

DOUGHERTY COUNTY, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2011

INTRODUCTORY SECTION

DOUGHERTY COUNTY, GEORGIA
FINANCIAL REPORT
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LIST OF PRINCIPAL OFFICIALS

DOUGHERTY COUNTY BOARD OF COMMISSIONERS

Jeff Sinyard, Chairman

Muarlean Cain Edwards, Vice Chairman

Jack Stone

John Hayes

Lamar Hudgins

Ewell Lyle

Gloria Gaines

COUNTY ADMINISTRATOR

Richard Crowdis

FINANCE DIRECTOR

Karen Goff

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **Dougherty County, Georgia**, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Dougherty County, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Dougherty County Board of Health, which statements reflect total assets of \$3,974,643 as of June 30, 2011, and total revenues of \$14,325,221 for the year ended June 30, 2011. Those financial statements were audited by other auditors whose report thereon have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Dougherty County Board of Health in the component unit column is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provides a reasonable basis for our 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, Dougherty County, Georgia implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2011, on our consideration of Dougherty County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (on pages 3 through 13) and the Required Supplementary Information on pages 63 and 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dougherty County, Georgia's basic financial statements. The introductory section and the combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedules of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia Annotated 48-8-121, and are also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the schedules 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 financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Mauldin & Jenkins, LLC

Macon, Georgia
December 22, 2011

DOUGHERTY COUNTY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2011

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, 2011. 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 assets (page 14) reflected an increase of \$2,349,314 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 decreased \$810,545 while assets increased \$1,538,769.
- The statement of net activities (page 16) reflects revenue collected through service charges and grants to provide services are 21% of total revenue needed to provide primary government services. The balance of revenue comes from property tax, sales tax and other tax.
- The 2010 county-wide tax digest assessed values decreased \$170 million dollars or 8%. The State moratorium, HB233, remains in effect this year which freezes property values at the 2008 Digest value unless new construction or additions occur. The County-wide millage rate remained the same at 11.894 mils.
- Due to a new Governmental Accounting Standards Board (GASB) statement, the naming convention of fund balance has changed. Unreserved fund balance is now entitled Unassigned fund balance. Reserved fund balance is known as Nonspendable, Restricted, or Committed depending on what action, law or commission decision removed the funds from unreserved. The General Fund (the operating fund) total fund balance decreased \$1,066,472. The Board of Commissioners budgeted a re-apportionment of fund balance of \$3.5 million in order hold the millage rate at the same level as last year and prevent a tax increase to the citizens of Dougherty County. Fortunately, Department Managers were able to contain operating costs and revenues received were better than budgeted so the entire \$3.5 million was not drawn.
- The Special Tax District Fund records services to the unincorporated area of the county. The 2010 millage rate remained the same at 7.275 mils. The fund balance decreased \$424,014 which was a planned use of fund balance. The Commission budgeted re-appropriation of fund balance of \$650,164. For this fiscal year, this fund is categorized as a non-major governmental fund.
- The Solid Waste Fund (the only enterprise fund) records the activity of the County's Landfill. Net assets decreased \$16,660. The County finalized a contract with the Department of Defense whereby the County will sell landfill methane gas to the local Marine Corp Logistic Base which will process it into energy to be consumed by the base.
- 2005 One Percent Sales Tax Fund collection period ended March 31, 2011. The total sales tax collected over the six-year period was \$102,031,036 of which 62% or \$63,259,242 was distributed to the City of Albany through an inter-governmental agreement for capital projects. Sales tax collections were up by 4.9% when comparing this fiscal year and the previous fiscal year. A discussion of current project activity follows under the section – Analysis of Fund Level Statements

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements

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

(1) The *government-wide financial statements* include two statements, the Statement of Net assets 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 Assets 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 65.

(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 30.

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 Assets and Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting 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 assets and changes in them. You can think of the County's net assets – the difference between assets and liabilities – as one way to measure the County's financial health or financial position. Over time, increases or decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating. Other non-financial factors that must be considered include changes in the County's property tax base and the conditions of the County's infrastructure, to assess the overall health of the County.

The net assets for Governmental Activities increased between fiscal years 2010 and 2011. Business-Type Activities net assets decreased between fiscal years 2010 and 2011. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the County's governmental and business-type activities.

Table 1
Net Assets
(in Millions)

	Governmental Activities		Business-type Activities	
	2010	2011	2010	2011
Current and other assets	49.2	50.6	7.8	7.8
Capital assets	151.7	152.4	9.1	9.7
Total assets	200.9	203.0	16.9	17.5
Current liabilities	5.7	11.7	-	4.7
Long-term liabilities	14.5	9.3	4.2	0.1
Total liabilities	20.2	21.0	4.2	4.8
Net assets:	151.7	144.7	9.1	9.7
Invested in capital assets, net of debt	24.0	27.5	-	-
Restricted	5.1	9.8	3.6	3.0
Unrestricted	180.8	182.0	12.7	12.7

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 2
Changes in Net Assets
(In Millions)

	Governmental		Business-Type	
	Activities		Activities	
	2010	2011	2010	2011
Revenues				
Program revenues:				
Charges for services	\$ 13.5	\$ 13.4	\$ 3.2	\$ 3.1
Operating grants and contributions	0.5	0.5	-	-
Capital grants and contributions	0.6	0.4	-	-
General revenues:				
Property taxes	30.6	29.8	-	-
Sales tax	23.1	23.1	-	-
Other taxes	2.0	2.0	-	-
Investment income	0.2	0.2	-	-
Gain on sale of assets	-	-	-	-
Total revenues	<u>70.5</u>	<u>69.4</u>	<u>3.2</u>	<u>3.1</u>
Program Expenses				
General government	10.9	7.6	-	-
Judicial	8.3	7.0	-	-
Public safety	31.3	30.4	-	-
Public works	9.7	9.6	-	-
Health and welfare	3.3	3.5	-	-
Culture and recreation	7.1	5.8	-	-
Economic development	3.3	2.7	-	-
Interest on long-term debt	0.7	0.3	-	-
Solid waste operating expenses	-	-	3.1	3.1
Total expenses	<u>74.6</u>	<u>66.9</u>	<u>3.1</u>	<u>3.1</u>
Increase (decrease) in net assets	<u>(4.1)</u>	<u>2.5</u>	<u>0.1</u>	<u>-</u>
Net assets, beginning of year, restated	<u>183.4</u>	<u>179.5</u>	<u>12.6</u>	<u>12.7</u>
Net assets, end of year	<u>\$ 179.5</u>	<u>\$ 182.0</u>	<u>\$ 12.7</u>	<u>\$ 12.7</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

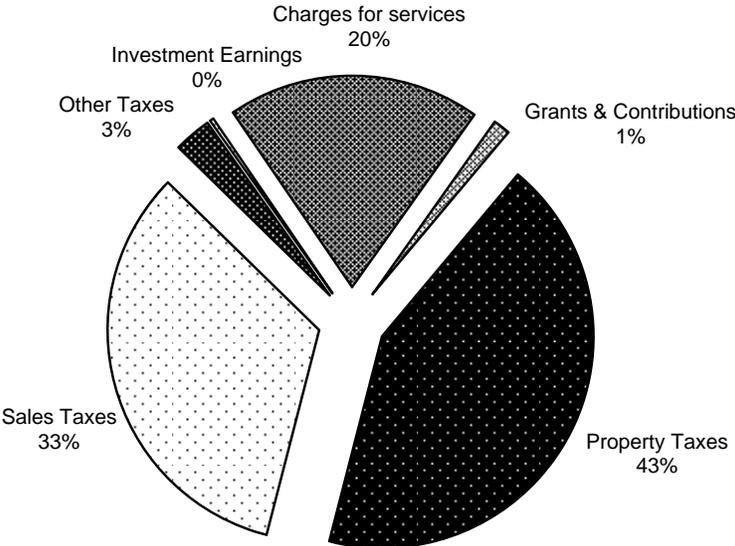
Governmental Activities

Total revenues decreased 1.6% (\$1.1 million) from FY 2010. Total expenses decreased 10.1% (\$7.5 million) from FY 2010.

The County is acutely reliant on property taxes and sales taxes to support governmental operations. Property taxes provided \$29.8 million in revenue or 42.9% of the County's total governmental activities revenues as compared to 43.4 % in 2010. The county-wide millage rate applied to the 2010 Tax Digest remained at 11.894 mils. The special services district (unincorporated portion of the county) millage rate applied to the 2010 Tax Digest remained at 7.272 mils.

Local Option Sales Tax and Special Local Option Sales Tax revenue combined provided \$23.1 million in revenue or 33.3% of the County's total governmental activities revenues in FY 2011 which is a positive factor as sales tax remained steady as compared with FY 2010.

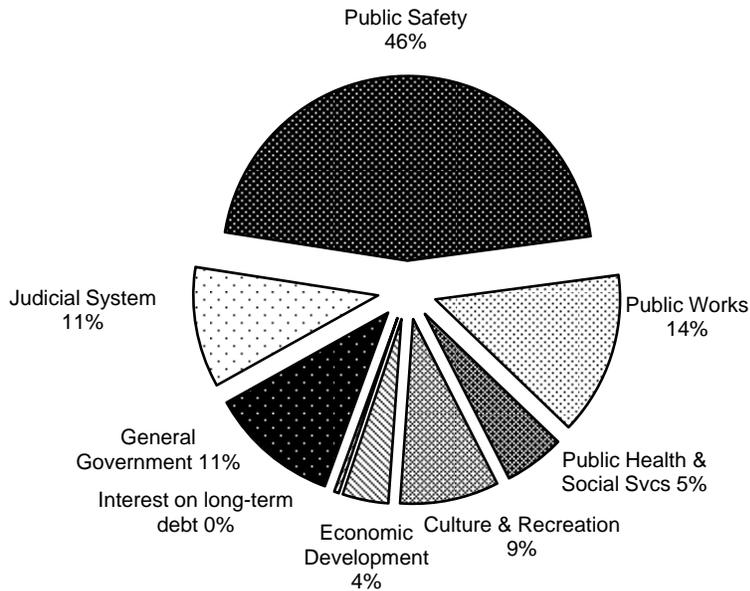
Governmental Activities Revenues



MANAGEMENT'S DISCUSSION AND ANALYSIS

Total expenses show a decrease of \$7.6 million. Expenses decreased from \$74.6 million in 2010 to \$67.1 million in 2011. 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 function or service.

Governmental Activities Expenses



The Public Safety activities make up approximately 46% 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 11%. The Judicial System activities, which included Clerk of Courts, Superior, State, Magistrate and Probate Court, make up approximately 11%. Public Works activities cost approximately 14%.

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. Of course, Public Safety, which includes the Jail Facility and Dougherty County Police, generates only a small fraction of the revenue needed to operate.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 3
Governmental Activities
(In Millions)

	Total Cost of Services		Net Cost of Services	
	2010	2011	2010	2011
General government	\$ 10.9	\$ 7.6	\$ (6.2)	\$ (3.3)
Judicial	8.3	7.0	(7.6)	(6.5)
Public safety	31.3	30.4	(23.4)	(21.6)
Public works	9.7	9.6	(8.9)	(9.3)
Health and welfare	3.3	3.5	(3.3)	(3.6)
Culture and recreation	7.1	5.8	(6.7)	(5.5)
Housing and development	3.3	2.7	(3.3)	(2.7)
Interest on long-term debt	0.7	0.3	(0.7)	(0.4)
Total Governmental Activities	<u>\$ 74.6</u>	<u>\$ 66.9</u>	<u>\$ (60.1)</u>	<u>\$ (52.9)</u>

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 assets decreased \$16,660. Charges for services revenue was 3.4% lower than last year and expenditures were 4.2% higher. Tonnage recorded was less than the previous year which is directly tied to the economy. This is not a true increase in operating costs but an adjustment by the County to the closure/post-closure care cost estimate after the vertical expansion to the present value as of the date of the initial valuation.

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.

Governmental funds

Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the remaining, spendable balances. The County Governmental Funds include the General Fund, Special Tax District Fund, DHR Building Lease Fund, the Confiscated Assets Fund, the Grant Fund, the Lease Commercial Property Fund, the Law Library Fund, the 2005 One Percent Sales Tax Fund. The 1995 One Percent Sales Tax Fund, the One Percent Sales Tax – Road Projects Fund, the 1990 One Percent Sales Tax Fund, the 2000 One Percent Sales Tax Fund and the Capital Improvement Program Fund. This year the County has one additional new fund, 2010 One Cent Sales Tax Fund (SPLOST VI). This reporting year the General Fund, DHR Building Lease Fund, 2005 One Percent Sales Tax Fund are categorized as major funds (page18). The County's

MANAGEMENT'S DISCUSSION AND ANALYSIS

governmental funds reported combined fund balances of \$44.2 million, a decrease of 0.9%. Non-major governmental fund statements begin on page 65.

The General Fund fund balance decreased by \$1 million. In consideration to the taxpayers of the County, the County Commission budgeted to use \$3.5 million from reserves instead of raising property taxes. Due to controlled, efficient monitoring of budgets by department managers, a lesser amount of reserves was required. Actual expenses of \$44.4 million were less than budgeted expenses by \$1.8 million. To control spending, no cost-of-living or merit increases were budgeted. No new positions were funded. Position vacancies were frozen except for essential public safety positions. Five of the ten established holidays were unpaid for County employees. Five unpaid holidays saved the County approximately \$470,000 in salaries and benefits. The required pension plan contribution was higher due to less than anticipated market returns. An interfund transfer of \$338,000 to the Special Services District Fund was made to align the 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 1 cent ended March 31, 2011. 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 Public Health Building Improvements, Mental Health Building Improvements, Dougherty County EMS Headquarters Building construction, Public Works Administrative Building construction, Radium Springs Gardens improvements.

Proprietary funds

The County's Solid Waste Landfill is reported as an enterprise fund. The level of fees charged for services at the Landfill is based on the operational cost of running the Landfill. Proprietary funds are reported in the same way all other activities are reported in the Statement of Net Assets and the Statement of Activities. The County's enterprise fund (proprietary fund) reporting (pages 24-26) 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 rates charged for Landfill services increased in August 2010. The tipping fee rates increased from \$27.00 per ton to \$34.25. Revenues from tipping fees were 3.4% lower than last year attributable to a reduction in tonnage received. A financial analysis of Landfill operations was conducted by a contracted vendor to ensure revenues from tipping fees cover operating costs, equipment replacement costs and future cell development. In fiscal year 2009, the Landfill was permitted for vertical expansion by the State DNR for cells 7-12 of the municipal solid waste (MSW) area of the Landfill and the construction/demolition area. This expansion adds capacity and life to the Landfill. The

MANAGEMENT'S DISCUSSION AND ANALYSIS

official ribbon cutting occurred this fiscal year on the County's new landfill gas extraction project. Next fiscal year the Landfill will sell its methane gas to the Marine Corp Logistics Base for use in a boiler to produce energy for the base operations. This is the first project of its kind for the Department of the Navy and Dougherty County.

In 2009, the County established a new internal service fund to capture the activities of the Dougherty County Employees Group Health Plan, a self-insured health care plan. Previously, the County participated in a pooled plan with the City of Albany. The County employs the services of an insurance broker to advise on cost containment and negotiate service and coverage contracts. Strategies were developed and plan changes implemented to curb the rising health care costs. This fund did not require any subsidy from the General Fund reserves as was needed last fiscal year. This fund has an oversight board consisting of the County Administrator, Assistant County Administrator, Finance Director, Human Resources Director, Tax Director and Jail Director.

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 assets increased \$6.7 million from last year. This increase is directly tied to the improvement in market performance and return on investment. The County's required annual contribution increased by 3.3% to \$2,632,246. From the actuarial valuation report, the plan's accrued benefits are 80% funded which is in the high percentile for government plans.

General Fund Budgetary Highlights

The General Fund Budget is developed to cover the costs of services and the tax millage is set to generate enough revenue to cover costs. Budget figures are not calculated on the modified-accrual basis whereas the actual expenditures listed on pages 21-23 are on the modified-accrual basis. As can be seen in Note 3 on page 41, several departments exceeded their budgets, but under expending in other departments compensated. Revenues were budgeted at \$43.1 million and actually received \$43.7 million, a difference \$0.9 million. The budgeted use of fund balance was partially realized. \$3.5 million was budgeted from reserves and only \$1 million was used for General fund operations.

Capital Assets and Debt Administration

Capital Assets

At the end of FY 2011, the County's governmental activities reflected \$152.4 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 a increase of \$0.7 million from last year. The Business-type activity (Solid Waste Landfill) has \$9.6 million net capital assets (costs less accumulated depreciation), a increase of \$0.5 million. Table 4 is summary data of capital assets. More details can be found on pages 45-47, Note 6 of the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	Governmental Activities		Business-type Activities	
	2010	2011	2010	2011
	Land	\$ 35.9	\$ 35.9	\$ 2.1
Intangible Assets	5.4	5.4	-	1.3
Construction in Progress	4.0	1.2	-	-
Building & Improvements	70.0	73.4	6.1	5.8
Infrastructure	30.7	31.2	-	-
Vehicles	4.9	4.3	-	-
Equipment	0.8	1.0	0.9	0.5
Totals	\$ 151.7	\$ 152.4	\$ 9.1	\$ 9.7

Debt

At year-end the County had no outstanding debt for bonds or notes payable. The bonds payable listed on page 46 of the financial statements are bonds issued through the Albany-Dougherty Intercity Authority (ADICA) for the purpose of 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.

This is the fourth year the certificates of participation were included in the debt section of the financial statements. This reflects the lease pool agreement with the Georgia Municipal Association (GMA). The 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 decreased this year to \$981,000 due to the aging of unused funds. The County retains the capacity to use these funds for capital purchases approved by the bond insurer if so desired. Readers can find more details on page 47.

This is the second year other 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. An actuarial valuation report is conducted every two years to determine this obligation. The most recent report indicated an annual required contribution of \$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 page 57.

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 50.

MANAGEMENT'S DISCUSSION AND ANALYSIS

None of the County's debt payments are currently funded through ad valorem taxes. See Note 7 page 47.

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

	Governmental		Business-type	
	Activities		Activities	
	2010	2011	2010	2010
Bonds payable	\$ 8.6	\$ 7.6	\$ -	\$ -
Capital leases	-	-	-	-
Certificates of participation	1.1	0.9	-	-
Compensated absences	4.0	2.9	0.1	0.1
Net pension obligation	0.1	0.1	-	-
Net OPEB obligation	4.2	6.1	-	-
Landfill closure/postclosure	-	-	4.1	4.6
Totals	\$ 18.0	\$ 17.6	\$ 4.2	\$ 4.7

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 2012 budget. Some of the issues impacting the County's future are:

- ◆ Further economic development of a new industrial park with railroad access.
- ◆ County-wide 2007 property revaluation; 2007 Tax Digest was approved by Department of Revenue for collection, but is in pending litigation
- ◆ Elimination by the State of Georgia of the Homeowner's Tax Relief Grant
- ◆ The economic down turn and closing of small businesses and employment layoffs
- ◆ Minimal increase in the county-wide tax digest growth with future tax exemptions
- ◆ Reduced household spending resulting in lower sales tax collections
- ◆ State of Georgia budgetary constraints, shifting operating costs to the County (i.e., Tax collection costs)
- ◆ Increase in healthcare costs affecting the County's self-insured health care plan
- ◆ Completion of a Landfill Gas to Energy Project undertaken with the Department of Navy, Marine Corp

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 ASSETS

JUNE 30, 2011

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 3,667,422	\$ 989,658	\$ 4,657,080
Investments	41,327,940	6,658,996	47,986,936
Taxes receivable	2,224,807	-	2,224,807
Accounts receivable	1,494,023	339,134	1,833,157
Internal balances	319,651	(319,651)	-
Due from other governments	905,614	-	905,614
Due from component units	13,739	-	13,739
Inventories	273,943	82,680	356,623
Deferred charges	333,225	-	333,225
Capital assets, non-depreciable	42,533,106	3,436,903	45,970,009
Capital assets, depreciable, net of accumulated depreciation	109,827,472	6,245,535	116,073,007
Total assets	202,920,942	17,433,255	220,354,197
LIABILITIES			
Accounts payable	682,746	-	682,746
Accrued liabilities	1,579,913	56,018	1,635,931
Due to other governments	1,059,288	-	1,059,288
Due to primary government	-	-	-
Unearned revenues	59,668	-	59,668
Other liabilities	6,214,906	-	6,214,906
Bonds payable due within one year	1,350,000	-	1,350,000
Bonds payable due in more than one year	6,269,594	-	6,269,594
Compensated absences due within one year	873,024	32,786	905,810
Compensated absences due in more than one year	2,069,653	68,741	2,138,394
Closure and postclosure care cost	-	4,564,389	4,564,389
Certificates of participation due in more than one year	981,000	-	981,000
Total liabilities	21,139,792	4,721,934	25,861,726
NET ASSETS			
Invested in capital assets, net of related debt	144,740,984	9,682,438	154,423,422
Restricted	27,472,545	-	27,472,545
Unrestricted	9,567,621	3,028,883	12,596,504
Total net assets	\$ 181,781,150	\$ 12,711,321	\$ 194,492,471

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

Component Unit	
Board of Health	
\$	2,130,617
	-
	-
	616,230
	-
	1,208,772
	-
	-
	-
	19,024
	<u>3,974,643</u>
	603,558
	-
	496,086
	13,739
	-
	-
	-
	52,451
	472,059
	-
	-
	<u>1,637,893</u>
	19,024
	1,618,210
	<u>699,516</u>
\$	<u><u>2,336,750</u></u>

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 7,616,857	\$ 4,298,563	\$ 3,513	\$ 1,972
Judicial	7,076,844	260,367	319,688	1,131
Public safety	30,481,244	8,316,379	154,551	363,993
Public works	9,586,211	196,774	5,498	39,401
Health and welfare	3,557,330	-	-	3,881
Culture and recreation	5,803,327	349,360	1,028	2,026
Housing and development	2,693,203	7,050	-	1,705
Interest on long-term debt	361,233	-	-	-
Total governmental activities	<u>67,176,249</u>	<u>13,428,493</u>	<u>484,278</u>	<u>414,109</u>
Business-type activities:				
Solid waste	3,145,160	3,113,115	-	-
Total business-type activities	<u>3,145,160</u>	<u>3,113,115</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 70,321,409</u>	<u>\$ 16,541,608</u>	<u>\$ 484,278</u>	<u>\$ 414,109</u>
Component unit:				
Board of Health	\$ 14,081,967	\$ 2,997,763	\$ 11,327,458	\$ -
Total component unit	<u>\$ 14,081,967</u>	<u>\$ 2,997,763</u>	<u>\$ 11,327,458</u>	<u>\$ -</u>
General revenues:				
Property taxes				
Sales taxes				
Other taxes				
Unrestricted investment earnings				
Transfers				
Total general revenues				
Change in net assets				
Net assets, beginning of year				
Net assets, end of year				

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

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

			<u>Component Unit</u>
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Board of Health</u>
\$ (3,312,809)	\$ -	\$ (3,312,809)	\$ -
(6,495,658)	-	(6,495,658)	-
(21,646,321)	-	(21,646,321)	-
(9,344,538)	-	(9,344,538)	-
(3,553,449)	-	(3,553,449)	-
(5,450,913)	-	(5,450,913)	-
(2,684,448)	-	(2,684,448)	-
(361,233)	-	(361,233)	-
<u>(52,849,369)</u>	<u>-</u>	<u>(52,849,369)</u>	<u>-</u>
-	(32,045)	(32,045)	-
-	(32,045)	(32,045)	-
<u>\$ (52,849,369)</u>	<u>\$ (32,045)</u>	<u>\$ (52,881,414)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 243,254
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 243,254</u>
29,780,153	-	29,780,153	-
23,132,860	-	23,132,860	-
1,991,875	-	1,991,875	-
203,604	21,685	225,289	-
6,300	(6,300)	-	-
<u>55,114,792</u>	<u>15,385</u>	<u>55,130,177</u>	<u>-</u>
2,265,423	(16,660)	2,248,763	243,254
179,515,727	12,727,981	192,243,708	2,093,496
<u>\$ 181,781,150</u>	<u>\$ 12,711,321</u>	<u>\$ 194,492,471</u>	<u>\$ 2,336,750</u>

DOUGHERTY COUNTY, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2011

ASSETS	General	DHR Building Lease Fund	2005 One Percent Sales Tax	Other Governmental Funds	Total
Cash and cash equivalents	\$ 2,873,211	\$ 250,000	\$ -	\$ 130,074	\$ 3,253,285
Investments	7,186,176	1,453,182	19,385,684	11,459,388	39,484,430
Taxes receivable	728,416	-	-	1,496,391	2,224,807
Accounts receivable	1,493,919	-	-	104	1,494,023
Notes receivable	-	6,397,773	-	-	6,397,773
Due from other funds	832,115	97,948	-	116,951	1,047,014
Due from other governments	782,353	-	-	123,261	905,614
Due from component unit	13,739	-	-	-	13,739
Inventory	273,943	-	-	-	273,943
Total assets	\$ 14,183,872	\$ 8,198,903	\$ 19,385,684	\$ 13,326,169	\$ 55,094,628
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 619,315	\$ -	\$ 52,507	\$ 10,924	\$ 682,746
Accrued expenses	753,104	-	-	-	753,104
Due to other funds	858,054	-	105,429	407,035	1,370,518
Due to other governments	127,990	-	-	931,298	1,059,288
Deferred revenue	550,528	6,397,773	-	31,068	6,979,369
Total liabilities	2,908,991	6,397,773	157,936	1,380,325	10,845,025
FUND BALANCES					
Nonspendable	273,943	-	-	-	273,943
Restricted	196,307	-	19,227,748	8,048,490	27,472,545
Committed	69,787	1,801,130	-	3,897,354	5,768,271
Unassigned	10,734,844	-	-	-	10,734,844
Total fund balances	11,274,881	1,801,130	19,227,748	11,945,844	44,249,603
Total liabilities and fund balances	\$ 14,183,872	\$ 8,198,903	\$ 19,385,684	\$ 13,326,169	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	152,360,578
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	521,928
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(11,320,346)
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.	2,184,293
The net pension obligation is not due and payable in the current period and therefore is not reported in governmental funds.	(110,043)
The net OPEB obligation is not due and payable in the current period and therefore is not reported in governmental funds.	(6,104,863)
Net assets of governmental activities	\$ 181,781,150

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

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General	DHR Building Lease Fund	2005 One Percent Sales Tax	Other Governmental Funds	Total
Revenues:					
Property taxes	\$ 25,367,929	\$ -	\$ -	\$ 5,075,665	\$ 30,443,594
Sales taxes	6,585,309	-	12,218,213	4,244,420	23,047,942
Other taxes	603,070	-	-	1,388,805	1,991,875
Licenses and permits	-	-	-	285,255	285,255
Intergovernmental	-	-	-	833,128	833,128
Charges for services	9,852,387	48,169	-	4,816	9,905,372
Fines and forfeitures	1,064,791	-	-	420,999	1,485,790
Interest	30,824	2,207	34,082	180,170	247,283
Other revenues	189,979	1,426,840	-	135,257	1,752,076
Total revenues	<u>43,694,289</u>	<u>1,477,216</u>	<u>12,252,295</u>	<u>12,568,515</u>	<u>69,992,315</u>
Expenditures:					
Current:					
General government	6,923,105	173,482	-	108,264	7,204,851
Judicial	6,917,132	-	-	515,620	7,432,752
Public safety	22,627,138	-	-	6,725,776	29,352,914
Public works	2,517,954	-	-	496,007	3,013,961
Health and welfare	2,530,420	-	-	1,850	2,532,270
Culture and recreation	2,341,391	-	-	155,474	2,496,865
Housing and development	588,271	-	-	409,406	997,677
Intergovernmental payments	-	-	7,268,856	2,716,429	9,985,285
Capital outlay	-	-	4,015,242	1,837,230	5,852,472
Debt service:					
Principal	-	940,000	-	373,000	1,313,000
Interest	-	174,070	-	84,975	259,045
Total expenditures	<u>44,445,411</u>	<u>1,287,552</u>	<u>11,284,098</u>	<u>13,424,031</u>	<u>70,441,092</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(751,122)</u>	<u>189,664</u>	<u>968,197</u>	<u>(855,516)</u>	<u>(448,777)</u>
Other financing sources (uses):					
Proceeds from sale of assets	16,350	-	-	16,959	33,309
Transfers in	6,300	-	-	344,167	350,467
Transfers out	(338,000)	-	-	(6,167)	(344,167)
Total other financing sources (uses)	<u>(315,350)</u>	<u>-</u>	<u>-</u>	<u>354,959</u>	<u>39,609</u>
Net change in fund balances	(1,066,472)	189,664	968,197	(500,557)	(409,168)
Fund balances, beginning of year	<u>12,341,353</u>	<u>1,611,466</u>	<u>18,259,551</u>	<u>12,446,401</u>	<u>44,658,771</u>
Fund balances, end of year	<u>\$ 11,274,881</u>	<u>\$ 1,801,130</u>	<u>\$ 19,227,748</u>	<u>\$ 11,945,844</u>	<u>\$ 44,249,603</u>

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

DOUGHERTY COUNTY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2011

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

Net change in fund balances - total governmental funds \$ (409,168)

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. 676,372

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (19,657)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Deferred revenues decreased during the year by this amount. (578,523)

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 assets. 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. This amount is the net effect of these differences in the treatment of long-term debt and related items. 1,269,242

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. 2,276,938

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. (949,781)

\$ 2,265,423

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

DOUGHERTY COUNTY, GEORGIA

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 25,349,002	\$ 25,349,002	\$ 25,367,929	\$ 18,927
Sales taxes	6,500,000	6,500,000	6,585,309	85,309
Other taxes	525,000	525,000	603,070	78,070
Charges for services	9,147,790	9,147,790	9,852,387	704,597
Fines and forfeitures	1,379,300	1,379,300	1,064,791	(314,509)
Interest income	27,000	27,000	30,824	3,824
Miscellaneous	3,663,483	3,628,899	189,979	(3,438,920)
Total revenues	46,591,575	46,556,991	43,694,289	(2,862,702)
Expenditures:				
Current:				
General government:				
Administrative and legislative	633,525	633,525	623,832	9,693
Auditing	59,320	59,320	66,431	(7,111)
Finance	352,440	352,440	333,215	19,225
Computer information	879,000	879,000	531,518	347,482
Contingency	150,000	107,729	3,940	103,789
Facilities management	2,247,867	2,247,867	2,172,586	75,281
Human resources	489,445	489,445	488,677	768
Legal services	180,880	180,880	205,346	(24,466)
Mail and security system	251,580	251,580	227,468	24,112
Purchasing	109,680	109,680	63,980	45,700
Registration and elections	394,330	394,330	322,672	71,658
Tax and tag collections	2,019,733	2,019,733	1,883,440	136,293
Total general government	7,767,800	7,725,529	6,923,105	802,424
Judicial:				
Clerk of courts	838,710	838,710	823,946	14,764
District attorney	1,766,275	1,766,275	1,779,630	(13,355)
Juvenile court	815,535	857,222	868,792	(11,570)
Magistrate court	932,546	932,546	908,164	24,382
Probate court	372,281	372,281	383,414	(11,133)
Public defender	965,970	965,970	945,230	20,740
State court	489,430	489,430	477,061	12,369
Superior court	739,195	739,195	730,895	8,300
Total judicial	6,919,942	6,961,629	6,917,132	44,497

(Continued)

DOUGHERTY COUNTY, GEORGIA

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Expenditures: (Continued)	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Current: (Continued)				
Public safety:				
Coroner	\$ 137,195	\$ 137,195	\$ 141,826	\$ (4,631)
Drug squad	893,150	893,150	910,127	(16,977)
S.W.A.T.	24,125	24,125	22,873	1,252
Emergency medical services	4,614,175	4,614,175	4,309,776	304,399
Emergency management	56,480	56,480	55,980	500
Environmental control	586,380	586,380	503,225	83,155
Jail	13,509,800	13,509,800	13,395,376	114,424
Sheriff's department	3,393,355	3,393,355	3,287,955	105,400
Total public safety	23,214,660	23,214,660	22,627,138	587,522
Public works:				
Engineering	345,750	345,750	340,990	4,760
Public works	1,793,998	1,793,998	1,658,225	135,773
Vehicle maintenance	297,780	297,780	295,021	2,759
Park maintenance	234,520	234,520	223,718	10,802
Total public works	2,672,048	2,672,048	2,517,954	154,094
Health and welfare:				
Department of Family and Children Services	112,699	112,699	100,389	12,310
Health services	2,355,998	2,321,998	2,430,031	(108,033)
Total health and welfare	2,468,697	2,434,697	2,530,420	(95,723)
Culture and recreation:				
Library	2,458,988	2,458,988	2,341,391	117,597
Total culture and recreation	2,458,988	2,458,988	2,341,391	117,597
Housing and development:				
Agricultural services	90,910	90,910	71,503	19,407
Community development	509,810	509,810	390,041	119,769
Natural resources	13,080	13,080	13,079	1
Small and disadvantaged business	143,940	143,940	113,648	30,292
Total housing and development	757,740	757,740	588,271	169,469
Total expenditures	46,259,875	46,225,291	44,445,411	1,779,880
Excess (deficiency) of revenues over (under) expenditures	331,700	331,700	(751,122)	(1,082,822)

(Continued)

DOUGHERTY COUNTY, GEORGIA

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Other financing sources (uses):				
Proceeds from sale of assets	\$ -	\$ -	\$ 16,350	\$ 16,350
Transfers in	6,300	6,300	6,300	-
Transfers out	(338,000)	(338,000)	(338,000)	-
Total other financing sources (uses)	<u>(331,700)</u>	<u>(331,700)</u>	<u>(315,350)</u>	<u>16,350</u>
Net change in fund balances	-	-	(1,066,472)	(1,066,472)
Fund balance, beginning of year	<u>12,341,353</u>	<u>12,341,353</u>	<u>12,341,353</u>	<u>-</u>
Fund balance, end of year	<u>\$ 12,341,353</u>	<u>\$ 12,341,353</u>	<u>\$ 11,274,881</u>	<u>\$ (1,066,472)</u>

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

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF NET ASSETS PROPRIETARY FUNDS

JUNE 30, 2011

	Major Enterprise Fund	Governmental Activities- Internal Service Funds
ASSETS	Solid Waste Fund	
CURRENT ASSETS		
Cash and cash equivalents	\$ 989,658	\$ 414,137
Investments	6,658,996	1,843,510
Accounts receivable, net of allowances	339,134	-
Due from other funds	-	643,155
Inventories	82,680	-
Total current assets	8,070,468	2,900,802
NONCURRENT ASSETS		
Capital assets:		
Nondepreciable	3,436,903	-
Depreciable, net of accumulated depreciation	6,245,535	-
Total noncurrent assets	9,682,438	-
Total assets	17,752,906	2,900,802
LIABILITIES		
CURRENT LIABILITIES		
Accrued expenses	56,018	716,509
Due to other funds	319,651	-
Current portion - compensated absences	32,786	-
Total current liabilities	408,455	716,509
LONG-TERM LIABILITIES		
Compensated absences, net of current portion	68,741	-
Accrued landfill closure/postclosure care costs	4,564,389	-
Total long-term liabilities	4,633,130	-
Total liabilities	5,041,585	716,509
NET ASSETS		
Invested in capital assets	9,682,438	-
Unrestricted	3,028,883	2,184,293
Total net assets	\$ 12,711,321	\$ 2,184,293

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

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Major Enterprise Fund	Governmental Activities- Internal Service Funds
	Solid Waste Fund	
OPERATING REVENUES		
Charges for services	\$ 3,073,295	\$ 7,256,702
Miscellaneous	39,820	457,948
Total operating revenues	3,113,115	7,714,650
OPERATING EXPENSES		
Salaries and benefits	906,424	-
Cost of sales and services	571,282	105,955
Supplies	407,719	-
Claims	-	4,197,385
Insurance	-	1,135,361
Closure/Post-closure care cost	444,515	-
Depreciation	815,220	-
Total operating expenses	3,145,160	5,438,701
Operating income (loss)	(32,045)	2,275,949
NONOPERATING INCOME (EXPENSE)		
Interest income	21,685	989
Total nonoperating income	21,685	989
Income (loss) before transfers	(10,360)	2,276,938
TRANSFERS OUT	(6,300)	-
Change in net assets	(16,660)	2,276,938
NET ASSETS (DEFICIT), beginning of year	12,727,981	(92,645)
NET ASSETS, end of year	\$ 12,711,321	\$ 2,184,293

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, 2011

	Major Enterprise Fund <u>Solid Waste Fund</u>	Governmental Activities- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 3,570,310	\$ 7,016,880
Payments to suppliers	(1,014,227)	(1,241,316)
Payments for insurance claims	-	(4,120,640)
Payments to employees	(849,806)	-
Net cash provided by operating activities	<u>1,706,277</u>	<u>1,654,924</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	(6,300)	-
Net cash used in noncapital financing activities	<u>(6,300)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(1,378,707)	-
Net cash used in capital and related financing activities	<u>(1,378,707)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(51,517)	(1,352,334)
Interest on investments	49,036	989
Net cash used in investing activities	<u>(2,481)</u>	<u>(1,351,345)</u>
Net increase in cash and cash equivalents	318,789	303,579
Cash and cash equivalents:		
Beginning of year	<u>670,869</u>	<u>110,558</u>
End of year	<u>\$ 989,658</u>	<u>\$ 414,137</u>

(Continued)

DOUGHERTY COUNTY, GEORGIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Major Enterprise Fund</u> <u>Solid Waste Fund</u>	<u>Governmental Activities- Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (32,045)	\$ 2,275,949
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	815,220	-
Landfill closure/postclosure care expense	444,515	-
Decrease in accounts receivable	241,659	-
Increase in due from other funds	-	(643,155)
Increase in inventory	(35,226)	-
Increase in accrued expenses	55,718	76,745
Increase (decrease) in due to other funds	215,536	(54,615)
Increase in compensated absences	900	-
	<u>900</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 1,706,277</u>	<u>\$ 1,654,924</u>

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

DOUGHERTY COUNTY, GEORGIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

JUNE 30, 2011

ASSETS	Agency Funds	Employee Retirement Plan
Cash	\$ 1,980,756	\$ 3,672,818
Investments, at fair value:		
Pooled, common and collective funds	-	34,590,731
Accrued dividends	-	39
Taxes receivable	2,529,041	-
Due from other governments	93,070	-
Prepaid expenses	-	33,578
	<u> </u>	<u> </u>
Total assets	<u>\$ 4,602,867</u>	<u>\$ 38,297,166</u>
LIABILITIES		
Due to others	\$ 2,073,826	\$ -
Uncollected taxes	2,529,041	-
	<u> </u>	<u> </u>
Total liabilities	<u>4,602,867</u>	<u>-</u>
NET ASSETS		
Held in trust for pension benefits (a schedule of funding progress is presented as required supplementary information on page 59)	<u>\$ -</u>	<u>\$ 38,297,166</u>

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

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

ADDITIONS	Employee Retirement Plan
Contributions:	
Employer	\$ 2,717,891
Insurance proceeds	275,964
Total contributions	<u>2,993,855</u>
Investment earnings:	
Dividend income	1,857
Net increase in fair value of investments	6,384,239
Less investment expenses	<u>(317,635)</u>
Net investment earnings	<u>6,068,461</u>
 Total additions	 <u>9,062,316</u>
 DEDUCTIONS	
Benefits	2,298,041
Administrative expenses	<u>64,249</u>
 Total deductions	 <u>2,362,290</u>
 Change in net assets	 6,700,026
 NET ASSETS, beginning of year	 <u>31,597,140</u>
 NET ASSETS, end of year	 <u>\$ 38,297,166</u>

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

DOUGHERTY COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of Dougherty County, Georgia (the "primary government") and its component unit. The component unit discussed below is included in the County's reporting entity because of the significance of its operational or financial relationship with the County. In conformity with accounting principles generally accepted in the United States of America, as set forth in Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity", the financial statements of the component unit are discretely presented in the government-wide financial statements.

Discretely Presented Component Units

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The County reports the following major governmental funds:

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

The **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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The County reports the following major proprietary fund:

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

Additionally, the County reports the following fund types:

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

D. Deposits and Investments

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. For the most part, the effect of interfund activity has been removed from the government-wide statement of net assets. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide statement of net assets as “internal balances.” In the major fund balance sheets, these receivables and payables are classified as “due from other funds” and “due to other funds.”

F. Inventories

Inventories consist of supplies. Inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. The consumption method is used to account for inventories. Under the consumption method, inventory items are recognized as expenditures when used.

G. Capital Assets

Capital assets, which include property, 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.

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Compensated Absences

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

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method, which is not materially different from the effective interest method.

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net assets."

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

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Fund Equity (Continued)

- **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

Net Assets – Net assets represent the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net assets invested in capital assets, net of related debt, 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 assets are reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net assets are reported as unrestricted.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Use of Estimates

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

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$11,656,892 difference are as follows:

Bonds payable	\$ (7,280,000)
Unamortized bond premium	(339,594)
Unamortized bond issuance cost	164,952
Accrued interest	(110,300)
Certificates of participation	(981,000)
Fair market value interest rate hedge - certificates of participation	168,273
Compensated absences	<u>(2,942,677)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$ (11,320,346)</u></u>

Another element of that reconciliation explains that “other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.” The details of this \$521,928 difference are as follows:

Deferred property taxes	<u>\$ 521,928</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$ 521,928</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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$676,372 difference are as follows:

Capital outlay	\$ 4,424,516
Depreciation expense	(3,748,144)
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 676,372</u>

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 increase net assets.” The details of this \$19,657 difference are as follows:

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	\$ 21,580
In the statement of activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.	<u>(41,237)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (19,657)</u>

NOTES TO FINANCIAL STATEMENTS

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

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

Another element of that reconciliation explains that “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$578,523 difference are as follows:

Change in:	
Deferred property tax revenue	\$ 84,918
Deferred sales tax revenue	(663,441)
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ (578,523)

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 assets. 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 \$1,269,242 difference are as follows:

Principal repayment - certificates of participation	\$ 373,000
Principal repayment - general obligation bonds	940,000
Amortization of bond issuance costs	(37,906)
Amortization of bond premium	78,039
Amortization of interest rate swap - certificates of participation	(83,891)
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ 1,269,242

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 \$949,781 difference are as follows:

Compensated absences	\$ 1,036,563
Net pension obligation	4,207
Net OPEB obligation	(1,932,121)
Accrued interest	(58,430)
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ (949,781)

NOTES TO FINANCIAL STATEMENTS

NOTE 3. BUDGETS AND BUDGETARY ACCOUNTING

Budget Policies

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

Budget Process

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

Encumbrances

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

NOTES TO FINANCIAL STATEMENTS

NOTE 3. BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Excess of Expenditures over Appropriations

For the year ended June 30, 2011, expenditures exceeded budget, as follows:

Department	Excess
General Fund:	
Auditing	\$ 7,111
Legal Services	24,466
District Attorney	13,355
Juvenile Court	11,570
Probate Court	11,133
Coroner	4,631
Drug Squad	16,977
Health Services	108,033

These over-expenditures were funded by greater than anticipated revenues and under-expenditures in other departments of the General Fund.

NOTE 4. DEPOSITS AND INVESTMENTS

At June 30, 2011, the County had the following investments

Investments	Maturities	Rating	Fair Value
Georgia Fund 1	59 days weighted average	AAAm	\$ 46,776,603
Certificates of deposit	12 month weighted average	N/A	261,255
Guaranteed Investment Contract	17 year weighted average	AA-	949,078
Pooled, common & collective funds	N/A	N/A	34,590,731
			\$ 82,577,667

Of the investments listed above, the certificates of deposit, guaranteed investment contract and Georgia Fund 1, which total \$47,986,936 are included as investments on the Statement of Net Assets. All other investments are included in the Employee Retirement Plan Fund.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2011, 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, 2011, 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, 2011, for the County's individual major and nonmajor funds in the aggregate are as follows:

	General	DHR Building Lease Fund	Nonmajor and Other Funds
Receivables:			
Taxes	\$ 1,087,188	\$ -	\$ 1,520,259
Accounts	3,989,808	-	104
Notes	-	6,397,773	-
Gross receivables	5,076,996	6,397,773	1,520,363
Less allowance for uncollectibles	(2,854,661)	-	(23,868)
Net receivables	\$ 2,222,335	\$ 6,397,773	\$ 1,496,495
	Solid Waste	Total	
Receivables:			
Taxes	\$ -	\$ 2,607,447	
Accounts	446,971	4,436,883	
Notes	-	6,397,773	
Gross receivables	446,971	13,442,103	
Less allowance for uncollectibles	(107,837)	(2,986,366)	
Net receivables	\$ 339,134	\$ 10,455,737	

Property taxes were levied on July 19, 2010. Bills are payable on or before December 20, 2010, 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 2010 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended June 30, 2011, and collected by August 31, 2011, are recognized as revenues in the year ended June 30, 2011.

Net receivables estimated to be collected subsequent to August 31, 2011 are recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually. Property taxes attached as an enforceable lien on property as of January 1, 2010.

Notes receivable of \$6,397,773 represents the amount due from the Georgia Department of Human Resources (DHR) for the lease of the Albany Department of Human Resources building. Rental payments received are used to repay the County's debt obligation for this building.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

A. Primary Government

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ 35,897,808	\$ -	\$ -	\$ -	\$ 35,897,808
Intangible assets	5,457,627	21,580	-	-	5,479,207
Construction in progress	3,968,678	2,958,176	-	(5,770,763)	1,156,091
Total capital assets, not being depreciated	<u>45,324,113</u>	<u>2,979,756</u>	<u>-</u>	<u>(5,770,763)</u>	<u>42,533,106</u>
Capital assets, being depreciated:					
Buildings	87,754,850	194,394	-	4,730,619	92,679,863
Infrastructure	78,063,894	480,862	-	1,040,144	79,584,900
Vehicles	9,050,876	221,044	(266,452)	-	9,005,468
Equipment	3,855,584	570,040	(24,092)	-	4,401,532
Total capital assets, being depreciated	<u>178,725,204</u>	<u>1,466,340</u>	<u>(290,544)</u>	<u>5,770,763</u>	<u>185,671,763</u>
Less accumulated depreciation for:					
Buildings	(17,777,853)	(1,561,320)	5,591	-	(19,333,582)
Infrastructure	(47,334,717)	(1,066,953)	-	-	(48,401,670)
Vehicles	(4,167,584)	(620,535)	221,307	(166,972)	(4,733,784)
Equipment	(3,065,300)	(499,336)	22,409	166,972	(3,375,255)
Total accumulated depreciation	<u>(72,345,454)</u>	<u>(3,748,144)</u>	<u>249,307</u>	<u>-</u>	<u>(75,844,291)</u>
Total capital assets, being depreciated, net	<u>106,379,750</u>	<u>(2,281,804)</u>	<u>(41,237)</u>	<u>5,770,763</u>	<u>109,827,472</u>
Governmental activities capital assets, net	<u>\$ 151,703,863</u>	<u>\$ 697,952</u>	<u>\$ (41,237)</u>	<u>\$ -</u>	<u>\$ 152,360,578</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	\$ 371,725
Judicial	66,510
Public safety	1,130,458
Public works	1,343,556
Health and welfare	392,377
Culture and recreation	441,258
Housing and development	2,260
Total depreciation expense - governmental activities	<u>\$ 3,748,144</u>

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities:					
Capital assets, not being depreciated:					
Land	\$ 2,064,045	\$ -	\$ -	\$ -	\$ 2,064,045
Construction in progress	-	1,372,858	-	-	1,372,858
Total capital assets, not being depreciated	2,064,045	1,372,858	-	-	3,436,903
Capital assets, being depreciated:					
Building and improvements	11,687,766	-	-	-	11,687,766
Equipment and vehicles	4,801,466	5,849	-	-	4,807,315
Total	16,489,232	5,849	-	-	16,495,081
Less accumulated depreciation for:					
Building and improvements	(5,552,483)	(355,222)	-	-	(5,907,705)
Equipment and vehicles	(3,881,843)	(459,998)	-	-	(4,341,841)
Total	(9,434,326)	(815,220)	-	-	(10,249,546)
Total capital assets, being depreciated, net	7,054,906	(809,371)	-	-	6,245,535
Business-type activities capital assets, net	\$ 9,118,951	\$ 563,487	\$ -	\$ -	\$ 9,682,438

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	\$ 369,437	\$ -	\$ -	\$ 369,437
Total capital assets, being depreciated	<u>369,437</u>	<u>-</u>	<u>-</u>	<u>369,437</u>
Less accumulated depreciation for:				
Machinery and equipment	(337,338)	(13,075)	-	(350,413)
Total accumulated depreciation	<u>(337,338)</u>	<u>(13,075)</u>	<u>-</u>	<u>(350,413)</u>
Total capital assets, net	<u>\$ 32,099</u>	<u>\$ (13,075)</u>	<u>\$ -</u>	<u>\$ 19,024</u>

NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the year ended June 30, 2011:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable	\$ 8,220,000	\$ -	\$ (940,000)	\$ 7,280,000	\$ 1,350,000
Unamortized premium	417,633	-	(78,039)	339,594	-
Net bonds payable	<u>8,637,633</u>	<u>-</u>	<u>(1,018,039)</u>	<u>7,619,594</u>	<u>1,350,000</u>
Capital leases payable	-	-	-	-	-
Certificates of participation	1,354,000	-	(373,000)	981,000	-
Deferred fair value of interest rate swap	(252,164)	-	83,891	(168,273)	-
Certificates of participation, net	<u>1,101,836</u>	<u>-</u>	<u>(289,109)</u>	<u>812,727</u>	<u>-</u>
Compensated absences	3,979,240	1,364,813	(2,401,376)	2,942,677	873,024
Net pension obligation	114,250	2,713,684	(2,717,891)	110,043	-
Net OPEB obligation	<u>4,172,742</u>	<u>2,058,645</u>	<u>(126,524)</u>	<u>6,104,863</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 18,005,701</u>	<u>\$ 6,137,142</u>	<u>\$ (6,552,939)</u>	<u>\$ 17,589,904</u>	<u>\$ 2,223,024</u>
Business-type activities:					
Landfill closure/ postclosure cost	\$ 4,119,874	\$ 444,515	\$ -	\$ 4,564,389	\$ -
Compensated absences	<u>100,627</u>	<u>47,211</u>	<u>(46,311)</u>	<u>101,527</u>	<u>32,786</u>
Business-type activities long-term liabilities	<u>\$ 4,220,501</u>	<u>\$ 491,726</u>	<u>\$ (46,311)</u>	<u>\$ 4,665,916</u>	<u>\$ 32,786</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) outstanding at June 30, 2011 in the amount of \$7,280,000. 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 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
2012	\$ 1,350,000	\$ 220,600	\$ 1,570,600
2013	1,400,000	193,600	1,593,600
2014	1,470,000	165,600	1,635,600
2015	1,560,000	106,800	1,666,800
2016	1,500,000	60,000	1,560,000
	\$ 7,280,000	\$ 746,600	\$ 8,026,600

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 Fiscal Year 2011, the principal amount owed was reduced from \$1,354,000 to \$981,000. The principal is due in a lump sum payment on June 1, 2028. Interest is payable at a rate of 4.75% each year. The County draws from the investment to lease equipment from the Association. The lease pool agreement requires the County to make lease payments back into its investment account to fund the principal and interest requirements of the 1998 GMA Certificates of Participation.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Certificates of participation (Continued)

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

In the unlikely event that the Swap Counterparty becomes insolvent, or fails to make payments as specified in the Swap Agreement, the County would be exposed to credit risk in the amount of the Swap's fair value. To minimize this risk, the County executed this agreement with counterparties of appropriate credit strength, with the counterparty being rated Aa1 by Moody's (<http://investor.shareholder.com/jpmorganchase/ratings.cfm>). At June 30, 2011, the floating rate being paid by the County is 0.40% (from <http://www.sifma.org/research/item.aspx?id=19762> - .09 @ 6/30 + 31 bps) and the market value of this agreement is \$168,273, a decrease of \$83,891 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, 2011 based on the derivative contract. This market value is reported as an asset in the statement of net assets. 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 assets.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Certificates of participation (Continued)

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

	Principal	Interest	Total
Fiscal Year Ending June 30,			
2012	\$ -	\$ 46,597	\$ 46,597
2013	-	46,597	46,597
2014	-	46,597	46,597
2015	-	46,597	46,597
2016	-	46,597	46,597
2017-2021	-	232,988	232,988
2022-2026	-	232,988	232,988
2027-2028	981,000	93,195	1,074,195
Total certificates of participation	\$ 981,000	\$ 792,156	\$ 1,773,156

Landfill closure and postclosure care costs. State and federal laws and regulations require that Dougherty County, Georgia place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The amount of costs recognized in each period is based on the relative amount of waste received during the period, even though some of the closure and postclosure care costs will be paid after the landfill is closed. The \$4,564,389 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 \$15,887,880 will be recognized on a pro rata basis as the remaining estimated capacity of 9,111,422 cubic yards of useable space is filled. Approximately 29% of the landfill's capacity has been used to date, and the County expects the landfill to close the Municipal Solid Waste area in 2069 and the Construction and Demolition area in 2036.

All amounts recognized are based on what it would cost to perform all closure and postclosure care in 2011. 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, 2011, 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	\$ 105,429
General Fund	Solid Waste Fund	319,651
General Fund	Nonmajor Governmental Funds	407,035
DHR Building Fund	General Fund	97,948
Internal Service Fund - Self Insurance	General Fund	643,141
Internal Service Fund - Workers' Compensation	General Fund	14
Nonmajor Governmental Funds	General Fund	116,951
		<u>\$ 1,690,169</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 In</u>	<u>Transfers Out</u>			<u>Total</u>
	<u>General Fund</u>	<u>Solid Waste Fund</u>	<u>Nonmajor Governmental Funds</u>	
General Fund	\$ -	\$ 6,300	\$ -	\$ 6,300
Nonmajor Governmental Funds	338,000	-	6,167	344,167
Total	<u>\$ 338,000</u>	<u>\$ 6,300</u>	<u>\$ 6,167</u>	<u>\$ 350,467</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, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 9. DEFINED BENEFIT PENSION PLAN

Plan Description

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Plan Description (Continued)

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 1,000 hours or more per year, and who, as of the plan anniversary date have been employed for six months or longer, are eligible to participate in the plan. 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 value. Securities traded on a national exchange are valued at the last reported sales price on the County's balance sheet date. Securities without an established market value are reported at estimated fair value. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitation, if applicable.

Participant Data

At July 1, 2010, the date of the most recent actuarial valuation, there were 875 participants as follows:

Active participants	598
Retirees and beneficiaries	165
Vested terminated	111
Disabled	1
	<u>875</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Funding Policy

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

Annual Pension Cost and Net Pension Obligation

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

	June 30, 2010	June 30, 2011
<u>Derivation of Annual Pension Cost</u>		
Annual Required Contribution	\$ 2,632,246	\$ 2,717,891
Interest on Net Pension Obligation	9,489	9,140
Amortization of Net Pension Obligation	(13,857)	(13,347)
Annual Pension Cost	\$ 2,627,878	\$ 2,713,684

<u>Derivation of Net Pension Obligation</u>	
Annual Pension Cost for Fiscal Year	\$ 2,713,684
Actual Contributions to Plan for Fiscal Year	2,717,891
Increase (Decrease) in Net Pension Obligation	(4,207)
Net Pension Obligation (Asset) as of June 30, 2010	114,250
Net Pension Obligation (Asset) as of June 30, 2011	\$ 110,043

The annual required contribution for the current year was determined as part of the July 1, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions include the following:

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
06/30/09	\$ 2,165,728	97 %	\$ 118,618
06/30/10	2,632,246	100	114,250
06/30/11	2,717,891	100	110,043

An analysis of funding progress for the fiscal year ending June 30, 2011 is 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
7/1/2011	\$ 39,208,171	\$ 47,095,531	\$ 7,887,360	83.25 %	\$ 20,552,647	38.38 %

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 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, 2011.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED CONTRIBUTION PLAN

The County's defined contribution plans include the (1) Nationwide Retirement Solutions, Inc. Plan, administered by Nationwide, and (2) the ACCG Deferred Compensation Program, administered by the Government Employee Benefits Corporation of Georgia. Both plans are 457 deferred compensation agreements. The Plans were adopted by the Dougherty County Board of Commissioner's passing of resolutions. Amendments to the Plans are also under the control of the Board of Commissioners. Employer contributions are established by the County Commissioners and the allowable employee contributions are established by the Internal Revenue Service limits. The County contributes 5% of the gross wages to a 457 plan for all department managers. 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:

457 Plan Name	<u>Employer</u>	<u>Employee</u>
Nationwide Retirement Solutions	\$ 24,582	\$ 390,266
ACCG Deferred Compensation Program	10,395	190,692

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, health, 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 years ended June 30, are as follows:

	June 30, 2011	June 30, 2010
Unpaid claims, beginning of fiscal year	\$ 199,764	\$ 513,406
Incurred claims and changes in estimates	272,898	428,940
Claim payments	(356,153)	(742,582)
Unpaid claims, end of fiscal year	\$ 116,509	\$ 199,764

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, 2011 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 years ended June 30 are as follows:

	June 30, 2011	June 30, 2010
Unpaid claims, beginning of fiscal year	\$ 440,000	\$ 555,000
Incurred claims and changes in estimates	5,014,741	6,360,333
Claim payments	(4,854,741)	(6,475,333)
Unpaid claims, end of fiscal year	\$ 600,000	\$ 440,000

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Construction:

As of June 30, 2011, the County has the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date Of Completion</u>
Central Library Roof	\$ 2,764	October 31, 2011
Riverfront Resource Roof	1,918	October 31, 2011
	<u>\$ 4,682</u>	

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, 2011, the County paid \$52,631 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 development commission. Separate financial statements may be obtained from Southwest Georgia Regional Commission, 30 West Broad Street, Camilla, Georgia 31730.

NOTE 14. OTHER POSTEMPLOYMENT 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 29 hours per week
- Unclassified – Elected or appointed officials

NOTES TO FINANCIAL STATEMENTS

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Description (Continued)

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:

	County	Retiree
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 \$55,457 and retirees contributed \$71,067 to the OPEB Plan in the year ended June 30, 2011. 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.

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 \$126,524 to the OPEB Plan in the year ended June 30, 2011. The annual required contribution amount was determined using actuarial methods.

Annual required employer contribution	\$	2,010,787
Interest on net OPEB obligation		208,637
Adjustment to annual required contribution		(160,779)
Annual OPEB cost		2,058,645
Employer and retiree contributions for period ending June 30, 2011		126,524
Increase in net OPEB obligation		1,932,121
Net OPEB obligation beginning of year		4,172,742
Net OPEB obligation end of year	\$	6,104,863

NOTES TO FINANCIAL STATEMENTS

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation (Continued)

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2010	\$ 2,037,873	11%	\$ 4,172,742
6/30/2011	2,058,645	6%	6,104,863

As of the most recent valuation date, July 1, 2009, the funded status of the OPEB Plan is as follows:

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</u>
7/1/2009	\$ -	\$ 20,841,786	\$ 20,841,786	0%	\$ 22,347,825	93%

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 assets is increasing or decreasing over time relative to the actuarial accrued liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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, 2009. The assumptions used in the July 1, 2009 actuarial valuation are as follows:

Valuation date	July 1, 2009
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)	4.00%
Inflation	3.00%
Health care cost trend rate	10.00%

NOTES TO FINANCIAL STATEMENTS

NOTE 15. FUND BALANCES

Nonspendable. The following fund balances are nonspendable because they are allocated to:

General Fund:	
Inventory	\$ <u>273,943</u>

Restricted. The following fund balances are restricted for:

General Fund:	
Drug treatment education	\$ 19,254
Juvenile Court	<u>177,053</u>
Total	\$ <u>196,307</u>

Special Revenue Funds:

Special Tax District Fund - used to account for property taxes collected and expenditures from unincorporated areas to pay for police and fire protection.	\$ 473,555
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Grant Fund - used to account for revenues generated through special filing charges in the County and City court systems which are used for Victims Witness Activity.	165,789
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Law Library Fund - used to account for revenues generated through special filing charges in the County court system which are used to acquire and maintain library materials.	357,883
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Confiscated Assets Fund - used to account for confiscated assets awarded to the County to be spent on law enforcement at the discretion of the Sheriff.	<u>225,512</u>
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Total	\$ <u>1,222,739</u>
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Capital Projects Funds:

Capital Improvement Fund - used to account for the County's investment in the GMA leasepool to be used for capital investments of the County.	\$ 949,078
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One Percent Sales Tax - Road Projects Fund - used to account for road projects financed by a special purpose sales and use tax.	1
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1990 One Percent Sales Tax Fund - used to account for the County's receipt and expenditure of special purpose sales tax from the 1990 sales tax referendum.	884,559
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NOTES TO FINANCIAL STATEMENTS

NOTE 15. FUND BALANCES (CONTINUED)

Restricted (Continued) The following fund balances are restricted for:

Capital Projects Funds (Continued):

1995 One Percent Sales Tax Fund - used to account for the County's receipt and expenditure of special purpose sales tax from the 1995 sales tax referendum.	1,568,708
2000 One Percent Sales Tax Fund - used to account for the County's receipt and expenditure of special purpose sales tax from the 2000 sales tax referendum.	1,895,331
2005 One Percent Sales Tax Fund - used to account for the County's receipt and expenditure of special purpose sales tax from the 2005 sales tax referendum.	19,227,748
2010 One Percent Sales Tax Fund - used to account for the County's receipt and expenditure of special purpose sales tax from the 2010 sales tax referendum.	<u>1,528,074</u>
Total	<u><u>\$ 26,053,499</u></u>

Committed. The following fund balances are committed to:

General Fund:

County development authority	<u><u>\$ 69,787</u></u>
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Special Revenue Funds:

Lease Commercial Property Fund - used to account for receipt of rent revenues from the East and West parking decks and five tenant retail spaces. Revenues will be used for the upkeep and maintenance of both parking decks and tenant retail spaces as needed.	<u><u>\$ 73,624</u></u>
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Capital Projects Fund:

DHR Building Lease Fund - used to account for the receipt of rental funds from the Georgia Department of Human Resources (DHR) that are used for the annual debt service and maintenance of the building.	\$ 1,801,130
Capital Improvement Fund - used to account for the receipt of property taxes and other funds to be used for capital projects of the County.	<u>3,823,730</u>
Total	<u><u>\$ 5,624,860</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

DEFINED BENEFIT RETIREMENT PLAN SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
7/1/2011	\$ 39,208,171	\$ 47,095,531	\$ 7,887,360	83.25 %	\$ 20,552,647	38.38 %
7/1/2010	36,320,648	45,312,537	8,991,889	80.16	22,129,542	40.63
7/1/2009	34,585,554	42,714,485	8,128,931	80.97	22,347,826	36.37
7/1/2008	35,042,809	39,846,752	4,803,943	87.94	22,259,800	21.58
7/1/2007	32,873,079	36,728,212	3,855,133	89.50	20,887,975	18.46
7/1/2006	25,472,059	34,288,994	8,816,935	74.29	19,994,407	44.10
7/1/2005	23,546,191	30,580,325	7,034,134	77.00	20,156,466	34.90

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Plan Year	(1) Annual Required Contribution	(2) Total Employer Contribution	(3) Total Employee Contribution	(4) Total Contribution (2) + (3)	Percentage of ARC Contributed (4) / (1)
2010	\$ 2,717,891	\$ 2,717,891	\$ -	\$ 2,717,891	100 %
2009	2,632,246	2,632,246	-	2,632,246	100
2008	2,165,728	2,103,175	-	2,103,175	97
2007	1,919,838	1,853,591	-	1,853,591	97
2006	2,336,743	2,263,993	-	2,263,993	97
2005	2,005,392	2,089,588	58,348	2,147,936	107
2004	1,818,783	1,818,783	-	1,818,783	100
2003	1,700,005	1,700,005	-	1,700,005	100
2002	1,569,278	1,569,278	-	1,569,278	100
2001	1,286,654	1,286,654	-	1,286,654	100

Notes to the Schedule of Employer Contributions

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
7/1/2007	\$ -	\$ 27,627,658	\$ 27,627,658	- %	\$ 20,767,537	133.03 %
7/1/2009	-	20,841,786	20,841,786	-	22,347,825	93.26

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Tax District Fund is used to account for the receipts and expenditures of additional taxes from unincorporated areas to pay for police and fire protection.

Confiscated Assets Fund is used to account for confiscated assets awarded to the County to be spent on law enforcement at the discretion of the Sheriff.

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

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

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

Capital Projects Funds

Capital Improvement Fund is used to account for the receipt of property taxes and other funds to be used 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.

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

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

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

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

DOUGHERTY COUNTY, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

JUNE 30, 2011

	<u>Special Tax District</u>	<u>Confiscated Assets</u>	<u>Grant</u>	<u>Lease Commercial Property</u>	<u>Law Library</u>
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 130,074
Investments	670,948	261,942	-	91,762	238,552
Taxes receivable	48,460	-	-	-	-
Accounts receivable	-	-	-	-	104
Due from other funds	-	-	116,951	-	-
Due from other governments	36,693	-	86,568	-	-
Total assets	\$ 756,101	\$ 261,942	\$ 203,519	\$ 91,762	\$ 368,730
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 2,040	\$ -	\$ 8,884
Due to other funds	282,546	36,430	-	18,138	1,963
Due to other governments	-	-	4,622	-	-
Deferred revenue	-	-	31,068	-	-
Total liabilities	282,546	36,430	37,730	18,138	10,847
FUND BALANCES					
Restricted	473,555	225,512	165,789	-	357,883
Committed	-	-	-	73,624	-
Total fund balances	473,555	225,512	165,789	73,624	357,883
Total liabilities and fund balances	\$ 756,101	\$ 261,942	\$ 203,519	\$ 91,762	\$ 368,730

Capital Projects Funds

Capital Improvement	1995 One Percent Sales Tax	One Percent Sales Tax - Road Projects	1990 One Percent Sales Tax	2000 One Percent Sales Tax	2010 One Percent Sales Tax	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130,074
4,840,320	1,568,708	1	884,559	1,895,777	1,006,819	11,459,388
-	-	-	-	-	1,447,931	1,496,391
-	-	-	-	-	-	104
-	-	-	-	-	-	116,951
-	-	-	-	-	-	123,261
\$ 4,840,320	\$ 1,568,708	\$ 1	\$ 884,559	\$ 1,895,777	\$ 2,454,750	\$ 13,326,169
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,924
67,512	-	-	-	446	-	407,035
-	-	-	-	-	926,676	931,298
-	-	-	-	-	-	31,068
67,512	-	-	-	446	926,676	1,380,325
949,078	1,568,708	1	884,559	1,895,331	1,528,074	8,048,490
3,823,730	-	-	-	-	-	3,897,354
4,772,808	1,568,708	1	884,559	1,895,331	1,528,074	11,945,844
\$ 4,840,320	\$ 1,568,708	\$ 1	\$ 884,559	\$ 1,895,777	\$ 2,454,750	\$ 13,326,169

DOUGHERTY COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Special Tax District	Confiscated Assets	Grant	Lease Commercial Property	Law Library
Revenues:					
Property taxes	\$ 4,559,467	\$ -	\$ -	\$ -	\$ -
Sales taxes					
Other taxes	1,388,805	-	-	-	-
Licenses and permits	285,255	-	-	-	-
Intergovernmental	-	-	833,128	-	-
Charges for services	4,816	-	-	-	-
Fines and forfeitures	-	163,875	92,104	-	165,020
Interest income	1,606	363	-	122	4,843
Other revenues	24,409	-	-	62,098	3,243
Total revenues	6,264,358	164,238	925,232	62,220	173,106
Expenditures:					
Current:					
General government	104,750	-	3,514	-	-
Judicial	-	-	371,306	-	144,314
Public safety	6,303,993	313,919	107,864	-	-
Public works	141,660	-	354,347	-	-
Health and welfare	-	-	1,850	-	-
Culture and recreation	154,166	-	1,308	-	-
Housing and development	327,970	-	-	81,436	-
Intergovernmental payments	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	7,032,539	313,919	840,189	81,436	144,314
Excess (deficiency) of revenues over (under) expenditures	(768,181)	(149,681)	85,043	(19,216)	28,792
Other financing sources:					
Proceeds from sale of assets	-	11,412	-	-	-
Transfers in	344,167	-	-	-	-
Transfers out	-	-	(6,167)	-	-
Total other financing sources	344,167	11,412	(6,167)	-	-
Net change in fund balances	(424,014)	(138,269)	78,876	(19,216)	28,792
Fund balances, beginning of year	897,569	363,781	86,913	92,840	329,091
Fund balances, end of year	\$ 473,555	\$ 225,512	\$ 165,789	\$ 73,624	\$ 357,883

Capital Projects Funds

Capital Improvement	1995 One Percent Sales Tax	One Percent Sales Tax - Road Projects	1990 One Percent Sales Tax	2000 One Percent Sales Tax	2010 One Percent Sales Tax	Total
\$ 516,198	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,075,665
-	-	-	-	-	4,244,420	4,244,420
-	-	-	-	-	-	1,388,805
-	-	-	-	-	-	285,255
-	-	-	-	-	-	833,128
-	-	-	-	-	-	4,816
-	-	-	-	-	-	420,999
163,639	3,181	66	2,218	4,049	83	180,170
45,507	-	-	-	-	-	135,257
<u>725,344</u>	<u>3,181</u>	<u>66</u>	<u>2,218</u>	<u>4,049</u>	<u>4,244,503</u>	<u>12,568,515</u>
-	-	-	-	-	-	108,264
-	-	-	-	-	-	515,620
-	-	-	-	-	-	6,725,776
-	-	-	-	-	-	496,007
-	-	-	-	-	-	1,850
-	-	-	-	-	-	155,474
-	-	-	-	-	-	409,406
-	-	-	-	-	2,716,429	2,716,429
479,373	445,358	100,031	-	812,468	-	1,837,230
373,000	-	-	-	-	-	373,000
84,975	-	-	-	-	-	84,975
<u>937,348</u>	<u>445,358</u>	<u>100,031</u>	<u>-</u>	<u>812,468</u>	<u>2,716,429</u>	<u>13,424,031</u>
<u>(212,004)</u>	<u>(442,177)</u>	<u>(99,965)</u>	<u>2,218</u>	<u>(808,419)</u>	<u>1,528,074</u>	<u>(855,516)</u>
5,547	-	-	-	-	-	16,959
-	-	-	-	-	-	344,167
-	-	-	-	-	-	(6,167)
<u>5,547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>354,959</u>
(206,457)	(442,177)	(99,965)	2,218	(808,419)	1,528,074	(500,557)
<u>4,979,265</u>	<u>2,010,885</u>	<u>99,966</u>	<u>882,341</u>	<u>2,703,750</u>	<u>-</u>	<u>12,446,401</u>
<u>\$ 4,772,808</u>	<u>\$ 1,568,708</u>	<u>\$ 1</u>	<u>\$ 884,559</u>	<u>\$ 1,895,331</u>	<u>\$ 1,528,074</u>	<u>\$ 11,945,844</u>

INTERNAL SERVICE FUNDS

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

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

DOUGHERTY COUNTY, GEORGIA

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS**

JUNE 30, 2011

ASSETS	Workers' Compensation Fund	Self- Insurance Fund	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 145,737	\$ 268,400	\$ 414,137
Investments	854,273	989,237	1,843,510
Due from other funds	14	643,141	643,155
Total assets	<u>1,000,024</u>	<u>1,900,778</u>	<u>2,900,802</u>
LIABILITIES			
CURRENT LIABILITIES			
Accrued expenses	<u>116,509</u>	<u>600,000</u>	<u>716,509</u>
Total liabilities	<u>116,509</u>	<u>600,000</u>	<u>716,509</u>
NET ASSETS			
Unrestricted	<u>883,515</u>	<u>1,300,778</u>	<u>2,184,293</u>
Total net assets	<u>\$ 883,515</u>	<u>\$ 1,300,778</u>	<u>\$ 2,184,293</u>

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

DOUGHERTY COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS INTERNAL SERVICE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Workers' Compensation Fund	Self- Insurance Fund	Total
OPERATING REVENUES			
Charges for services	\$ 600,000	\$ 6,656,702	\$ 7,256,702
Miscellaneous	316,584	141,364	457,948
Total operating revenues	916,584	6,798,066	7,714,650
OPERATING EXPENSES			
Cost of sales and services	85,243	20,712	105,955
Claims	272,898	3,924,487	4,197,385
Insurance	45,107	1,090,254	1,135,361
Total operating expenses	403,248	5,035,453	5,438,701
Operating income	513,336	1,762,613	2,275,949
NONOPERATING INCOME			
Interest income	855	134	989
Total nonoperating income	855	134	989
Change in net assets	514,191	1,762,747	2,276,938
NET ASSETS (DEFICIT), beginning of year	369,324	(461,969)	(92,645)
NET ASSETS, end of year	\$ 883,515	\$ 1,300,778	\$ 2,184,293

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

DOUGHERTY COUNTY, GEORGIA

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Workers' Compensation Fund	Self- Insurance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 910,820	\$ 6,106,060	\$ 7,016,880
Payments to suppliers	(130,350)	(1,110,966)	(1,241,316)
Payments for insurance claims	(356,153)	(3,764,487)	(4,120,640)
Payments to employees	-	-	-
	424,317	1,230,607	1,654,924
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(363,097)	(989,237)	(1,352,334)
Interest on investments	855	134	989
	(362,242)	(989,103)	(1,351,345)
Net cash used in investing activities			
Net increase in cash and cash equivalents	62,075	241,504	303,579
Cash and cash equivalents:			
Beginning of year	83,662	26,896	110,558
End of year	\$ 145,737	\$ 268,400	\$ 414,137
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 513,336	\$ 1,762,613	\$ 2,275,949
Adjustments to reconcile operating income to net cash provided by operating activities:			
Increase in due from other funds	(14)	(643,141)	(643,155)
(Increase) decrease in accrued expenses	(83,255)	160,000	76,745
Decrease in due to other funds	(5,750)	(48,865)	(54,615)
	424,317	1,230,607	1,654,924
Net cash provided by operating activities	\$ 424,317	\$ 1,230,607	\$ 1,654,924

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

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
<u>1985 REFERENDUM</u>					
Road Projects	***	***	\$ 56,017,738	\$ 100,031	\$ 56,117,769
<u>1990 REFERENDUM</u>					
County Jail	\$ 31,379,437	\$ 31,285,885	\$ 31,394,864	\$ -	\$ 31,394,864
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	1,619,673	-	1,619,673
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>\$ 66,376,641</u>	<u>\$ -</u>	<u>\$ 66,376,641</u>
<u>1995 REFERENDUM</u>					
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	10,679,969	-	10,679,969
Storm Drainage Improvements	15,200,000	15,123,948	14,457,602	435,654	14,893,256
Recycling Program	1,500,000	500,000	396,490	4,184	400,674
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	7,998,740	5,520	8,004,260
Recreation Improvements	10,500,000	10,500,000	9,852,957	-	9,852,957
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>\$ 82,628,402</u>	<u>\$ 445,358</u>	<u>\$ 83,073,760</u>

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

DOUGHERTY COUNTY, GEORGIA

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
<u>2000 REFERENDUM</u>					
Administrative	\$ 1,175,227	\$ 8,612,153	\$ 8,234,991	\$ -	\$ 8,234,991
Albany River Walk	6,000,000	6,405,000	6,531,843	-	6,531,843
Chehaw Park Improvements	700,000	700,000	680,611	-	680,611
City Debt Retirement	8,611,094	7,023,979	7,023,979	-	7,023,979
City Street Improvements	6,500,000	6,525,000	6,509,309	-	6,509,309
City Traffic Safety	725,000	725,000	724,999	-	724,999
County Water Extensions	600,000	655,548	655,548	-	655,548
County EMS Station	500,000	514,811	514,811	-	514,811
Hugh Mills Stadium	1,170,000	1,204,434	1,204,434	-	1,204,434
Thronateeska Heritage	500,000	500,000	484,045	8,339	492,384
Central Square	15,300,000	15,306,177	15,306,178	-	15,306,178
Economic Development	8,013,679	6,463,679	5,232,817	384,635	5,617,452
County Animal Shelter	700,000	780,000	783,991	-	783,991
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	3,848,100	20,907	3,869,007
County Road Improvements	2,000,000	4,800,000	4,101,978	338,538	4,440,516
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	469,679	60,049	529,728
Recreation Improvements	9,130,000	3,285,000	3,273,085	-	3,273,085
Albany First Tee Program	875,000	988,540	988,471	-	988,471
County Debt Retirement	30,000,000	30,000,000	30,131,767	-	30,131,767
Contingency	-	31,544	(31,766)	-	(31,766)
Totals	<u>\$ 121,000,000</u>	<u>\$ 116,244,217</u>	<u>\$ 113,544,679</u>	<u>\$ 812,468</u>	<u>\$ 114,357,147</u>

DOUGHERTY COUNTY, GEORGIA

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
<u>2005 REFERENDUM</u>					
Government Center Improvements	\$ 1,000,000	\$ 1,000,000	\$ 614,938	\$ 40,078	\$ 655,016
Judicial Building Improvements	2,000,000	2,000,000	1,154,142	139,151	1,293,293
Mental Health Building Improvements	1,400,000	1,400,000	638,776	477,414	1,116,190
Public Health Building Improvements	700,000	700,000	269,748	-	269,748
DOCO Jail Facility Improvements	3,825,000	3,825,000	2,202,004	7,458	2,209,462
EMS Headquarter Improvements	2,000,000	2,000,000	442,133	1,641,919	2,084,052
New Library and Library Improvement	6,000,000	6,000,000	4,780,683	119,888	4,900,571
County Police Building Improvements	140,000	140,000	105,174	31,263	136,437
County Fire Station Improvements	100,000	100,000	62,142	22,815	84,957
S.R. 133 Road Widening Project	400,000	400,000	-	-	-
County Roads, Streets and Bridges	1,186,800	1,186,800	318,074	381,910	699,984
County Sewer Extensions	1,000,000	1,000,000	-	-	-
New Public Works Facility	700,000	700,000	51,803	907,626	959,429
Election Equipment	100,000	100,000	108,352	12,554	120,906
Radium Springs Improvements	2,500,000	2,500,000	996,466	120,982	1,117,448
Tennis Court Facility	2,700,000	2,700,000	-	-	-
Gillionville Road Widening	1,800,000	1,800,000	129,363	3,421	132,784
Criminal Justice Information System	4,000,000	4,000,000	1,015,423	99,258	1,114,681
I.T. Equipment and Software	2,440,000	2,440,000	1,687,499	-	1,687,499
Greenspace Acquisition	535,000	535,000	360,049	-	360,049
Mule Barn Presentation	500,000	500,000	76,000	-	76,000
Museum of Art Relocation	3,000,000	3,000,000	9,773	-	9,773
Flint Rivercenter	1,000,000	1,000,000	1,030,312	-	1,030,312
Albany-Dougherty Payroll Developme	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	166,132	9,505	175,637
City of Albany Projects	65,873,200	65,873,200	46,314,388	7,268,856	53,583,244
Totals	<u>\$ 108,300,000</u>	<u>\$ 108,300,000</u>	<u>\$ 63,230,862</u>	<u>\$11,284,098</u>	<u>\$ 74,514,960</u>

DOUGHERTY COUNTY, GEORGIA

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
<u>2010 REFERENDUM</u>					
Government Center Improvements	\$ 535,000	\$ 535,000	\$ -	\$ -	\$ -
Judicial Building Improvements	960,000	960,000	-	-	-
Central Square Complex Improver	860,000	860,000	-	-	-
Mental Health Building Improvements	300,000	300,000	-	-	-
Public Health Building Improvements	450,000	450,000	-	-	-
DOCO Jail Facility Improvements	2,225,000	2,225,000	-	-	-
Library Buildings Improvements	5,785,000	5,785,000	-	-	-
EMS Stations Improvements	1,760,000	1,760,000	-	-	-
County Police Building Improvements	1,555,000	1,555,000	-	-	-
County Fire Stations Improvements	795,000	795,000	-	-	-
County Parks Improvements	810,000	810,000	-	-	-
Storm Drainage Improvements	4,300,000	4,300,000	-	-	-
County Road Improvements	6,000,000	6,000,000	-	-	-
Public Works Maintenance Shop Imp	1,650,000	1,650,000	-	-	-
Landfill Improvements	1,000,000	1,000,000	-	-	-
Facilities Warehouse Improvements	240,000	240,000	-	-	-
Information Technology Equipment	985,000	985,000	-	-	-
Economic Development Improvement	2,350,000	2,350,000	-	-	-
Flint River Quarium Improvements	505,000	505,000	-	-	-
Hugh Mills Stadium Improvements	1,175,000	1,175,000	-	-	-
Thronateeska Heritage Center Improv	640,000	640,000	-	-	-
Greenspace Acquisitions	400,000	400,000	-	-	-
City of Albany Projects	62,720,000	62,720,000	-	2,716,429	2,716,429
Totals	<u>\$ 98,000,000</u>	<u>\$ 98,000,000</u>	<u>\$ -</u>	<u>\$ 2,716,429</u>	<u>\$ 2,716,429</u>

AGENCY FUNDS

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

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

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

Clerk of Courts
Probate Court
Magistrate Court
Juvenile Court

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

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

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

DOUGHERTY COUNTY, GEORGIA

COMBINING BALANCE SHEET AGENCY FUNDS

JUNE 30, 2011

<u>ASSETS</u>	Tax Commissioner		Clerk of Courts	Probate Court	Magistrate Court
	Tax Department	Tag Department			
Cash	\$ 267,956	\$ 131,422	\$ 912,489	\$ 5,425	\$ 84,435
Taxes receivable	2,529,041	-	-	-	-
Due from other governments	93,070	-	-	-	-
Total assets	<u>\$ 2,890,067</u>	<u>\$ 131,422</u>	<u>\$ 912,489</u>	<u>\$ 5,425</u>	<u>\$ 84,435</u>
 <u>LIABILITIES</u>					
Due to others	\$ 361,026	\$ 131,422	\$ 912,489	\$ 5,425	\$ 84,435
Uncollected taxes	2,529,041	-	-	-	-
Total liabilities	<u>\$ 2,890,067</u>	<u>\$ 131,422</u>	<u>\$ 912,489</u>	<u>\$ 5,425</u>	<u>\$ 84,435</u>

Juvenile Court	Sheriff	Drug Squad	Escrow	Total
\$ 870	\$ 406,474	\$ 33,372	\$ 138,313	\$ 1,980,756
-	-	-	-	2,529,041
-	-	-	-	93,070
<u>\$ 870</u>	<u>\$ 406,474</u>	<u>\$ 33,372</u>	<u>\$ 138,313</u>	<u>\$ 4,602,867</u>
\$ 870	\$ 406,474	\$ 33,372	\$ 138,313	\$ 2,073,826
-	-	-	-	2,529,041
<u>\$ 870</u>	<u>\$ 406,474</u>	<u>\$ 33,372</u>	<u>\$ 138,313</u>	<u>\$ 4,602,867</u>

COMPLIANCE SECTION

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Dougherty County, Georgia as of and for the year ended June 30, 2011, which collectively comprise Dougherty County, Georgia's basic financial statements, and have issued our report thereon dated December 22, 2011. Our report includes a reference to other auditors. As discussed in Note 1, Dougherty County, Georgia implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of July 1, 2010. 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. Other auditors audited the financial statements of the Board of Health, as described in our report on Dougherty County, Georgia's financial statements. The report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 2011-1 that we consider to be a significant deficiency in internal control over financial reporting. 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.

Compliance and Other Matters

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

We noted certain additional matters that we reported to the management of Dougherty County, Georgia in a separate letter dated December 22, 2011.

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

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

Mauldin & Jenkins, LLC

Macon, Georgia
December 22, 2011



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

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

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

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

Internal Control Over Compliance

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

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

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

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

Mauldin & Jenkins, LLC

Albany, Georgia
December 22, 2011

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
Department of Transportation			
Passed through the Governor's Office of Highway Safety			
State and Community Highway Safety Cluster	20.600	GA-2010-47-00380	\$ 6,990
State and Community Highway Safety Cluster	20.600	GA-2011-47-00413	<u>10,991</u>
Total U.S. Department of Transportation			<u>17,981</u>
U.S. Department of Homeland Security			
Passed through the Georgia Emergency Management Agency			
Hazard Mitigation Assistance	97.039	HMGP-1686-0035	<u>5,498</u>
Emergency Management Performance Grants	97.042	P-09-9-49	<u>28,820</u>
Total U.S. Department of Homeland Security			<u>34,318</u>
U.S. Department of Justice			
Passed through City of Albany			
ARRA-Edward Byrne JAG Program	16.804	2009-SB-B9-0908	37,828
Edward Byrne Memorial JAG Program	16.738	2010-DJ-BX-0768	11,482
Passed through Judicial Council of Georgia			
ARRA-Edward Byrne JAG Program	16.803	B82-8-012	26,181
ARRA-Edward Byrne JAG Program	16.803	B82-8-221	<u>348,850</u>
Total JAG Program Cluster			<u>424,341</u>
Passed through Judicial Council of Georgia			
Juvenile Accountability Block Grants	16.523	07B-ST-001	3,905
Juvenile Accountability Block Grants	16.523	JB-07ST-004	<u>5,365</u>
			<u>9,270</u>
Passed through Judicial Council of Georgia			
Crime Victim Assistance	16.575	2010-VA-GX-0073	63,268
Crime Victim Assistance	16.575	2008-VA-GX-0015	<u>21,918</u>
			<u>85,186</u>
Passed through Judicial Council of Georgia			
ARRA-Violence Against Women Formula Grants	16.588	2008-VA-GX-0015	<u>35,865</u>
Total U.S. Department of Justice			<u>554,662</u>
U.S. Department of Health and Human Services			
Passed through Georgia Department of Human Resources			
Child Support Enforcement Program	93.563	42700-401-0000004852	72,931
ARRA-Child Support Enforcement Program	93.563	42700-401-0000006472	<u>1,850</u>
Total U.S. Department of Health and Human Services			<u>74,781</u>
Total Expenditures of Federal Awards			<u><u>\$ 681,742</u></u>

DOUGHERTY COUNTY, GEORGIA

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Dougherty County, Georgia and is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2011

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unqualified

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

Internal Control over major programs:
Material weaknesses identified? yes no

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

Type of auditor's report issued on compliance for
major programs Unqualified

Any audit findings disclosed that are required to
be reported in accordance with OMB Circular
A-133, Section 510(a)? yes no

Identification of major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
16.738	Justice Assistance Grant Program
16.803	Justice Assistance Grant Program - ARRA
16.804	Justice Assistance Grant Program - ARRA

Dollar threshold used to distinguish between
Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee yes no

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2011

SECTION II FINDINGS: FINANCIAL STATEMENT AUDIT

2011 - 1. 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 ending June 30, 2011, 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.

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.

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2011

SECTION II

FINDINGS: FINANCIAL STATEMENT AUDIT (CONTINUED)

2011 - 1. Segregation of Duties (Continued)

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

None reported.

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2011

2010 - 1. Journal Entry Review Process

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

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

Auditee Response/Status: The above finding was corrected for the fiscal year ended June 30, 2011.

2010 - 2. 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 ending June 30, 2010, 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 financial audit finding 2011-1.



INDEPENDENT ACCOUNTANT'S REPORT ON LOCAL ASSISTANCE GRANTS

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

We have examined management's assertion included in the accompanying State of Georgia Grant Certification Form about Dougherty County, Georgia's compliance during the year ended June 30, 2011, with the requirement to use grant proceeds solely for the purpose or purposes for which the grant was made for a Local Assistance Grant 02-C-L-755. Management is responsible for Dougherty County, Georgia's compliance with this requirement. Our responsibility is to express an opinion on management's assertion about Dougherty County, Georgia's compliance based on our examination.

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

In our opinion, management's assertion that Dougherty County, Georgia complied with the aforementioned requirement for the year ended June 30, 2011, is fairly stated, in all material respects.

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

Mauldin & Jenkins, LLC

Macon, Georgia
December 22, 2011

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

LINE

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

	<u>COLUMN 1</u> Current Year Activity	<u>COLUMN 2</u> Cumulative Grant Activity
G	For the Year Ended: June 30, 2011	Through the Year Ended: June 30, 2011
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue) \$1,028.00	
I	Grant Receipts or Revenue Recognized \$0.00	\$50,000.00
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES \$1,028.00	\$50,000.00
K	Disbursements or Expenditures for Audit Fees \$0.00	\$0.00
L	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K] \$0.00	\$0.00

Certification of Local Government Officials

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

Signature of Chief Elected Official _____ Date _____

Signature of Chief Financial Officer _____ Date _____