was 21.96% of annual covered payroll for the Old and New Plan members and 18.87% for GSEPS members.

The employees of the Dougherty County Board of Health are covered by the Employees' Retirement System of the State of Georgia. Total retirement contributions for the year ended June 30, 2015 were \$1,062,298 based on qualifying salaries of \$5,229,375.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Discretely Presented Component Unit – Dougherty County Board of Health (Continued)

GASB 68 Implementation

Effective July 1, 2014, the Dougherty County Board of Health implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which significantly changed the Board of Health’s accounting treatment of pensions. The new standard establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. The following schedules reflect Dougherty County Board of Health’s implementation of GASB Statement No. 68 and information concerning this implementation.

Public Health Staff

Contributions made during the measurement period (fiscal year ended June 30, 2014) were \$322,159.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Employer's proportionate share of net pension liability	\$	2,906,916
Employer's proportion of net pension liability		.077505%
Increase/(Decrease) from proportion measured as of June 30, 2013		(.000334%)
Employer's recognized pension expense	\$	171,287
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	9,974
Employer contributions subsequent to the measurement date		350,619
Total	<u>\$</u>	<u>350,619</u>
		<u>\$</u> 719,463

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Discretely Presented Component Unit – Dougherty County Board of Health (Continued)

Public Health Staff (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2016	\$	(183,606)
2017		(181,113)
2018		(177,373)
2019		(177,371)
2020		-

District Programs Staff

Contributions made during the measurement period (fiscal year ended June 30, 2014) were \$601,101.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Employer's proportionate share of net pension liability	\$	5,423,844
Employer's proportion of net pension liability		.144612%
Increase/(Decrease) from proportion measured as of June 30, 2013		(.006978%)
Employer's recognized pension expense	\$	200,993

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,323,794
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	208,380
Employer contributions subsequent to the measurement date	711,679	-
Total	\$ 711,679	\$ 1,532,174

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Discretely Presented Component Unit – Dougherty County Board of Health (Continued)

District Programs Staff (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2016	\$	(461,186)
2017		(409,091)
2018		(330,949)
2019		(330,948)
2020		-

Actuarial Assumptions

The collective total pension liability was determined by an actuarial valuation as of June 30, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	3.00%
Salary Increases	5.45-9.25%, including inflation
Investment Rate of Return	7.50%, net of investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for the periods after service retirement, for dependent beneficiaries, and for deaths in active services, and the RP-2000 Disabled Mortality Table set back eleven years for males for the period after disability retirement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2004-June 30, 2009.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Discretely Presented Component Unit – Dougherty County Board of Health (Continued)

Actuarial Assumptions (Continued)

Discount rate. The discount rate used to measure the collective total liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the differences between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Public Health Staff:			
Employer's proportionate share of the net pension liability	\$ 4,238,861	\$ 2,906,916	\$ 1,773,121
District Programs Staff:			
Employer's proportionate share of the net pension liability	\$ 7,909,040	\$ 5,423,844	\$ 3,308,362

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Employees' Retirement Systems of Georgia Financial Report which is publicly available at www.ersga.com.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED CONTRIBUTION PLAN

The County's defined contribution plans include the (1) Nationwide Retirement Solutions, Inc. Plan, administered by Nationwide, and (2) the ACCG Deferred Compensation Program, administered by the Government Employee Benefits Corporation of Georgia. Both plans are 457 deferred compensation agreements. The Plans were adopted by the Dougherty County Board of Commissioner's passing of resolutions. Amendments to the Plans are also under the control of the Board of Commissioners. Employer contributions are established by the County Commissioners and the allowable employee contributions are established by the Internal Revenue Service limits. The County contributes 5% of the gross wages to a 457 plan for all managers hired prior to January 1, 2011. All employees may contribute amounts up to the annual ceiling established by the Internal Revenue Service. All contributions vest at the time they are made. All employees are eligible to participate in the Plans. The fiscal year contributions made under the Plans were as follows:

<u>457 Plan Name</u>	<u>Employer</u>	<u>Employee</u>
Nationwide Retirement Solutions	\$ 9,593	\$ 321,327
ACCG Deferred Compensation Program	6,468	153,633

NOTE 11. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The General Fund is used to account for the employee life, property and liability, unemployment and disability insurance programs of the County. The County retains the risk of loss for workers' compensation up to the reinsurance amount of \$325,000, and maintains an internal service fund (the Workers' Compensation Fund) to account for these activities.

There have been no significant reductions of insurance coverage from coverage in the prior year, and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The County records an estimated liability for indemnity workers' compensation claims against the County. Claim liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses). Claims liabilities include specific, incremental claim adjustment expenses and allocated loss adjustment expenses. Because all workers' compensation claims are expected to be settled within one year, the related unpaid claims liability is not discounted and the entire liability is classified as current.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT (CONTINUED)

Changes in the balances of claims liabilities during the last two fiscal years ended June 30, are as follows:

	June 30, 2015	June 30, 2014
Unpaid claims, beginning of year	\$ 652,135	\$ 733,758
Incurred claims and changes in estimates	553,465	265,777
Claim payments	(410,342)	(347,400)
Unpaid claims, end of year	\$ 795,258	\$ 652,135

The County maintains a self-insured medical benefit plan for their employees. The plan is accounted for as an internal service fund of the County, is funded according to plan experience, and serves to reduce overall healthcare costs of the County and their employees. The County purchases specific and aggregate stop loss insurance coverage to protect itself in unusual circumstances. Claims payable at June 30, 2015 were estimated based on the loss analysis report provided by a third-party administrator and pending specific stop loss reimbursements. Because all self-insurance claims are expected to be settled within one year, the unpaid claim liability is classified as current.

Changes in medical claims payable for the two fiscal years ended June 30 are as follows:

	June 30, 2015	June 30, 2014
Unpaid claims, beginning of year	\$ 425,000	\$ 750,000
Incurred claims and changes in estimates	3,448,705	4,457,296
Claim payments	(3,448,705)	(4,782,296)
Unpaid claims, end of year	\$ 425,000	\$ 425,000

The County established the Risk Management Fund during the fiscal year ended June 30, 2015 which services general liability and property and casualty claims and payments of premiums. This fund allocates the cost of providing claim servicing and claim payments by charging a "premium" to each fund. Claims payable at June 30, 2015 were estimated based on the loss analysis report provided by a third-party administrator. Because all property claims are expected to be settled within one year, the unpaid claim liability is classified as current.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT (CONTINUED)

Changes in property and casualty claims payable for the fiscal year ended June 30 are as follows:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Unpaid claims, beginning of year	\$ 109,201	\$ -
Incurred claims and changes in estimates	152,467	124,034
Claim payments	(213,856)	(14,833)
Unpaid claims, end of year	<u>\$ 47,812</u>	<u>\$ 109,201</u>

NOTE 12. COMMITMENTS AND CONTINGENCIES

Litigation:

The County is involved in several pending lawsuits. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the County.

Grant Contingencies:

The County has received Federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, County management believes such disallowances, if any, will not be significant.

NOTE 13. JOINT VENTURES

Under Georgia law, the County, in conjunction with other cities and counties in the Southwest Georgia area, is a member of the Southwest Georgia Regional Commission (RC) and is required to pay annual dues thereto. During the year ended June 30, 2015, the County paid \$57,173 in such dues. Membership in the RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of regional development commissions in Georgia.

The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission. Separate financial statements may be obtained from Southwest Georgia Regional Commission, 30 West Broad Street, Camilla, Georgia 31730.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. OTHER POST EMPLOYMENT BENEFITS

Plan Description

The County maintains a single employer defined benefit other post employment benefit plan which was required by GASB 45 and implemented prospectively. The Dougherty County Other Post Employment Benefits Plan (“the OPEB Plan”), includes retirees from Dougherty County. The County offers post employment benefits other than pension benefits as follows: (1) health insurance, (2) dental insurance, and (3) life insurance. Employee groups that are covered include:

- Classified – Employees that work a minimum of 40 hours per week
- Classified part-time – Employees that work a minimum of 30 hours per week
- Unclassified – Elected or appointed officials

An individual must be 55 with at least 15 years or 65 with at least five years of service in order to be eligible for these benefits. As of January 1, 2010, retirees over age 65 are no longer eligible for County health insurance benefits. Employer and employee obligations to contribute are as follows:

	<u>County</u>	<u>Retiree</u>
Health insurance	50%	50%
Dental insurance	-	100%
Life insurance	75%	25%

The County Commissioners adopted, by resolution, a health plan document (known as the Dougherty County Group Health Plan). The dental and life insurance benefits are offered by motion of the Dougherty County Board of Commissioners. Funding for these benefits is annually appropriated in the County’s budget. Separate publicly available financial statements are not issued for the OPEB Plan.

Annual OPEB Cost and Net OPEB Obligation

The County contributed \$51,310 and retirees contributed \$76,703 to the OPEB Plan in the fiscal year ended June 30, 2015. The annual required contribution amount is determined using actuarial methods and assumptions approved by the Commission. The Commission establishes and may amend the funding policy for the OPEB Plan. The calculations are based on the types of benefits provided under the terms of the OPEB Plan at the time of each valuation and on the pattern of sharing of cost between the employer and plan members to that point.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

The County contributed \$128,013 to the OPEB Plan in the fiscal year ended June 30, 2015. The annual required contribution amount was determined using actuarial methods.

Annual required employer contribution	\$	1,150,110
Interest on net OPEB obligation		505,632
Adjustment to annual required contribution		<u>(447,920)</u>
Annual OPEB cost		1,207,822
Employer and retiree contributions for period ended June 30, 2015		<u>128,013</u>
Increase in net OPEB obligation		1,079,809
Net OPEB obligation beginning of year		10,112,654
Net OPEB obligation end of year	\$	<u><u>11,192,463</u></u>

Trend Information

Fiscal Year Ended	Annual OPEB Cost (APC)	Actual Employer Contribution	Percentage of APC Contributed	Net OPEB Obligation
06/30/10	\$ 2,037,873	\$ 226,754	11.1 %	\$ 4,172,742
06/30/11	2,058,645	126,524	6.1	6,104,863
06/30/12	1,623,625	157,168	9.7	7,571,320
06/30/13	1,640,444	168,055	10.2	9,043,709
06/30/14	1,201,721	132,776	11.0	10,112,654
06/30/15	1,207,822	128,013	10.6	11,192,463

NOTES TO FINANCIAL STATEMENTS

NOTE 14. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Trend Information (Continued)

As of the most recent valuation date, July 1, 2013, the funded status of the OPEB Plan is as follows:

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
7/1/2013	\$ -	\$ 11,721,708	\$ 11,721,708	- %	\$ 21,297,583	55.0 %

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net position is increasing or decreasing over time relative to the actuarial accrued liability.

Actuarial Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continued revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the plan in effect at July 1, 2013. The assumptions used in the July 1, 2013 actuarial valuation are as follows:

Valuation date	July 1, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Pay (Closed)
Amortization period	30 years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return (includes inflation)	5.00%
Projected salary increases (includes inflation)	3.00%
Inflation	3.00%
Healthcare cost trend rates:	
Health rate	8.00%
Dental rate	5.00%
Expensed rate	5.00%

NOTES TO FINANCIAL STATEMENTS

NOTE 15. CHANGE IN ACCOUNTING PRINCIPLE

A. Primary Government

The County has determined that restatements to the July 1, 2014 beginning net position of the County's governmental activities and business-type activities are required to recognize the change in accounting principle for implementation of Governmental Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, through which accounting for pension plans and the related disclosure requirements were modified.

This adjustment resulted in a change to the beginning net position of the County's governmental activities and business-type activities as follows:

Governmental activities net position, as previously reported	\$ 185,572,131
Adjustment needed to properly report net pension liability	(4,395,093)
Adjustment needed to properly report the County's net pension obligation	<u>97,587</u>
Governmental activities net position, as restated for the fiscal year ended June 30, 2014	<u>\$ 181,274,625</u>
Business-type activities net position, as previously reported	\$ 17,284,849
Adjustment needed to properly report net pension liability	<u>(113,520)</u>
Business-type activities net position, as restated for the fiscal year ended June 30, 2014	<u>\$ 17,171,329</u>

Additionally, this adjustment resulted in a change to the beginning net position of the County's Solid Waste Fund as follows:

Net position, as previously reported	\$ 17,284,849
Adjustment needed to properly report net pension liability	<u>(113,520)</u>
Net position, as restated for the fiscal year ended June 30, 2014	<u>\$ 17,171,329</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 15. CHANGE IN ACCOUNTING PRINCIPLE (CONTINUED)

B. Discretely Presented Component Unit – Dougherty County Board of Health

In conjunction with the implementation of GASB Statement No. 68, the following restatement was required to the beginning net position of the governmental activities of the Board of Health to properly recognize pension related items in the periods in which they were incurred:

Governmental activities net position, as previously reported	\$ 2,838,681
Adjustment needed to properly report net pension liability	(11,133,377)
Adjustment needed to properly report the Board of Health's contribution as deferred outflows of resources	<u>923,260</u>
Governmental activities net position, as restated for the fiscal year ended June 30, 2014	<u><u>\$ (7,371,436)</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

DEFINED BENEFIT RETIREMENT PLAN SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION LIABILITY AND RELATED RATIOS

	2014	2015
Total Pension Liability - Beginning of Year	\$ 52,666,565	\$ 54,942,537
Service Cost	985,660	987,469
Interest on the Total Pension Liability	4,158,047	4,224,303
Changes of Benefit Terms	-	-
Difference between Expected and Actual Experience	(374,170)	(439,121)
Changes of Assumptions	-	-
Benefit Payments	(2,493,565)	(2,846,484)
Net Change in Total Pension Liability	2,275,972	1,926,167
(a) Total Pension Liability - End of Year	54,942,537	56,868,704
Plan Fiduciary Net Position - Beginning of Year	43,600,328	50,433,924
Contributions - Employer	2,191,969	2,122,826
Contributions - Employee	579,204	510,167
Other receipts	3,559	2,838
Net Investment Income	6,644,893	443,753
Benefit Payments	(2,497,124)	(2,846,484)
Administrative Expenses	(88,905)	(83,989)
Net Change in Plan Fiduciary Net Position	6,833,596	149,111
(b) Plan Fiduciary Net Position - End of Year	50,433,924	50,583,035
County's Net Pension Liability (a) - (b)	4,508,613	6,285,669
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.79%	88.95%
Covered-Employee Payroll	21,297,585	19,321,375
Net Pension Liability as a Percentage of the Covered-Employee Payroll	21.17%	32.53%

**Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

REQUIRED SUPPLEMENTARY INFORMATION

**DEFINED BENEFIT RETIREMENT PLAN (CONTINUED)
SCHEDULE OF COUNTY CONTRIBUTIONS**

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 2,191,381	\$ 2,119,353
Contributions in relation to the actuarially determined contribution	<u>2,191,969</u>	<u>2,122,826</u>
Contribution Deficiency/(Excess)	(588)	(3,473)
 Covered-Employee Payroll	 21,297,585	 19,321,375
Contributions as a Percentage of Covered-Employee Payroll	10.29%	10.99%

Notes to the Schedule of Employer Contributions

Methods and Assumptions for Actuarially Determined Contribution:

Valuation Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	Actuarial value as used for funding
Amortization Method	Level Dollar Amount (Closed)
Remaining Amortization Period	15 Year Closed Period, or other closed period in accordance with Georgia State Code
Projected Salary Increases	3.00%
Investment Rate of Return	7.75%
Mortality Table	IRS 2007
Cost of Living Adjustment	2.50%

SCHEDULE OF INVESTMENT RETURNS

<u>Fiscal Year</u>	<u>Annual Money-Weighted Rate of Return</u>
2014	15.81%
2015	1.35%

**Schedules above are intended to show information for 10 years. Additional years will be displayed as they become available.*

REQUIRED SUPPLEMENTARY INFORMATION

**DEFINED BENEFIT RETIREMENT PLAN (CONTINUED)
 COMPONENT UNIT – DOUGHERTY COUNTY HEALTH DEPARTMENT
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 EMPLOYEES’ RETIREMENT SYSTEM**

	2015
Public Health Staff	
Employer’s proportion of the net pension liability	0.077505%
Employer’s proportionate share of the net pension liability	\$ 2,906,916
Employer’s covered-employee payroll	\$ 1,721,613
Employer’s proportionate share of the net pension liability as a percentage of its covered-employee payroll	168.85%
Plan fiduciary net position as a percentage of the total pension liability	77.99%
 Public Health Staff	
Employer’s proportion of the net pension liability	0.144612%
Employer’s proportionate share of the net pension liability	\$ 5,423,844
Employer’s covered-employee payroll	\$ 3,507,762
Employer’s proportionate share of the net pension liability as a percentage of its covered-employee payroll	154.62%
Plan fiduciary net position as a percentage of the total pension liability	77.99%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

REQUIRED SUPPLEMENTARY INFORMATION

DEFINED BENEFIT RETIREMENT PLAN (CONTINUED) COMPONENT UNIT – DOUGHERTY COUNTY HEALTH DEPARTMENT SCHEDULE OF CONTRIBUTIONS EMPLOYEES' RETIREMENT SYSTEM

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 1,062,298	\$ 942,149	\$ 800,827	\$ 555,829	\$ 550,843
Contributions in relation to the contractually required contribution	<u>1,062,298</u>	<u>942,149</u>	<u>800,827</u>	<u>555,829</u>	<u>550,843</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$ 5,229,375	\$ 5,457,416	\$ 5,385,451	\$ 5,539,033	\$ 5,422,894
Contributions as a percentage of covered-employee payroll	20.31%	17.26%	14.87%	10.03%	10.16%
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Contractually required contribution	\$ 446,350	\$ 483,593	\$ 526,334	\$ 518,406	\$ 526,556
Contributions in relation to the contractually required contribution	<u>446,350</u>	<u>483,593</u>	<u>526,334</u>	<u>518,406</u>	<u>526,556</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$ 5,412,707	\$ 5,323,285	\$ 5,284,719	\$ 5,147,597	\$ 5,510,841
Contributions as a percentage of covered-employee payroll	8.25%	9.08%	9.96%	10.07%	9.55%

Notes to the Schedule of Employer Contributions

Valuation date	June 30, 2013
Actuarial cost method	Entry age
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Seven-year smoothed market
Inflation rate	3.00%
Salary increases	2.75%-4.625% for FY2012-2013, 5.45%-9.25% for FY2014+
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

REQUIRED SUPPLEMENTARY INFORMATION

OTHER POST EMPLOYMENT BENEFIT PLAN SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
7/1/2007	\$ -	\$ 27,627,658	\$ 27,627,658	- %	\$ 20,767,537	133.03 %
7/1/2009	-	20,841,786	20,841,786	-	22,347,825	93.26
7/1/2011	-	16,998,714	16,998,714	-	20,552,647	82.71
7/1/2013	-	11,721,708	11,721,708	-	21,297,583	55.04

The assumptions used in preparation of the above schedule are disclosed in Note 14 to the financial statements.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Confiscated Assets Fund is used to account for confiscated assets awarded to the County that are restricted for law enforcement expenditures at the discretion of the Sheriff.

Grant Fund is used to account for grant revenues and expenditures related to various short-term projects.

Lease Commercial Property Fund is used to account for receipt of rent revenues from the East and West parking decks and five tenant retail spaces. Revenues are committed for the upkeep and maintenance of both parking decks and tenant retail spaces as needed.

Law Library Fund is used to account for revenues generated through special filing charges in the County court system which are restricted for acquisition and maintenance of library materials.

CAPITAL PROJECT FUNDS

Capital Improvement Fund is used to account for the receipt of property taxes and other funds committed for capital projects of the County.

1995 One Percent Sales Tax Fund is used to account for the County's receipt and expenditure of special purpose sales tax from the 1995 sales tax referendum.

1990 One Percent Sales Tax Fund is used to account for the County's receipt and expenditure of special purpose sales tax from the 1990 sales tax referendum.

2000 One Percent Sales Tax Fund is used to account for the County's receipt and expenditure of special purpose sales tax from the 2000 sales tax referendum.

DOUGHERTY COUNTY, GEORGIA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2015

ASSETS	Special Revenue Funds			
	Confiscated Assets	Grant	Lease Commercial Property	Law Library
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 318,208
Investments	210,303	-	44,459	66,384
Accounts receivable	-	1,267	-	105
Due from other funds	-	362,004	-	-
Due from other governments	-	99,127	-	-
Total assets	\$ 210,303	\$ 462,398	\$ 44,459	\$ 384,697
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ 2,000	\$ -	\$ -
Due to other funds	30,390	-	2,137	11,849
Due to other governments	-	2,019	-	-
Unearned revenue	-	1,267	3,600	-
Total liabilities	30,390	5,286	5,737	11,849
FUND BALANCES				
Nonspendable				
Restricted for:				
Judicial	-	-	-	372,848
Public safety	179,913	457,112	-	-
Capital outlay	-	-	-	-
Committed for:				
Parking deck maintenance	-	-	38,722	-
Capital outlay	-	-	-	-
Assigned				
Budgetary stabilization	-	-	-	-
Total fund balances	179,913	457,112	38,722	372,848
Total liabilities and fund balances	\$ 210,303	\$ 462,398	\$ 44,459	\$ 384,697

Capital Projects Funds

Capital Improvement	1995 One Percent Sales Tax	1990 One Percent Sales Tax	2000 One Percent Sales Tax	Total
\$ -	\$ -	\$ -	\$ -	\$ 318,208
2,938,672	638,711	175,943	648,282	4,722,754
-	-	-	-	1,372
-	-	-	-	362,004
-	-	-	-	99,127
<u>\$ 2,938,672</u>	<u>\$ 638,711</u>	<u>\$ 175,943</u>	<u>\$ 648,282</u>	<u>\$ 5,503,465</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,000
74,781	4,618	-	-	123,775
-	-	-	-	2,019
-	-	-	-	4,867
<u>74,781</u>	<u>4,618</u>	<u>-</u>	<u>-</u>	<u>132,661</u>
-	-	-	-	372,848
-	-	-	-	637,025
535,756	634,093	175,943	648,282	1,994,074
-	-	-	-	38,722
1,198,981	-	-	-	1,198,981
<u>1,129,154</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,129,154</u>
<u>2,863,891</u>	<u>634,093</u>	<u>175,943</u>	<u>648,282</u>	<u>5,370,804</u>
<u>\$ 2,938,672</u>	<u>\$ 638,711</u>	<u>\$ 175,943</u>	<u>\$ 648,282</u>	<u>\$ 5,503,465</u>

DOUGHERTY COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Special Revenue Funds			
	Confiscated Assets	Grant	Lease Commercial Property	Law Library
Revenues:				
Intergovernmental	\$ -	\$ 893,465	\$ -	\$ -
Fines and forfeitures	113,972	88,441	-	139,806
Interest income	453	-	43	356
Other revenues	-	-	59,992	11,580
Total revenues	114,425	981,906	60,035	151,742
Expenditures:				
Current:				
General government	-	3,767	-	-
Judicial	-	670,688	-	140,345
Public safety	207,021	23,535	-	-
Public works	-	278,959	-	-
Culture and recreation	-	12,055	-	-
Housing and development	-	-	51,211	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	207,021	989,004	51,211	140,345
Excess (deficiency) of revenues over (under) expenditures	(92,596)	(7,098)	8,824	11,397
Other financing sources:				
Proceeds from sale of assets	9,328	-	-	-
Total other financing sources	9,328	-	-	-
Net change in fund balances	(83,268)	(7,098)	8,824	11,397
Fund balances, beginning of year	263,181	464,210	29,898	361,451
Fund balances, end of year	\$ 179,913	\$ 457,112	\$ 38,722	\$ 372,848

Capital Projects Funds

Capital Improvement	1995 One Percent Sales Tax	1990 One Percent Sales Tax	2000 One Percent Sales Tax	Total
\$ -	\$ -	\$ -	\$ -	\$ 893,465
-	-	-	-	342,219
61,232	1,893	819	991	65,787
106,747	-	-	-	178,319
<u>167,979</u>	<u>1,893</u>	<u>819</u>	<u>991</u>	<u>1,479,790</u>
-	-	-	-	3,767
-	-	-	-	811,033
-	-	-	-	230,556
-	-	-	-	278,959
-	-	-	-	12,055
-	-	-	-	51,211
367,309	673,374	143,038	1,590	1,185,311
153,000	-	-	-	153,000
36,364	-	-	-	36,364
<u>556,673</u>	<u>673,374</u>	<u>143,038</u>	<u>1,590</u>	<u>2,762,256</u>
<u>(388,694)</u>	<u>(671,481)</u>	<u>(142,219)</u>	<u>(599)</u>	<u>(1,282,466)</u>
<u>37,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,994</u>
<u>37,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,994</u>
(351,028)	(671,481)	(142,219)	(599)	(1,235,472)
<u>3,214,919</u>	<u>1,305,574</u>	<u>318,162</u>	<u>648,881</u>	<u>6,606,276</u>
<u>\$ 2,863,891</u>	<u>\$ 634,093</u>	<u>\$ 175,943</u>	<u>\$ 648,282</u>	<u>\$ 5,370,804</u>

INTERNAL SERVICE FUNDS

Workers' Compensation Fund is used to account for the accumulation of resources for future workers' compensation claims.

Self-Insurance Fund is used to account for the funding of self-insurance and payment of claims and judgments against the County.

Risk Management Fund is used to account for the funding of property insurance and payment of claims and judgments against the County.

DOUGHERTY COUNTY, GEORGIA

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS

JUNE 30, 2015

ASSETS	Workers' Compensation Fund	Self- Insurance Fund	Risk Management Fund	Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 20,692	\$ -	\$ 20,000	\$ 40,692
Investments	1,191,767	2,363,625	357,639	3,913,031
Accounts receivable, net of allowances	-	-	1,104	1,104
Due from other funds	2,674	198,976	-	201,650
Total current assets	1,215,133	2,562,601	378,743	4,156,477
Total assets	1,215,133	2,562,601	378,743	4,156,477
LIABILITIES				
CURRENT LIABILITIES				
Accrued expenses	795,258	425,000	47,812	1,268,070
Due to other funds	-	-	38,124	38,124
Total current liabilities	795,258	425,000	85,936	1,306,194
Total liabilities	795,258	425,000	85,936	1,306,194
NET POSITION				
Unrestricted	419,875	2,137,601	292,807	2,850,283
Total net position	\$ 419,875	\$ 2,137,601	\$ 292,807	\$ 2,850,283

DOUGHERTY COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Workers' Compensation Fund	Self- Insurance Fund	Risk Management Fund	Total
OPERATING REVENUES				
Charges for services	\$ 471,983	\$ 5,612,224	\$ 1,320,805	\$ 7,405,012
Miscellaneous	30,724	85,164	775	116,663
Total operating revenues	502,707	5,697,388	1,321,580	7,521,675
OPERATING EXPENSES				
Cost of sales and services	130,131	65,434	53,715	249,280
Claims	553,465	3,448,705	152,467	4,154,637
Insurance	57,224	1,314,534	702,726	2,074,484
Total operating expenses	740,820	4,828,673	908,908	6,478,401
Operating income (loss)	(238,113)	868,715	412,672	1,043,274
NONOPERATING INCOME				
Interest income	1,566	2,513	467	4,546
Total nonoperating income	1,566	2,513	467	4,546
Income (loss) before transfers	(236,547)	871,228	413,139	1,047,820
TRANSFERS OUT				
Change in net position	(236,547)	871,228	181,432	816,113
NET POSITION, beginning of year	656,422	1,266,373	111,375	2,034,170
NET POSITION, end of year	\$ 419,875	\$ 2,137,601	\$ 292,807	\$ 2,850,283

DOUGHERTY COUNTY, GEORGIA

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Workers' Compensation Fund	Self- Insurance Fund	Risk Management Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 500,033	\$ 5,772,760	\$ 1,392,207	\$ 7,665,000
Payments to suppliers	(187,355)	(1,379,968)	(756,441)	(2,323,764)
Payments for insurance claims	(410,342)	(3,448,705)	(213,856)	(4,072,903)
Net cash provided by (used in) operating activities	(97,664)	944,087	421,910	1,268,333
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	-	-	(231,707)	(231,707)
Net cash used in noncapital financing activities	-	-	(231,707)	(231,707)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	-	(946,600)	(207,337)	(1,153,937)
Sale of investments	112,793	-	-	112,793
Interest on investments	1,566	2,513	467	4,546
Net cash provided by (used in) investing activities	114,359	(944,087)	(206,870)	(1,036,598)
Net increase (decrease) in cash and cash equivalents	16,695	-	(16,667)	28
Cash and cash equivalents:				
Beginning of year	3,997	-	36,667	40,664
End of year	\$ 20,692	\$ -	\$ 20,000	\$ 40,692
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ (238,113)	\$ 868,715	\$ 412,672	\$ 1,043,274
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
(Increase) decrease in due from other funds	(2,674)	75,372	38,124	110,822
Increase (decrease) in accrued expenses	143,123	-	(61,389)	81,734
Increase in due to other funds	-	-	32,503	32,503
Net cash provided by (used in) operating activities	\$ (97,664)	\$ 944,087	\$ 421,910	\$ 1,268,333

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

1985 REFERENDUM

Road Projects	***	***	\$ 56,117,769	\$ -	\$ 56,117,769
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1990 REFERENDUM

County Jail	\$ 31,379,437	\$ 31,285,885	\$ 31,397,864	\$ -	\$ 31,397,864
County Mental Health	3,892,487	3,892,483	3,892,483	-	3,892,483
County Public Health	5,225,205	5,225,202	5,225,202	-	5,225,202
Industrial Parks	5,000,000	5,000,000	5,000,000	-	5,000,000
Central Square Building	3,750,530	3,750,530	3,750,530	-	3,750,530
Chehaw Park	6,000,000	6,000,000	6,000,000	-	6,000,000
Albany Street Lighting	2,500,000	2,500,000	2,185,665	143,038	2,328,703
Conference Center	4,700,000	5,157,565	5,155,391	-	5,155,391
Administrative	4,338,498	4,338,495	4,338,498	-	4,338,498
Totals	\$ 66,786,157	\$ 67,150,160	\$ 66,945,633	\$ 143,038	\$ 67,088,671

1995 REFERENDUM

City Street & Road Projects	\$ 10,000,000	\$ 10,075,000	\$ 10,074,999	\$ -	\$ 10,074,999
County Street & Road Projects	5,000,000	5,652,343	5,652,343	-	5,652,343
Water & Sewer Extensions	8,000,000	10,698,078	10,741,225	-	10,741,225
Storm Drainage Improvements	15,200,000	15,123,948	15,019,085	-	15,019,085
Recycling Program	1,500,000	500,000	417,761	4,619	422,380
Geographic Information System	1,000,000	1,063,717	1,063,717	-	1,063,717
City Fire Stations & Equipment	2,500,000	2,500,000	2,499,876	-	2,499,876
County Fire Stations & Equipment	1,000,000	1,070,574	1,071,538	-	1,071,538
West EMS Station	1,000,000	980,439	980,439	-	980,439
Community Policing Centers	1,500,000	1,543,054	1,539,140	-	1,539,140
Courtroom Addition	3,500,000	4,101,338	4,101,339	-	4,101,339
Emergency Operations Center	3,000,000	2,956,946	2,956,947	-	2,956,947
Downtown Improvements	2,500,000	8,213,104	8,033,651	618,194	8,651,845
Recreation Improvements	10,500,000	10,500,000	9,888,277	-	9,888,277
Agricultural Service Center	2,000,000	2,064,056	2,064,057	50,561	2,114,618
Industrial Speculative Building	750,000	750,000	350,313	-	350,313
Thronateeska Heritage Center	750,000	900,000	900,000	-	900,000
Third Floor Renovation	-	-	21,137	-	21,137
Mt. Zion Civil Rights Museum	750,000	793,839	793,839	-	793,839
Government Center Debt	3,500,000	4,088,662	4,088,662	-	4,088,662
Administration/Disparity Study	500,000	1,084,298	1,084,298	-	1,084,298
Contingency	-	2,333	-	-	-
Totals	\$ 74,450,000	\$ 84,661,729	\$ 83,342,643	\$ 673,374	\$ 84,016,017

*** Estimated costs are not budgeted by project or in total. Projects are approved according to need at least annually.

(Continued)

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
<u>2000 REFERENDUM</u>					
Administrative	\$ 1,175,227	\$ 8,612,153	\$ 8,234,991	\$ -	\$ 8,234,991
Albany River Walk	6,000,000	6,405,000	6,531,843	-	6,531,843
Chehaw Park Improvements	700,000	700,000	680,611	-	680,611
City Debt Retirement	8,611,094	7,023,979	7,023,979	-	7,023,979
City Street Improvements	6,500,000	6,525,000	6,509,309	-	6,509,309
City Traffic Safety	725,000	725,000	724,999	-	724,999
County Water Extensions	600,000	655,548	655,548	-	655,548
County EMS Station	500,000	514,811	514,811	-	514,811
Hugh Mills Stadium	1,170,000	1,204,434	1,204,434	-	1,204,434
Thronateeska Heritage	500,000	500,000	500,000	-	500,000
Central Square	15,300,000	15,306,177	15,306,178	-	15,306,178
Economic Development	8,013,679	6,463,679	6,444,066	400	6,444,466
County Animal Shelter	700,000	780,000	835,298	-	835,298
City Law Enforcement Center	14,500,000	14,500,000	14,339,208	-	14,339,208
Storm Drainage Improvements	11,000,000	4,187,173	4,073,955	1,190	4,075,145
County Road Improvements	2,000,000	4,800,000	4,587,448	-	4,587,448
Public Safety GSP Building	500,000	536,179	536,179	-	536,179
City Fire Station	2,000,000	2,000,000	2,000,422	-	2,000,422
County Fire Equipment	500,000	500,000	529,728	-	529,728
Recreation Improvements	9,130,000	3,285,000	3,287,663	-	3,287,663
Albany First Tee Program	875,000	988,540	988,471	-	988,471
County Debt Retirement	30,000,000	30,000,000	30,131,767	-	30,131,767
Contingency	-	31,544	(31,766)	-	(31,766)
Totals	\$ 121,000,000	\$ 116,244,217	\$ 115,609,142	\$ 1,590	\$ 115,610,732

(Continued)

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
<u>2005 REFERENDUM</u>					
Government Center Improvements	\$ 1,000,000	\$ 1,000,000	\$ 905,036	\$ 91,553	\$ 996,589
Judicial Building Improvements	2,000,000	2,185,000	2,155,522	10,685	2,166,207
Mental Health Building Improvements	1,400,000	1,115,000	1,555,256	89,996	1,645,252
Public Health Building Improvements	700,000	800,000	269,748	-	269,748
DOCO Jail Facility Improvements	3,825,000	3,825,000	2,779,136	1,018,974	3,798,110
EMS Headquarter Improvements	2,000,000	2,086,553	2,086,553	-	2,086,553
New Library and Library Improvements	6,000,000	6,400,000	5,872,087	668,763	6,540,850
County Police Building Improvements	140,000	140,000	136,437	-	136,437
County Fire Station Improvements	100,000	100,000	186,000	-	186,000
S.R. 133 Road Widening Project	400,000	-	-	-	-
County Roads, Streets and Bridges	1,186,800	2,294,872	2,064,264	-	2,064,264
County Sewer Extensions	1,000,000	1,150,000	24,124	346	24,470
New Public Works Facility	700,000	1,000,000	998,675	-	998,675
Election Equipment	100,000	160,000	132,486	-	132,486
Radium Springs Improvements	2,500,000	2,500,000	1,139,391	-	1,139,391
Tennis Court Facility	2,700,000	2,700,000	-	-	-
Gillionville Road Widening	1,800,000	500,000	211,210	2,434	213,644
Criminal Justice Information System	4,000,000	4,000,000	1,987,186	527,796	2,514,982
I.T. Equipment and Software	2,440,000	2,440,000	1,687,499	264,500	1,951,999
Greenspace Acquisition	535,000	535,000	465,606	(11,456)	454,150
Mule Barn Presentation	500,000	500,000	76,035	-	76,035
Museum of Art Relocation	3,000,000	9,773	9,773	-	9,773
Flint Rivercenter	1,000,000	1,030,312	1,030,312	-	1,030,312
Albany-Dougherty Payroll Development	3,000,000	3,000,000	597,488	-	597,488
Riverfront Projects	100,000	100,000	100,000	-	100,000
Administrative	300,000	300,000	175,637	-	175,637
City of Albany Projects	65,873,200	63,259,242	63,259,242	-	63,259,242
Totals	\$ 108,300,000	\$ 103,130,752	\$ 89,904,703	\$ 2,663,591	\$ 92,568,294

(Continued)

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
<u>2010 REFERENDUM</u>					
Government Center Improvements	\$ 535,000	\$ 535,000	\$ 207,496	\$ 43,767	\$ 251,263
Judicial Building Improvements	960,000	960,000	299,541	243,207	542,748
Central Square Complex Improvements	860,000	860,000	139,027	189,385	328,412
Mental Health Building Improvements	300,000	300,000	20,224	294,720	314,944
Public Health Building Improvements	450,000	450,000	165,988	38,483	204,471
DOCO Jail Facility Improvements	2,225,000	2,225,000	189,766	871,886	1,061,652
Library Buildings Improvements	5,785,000	5,785,000	3,988,973	1,070,712	5,059,685
EMS Stations Improvements	1,760,000	1,760,000	730,458	17,736	748,194
County Police Building Improvements	1,555,000	1,555,000	887,888	169,665	1,057,553
County Fire Stations Improvements	795,000	795,000	501,715	266,055	767,770
County Parks Improvements	810,000	810,000	303,867	618,310	922,177
Storm Drainage Improvements	4,300,000	4,300,000	1,285,596	193,200	1,478,796
County Road Improvements	6,000,000	6,000,000	944,446	1,082,599	2,027,045
Public Works Maintenance Shop Improvements	1,650,000	1,650,000	-	61,815	61,815
Landfill Improvements	1,000,000	1,000,000	-	-	-
Facilities Warehouse Improvements	240,000	240,000	35,881	51,783	87,664
Information Technology Equipment	985,000	985,000	-	-	-
Economic Development Improvements	2,350,000	2,350,000	-	-	-
Flint RiverQuarium Improvements	505,000	505,000	181,357	119,804	301,161
Hugh Mills Stadium Improvements	1,175,000	1,175,000	143,792	-	143,792
Thronateeska Heritage Center Improvements	640,000	640,000	553,999	53,327	607,326
Greenspace Acquisitions	400,000	400,000	600	-	600
City of Albany Projects	62,720,000	62,720,000	34,373,038	9,882,403	44,255,441
Totals	\$ 98,000,000	\$ 98,000,000	\$ 44,953,652	\$ 15,268,857	\$ 60,222,509

AGENCY FUNDS

Tax Commissioner – Tax and Tag Department – This fund is used to account for all personal property and real property taxes collected and forwarded to the County and other government units.

The following agency funds are used to account for fines, fees and other moneys collected by the courts and remitted to other parties in accordance with court orders and state law:

Clerk of Courts
Probate Court
Magistrate Court
Juvenile Court

Sheriff – This fund is used to account for collection of fees, proceeds from judicial sales, and cash bonds, which are disbursed to other agencies, the County, and individuals.

Drug Squad Fund – This fund is used to account for funds received from drug related arrests, which are disbursed to the County.

Escrow Fund – This fund is used to account for funds received on open cases. These funds will be disbursed as the cases are settled.

DOUGHERTY COUNTY, GEORGIA

**COMBINING ASSETS AND LIABILITIES
AGENCY FUNDS**

JUNE 30, 2015

ASSETS	Tax & Tag Department	Clerk of Courts	Probate Court	Magistrate Court	Juvenile Court
Cash	\$ 1,589,273	\$ 750,192	\$ 65,657	\$ 54,533	\$ 705
Investments	-	-	-	-	-
Taxes receivable	<u>3,239,967</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 4,829,240</u>	<u>\$ 750,192</u>	<u>\$ 65,657</u>	<u>\$ 54,533</u>	<u>\$ 705</u>
 LIABILITIES					
Due to others	\$ 1,589,273	\$ 750,192	\$ 65,657	\$ 54,533	\$ 705
Uncollected taxes	<u>3,239,967</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ 4,829,240</u>	<u>\$ 750,192</u>	<u>\$ 65,657</u>	<u>\$ 54,533</u>	<u>\$ 705</u>

<u>Sheriff</u>	<u>Drug Squad</u>	<u>Escrow</u>	<u>Total</u>
\$ 479,088	\$ 80,249	\$ -	\$ 3,019,697
-	-	1,875	1,875
-	-	-	3,239,967
<u>\$ 479,088</u>	<u>\$ 80,249</u>	<u>\$ 1,875</u>	<u>\$ 6,261,539</u>
\$ 479,088	\$ 80,249	\$ 1,875	\$ 3,021,572
-	-	-	3,239,967
<u>\$ 479,088</u>	<u>\$ 80,249</u>	<u>\$ 1,875</u>	<u>\$ 6,261,539</u>

COMPLIANCE SECTION



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

**Board of Commissioners
of Dougherty County, Georgia
Albany, Georgia**

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Dougherty County, Georgia (the "County") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Dougherty County, Georgia's basic financial statements and have issued our report thereon dated February 9, 2016. Our report includes a reference to other auditors who audited the financial statements of the Dougherty County Board of Health, as described in our report on Dougherty County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. As discussed in Note 9 and Note 15, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of July 1, 2014. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described as item 2015-001 in the accompanying schedule of findings and responses that we consider to be a significant deficiency.

Compliance and Other Matters

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

Dougherty County, Georgia's Responses to Findings

Dougherty County, Georgia's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Dougherty County, Georgia's response was not subjected to the auditing procedures applied in the audit of the 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 result of that testing, and not to provide an opinion on the effectiveness of the County'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.

Mauldin & Jenkins, LLC

Albany, Georgia
February 9, 2016

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SECTION I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

yes no

Significant deficiencies identified not considered
to be material weaknesses?

yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Awards

There was not an audit of major federal award programs as of June 30, 2015 due to the total amount expended being less than \$500,000.

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2015 - 001. Segregation of Duties

Criteria: Internal controls should be in place to provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition: For the fiscal year ended June 30, 2015, we noted a lack of proper segregation of duties within several areas of Dougherty County, Georgia's operations, including the Clerk of Court, Probate Court, Sheriff's Office, and County Finance Department. Examples of segregation of duties issues include:

- Cash receipts are handled by the same individual(s) who also opens the incoming mail, makes bank deposits, reconciles the bank accounts, and posts activity to the general ledger.
- Authorized check signers are not independent of voucher preparation and approval.
- NSF and similar cash items are investigated by employees that also maintain the chart of accounts, post journal entries, monitor suspense or clearing accounts, prepare deposits, and post receipts.
- Custody of checks after signature and before mailing is handled by an employee that is not independent of all payable, disbursing and receiving of cash, and other general ledger functions.
- Reconciliations are not made by someone who is independent of the cash receipt and disbursement functions.

DOUGHERTY COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2015 - 001. Segregation of Duties (Continued)

- The billing department is not completely separate from the accounts receivable and collection functions.
- There is not a clear separation of duties between all receivable ledger clerks and the cash/cashier function.
- Recording and approval of credit adjustments and refunds is performed by individuals not independent of the cash handling, and other accounts receivable bookkeeping functions.
- The payroll is not subject to final approval before payment by someone who is independent of the payroll preparation function.
- Unclaimed paychecks are not returned to an employee that is not associated with the payroll function.
- Personnel in the payable function are not independent of the general ledger function.

Context: Several instances of overlapping duties were noted during interviews regarding internal control procedures.

Effect: Failure to properly segregate duties between recording, distribution, and reconciliation of accounts can lead to misappropriation of funds that is not detected during the normal course of business.

Recommendation: The duties of recording, distribution, and reconciliation of accounts should be segregated among employees.

Views of Responsible Officials and Planned Corrective Action: We concur. We will work with staff to segregate duties and apply compensating controls to the extent possible.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not Applicable.

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

2014 - 001. Segregation of Duties

Criteria: Internal controls should be in place that provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition: For the fiscal year ended June 30, 2014, we noted a lack of proper segregation of duties within several areas of Dougherty County, Georgia's operations, including the Clerk of Court, Probate Court, Sheriff's Office, and County Finance Department. Examples of segregation of duties issues include:

- Cash receipts are handled by the same individual(s) who also opens the incoming mail, makes bank deposits, reconciles the bank accounts, and posts activity to the general ledger.
- Authorized check signers are not independent of voucher preparation and approval.
- NSF and similar cash items are investigated by employees that also maintain the chart of accounts, post journal entries, monitor suspense or clearing accounts, prepare deposits, and post receipts.
- Custody of checks after signature and before mailing is handled by an employee that is not independent of all payable, disbursing and receiving of cash, and other general ledger functions.
- Reconciliations are not made by someone who is independent of the cash receipt and disbursement functions.
- The billing department is not completely separate from the accounts receivable and collection functions.
- There is not a clear separation of duties between all receivable ledger clerks and the cash/cashier function.
- Recording and approval of credit adjustments and refunds is performed by individuals not independent of the cash handling, and other accounts receivable bookkeeping functions.
- The payroll is not subject to final approval before payment by someone who is independent of the payroll preparation function.
- Unclaimed paychecks are not returned to an employee that is not associated with the payroll function.
- Personnel in the payable function are not independent from the general ledger function.

Auditee Response/Status: Unresolved – See current year finding 2015-001.