

**DOUGHERTY COUNTY, GEORGIA**

**FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2014**

# DOUGHERTY COUNTY, GEORGIA

## FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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# DOUGHERTY COUNTY, GEORGIA

## FINANCIAL REPORT

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## LIST OF PRINCIPAL OFFICIALS

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### **DOUGHERTY COUNTY BOARD OF COMMISSIONERS**

Jeff Sinyard, Chairman

Jack Stone, Vice Chairman

Lamar Hudgins

John Hayes

Clinton Johnson

Ewell Lyle

Harry James

### **COUNTY ADMINISTRATOR**

Richard Crowdis

### **FINANCE DIRECTOR**

Martha B. Hendley

## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **Dougherty County, Georgia (the "County")**, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Dougherty County, Georgia's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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**Opinions**

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dougherty County, Georgia as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Special Services District Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* for the fiscal year ended June 30, 2014. Our opinion is not modified with respect to this matter.

**Other Matters*****Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (on pages 4 through 13) and the schedule of changes in net pension liability, schedule of employer contributions, schedule of investment returns, and schedule of funding progress (on page 71) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dougherty County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2014 on our consideration of Dougherty County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dougherty County, Georgia's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Albany, Georgia  
December 15, 2014



# DOUGHERTY COUNTY, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014

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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, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

### Financial Highlights

- The County's statement of net position on page 14 shows an increase of \$2,240,867 compared to the prior fiscal year for governmental activities. This statement is a combined view of all the County's financial activities, except any enterprise funds, including SPLOST funds. The County's liabilities increased \$346,299 while assets increased \$2,587,571.
- The statement of activities (page 16) reports revenue collected through service charges and grants. These revenues are 20% of the total revenue required to provide primary government services. The remaining 80% of the required revenues comes from property tax, sales tax and other tax.
- The 2013 county-wide tax digest assessed values increased \$9.5 million dollars or 0.4% compared to an increase of 2.2% in 2012. The State moratorium, HB233 which froze property values at the 2008 Digest value was lifted in 2012. The County-wide millage rate remained the same at 11.894 mils.
- The General Fund (the operating fund) total fund balance increased \$2,068,179. The Board of Commissioners approved a re-apportionment of fund balance for approximately \$1.2 million so that the millage rate would remain the same, 11.894 mils, as in the prior year. The use of fund balance was not required. Revenues were over \$669 thousand more than budgeted and expenditures were under budget approximately \$2.8 million.
- The Special Services District Fund is used to record services to the unincorporated area of the county. The Special Services District Fund showed an increase in fund balance for the second consecutive year. The fund balance at June 30, 2014 is \$549,172.
- The Solid Waste Fund, an Enterprise Fund, records the activity of the County's Landfill. The net position in this fund increased \$903,244.
- 2005 One Percent Sales Tax Fund – Collections ceased March 31, 2012 but this is still classified as a major fund with approximately \$13.6 million in projects to complete. The total expended on projects in this fiscal year total over \$2.7 million. A project level detail is shown in the "Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds" and is referenced as "2005 Referendum."
- 2010 One Percent Sales Tax Fund - Collections began April 1, 2012 and will continue until March 31, 2017. The City of Albany receives 64% and Dougherty County receives 36% of the total collected. Dougherty County expenditures for this period total \$6,975,115. 47% of the total expenditures was for the renovation and improvements to the Dougherty County Library. A project level detail is shown in the "Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds" and is referenced as "2010 Referendum."

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Overview of the Financial Statements

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

(1) The *government-wide financial statements* include two statements, the Statement of Net Position and the Statement of Activities (pages 14-17). These statements provide information about the activities of the County as a whole and present both long-term and short-term views of the County's financial status.

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

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

(2) *Fund financial statements* begin on page 18. A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. Fund financial statements focus on individual sections of the County, reporting the County's operations in more detail than the panoramic picture presented by the government-wide statements. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Non-major fund statements begin on page 72.

(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 34.

### Analysis of Government-Wide Statements

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The net position for Governmental Activities increased between fiscal years 2013 and 2014. Business-Type Activities net position increased between fiscal years 2013 and 2014. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the County's governmental and business-type activities.

**Table 1**  
**Net Position**  
**(in Millions)**

	Governmental Activities		Business-type Activities	
	2013	2014	2013	2014
Current and other assets	59.1	57.3	12.4	13.9
Capital assets	147.8	152.2	9.4	9.1
Total assets	206.9	209.5	21.8	23.0
Current liabilities	16.7	19.2	-	-
Long-term liabilities	6.7	4.6	5.4	5.7
Total liabilities	23.4	23.8	5.4	5.7
Deferred inflows of resources	0.2	0.1	-	-
Net position:				
Net investment in capital assets	143.1	149.1	9.4	9.1
Restricted	31.7	27.1	-	-
Unrestricted	8.5	9.4	7.0	8.2
Total net position	183.3	185.6	16.4	17.3

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Table 2**  
**Changes in Net Position**  
**(In Millions)**

	Governmental Activities		Business-Type Activities	
	2013	2014	2013	2014
<b>Revenues</b>				
Program revenues:				
Charges for services	\$ 13.0	\$ 12.4	\$ 7.0	\$ 4.0
Operating grants and contributions	0.5	1.0	-	-
Capital grants and contributions	0.1	0.2	-	-
General revenues:				
Property taxes	30.6	30.5	-	-
Sales tax	22.9	21.9	-	-
Insurance premium taxes	0.8	0.8	-	-
Other taxes	3.0	2.8	-	-
Investment income	0.1	0.1	-	-
Gain on sale of assets	0.1	0.1	-	-
Total revenues	71.1	69.8	7.0	4.0
<b>Program Expenses</b>				
General government	9.3	8.9	-	-
Judicial	7.5	7.7	-	-
Public safety	31.3	30.4	-	-
Public works	9.6	10.1	-	-
Health and welfare	3.7	3.5	-	-
Culture and recreation	4.7	4.1	-	-
Economic development	2.8	2.7	-	-
Interest on long-term debt	0.5	0.1	-	-
Solid waste operating expenses	-	-	3.2	3.1
Total expenses	69.4	67.5	3.2	3.1
Increase (decrease) in net position	1.7	2.3	3.8	0.9
Net position, beginning of year, restated	181.6	183.3	12.6	16.4
Net position, end of year	\$ 183.3	\$ 185.6	\$ 16.4	\$ 17.3

### **Governmental Activities**

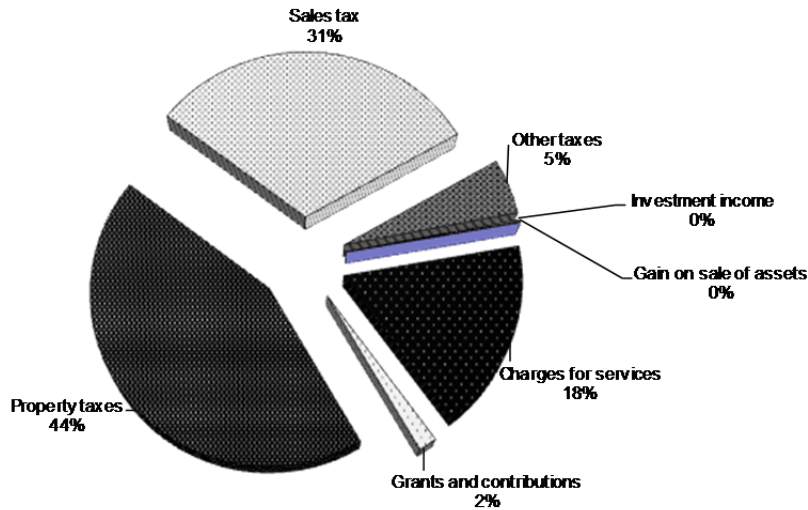
Compared to FY2013, General and Program revenues decreased \$1.3 million in FY2014. The largest decrease in revenues was in sales taxes accounting for 76% or \$1 million of the \$1.4 million. Net expenditures in FY2014 decreased approximately \$1.9 million compared to net expenditures in FY2013.

The County relies heavily on property taxes and sales taxes to support governmental operations. Property taxes provided \$30.5 million in revenue or 44% of the County's total governmental activities revenues. The county-wide millage rate set by the Board of Commissioners for the 2013 Tax Digest remained at 11.894 mills. The special services district (unincorporated portion of the county) millage rate for the 2013 Tax Digest remained at 9.272 mills.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

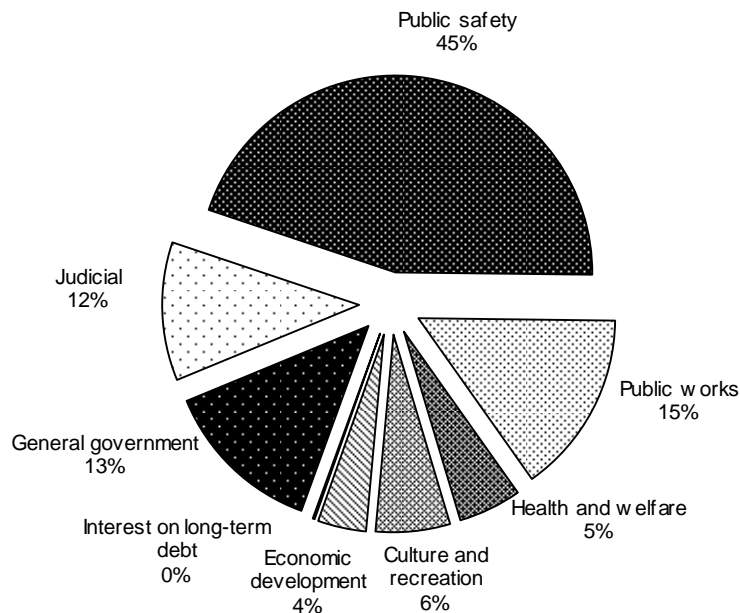
Local Option Sales Tax and Special Local Option Sales Tax revenue combined provided approximately \$21.9 million in revenue or 31% of the County's total governmental activities revenues in FY 2014.

### Governmental Activities Revenues



The primary government expenses decreased approximately \$1.9 million in FY2014. Expenses decreased from \$69.4 million in 2013 to \$67.5 million in 2014. Governmental activities include the functions of general government, judicial system, public safety, public works, health and welfare, culture and recreation, and economic development operating expenses as well as SPLOST capital projects. The chart below shows the percentages of expenses for each function or service.

### Governmental Activities Expenses



## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Public Safety activities make up approximately 45% of the total governmental activities expenses. General Government activities, which include Facilities Management, Tax and Tag Collections and County Administration, Finance, Human Resources, and Legal counsel, make up approximately 13%. The Judicial System activities, includes Clerk of Courts, Superior, State, Magistrate and Probate Court, make up approximately 11%. Public Works activities makes up 15%.

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

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

	Total Cost of Services		Net Cost of Services	
	2013	2014	2013	2014
General government	\$ 9.3	\$ 8.9	\$ (4.9)	\$ (4.4)
Judicial	7.5	7.7	(7.0)	(6.9)
Public safety	31.3	30.4	(23.5)	(23.3)
Public works	9.6	10.1	(9.0)	(9.2)
Health and welfare	3.7	3.5	(3.7)	(3.5)
Culture and recreation	4.7	4.1	(4.4)	(3.9)
Housing and development	2.8	2.7	(2.8)	(2.7)
Interest on long-term debt	0.5	0.1	(0.5)	(0.1)
Total governmental activities	\$ 69.4	\$ 67.5	\$ (55.8)	\$ (54.0)

### **Business-type Activities**

The Dougherty County Solid Waste Landfill is the County's only business-type activity. This enterprise is primarily funded through tipping fees. Each year liabilities and expenses are recorded for estimated closure and post-closure care as required by law. No revenue is received from taxes for this activity. The Solid Waste net position increased \$900 thousand. Charges for services revenue was 43% less than last year and expenses decreased 5%. The decrease in revenues was expected because of the prior year's higher than usual tonnage that was attributed to the demolition of the Merck chemical plant.

### **Analysis of the Fund Level Statements**

The fund financial statements begin on page 18 and provide detailed information about the County's most significant funds. Fund level statements provide a narrower more focused view of financial activity. Fund level statements focus on a more *current* rather than *long-term* financial position. The establishment of some funds is required by State law; however, the County Commission establishes many other funds to help control and manage money for particular purposes and provide transparency in financial management. The County's *governmental and proprietary funds* use different accounting approaches.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Governmental funds

Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of these funds and the remaining spendable balances. The County Governmental Funds include the General Fund, Special Tax District Fund, DHR Building Lease Fund, Confiscated Assets Fund, Grant Fund, Lease Commercial Property Fund, Law Library Fund, 2005 and 2010 One Percent Sales Tax Fund. The Balance Sheets for the following funds (Non-major governmental funds-page 72) are consolidated and shown as "Other Governmental Funds" on page 18: 1995 One Percent Sales Tax Fund, One Percent Sales Tax – Road Projects Fund, 1990 One Percent Sales Tax Fund, 2000 One Percent Sales Tax Fund, Capital Improvement Program Fund, Confiscated Assets, Grant, Lease Commercial Property and Law Library. The General Fund, Special Services District, DHR Building Lease Fund, 2005 and 2010 One Percent Sales Tax Fund are categorized as major funds. (page18) The County's governmental funds reported combined fund balances of \$48.1 million, a decrease of 5.5% from the prior year.

The **General Fund** fund balance increased by \$2,068,179. The County Commission budgeted to use \$1.2 million from reserves instead of raising property taxes in the budget for FY2014. Due to controlled, efficient monitoring of budgets by department managers, unfilled vacant positions and the retirement of long time employees the fund balance was not used. Actual expenditures were approximately \$2.9 million less than budgeted expenditures. To control spending, no cost-of-living or merit increases were budgeted. . Employees continue to contribute 3% of their gross salaries toward the annual required contribution for the pension plan thereby reducing the annual minimum required minimum contribution to the County's defined benefit pension plan approximately \$600 thousand. An interfund transfer of \$265,935 to the Special Services District Fund was made to align revenue generated by traffic fines with the expenses of County Police traffic enforcement.

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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In the **2010 One Percent Sales Tax Fund** (SPLOST VI) the collection period started 4/1/11 and will go through March 31, 2017. As of the date of this statement, \$53.7 million has been received. The City of Albany receives 64% compared to the County's 36% of the collections. For a list of the projects and total expenditures as of the date of this report, see the "Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds – 2010 Referendum" in this report.

### **Proprietary funds**

The County's Solid Waste Landfill is reported as an enterprise fund. The level of fees charged for services at the Landfill is based on the operational cost of running the Landfill. Proprietary funds are reported in the same way all other activities are reported in the Statement of Net position and the Statement of Activities. The County's enterprise fund (proprietary fund) reporting (pages 28-31) 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 tipping fee charged for Landfill services for this fiscal year is \$36.98 per ton. Revenues from tipping fees decreased 43% compared to an increase of 118.8%% in the prior year. The increase in the prior year was due to demolition of the Merck Chemical plant. The projected life, at 6/30/14, of the Landfill is 45.5 years for solid waste and 150 years for construction and demolition. The successful methane gas project had revenues of \$126,238 in this fiscal year. This project supplies methane gas to the Marine Corp Logistics Base.

### **Internal Service Funds**

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

**Risk Management Fund** – Self-insured property and casualty – New fund created in FY2014 to account for general liability and property and casualty claims internally. It is funded from other funds of the County. The net position for this fund at June 30, 2014 is \$111,375. A consultant and broker were hired to advise the County and negotiate stop loss contracts.

**Workers' Compensation Fund** – Self-insured fund to account for workers' compensation claims under \$325,000. Claims above \$325,000 are covered by a third party insurance company.

### **Fiduciary Funds**

Dougherty County is the trustee for its employees' pension fund. **The Dougherty County Pension Fund** is overseen by an appointed Board which chooses a third-party investment manager through an RFP process. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The funds are in a protected trust fund. The County reviews, reconciles and records the statements from the investment manager on a quarterly basis. The total net position increased \$6.8 million from last year. The County's required annual contribution had a minimal increase from \$2,169,886 to \$2,191,969. Per the actuarial valuation report, the plan's accrued benefits are 84.33% funded which is in a high percentile for government plans.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### General Fund Budgetary Highlights

The General Fund Budget is developed to cover the costs of services and the tax millage is set to generate enough revenue to cover costs. Budget figures are not calculated on the modified-accrual basis whereas the actual expenditures listed on page 23 are on the modified-accrual basis. As seen on page 47 in Note 3, several departments exceeded their budgets. Other departments came in under their approved budgets and compensated for those departments that went over budget. Revenues were budgeted at \$43 million with an actual of \$43.7 million, a difference \$0.7 million.

### Capital Assets and Debt Administration

#### Capital Assets

At the end of FY 2014, the County's governmental activities shows \$152.2 million net capital assets (costs less accumulated depreciation) invested in a broad range of capital assets, including police and fire equipment, public works heavy equipment, buildings, roads, and bridges. This is an increase of \$4.4 million from the prior year. The Business-type activity (Solid Waste Landfill) has \$9.1 million net capital assets (costs less accumulated depreciation), a decrease of \$2.8 thousand. Table 4 is summary data of capital assets. More details can be found on pages 50-52, Note 6 of the financial statements.

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

	Governmental Activities		Business-type Activities	
	2013	2014	2013	2014
Land	\$ 35.6	\$ 35.6	\$ 2.1	\$ 2.1
Intangible Assets	5.6	5.6	-	-
Construction in Progress	1.9	7.6	-	-
Building & Improvements	70.9	69.4	5.0	4.5
Infrastructure	29.2	28.7	-	-
Vehicles	2.2	2.1	-	-
Equipment	2.4	3.2	2.3	2.5
<b>Totals</b>	<b>\$ 147.8</b>	<b>\$ 152.2</b>	<b>\$ 9.4</b>	<b>\$ 9.1</b>

#### Debt

At year-end the County had no outstanding debt for bonds or notes payable. The bonds payable listed on page 52 of the financial statements are bonds issued through the Albany-Dougherty Intercity Authority (ADICA) for the purpose of building construction of a building on 200 Oglethorpe Boulevard. The bond principal and interest payments are funded through a lease agreement with the State of Georgia, acting by and through the Georgia Department of Human Resources, and the County, the leasing agent for a building which houses the Department of Family & Children Services. The County is obligated until 2016.

The certificates of participation included in the debt section of the financial statements are for the lease pool agreement with the Georgia Municipal Association (GMA). The purpose of the pool is to finance capital purchases. The County currently does not have any outstanding principal due before the end of the bond period. The County's capacity to drawdown funds from the pool remained at \$627,000 for the current year. The County retains the capacity to use these funds for capital purchases approved by the bond insurer. Information for the lease pool is shown on pages 52 and 53 Note 7.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Post-employment benefits (OPEB) obligation is required for governmental agencies in accordance with GASB statement 45. These benefits include the cost of health prescription drug, dental and life insurance provided to retired employees and their dependents. Currently, the health premiums split; 50% paid by the County and 50% paid by the retiree for retirees not greater than 65 years old. An actuarial valuation report is conducted every two years to determine this obligation. The most recent report indicated an annual required contribution of \$1.2 million. GASB Statement 45 does not require advance funding but rather accrual accounting of the obligations associated with other post-employee benefits plans. The County has decided to continue on a pay-as-you-go basis and pay the actual costs per year. More details of OPEB obligations can be found on pages 66-68.

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

None of the County's debt payments are currently funded through ad valorem taxes. See Note 7 pages 52-55.

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

	<b>Governmental</b>		<b>Business-type</b>	
	<b>Activities</b>		<b>Activities</b>	
	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>
Bonds payable	\$ 4.7	\$ 3.1	\$ -	\$ -
Certificates of participation	0.6	0.6	-	-
Compensated absences	3.9	3.4	0.1	0.1
Net pension obligation	0.1	0.1	-	-
Net OPEB obligation	9.0	10.1	-	-
Landfill closure/postclosure	-	-	5.3	5.6
Totals	\$ 18.3	\$ 17.3	\$ 5.4	\$ 5.7

### 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 2014 budget. Some of the issues impacting the County's future are:

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

### Contacting the County's Financial Management

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

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

# DOUGHERTY COUNTY, GEORGIA

## STATEMENT OF NET POSITION

JUNE 30, 2014

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 4,613,745	\$ 514,621	\$ 5,128,366
Investments	47,729,307	12,732,821	60,462,128
Taxes receivable	2,273,216	-	2,273,216
Accounts receivable	1,539,508	546,267	2,085,775
Internal balances	87,504	(87,504)	-
Due from other governments	698,509	-	698,509
Inventories	167,012	157,271	324,283
Fair value of interest rate swap agreement	147,206	-	147,206
Capital assets, non-depreciable	48,822,180	2,114,357	50,936,537
Capital assets, depreciable, net of accumulated depreciation	103,391,513	7,008,984	110,400,497
Total assets	209,469,700	22,986,817	232,456,517
<b>LIABILITIES</b>			
Accounts payable	1,849,131	-	1,849,131
Accrued liabilities	2,354,775	-	2,354,775
Due to other governments	2,197,714	-	2,197,714
Unearned revenues	28,600	-	28,600
Other liabilities	10,210,241	-	10,210,241
Bonds payable due within one year	1,560,000	-	1,560,000
Bonds payable due in more than one year	1,575,869	-	1,575,869
Compensated absences due within one year	954,331	29,791	984,122
Compensated absences due in more than one year	2,392,702	62,984	2,455,686
Closure and postclosure care costs	-	5,609,193	5,609,193
Certificates of participation due in more than one year	627,000	-	627,000
Total liabilities	23,750,363	5,701,968	29,452,331
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Accumulated increase in fair value of hedging activities	147,206	-	147,206
Total deferred inflows of resources	147,206	-	147,206
<b>NET POSITION</b>			
Net investment in capital assets	149,077,824	9,123,341	158,201,165
Restricted for:			
Drug treatment education	67,378	-	67,378
Juvenile court	90,858	-	90,858
Judicial	361,451	-	361,451
Public safety	1,276,563	-	1,276,563
Capital outlay	25,304,900	-	25,304,900
Special use	-	-	-
Unrestricted	9,393,157	8,161,508	17,554,665
Total net position	\$ 185,572,131	\$ 17,284,849	\$ 202,856,980

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

---

<b>Component Unit</b>	
	<b>Board of Health</b>
\$	2,377,353
	-
	-
	393,135
	-
	1,067,752
	-
	-
	-
	126,879
	<u>3,965,119</u>
	326,696
	332
	294,193
	-
	-
	-
	-
	50,522
	454,695
	-
	-
	<u>1,126,438</u>
	-
	-
	126,879
	-
	-
	-
	-
	1,764,542
	947,260
\$	<u><u>2,838,681</u></u>

# DOUGHERTY COUNTY, GEORGIA

## STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 8,924,376	\$ 4,529,033	\$ -	\$ 153
Judicial	7,673,654	230,790	501,561	458
Public safety	30,404,492	7,058,770	66,383	3,510
Public works	10,140,071	332,994	384,030	181,315
Health and welfare	3,490,023	-	-	610
Culture and recreation	4,097,539	201,548	-	6,104
Housing and development	2,661,529	13,145	-	610
Interest on long-term debt	109,884	-	-	-
Total governmental activities	67,501,568	12,366,280	951,974	192,760
Business-type activities:				
Solid waste	3,093,280	3,948,349	-	-
Total business-type activities	3,093,280	3,948,349	-	-
Total primary government	\$ 70,594,848	\$ 16,314,629	\$ 951,974	\$ 192,760
<b>Component unit:</b>				
Board of Health	\$ 13,460,513	\$ 3,376,815	\$ 10,413,429	\$ -
Total component unit	\$ 13,460,513	\$ 3,376,815	\$ 10,413,429	\$ -
General revenues:				
Property taxes				
Sales taxes				
Insurance premium taxes				
Other taxes				
Unrestricted investment earnings				
Gain on sale of assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

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

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

			<u>Component Unit</u>
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Board of Health</u>
\$ (4,395,190)	\$ -	\$ (4,395,190)	\$ -
(6,940,845)	-	(6,940,845)	-
(23,275,829)	-	(23,275,829)	-
(9,241,732)	-	(9,241,732)	-
(3,489,413)	-	(3,489,413)	-
(3,889,887)	-	(3,889,887)	-
(2,647,774)	-	(2,647,774)	-
(109,884)	-	(109,884)	-
<u>(53,990,554)</u>	<u>-</u>	<u>(53,990,554)</u>	<u>-</u>
-	855,069	855,069	-
-	855,069	855,069	-
<u>\$ (53,990,554)</u>	<u>\$ 855,069</u>	<u>\$ (53,135,485)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 329,731</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 329,731</u>
\$ 30,512,329	\$ -	\$ 30,512,329	\$ -
21,894,234	-	21,894,234	-
795,596	-	795,596	-
2,831,402	-	2,831,402	-
108,379	14,802	123,181	-
65,781	57,073	122,854	-
23,700	(23,700)	-	-
<u>56,231,421</u>	<u>48,175</u>	<u>56,279,596</u>	<u>-</u>
2,240,867	903,244	3,144,111	329,731
183,331,264	16,381,605	199,712,869	2,508,950
<u>\$ 185,572,131</u>	<u>\$ 17,284,849</u>	<u>\$ 202,856,980</u>	<u>\$ 2,838,681</u>

# DOUGHERTY COUNTY, GEORGIA

## BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2014

ASSETS	General	Special Services District	DHR Building Lease Fund	2005 One Percent Sales Tax	2010 One Percent Sales Tax
Cash and cash equivalents	\$ 4,252,531	\$ -	\$ 195,279	\$ -	\$ -
Investments	12,491,519	570,459	1,608,778	13,964,135	9,813,808
Taxes receivable	867,072	79,946	-	-	1,326,198
Accounts receivable	1,538,286	-	-	-	-
Notes receivable	-	-	2,294,451	-	-
Due from other funds	1,468,452	16,102	-	-	-
Due from other governments	559,140	-	-	-	-
Inventory	167,012	-	-	-	-
Total assets	<u>\$ 21,344,012</u>	<u>\$ 666,507</u>	<u>\$ 4,098,508</u>	<u>\$ 13,964,135</u>	<u>\$ 11,140,006</u>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 1,736,924	\$ -	\$ -	\$ 76,256	\$ 22,534
Accrued expenses	1,113,657	-	-	1,382	-
Due to other funds	662,277	-	915	305,068	683,874
Due to other governments	461,192	84,065	-	-	1,650,438
Unearned revenue	28,600	-	-	-	-
Total liabilities	<u>4,002,650</u>	<u>84,065</u>	<u>915</u>	<u>382,706</u>	<u>2,356,846</u>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Unavailable revenue - notes receivable	-	-	2,294,451	-	-
Unavailable revenue - property taxes	601,132	33,270	-	-	-
Total deferred inflow of resources	<u>601,132</u>	<u>33,270</u>	<u>2,294,451</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Inventory	167,012	-	-	-	-
Restricted for:					
Drug treatment education	67,378	-	-	-	-
Juvenile court	90,858	-	-	-	-
Judicial	-	-	-	-	-
Public safety	-	549,172	-	-	-
Capital outlay	-	-	-	13,581,429	8,783,160
Committed for:					
Development authority	69,572	-	-	-	-
Debt service and building maintenance	-	-	1,803,142	-	-
Parking deck maintenance	-	-	-	-	-
Budgetary stabilization	1,622,208	-	-	-	-
Capital outlay	-	-	-	-	-
Unassigned	14,723,202	-	-	-	-
Total fund balances	<u>16,740,230</u>	<u>549,172</u>	<u>1,803,142</u>	<u>13,581,429</u>	<u>8,783,160</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 21,344,012</u>	<u>\$ 666,507</u>	<u>\$ 4,098,508</u>	<u>\$ 13,964,135</u>	<u>\$ 11,140,006</u>

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities.

The net pension obligation is not due and payable in the current period and, therefore, is not reported in governmental funds.

The net OPEB obligation is not due and payable in the current period and, therefore, is not reported in governmental funds.

Net position of governmental activities

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

Other Governmental Funds		Total
\$ 125,271	\$ 4,573,081	
6,408,721	44,857,420	
-	2,273,216	
118	1,538,404	
-	2,294,451	
339,324	1,823,878	
139,369	698,509	
-	167,012	
<u>\$ 7,012,803</u>	<u>\$ 58,225,971</u>	

\$ 13,417	\$ 1,849,131
-	1,115,039
391,091	2,043,225
2,019	2,197,714
-	28,600
<u>406,527</u>	<u>7,233,709</u>

-	2,294,451
-	634,402
-	<u>2,928,853</u>

-	167,012
-	67,378
-	90,858
361,451	361,451
727,391	1,276,563
2,940,311	25,304,900
-	69,572
-	1,803,142
29,898	29,898
-	1,622,208
2,547,225	2,547,225
-	14,723,202
<u>6,606,276</u>	<u>48,063,409</u>

\$ 7,012,803

152,213,693
634,402
(7,163,302)
2,034,170
(97,587)
<u>(10,112,654)</u>
<u>\$ 185,572,131</u>



# DOUGHERTY COUNTY, GEORGIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	General	Special Services District	DHR Building Lease Fund	2005 One Percent Sales Tax	2010 One Percent Sales Tax
<b>Revenues:</b>					
Property taxes	\$ 25,504,707	\$ 4,986,042	\$ -	\$ -	\$ -
Sales taxes	6,256,236	-	-	-	15,637,998
Other taxes	1,946,484	1,680,514	-	-	-
Licenses and permits	-	211,532	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	8,868,912	4,720	73,566	-	-
Fines and forfeitures	911,540	-	-	-	-
Interest	2,030	1,499	1,803	18,332	11,848
Other revenues	238,627	10,044	1,679,652	-	-
Total revenues	43,728,536	6,894,351	1,755,021	18,332	15,649,846
<b>Expenditures:</b>					
Current:					
General government	6,601,005	50,801	82,944	-	-
Judicial	6,714,775	-	-	-	-
Public safety	21,095,805	6,184,768	-	-	-
Public works	2,292,647	168,542	-	-	-
Health and welfare	2,385,563	-	-	-	-
Culture and recreation	1,821,416	161,498	-	-	-
Housing and development	485,841	346,200	-	-	-
Intergovernmental payments	-	-	-	-	10,008,319
Capital outlay	-	-	-	2,740,398	6,975,115
Debt service:					
Principal	-	-	1,470,000	-	-
Interest	-	-	168,350	-	-
Total expenditures	41,397,052	6,911,809	1,721,294	2,740,398	16,983,434
Excess (deficiency) of revenues over (under) expenditures	2,331,484	(17,458)	33,727	(2,722,066)	(1,333,588)
<b>Other financing sources (uses):</b>					
Proceeds from sale of assets	2,630	-	-	-	-
Transfers in	-	289,635	-	-	-
Transfers out	(265,935)	-	-	-	-
Total other financing sources (uses)	(263,305)	289,635	-	-	-
Net change in fund balances	2,068,179	272,177	33,727	(2,722,066)	(1,333,588)
<b>Fund balances, beginning of year</b>	14,672,051	276,995	1,769,415	16,303,495	10,116,748
<b>Fund balances, end of year</b>	\$ 16,740,230	\$ 549,172	\$ 1,803,142	\$ 13,581,429	\$ 8,783,160

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

Other Governmental Funds	Total
\$ -	\$ 30,490,749
-	21,894,234
-	3,626,998
-	211,532
951,974	951,974
-	8,947,198
304,107	1,215,647
88,127	123,639
63,580	1,991,903
<u>1,407,788</u>	<u>69,453,874</u>
-	6,734,750
765,237	7,480,012
253,642	27,534,215
367,392	2,828,581
-	2,385,563
-	1,982,914
52,212	884,253
-	10,008,319
1,295,143	11,010,656
-	1,470,000
46,258	214,608
<u>2,779,884</u>	<u>72,533,871</u>
<u>(1,372,096)</u>	<u>(3,079,997)</u>
247,640	250,270
-	289,635
-	(265,935)
<u>247,640</u>	<u>273,970</u>
(1,124,456)	(2,806,027)
<u>7,730,732</u>	<u>50,869,436</u>
<u>\$ 6,606,276</u>	<u>\$ 48,063,409</u>

# DOUGHERTY COUNTY, GEORGIA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

Net change in fund balances - total governmental funds	\$	(2,806,027)
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.		4,435,018
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		(6,989)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Deferred revenues increased during the year by this amount.		21,580
The issuance of long-term debt (i.e., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		1,545,324
The internal service fund is used by management to charge the cost of workers' compensation insurance and health insurance to individual funds. The net revenue of the internal service fund is reported with governmental activities.		(437,603)
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.		(510,436)
Change in net position of governmental activities	\$	<u>2,240,867</u>

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

# DOUGHERTY COUNTY, GEORGIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (GAAP) BASIS AND ACTUAL GENERAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 24,706,729	\$ 24,706,729	\$ 25,504,707	\$ 797,978
Sales taxes	6,700,000	6,700,000	6,256,236	(443,764)
Other taxes	1,705,357	1,705,357	1,946,484	241,127
Charges for services	8,815,003	8,815,003	8,868,912	53,909
Fines and forfeitures	957,500	957,500	911,540	(45,960)
Interest income	1,000	1,000	2,030	1,030
Miscellaneous	173,753	173,753	238,627	64,874
Total revenues	43,059,342	43,059,342	43,728,536	669,194
<b>Expenditures:</b>				
<b>Current:</b>				
General government:				
Administrative and legislative	642,299	644,959	610,745	34,214
Auditing	71,000	71,000	57,650	13,350
Finance	358,510	369,745	319,247	50,498
Computer information	760,500	760,500	522,777	237,723
Contingency	100,000	54,164	-	54,164
Facilities management	2,234,754	2,246,596	2,131,113	115,483
Human resources	442,687	446,993	444,949	2,044
Legal services	171,580	179,280	178,837	443
Mail and security system	252,543	254,696	257,659	(2,963)
Registration and elections	283,597	285,212	287,233	(2,021)
Tax and tag collections	2,027,313	2,062,799	1,790,795	272,004
Total general government	7,344,783	7,375,944	6,601,005	774,939
Judicial:				
Clerk of courts	1,040,781	1,048,317	1,051,368	(3,051)
District attorney	1,847,534	1,874,577	1,754,679	119,898
Juvenile court	808,407	817,019	792,062	24,957
Magistrate court	862,582	869,041	869,593	(552)
Probate court	372,223	375,453	370,933	4,520
Public defender	819,562	821,177	813,359	7,818
State court	538,714	540,836	529,689	11,147
Superior court	627,588	628,664	533,092	95,572
Total judicial	6,917,391	6,975,084	6,714,775	260,309

(Continued)

# DOUGHERTY COUNTY, GEORGIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (GAAP) BASIS AND ACTUAL GENERAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Expenditures: (Continued)	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Current: (Continued)</b>				
Public safety:				
Coroner	\$ 107,790	\$ 107,790	\$ 113,390	\$ (5,600)
Drug squad	879,397	885,856	837,942	47,914
S.W.A.T.	20,736	20,736	15,554	5,182
Emergency medical services	4,093,720	4,120,094	3,692,785	427,309
Emergency management	58,525	58,525	58,025	500
Environmental control	459,837	473,605	453,857	19,748
Jail	13,392,201	13,485,318	12,793,989	691,329
Sheriff's department	3,151,564	3,177,938	3,130,263	47,675
Total public safety	22,163,770	22,329,862	21,095,805	1,234,057
Public works:				
Engineering	298,460	301,931	296,218	5,713
Public works	1,547,176	1,561,654	1,408,116	153,538
Vehicle maintenance	253,984	256,675	360,717	(104,042)
Park maintenance	217,482	220,173	227,596	(7,423)
Total public works	2,317,102	2,340,433	2,292,647	47,786
Health and welfare:				
Department of Family and Children Services	98,335	98,335	100,835	(2,500)
Health services	2,351,153	2,351,153	2,284,728	66,425
Total health and welfare	2,449,488	2,449,488	2,385,563	63,925
Culture and recreation:				
Library	2,236,293	2,247,596	1,821,416	426,180
Total culture and recreation	2,236,293	2,247,596	1,821,416	426,180
Housing and development:				
Agricultural services	92,003	92,003	81,149	10,854
Community development	396,377	396,377	392,476	3,901
Natural resources	12,216	12,216	12,216	-
Total housing and development	500,596	500,596	485,841	14,755
<b>Total expenditures</b>	43,929,423	44,219,003	41,397,052	2,821,951
Excess (deficiency) of revenues over (under) expenditures	(870,081)	(1,159,661)	2,331,484	3,491,145

(Continued)

# DOUGHERTY COUNTY, GEORGIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (GAAP) BASIS AND ACTUAL GENERAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Other financing sources (uses):</b>				
Proceeds from sale of assets	\$ 15,000	\$ 15,000	\$ 2,630	\$ (12,370)
Transfers in	1,205,081	1,494,661	-	(1,494,661)
Transfers out	(350,000)	(350,000)	(265,935)	84,065
Total other financing sources (uses)	870,081	1,159,661	(263,305)	(1,422,966)
Net change in fund balances	-	-	2,068,179	2,068,179
<b>Fund balance, beginning of year</b>	14,672,051	14,672,051	14,672,051	-
<b>Fund balance, end of year</b>	\$ 14,672,051	\$ 14,672,051	\$ 16,740,230	\$ 2,068,179

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

# DOUGHERTY COUNTY, GEORGIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (GAAP) BASIS AND ACTUAL SPECIAL SERVICES DISTRICT FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 5,078,700	\$ 5,022,129	\$ 4,986,042	\$ (36,087)
Other taxes	1,609,000	1,665,571	1,680,514	14,943
Licenses and permits	127,800	127,800	211,532	83,732
Charges for services	5,000	5,000	4,720	(280)
Interest income	1,000	1,000	1,499	499
Miscellaneous	1,000	1,000	10,044	9,044
Total revenues	6,822,500	6,822,500	6,894,351	71,851
<b>Expenditures:</b>				
<b>Current:</b>				
General government:				
Administrative	65,502	54,350	50,801	3,549
Total general government	65,502	54,350	50,801	3,549
Public safety:				
County police	3,074,607	3,097,768	2,820,626	277,142
Fire protection	3,217,734	3,217,734	3,217,734	-
Animal control	95,133	98,939	95,868	3,071
Code enforcement	57,276	57,276	50,540	6,736
Total public safety	6,444,750	6,471,717	6,184,768	286,949
Public works:				
Street lighting and utilities	153,800	161,685	166,456	(4,771)
Stormwater	4,750	4,750	2,086	2,664
Total public works	158,550	166,435	168,542	(2,107)
Culture and recreation:				
Recreation	161,498	161,498	161,498	-
Total culture and recreation	161,498	161,498	161,498	-
Housing and development:				
Planning and development services	346,200	346,200	346,200	-
Total housing and development	346,200	346,200	346,200	-
Total expenditures	7,176,500	7,200,200	6,911,809	288,391
Excess (deficiency) of revenues over (under) expenditures	(354,000)	(377,700)	(17,458)	360,242

(Continued)

# DOUGHERTY COUNTY, GEORGIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (GAAP) BASIS AND ACTUAL GENERAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Other financing sources:</b>				
Proceeds from sale of assets	\$ 4,000	\$ 4,000	\$ -	\$ (4,000)
Transfers in	350,000	373,700	289,635	(84,065)
Total other financing sources	<u>354,000</u>	<u>377,700</u>	<u>289,635</u>	<u>(88,065)</u>
Net change in fund balances	-	-	272,177	272,177
<b>Fund balance, beginning of year</b>	<u>276,995</u>	<u>276,995</u>	<u>276,995</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 276,995</u>	<u>\$ 276,995</u>	<u>\$ 549,172</u>	<u>\$ 272,177</u>

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



# DOUGHERTY COUNTY, GEORGIA

## STATEMENT OF NET POSITION PROPRIETARY FUNDS

JUNE 30, 2014

	Major Enterprise Fund Solid Waste Fund	Governmental Activities- Internal Service Funds
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 514,621	\$ 40,664
Investments	12,732,821	2,871,887
Accounts receivable, net of allowances	546,267	1,104
Due from other funds	-	306,851
Inventory	157,271	-
Total current assets	13,950,980	3,220,506
<b>NONCURRENT ASSETS</b>		
Capital assets:		
Nondepreciable	2,114,357	-
Depreciable, net of accumulated depreciation	7,008,984	-
Total noncurrent assets	9,123,341	-
Total assets	23,074,321	3,220,506
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accrued expenses	-	1,186,336
Due to other funds	87,504	-
Current portion - compensated absences	29,791	-
Total current liabilities	117,295	1,186,336
<b>LONG-TERM LIABILITIES</b>		
Compensated absences, net of current portion	62,984	-
Accrued landfill closure/postclosure care costs	5,609,193	-
Total long-term liabilities	5,672,177	-
Total liabilities	5,789,472	1,186,336
<b>NET POSITION</b>		
Investment in capital assets	9,123,341	-
Unrestricted	8,161,508	2,034,170
Total net position	\$ 17,284,849	\$ 2,034,170

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

# DOUGHERTY COUNTY, GEORGIA

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Major Enterprise Fund Solid Waste Fund	Governmental Activities- Internal Service Funds
<b>OPERATING REVENUES</b>		
Charges for services	\$ 3,755,345	\$ 6,627,790
Rental income	24,240	-
Miscellaneous	168,764	112,841
Total operating revenues	3,948,349	6,740,631
<b>OPERATING EXPENSES</b>		
Salaries and benefits	776,740	-
Cost of sales and services	774,589	145,868
Supplies	620,904	-
Claims	-	4,847,107
Insurance	-	2,189,042
Closure/post closure care costs	281,729	-
Depreciation	639,318	-
Total operating expenses	3,093,280	7,182,017
Operating income (loss)	855,069	(441,386)
<b>NONOPERATING INCOME</b>		
Interest income	14,802	3,783
Gain on sale of assets	57,073	-
Total nonoperating income	71,875	3,783
Income (loss) before transfers	926,944	(437,603)
<b>TRANSFERS OUT</b>	(23,700)	-
Change in net position	903,244	(437,603)
<b>NET POSITION, beginning of year</b>	16,381,605	2,471,773
<b>NET POSITION, end of year</b>	\$ 17,284,849	\$ 2,034,170

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, 2014**

	Major Enterprise Fund Solid Waste Fund	Governmental Activities- Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 5,295,786	\$ 6,586,101
Payments to suppliers	(1,450,595)	(2,334,910)
Payments for insurance claims	-	(5,144,529)
Payments to employees	(779,261)	-
	3,065,930	(893,338)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers to other funds	(23,700)	-
	(23,700)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(361,522)	-
Proceeds from sale of capital assets	57,073	-
	(304,449)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(3,530,016)	(171,101)
Sale of investments	-	983,326
Interest on investments	14,802	3,783
	(3,515,214)	816,008
Net decrease in cash and cash equivalents	(777,433)	(77,330)
<b>Cash and cash equivalents:</b>		
Beginning of year	1,292,054	117,994
End of year	\$ 514,621	\$ 40,664

**(Continued)**

# DOUGHERTY COUNTY, GEORGIA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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	<u>Major Enterprise Fund</u>	<u>Governmental Activities- Internal Service Funds</u>
	<u>Solid Waste Fund</u>	
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>		
Operating income (loss)	\$ 855,069	\$ (441,386)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation expense	639,318	-
Landfill closure/postclosure care expense	281,729	(1,104)
Decrease in accounts receivable	1,487,021	-
Increase in due from other funds	-	(153,426)
Increase in inventory	(55,102)	-
Decrease in accrued expenses	-	(297,422)
Decrease in due to other funds	(139,584)	-
Decrease in compensated absences	(2,521)	-
	<u>3,065,930</u>	<u>(893,338)</u>
Net cash provided by (used in) operating activities	<u>\$ 3,065,930</u>	<u>\$ (893,338)</u>

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

# DOUGHERTY COUNTY, GEORGIA

## STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

JUNE 30, 2014

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<b>ASSETS</b>	<b>Agency Funds</b>	<b>Employee Retirement Plan</b>
	<u>          </u>	<u>          </u>
Cash	\$ 2,642,076	\$ 1,520,624
Investments, at fair value:		
Pooled, common and collective funds	-	27,897,978
Mutual funds	-	20,969,098
Local government investment pool	1,875	-
Accrued dividends	-	170
Taxes receivable	3,000,850	-
Prepaid expenses	-	46,054
	<u>          </u>	<u>          </u>
Total assets	<u>\$ 5,644,801</u>	<u>\$ 50,433,924</u>
<b>LIABILITIES</b>		
Due to others	\$ 2,643,951	\$ -
Uncollected taxes	3,000,850	-
	<u>          </u>	<u>          </u>
Total liabilities	<u>5,644,801</u>	<u>-</u>
<b>NET POSITION</b>		
Restricted for pension benefits	<u>\$ -</u>	<u>\$ 50,433,924</u>

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

# DOUGHERTY COUNTY, GEORGIA

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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<b>ADDITIONS</b>	<b>Employee Retirement Plan</b>
Contributions:	
Employer	\$ 2,191,969
Employee	579,204
Other receipts	3,559
Total contributions	<u>2,774,732</u>
Investment earnings:	
Dividend income	33,689
Net increase in fair value of investments	6,824,394
Less investment expenses	(213,190)
Net investment earnings	<u>6,644,893</u>
Total additions	<u>9,419,625</u>
<b>DEDUCTIONS</b>	
Benefits	2,497,124
Administrative expenses	88,905
Total deductions	<u>2,586,029</u>
Change in net position	6,833,596
<b>NET POSITION, beginning of year</b>	<u>43,600,328</u>
<b>NET POSITION, end of year</b>	<u>\$ 50,433,924</u>

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

# DOUGHERTY COUNTY, GEORGIA

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. Reporting Entity

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

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

#### Discretely Presented Component Unit

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

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### B. Government-wide and Fund Financial Statements

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

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

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

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

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



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The County reports the following major governmental funds:

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

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The County reports the following major proprietary fund:

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

Additionally, the County reports the following fund types:

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

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

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

#### D. Deposits and Investments

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

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

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 & Poor's criteria for AAAM rated money market funds and is regulated by the Georgia Office of State Treasurer. 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

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### E. Interfund Receivables and Payables

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

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

#### F. Inventories and Prepaid Items

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

#### G. Capital Assets

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

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

Major outlays for capital improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets is included as part of the capitalized value of the assets constructed. No interest expense was capitalized during the fiscal year ended June 30, 2014.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### G. Capital Assets (Continued)

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

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

#### H. Compensated Absences

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

#### I. Long-Term Obligations

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

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### J. Deferred Outflows/Inflows of Resources

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

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

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

#### K. Fund Equity

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

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### K. Fund Equity (Continued)

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

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

- Committed
- Assigned
- Unassigned

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### K. Fund Equity (Continued)

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

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

#### L. Use of Estimates

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



## NOTES TO FINANCIAL STATEMENTS

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$7,163,302 difference are as follows:

Bonds payable	\$ (3,060,000)
Unamortized bond premium	(75,869)
Accrued interest	(53,400)
Certificates of participation	(627,000)
Compensated absences	<u>(3,347,033)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (7,163,302)</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 position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$4,435,018 difference are as follows:

Capital outlay	\$ 8,188,065
Depreciation expense	<u>(3,753,047)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$ 4,435,018</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 that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.” The details of this \$6,989 difference are as follows:

Donations of capital assets	\$ 177,500
Disposals of capital assets	(184,489)
	(184,489)
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ (6,989)
	(6,989)

Another element of that reconciliation explains that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$1,545,324 difference are as follows:

Principal repayment - general obligation bonds	\$ 1,470,000
Amortization of bond premium	75,324
	75,324
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ 1,545,324
	1,545,324

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 \$510,436 difference are as follows:

Compensated absences	\$ 524,688
Net pension obligation	4,421
Net OPEB obligation	(1,068,945)
Accrued interest	29,400
	29,400
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ (510,436)
	(510,436)

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3. BUDGETS AND BUDGETARY ACCOUNTING

#### **Budget Policies**

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

#### **Budget Process**

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

#### **Encumbrances**

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

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

#### Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2014, expenditures exceeded budget as follows:

Department	Excess
General Fund:	
Mail and security system	\$ 2,963
Registration and elections	2,021
Clerk of courts	3,051
Magistrate court	552
Coroner	5,600
Vehicle maintenance	104,042
Park maintenance	7,423
Department of Family and Children Services	2,500
Special Services District Fund:	
Street lighting and utilities	4,771

Excess expenditures over budget in the General Fund were funded by under-expenditures in other departments. Excess expenditures over budget in the Special Services District Fund were funded by under-expenditures of the Dougherty County Police department.

### NOTE 4. DEPOSITS AND INVESTMENTS

At June 30, 2014, the County had the following investments:

Investments	Maturities	Rating	Fair Value
Georgia Fund 1	62 days weighted average	AAAf	\$ 59,532,253
Certificates of deposit	15 month weighted average	N/A	264,056
Guaranteed Investment Contract	15 year weighted average	AA-	667,694
Pooled, common and collective funds	N/A	N/A	27,897,978
Mutual funds	N/A	N/A	20,969,098
			\$ 109,331,079

Of the investments listed above, the certificates of deposit, guaranteed investment contract and \$59,530,378 of Georgia Fund 1, total \$60,462,128 and are included as investments on the Statement of Net Position. Additionally, investments in Georgia Fund 1 of \$1,875 are included as investments related to Agency Funds in the Statement of Fiduciary Net Position. All other investments are included in the Employee Retirement Plan Fund.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

**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 bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

**Custodial Credit Risk – Deposits.** The County does not have a formal policy related to custodial credit risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the 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, 2014, 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.

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

**Custodial Credit Risk – Deposits – Dougherty County Board of Health.** The Board of Health does not have a formal policy related to custodial credit risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Board of Health will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2014, the Health Department did not have any balances exposed to custodial credit risk as uninsured and uncollateralized as defined by GASB pronouncements.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. RECEIVABLES

Receivables at June 30, 2014, for the County's individual major and nonmajor funds in the aggregate are as follows:

	<b>General</b>	<b>Special Services District</b>	<b>DHR Building Lease Fund</b>	<b>2010 One Percent Sales Tax</b>
Receivables:				
Taxes	\$ 1,294,138	\$ 119,322	\$ -	\$ 1,326,198
Accounts	2,535,528	-	-	-
Notes	-	-	2,294,451	-
Gross receivables	3,829,666	119,322	2,294,451	1,326,198
Less allowance for uncollectibles	(1,424,308)	(39,376)	-	-
Net receivables	\$ 2,405,358	\$ 79,946	\$ 2,294,451	\$ 1,326,198
	<b>Nonmajor and Other Funds</b>	<b>Solid Waste</b>	<b>Internal Service Fund</b>	<b>Total</b>
Receivables:				
Taxes	\$ -	\$ -	\$ -	\$ 2,739,658
Accounts	118	711,820	1,104	3,248,570
Notes	-	-	-	2,294,451
Gross receivables	118	711,820	1,104	8,282,679
Less allowance for uncollectibles	-	(165,553)	-	(1,629,237)
Net receivables	\$ 118	\$ 546,267	\$ 1,104	\$ 6,653,442

Property taxes were levied on July 16, 2013. Bills are payable on or before December 20, 2013, 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 2013 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended June 30, 2014, and collected by August 31, 2014, are recognized as revenues in the year ended June 30, 2014.

Notes receivable of \$2,294,451 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 fiscal year ended June 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land and improvements	\$ 35,644,779	\$ 10,500	\$ -	\$ (27,296)	\$ 35,627,983
Intangible assets	5,573,000	-	-	-	5,573,000
Construction in progress	1,895,563	5,774,118	(48,484)	-	7,621,197
Total capital assets, not being depreciated	<u>43,113,342</u>	<u>5,784,618</u>	<u>(48,484)</u>	<u>(27,296)</u>	<u>48,822,180</u>
Capital assets, being depreciated:					
Buildings	93,110,886	160,000	-	-	93,270,886
Infrastructure	79,402,317	499,742	-	27,296	79,929,355
Vehicles	6,571,116	429,017	(7,075)	32,276	7,025,334
Equipment	7,228,313	1,492,188	(694,291)	(32,276)	7,993,934
Total capital assets, being depreciated	<u>186,312,632</u>	<u>2,580,947</u>	<u>(701,366)</u>	<u>27,296</u>	<u>188,219,509</u>
Less accumulated depreciation for:					
Buildings	(22,232,408)	(1,584,163)	-	-	(23,816,571)
Infrastructure	(50,186,064)	(1,092,300)	-	-	(51,278,364)
Vehicles	(4,348,155)	(570,989)	7,075	(28,831)	(4,940,900)
Equipment	(4,873,683)	(505,595)	558,286	28,831	(4,792,161)
Total accumulated depreciation	<u>(81,640,310)</u>	<u>(3,753,047)</u>	<u>565,361</u>	<u>-</u>	<u>(84,827,996)</u>
Total capital assets, being depreciated, net	<u>104,672,322</u>	<u>(1,172,100)</u>	<u>(136,005)</u>	<u>27,296</u>	<u>103,391,513</u>
Governmental activities capital assets, net	<u>\$ 147,785,664</u>	<u>\$ 4,612,518</u>	<u>\$ (184,489)</u>	<u>\$ -</u>	<u>\$ 152,213,693</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS (CONTINUED)

#### A. Primary Government (Continued)

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

Governmental activities:		
General government	\$	363,745
Judicial		62,939
Public safety		1,175,992
Public works		1,343,523
Health and welfare		387,673
Culture and recreation		414,776
Housing and development		4,399
Total depreciation expense - governmental activities	<u>\$</u>	<u>3,753,047</u>

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 2,064,045	\$ -	\$ -	\$ -	\$ 2,064,045
Construction in progress	-	50,312	-	-	50,312
Total capital assets, not being depreciated	2,064,045	50,312	-	-	2,114,357
Capital assets, being depreciated:					
Building and improvements	11,732,729	11,743	-	-	11,744,472
Equipment and vehicles	6,425,099	299,467	(766,257)	-	5,958,309
Total	18,157,828	311,210	(766,257)	-	17,702,781
Less accumulated depreciation for:					
Building and improvements	(6,758,721)	(445,038)	-	-	(7,203,759)
Equipment and vehicles	(4,062,015)	(194,280)	766,257	-	(3,490,038)
Total	(10,820,736)	(639,318)	766,257	-	(10,693,797)
Total capital assets, being depreciated, net	7,337,092	(328,108)	-	-	7,008,984
Business-type activities capital assets, net	\$ 9,401,137	\$ (277,796)	\$ -	\$ -	\$ 9,123,341



## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS (CONTINUED)

#### B. Discretely Presented Component Unit – Board of Health

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Machinery and equipment	\$ 386,605	\$ 73,859	\$ (26,046)	\$ 434,418
Total capital assets, being depreciated	<u>386,605</u>	<u>73,859</u>	<u>(26,046)</u>	<u>434,418</u>
Less accumulated depreciation for:				
Machinery and equipment	(320,500)	(13,085)	26,046	(307,539)
Total accumulated depreciation	<u>(320,500)</u>	<u>(13,085)</u>	<u>26,046</u>	<u>(307,539)</u>
Total capital assets, net	<u>\$ 66,105</u>	<u>\$ 60,774</u>	<u>\$ -</u>	<u>\$ 126,879</u>

### NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the fiscal year ended June 30, 2014:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds payable	\$ 4,530,000	\$ -	\$ (1,470,000)	\$ 3,060,000	\$ 1,560,000
Unamortized premium	151,193	-	(75,324)	75,869	-
Net bonds payable	4,681,193	-	(1,545,324)	3,135,869	1,560,000
Certificates of participation	627,000	-	-	627,000	-
Compensated absences	3,871,721	1,028,024	(1,552,712)	3,347,033	954,331
Net pension obligation	102,008	2,187,548	(2,191,969)	97,587	-
Net OPEB obligation	9,043,709	1,201,721	(132,776)	10,112,654	-
Governmental activities long-term liabilities	<u>\$ 18,325,631</u>	<u>\$ 4,417,293</u>	<u>\$ (5,422,781)</u>	<u>\$ 17,320,143</u>	<u>\$ 2,514,331</u>
<b>Business-type activities:</b>					
Landfill closure/ postclosure costs	\$ 5,327,464	\$ 281,729	\$ -	\$ 5,609,193	\$ -
Compensated absences	95,296	26,353	(28,874)	92,775	29,791
Business-type activities long-term liabilities	<u>\$ 5,422,760</u>	<u>\$ 308,082</u>	<u>\$ (28,874)</u>	<u>\$ 5,701,968</u>	<u>\$ 29,791</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT (CONTINUED)

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

**Bonds payable.** During the year ended June 30, 2010, the County issued tax-exempt Revenue Refunding Bonds, Series 2010 (Series 2010 Bonds). The proceeds from the bonds were used to prepay the County's capital lease related to the DHR building, provide funds to finance certain improvements to the building, and pay certain costs incurred in connection with the execution and delivery of the bonds. The bonds are limited obligations of the County and are payable solely from the rent received on the building. The outstanding balance of the Series 2010 Bond was \$3,060,000 at June 30, 2014.

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

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

Fiscal year ending June 30,	Principal	Interest	Total
2015	\$ 1,560,000	\$ 106,800	\$ 1,666,800
2016	1,500,000	60,000	1,560,000
	\$ 3,060,000	\$ 166,800	\$ 3,226,800

**Certificates of participation.** In June 1998, the County entered into a lease pool agreement with the Georgia Municipal Association (the "Association"). The funding of the lease pool was provided by the issuance of \$150,126,000 Certificates of Participation by the Association. The Association passed the net proceeds through to the participating municipalities with the County's participation totaling \$4,333,000. The lease pool agreement with the Association provides that the County owns their portion of the assets invested by the pool and is responsible for the payment of their portion of the principal and interest of the Certificates of Participation. In prior years, the County repaid \$3,706,000 of the principal amount due on these bonds. No principal payments were made during the fiscal year ended June 30, 2014. The principal balance of \$627,000 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 7. LONG-TERM DEBT (CONTINUED)

#### Certificates of participation (Continued)

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

In the unlikely event that the swap counterparty becomes insolvent, or fails to make payments as specified in the swap agreement, the County would be exposed to credit risk in the amount of the swap's fair value. To minimize this risk, the County executed this agreement with counterparties of appropriate credit strength, with the counterparty being rated Aa1 by Moody's. At June 30, 2014, the floating rate being paid by the County is 0.35% and the market value of this agreement is \$147,206, an increase of \$405 from the market value at the end of the previous fiscal year. The market value of the hedge was determined using settlement prices at the end of the day on June 30, 2014 based on the derivative contract. This market value is reported as an asset in the statement of net position. As this derivative is an effective hedge, qualifying for hedge accounting, the inflow from the hedge (any change in fair value from inception until fiscal year end) is deferred and reported as deferred revenue in the statement of net position.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT (CONTINUED)

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

Fiscal year ending June 30,	Principal	Interest	Total
2015	\$ -	\$ 41,277	\$ 41,277
2016	-	41,277	41,277
2017	-	41,278	41,278
2018	-	41,278	41,278
2019	-	41,278	41,278
2020-2024	-	206,388	206,388
2025-2028	627,000	165,110	792,110
	\$ 627,000	\$ 577,886	\$ 1,204,886

**Landfill closure and postclosure care costs.** State and federal laws and regulations require that Dougherty County, Georgia place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The amount of costs recognized in each period is based on the relative amount of waste received during the period, even though some of the closure and postclosure care costs will be paid after the landfill is closed. The \$5,609,193 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 \$16,761,216 will be recognized on a pro rata basis as the remaining estimated capacity of 8,477,0783 cubic yards of useable space is filled. Approximately 33% of the landfill's capacity has been used to date, and the County expects the landfill to close the Municipal Solid Waste area in 2070 and the Construction and Demolition area in 2068.

All amounts recognized are based on what it would cost to perform all closure and postclosure care in 2014. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. It is anticipated that future inflation costs will be in part financed from earnings on investments. The remaining portion of anticipated future inflation costs (including inadequate earning on investments, if any) and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example), may need to be covered by charges to future landfill users, taxpayers, or both. The financial assurance requirements are being met through the proper maintenance of cash balances and financial ratios.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2014, is as follows:

**Due to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	2005 One Percent Sales Tax Fund	\$ 305,068
General Fund	2010 One Percent Sales Tax Fund	683,874
General Fund	Solid Waste Fund	87,504
General Fund	Nonmajor Governmental Funds	391,091
General Fund	DHR Building Fund	915
Special Services District Fund	General Fund	16,102
Internal Service Fund - Self Insurance	General Fund	274,348
Internal Service Fund - Risk Management	General Fund	32,503
Nonmajor Governmental Funds	General Fund	339,324
		<u>\$ 2,130,729</u>

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

**Interfund transfers:**

<u>Transfers Out</u>	<u>Transfers In</u>	
	<u>Special Services District</u>	<u>Total</u>
General Fund	\$ 265,935	\$ 265,935
Solid Waste Fund	23,700	23,700
Total	<u>\$ 289,635</u>	<u>\$ 289,635</u>

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

## NOTES TO FINANCIAL STATEMENTS

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### 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. The DCRP provides retirement, disability, and death benefits to plan members and beneficiaries.

Section 9.01 of the DCRP adopted by the Dougherty County Board of Commissioners gives the Board the right to amend the provisions of the plan. The Dougherty County Board of County Commissioners established and appointed the Dougherty County Pension Committee with responsibility to manage the DCRP.

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

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

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

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### Participant Data

At July 1, 2014, the date of the most recent actuarial valuation, there were 932 participants as follows:

Inactive plan members (or beneficiary) currently receiving benefits	199
Inactive plan members entitled to but not yet receiving benefits	143
Active plan members	590
	932
	932

#### Funding Policy

The County is required to contribute an actuarially determined amount annually to the DCRP. The 5-year average contribution rate for plan year beginning 2009-2013 is 11.11% of annual payroll. The contribution requirements are established and may be amended by the Dougherty County Board of Commissioners. Plan participants are required to contribute 3% of compensation, excluding overtime pay, to the plan.

#### Plan Disclosures

Effective July 1, 2013, the DCRP implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, which significantly changed the disclosures required related to the DCRP. The information disclosed below is presented in accordance with this new standard. The DCRP does not issue separate financial statements.

#### Net Pension Liability of the County

The components of the net pension liability at June 30, 2014 were as follows:

<u>Net Pension Liability</u>	<u>June 30, 2014</u>
Total Pension Liability	\$ 54,942,537
Plan Fiduciary Net Position	(50,433,924)
Annual Pension Cost	\$ 4,508,613

Plan Fiduciary Net Position as a percentage of the Total Pension Liability	91.71%
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## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### Plan Disclosures (Continued)

#### Net Pension Liability of the County (Continued)

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

**Actuarial assumptions.** The total pension liability was determined by an actuarial valuation as of June 30, 2014. The following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.50%
Salary increases, including inflation	3.00%
Investment rate of return	7.75%, including inflation, net of investment €

Mortality rates were based upon the IRS 2007 Table.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of the most recent experience study which was completed in December 2007 taking into account 7 years of data experience.

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 15.81%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The cash flows used as inputs in the calculation are determined on a monthly basis.

**Discount rate.** The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at 14.11% (11.11% from the employer and 3.0% from the employees) of the covered payroll of the current plan members for each year in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### Plan Disclosures (Continued)

#### Net Pension Liability of the County (Continued)

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

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
County's Net Pension Liability	\$ 10,405,744	\$ 4,554,667	\$ (409,087)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2014 and the current sharing pattern of costs between employer and employee.

#### Employer Disclosures

Until the County implements the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, effective July 1, 2014, the provisions of GASB Statement No. 27 continue to be followed in the financial statements from the employer perspective. The information disclosed below is presented in accordance with GASB Statement No. 27 and these measures and disclosed amounts differ from those used by the Plan under GASB Statement No. 67 as previously discussed.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### Employer Disclosures (Continued)

#### Annual Pension Cost and Net Pension Obligation

The annual required contribution, annual pension cost, and net pension asset for fiscal year 2014 was determined as part of the July 1, 2014 actuarial valuation. The chart below shows the components of the annual pension cost for the current year along with the percentage actually contributed by the County.

Annual Required Contribution	\$ 2,191,381
Interest on Net Pension Obligation	7,906
Amortization of Net Pension Obligation	(11,739)
Annual Pension Cost	2,187,548
Actual Contributions to Plan for Fiscal Year	2,191,969
Decrease in Net Pension Obligation	(4,421)
Net Pension Obligation as of June 30, 2013	102,008
Net Pension Obligation as of June 30, 2014	\$ 97,587

The annual pension cost, percentage actually contributed by the County, and the net pension asset for the current and previous two years are presented in the table below.

Fiscal Year Beginning	Annual Pension Cost (APC)	Actual Contributions	Percentage of APC Contributed	Net Pension Obligation Beginning of Year
07/01/11	\$ 2,313,763	\$ 2,317,815	100 %	\$ 105,991
07/01/12	2,165,903	2,169,866	100	102,008
07/01/13	2,187,548	2,191,969	100	97,587

As of the most recent valuation date, July 1, 2014, the funded status of the Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
7/1/2014	\$ 44,413,094	\$ 52,666,565	\$ 8,253,471	84.33 %	\$ 21,297,585	38.75 %

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### Employer Disclosures (Continued)

#### Annual Pension Cost and Net Pension Obligation (Continued)

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of July 1, 2014 and the current sharing pattern of cost between employer and employee.

The annual required contribution for the current year was determined as part of the July 1, 2014 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions include the following:

Annual Return on Invested Plan Assets	7.75%
Projected Annual Salary Increases	3.0%
Expected Annual Inflation	3.0%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Entry Age Normal
Amortization Method	Level Dollar Amount (Closed)
Remaining Amortization Period	15

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 10. DEFINED CONTRIBUTION PLAN

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

<u>457 Plan Name</u>	<u>Employer</u>	<u>Employee</u>
Nationwide Retirement Solutions	\$ 13,961	\$ 318,867
ACCG Deferred Compensation Program	6,231	150,332

### NOTE 11. RISK MANAGEMENT

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

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

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

## NOTES TO FINANCIAL STATEMENTS

### NOTE 11. RISK MANAGEMENT (CONTINUED)

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

	<b>June 30, 2014</b>	<b>June 30, 2013</b>
Unpaid claims, beginning of year	\$ 733,758	\$ 732,289
Incurred claims and changes in estimates	265,777	276,073
Claim payments	(347,400)	(274,604)
Unpaid claims, end of year	\$ 652,135	\$ 733,758

The County maintains a self-insured medical benefit plan for their employees. The plan is accounted for as an internal service fund of the County, is funded according to plan experience, and serves to reduce overall healthcare costs of the County and their employees. The County purchases specific and aggregate stop loss insurance coverage to protect itself in unusual circumstances. Claims payable at June 30, 2014 were estimated based on the loss analysis report provided by a third-party administrator and pending specific stop loss reimbursements. Because all self-insurance claims are expected to be settled within one year, the unpaid claim liability is classified as current.

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

	<b>June 30, 2014</b>	<b>June 30, 2013</b>
Unpaid claims, beginning of year	\$ 750,000	\$ 445,000
Incurred claims and changes in estimates	4,457,296	3,830,217
Claim payments	(4,782,296)	(3,525,217)
Unpaid claims, end of year	\$ 425,000	\$ 750,000

The County established the Risk Management Fund during the fiscal year ended June 30, 2014 which services general liability and property and casualty claims and payments of premiums. This fund allocates the cost of providing claim servicing and claim payments by charging a "premium" to each fund. Claims payable at June 30, 2014 were estimated based on the loss analysis report provided by a third-party administrator. Because all property claims are expected to be settled within one year, the unpaid claim liability is classified as current.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 11. RISK MANAGEMENT (CONTINUED)

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

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

### NOTE 12. COMMITMENTS AND CONTINGENCIES

#### Litigation:

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

#### Grant Contingencies:

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

### NOTE 13. JOINT VENTURES

Under Georgia law, the County, in conjunction with other cities and counties in the Southwest Georgia area, is a member of the Southwest Georgia Regional Commission (RC) and is required to pay annual dues thereto. During the year ended June 30, 2014, the County paid \$57,347 in such dues. Membership in the RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of regional development commissions in Georgia.

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 14. OTHER POST EMPLOYMENT BENEFITS

#### Plan Description

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

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

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

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

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

#### Annual OPEB Cost and Net OPEB Obligation

The County contributed \$55,884 and retirees contributed \$76,892 to the OPEB Plan in the fiscal year ended June 30, 2014. The annual required contribution amount is determined using actuarial methods and assumptions approved by the Commission. The Commission establishes and may amend the funding policy for the OPEB Plan. The calculations are based on the types of benefits provided under the terms of the OPEB Plan at the time of each valuation and on the pattern of sharing of cost between the employer and plan members to that point.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 14. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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

The County contributed \$132,776 to the OPEB Plan in the fiscal year ended June 30, 2014. The annual required contribution amount was determined using actuarial methods.

Annual required employer contribution	\$ 1,150,110
Interest on net OPEB obligation	452,185
Adjustment to annual required contribution	(400,574)
Annual OPEB cost	1,201,721
Employer and retiree contributions for period ended June 30, 2014	132,776
Increase in net OPEB obligation	1,068,945
Net OPEB obligation beginning of year	9,043,709
Net OPEB obligation end of year	\$ 10,112,654

#### Trend Information

Fiscal Year Ended	Annual OPEB Cost (APC)	Actual Employer Contribution	Percentage of APC Contributed	Net OPEB Obligation
06/30/09	\$ 2,706,554	\$ 344,931	12.7 %	\$ 2,361,623
06/30/10	2,037,873	226,754	11.1	4,172,742
06/30/11	2,058,645	126,524	6.1	6,104,863
06/30/12	1,623,625	157,168	9.7	7,571,320
06/30/13	1,640,444	168,055	10.2	9,043,709
06/30/14	1,201,721	132,776	11.0	10,112,654



## NOTES TO FINANCIAL STATEMENTS

### NOTE 14. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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

#### Schedule of Funding Progress

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

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

#### Actuarial Assumptions

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

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

## REQUIRED SUPPLEMENTARY INFORMATION

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

	2014
<b>Total Pension Liability - Beginning of Year</b>	\$ 52,666,565
Service Cost	985,660
Interest on the Total Pension Liability	4,158,047
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	(374,170)
Changes of Assumptions	-
Benefit Payments	(2,493,565)
Net Change in Total Pension Liability	2,275,972
<b>(a) Total Pension Liability - End of Year</b>	54,942,537
<b>Plan Fiduciary Net Position - Beginning of Year</b>	43,600,328
Contributions - Employer	2,191,969
Contributions - Employee	579,204
Other receipts	3,559
Net Investment Income	6,644,893
Benefit Payments	(2,497,124)
Administrative Expenses	(88,905)
Net Change in Plan Fiduciary Net Position	6,833,596
<b>(b) Plan Fiduciary Net Position - End of Year</b>	50,433,924
<b>County's Net Pension Liability (a) - (b)</b>	4,508,613
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	91.79%
<b>Covered-Employee Payroll</b>	21,297,585
<b>Net Pension Liability as a Percentage of the Covered- Employee Payroll</b>	21.39%

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

## REQUIRED SUPPLEMENTARY INFORMATION

### DEFINED BENEFIT RETIREMENT PLAN (CONTINUED) SCHEDULE OF EMPLOYER CONTRIBUTIONS

	<b>2014</b>
Actuarially Determined Contribution	\$ 2,191,381
Contributions in relation to the actuarially determined contribution	2,191,969
Contribution Deficiency/(Excess)	(588)
 Covered-Employee Payroll	 21,297,585

#### Notes to the Schedule of Employer Contributions

##### Methods and Assumptions for Actuarially Determined Contribution:

Valuation Date	July 1, 2014
Actuarial Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	Actuarial value as used for funding
Amortization Method	Level Dollar Amount (Closed)
Remaining Amortization Period	15 Year Closed Period, or other closed period in accordance with Georgia State Code
Projected Salary Increases	3.00%
Investment Rate of Return	7.75%

### SCHEDULE OF INVESTMENT RETURNS

<b>Fiscal Year</b>	<b>Annual Money-Weighted Rate of Return</b>
2014	15.81%

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**DEFINED BENEFIT RETIREMENT PLAN (CONTINUED)  
SCHEDULE OF FUNDING PROGRESS**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability</b>	<b>Unfunded Actuarial Accrued Liability</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</b>
7/1/2013	\$ 44,413,094	\$ 52,666,565	\$ 8,253,471	84.33 %	\$ 21,297,585	38.75 %
7/1/2012	41,599,358	50,354,905	8,755,547	82.61	21,910,767	39.96
7/1/2011	39,208,171	47,095,531	7,887,360	83.25	20,552,647	38.38

**OTHER POST EMPLOYMENT BENEFIT PLAN  
SCHEDULE OF FUNDING PROGRESS**

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

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

## NONMAJOR GOVERNMENTAL FUNDS

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### SPECIAL REVENUE FUNDS

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

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

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

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

### CAPITAL PROJECT FUNDS

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

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

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

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

# DOUGHERTY COUNTY, GEORGIA

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2014

ASSETS	Special Revenue Funds			
	Confiscated Assets	Grant	Lease Commercial Property	Law Library
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 125,271
Investments	263,997	-	56,773	247,013
Accounts receivable	-	-	-	118
Due from other funds	-	339,324	-	-
Due from other governments	-	139,369	-	-
Total assets	<u>\$ 263,997</u>	<u>\$ 478,693</u>	<u>\$ 56,773</u>	<u>\$ 372,402</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 12,464	\$ -	\$ 953
Due to other funds	816	-	26,875	9,998
Due to other governments	-	2,019	-	-
Total liabilities	816	14,483	26,875	10,951
<b>FUND BALANCES</b>				
Restricted for:				
Judicial	-	-	-	361,451
Public safety	263,181	464,210	-	-
Capital outlay	-	-	-	-
Committed for:				
Parking deck maintenance	-	-	29,898	-
Capital outlay	-	-	-	-
Total fund balances	263,181	464,210	29,898	361,451
Total liabilities and fund balances	<u>\$ 263,997</u>	<u>\$ 478,693</u>	<u>\$ 56,773</u>	<u>\$ 372,402</u>

**Capital Projects Funds**

<b>Capital Improvement</b>	<b>1995 One Percent Sales Tax</b>	<b>1990 One Percent Sales Tax</b>	<b>2000 One Percent Sales Tax</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ -	\$ 125,271
3,265,082	1,305,574	604,147	666,135	6,408,721
-	-	-	-	118
-	-	-	-	339,324
-	-	-	-	139,369
<b>\$ 3,265,082</b>	<b>\$ 1,305,574</b>	<b>\$ 604,147</b>	<b>\$ 666,135</b>	<b>\$ 7,012,803</b>
\$ -	\$ -	\$ -	\$ -	\$ 13,417
50,163	-	285,985	17,254	391,091
-	-	-	-	2,019
50,163	-	285,985	17,254	406,527
-	-	-	-	361,451
-	-	-	-	727,391
667,694	1,305,574	318,162	648,881	2,940,311
-	-	-	-	29,898
2,547,225	-	-	-	2,547,225
<b>3,214,919</b>	<b>1,305,574</b>	<b>318,162</b>	<b>648,881</b>	<b>6,606,276</b>
<b>\$ 3,265,082</b>	<b>\$ 1,305,574</b>	<b>\$ 604,147</b>	<b>\$ 666,135</b>	<b>\$ 7,012,803</b>

# DOUGHERTY COUNTY, GEORGIA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Special Revenue Funds			
	Confiscated Assets	Grant	Lease Commercial Property	Law Library
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 951,974	\$ -	\$ -
Fines and forfeitures	77,720	95,247	-	131,140
Interest income	523	-	34	2,200
Other revenues	-	-	59,177	4,403
Total revenues	78,243	1,047,221	59,211	137,743
<b>Expenditures:</b>				
Current:				
Judicial	-	629,338	-	135,899
Public safety	224,227	29,415	-	-
Public works	-	367,392	-	-
Housing and development	-	-	52,212	-
Capital outlay	-	-	-	-
Debt service:				
Interest	-	-	-	-
Total expenditures	224,227	1,026,145	52,212	135,899
Excess (deficiency) of revenues over (under) expenditures	(145,984)	21,076	6,999	1,844
<b>Other financing sources:</b>				
Proceeds from sale of assets	7,787	-	-	-
Total other financing sources	7,787	-	-	-
Net change in fund balances	(138,197)	21,076	6,999	1,844
<b>Fund balances, beginning of year</b>	401,378	443,134	22,899	359,607
<b>Fund balances, end of year</b>	\$ 263,181	\$ 464,210	\$ 29,898	\$ 361,451



**Capital Projects Funds**

Capital Improvement	1995 One Percent Sales Tax	1990 One Percent Sales Tax	2000 One Percent Sales Tax	Total
\$ -	\$ -	\$ -	\$ -	\$ 951,974
-	-	-	-	304,107
81,957	1,567	720	1,126	88,127
-	-	-	-	63,580
<u>81,957</u>	<u>1,567</u>	<u>720</u>	<u>1,126</u>	<u>1,407,788</u>
-	-	-	-	765,237
-	-	-	-	253,642
-	-	-	-	367,392
-	-	-	-	52,212
559,471	12,742	285,985	436,945	1,295,143
46,258	-	-	-	46,258
<u>605,729</u>	<u>12,742</u>	<u>285,985</u>	<u>436,945</u>	<u>2,779,884</u>
<u>(523,772)</u>	<u>(11,175)</u>	<u>(285,265)</u>	<u>(435,819)</u>	<u>(1,372,096)</u>
239,853	-	-	-	247,640
<u>239,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>247,640</u>
(283,919)	(11,175)	(285,265)	(435,819)	(1,124,456)
<u>3,498,838</u>	<u>1,316,749</u>	<u>603,427</u>	<u>1,084,700</u>	<u>7,730,732</u>
<u>\$ 3,214,919</u>	<u>\$ 1,305,574</u>	<u>\$ 318,162</u>	<u>\$ 648,881</u>	<u>\$ 6,606,276</u>

## INTERNAL SERVICE FUNDS

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

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

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

# DOUGHERTY COUNTY, GEORGIA

## COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS

JUNE 30, 2014

<b>ASSETS</b>	<b>Workers' Compensation Fund</b>	<b>Self- Insurance Fund</b>	<b>Risk Management Fund</b>	<b>Total</b>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 3,997	\$ -	\$ 36,667	\$ 40,664
Investments	1,304,560	1,417,025	150,302	2,871,887
Accounts receivable, net of allowances	-	-	1,104	1,104
Due from other funds	-	274,348	32,503	306,851
Total assets	1,308,557	1,691,373	220,576	3,220,506
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accrued expenses	652,135	425,000	109,201	1,186,336
Total current liabilities	652,135	425,000	109,201	1,186,336
<b>NET POSITION</b>				
Unrestricted	656,422	1,266,373	111,375	2,034,170
Total net position	\$ 656,422	\$ 1,266,373	\$ 111,375	\$ 2,034,170

# DOUGHERTY COUNTY, GEORGIA

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Workers' Compensation Fund	Self- Insurance Fund	Risk Management Fund	Total
<b>OPERATING REVENUES</b>				
Charges for services	\$ 354,000	\$ 5,170,919	\$ 1,102,871	\$ 6,627,790
Miscellaneous	53,985	58,856	-	112,841
Total operating revenues	<u>407,985</u>	<u>5,229,775</u>	<u>1,102,871</u>	<u>6,740,631</u>
<b>OPERATING EXPENSES</b>				
Cost of sales and services	97,232	7,366	41,270	145,868
Claims	265,777	4,457,296	124,034	4,847,107
Insurance	53,337	1,309,509	826,196	2,189,042
Total operating expenses	<u>416,346</u>	<u>5,774,171</u>	<u>991,500</u>	<u>7,182,017</u>
Operating income (loss)	<u>(8,361)</u>	<u>(544,396)</u>	<u>111,371</u>	<u>(441,386)</u>
<b>NONOPERATING INCOME</b>				
Interest income	1,484	2,295	4	3,783
Total nonoperating income	<u>1,484</u>	<u>2,295</u>	<u>4</u>	<u>3,783</u>
Change in net position	(6,877)	(542,101)	111,375	(437,603)
<b>NET POSITION, beginning of year</b>	<u>663,299</u>	<u>1,808,474</u>	<u>-</u>	<u>2,471,773</u>
<b>NET POSITION, end of year</b>	<u>\$ 656,422</u>	<u>\$ 1,266,373</u>	<u>\$ 111,375</u>	<u>\$ 2,034,170</u>

# DOUGHERTY COUNTY, GEORGIA

## COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Workers' Compensation Fund	Self- Insurance Fund	Risk Management Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 403,287	\$ 5,113,550	\$ 1,069,264	\$ 6,586,101
Payments to suppliers	(150,569)	(1,316,875)	(867,466)	(2,334,910)
Payments for insurance claims	(347,400)	(4,782,296)	(14,833)	(5,144,529)
Net cash provided by (used in) operating activities	(94,682)	(985,621)	186,965	(893,338)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	(20,799)	-	(150,302)	(171,101)
Sale of investments	-	983,326	-	983,326
Interest on investments	1,484	2,295	4	3,783
Net cash provided by (used in) investing activities	(19,315)	985,621	(150,298)	816,008
Net increase (decrease) in cash and cash equivalents	(113,997)	-	36,667	(77,330)
<b>Cash and cash equivalents:</b>				
Beginning of year	117,994	-	-	117,994
End of year	\$ 3,997	\$ -	\$ 36,667	\$ 40,664
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ (8,361)	\$ (544,396)	\$ 111,371	\$ (441,386)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Increase in accounts receivable	-	-	(1,104)	(1,104)
Increase in due from other funds	(4,698)	(116,225)	(32,503)	(153,426)
Increase (decrease) in accrued expenses	(81,623)	(325,000)	109,201	(297,422)
Net cash provided by (used in) operating activities	\$ (94,682)	\$ (985,621)	\$ 186,965	\$ (893,338)

# DOUGHERTY COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS

**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
<b><u>1985 REFERENDUM</u></b>					
Road Projects	***	***	\$ 56,117,769	\$ -	\$ 56,117,769
<b><u>1990 REFERENDUM</u></b>					
County Jail	\$ 31,379,437	\$ 31,285,885	\$ 31,397,864	\$ -	\$ 31,397,864
County Mental Health	3,892,487	3,892,483	3,892,483	-	3,892,483
County Public Health	5,225,205	5,225,202	5,225,202	-	5,225,202
Industrial Parks	5,000,000	5,000,000	5,000,000	-	5,000,000
Central Square Building	3,750,530	3,750,530	3,750,530	-	3,750,530
Chehaw Park	6,000,000	6,000,000	6,000,000	-	6,000,000
Albany Street Lighting	2,500,000	2,500,000	1,899,680	285,985	2,185,665
Conference Center	4,700,000	5,157,565	5,155,391	-	5,155,391
Administrative	4,338,498	4,338,495	4,338,498	-	4,338,498
Totals	<u>\$ 66,786,157</u>	<u>\$ 67,150,160</u>	<u>\$ 66,659,648</u>	<u>\$ 285,985</u>	<u>\$ 66,945,633</u>
<b><u>1995 REFERENDUM</u></b>					
City Street & Road Projects	\$ 10,000,000	\$ 10,075,000	\$ 10,074,999	\$ -	\$ 10,074,999
County Street & Road Projects	5,000,000	5,652,343	5,652,343	-	5,652,343
Water & Sewer Extensions	8,000,000	10,698,078	10,728,483	12,742	10,741,225
Storm Drainage Improvements	15,200,000	15,123,948	15,019,085	-	15,019,085
Recycling Program	1,500,000	500,000	417,761	-	417,761
Geographic Information System	1,000,000	1,063,717	1,063,717	-	1,063,717
City Fire Stations & Equipment	2,500,000	2,500,000	2,499,876	-	2,499,876
County Fire Stations & Equipment	1,000,000	1,070,574	1,071,538	-	1,071,538
West EMS Station	1,000,000	980,439	980,439	-	980,439
Community Policing Centers	1,500,000	1,543,054	1,539,140	-	1,539,140
Courtroom Addition	3,500,000	4,101,338	4,101,339	-	4,101,339
Emergency Operations Center	3,000,000	2,956,946	2,956,947	-	2,956,947
Downtown Improvements	2,500,000	8,213,104	8,033,651	-	8,033,651
Recreation Improvements	10,500,000	10,500,000	9,888,277	-	9,888,277
Agricultural Service Center	2,000,000	2,064,056	2,064,057	-	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	<u>\$ 74,450,000</u>	<u>\$ 84,661,729</u>	<u>\$ 83,329,901</u>	<u>\$ 12,742</u>	<u>\$ 83,342,643</u>

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

(Continued)

# DOUGHERTY COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS

**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
<b>2000 REFERENDUM</b>					
Administrative	\$ 1,175,227	\$ 8,612,153	\$ 8,234,991	\$ -	\$ 8,234,991
Albany River Walk	6,000,000	6,405,000	6,531,843	-	6,531,843
Chehaw Park Improvements	700,000	700,000	680,611	-	680,611
City Debt Retirement	8,611,094	7,023,979	7,023,979	-	7,023,979
City Street Improvements	6,500,000	6,525,000	6,509,309	-	6,509,309
City Traffic Safety	725,000	725,000	724,999	-	724,999
County Water Extensions	600,000	655,548	655,548	-	655,548
County EMS Station	500,000	514,811	514,811	-	514,811
Hugh Mills Stadium	1,170,000	1,204,434	1,204,434	-	1,204,434
Thronateeska Heritage	500,000	500,000	500,000	-	500,000
Central Square	15,300,000	15,306,177	15,306,178	-	15,306,178
Economic Development	8,013,679	6,463,679	5,999,321	444,745	6,444,066
County Animal Shelter	700,000	780,000	835,298	-	835,298
City Law Enforcement Center	14,500,000	14,500,000	14,339,208	-	14,339,208
Storm Drainage Improvements	11,000,000	4,187,173	4,073,955	-	4,073,955
County Road Improvements	2,000,000	4,800,000	4,595,248	(7,800)	4,587,448
Public Safety GSP Building	500,000	536,179	536,179	-	536,179
City Fire Station	2,000,000	2,000,000	2,000,422	-	2,000,422
County Fire Equipment	500,000	500,000	529,728	-	529,728
Recreation Improvements	9,130,000	3,285,000	3,287,663	-	3,287,663
Albany First Tee Program	875,000	988,540	988,471	-	988,471
County Debt Retirement	30,000,000	30,000,000	30,131,767	-	30,131,767
Contingency	-	31,544	(31,766)	-	(31,766)
<b>Totals</b>	<b>\$ 121,000,000</b>	<b>\$ 116,244,217</b>	<b>\$ 115,172,197</b>	<b>\$ 436,945</b>	<b>\$ 115,609,142</b>

(Continued)

# DOUGHERTY COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS

**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
<b><u>2005 REFERENDUM</u></b>					
Government Center Improvements	\$ 1,000,000	\$ 1,000,000	\$ 892,705	\$ 12,331	\$ 905,036
Judicial Building Improvements	2,000,000	2,185,000	2,030,117	125,405	2,155,522
Mental Health Building Improvements	1,400,000	1,115,000	1,321,173	234,083	1,555,256
Public Health Building Improvements	700,000	800,000	269,748	-	269,748
DOCO Jail Facility Improvements	3,825,000	3,825,000	2,209,462	569,674	2,779,136
EMS Headquarter Improvements	2,000,000	2,086,553	2,086,553	-	2,086,553
New Library and Library Improvements	6,000,000	6,400,000	5,437,031	435,056	5,872,087
County Police Building Improvements	140,000	140,000	136,437	-	136,437
County Fire Station Improvements	100,000	100,000	87,101	98,899	186,000
S.R. 133 Road Widening Project	400,000	-	-	-	-
County Roads, Streets and Bridges	1,186,800	2,294,872	1,671,419	392,845	2,064,264
County Sewer Extensions	1,000,000	1,150,000	-	24,124	24,124
New Public Works Facility	700,000	1,000,000	998,675	-	998,675
Election Equipment	100,000	160,000	132,486	-	132,486
Radium Springs Improvements	2,500,000	2,500,000	1,139,391	-	1,139,391
Tennis Court Facility	2,700,000	2,700,000	-	-	-
Gillionville Road Widening	1,800,000	500,000	209,199	2,011	211,210
Criminal Justice Information System	4,000,000	4,000,000	1,141,216	845,970	1,987,186
I.T. Equipment and Software	2,440,000	2,440,000	1,687,499	-	1,687,499
Greenspace Acquisition	535,000	535,000	465,606	-	465,606
Mule Barn Presentation	500,000	500,000	76,035	-	76,035
Museum of Art Relocation	3,000,000	9,773	9,773	-	9,773
Flint Rivercenter	1,000,000	1,030,312	1,030,312	-	1,030,312
Albany-Dougherty Payroll Development	3,000,000	3,000,000	597,488	-	597,488
Riverfront Projects	100,000	100,000	100,000	-	100,000
Administrative	300,000	300,000	175,637	-	175,637
City of Albany Projects	65,873,200	63,259,242	63,259,242	-	63,259,242
<b>Totals</b>	<b>\$ 108,300,000</b>	<b>\$ 103,130,752</b>	<b>\$ 87,164,305</b>	<b>\$ 2,740,398</b>	<b>\$ 89,904,703</b>

(Continued)



# DOUGHERTY COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS

**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
<b><u>2010 REFERENDUM</u></b>					
Government Center Improvements	\$ 535,000	\$ 535,000	\$ 189,247	\$ 18,249	\$ 207,496
Judicial Building Improvements	960,000	960,000	91,759	207,782	299,541
Central Square Complex Improvements	860,000	860,000	125,892	13,135	139,027
Mental Health Building Improvements	300,000	300,000	-	20,224	20,224
Public Health Building Improvements	450,000	450,000	24,749	141,239	165,988
DOCO Jail Facility Improvements	2,225,000	2,225,000	20,224	169,542	189,766
Library Buildings Improvements	5,785,000	5,785,000	693,733	3,295,240	3,988,973
EMS Stations Improvements	1,760,000	1,760,000	462,079	268,379	730,458
County Police Building Improvements	1,555,000	1,555,000	744,454	143,434	887,888
County Fire Stations Improvements	795,000	795,000	176,403	325,312	501,715
County Parks Improvements	810,000	810,000	50,777	253,090	303,867
Storm Drainage Improvements	4,300,000	4,300,000	144,651	1,140,945	1,285,596
County Road Improvements	6,000,000	6,000,000	188,022	756,424	944,446
Public Works Maintenance Shop Improvements	1,650,000	1,650,000	-	-	-
Landfill Improvements	1,000,000	1,000,000	-	-	-
Facilities Warehouse Improvements	240,000	240,000	21,630	14,251	35,881
Information Technology Equipment	985,000	985,000	-	-	-
Economic Development Improvements	2,350,000	2,350,000	-	-	-
Flint RiverQuarium Improvements	505,000	505,000	59,635	121,722	181,357
Hugh Mills Stadium Improvements	1,175,000	1,175,000	143,792	-	143,792
Thronateeska Heritage Center Improvements	640,000	640,000	468,452	85,547	553,999
Greenspace Acquisitions	400,000	400,000	-	600	600
City of Albany Projects	62,720,000	62,720,000	24,364,719	10,008,319	34,373,038
<b>Totals</b>	<b>\$ 98,000,000</b>	<b>\$ 98,000,000</b>	<b>\$ 27,970,218</b>	<b>\$ 16,983,434</b>	<b>\$ 44,953,652</b>

## AGENCY FUNDS

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

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

**Clerk of Courts**  
**Probate Court**  
**Magistrate Court**  
**Juvenile Court**

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

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

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

# DOUGHERTY COUNTY, GEORGIA

## COMBINING BALANCE SHEET AGENCY FUNDS

JUNE 30, 2014

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<b>ASSETS</b>	<b>Tax &amp; Tag Department</b>	<b>Clerk of Courts</b>	<b>Probate Court</b>	<b>Magistrate Court</b>	<b>Juvenile Court</b>
Cash	\$ 1,474,091	\$ 551,849	\$ 63,763	\$ 58,267	\$ 875
Investments	-	-	-	-	-
Taxes receivable	3,000,850	-	-	-	-
Total assets	<u>\$ 4,474,941</u>	<u>\$ 551,849</u>	<u>\$ 63,763</u>	<u>\$ 58,267</u>	<u>\$ 875</u>
<b>LIABILITIES</b>					
Due to others	\$ 1,474,091	\$ 551,849	\$ 63,763	\$ 58,267	\$ 875
Uncollected taxes	3,000,850	-	-	-	-
Total liabilities	<u>\$ 4,474,941</u>	<u>\$ 551,849</u>	<u>\$ 63,763</u>	<u>\$ 58,267</u>	<u>\$ 875</u>

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<u>Sheriff</u>	<u>Drug Squad</u>	<u>Escrow</u>	<u>Total</u>
\$ 424,111	\$ 69,120	\$ -	\$ 2,642,076
-	-	1,875	1,875
-	-	-	3,000,850
<u>\$ 424,111</u>	<u>\$ 69,120</u>	<u>\$ 1,875</u>	<u>\$ 5,644,801</u>
\$ 424,111	\$ 69,120	\$ 1,875	\$ 2,643,951
-	-	-	3,000,850
<u>\$ 424,111</u>	<u>\$ 69,120</u>	<u>\$ 1,875</u>	<u>\$ 5,644,801</u>

## **COMPLIANCE SECTION**

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**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**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Dougherty County, Georgia (the "County") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Dougherty County, Georgia's basic financial statements and have issued our report thereon dated December 15, 2014. Our report includes a reference to other auditors who audited the financial statements of the Dougherty County Board of Health, as described in our report on Dougherty County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described as item 2014-001 in the accompanying schedule of findings and responses that we consider to be a significant deficiency.

**Compliance and Other Matters**

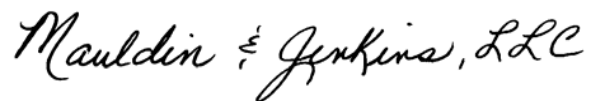
As part of obtaining reasonable assurance about whether Dougherty County, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct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

**Dougherty County, Georgia's Responses to Findings**

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

**Purpose of this Report**

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



Albany, Georgia  
December 15, 2014

# DOUGHERTY COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND RESPONSES

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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### SECTION I SUMMARY OF AUDITOR'S RESULTS

#### Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:  
Material weaknesses identified?  yes  no

Significant deficiencies identified not considered  
to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

#### Federal Awards

There was not an audit of major federal award programs as of June 30, 2014 due to the total amount expended being less than \$500,000

### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

#### 2014 - 001. Segregation of Duties

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

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

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



**DOUGHERTY COUNTY, GEORGIA**  
**SCHEDULE OF FINDINGS AND RESPONSES**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**SECTION II**  
**FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)**

**2014 - 001. Segregation of Duties (Continued)**

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

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

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

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

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

**SECTION III**  
**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

Not Applicable.

# DOUGHERTY COUNTY, GEORGIA

## SCHEDULE OF PRIOR YEAR FINDINGS

### FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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#### 2013 - 001. Segregation of Duties

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

**Condition:** For the fiscal year ended June 30, 2013, we noted a lack of proper segregation of duties within several areas of Dougherty County, Georgia's operations, including the Clerk of Court, Probate Court, Sheriff's Office, and County Finance Department. Examples of segregation of duties issues include:

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

**Auditee Response/Status:** Unresolved – See current year finding 2014-001.

#### 2013 - 002. Management of Accounts Receivable Accounts

**Criteria:** Generally accepted accounting principles require revenues to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. As a part of these processes, the County should review all revenue transactions to determine reporting in the proper period.

**Condition:** We noted the County did not properly adjust accounts receivable in the Non-Major funds.

**Auditee Response/Status:** The above finding was corrected for the fiscal year ended June 30, 2014.

# DOUGHERTY COUNTY, GEORGIA

## SCHEDULE OF PRIOR YEAR FINDINGS

### FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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#### **2013 - 003. Undercollateralization of County Deposits**

**Criteria:** The Official Code of Georgia (OCGA) Section 45-8-12 (c) requires all depositories of public funds to pledge securities of not less than 110% of the deposited public funds.

**Condition:** For the year ended June 30, 2013, the County's deposits held at one financial institution were undercollateralized.

**Auditee Response/Status:** The above finding was corrected for the fiscal year ended June 30, 2014.

December 31, 2014

Ms. Martha B. Hendley  
Dougherty County Board of Commissioner  
222 Pine Avenue  
Albany, Georgia 31702

Dear Martha:

We are enclosing fifteen (15) copies of the Financial Report of Dougherty County, Georgia for the fiscal year ended June 30, 2014.

Sincerely,

MAULDIN & JENKINS, LLC

Craig Moye

CM:kh  
Enclosures