

DOUGHERTY COUNTY, GEORGIA

FINANCIAL REPORT

**FOR THE YEAR ENDED
JUNE 30, 2007**

INTRODUCTORY SECTION

DOUGHERTY COUNTY, GEORGIA

FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2007

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Table of Contents	i and ii
List of Principal Officials	iii

FINANCIAL SECTION

Independent Auditor's Report.....	1 and 2
Management's Discussion and Analysis.....	3 - 11
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	12 and 13
Statement of Activities	14 and 15
Fund Financial Statements:	
Balance Sheet – Governmental Funds	16 and 17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	18 and 19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	20
General Fund – Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non GAAP) and Actual	21 – 23
Special Tax District Fund – Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non GAAP) and Actual	24 and 25
Statement of Net Assets – Proprietary Funds	26
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	27
Statement of Cash Flows – Proprietary Funds.....	28
Statement of Fiduciary Net Assets – Fiduciary Funds	29
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds.....	30
Notes to Financial Statements.....	31 – 57
Required Supplementary Information:	
Schedule of Funding Progress – Defined Benefit Plan.....	58
Schedule of Employer Contributions – Defined Benefit Plan	58
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	59 and 60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	61 and 62
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds	63 – 65
Combining Balance Sheet – Agency Funds	66 and 67

DOUGHERTY COUNTY, GEORGIA

FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2007

TABLE OF CONTENTS

	<u>Page</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 <i>Government Auditing Standards</i>	68 and 69
Schedule of Findings and Responses	70 – 75
Schedule of Prior Year Findings.....	76 and 77
Independent Accountant's Report on Local Assistance Grants.....	78
State of Georgia Grant Certification Form.....	79

DOUGHERTY COUNTY BOARD OF COMMISSIONERS

Jeff Sinyard, Chairman

Art Searles, Vice Chairman

Muarlean Cain Edwards

John Hayes

Lamar Hudgins

Dr. Charles Lingle

Jack Stone

COUNTY ADMINISTRATOR

Richard Crowdis

FINANCE DIRECTOR

Karen Goff

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **Dougherty County, Georgia**, as of and for the year ended June 30, 2007, which collectively comprise Dougherty County, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Dougherty County Board of Health, which statements reflect total assets of \$4,567,711 as of June 30, 2007, and total revenues of \$14,623,918 for the year ended June 30, 2007. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Dougherty County Board of Health in the component unit column is based solely on the reports of the other auditors.

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

In our opinion, based on our audit and the reports 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, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and Special Tax District Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2007, 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* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (on pages 3 through 11) and the Required Supplementary Information on page 58 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dougherty County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Dougherty County, Georgia. The schedule of expenditures of special purpose local option sales tax proceeds is presented for purposes of additional analysis as required by the Official Code of Georgia Annotated 48-8-121, and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of special purpose local option sales tax proceeds have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mauldin & Jenkins, LLC

Macon, Georgia
December 27, 2007

**DOUGHERTY COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007**

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, 2007. 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

- In January, 2006 the County began an in-depth revaluation of 37,000 parcels of property within its borders. Based on Georgia Department of Revenue analysis, the County's 2005 Sales Ration Study was 36.67%. The acceptable range being 36% to 42%. The expectation that the 2006 Sales Ration Study would fall below the State required minimum of 36% precipitated the revaluation of fair market value. The revaluation process is expected to take 24 months.
- The County's statement of net assets reflected an increase of \$1,826,299 as a whole.
- The County realized a positive growth in the county-wide tax digest net of the reassessment growth. The millage rate was reduced from 13.158 mills to 13.147 mills on the dollar.
- The General Fund total fund balance (unreserved and reserved) increased by \$959,094. This is largely due to revenue increases and lower expenditures than budgeted.
- The Special Tax District Fund (represents the unincorporated area of the county) realized a declining tax digest of (2.52%). The greatest decline being in the industrial property category. The millage rate of 7.775 remained the same.
- The Solid Waste Fund (the only enterprise fund) realized operating income of \$182,191 with total change in net assets of \$900,223. See Note 14 in the Notes to the Financial Statements beginning on page 55 concerning a prior period adjustment/restatement.
- 2005 One Percent Sales Tax Fund sales tax revenues totaled \$17,386,525. Sales tax revenues are running 5% higher than the original estimates.

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. The report also contains other supplementary information in addition to the basic financial statements themselves.

(1) The government-wide financial statements include two statements, the Statement of Net assets and the Statement of Activities (pages 12-15). 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 Assets and the Statement of Activities, we divide the County into three kinds of activities:

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities – Most of the County's basic services are reported here, including courts, 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.

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.

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 accounting standards to include its financial statements.

(2) Fund financial statements begin on page 16. 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.

(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 31.

REPORTING THE COUNTY AS A WHOLE

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 Assets 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 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.

These two statements report the County's net assets and changes in them. You can think of the County's net assets – 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 assets 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The net assets for Governmental Activities as well as Business-Type Activities increased between fiscal years 2006 and 2007. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the County's governmental and business-type activities.

Table 1
Net Assets
(in Millions)

	Governmental Activities		Business-type Activities	
	2007	2006	2007	2006
Current and other assets	61.7	55.4	5.5	5.3
Capital assets	149.0	131.1	11.0	8.7
Total Assets	210.7	186.5	16.5	14.0
Current liabilities	3.7	3.8	0.1	-
Long-term liabilities	16.3	13.1	4.8	3.4
Total Liabilities	20.0	16.9	4.9	3.4
Net assets:				
Invested in capital assets, net of debt	138.2	119.6	11.1	8.7
Restricted	20.4	17.7	-	-
Unrestricted	32.0	32.3	0.5	1.9
Total net assets	190.6	169.6	11.6	10.6

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 2
Changes in Net Assets
(In Millions)

	Governmental Activities		Business-Type Activities	
	2007	2006	2007	2006
Revenues				
Program revenues:				
Charges for services	13.9	11.7	3.0	3.0
Operating grants and contributions	0.9	1.3	-	-
Capital grants and contributions	0.2	-	-	-
General revenues:				
Property taxes	29.9	29.5	-	-
Sales tax	24.5	14.4	-	-
Insurance premium taxes	0.9	0.8	-	-
Other taxes	0.9	0.2	-	-
Investment income	2.4	2.5	0.3	0.3
Gain on sale of assets	-	1.7	0.4	-
Total revenues	<u>73.6</u>	<u>62.1</u>	<u>3.7</u>	<u>3.3</u>
Program Expenses				
General government	9.3	8.3	-	-
Judicial	7.2	6.2	-	-
Public safety	29.4	28.0	-	-
Public works	12.0	4.6	-	-
Health and welfare	3.5	2.0	-	-
Culture and recreation	7.2	2.8	-	-
Housing and development	3.3	1.1	-	-
Insurance end employee benefits	-	1.1	-	-
Interest on long-term debt	0.8	0.2	-	-
Solid waste operating expenses	-	-	2.8	3.1
Intergovernmental	-	11.5	-	-
Total expenses	<u>72.7</u>	<u>65.8</u>	<u>2.8</u>	<u>3.1</u>
Excess (deficiency) of revenues over (under) expenses before transfers	<u>0.9</u>	<u>(3.7)</u>	<u>0.9</u>	<u>0.2</u>
Transfers	<u>-</u>	<u>0.1</u>	<u>-</u>	<u>(0.1)</u>
Increase (decrease) in net assets	<u>0.9</u>	<u>(3.6)</u>	<u>0.9</u>	<u>0.1</u>
Net assets, beginning of year	<u>189.7</u>	<u>173.2</u>	<u>10.7</u>	<u>10.5</u>
Net assets, end of year	<u>190.6</u>	<u>169.6</u>	<u>11.6</u>	<u>10.6</u>
Restatements	<u>-</u>	<u>20.1</u>	<u>-</u>	<u>0.1</u>
Net assets, ending as restated	<u>189.7</u>	<u>189.7</u>	<u>11.6</u>	<u>10.7</u>

* Because of changes in the presentation of financial data, some comparisons may not be informative. This is the first year the County contracted audit services with Mauldin & Jenkins.

MANAGEMENT'S DISCUSSION AND ANALYSIS

In prior years, intergovernmental expenses included non-county capital outlay for assets that will not be owned by the County. This includes capital projects completed by the City of Albany and funded by the County's Special Local Option Sales Tax. This reporting year the expenditures were allocated to the applicable function. The County and City have several agreements that allow sharing of SPLOST revenues. In the prior year the County reported SPLOST revenue net of the amounts paid to the City. During the current year the County reported the gross revenue of SPLOST received and the expenditures to the City.

Governmental Activities

Total revenues increased 19% (\$11.8 million). This comparison is misleading in that only \$701,410 is the relative increase. The other portion of increase is due in part to the change in reporting of Special Local Option Sales Tax as explained in the preceding paragraph.

The County is heavily reliant on property taxes and sales taxes to support governmental operations. Property taxes provided \$29.9 million in revenue or 40.5% of the County's total governmental revenues as compared to 47.5 % in 2006. The County millage rate for the 2006 Tax Digest decreased from 13.158 mills to 13.147 mills.

Sales taxes provided \$24.5 million in revenue or 33.1% of the County's total governmental revenues as compared to \$14.4 million or 23.2 % of the County's total governmental revenues in 2006. Sales tax revenue increased 3.8% between 2007 and 2006 taking into consideration of the change in reporting Special Local Option Sales Tax at gross.

Total expenses show an increase of \$6.9 million. Once again the change in reporting the portion of SPLOST paid to the City of Albany inflates this total. The County increased the funding to the Dougherty County Public Health Dept by \$250,000 with a commitment of additional funding next year. The County provided a 2.8% merit increase and a 2.5% cost-of-living adjustment increase to each eligible employee. Six new positions were approved and staffed during 2007.

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 by each of these functions.

The Public Safety activities make up approximately 40.8% of the total governmental activities expenses. General Government activities, which include Facilities Management, Tax and Tag Collections and County Administration/Finance, make up approximately 12.9%. The Judicial System activities, which included Superior, State, Magistrate and Probate Court, make up approximately 9.9%. Public Works activities cost approximately 16.4%.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Table 3
Governmental Activities
(In Millions)**

	Total Cost		Net Cost	
	of Services		of Services	
	2007	2006	2007	2006
General government	9.3	8.3	(4.6)	(4.8)
Judicial	7.2	6.2	(7.0)	(3.0)
Public safety	29.4	28.0	(20.7)	(25.1)
Public works	12.0	4.6	(11.2)	(4.1)
Health and welfare	3.5	2.0	(3.5)	0.7
Culture and recreation	7.2	2.8	(6.6)	(2.6)
Housing and development	3.3	1.1	(3.3)	(1.1)
Insurance and employee benefits	-	1.1	-	(1.1)
Interest on long-term debt	0.8	0.2	(0.8)	(0.2)
Intergovernmental	-	11.5	-	(11.5)
Total Governmental Activities	72.7	65.8	(57.7)	(52.8)

Business-type Activities

The Dougherty County Solid Waste Landfill is the County's only business-type activity. This fund is primarily funded through tipping fees. Each year liabilities and expenses are recorded for estimated closure and post-closure care as required by law. This year the calculation method for these closure costs was changed to use remaining tonnage instead of useful life of the Landfill. No revenue is received from taxes for this activity. The Solid Waste net assets increased by \$0.9 million primarily because of increased tipping fee revenue.

ANALYSIS OF THE COUNTY'S MAJOR FUNDS

The fund financial statements begin on page 16 and provide detailed information about the County's most significant funds. Some funds are required to be established by State law; however, the County Commission establishes many other funds to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes or grants. 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 those funds and the balances left at year-end that are available for spending. The County Governmental Funds include the General Fund, Special Tax District Fund, DHR Building Lease Fund, SPLOST V, and Capital Improvement Program Fund. The County's governmental funds reported combined fund balances of \$48.7 million, an increase of 6.4%, taking into consideration the prior period adjustments disclosed in Note 14, beginning on page 55 in the Notes for the Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The General Fund balance increased by \$959,094. The beginning fund balance was adjusted and restated; please see Notes to Financial Statements, Note 14, beginning on page 55 of this report. Revenues exceeded anticipated amounts. The County collected more in traffic fines as a result of a task force (H.E.A.T.) focused on traffic violators funded in part by a grant from the Governor's Office of Highway Safety. Investment earnings remained steady with last year. Facility and equipment maintenance costs were lower than anticipated. The County increased funding by \$250,000 to the Public Health Department because of decreased state funding and rising health care costs. The Commission voted to provide funding to the Flint Riverquarium in the amount of \$250,000 in an effort to keep the recreational facility open as it is a main component of downtown revitalization.

The Special Tax District Fund, which is funded through a tax imposed only on the unincorporated area of the County, had a decrease in its fund balance of \$197,995. The beginning fund balance was adjusted and restated; please see Notes to Financial Statements, Note 14, beginning on page 55 of this report. Revenues remained the same as last year while expenditures increased in the categories of Public Safety and Culture and Recreation. This is the first year of full operations of the Animal Control unit of Public Safety. The County agreed to pay the utilities of the newly opened Humane Society Animal Shelter. In recreation, the fees paid to the City of Albany for programs increased.

In the 2005 One Percent Sales Tax Fund (SPLOST V) reporting changes were made from last year to include the portion of revenue & expenditures allocated to the City of Albany by inter-governmental agreement. Actual expenditures for County projects were \$1,248,449. Actual sales tax revenue received for County projects was \$6,606,879.

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 Assets and the Statement of Activities. The County's enterprise fund (proprietary fund) reporting is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows. The fees charged for Landfill services were unchanged from 2006. Revenues from tipping fees were 2.42% lower, but the fund sustained net income of \$900,223. This was because of interest income and gain on sales of assets. The County began auctioning off surplus items via a website which significantly increased dollars received per item.

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. To date the County has not officially recorded the daily activity of this fund. Because of the finding 2007- 6 discussed on page 74, the monthly statements from the investment manager will be reviewed, reconciled and recorded into the accounting system next fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund Budget remained unchanged from its original adoption. This 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 pages 18 and 19 are on the modified-accrual basis. Because of under-spending and higher revenue collections than anticipated, it should be noted that revenues exceeded expenditures by \$952,173. The use of fund balance that was budgeted was not realized. Actual expenditures exceeded budgeted by only 0.2%.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of FY 2007 the County's governmental activities has \$148.9 million net capital assets (costs less accumulated assets) invested in a broad range of capital assets, including police and fire equipment, public works heavy equipment, buildings, roads, and bridges. This is a decrease of \$2.51 million from last year. Table 4 is summary data. The Business-type activity (Solid Waste Landfill) has \$11.1 million net capital assets (costs less accumulated depreciation), an increase of \$1.1 million. A prior period adjustment and restatement was made for both governmental and business-type activities for a variety of asset overstatements and understatements. The adjustment related to the prior period can be found in Note 14, beginning on page 55 in the Notes to the Financial Statements. Capital asset reporting is located in the Note 6 in the Notes to the Financial Statements beginning on page 45.

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

	Governmental Activities		Business-type Activities	
	2007	2006	2007	2006
Land	34.2	33.8	2.1	2.1
Construction in Progress	2.3	2.4	0.1	-
Building & Improvements	71.1	71.8	6.6	6.9
Infrastructure	35.0	37.2	-	-
Vehicles	5.3	5.0	-	-
Equipment	1.0	1.2	2.3	1.1
Totals	148.9	151.4	11.1	10.1

Debt

At year-end the County had no outstanding debt for bonds or notes payable. The capital lease obligation 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. This is the first year the certificates of participation were included in the debt section of the financial statements. This reflects the lease pool agreement with the Georgia Municipal Association (GMA). The County currently does not have any outstanding principal due before the end of the bond period. The County still has the ability to finance capital purchases through this program. The Business-type activity that the County runs 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. None of the County's debt payments are funded through ad valorem taxes. Debt reporting is located in the Note 7 in the Notes to the Financial Statements beginning on page 47.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	Governmental Activities		Business-type Activities	
	2007	2006	2007	2006
Capital Leases	10.8	11.6	-	-
Certificates of participation	4.3	4.3	-	-
Compensated Absences	3.0	3.3	0.1	0.1
Landfill closure/postclosure	-	-	4.8	4.5
Totals	18.1	19.2	4.9	4.6

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 2008 budget. Some of the issues impacting the County's future are:

- County-wide 2007 property revaluation; Final digest is a moving target
- The closing of Merck & Company's manufacturing plant, an industry located in the unincorporated area of the County
- GASB's other post-employment benefits (OPEB) reporting requirement and possible increased funding
- Minimal increase in the county-wide tax digest growth
- Housing market decline
- Exorbitant fuel costs and the impact on household spending resulting in lower sales tax collections
- State of Georgia unfunded mandates
- Increase in healthcare costs
- Increase in general liability and property insurance premiums
- Implementation of employee pay plan study now in process
- Development of a new industrial park with railroad access

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 540, 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 ASSETS JUNE 30, 2007

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 1,848,735	\$ 414,234	\$ 2,262,969
Investments	44,277,740	5,021,843	49,299,583
Taxes receivable	1,666,894	-	1,666,894
Accounts receivable	1,235,598	415,952	1,651,550
Notes receivable	10,508,609	-	10,508,609
Internal balances	388,393	(388,393)	-
Due from other governments	1,753,942	1,019	1,754,961
Inventories	50,051	22,147	72,198
Other assets	11,446	-	11,446
Capital assets, non-depreciable	36,522,709	2,133,421	38,656,130
Capital assets, depreciable, net of accumulated depreciation	112,412,536	8,927,324	121,339,860
Total assets	210,676,653	16,547,547	227,224,200
LIABILITIES			
Accounts payable	1,284,649	51,770	1,336,419
Accrued liabilities	608,790	7,243	616,033
Due to other governments	14,953	-	14,953
Unearned revenues	29,628	-	29,628
Capital leases due within one year	865,000	-	865,000
Capital leases due in more than one year	9,900,000	-	9,900,000
Compensated absences due within one year	892,803	30,758	923,561
Compensated absences due in more than one year	2,102,088	64,400	2,166,488
Closure and postclosure care cost	-	4,804,061	4,804,061
Certificates of participation due in more than one year	4,333,000	-	4,333,000
Total liabilities	20,030,911	4,958,232	24,989,143
NET ASSETS			
Investment in capital assets, net of related debt	138,170,245	11,060,745	149,230,990
Restricted for:			
Capital projects	20,125,704	-	20,125,704
Drug treatment	163,812	-	163,812
Juvenile court	53,374	-	53,374
Victim witness program	108,655	-	108,655
Special use	-	-	-
Unrestricted	32,023,952	528,570	32,552,522
Total net assets	\$ 190,645,742	\$ 11,589,315	\$ 202,235,057

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

<u>Component Unit</u>	
<u>Board of Health</u>	
\$	3,645,512
	-
	-
	862,361
	-
	-
	-
	-
	-
	59,838
	<u>4,567,711</u>
	2,471,266
	4,862
	-
	-
	-
	-
	60,763
	546,868
	-
	-
	<u>3,083,759</u>
	59,838
	-
	-
	-
	1,409,617
	14,497
	<u>1,483,952</u>
\$	<u>1,483,952</u>

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2007

<u>Functions/Programs</u>	Program Revenues			
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary government:				
Governmental activities:				
General government	\$ 9,284,193	\$ 4,122,953	\$ 595,621	\$ -
Judicial	7,132,842	163,579	-	-
Public safety	29,452,885	8,564,144	186,916	-
Public works	12,031,374	527,857	91,014	193,075
Health and welfare	3,547,460	-	-	-
Culture and recreation	7,218,183	554,689	50,111	-
Housing and development	3,271,622	11,132	-	-
Interest on long-term debt	827,382	-	-	-
Total governmental activities	72,765,941	13,944,354	923,662	193,075
Business-type activities:				
Solid waste	2,835,742	3,017,933	-	-
Total business-type activities	2,835,742	3,017,933	-	-
Total primary government	\$ 75,601,683	\$ 16,962,287	\$ 923,662	\$ 193,075
Component units:				
Board of Health	\$ 14,574,993	\$ 2,277,183	\$ 12,346,735	\$ -
Total component units	\$ 14,574,993	\$ 2,277,183	\$ 12,346,735	\$ -
General revenues:				
Property taxes				
Sales taxes				
Insurance premium taxes				
Other taxes				
Unrestricted investment earnings				
Gain on sale of assets				
Total general revenues				
Change in net assets				
Net assets, beginning of year, as restated				
Net assets, end of year				

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

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

			<u>Component Unit</u>
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Board of Health</u>
\$ (4,565,619)	\$ -	\$ (4,565,619)	\$ -
(6,969,263)	-	(6,969,263)	-
(20,701,825)	-	(20,701,825)	-
(11,219,428)	-	(11,219,428)	-
(3,547,460)	-	(3,547,460)	-
(6,613,383)	-	(6,613,383)	-
(3,260,490)	-	(3,260,490)	-
(827,382)	-	(827,382)	-
<u>(57,704,850)</u>	<u>-</u>	<u>(57,704,850)</u>	<u>-</u>
-	182,191	182,191	-
-	182,191	182,191	-
<u>\$ (57,704,850)</u>	<u>\$ 182,191</u>	<u>\$ (57,522,659)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,925</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,925</u>
29,916,697	-	29,916,697	-
24,475,913	-	24,475,913	-
882,881	-	882,881	-
913,203	-	913,203	-
2,414,132	276,226	2,690,358	-
28,100	441,806	469,906	-
<u>58,630,926</u>	<u>718,032</u>	<u>59,348,958</u>	<u>-</u>
926,076	900,223	1,826,299	48,925
189,719,666	10,689,092	200,408,758	1,435,027
<u>\$ 190,645,742</u>	<u>\$ 11,589,315</u>	<u>\$ 202,235,057</u>	<u>\$ 1,483,952</u>

DOUGHERTY COUNTY, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2007

ASSETS	General	Special Tax District	DHR Building Lease Fund	2005 One Percent Sales Tax
Cash and cash equivalents	\$ 650,828	\$ 29,407	\$ 129,438	\$ 1,213
Investments	15,443,261	1,473,588	807,612	11,217,348
Taxes receivable	543,857	35,029	-	1,088,008
Accounts receivable	898,678	67,333	-	432
Notes receivable	-	-	10,508,609	-
Due from other funds	855,595	-	-	-
Due from other governments	1,570,994	6,841	-	-
Inventory	50,051	-	-	-
Total assets	<u>\$ 20,013,264</u>	<u>\$ 1,612,198</u>	<u>\$ 11,445,659</u>	<u>\$ 12,307,001</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 688,966	\$ 10,330	\$ 1,699	\$ 38,311
Accrued expenses	553,582	27,333	-	-
Due to other funds	7,488	88,956	-	1,911,152
Due to other governments	14,953	-	-	-
Deferred revenue	448,139	-	10,508,609	-
Total liabilities	<u>1,713,128</u>	<u>126,619</u>	<u>10,510,308</u>	<u>1,949,463</u>
FUND BALANCES				
Fund balances:				
Reserved for:				
Capital outlay	-	-	-	10,357,538
Unreserved, undesignated reported in:				
General fund	18,300,136	-	-	-
Special revenue funds	-	1,485,579	-	-
Capital projects funds	-	-	935,351	-
Total fund balances	<u>18,300,136</u>	<u>1,485,579</u>	<u>935,351</u>	<u>10,357,538</u>
Total liabilities and fund balances	<u>\$ 20,013,264</u>	<u>\$ 1,612,198</u>	<u>\$ 11,445,659</u>	<u>\$ 12,307,001</u>

Amounts reported for governmental activities in the statement of net assets 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.
- 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.
- Net pension asset used in governmental activities is not a financial resource and, therefore, is not reported in the funds.

Net assets of governmental activities

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

Capital Improvement	Other Governmental Funds	Total
\$ 508	\$ 1,025,441	\$ 1,836,835
7,082,863	8,249,267	44,273,939
-	-	1,666,894
4,601	18,198	989,242
-	-	10,508,609
7,488	1,898,169	2,761,252
44,305	131,802	1,753,942
-	-	50,051
<u>\$ 7,139,765</u>	<u>\$ 11,322,877</u>	<u>\$ 63,840,764</u>

\$ 280,761	\$ 169,950	\$ 1,190,017
-	3,479	584,394
-	365,263	2,372,859
-	-	14,953
-	1,028	10,957,776
<u>280,761</u>	<u>539,720</u>	<u>15,119,999</u>

-	9,768,166	20,125,704
-	-	18,300,136
-	1,014,991	2,500,570
6,859,004	-	7,794,355
<u>6,859,004</u>	<u>10,783,157</u>	<u>48,720,765</u>
<u>\$ 7,139,765</u>	<u>\$ 11,322,877</u>	

148,935,245

10,928,148

(18,117,287)

167,425

11,446

\$ 190,645,742

DOUGHERTY COUNTY, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>General</u>	<u>Special Tax District</u>	<u>DHR Building Lease Fund</u>	<u>2005 One Percent Sales Tax</u>
Revenues:				
Property taxes	\$ 24,397,620	\$ 4,390,962	\$ -	\$ -
Sales taxes	7,089,388	-	-	17,386,525
Other taxes	440,960	1,355,124	-	-
Licenses and permits	-	402,995	-	-
Intergovernmental	-	-	-	-
Charges for services	9,905,162	1,604	52,548	-
Fines and forfeitures	1,496,693	-	-	-
Interest	825,359	91,392	55,924	455,135
Other revenues	185,736	78,137	1,438,015	-
Total revenues	<u>44,340,918</u>	<u>6,320,214</u>	<u>1,546,487</u>	<u>17,841,660</u>
Expenditures:				
Current:				
General government	6,533,558	103,266	140,244	-
Judicial	6,465,129	-	-	-
Public safety	21,273,294	5,724,666	-	-
Public works	2,492,413	87,745	-	-
Health and welfare	3,285,067	-	-	-
Culture and recreation	2,610,340	172,673	-	-
Housing and development	728,944	448,199	-	-
Capital outlay	-	-	-	12,028,095
Debt service:				
Principal	-	-	800,000	-
Interest	-	-	605,527	-
Total expenditures	<u>43,388,745</u>	<u>6,536,549</u>	<u>1,545,771</u>	<u>12,028,095</u>
Excess (deficiency) of revenues over (under) expenditures	<u>952,173</u>	<u>(216,335)</u>	<u>716</u>	<u>5,813,565</u>
Other financing sources:				
Proceeds from sale of assets	6,921	18,340	-	-
Total other financing sources	<u>6,921</u>	<u>18,340</u>	<u>-</u>	<u>-</u>
Net change in fund balances	959,094	(197,995)	716	5,813,565
Fund balances, beginning of year, as restated	<u>17,341,042</u>	<u>1,683,574</u>	<u>934,635</u>	<u>4,543,973</u>
Fund balances, end of year	<u>\$ 18,300,136</u>	<u>\$ 1,485,579</u>	<u>\$ 935,351</u>	<u>\$ 10,357,538</u>

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

<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 937,000	\$ -	\$ 29,725,582
-	-	24,475,913
-	-	1,796,084
-	-	402,995
-	923,662	923,662
-	-	9,959,314
-	576,258	2,072,951
415,391	570,931	2,414,132
472,581	157,148	2,331,617
<u>1,824,972</u>	<u>2,227,999</u>	<u>74,102,250</u>
-	4,455	6,781,523
-	381,257	6,846,386
-	781,557	27,779,517
-	91,014	2,671,172
-	456	3,285,523
-	31,727	2,814,740
-	294,811	1,471,954
2,704,052	3,633,802	18,365,949
-	-	800,000
223,149	-	828,676
<u>2,927,201</u>	<u>5,219,079</u>	<u>71,645,440</u>
<u>(1,102,229)</u>	<u>(2,991,080)</u>	<u>2,456,810</u>
148,911	-	174,172
<u>148,911</u>	<u>-</u>	<u>174,172</u>
(953,318)	(2,991,080)	2,630,982
<u>7,812,322</u>	<u>13,774,237</u>	<u>46,089,783</u>
<u>\$ 6,859,004</u>	<u>\$ 10,783,157</u>	<u>\$ 48,720,765</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 YEAR ENDED JUNE 30, 2007

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

Net change in fund balances - total governmental funds	\$ 2,630,982
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.	(2,552,940)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	37,221
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Deferred revenues decreased during the year by this amount.	(547,212)
In governmental funds, debt service payments are considered a use of funds, but in the statement of net assets, the payments are a reduction of a liability.	800,000
The internal service fund is used by management to charge the cost of workers' compensation insurance to individual funds. The net revenue of the internal service fund is reported with governmental activities.	296,356
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>261,669</u>
	<u>\$ 926,076</u>

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

DOUGHERTY COUNTY, GEORGIA

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON GAAP) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 24,231,383	\$ 24,231,383	\$ 24,392,811	\$ 161,428
Sales taxes	6,850,000	6,850,000	7,151,061	301,061
Other taxes	400,000	400,000	440,960	40,960
Charges for services	8,969,999	8,969,999	9,921,458	951,459
Fines and forfeitures	1,305,000	1,305,000	1,496,702	191,702
Interest income	350,000	350,000	825,359	475,359
Miscellaneous	2,009,665	2,009,665	197,037	(1,812,628)
Total revenues	44,116,047	44,116,047	44,425,388	309,341
Expenditures:				
Current:				
General government:				
Administrative and legislative	818,606	818,606	855,188	(36,582)
Auditing	93,000	93,000	95,505	(2,505)
Computer information	500,000	500,000	369,624	130,376
Contingency	150,000	150,000	140,667	9,333
Facilities management	2,282,057	2,282,057	2,146,001	136,056
Human resources	418,463	418,463	500,064	(81,601)
Legal services	173,000	173,000	156,954	16,046
Mail and security system	200,727	200,727	228,091	(27,364)
Purchasing	91,722	91,722	91,722	-
Registration and elections	386,416	386,416	356,205	30,211
Tax and tag collections	1,705,392	1,705,392	1,823,904	(118,512)
Total general government	6,819,383	6,819,383	6,763,925	55,458
Judicial:				
Clerk of courts	866,574	866,574	923,929	(57,355)
District attorney	1,575,520	1,575,520	1,603,788	(28,268)
Juvenile court	763,315	763,315	750,861	12,454
Magistrate court	827,935	827,935	813,583	14,352
Probate court	363,715	363,715	371,738	(8,023)
Public defender	1,039,471	1,039,471	852,893	186,578
State court	493,609	493,609	476,655	16,954
Superior court	689,584	689,584	710,959	(21,375)
Total judicial	6,619,723	6,619,723	6,504,406	115,317

(Continued)

DOUGHERTY COUNTY, GEORGIA

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON GAAP) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2007

Expenditures: (Continued)	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Current: (Continued)				
Public safety:				
Coroner	\$ 75,915	\$ 75,915	\$ 92,082	\$ (16,167)
Drug squad	849,750	849,750	851,634	(1,884)
Emergency management	30,864	30,864	30,864	-
Emergency medical services	4,023,005	4,023,005	4,167,546	(144,541)
Environmental control	598,449	598,449	643,005	(44,556)
Jail	13,415,192	13,415,192	13,153,064	262,128
Sheriff's department	2,746,184	2,746,184	3,052,580	(306,396)
Total public safety	21,739,359	21,739,359	21,990,775	(251,416)
Public works:				
Engineering	384,900	384,900	413,708	(28,808)
Public works	1,987,366	1,987,366	1,907,795	79,571
Vehicle maintenance	355,977	355,977	325,941	30,036
Total public works	2,728,243	2,728,243	2,647,444	80,799
Health and welfare:				
Department of Family and Children Services	123,140	123,140	123,105	35
Health services	2,770,700	2,770,700	3,162,767	(392,067)
Total health and welfare	2,893,840	2,893,840	3,285,872	(392,032)
Culture and recreation:				
Library	2,566,478	2,566,478	2,304,698	261,780
Total culture and recreation	2,566,478	2,566,478	2,304,698	261,780
Housing and development:				
Agricultural services	91,373	91,373	72,546	18,827
Community development	358,000	358,000	341,771	16,229
Natural resources	23,900	23,900	18,422	5,478
Small and disadvantaged business	275,748	275,748	279,540	(3,792)
Total housing and development	749,021	749,021	712,279	36,742
Total expenditures	44,116,047	44,116,047	44,209,399	(93,352)
Excess of revenues under expenditures	-	-	215,989	215,989

(Continued)

DOUGHERTY COUNTY, GEORGIA

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON GAAP) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Other financing sources:				
Proceeds from sale of assets	\$ -	\$ -	\$ 6,839	\$ 6,839
Total other financing sources	<u>-</u>	<u>-</u>	<u>6,839</u>	<u>6,839</u>
Net change in fund balances	-	-	222,828	222,828
Fund balance, beginning of year	<u>16,721,149</u>	<u>16,721,149</u>	<u>16,721,149</u>	<u>-</u>
Fund balance, end of year	<u>\$ 16,721,149</u>	<u>\$ 16,721,149</u>	<u>\$ 16,943,977</u>	<u>\$ 222,828</u>

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

DOUGHERTY COUNTY, GEORGIA

SPECIAL TAX DISTRICT STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON GAAP) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 4,309,960	\$ 4,309,960	\$ 4,355,933	\$ 45,973
Other taxes	1,315,000	1,315,000	1,389,583	74,583
Licenses and permits	359,000	359,000	437,924	78,924
Charges for services	-	-	1,133	1,133
Interest income	1,200	1,200	91,392	90,192
Miscellaneous	634,139	634,139	78,187	(555,952)
Total revenues	6,619,299	6,619,299	6,354,152	(265,147)
Expenditures:				
Current:				
General government:				
Administrative	115,000	115,000	103,266	11,734
Total general government	115,000	115,000	103,266	11,734
Public safety:				
County police	3,128,387	3,128,387	3,141,199	(12,812)
Fire protection	2,617,933	2,617,933	2,611,933	6,000
Animal control	85,780	85,780	39,630	46,150
Total public safety	5,832,100	5,832,100	5,792,762	39,338
Public works:				
Street lighting and utilities	74,000	74,000	85,613	(11,613)
Total public works	74,000	74,000	85,613	(11,613)
Culture and recreation:				
Recreation	150,000	150,000	172,218	(22,218)
Total culture and recreation	150,000	150,000	172,218	(22,218)
Housing and development:				
Planning and development	448,199	448,199	448,199	-
Total housing and development	448,199	448,199	448,199	-
Total expenditures	6,619,299	6,619,299	6,602,058	17,241
Deficiency of revenues under expenditures	-	-	(247,906)	(247,906)

(Continued)

DOUGHERTY COUNTY, GEORGIA

**SPECIAL TAX DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON GAAP) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Other financing sources:				
Proceeds from sale of assets	\$ -	\$ -	\$ 17,365	\$ 17,365
Total other financing sources	<u>-</u>	<u>-</u>	<u>17,365</u>	<u>17,365</u>
Net change in fund balances	-	-	(230,541)	(230,541)
Fund balance, beginning of year	<u>1,644,580</u>	<u>1,644,580</u>	<u>1,644,580</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,644,580</u>	<u>\$ 1,644,580</u>	<u>\$ 1,414,039</u>	<u>\$ (230,541)</u>

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

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF NET ASSETS PROPRIETARY FUNDS

JUNE 30, 2007

	Major Enterprise Fund	Internal Service Fund
	Solid Waste Fund	Workers' Compensation Fund
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 414,234	\$ 11,900
Investments	5,021,843	3,801
Accounts receivable, net of allowances	415,952	246,356
Due from other governments	1,019	-
Inventories	22,147	-
Total current assets	5,875,195	262,057
NONCURRENT ASSETS		
Capital assets:		
Nondepreciable	2,133,421	-
Depreciable, net of accumulated depreciation	8,927,324	-
Total noncurrent assets	11,060,745	-
Total assets	16,935,940	262,057
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	51,770	94,632
Accrued expenses	7,243	-
Due to other funds	388,393	-
Current portion - compensated absences	30,758	-
Total current liabilities	478,164	94,632
LONG-TERM LIABILITIES		
Compensated absences, net of current portion	64,400	-
Accrued landfill closure/postclosure care costs	4,804,061	-
Total long-term liabilities	4,868,461	-
Total liabilities	5,346,625	94,632
NET ASSETS		
Invested in capital assets	11,060,745	-
Unrestricted	528,570	167,425
Total net assets	\$ 11,589,315	\$ 167,425

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

DOUGHERTY COUNTY, GEORGIA

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	Major Enterprise Fund	Internal Service Fund
	Solid Waste Fund	Workers' Compensation Fund
OPERATING REVENUES		
Charges for services	\$ 2,941,966	\$ 904,736
Miscellaneous	75,967	367,232
Total operating revenues	3,017,933	1,271,968
OPERATING EXPENSES		
Salaries and benefits	758,156	-
Cost of sales and services	656,201	196,137
Supplies	636,139	-
Claims	-	716,665
Insurance	-	63,082
Depreciation	785,246	-
Total operating expenses	2,835,742	975,884
Operating income	182,191	296,084
NONOPERATING INCOME		
Interest income	276,226	272
Gain on sale of assets	441,806	-
Total nonoperating income	718,032	272
Change in net assets	900,223	296,356
NET ASSETS, beginning of year, as restated	10,689,092	(128,931)
NET ASSETS, end of year	\$ 11,589,315	\$ 167,425

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, 2007

	Major Enterprise Fund	Internal Service Fund
	Solid Waste Fund	Workers' Compensation Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 3,262,799	\$ 975,972
Payments to suppliers	(945,960)	(1,013,793)
Payments to employees	(850,478)	-
Net cash provided by (used in) operating activities	1,466,361	(37,821)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(1,744,025)	-
Proceeds from sale of capital assets	441,806	-
Net cash used in capital and related financing activities	(1,302,219)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(215,493)	(196)
Interest on investments	276,226	272
Net cash provided by investing activities	60,733	76
Net increase (decrease) in cash and cash equivalents	224,875	(37,745)
Cash and cash equivalents:		
Beginning of year	189,359	49,645
End of year	\$ 414,234	\$ 11,900
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income	\$ 182,191	\$ 296,084
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation expense	785,246	-
Landfill closure/postclosure care expense	301,590	-
(Increase) decrease in accounts receivable	9,728	(245,357)
Decrease in due from other governments	13,231	-
Increase in inventory	(6,980)	-
Increase (decrease) in accounts payable	51,770	(37,909)
Decrease in accrued expenses	(95,163)	-
Increase (decrease) in due to other funds	221,907	(50,639)
Increase in compensated absences	2,841	-
Net cash provided by (used in) operating activities	\$ 1,466,361	\$ (37,821)

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

DOUGHERTY COUNTY, GEORGIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007

ASSETS	Agency Funds	Employee Retirement Plan
Cash	\$ 2,639,055	\$ 2,265,649
Investments, at fair value:		
U.S. Government securities	-	5,886,041
Corporate bonds	-	6,748,009
Common stock	-	17,913,357
Accounts receivable	3,674	29,310
Taxes receivable	1,935,257	-
Prepaid expenses	-	30,713
Total assets	\$ 4,577,986	\$ 32,873,079
LIABILITIES		
Due to others	\$ 2,642,729	\$ -
Uncollected taxes	1,935,257	-
Total liabilities	4,577,986	-
NET ASSETS		
Held in trust for pension benefits	\$ -	\$ 32,873,079

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

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

ADDITIONS	Employee Retirement Plan
Contributions:	
Employer	\$ 2,263,993
Insurance proceeds	81,743
Total contributions	<u>2,345,736</u>
Investment earnings	
Net increase in fair value of investments	4,077,237
Less investment expenses	<u>243,002</u>
Net investment earnings	<u>3,834,235</u>
 Total additions	 <u>6,179,971</u>
 DEDUCTIONS	
Benefits	1,408,471
Administrative expenses	<u>58,021</u>
 Total deductions	 <u>1,466,492</u>
 Change in net assets	 4,713,479
 NET ASSETS, BEGINNING OF YEAR	 <u>28,159,600</u>
 NET ASSETS, END OF YEAR	 <u>\$ 32,873,079</u>

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

DOUGHERTY COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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. In conformity with accounting principles generally accepted in the United States of America, as set forth in Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity", the financial statements of the component unit are discretely presented in the government-wide financial statements.

Discretely Presented Component Units

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 assets and the statement of changes in net assets) 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 Tax District Fund** is used to account for the receipts and expenditures of additional taxes from unincorporated areas to pay for police and fire protection.

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

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 ***internal service fund*** accounts for a self-insured program for workers' compensation. The Fund was created to accommodate the payment of claims and administrative expenses for the self-insured program.

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.

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

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

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

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.

Cash in excess of current requirements is invested in the State of Georgia's Local Government Investment Pool (Georgia Fund 1). Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAM rated money market funds and is regulated by the Georgia Office of Treasury and Fiscal Services. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings net of management fees on a monthly basis and determines participants' shares sold and redeemed based on \$1.00 per share.

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 assets. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide statement of net assets 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

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.

G. Capital Assets

Capital assets, which include property, 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 after 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.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method, which is not materially different from the effective interest method.

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. 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 is 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.

J. Fund Equity

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

K. 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 assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. 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 \$18,117,287 difference are as follows:

Capital leases	\$ (10,765,000)
Accrued interest	(24,395)
Certificates of participation	(4,333,000)
Compensated absences	<u>(2,994,892)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$ (18,117,287)</u></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 assets 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 \$2,552,940 difference are as follows:

Capital outlay	\$ 2,551,910
Depreciation expense	<u>(5,104,850)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ (2,552,940)</u></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 the reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.” The details of this \$37,221 difference are as follows:

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	\$ 193,075
In the statement of activities, only the <i>gain</i> on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.	<u>(155,854)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 37,221</u>

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 \$261,669 difference are as follows:

Compensated absences	\$ 333,125
Net pension asset	(72,750)
Accrued interest	<u>1,294</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 261,669</u>

Another element of that reconciliation explains that “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$547,212 difference are as follows:

Deferred tax revenue	\$ (738,327)
Deferred lease revenue	<u>191,115</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (547,212)</u>

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 cash basis of accounting is used in preparing the budgets of all budgeted funds. The cash 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 not employed by Dougherty County.

Budget to GAAP Reconciliation

All budgets are adopted on a cash basis. The Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for the General and major special revenue funds have been prepared on the basis described above.

The following schedule reconciles the excess of revenues and other sources over (under) expenditures and other uses with amounts presented on the budget basis for the General Fund and major special revenue fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Budget to GAAP Reconciliation (Continued)

	General Fund	Special Tax District
Budgetary basis - excess revenues and other financing sources over (under) expenditures	\$ 222,828	\$ (230,541)
Add: Current year taxes receivable, net of allowance	543,857	35,029
Add: Current year accounts receivable	2,481,655	74,174
Add: Accounts payable and accrued expenses applicable to prior year	2,343,818	106,812
Add: Deferred tax revenue applicable to prior year	228,424	-
Deduct: Taxes receivable applicable to prior year, net of allowance	(347,933)	(37,668)
Deduct: Accounts receivable applicable to prior year	(2,844,202)	(108,138)
Deduct: Current year accounts payable and accrued expenses	(1,249,814)	(37,663)
Deduct: Current year deferred tax revenue	(419,539)	-
Generally accepted accounting principles basis - excess revenues and other financing sources over (under) expenditures	\$ 959,094	\$ (197,995)
Budgetary basis - fund balance, ending	\$ 16,943,977	\$ 1,414,039
Add: Current year taxes receivable, net of allowance	543,857	35,029
Add: Current year accounts receivable	2,481,655	74,174
Deduct: Current year accounts payable and accrued expenses	(1,249,814)	(37,663)
Deduct: Current year deferred tax revenue	(419,539)	-
Generally accepted accounting principles basis - fund balance, ending	\$ 18,300,136	\$ 1,485,579

NOTES TO FINANCIAL STATEMENTS

NOTE 3. BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Excess of Expenditures over Appropriations

For the year ended June 30, 2007, expenditures exceeded budget, as follows:

<u>Department</u>	<u>Excess</u>
General Fund:	
Administrative and legislative	\$ 36,582
Auditing	2,505
Human resources	81,601
Mail and security system	27,364
Tax and tag collections	118,512
Clerk of courts	57,355
District attorney	28,268
Probate court	8,023
Superior court	21,375
Coroner	16,167
Drug squad	1,884
Emergency medical services	144,541
Environmental control	44,556
Sheriff's department	306,396
Engineering	28,808
Health services	392,067
Small and disadvantaged business	3,792
Special Tax District Fund:	
County police	12,812
Street lighting and utilities	11,613
Recreation	22,218

These overexpenditures were funded by greater than anticipated revenues and underexpenditures in other departments in the case of the General Fund and by greater than anticipated revenues in the case of the Special Tax District Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

At June 30, 2007, the County had the following investments

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>					<u>Rating</u>
		<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>11 - 15</u>	<u>16-20</u>	
Government bonds	\$ 5,886,041	\$ -	\$ 3,329,816	\$ 1,685,054	\$ 579,172	\$ 291,999	AAA
Common stock	17,913,357	N/A	-	-	-	-	N/A
Corporate bonds	788,070	316,696	-	471,374	-	-	AAA
Corporate bonds	463,733	-	-	463,733	-	-	AA+
Corporate bonds	1,618,583	177,285	980,304	460,994	-	-	AA
Corporate bonds	934,497	-	654,112	280,385	-	-	AA-
Corporate bonds	666,316	258,443	262,245	145,628	-	-	A+
Corporate bonds	1,316,885	211,643	961,117	144,125	-	-	A
Corporate bonds	170,838	-	155,458	15,380	-	-	A-
Corporate bonds	449,573	143,991	167,307	138,275	-	-	BBB+
Corporate bonds	217,544	-	-	217,544	-	-	BBB
Corporate bonds	121,970	-	-	121,971	-	-	BBB-
Certificates of deposit	232,183	232,183	-	-	-	-	N/A
Guaranteed Inv. Contract	4,195,292	-	-	-	-	4,195,292	AA-
Georgia Fund 1	44,872,108	44,872,108	-	-	-	-	AAA
Total fair value	\$ 79,846,990	\$ 46,212,349	\$ 6,510,359	\$ 4,144,463	\$ 579,172	\$ 4,487,291	

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

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 banker's 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. 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, 2007, the County had no uncollateralized deposits.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

Receivables at June 30, 2007, for the County's individual major and nonmajor funds in the aggregate are as follows:

	General	Special Tax District	DHR Building Lease Fund	2005 Sales Tax
Receivables:				
Taxes	\$ 811,727	\$ 52,282	\$ -	\$ 1,088,008
Accounts	2,586,257	67,333	-	432
Notes	-	-	10,508,609	-
Gross receivables	3,397,984	119,615	10,508,609	1,088,440
Less allowance for uncollectibles	(1,955,449)	(17,253)	-	-
Net receivables	\$ 1,442,535	\$ 102,362	\$ 10,508,609	\$ 1,088,440

	General	Special Tax District	Nonmajor and Other Funds	Total
Receivables:				
Taxes	\$ -	\$ -	\$ -	\$ 1,952,017
Accounts	4,601	523,789	264,544	3,446,956
Notes	-	-	-	10,508,609
Gross receivables	4,601	523,789	264,544	15,907,582
Less allowance for uncollectibles	-	(107,837)	-	(2,080,539)
Net receivables	\$ 4,601	\$ 415,952	\$ 264,544	\$ 13,827,043

Property taxes were levied on July 16, 2006. Bills are payable on or before December 20, 2006, 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 2006 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended June 30, 2007, and collected by August 31, 2007, are recognized as revenues in the year ended June 30, 2007. Net receivables estimated to be collected subsequent to August 31, 2007 are recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually. Property taxes attached as an enforceable lien on property as of January 1, 2007.

Notes receivable of \$10,508,609 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

A. Primary Government

Capital asset activity for the year ended June 30, 2007, was as follows:

	Balance	Increases	Decreases	Transfers	Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ 33,832,307	\$ 339,058	\$ -	\$ -	\$ 34,171,365
Construction in progress	2,422,873	710,866	-	(782,395)	2,351,344
Total capital assets, not being depreciated	36,255,180	1,049,924	-	(782,395)	36,522,709
Capital assets, being depreciated:					
Buildings	83,716,504	-	-	782,395	84,498,899
Infrastructure	77,507,795	193,075	(63,907)	-	77,636,963
Vehicles	8,475,338	1,268,327	(688,681)	(58,912)	8,996,072
Equipment	2,895,393	233,659	(42,123)	33,000	3,119,929
Total capital assets, being depreciated	172,595,030	1,695,061	(794,711)	756,483	174,251,863
Less accumulated depreciation for:					
Buildings	(11,930,801)	(1,458,333)	-	-	(13,389,134)
Infrastructure	(40,294,687)	(2,297,651)	-	-	(42,592,338)
Vehicles	(3,483,546)	(843,054)	575,744	16,130	(3,734,726)
Equipment	(1,690,212)	(505,812)	72,895	-	(2,123,129)
Total accumulated depreciation	(57,399,246)	(5,104,850)	648,639	16,130	(61,839,327)
Total capital assets, being depreciated, net	115,195,784	(3,409,789)	(146,072)	772,613	112,412,536
Governmental activities capital assets, net	\$ 151,450,964	\$ (2,359,865)	\$ (146,072)	\$ (9,782)	\$ 148,935,245

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

Governmental activities:	
General government	\$ 1,202,393
Judicial	180,257
Public safety	1,181,464
Public works	1,942,595
Health and welfare	142,664
Culture and recreation	422,504
Housing and development	32,973
Total depreciation expense - governmental activities	\$ 5,104,850

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type Activities:					
Capital assets, not being depreciated:					
Land	\$ 2,064,045	\$ -	\$ -	\$ -	\$ 2,064,045
Construction in progress	-	69,376	-	-	69,376
Total capital assets, not being depreciated	<u>2,064,045</u>	<u>69,376</u>	<u>-</u>	<u>-</u>	<u>2,133,421</u>
Capital assets, being depreciated:					
Building and improvements	11,119,471	11,092	-	-	11,130,563
Equipment and vehicles	3,776,235	1,653,775	(1,059,510)	25,912	4,396,412
Total	<u>14,895,706</u>	<u>1,664,867</u>	<u>(1,059,510)</u>	<u>25,912</u>	<u>15,526,975</u>
Less accumulated depreciation for:					
Building and improvements	(4,179,182)	(332,313)	-	-	(4,511,495)
Equipment and vehicles	(2,678,603)	(452,933)	1,059,510	(16,130)	(2,088,156)
Total	<u>(6,857,785)</u>	<u>(785,246)</u>	<u>1,059,510</u>	<u>(16,130)</u>	<u>(6,599,651)</u>
Total capital assets, being depreciated, net	<u>8,037,921</u>	<u>879,621</u>	<u>-</u>	<u>9,782</u>	<u>8,927,324</u>
Business-type activities capital assets, net	<u>\$ 10,101,966</u>	<u>\$ 948,997</u>	<u>\$ -</u>	<u>\$ 9,782</u>	<u>\$ 11,060,745</u>

B. Discretely Presented Component Unit – Department of Public Health

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Machinery and equipment	\$ 347,648	\$ -	\$ -	\$ 347,648
Total capital assets, being depreciated	<u>347,648</u>	<u>-</u>	<u>-</u>	<u>347,648</u>
Less accumulated depreciation for:				
Machinery and equipment	(252,232)	(35,578)	-	(287,810)
Total accumulated depreciation	<u>(252,232)</u>	<u>(35,578)</u>	<u>-</u>	<u>(287,810)</u>
Total capital assets, net	<u>\$ 95,416</u>	<u>\$ (35,578)</u>	<u>\$ -</u>	<u>\$ 59,838</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the year ended June 30, 2007:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Capital leases payable	\$ 11,565,000	\$ -	\$ (800,000)	\$ 10,765,000	\$ 865,000
Certificates of participation	4,333,000	-	-	4,333,000	-
Compensated absences	3,328,016	2,458,168	(2,791,292)	2,994,892	892,803
Governmental activities long-term liabilities	<u>\$ 19,226,016</u>	<u>\$ 2,458,168</u>	<u>\$ (3,591,292)</u>	<u>\$ 18,092,892</u>	<u>\$ 1,757,803</u>
Business-type activities:					
Landfill closure/ postclosure cost	\$ 4,502,471	\$ 301,590	\$ -	\$ 4,804,061	\$ -
Compensated absences	92,317	75,699	(72,858)	95,158	30,758
Business-type activities long-term liabilities	<u>\$ 4,594,788</u>	<u>\$ 377,289</u>	<u>\$ (72,858)</u>	<u>\$ 4,899,219</u>	<u>\$ 30,758</u>

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.

Capital Leases. The County has entered into a lease agreement as lessee for a building with a purchase price of \$14,720,000. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2007, were as follows:

<u>Year ending June 30,</u>	<u>Governmental Activities</u>
2008	\$ 1,428,669
2009	1,457,623
2010	1,482,028
2011	1,516,355
2012	1,539,942
2013-2016	<u>6,304,750</u>
Total minimum lease payments	13,729,367
Less: amount representing interest	<u>(2,964,367)</u>
Present value minimum lease payments	<u>\$ 10,765,000</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

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 governments with the County 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. The principal of \$4,333,000 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. Annual Debt Service requirements are as follows:

	Principal	Interest	Total
Fiscal Year Ending June 30,			
2008	\$ -	\$ 205,818	\$ 205,818
2009	-	205,818	205,818
2010	-	205,818	205,818
2011	-	205,818	205,818
2012	-	205,818	205,818
2013 - 2017	-	1,029,088	1,029,088
2018 - 2022	-	1,029,088	1,029,088
2023 - 2027	-	1,029,088	1,029,088
2028	4,333,000	205,818	4,538,818
Total capital assets, net	\$ 4,333,000	\$ 4,322,172	\$ 8,655,172

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 \$4,804,061 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 \$9,523,361 will be recognized on a pro rata basis as the remaining estimated capacity of 6,553,496 cubic yards of useable space is filled. Approximately 50% of the landfill's capacity has been used to date, and the County expects the landfill to close in 2017. All amounts recognized are based on what it would cost to perform all closure and postclosure care in 2007. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Landfill closure and postclosure care costs (Continued). 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.

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2007, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Special Tax District Fund	\$ 88,956
General Fund	2005 One Percent Sales Tax Fund	12,983
General Fund	Solid Waste Fund	388,393
General Fund	Nonmajor Governmental Funds	365,263
Capital Improvement Fund	General Fund	7,488
Nonmajor Governmental Funds	2005 One Percent Sales Tax Fund	1,898,169
		\$ 2,761,252

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.

NOTE 9. DEFINED BENEFIT PENSION PLAN

Plan Description

The Dougherty County Retirement Plan (the DCRP) is a single employer defined benefit pension plan administered by Silverstone Group, Inc. Pension assets are invested in A.G. Edwards Trust Collective Funds. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

All employees who are employed on a basis to work 1,000 hours or more per year, and who, as of the plan anniversary date have been employed for six months or longer, are eligible to participate in the plan. Participant's 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 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 value.

Participant Data

At July 1, 2007, the date of the most recent actuarial valuation, there were 839 participants as follows:

Active participants	610
Retirees and beneficiaries	139
Vested terminated	90
	<u>839</u>

Funding Policy

The County is required to contribute an actuarially determined amount annually to the DCRP. The current contribution rate is 5.4% of annual covered payroll. The contribution requirements are established and may be amended by the Dougherty County Board of Commissioners. Plan participants are not required to contribute to the plan.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Annual Pension Cost and Net Pension Obligation

The County's annual pension cost and net pension obligation for the pension plan for the current year is as follows:

	July 1, 2006	July 1, 2007
<u>Derivation of Annual Pension Cost</u>		
Annual Required Contribution	\$ 2,336,743	\$ 1,919,838
Interest on Net Pension Obligation	-	-
Amortization of Net Pension Obligation	-	-
Annual Pension Cost	\$ 2,336,743	\$ 1,919,838

Derivation of Net Pension Obligation

Annual Pension Cost for Fiscal Year 2007	\$ 2,336,743
Actual Contributions to Plan for Fiscal Year 2007	2,263,993
Increase (Decrease) in Net Pension Obligation	72,750
Net Pension Obligation (Asset) as of June 30, 2006	(84,196)
Net Pension Obligation (Asset) as of June 30, 2007	\$ (11,446)

The annual required contribution for the current year was determined as part of the July 1, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions include the following:

Annual Return on Invested Plan Assets	8.0%
Projected Annual Salary Increases	4.0%
Expected Annual Inflation	3.5%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Entry Age Normal
Amortization Method	Level Percent of Pay (Closed)
Remaining Amortization Period	15

Three year trend information for the Dougherty County Retirement Plan is as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/05	\$ 1,818,783	100 %	\$ -
6/30/06	2,005,392	104	(84,196)
6/30/07	2,336,743	97	(11,446)

NOTES TO FINANCIAL STATEMENTS

NOTE 10. 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, health, property and liability, unemployment and disability insurance programs of the County. The County does retain 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.

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

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Unpaid claims, beginning of fiscal year	\$ 88,829	\$ 106,477
Incurred claims and changes in estimates	716,665	666,531
Claim payments	(710,862)	(684,179)
Unpaid claims, end of fiscal year	<u>\$ 94,632</u>	<u>\$ 88,829</u>

NOTE 11. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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.

Construction:

As of June 30, 2007, the County has the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date Of Completion</u>
USGS Contract Phase III - Flood Improvements	\$ 33,333	June 30, 2008
Albany Riverwalk Multi-purpose Facility	34,990	February 28, 2008
Gillionville Rd Phase II Widening Right-of-Way	680,188	February 28, 2008
Radium Springs Master Plan	7,500	January 31, 2008
Criminal Justice Integrated System	38,740	September 30, 2009
ERP System	944,880	June 30, 2008
	<u>\$ 1,739,631</u>	

NOTE 12. 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 Development Center (RDC) and is required to pay annual dues thereto. During the year ended June 30, 2007, the County paid \$47,362 in such dues. Membership in the RDC 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 RDC 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 development commission. Separate financial statements may be obtained from:

Southwest Georgia Regional Development Center
30 West Broad Street
Camilla, Georgia 31730

NOTES TO FINANCIAL STATEMENTS

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS

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 29 hours per week
- Unclassified – Elected or appointed officials

An individual must be 55 with 15 years of service in order to be eligible for these benefits. Employer and employee obligations to contribute are as follows:

	Eligible Participants	County	Retiree
Health insurance	19	50%	50%
Dental insurance	21	-	100%
Life insurance	31	75%	25%

The County Commissioners adopted, by resolution, a health plan document (known as the Public Employees' 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. The fiscal year 2007 costs of the aforementioned benefits were as follows:

	County	Retiree
Health insurance	82,908	82,908
Dental insurance	-	4,536
Life insurance	3,819	1,273

NOTES TO FINANCIAL STATEMENTS

NOTE 14. PRIOR PERIOD ADJUSTMENTS/RESTATEMENTS

The County has determined the need for a variety of prior period adjustments resulting in a restatement of entity-wide governmental and business-type net assets, fund balance of governmental funds, and enterprise fund net assets. The following attempts to explain the nature and amount of such restatements:

<u>Governmental Funds</u>	<u>General Fund</u>	<u>Special Tax District Fund</u>	<u>Capital Improvements Fund</u>
Fund balance as of June 30, 2006, as previously reported	\$ 16,424,251	\$ 1,601,792	\$ 3,645,495
Investments related to 1998 GMA Lease Pool	-	-	4,166,827
Accrued compensated absences	916,791	81,782	-
Effect on prior year operating statements	916,791	81,782	4,166,827
Fund balance as of June 30, 2007, as restated	<u>\$ 17,341,042</u>	<u>\$ 1,683,574</u>	<u>\$ 7,812,322</u>
	<u>Solid Waste Management Fund</u>		
	<u>Enterprise Funds</u>		
Net assets as of June 30, 2006, as previously reported	\$ 10,632,128		
Landfill closure/postclosure care costs	(1,333,836)		
Recording of capital assets	1,390,800		
Effect on prior year operating statement	56,964		
Net assets as of June 30, 2007, as restated	<u>\$ 10,689,092</u>		

NOTES TO FINANCIAL STATEMENTS

NOTE 14. PRIOR PERIOD ADJUSTMENTS/RESTATEMENTS (CONTINUED)

<u>Government-Wide</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net assets as of June 30, 2006, as previously reported	\$ 169,599,458	\$ 10,632,128
Landfill closure/postclosure care costs	-	(1,333,836)
Investments related to 1998 GMA Lease Pool	4,166,827	-
1998 GMA certificates of participation	(4,333,000)	-
Recording of capital assets	<u>20,286,381</u>	<u>1,390,800</u>
Effect on prior year operating statements	<u>20,120,208</u>	<u>56,964</u>
Net assets as of June 30, 2007, as restated	<u>\$ 189,719,666</u>	<u>\$ 10,689,092</u>

To further explain the above restatements, the following thoughts are provided:

Investments Related to the Georgia Municipal Association (GMA) Lease Pool. The County is a participant in the GMA 1998 Lease Pool. As a participant, the County elected to record a restatement relative to the June 30, 2006 financial report to include amounts as investments in the Capital Improvements Fund.

Certificates of Participation Related to the Georgia Municipal Association (GMA) Lease Pool. The County is a participant in the GMA 1998 Lease Pool. As a participant, the County elected to record a restatement relative to the June 30, 2006 financial report to include the County's share of the certificates of participation liability at the government wide level.

Recording of Compensated Absences. The County accrued liabilities for compensated absences in the General and Special Tax District funds as of June 30, 2006. Under modified accrual accounting, expenditures and liabilities related to compensated absences should not be recognized at the fund level unless they have matured, for example, as a result of employee resignations or retirements. The County elected to record a restatement to properly reflect the liability as of June 30, 2006.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. PRIOR PERIOD ADJUSTMENTS/RESTATEMENTS (CONTINUED)

Landfill Closure/Postclosure Care Costs. The Governmental Accounting Standards Board (GASB) issued *Statement No. 18, Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs* in August of 1993. This pronouncement applies to all governmental entities that are required by federal, state, or local laws or regulations to incur closure and postclosure care costs associated with the operation of a landfill. This pronouncement requires a governmental entity with landfill operations to calculate and accrue the closure and postclosure care costs incurred to date based on the total expected costs to fulfill such obligations prorated for the usage to date of the landfill against the expected total usage available of the landfill. As of June 30, 2006, complete recognition of this pronouncement has been recorded and recognized in net assets, and provision has been made to accrue the appropriate and prorated amount of a liability associated with this operation.

Recording of Capital Assets. The County noted numerous instances of errors related to capital assets of governmental activities and the Solid Waste Fund. These errors caused a variety of asset overstatements and understatements relative to the carrying value of capital assets. Such errors ranged from not recording fixed assets to improperly recording fixed assets to not properly calculating depreciation and accumulated depreciation. The County determined several adjustments to capital assets and accumulated depreciation were required to appropriately reflect capital assets of governmental activities and business type activities as of June 30, 2006.

REQUIRED SUPPLEMENTARY INFORMATION

DEFINED BENEFIT RETIREMENT PLAN SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability - Early Age	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
7/1/2007	\$ 32,873,079	\$ 36,728,212	\$ 3,855,133	89.50 %	\$ 20,887,975	18.46 %
7/1/2006	25,472,059	34,288,994	8,816,935	74.29	19,994,407	44.10
7/1/2005	23,546,191	30,580,325	7,034,134	77.00	20,156,466	34.90
7/1/2004	22,316,874	28,060,084	5,743,210	79.53	20,763,379	27.66
7/1/2003	20,791,636	25,963,040	5,171,404	80.08	19,214,886	26.91
7/1/2002	20,049,570	23,856,008	3,806,438	84.04	19,424,063	19.60

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Plan Year	(1) Annual Required Contribution	(2) Total Employer Contribution	(3) Total Employee Contribution	(4) Total Contribution (2) + (3)	Percentage of ARC Contributed (4) + (1)
2006	\$ 2,336,743	\$ 2,263,993	\$ -	\$ 2,263,993	97 %
2005	2,005,392	2,089,588	58,348	2,147,936	107
2004	1,818,783	1,818,783	-	1,818,783	100
2003	1,700,005	1,700,005	-	1,700,005	100
2002	1,569,278	1,569,278	-	1,569,278	100
2001	1,286,654	1,286,654	-	1,286,654	100
2000	1,000,697	1,000,697	-	1,000,697	100
1999	1,025,170	1,025,170	-	1,025,170	100

Notes to the Schedule of Employer Contributions

1. The cost method used to determine the Annual Required Contribution is the Entry Age Normal Cost Method.
2. Economic assumptions are as follows: Investments return – 8.0% per year; and Salary Scale – 4.0% per year.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Confiscated Assets Fund is used to account for confiscated assets awarded to the County to be spent on law enforcement 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 will be used 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 used to acquire and maintain library materials.

Capital Projects Funds

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.

One Percent Sales Tax – Road Projects Fund is used to account for road projects financed by a special purpose sales and use tax.

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, 2007**

	Special Revenue			
	Confiscated Assets	Grant	Lease Commercial Property	Law Library
Cash and cash equivalents	\$ 547,261	\$ 184,672	\$ 162,572	\$ 128,334
Investments	-	-	-	211,809
Accounts receivable	-	14,268	3,626	204
Due from other funds	-	-	-	-
Due from other governments	4,505	127,297	-	-
Total assets	\$ 551,766	\$ 326,237	\$ 166,198	\$ 340,347
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 8,058	\$ 6,156	\$ 216	\$ -
Accrued expenses	-	3,479	-	-
Due to other funds	726	277,527	60,382	11,985
Deferred revenue	-	1,028	-	-
Total liabilities	8,784	288,190	60,598	11,985
FUND BALANCES				
Reserved for:				
Capital projects	-	-	-	-
Unreserved, undesignated	542,982	38,047	105,600	328,362
Total fund balances	542,982	38,047	105,600	328,362
Total liabilities and fund balances	\$ 551,766	\$ 326,237	\$ 166,198	\$ 340,347

Capital Projects

1995 One Percent Sales Tax	One Percent Sales Tax - Road Projects	1990 One Percent Sales Tax	2000 One Percent Sales Tax	Total
\$ 112	\$ 1,460	\$ 354	\$ 676	\$ 1,025,441
3,764,355	385,302	1,061,838	2,825,963	8,249,267
-	-	-	100	18,198
-	-	-	1,898,169	1,898,169
-	-	-	-	131,802
<u>\$ 3,764,467</u>	<u>\$ 386,762</u>	<u>\$ 1,062,192</u>	<u>\$ 4,724,908</u>	<u>\$ 11,322,877</u>
\$ 20,634	\$ -	\$ 11,620	\$ 123,266	\$ 169,950
-	-	-	-	3,479
14,643	-	-	-	365,263
-	-	-	-	1,028
<u>35,277</u>	<u>-</u>	<u>11,620</u>	<u>123,266</u>	<u>539,720</u>
3,729,190	386,762	1,050,572	4,601,642	9,768,166
-	-	-	-	1,014,991
<u>3,729,190</u>	<u>386,762</u>	<u>1,050,572</u>	<u>4,601,642</u>	<u>10,783,157</u>
<u>\$ 3,764,467</u>	<u>\$ 386,762</u>	<u>\$ 1,062,192</u>	<u>\$ 4,724,908</u>	<u>\$ 11,322,877</u>

DOUGHERTY COUNTY, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	Special Revenue			
	Confiscated Assets	Grant	Lease Commercial Property	Law Library
Revenues:				
Intergovernmental	\$ -	\$ 923,662	\$ -	\$ -
Fines and forfeitures	414,498	-	-	161,760
Interest income	18,850	11,310	814	8,889
Other revenues	-	-	50,027	1,819
Total revenues	433,348	934,972	50,841	172,468
Expenditures:				
Current:				
General government	-	4,455	-	-
Judicial	-	208,818	-	172,439
Public safety	192,147	589,410	-	-
Public works	-	91,014	-	-
Health and welfare	-	456	-	-
Culture and recreation	-	31,727	-	-
Housing and development	-	217,869	76,942	-
Capital outlay	-	-	-	-
Total expenditures	192,147	1,143,749	76,942	172,439
Net change in fund balances	241,201	(208,777)	(26,101)	29
Fund balances, beginning of year	301,781	246,824	131,701	328,333
Fund balances, end of year	\$ 542,982	\$ 38,047	\$ 105,600	\$ 328,362

Capital Projects

1995 One Percent Sales Tax	One Percent Sales Tax - Road Projects	1990 One Percent Sales Tax	2000 One Percent Sales Tax	Total
\$ -	\$ -	\$ -	\$ -	\$ 923,662
-	-	-	-	576,258
245,275	19,364	61,701	204,728	570,931
-	-	-	105,302	157,148
<u>245,275</u>	<u>19,364</u>	<u>61,701</u>	<u>310,030</u>	<u>2,227,999</u>
-	-	-	-	4,455
-	-	-	-	381,257
-	-	-	-	781,557
-	-	-	-	91,014
-	-	-	-	456
-	-	-	-	31,727
-	-	-	-	294,811
<u>1,439,702</u>	-	<u>286,505</u>	<u>1,907,595</u>	<u>3,633,802</u>
<u>1,439,702</u>	-	<u>286,505</u>	<u>1,907,595</u>	<u>5,219,079</u>
(1,194,427)	19,364	(224,804)	(1,597,565)	(2,991,080)
<u>4,923,617</u>	<u>367,398</u>	<u>1,275,376</u>	<u>6,199,207</u>	<u>13,774,237</u>
<u>\$ 3,729,190</u>	<u>\$ 386,762</u>	<u>\$ 1,050,572</u>	<u>\$ 4,601,642</u>	<u>\$ 10,783,157</u>

DOUGHERTY COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
<u>1990 REFERENDUM</u>					
County Jail	\$ 31,379,437	\$ 31,285,885	\$ 30,964,267	\$ 169,159	\$ 31,133,426
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	1,415,929	117,346	1,533,275
Conference Center	4,700,000	5,157,565	2,728,390	-	2,728,390
Administrative	4,338,498	4,338,495	4,338,498	-	4,338,498
Totals	\$ 66,786,157	\$ 67,150,160	\$ 63,315,299	\$ 286,505	\$ 63,601,804
<u>1995 REFERENDUM</u>					
City Street & Road Projects	\$ 10,000,000	\$ 10,075,000	\$ 9,264,945	\$ 593,785	\$ 9,858,730
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	10,702,134	(22,165) *	10,679,969
Storm Drainage Improvements	15,200,000	15,123,948	12,567,929	720,843	13,288,772
Recycling Program	1,500,000	500,000	307,744	15,881	323,625
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	3,814,790	42,246	3,857,036
Emergency Operations Center	3,000,000	2,956,946	2,956,947	-	2,956,947
Downtown Improvements	2,500,000	8,213,104	7,819,119	48,776	7,867,895
Recreation Improvements	10,500,000	10,500,000	9,739,771	40,336	9,780,107
Agricultural Service Center	2,000,000	2,064,056	2,064,057	-	2,064,057
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	\$ 79,282,738	\$ 1,439,702	\$ 80,722,440

* Represents a refund received from project developer for prior year SPLOST expenditures.

DOUGHERTY COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
<u>2000 REFERENDUM</u>					
Administrative	\$ 1,175,227	\$ 8,612,153	\$ 8,091,413	\$ 106,534	\$ 8,197,947
Albany River Walk	6,000,000	6,405,000	6,038,020	249,187	6,287,207
Chehaw Park Improvements	700,000	700,000	658,100	22,511	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	6,474,677	-	6,474,677
City Traffic Safety	725,000	725,000	713,680	829	714,509
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	419,120	16,042	435,162
Central Square	15,300,000	15,306,177	15,306,178	-	15,306,178
Economic Development	8,013,679	6,463,679	4,806,316	60,882	4,867,198
County Animal Shelter	700,000	780,000	696,844	83,644	780,488
City Law Enforcement Center	14,500,000	14,500,000	14,149,089	148,555	14,297,644
Storm Drainage Improvements	11,000,000	4,187,173	3,637,172	(5,450) *	3,631,722
County Road Improvements	2,000,000	4,800,000	1,890,690	1,165,932	3,056,622
Public Safety GSP Building	500,000	536,179	536,179	-	536,179
City Fire Station	2,000,000	2,000,000	1,964,958	5,050	1,970,008
County Fire Equipment	500,000	500,000	469,679	-	469,679
Recreation Improvements	9,130,000	3,285,000	3,239,026	12,228	3,251,254
Albany First Tee Program	875,000	988,540	945,790	41,651	987,441
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	\$ 109,535,704	\$ 1,907,595	\$ 111,443,299

* Represents a refund received from project developer for prior year SPLOST expenditures.

DOUGHERTY COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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	\$ 380,950	\$ 129,638	\$ 510,588
Judicial Building Improvements	2,000,000	2,000,000	17,332	67,905	85,237
Mental Health Building Improvements	1,400,000	1,400,000	65,509	47,233	112,742
Public Health Building Improvements	700,000	700,000	-	72,040	72,040
DOCO Jail Facility Improvements	3,825,000	3,825,000	42,150	40,332	82,482
EMS Headquarter Improvements	2,000,000	2,000,000	10,926	319,811	330,737
New Library and Library Improvements	6,000,000	6,000,000	2,563,909	25,684	2,589,593
County Police Building Improvements	140,000	140,000	-	105,174	105,174
County Fire Station Improvements	100,000	100,000	-	5,890	5,890
S.R. 133 Road Widening Project	400,000	400,000	-	-	-
County Roads, Streets and Bridges	1,186,800	1,186,800	-	-	-
County Sewer Extensions	1,000,000	1,000,000	-	-	-
New Public Works Facility	700,000	700,000	-	-	-
Election Equipment	100,000	100,000	27,699	2,200	29,899
Radium Springs Improvements	2,500,000	2,500,000	29,751	24,475	54,226
Tennis Court Facility	2,700,000	2,700,000	-	-	-
Gillionville Road Widening	1,800,000	1,800,000	-	-	-
Criminal Justice Information System	4,000,000	4,000,000	-	22,545	22,545
I.T. Equipment and Software	2,440,000	2,440,000	156,036	223,702	379,738
Greenspace Acquisition	535,000	535,000	34,631	28,911	63,542
Mule Barn Presentation	500,000	500,000	74,794	74	74,868
Museum of Art Relocation	3,000,000	3,000,000	-	47	47
Flint Rivercenter	1,000,000	1,000,000	16,473	105,849	122,322
Albany-Dougherty Payroll Development	3,000,000	3,000,000	506,679	-	506,679
Riverfront Projects	100,000	100,000	-	9,184	9,184
Administrative	300,000	300,000	25,000	17,755	42,755
City of Albany Projects	65,873,200	65,873,200	13,649,013	10,779,646	24,428,659
Totals	\$ 108,300,000	\$ 108,300,000	\$ 17,600,852	\$ 12,028,095	\$ 29,628,947

AGENCY FUNDS

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

Tax Commissioner – Tag Department– This fund is used to account for all personal 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 BALANCE SHEET
AGENCY FUNDS
JUNE 30, 2007**

<u>ASSETS</u>	Tax Commissioner		Clerk of Courts	Probate Court	Magistrate Court
	Tax Department	Tag Department			
Cash	\$ 1,058,448	\$ 172,929	\$ 811,971	\$ 1,255	\$ 123,846
Accounts receivable	-	-	-	3,674	-
Taxes receivable	1,935,257	-	-	-	-
 Total assets	 <u>\$ 2,993,705</u>	 <u>\$ 172,929</u>	 <u>\$ 811,971</u>	 <u>\$ 4,929</u>	 <u>\$ 123,846</u>
 <u>LIABILITIES</u>					
Due to others	\$ 1,058,448	\$ 172,929	\$ 811,971	\$ 4,929	\$ 123,846
Uncollected taxes	1,935,257	-	-	-	-
 Total liabilities	 <u>\$ 2,993,705</u>	 <u>\$ 172,929</u>	 <u>\$ 811,971</u>	 <u>\$ 4,929</u>	 <u>\$ 123,846</u>

Juvenile Court	Sheriff	Drug Squad	Escrow	Total
\$ 597	\$ 342,444	\$ 31,340	\$ 96,225	\$ 2,639,055
-	-	-	-	3,674
-	-	-	-	1,935,257
<u>\$ 597</u>	<u>\$ 342,444</u>	<u>\$ 31,340</u>	<u>\$ 96,225</u>	<u>\$ 4,577,986</u>
\$ 597	\$ 342,444	\$ 31,340	\$ 96,225	\$ 2,642,729
-	-	-	-	1,935,257
<u>\$ 597</u>	<u>\$ 342,444</u>	<u>\$ 31,340</u>	<u>\$ 96,225</u>	<u>\$ 4,577,986</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 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 as of and for the year ended June 30, 2007, which collectively comprise Dougherty County, Georgia's basic financial statements, and have issued our report thereon dated December 27, 2007. We did not audit the financial statements of the Dougherty County Board of Health. Those financial statements were audited by other auditors whose reports have been furnished to us. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2007-1 through 2007-8 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2007-1 through 2007-5 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dougherty County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses as item 2007-9.

We also noted certain additional matters that we reported to the management of Dougherty County, Georgia in a separate letter dated December 27, 2007.

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

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

Mauldin & Jenkins, LLC

Macon, Georgia
December 27, 2007

DOUGHERTY COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2007

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting: Material weaknesses identified?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
Significant deficiencies identified not considered to be material weaknesses?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no

Federal Awards

There was not an audit of major federal award programs as of June 30, 2007 due to the total amount expended being less than \$500,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2007- 1. Taxes Receivable

Criteria: Generally accepted accounting principles require revenue to be recognized in the accounting period in which it becomes both measurable and available to finance expenditures of the current period.

Condition: The County did not properly record the year end property taxes receivable in the General Fund and Special Tax District Fund, or the special local option sales tax receivable in the 2005 One Percent Sales Tax Fund during the year ended June 30, 2007.

Context: We addressed this matter with County management, and they were able to determine the appropriate property taxes receivable and local option sales tax receivable that should be recorded as of June 30, 2007.

Effect: An audit adjustment to increase property tax revenues by \$124,318, increase property taxes receivable by \$811,727, increase deferred revenues by \$419,539, and increase the allowance for uncollectible taxes by \$267,870 was required to be reported in the General Fund. An adjustment to increase property tax revenues by \$35,029, increase property taxes receivable by \$52,282, and increase the allowance for uncollectible taxes by \$17,252 was required to be reported by the Special Tax District Fund as of June 30, 2007. In addition, an audit adjustment to increase taxes receivable by \$1,088,008 and to increase special local option sales tax revenue by the same amount was required to be reported by the 2005 One Percent Sales Tax Fund as of June 30, 2007.

DOUGHERTY COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2007

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2007- 1. Taxes Receivable (Continued)

Recommendation: We recommend the County begin recognizing and recording all necessary tax adjustments at the end of each financial reporting cycle.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will record all taxes receivable based on the above criteria.

2007- 2. Georgia Municipal Association 1998 Lease Pool

Criteria: Generally accepted accounting principles require the inclusion in financial statements of all cash and investments owned by the County.

Condition: The County is a participant in the Georgia Municipal Association (GMA) 1998 Lease Pool. The County is required to record all activities associated with this pool, including all: distributions to the County; payments by the County; investing activities (cash and investment balances); and, financing activities (the lease payable balances). The County had not recorded these activities.

Context: We noted the condition during the early stage of the audit process and worked with County staff to determine the need for a restatement (prior period adjustment) and a current year adjusting entry.

Effect: An audit adjustment to increase investments by \$4,195,292, increase opening fund balance by \$4,166,827, increase interest expense by \$223,149, and increase interest income by \$251,614 was required to be reported by the Capital Improvement Fund as of June 30, 2007. Additionally, a restatement of beginning net assets of governmental activities was necessary to accurately reflect the County's participation in the lease pool. The restatement increased certificates of participation by \$4,333,000, and decreased beginning net assets by the same amount.

Recommendation: We recommend the County review the GMA Lease Pool document and obtain an understanding of them in order to properly account for the activities.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will begin reporting the activities of the GMA lease pool as required.

DOUGHERTY COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2007

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2007- 3. Management of Capital Asset Accounts

Criteria: Generally accepted accounting principles generally require the reporting of all capital assets at their historical cost, which is written off periodically, or depreciated, in a systematic and rational manner. Assets donated by outside parties should also be reported, but at the estimated fair value on the date of the donation.

Condition: The County did not properly record depreciation of the Solid Waste Fund in accordance with generally accepted accounting principles prior to and during the fiscal year ended June 30, 2007. Additionally, the County did not properly record depreciation and capital asset activities prior to and during the fiscal year ended June 30, 2007.

Context: We noted this condition early in our audit process. We worked with County staff to determine the need for both restatements (prior period adjustments) and a current year adjusting entries.

Effect: An audit adjustment to decrease depreciation expense by \$30,548, increase opening net assets by \$1,390,800, and to decrease accumulated depreciation by \$1,421,348 was required to be reported within the Solid Waste Fund as of June 30, 2007. Additionally, a restatement of beginning of the year capital assets and net assets was required for governmental activities in the amount of \$20,286,381.

Recommendation: We recommend the County review all capital asset activity and depreciate assets in accordance with generally accepted accounting principles.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will review all capital asset activity and properly depreciate items based on generally accepted accounting principles.

2007- 4. Closure and Postclosure Care Cost

Criteria: The Governmental Accounting Standards Board (GASB) issued *Statement No. 18, Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs* in August of 1993. This pronouncement applies to all governmental entities that are required by federal, state, or local laws or regulations to incur closure and postclosure care costs associated with the operation of a landfill. This pronouncement requires a governmental entity with landfill operations to calculate and accrue the closure and postclosure care costs incurred to date based on the total expected costs to fulfill such obligations prorated for the usage to date of the landfill against the expected total usage available of the landfill.

DOUGHERTY COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2007

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2007- 4. Closure and Postclosure Care Cost (Continued)

Condition: As of the inception of our audit, the County was not following the pronouncement noted above.

Context: We noted this condition early in our audit process. We worked with County staff to determine the need for a restatement (prior period adjustment).

Effect: An audit adjustment to increase closure/postclosure liabilities by \$1,330,425, to decrease opening net assets by \$1,333,836, and to decrease related expenses by \$3,411 was required to be reported by the Solid Waste Fund as of June 30, 2007.

Recommendation: We recommend the County begin reviewing this calculation at least twice per year, and become significantly familiar with the provisions of GASB No.18.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will review all closure and postclosure care costs and make any necessary adjustments.

2007- 5. Compensated Absences

Criteria: The Governmental Accounting Standards Board (GASB) issued Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. In accordance with this interpretation, no expenditure or liability should be reported in governmental funds in connection with compensated absences until they are paid or due for payment.

Condition: As of the inception of our audit, the County was not following the interpretation noted above, and a liability for compensated absences was recorded in the General Fund and Special Tax District Fund.

Context: We noted this condition during our audit process. We worked with County staff to determine the need for a restatement (prior period adjustment).

Effect: A prior period adjustment to decrease liabilities and increase beginning of the year fund balance in the amount of \$916,791 was recorded in the General Fund. A prior period adjustment to decrease liabilities and increase beginning of the year fund balance in the amount of \$81,782 was recorded in the Special Tax District Fund.

DOUGHERTY COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2007

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2007- 5. Compensated Absences (Continued)

Recommendation: We recommend the County record a liability for compensated absences in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will only record liabilities for compensated absences when the above requirements are met.

2007- 6. Pension Trust Fund

Criteria: Significant balances and transactions in any operation should be recorded, reconciled, reviewed and adjusted on a monthly basis. Specifically, management of cash and investments warrant this exercise monthly, inclusive of reviewing and reconciling the monthly statements, trial balances and other supporting documentation provided by external parties.

Condition: We noted the County did not reconcile information provided by the investment manager relative to the Pension Trust Fund on an interim basis.

Context: See above condition.

Effect: By not recording activity and performing reviews and reconciliations on a monthly basis, the County exposes itself to not being able to identify errors or irregularities in a timely manner.

Cause: Lack of management awareness and oversight possibly prompted by a shortage of qualified personnel, and a lack of accounting knowledge by the parties currently responsible.

Recommendation: We recommend the County implement procedures to record, reconcile and review all activity relative to the Pension Trust Fund on a monthly basis soon after receipt of the various and respective information from third parties.

Views of Responsible Officials and Planned Corrective Action: We concur. Monthly reconciliations are now being performed.

DOUGHERTY COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2007

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2007- 7. Journal Entry Review Process

Criteria: All standard and nonstandard journal entries should be reviewed by an appropriate level of management.

Condition: The County does not have policies or procedures in place for the initiation, approval, and recording of journal entries.

Context: See above condition.

Effect: By not having policies and procedures in place for the initiation, approval, and recording of journal entries, there is potential for misuse or misappropriation of funds.

Recommendation: The County should establish policies and procedures for initiating, approving, and recording all standard and nonstandard journal entries.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. The County will establish policies and procedures to properly initiate, approve, and record all journal entries.

2007- 8. Segregation of Duties

Criteria: Internal controls should be in place which 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 ending June 30, 2007, 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 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 items are investigated by employees that also 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, cash, receiving and 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 & collection functions.

DOUGHERTY COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2007

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2007- 8. Segregation of Duties (Continued)

- ◆ Detailed ledgers are maintained for receivable accounts by the same employee that performs the cash function.
- ◆ There is not a clear separation of duties between all receivable ledger clerks and the cash/cashier function.
- ◆ 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.

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 between employees.

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

2007- 9. Adoption of Budgets

Criteria: House Bill 1364 of the 1998 session of the Georgia General Assembly requires an annual balanced budget for the General Fund, each special revenue fund, and each debt service fund and requires a project length balanced budget for each capital projects fund.

Condition: For the fiscal year ending June 30, 2007, a budget was not adopted for the Grant Fund and Law Library Fund, which are special revenue funds, in accordance with the Official Code of Georgia (OCGA) Sections 36-81-2 through 36-81-6.

Context: See above condition.

DOUGHERTY COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2007

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2007- 9. Adoption of Budgets (Continued)

Effect: By not adopting a budget for all of the required funds, the County is not in compliance with state law.

Recommendation: The County should adopt a balanced budget for each fund as required by the OCGA.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. The County will adopt a balanced budget for each fund as required by the OCGA for the 2008 fiscal year.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not Applicable

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2007

06-1. Clerk of Court Cash Bond Fund (Repeat Finding)

Criteria: A detail of amounts held in each bank escrow account should be maintained.

Condition: The cash bond account in the Clerk of Court Agency Fund is not being reconciled to a listing of unforfeited bonds. Also, the unlocated victims bank account is not being reconciled to a listing of unlocated victim amounts.

Auditee Response/Status: The above finding was correct for the fiscal year ending June 30, 2007.

06-2. Segregation of Duties – Clerk of Court (Repeat Finding)

Criteria: Persons authorized to sign checks should not be allowed to perform related accounting functions, such as bank reconciliations.

Condition: In the Clerk of Court office, the same person that reconciles the bank accounts is also authorized to sign checks.

Auditee Response/Status: Unresolved – See current year financial audit finding 2007-8.

06-3. Segregation of Duties – Finance Department

Criteria: All journal entries should be reviewed and approved by a second party. Also, the person creating and posting the journal entry to record the electronic transfer should not be the same person that enters the transaction on the internet website. The person preparing the monthly bank reconciliations should not have the ability to post journal entries and transfer funds.

Condition: The finance director and the accounting supervisor have the ability to move cash electronically and they can each make journal entries that are not reviewed. Also, the accounting supervisor prepares the monthly bank reconciliations.

Auditee Response/Status: Unresolved – See current year financial audit finding 2007-8.

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2007

06-4. Uncollateralized Deposits – Dougherty County Public Library

Criteria: The County should implement a plan to prevent uncollateralized deposits.

Condition: The Dougherty County Public Library currently has uncollateralized deposits with Dougherty County Credit Union.

Auditee Response/Status: The above finding was corrected for the fiscal year ending June 30, 2007.

06-5. Journal Entry Review Process

Criteria: All journal entries should be reviewed and approved by a second party.

Condition: The County has no review process for journal entries posted.

Auditee Response/Status: Unresolved – See current year financial audit finding 2007-7.

**INDEPENDENT ACCOUNTANT'S REPORT
ON LOCAL ASSISTANCE GRANTS**

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

We have examined management's assertion included in the accompanying State of Georgia Grant Certification Form about Dougherty County, Georgia's compliance during the year ended June 30, 2007, with the requirement to use grant proceeds solely for the purpose or purposes for which the grant was made for Local Assistance Grant 02-C-L-755. Management is responsible for Dougherty County, Georgia's compliance with this requirement. Our responsibility is to express an opinion on management's assertion about Dougherty County, Georgia's compliance based on our examination.

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting Dougherty County, Georgia's compliance with the above mentioned requirement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Dougherty County, Georgia's compliance with the specified requirement.

In our opinion, management's assertion that Dougherty County, Georgia complied with the aforementioned requirement for the year ended June 30, 2007, is fairly stated, in all material respects.

This report is intended solely for the information and use of the Dougherty County, Georgia Board of Commissioners and the Georgia Department of Audits and Accounts, and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Macon, Georgia
December 27, 2007

**State of Georgia Grant Certification Form
Local Government Recipient (with no subrecipient)**

LINE

A	Local Government	Dougherty County, Georgia
B	State Awarding Agency	Department of Community Affairs State of Georgia
C	Grant Identification Number	02-C-L-755
D	Grant Title	Parks at Chehaw
E	Grant Award Date	07/02/01
F	Grant Amount	\$50,000.00

	COLUMN 1 Current Year Activity	COLUMN 2 Cumulative Grant Activity
G	For the Year Ended: June 30, 2007	Through the Year Ended: June 30, 2007
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue) \$14,153.00	
I	Grant Receipts or Revenue Recognized \$0.00	\$50,000.00
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES \$13,125.00	\$48,972.00
K	Disbursements or Expenditures for Audit Fees \$0.00	\$0.00
L	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K] \$1,028.00	\$1,028.00

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made.

Signature of Chief Elected Official _____ Date _____

Signature of Chief Financial Officer _____ Date _____