

DOUGHERTY COUNTY, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2012

INTRODUCTORY SECTION

DOUGHERTY COUNTY, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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LIST OF PRINCIPAL OFFICIALS

DOUGHERTY COUNTY BOARD OF COMMISSIONERS

Jeff Sinyard, Chairman

Ewell Lyle, Vice Chairman

Muarlean Cain Edwards

Gloria Gaines

John Hayes

Lamar Hudgins

Jack Stone

COUNTY ADMINISTRATOR

Richard Crowdis

FINANCE DIRECTOR

Martha B. Hendley

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** (the "County"), as of and for the fiscal year ended June 30, 2012, 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 \$3,756,522 and total revenues of \$14,747,763 for the fiscal year ended June 30, 2012. Those financial statements were audited by other auditors whose report thereon has 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 report of the other auditors provide 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Special Services District Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2013, 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 financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare 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 financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dougherty County, Georgia's financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Mauldin & Jenkins, LLC

Albany, Georgia
February 4, 2013

DOUGHERTY COUNTY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2012

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, 2012. 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 \$457,586 for governmental activities. This statement is a combined view of all the County's financial activities, except any enterprise funds. The County's liabilities increased \$935,231 while assets increased \$833,761.
- The statement of 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 taxes, sales taxes, other taxes, investment earnings, and gains from the sales of assets.
- The 2011 county-wide tax digest assessed values decreased \$25 million dollars or 1.2% compared to a decrease of 8% in 2010. 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.
- The General Fund (the operating fund) total fund balance increased \$132,674. The Board of Commissioners approved a re-apportionment of fund balance for approximately \$2 million so that the millage rate would remain the same, 11.894 mils, as in the prior year. The use of fund balance was not required because of an increase in revenues and management containing expenditures within the approved budgets.
- The Special Services District Fund, records services to the unincorporated area of the county. The 2011 millage rate remained the same at 7.272 mils. The fund balance was depleted this year leaving a negative fund balance of \$318,068. Management was aware that the fund balance would be depleted before June 30, 2012. The Board of Commissioners approved a resolution authorizing an interfund transfer from the General Fund to the Special Services District to eliminate the deficit during the fiscal year ended June 30, 2013.
- The Solid Waste Fund (the only enterprise fund) records the activity of the County's Landfill. Net assets decreased \$66,165. This is the first year the Marine Corp Logistic Base purchased methane gas from the County's landfill as a source of energy. The landfill has successfully supplied the contracted methane gas to the Marine Corp Logistics Base.
- 2005 One Percent Sales Tax Fund – Collections ceased March 31, 2011 but this is still classified as a major fund with approximately \$17.7 million in projects to complete. A project level detail is shown on page 76.
- 2010 One Percent Sales Tax Fund - Collections began April 1, 2011 and will continue until March 31, 2017. The City of Albany receives 64% and Dougherty County receives 36% of the total collected. Dougherty County expenditures for this period total \$1,276,841. A project level detail is shown on page 77.

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 68.

(3) The *Notes* section of the basic financial statements explains some of the information contained in the financial statements in greater detail. This section begins on page 34.

Analysis of Government-Wide Statements

One of the most important questions asked about the County's finances is, "Is the County, as a whole, better off or worse off as a result of this year's activities?" The Statement of Net 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 decreased between fiscal years 2011 and 2012. Business-Type Activities net assets decreased slightly between fiscal years 2011 and 2012. 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	
		2011	2012	2011	2012
Current and other assets		50.6	53.8	7.8	7.9
Capital assets		152.4	150.0	9.7	9.7
	Total assets	<u>203.0</u>	<u>203.8</u>	<u>17.5</u>	<u>17.6</u>
Current liabilities		12.5	14.0	0.1	-
Long-term liabilities		9.3	8.1	4.7	5.0
	Total liabilities	<u>21.8</u>	<u>22.1</u>	<u>4.8</u>	<u>5.0</u>
Net assets:					
Invested in capital assets, net of debt		144.7	143.8	9.7	9.7
Restricted		27.5	29.6	-	-
Unrestricted		9.0	8.3	3.0	2.9
	Total net assets	<u>181.2</u>	<u>181.7</u>	<u>12.7</u>	<u>12.6</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 2
Changes in Net Assets
(In Millions)

	Governmental Activities		Business-Type Activities	
	2011	2012	2011	2012
Revenues				
Program revenues:				
Charges for services	\$ 13.4	\$ 14.4	\$ 3.1	\$ 3.2
Operating grants and contributions	0.5	0.3	-	-
Capital grants and contributions	0.4	0.1	-	-
General revenues:				
Property taxes	29.8	30.2	-	-
Sales tax	23.1	24.4	-	-
Insurance premium taxes	-	0.7	-	-
Other taxes	2.0	1.0	-	-
Investment income	0.2	0.1	-	-
Total revenues	<u>69.4</u>	<u>71.2</u>	<u>3.1</u>	<u>3.2</u>
Program Expenses				
General government	7.6	7.8	-	-
Judicial	7.0	8.3	-	-
Public safety	30.4	33.0	-	-
Public works	9.6	10.6	-	-
Health and welfare	3.5	3.7	-	-
Culture and recreation	5.8	4.8	-	-
Economic development	2.7	2.5	-	-
Interest on long-term debt	0.3	-	-	-
Solid waste operating expenses	-	-	3.1	3.3
Total expenses	<u>66.9</u>	<u>70.7</u>	<u>3.1</u>	<u>3.3</u>
Increase (decrease) in net assets	<u>2.5</u>	<u>0.5</u>	<u>-</u>	<u>(0.1)</u>
Net assets, beginning of year, restated	178.7	181.2	12.7	12.7
Net assets, end of year	<u>\$ 181.2</u>	<u>\$ 181.7</u>	<u>\$ 12.7</u>	<u>\$ 12.6</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

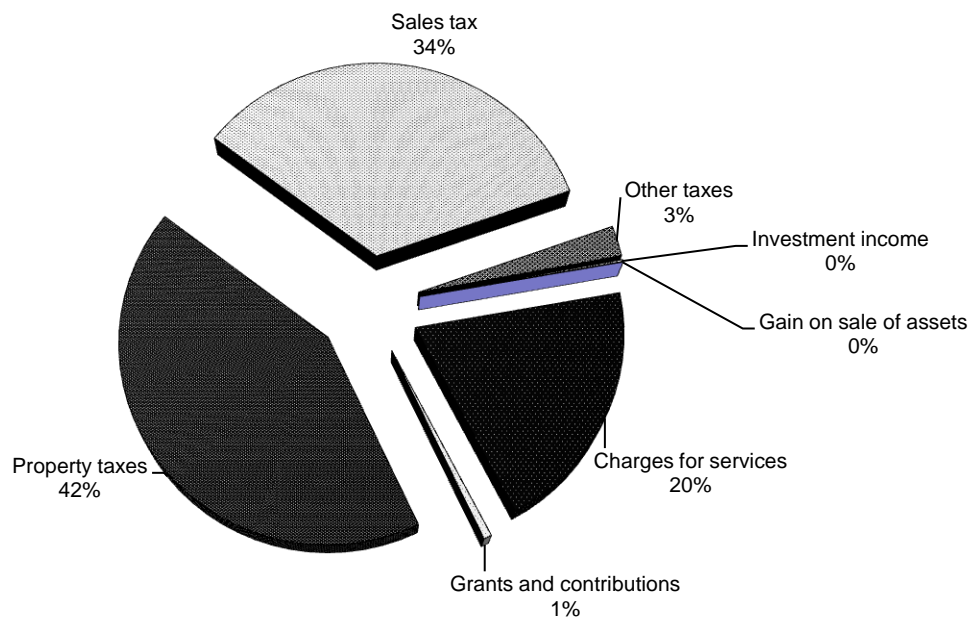
Governmental Activities

Total revenues increased 2.6% (\$1.8 million) from FY 2011. Total expenses increased 5.7% (\$3.8 million) from FY 2011.

The County is acutely reliant on property taxes and sales taxes to support governmental operations. Property taxes provided \$30.2 million in revenue or 42.4% of the County's total governmental activities revenues as compared to 42.9 % in 2011. The county-wide millage rate applied to the 2011 Tax Digest remained at 11.894 mils. The special services district (unincorporated portion of the County) millage rate applied to the 2011 Tax Digest remained at 7.272 mils.

Local Option Sales Tax and Special Local Option Sales Tax revenue combined provided \$24.4 million in revenue or 34.3% of the County's total governmental activities revenues in FY 2012.

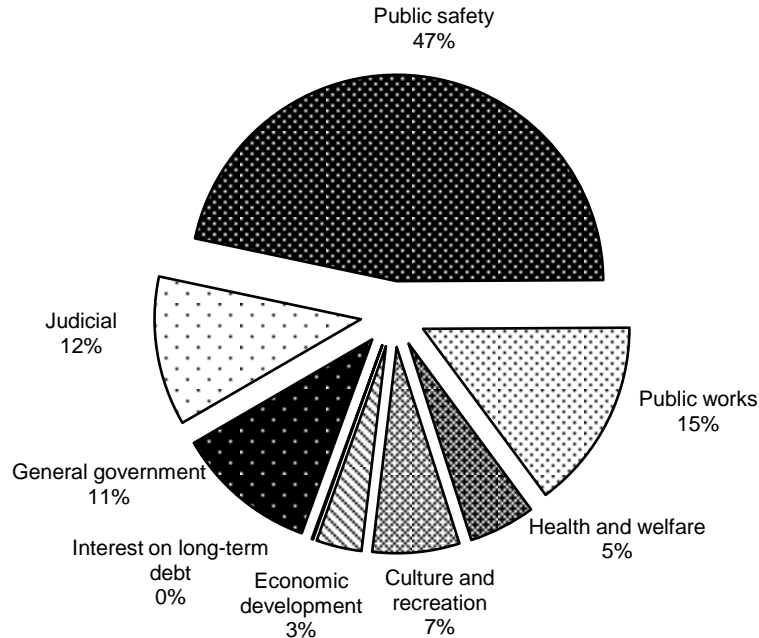
Governmental Activities Revenues



MANAGEMENT'S DISCUSSION AND ANALYSIS

Total expenses show an increase of \$3.8 million. Expenses increased from \$66.9 million in 2011 to \$70.7 million in 2012. 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 47% 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 12%. Public works activities cost approximately 15%.

Table 3 presents the cost of services by category as well as the net cost (total cost less revenues generated by that activity). The Net Cost of Services shows the financial burden that is placed on the County's taxpayers through taxes by function or service provided. Of course, public safety, which includes the Jail 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	
	2011	2012	2011	2012
General government	\$ 7.6	\$ 7.8	\$ (3.3)	\$ (3.4)
Judicial	7.0	8.3	(6.5)	(7.8)
Public safety	30.4	33.0	(21.6)	(23.8)
Public works	9.6	10.6	(9.3)	(10.3)
Health and welfare	3.5	3.7	(3.6)	(3.7)
Culture and recreation	5.8	4.8	(5.5)	(4.5)
Housing and development	2.7	2.5	(2.7)	(2.5)
Interest on long-term debt	0.3	-	(0.4)	-
Total governmental activities	<u>\$ 66.9</u>	<u>\$ 70.7</u>	<u>\$ (52.9)</u>	<u>\$ (56.0)</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 \$66,165. Charges for services revenue was 1.5% higher than last year and expenditures were 4.4% higher. Tonnage recorded was less than the previous year which is directly tied to the economy.

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 Services District Fund, DHR Building Lease Fund, Confiscated Assets Fund, Grant Fund, Lease Commercial Property Fund, Law Library Fund, 2005 One Percent Sales Tax Fund, 1995 One Percent Sales Tax Fund, One Percent Sales Tax – Road Projects Fund, 1990 One Percent Sales Tax Fund, 2000 One Percent Sales Tax Fund, Capital Improvement Program Fund, and 2010 One Percent Sales Tax Fund. This year the County has one additional new fund, 2010 One Percent Sales Tax Fund (SPLOST VI). This reporting year the General Fund, Special Services District Fund, DHR Building Lease Fund, 2005 One Percent Sales Tax Fund, and 2010 One Percent Sales Tax Fund are categorized as major funds (page 18). The County's governmental funds reported combined fund balances of \$45.6 million, an increase of 3.0%. Non-major governmental fund statements begin on page 67.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The General Fund fund balance increased by \$132,674. In consideration to the taxpayers of the County, the County Commission budgeted to use \$2 million from reserves instead of raising property taxes. Due to controlled, efficient monitoring of budgets by department managers and an increase in revenues the fund balance was not used. Actual expenditures were approximately \$648,000 less than budgeted expenditures. 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. In January 2012, employees were required to contribute 3% of gross salary toward the annual required contribution for the pension plan thereby reducing the expenditures by approximately \$260,000. An interfund transfer of \$477,460 to the Special Services District Fund was made to align revenue generated by traffic fines with the expenses of County Police traffic enforcement.

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

In the 2005 One Percent Sales Tax Fund (SPLOST V) the collection period of this one cent ended March 31, 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 but not limited to Public Health Building Improvements, Mental Health Building Improvements, Public Works Administrative Building construction and Radium Springs Improvement.

In the 2010 One Percent Sales Tax Fund (SPLOST VI) the collection period started April 1, 2011 and will go through March 31, 2017. As of the date of this statement, 18 months of collections have been received. The City of Albany receives 64% compared to the County's 36% of the collections. Page 77 of this report lists the projects and the total expended for since inception.

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 28-30) is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows. The tipping fee charged for Landfill services for this fiscal year is \$34.76 per ton. Revenues from tipping fees decreased 2.4% compared to 3.4% in the prior year. 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. During the current year, the County began collecting for the sale of methane gas to the Marine Corp Logistics Base, which totaled \$88,050.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 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 \$1 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 decreased from \$2,717,891 to \$2,317,815. From the actuarial valuation report, the plan's accrued benefits are 83% funded which is in a high percentile for government plans.

General Fund Budgetary Highlights

The General Fund Budget is developed to cover the costs of services and the tax millage is set to generate enough revenue to cover costs. Budget and actual figures are calculated on the modified-accrual beginning on page 23. As seen on page 46 in Note 3, several departments exceeded their budgets. Other departments came in under their approved budgets and compensated for those departments that went over budget. Revenues were budgeted at \$45.6 million with an actual of \$45 million, a difference \$0.6 million. However, the budget of \$45.6 million includes fund balance use of approximately \$2 million which gives the appearance of a deficit in revenues compared to budget. The actual revenues booked are \$1.1 million greater than the approved "revenue budget minus fund balance use." Fund balance was not required as evidenced on page 20 of this report.

Capital Assets and Debt Administration

Capital Assets

At the end of FY 2012, the County's governmental activities reflected \$150 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 decrease of \$2.4 million from last year. The Business-type activity (Solid Waste Landfill) has \$9.7 million net capital assets (costs less accumulated depreciation), a decrease of \$8 thousand. Table 4 is summary data of capital assets. More details can be found on pages 49-51, 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	
	2011	2012	2011	2012
Land	\$ 35.9	\$ 35.6	\$ 2.1	\$ 2.1
Intangible Assets	5.4	5.6	1.3	-
Construction in Progress	1.2	1.2	-	-
Building & Improvements	73.4	72.5	5.8	5.4
Infrastructure	31.2	30.2	-	-
Vehicles	4.3	2.2	-	-
Equipment	1.0	2.7	0.1	2.2
Totals	<u>\$ 152.4</u>	<u>\$ 150.0</u>	<u>\$ 9.3</u>	<u>\$ 9.7</u>

Debt

The bonds payable listed on page 51 of the financial statements were issued to pay the County's capital lease obligation related to the DHR building, located at 200 Oglethorpe Boulevard, make improvements to the building, and pay cost of the bonds. 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 fifth 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 \$869,000 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 52.

This is the third 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 \$1.6 million. GASB Statement 45 does not require advance funding but rather accrual accounting of the obligations associated with other post-employee benefits plans. The County has decided to continue on a pay-as-you-go basis and pay the actual costs per year. More details of OPEB obligations can be found on pages 61-64.

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 54.

MANAGEMENT'S DISCUSSION AND ANALYSIS

None of the County's debt payments are currently funded through ad valorem taxes. See Note 7 page 51.

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

	Governmental Activities		Business-type Activities	
	2011	2012	2011	2012
Bonds payable	\$ 7.6	\$ 6.2	\$ -	\$ -
Certificates of participation	0.9	0.6	-	-
Compensated absences	2.9	3.4	0.1	0.1
Net pension obligation	0.1	0.1	-	-
Net OPEB obligation	6.1	7.5	-	-
Landfill closure/postclosure	-	-	4.6	4.8
Totals	<u>\$ 17.6</u>	<u>\$ 17.8</u>	<u>\$ 4.7</u>	<u>\$ 4.9</u>

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 2013 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
- ◆ 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, 2012

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 2,744,701	\$ 446,634	\$ 3,191,335
Investments	45,557,958	6,760,829	52,318,787
Taxes receivable	2,335,864	-	2,335,864
Accounts receivable	1,684,382	701,721	2,386,103
Internal balances	113,592	(113,592)	-
Due from other governments	776,757	-	776,757
Prepaid expenses	-	20,361	20,361
Inventories	106,207	101,113	207,320
Deferred charges	428,652	-	428,652
Capital assets, non-depreciable	42,333,807	2,064,045	44,397,852
Capital assets, depreciable, net of accumulated depreciation	107,672,783	7,610,568	115,283,351
Total assets	203,754,703	17,591,679	221,346,382
LIABILITIES			
Accounts payable	638,535	-	638,535
Accrued liabilities	2,204,116	-	2,204,116
Due to other governments	1,088,694	-	1,088,694
Unearned revenues	40,165	-	40,165
Other liabilities	7,677,311	-	7,677,311
Bonds payable due within one year	1,400,000	-	1,400,000
Bonds payable due in more than one year	4,769,253	-	4,769,253
Compensated absences due within one year	971,875	31,094	1,002,969
Compensated absences due in more than one year	2,416,074	65,131	2,481,205
Closure and postclosure care cost	-	4,850,298	4,850,298
Certificates of participation due in more than one year	869,000	-	869,000
Total liabilities	22,075,023	4,946,523	27,021,546
NET ASSETS			
Invested in capital assets, net of related debt	143,837,337	9,674,613	153,511,950
Restricted for:			
Drug treatment education	19,254	-	19,254
Juvenile court	177,053	-	177,053
Judicial	361,706	-	361,706
Public safety	500,258	-	500,258
Capital outlay	28,487,155	-	28,487,155
Special use	-	-	-
Unrestricted	8,296,917	2,970,543	11,267,460
Total net assets	\$ 181,679,680	\$ 12,645,156	\$ 194,324,836

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

Component Unit	
Board of Health	
\$	2,181,373
	-
	-
	441,066
	-
	1,049,371
	-
	-
	-
	84,712
	3,756,522
	501,008
	2,308
	578,215
	-
	-
	-
	-
	56,178
	505,601
	-
	-
	1,643,310
	84,712
	-
	-
	-
	-
	1,561,091
	467,409
\$	2,113,212

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<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	\$ 7,830,795	\$ 4,477,044	\$ -	\$ 431
Judicial	8,267,486	236,256	255,008	247
Public safety	32,937,308	9,064,637	46,844	28,632
Public works	10,582,735	231,381	-	97,685
Health and welfare	3,674,892	-	-	847
Culture and recreation	4,816,072	318,439	-	442
Housing and development	2,517,352	3,346	-	372
Interest on long-term debt	73,683	-	-	-
Total governmental activities	<u>70,700,323</u>	<u>14,331,103</u>	<u>301,852</u>	<u>128,656</u>
Business-type activities:				
Solid waste	<u>3,282,653</u>	<u>3,159,493</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>3,282,653</u>	<u>3,159,493</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 73,982,976</u>	<u>\$ 17,490,596</u>	<u>\$ 301,852</u>	<u>\$ 128,656</u>
Component unit:				
Board of Health	\$ 14,971,301	\$ 3,256,758	\$ 11,491,005	\$ -
Total component unit	<u>\$ 14,971,301</u>	<u>\$ 3,256,758</u>	<u>\$ 11,491,005</u>	<u>\$ -</u>
General revenues:				
Property taxes				
Sales taxes				
Insurance premium taxes				
Other taxes				
Unrestricted investment earnings				
Gain on sale of assets				
Total general revenues				
Change in net assets				
Net assets, beginning of year, as restated				
Net assets, end of year				

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

Net (Expense) Revenue and Changes in Net Assets			
			Component Unit
Governmental Activities	Business-type Activities	Total	Board of Health
\$ (3,353,320)	\$ -	\$ (3,353,320)	\$ -
(7,775,975)	-	(7,775,975)	-
(23,797,195)	-	(23,797,195)	-
(10,253,669)	-	(10,253,669)	-
(3,674,045)	-	(3,674,045)	-
(4,497,191)	-	(4,497,191)	-
(2,513,634)	-	(2,513,634)	-
(73,683)	-	(73,683)	-
<u>(55,938,712)</u>	<u>-</u>	<u>(55,938,712)</u>	<u>-</u>
-	(123,160)	(123,160)	-
-	(123,160)	(123,160)	-
<u>\$ (55,938,712)</u>	<u>\$ (123,160)</u>	<u>\$ (56,061,872)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (223,538)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (223,538)</u>
30,154,589	-	30,154,589	-
24,378,587	-	24,378,587	-
716,532	-	716,532	-
1,019,319	-	1,019,319	-
112,937	8,469	121,406	-
14,334	48,526	62,860	-
<u>56,396,298</u>	<u>56,995</u>	<u>56,453,293</u>	<u>-</u>
457,586	(66,165)	391,421	(223,538)
181,222,094	12,711,321	193,933,415	2,336,750
<u>\$ 181,679,680</u>	<u>\$ 12,645,156</u>	<u>\$ 194,324,836</u>	<u>\$ 2,113,212</u>

DOUGHERTY COUNTY, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2012

ASSETS	General	Special Services District	DHR Building Lease Fund	2005 One Percent Sales Tax	2010 One Percent Sales Tax
Cash and cash equivalents	\$ 1,963,090	\$ -	\$ 264,520	\$ -	\$ -
Investments	8,336,805	2,339	1,516,707	17,351,512	6,027,658
Taxes receivable	851,237	66,500	-	-	1,418,127
Accounts receivable	1,675,791	-	8,486	-	-
Notes receivable	-	-	5,137,435	-	-
Due from other funds	681,008	-	-	-	-
Due from other governments	691,525	48,125	-	-	-
Inventory	106,207	-	-	-	-
Total assets	<u>\$ 14,305,663</u>	<u>\$ 116,964</u>	<u>\$ 6,927,148</u>	<u>\$ 17,351,512</u>	<u>\$ 7,445,785</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 629,788	\$ -	\$ -	\$ -	\$ -
Accrued expenses	930,027	-	-	-	-
Due to other funds	515,707	363,696	3,863	42,990	13,623
Due to other governments	176,471	-	-	-	907,601
Deferred revenue	646,115	71,336	5,137,435	-	-
Total liabilities	<u>2,898,108</u>	<u>435,032</u>	<u>5,141,298</u>	<u>42,990</u>	<u>921,224</u>
FUND BALANCES					
Nonspendable	106,207	-	-	-	-
Restricted for:					
Drug treatment education	19,254	-	-	-	-
Juvenile court	177,053	-	-	-	-
Judicial	-	-	-	-	-
Public safety	-	-	-	-	-
Capital outlay	-	-	-	17,308,522	6,524,561
Committed for:					
Development authority	69,787	-	-	-	-
Debt service and building maintenance	-	-	1,785,850	-	-
Parking deck maintenance	-	-	-	-	-
Budgetary stabilization	1,356,876	-	-	-	-
Capital outlay	-	-	-	-	-
Unassigned	9,678,378	(318,068)	-	-	-
Total fund balances (deficit)	<u>11,407,555</u>	<u>(318,068)</u>	<u>1,785,850</u>	<u>17,308,522</u>	<u>6,524,561</u>
Total liabilities and fund balances	<u>\$ 14,305,663</u>	<u>\$ 116,964</u>	<u>\$ 6,927,148</u>	<u>\$ 17,351,512</u>	<u>\$ 7,445,785</u>

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

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

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

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

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

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

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

Net assets of governmental activities

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

Other Governmental Funds	Total
\$ 124,238	\$ 2,351,848
8,735,841	41,970,862
-	2,335,864
105	1,684,382
-	5,137,435
149,523	830,531
37,107	776,757
-	106,207
<u>\$ 9,046,814</u>	<u>\$ 55,193,886</u>

\$ 8,747	\$ 638,535
-	930,027
143,208	1,083,087
4,622	1,088,694
11,565	5,866,451

<u>168,142</u>	<u>9,606,794</u>
----------------	------------------

-	106,207
-	19,254
-	177,053
361,706	361,706
500,258	500,258
4,654,072	28,487,155
-	69,787
-	1,785,850
54,947	54,947
-	1,356,876
3,307,689	3,307,689
-	9,360,310
<u>8,878,672</u>	<u>45,587,092</u>

\$ 9,046,814

150,006,590
688,851
(10,094,350)
3,168,808
(105,991)
(7,571,320)
<u>\$ 181,679,680</u>

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General	Special Services District	DHR Building Lease Fund	2005 One Percent Sales Tax	2010 One Percent Sales Tax
Revenues:					
Property taxes	\$ 25,621,914	\$ 4,365,752	\$ -	\$ -	\$ -
Sales taxes	6,965,312	-	-	-	17,413,275
Other taxes	582,469	1,153,382	-	-	-
Licenses and permits	-	212,329	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	10,561,623	5,409	52,548	-	-
Fines and forfeitures	1,118,500	-	-	-	-
Interest	1,424	482	1,889	22,313	4,549
Other revenues	194,344	2,438	1,587,684	-	-
Total revenues	<u>45,045,586</u>	<u>5,739,792</u>	<u>1,642,121</u>	<u>22,313</u>	<u>17,417,824</u>
Expenditures:					
Current:					
General government	7,241,386	1,677	84,301	-	-
Judicial	6,982,254	-	-	-	-
Public safety	23,102,506	6,392,724	-	-	-
Public works	2,486,904	151,477	-	-	-
Health and welfare	2,531,532	-	-	-	-
Culture and recreation	2,142,917	154,123	-	-	-
Housing and development	595,413	320,500	-	-	-
Intergovernmental payments	-	-	-	-	11,144,496
Capital outlay	-	-	-	1,941,539	1,276,841
Debt service:					
Principal	-	-	1,350,000	-	-
Interest	-	-	223,100	-	-
Total expenditures	<u>45,082,912</u>	<u>7,020,501</u>	<u>1,657,401</u>	<u>1,941,539</u>	<u>12,421,337</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(37,326)</u>	<u>(1,280,709)</u>	<u>(15,280)</u>	<u>(1,919,226)</u>	<u>4,996,487</u>
Other financing sources (uses):					
Proceeds from sale of assets	49,156	11,626	-	-	-
Transfers in	600,000	477,460	-	-	-
Transfers out	(479,156)	-	-	-	-
Total other financing sources (uses)	<u>170,000</u>	<u>489,086</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	132,674	(791,623)	(15,280)	(1,919,226)	4,996,487
Fund balances, beginning of year	<u>11,274,881</u>	<u>473,555</u>	<u>1,801,130</u>	<u>19,227,748</u>	<u>1,528,074</u>
Fund balances (deficit), end of year	<u>\$ 11,407,555</u>	<u>\$ (318,068)</u>	<u>\$ 1,785,850</u>	<u>\$ 17,308,522</u>	<u>\$ 6,524,561</u>

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

Other Governmental Funds	Total
\$ -	\$ 29,987,666
-	24,378,587
-	1,735,851
-	212,329
327,177	327,177
-	10,619,580
500,124	1,618,624
91,818	122,475
96,104	1,880,570
<u>1,015,223</u>	<u>70,882,859</u>
-	7,327,364
496,640	7,478,894
245,600	29,740,830
3,635	2,642,016
-	2,531,532
76	2,297,116
76,100	992,013
-	11,144,496
1,166,234	4,384,614
112,000	1,462,000
59,851	282,951
<u>2,160,136</u>	<u>70,283,826</u>
<u>(1,144,913)</u>	<u>599,033</u>
77,674	138,456
1,696	1,079,156
-	(479,156)
<u>79,370</u>	<u>738,456</u>
(1,065,543)	1,337,489
<u>9,944,215</u>	<u>44,249,603</u>
<u>\$ 8,878,672</u>	<u>\$ 45,587,092</u>

DOUGHERTY COUNTY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

Net change in fund balances - total governmental funds	\$ 1,337,489
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between depreciation expense and capital outlay in the current period.	(2,323,659)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(30,329)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Deferred revenues increased during the year by this amount.	166,923
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.	1,657,768
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.	1,543,571
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(1,894,177)</u>
Change in net assets of governmental activities	<u>\$ 457,586</u>

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

DOUGHERTY COUNTY, GEORGIA

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 25,773,500	\$ 25,773,500	\$ 25,621,914	\$ (151,586)
Sales taxes	7,040,000	7,040,000	6,965,312	(74,688)
Other taxes	550,000	550,000	582,469	32,469
Charges for services	9,086,560	9,086,560	10,561,623	1,475,063
Fines and forfeitures	1,004,400	1,004,400	1,118,500	114,100
Interest income	15,000	15,000	1,424	(13,576)
Miscellaneous	2,139,050	2,139,050	194,344	(1,944,706)
Total revenues	45,608,510	45,608,510	45,045,586	(562,924)
Expenditures:				
Current:				
General government:				
Administrative and legislative	649,830	649,830	666,909	(17,079)
Auditing	59,000	59,000	64,982	(5,982)
Finance	358,590	358,590	333,446	25,144
Computer information	900,000	900,000	851,362	48,638
Contingency	150,000	146,500	63,788	82,712
Facilities management	2,242,250	2,242,250	2,179,631	62,619
Human resources	516,940	516,940	462,015	54,925
Legal services	182,400	182,400	171,796	10,604
Mail and security system	234,420	234,420	232,614	1,806
Purchasing	55,000	55,000	-	55,000
Registration and elections	389,975	389,975	331,083	58,892
Tax and tag collections	1,970,444	1,970,444	1,883,760	86,684
Total general government	7,708,849	7,705,349	7,241,386	463,963
Judicial:				
Clerk of courts	1,094,690	1,094,690	1,114,172	(19,482)
District attorney	1,874,210	1,874,210	1,800,361	73,849
Juvenile court	849,300	849,300	861,511	(12,211)
Magistrate court	908,995	908,995	888,581	20,414
Probate court	402,500	402,500	384,155	18,345
Public defender	1,007,560	1,007,560	989,528	18,032
State court	437,465	437,465	427,857	9,608
Superior court	666,220	666,220	516,089	150,131
Total judicial	7,240,940	7,240,940	6,982,254	258,686

(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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures: (Continued)				
Current: (Continued)				
Public safety:				
Coroner	\$ 133,995	\$ 133,995	\$ 131,084	\$ 2,911
Drug squad	932,830	932,830	922,081	10,749
S.W.A.T.	27,738	27,738	15,541	12,197
Emergency medical services	4,564,440	4,564,440	4,321,284	243,156
Emergency management	44,880	44,880	44,380	500
Environmental control	481,800	481,800	427,766	54,034
Jail	13,542,115	13,542,115	13,866,899	(324,784)
Sheriff's department	3,281,880	3,285,380	3,373,471	(88,091)
Total public safety	23,009,678	23,013,178	23,102,506	(89,328)
Public works:				
Engineering	299,650	299,650	299,964	(314)
Public works	1,622,665	1,622,665	1,694,591	(71,926)
Vehicle maintenance	297,280	297,280	285,237	12,043
Park maintenance	234,720	234,720	207,112	27,608
Total public works	2,454,315	2,454,315	2,486,904	(32,589)
Health and welfare:				
Department of Family and Children Services	107,064	107,064	107,814	(750)
Health services	2,414,476	2,414,476	2,423,718	(9,242)
Total health and welfare	2,521,540	2,521,540	2,531,532	(9,992)
Culture and recreation:				
Library	2,189,298	2,189,298	2,142,917	46,381
Total culture and recreation	2,189,298	2,189,298	2,142,917	46,381
Housing and development:				
Agricultural services	92,530	92,530	76,586	15,944
Community development	444,820	444,820	450,606	(5,786)
Natural resources	13,080	13,080	13,079	1
Small and disadvantaged business	56,000	56,000	55,142	858
Total housing and development	606,430	606,430	595,413	11,017
Total expenditures	45,731,050	45,731,050	45,082,912	648,138
Excess (deficiency) of revenues over (under) expenditures	(122,540)	(122,540)	(37,326)	85,214

(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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Other financing sources (uses):				
Proceeds from sale of assets	\$ -	\$ -	\$ 49,156	\$ 49,156
Transfers in	600,000	600,000	600,000	-
Transfers out	(477,460)	(477,460)	(479,156)	(1,696)
Total other financing sources (uses)	<u>122,540</u>	<u>122,540</u>	<u>170,000</u>	<u>47,460</u>
Net change in fund balances	-	-	132,674	132,674
Fund balance, beginning of year	<u>11,274,881</u>	<u>11,274,881</u>	<u>11,274,881</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 11,274,881</u></u>	<u><u>\$ 11,274,881</u></u>	<u><u>\$ 11,407,555</u></u>	<u><u>\$ 132,674</u></u>

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

DOUGHERTY COUNTY, GEORGIA

SPECIAL SERVICES DISTRICT FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 4,378,220	\$ 4,378,220	\$ 4,365,752	\$ (12,468)
Other taxes	1,442,000	1,442,000	1,153,382	(288,618)
Licenses and permits	305,500	305,500	212,329	(93,171)
Charges for services	5,200	5,200	5,410	210
Interest income	2,000	2,000	482	(1,518)
Miscellaneous	3,000	3,000	2,438	(562)
Total revenues	6,135,920	6,135,920	5,739,793	(396,127)
Expenditures:				
Current:				
General government:				
Administrative	15,000	15,000	1,677	13,323
Total general government	15,000	15,000	1,677	13,323
Public safety:				
County police	3,168,123	3,168,123	3,215,822	(47,699)
Fire protection	3,045,697	3,045,697	3,034,435	11,262
Animal control	90,035	90,035	93,136	(3,101)
Code enforcement	51,422	51,422	49,332	2,090
Total public safety	6,355,277	6,355,277	6,392,725	(37,448)
Public works:				
Street lighting and utilities	133,500	133,500	148,508	(15,008)
Stormwater	1,000	1,000	2,969	(1,969)
Total public works	134,500	134,500	151,477	(16,977)
Culture and recreation:				
Recreation	164,123	164,123	154,123	10,000
Total culture and recreation	164,123	164,123	154,123	10,000
Housing and development:				
Planning and development services	320,500	320,500	320,500	-
Total housing and development	320,500	320,500	320,500	-
Total expenditures	6,989,400	6,989,400	7,020,502	(31,102)
Deficiency of revenues over expenditures	(853,480)	(853,480)	(1,280,709)	(427,229)

(Continued)

DOUGHERTY COUNTY, GEORGIA

SPECIAL SERVICES DISTRICT FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Other financing sources:				
Proceeds from sale of assets	\$ -	\$ -	\$ 11,626	\$ 11,626
Transfers in	853,480	853,480	477,460	(376,020)
Total other financing sources	853,480	853,480	489,086	(364,394)
Net change in fund balances	-	-	(791,623)	(791,623)
Fund balance, beginning of year	473,555	473,555	473,555	-
Fund balance (deficit), end of year	\$ 473,555	\$ 473,555	\$ (318,068)	\$ (791,623)

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

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF NET ASSETS PROPRIETARY FUNDS

JUNE 30, 2012

		Major Enterprise Fund	Governmental Activities- Internal Service Funds
	ASSETS	Solid Waste Fund	
CURRENT ASSETS			
Cash and cash equivalents		\$ 446,634	\$ 392,853
Investments		6,760,829	3,587,096
Accounts receivable, net of allowances		701,721	-
Due from other funds		-	366,184
Prepaid expenses		20,361	-
Inventory		101,113	-
Total current assets		8,030,658	4,346,133
NONCURRENT ASSETS			
Capital assets:			
Nondepreciable		2,064,045	-
Depreciable, net of accumulated depreciation		7,610,568	-
Total noncurrent assets		9,674,613	-
Total assets		17,705,271	4,346,133
	LIABILITIES		
CURRENT LIABILITIES			
Accrued expenses		-	1,177,289
Due to other funds		113,592	36
Current portion - compensated absences		31,094	-
Total current liabilities		144,686	1,177,325
LONG-TERM LIABILITIES			
Compensated absences, net of current portion		65,131	-
Accrued landfill closure/postclosure care costs		4,850,298	-
Total long-term liabilities		4,915,429	-
Total liabilities		5,060,115	1,177,325
	NET ASSETS		
Invested in capital assets		9,674,613	-
Unrestricted		2,970,543	3,168,808
Total net assets		\$ 12,645,156	\$ 3,168,808

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, 2012

	Major Enterprise Fund <u>Solid Waste Fund</u>	Governmental Activities- Internal Service Funds
OPERATING REVENUES		
Charges for services	\$ 3,114,325	\$ 7,159,446
Miscellaneous	45,168	185,828
Total operating revenues	<u>3,159,493</u>	<u>7,345,274</u>
OPERATING EXPENSES		
Salaries and benefits	938,448	-
Cost of sales and services	793,452	90,863
Supplies	522,119	-
Claims	-	3,782,743
Insurance	-	1,331,076
Closure/post-closure care cost	285,909	-
Depreciation	742,725	-
Total operating expenses	<u>3,282,653</u>	<u>5,204,682</u>
Operating income (loss)	<u>(123,160)</u>	<u>2,140,592</u>
NONOPERATING INCOME		
Interest income	8,469	2,979
Gain on sale of assets	48,526	-
Total nonoperating income	<u>56,995</u>	<u>2,979</u>
Income (loss) before transfers	(66,165)	2,143,571
TRANSFERS OUT	<u>-</u>	<u>(600,000)</u>
Change in net assets	(66,165)	1,543,571
NET ASSETS, beginning of year, as restated	<u>12,711,321</u>	<u>1,625,237</u>
NET ASSETS, end of year	<u><u>\$ 12,645,156</u></u>	<u><u>\$ 3,168,808</u></u>

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, 2012

	Major Enterprise Fund <u>Solid Waste Fund</u>	Governmental Activities- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 2,590,847	\$ 7,622,281
Payments to suppliers	(1,354,365)	(1,421,939)
Payments for insurance claims	-	(3,881,019)
Payments to employees	(999,768)	-
	<u>236,714</u>	<u>2,319,323</u>
Net cash provided by operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	-	(600,000)
	<u>-</u>	<u>(600,000)</u>
Net cash used in noncapital financing activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(734,900)	-
Proceeds from sale of capital assets	48,526	-
	<u>(686,374)</u>	<u>-</u>
Net cash used in capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(101,833)	(1,743,586)
Interest on investments	8,469	2,979
	<u>(93,364)</u>	<u>(1,740,607)</u>
Net cash used in investing activities		
Net decrease in cash and cash equivalents	(543,024)	(21,284)
Cash and cash equivalents:		
Beginning of year	<u>989,658</u>	<u>414,137</u>
End of year	<u>\$ 446,634</u>	<u>\$ 392,853</u>

(Continued)

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Major Enterprise Fund <u>Solid Waste Fund</u>	Governmental Activities- Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ (123,160)	\$ 2,140,592
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation expense	742,725	-
Landfill closure/postclosure care expense	285,909	-
Increase in accounts receivable	(362,587)	-
Decrease in due from other funds	-	276,971
Increase in prepaid expenses	(20,361)	-
Increase in inventory	(18,433)	-
Decrease in accrued expenses	(56,018)	(98,276)
Increase (decrease) in due to other funds	(206,059)	36
Decrease in compensated absences	(5,302)	-
Net cash provided by operating activities	<u>\$ 236,714</u>	<u>\$ 2,319,323</u>

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

DOUGHERTY COUNTY, GEORGIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

ASSETS	Agency Funds	Employee Retirement Plan
Cash	\$ 1,788,050	\$ 3,170,434
Investments, at fair value:		
Pooled, common and collective funds	-	36,113,921
Local government investment pool	138,480	
Accrued dividends	-	63
Taxes receivable	2,912,629	-
Due from other governments	103,383	-
Prepaid expenses	-	41,972
	<u> </u>	<u> </u>
Total assets	<u>\$ 4,942,542</u>	<u>\$ 39,326,390</u>
LIABILITIES		
Due to others	\$ 2,029,913	\$ -
Uncollected taxes	<u>2,912,629</u>	<u>-</u>
Total liabilities	<u>4,942,542</u>	<u>-</u>
NET ASSETS		
Held in trust for pension benefits (a schedule of funding progress is presented as required supplementary information on page 65)	<u>\$ -</u>	<u>\$ 39,326,390</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, 2012

		Employee Retirement Plan
ADDITIONS		
Contributions:		
Employer		\$ 2,317,815
Employee		276,602
Insurance proceeds		45,124
Other receipts		130
Total contributions		<u>2,639,671</u>
Investment earnings:		
Dividend income		622
Net increase in fair value of investments		1,081,190
Less investment expenses		<u>(347,525)</u>
Net investment earnings		<u>734,287</u>
Total additions		<u>3,373,958</u>
DEDUCTIONS		
Benefits		2,287,210
Administrative expenses		<u>57,524</u>
Total deductions		<u>2,344,734</u>
Change in net assets		1,029,224
NET ASSETS, beginning of year		<u>38,297,166</u>
NET ASSETS, end of year		<u>\$ 39,326,390</u>

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

Discretely Presented Component Units

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The County reports the following major governmental funds:

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The County reports the following major proprietary fund:

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

Additionally, the County reports the following fund types:

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

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

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

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

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 State Treasurer. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings net of management fees on a monthly basis and determines participants' shares sold and redeemed based on \$1.00 per share.

NOTES TO FINANCIAL STATEMENTS

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 and Prepaid Items

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

G. Capital Assets

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

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

Major outlays for capital improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets is included as part of the capitalized value of the assets constructed. No interest expense was capitalized during the fiscal year ended June 30, 2012.

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 \$10,094,350 difference are as follows:

Bonds payable	\$ (5,930,000)
Unamortized bond premium	(239,253)
Unamortized bond issuance cost	116,213
Accrued interest	(96,800)
Certificates of participation	(869,000)
Deferred fair value of interest rate swap	312,439
Compensated absences	<u>(3,387,949)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ (10,094,350)</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 \$2,323,659 difference are as follows:

Capital outlay	\$ 1,555,902
Depreciation expense	<u>(3,879,561)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ (2,323,659)</u></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 decrease net assets.” The details of this \$30,329 difference are as follows:

Donations of capital assets	\$ 93,793
Disposals of capital assets	<u>(124,122)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ (30,329)</u></u>

NOTES TO FINANCIAL STATEMENTS

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

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

Another element of that reconciliation 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 \$1,657,768 difference are as follows:

Principal repayment - certificates of participation	\$ 112,000
Principal repayment - general obligation bonds	1,350,000
Amortization of bond issuance costs	(48,739)
Amortization of bond premium	100,341
Amortization of interest rate swap - certificates of participation	144,166
Net adjustment to increase <i>net changes in fund balances - total</i> <i>governmental funds to arrive at changes in net assets of</i> <i>governmental activities</i>	<u>\$ 1,657,768</u>

Another element of that reconciliation explains that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$1,894,177 difference are as follows:

Compensated absences	\$ (445,272)
Net pension obligation	4,052
Net OPEB obligation	(1,466,457)
Accrued interest	13,500
Net adjustment to decrease <i>net changes in fund balances - total</i> <i>governmental funds to arrive at changes in net assets of</i> <i>governmental activities</i>	<u>\$ (1,894,177)</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. BUDGETS AND BUDGETARY ACCOUNTING

Budget Policies

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

Budget Process

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

Encumbrances

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

NOTES TO FINANCIAL STATEMENTS

NOTE 3. BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2012, expenditures exceeded budget as follows:

<u>Department</u>	<u>Excess</u>
General Fund:	
Administrative and legislative	\$ 17,079
Auditing	5,982
Clerk of courts	19,482
Juvenile court	12,211
Jail	324,784
Sheriff's department	88,091
Engineering	314
Public works	71,926
Department of Family and Children Services	750
Health services	9,242
Community development	5,786
Special Services District Fund:	
County police	47,699
Animal control	3,101
Street lighting and utilities	15,008
Stormwater	1,969

Excess expenditures over budget in the General Fund were funded by under-expenditures in other departments. Excess expenditures over budget in the Special Services District Fund were funded by transfers from the General Fund.

NOTE 4. DEPOSITS AND INVESTMENTS

At June 30, 2012, the County had the following investments:

<u>Investments</u>	<u>Maturities</u>	<u>Rating</u>	<u>Fair Value</u>
Georgia Fund 1	48 days weighted average	AAAm	\$ 51,336,816
Certificates of deposit	14 month weighted average	N/A	265,732
Guaranteed Investment Contract	16 year weighted average	AA-	854,719
Pooled, common and collective funds	N/A	N/A	36,113,921
			<u>\$ 88,571,188</u>

Of the investments listed above, the certificates of deposit, guaranteed investment contract and \$51,197,976 of Georgia Fund 1, total \$52,318,787, are included as investments on the Statement of Net Assets. Additionally, investments in Georgia Fund 1 of \$138,840 are included as investments related to Agency Funds in the Statement of Fiduciary Net Assets. All other investments are included in the Employee Retirement Plan Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

Custodial Credit Risk – Deposits. The County does not have a formal policy related to custodial credit risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2012, 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, 2012, 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, 2012, for the County's individual major and nonmajor funds in the aggregate are as follows:

	General	Special Services District	DHR Building Lease Fund	2010 One Percent Sales Tax
Receivables:				
Taxes	\$ 1,270,503	\$ 99,254	\$ -	\$ 1,418,127
Accounts	4,177,112	-	8,486	-
Notes	-	-	5,137,435	-
Gross receivables	5,447,615	99,254	5,145,921	1,418,127
Less allowance for uncollectibles	(2,920,587)	(32,754)	-	-
Net receivables	<u>\$ 2,527,028</u>	<u>\$ 66,500</u>	<u>\$ 5,145,921</u>	<u>\$ 1,418,127</u>
	Nonmajor and Other Funds	Solid Waste	Total	
Receivables:				
Taxes	\$ -	\$ -	\$ 2,787,884	
Accounts	105	809,558	4,995,261	
Notes	-	-	5,137,435	
Gross receivables	105	809,558	12,920,580	
Less allowance for uncollectibles	-	(107,837)	(3,061,178)	
Net receivables	<u>\$ 105</u>	<u>\$ 701,721</u>	<u>\$ 9,859,402</u>	

Property taxes were levied on July 19, 2011. Bills are payable on or before December 20, 2011, 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 2011 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended June 30, 2012, and collected by August 31, 2012, are recognized as revenues in the year ended June 30, 2012.

Notes receivable of \$5,137,435 represent the amount due from the Georgia Department of Human Resources (DHR) for the lease of the Albany Department of Human Resources building. Rental payments received are used to repay the County's debt obligation for this building.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

A. Primary Government

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ 35,897,808	\$ 29,767	\$ -	\$ (350,296)	\$ 35,577,279
Intangible assets	5,479,207	93,793	-	-	5,573,000
Construction in progress	1,156,091	27,437	-	-	1,183,528
Total capital assets, not being depreciated	42,533,106	150,997	-	(350,296)	42,333,807
Capital assets, being depreciated:					
Buildings	92,679,863	29,499	-	401,524	93,110,886
Infrastructure	79,584,900	91,462	-	(349,783)	79,326,579
Vehicles	9,005,468	796,035	(619,449)	(2,958,731)	6,223,323
Equipment	4,401,532	581,702	(429,287)	3,137,288	7,691,235
Total capital assets, being depreciated	185,671,763	1,498,698	(1,048,736)	230,298	186,352,023
Less accumulated depreciation for:					
Buildings	(19,333,582)	(1,582,390)	-	266,404	(20,649,568)
Infrastructure	(48,401,670)	(1,091,889)	-	392,580	(49,100,979)
Vehicles	(4,733,784)	(646,092)	530,280	879,144	(3,970,452)
Equipment	(3,375,255)	(559,190)	394,334	(1,418,130)	(4,958,241)
Total accumulated depreciation	(75,844,291)	(3,879,561)	924,614	119,998	(78,679,240)
Total capital assets, being depreciated, net	109,827,472	(2,380,863)	(124,122)	350,296	107,672,783
Governmental activities capital assets, net	\$ 152,360,578	\$ (2,229,866)	\$ (124,122)	\$ -	\$ 150,006,590

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

Governmental activities:	
General government	\$ 368,211
Judicial	85,911
Public safety	1,148,732
Public works	1,413,779
Health and welfare	392,767
Culture and recreation	467,901
Housing and development	2,260
Total depreciation expense - governmental activities	<u>\$ 3,879,561</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

	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	3,600	-	(1,376,458)	-
Total capital assets, not being depreciated	3,436,903	3,600	-	(1,376,458)	2,064,045
Capital assets, being depreciated:					
Building and improvements	11,687,766	10,014	-	-	11,697,780
Equipment and vehicles	4,807,315	721,286	(282,482)	1,400,908	6,647,027
Total	16,495,081	731,300	(282,482)	1,400,908	18,344,807
Less accumulated depreciation for:					
Building and improvements	(5,907,705)	(406,801)	-	-	(6,314,506)
Equipment and vehicles	(4,341,841)	(335,924)	282,482	(24,450)	(4,419,733)
Total	(10,249,546)	(742,725)	282,482	(24,450)	(10,734,239)
Total capital assets, being depreciated, net	6,245,535	(11,425)	-	1,376,458	7,610,568
Business-type activities capital assets, net	\$ 9,682,438	\$ (7,825)	\$ -	\$ -	\$ 9,674,613

B. Discretely Presented Component Unit – Board of Health

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Machinery and equipment	\$ 369,437	\$ 75,290	\$ (58,122)	\$ 386,605
Total capital assets, being depreciated	369,437	75,290	(58,122)	386,605
Less accumulated depreciation for:				
Machinery and equipment	(350,413)	(9,602)	58,122	(301,893)
Total accumulated depreciation	(350,413)	(9,602)	58,122	(301,893)
Total capital assets, net	\$ 19,024	\$ 65,688	\$ -	\$ 84,712

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the fiscal year ended June 30, 2012:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	\$ 7,280,000	\$ -	\$ (1,350,000)	\$ 5,930,000	\$ 1,400,000
Unamortized premium	339,594	-	(100,341)	239,253	-
Net bonds payable	7,619,594	-	(1,450,341)	6,169,253	1,400,000
Certificates of participation	981,000	-	(112,000)	869,000	-
Compensated absences	2,942,677	1,184,634	(739,362)	3,387,949	971,875
Net pension obligation	110,043	2,313,763	(2,317,815)	105,991	-
Net OPEB obligation	6,104,863	1,623,625	(157,168)	7,571,320	-
Governmental activities long-term liabilities	<u>\$ 17,758,177</u>	<u>\$ 5,122,022</u>	<u>\$ (4,776,686)</u>	<u>\$ 18,103,513</u>	<u>\$ 2,371,875</u>
Business-type activities:					
Landfill closure/ postclosure cost	\$ 4,564,389	\$ 285,909	\$ -	\$ 4,850,298	\$ -
Compensated absences	101,527	30,104	(35,406)	96,225	31,094
Business-type activities long-term liabilities	<u>\$ 4,665,916</u>	<u>\$ 316,013</u>	<u>\$ (35,406)</u>	<u>\$ 4,946,523</u>	<u>\$ 31,094</u>

For governmental funds, compensated absences are liquidated by the General Fund. The capital lease debt is normally paid by the Building Fund and the Capital Projects Fund. 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, 2012 in the amount of \$5,930,000. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

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

Fiscal year ending June 30,	Principal	Interest	Total
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
	<u>\$ 5,930,000</u>	<u>\$ 526,000</u>	<u>\$ 6,456,000</u>

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. During the fiscal year ended June 30, 2012, the principal amount owed was reduced from \$981,000 to \$869,000. 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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Certificates of participation (Continued)

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, 2012, 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 \$312,439, an increase of \$144,166 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, 2012 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.

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

Fiscal year ending June 30,	Principal	Interest	Total
2013	\$ -	41,277	\$ 41,277
2014	-	41,277	41,277
2015	-	41,277	41,277
2016	-	41,277	41,277
2017	-	41,278	41,278
2018-2022	-	206,388	206,388
2023-2027	-	206,388	206,388
2028	869,000	41,278	910,278
	<u>\$ 869,000</u>	<u>\$ 660,440</u>	<u>\$ 1,529,440</u>

Landfill closure and postclosure care costs. State and federal laws and regulations require that Dougherty County, Georgia place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The amount of costs recognized in each period is based on the relative amount of waste received during the period, even though some of the closure and postclosure care costs will be paid after the landfill is closed. The \$4,850,298 reported as an estimated liability for closure and postclosure care costs represents the estimated cost for landfill closure and postclosure care based upon the capacity of the landfill used to date. The amount of the remaining estimated cost for landfill closure and postclosure care of \$16,221,526 will be recognized on a pro rata basis as the remaining estimated capacity of 8,954,867 cubic yards of useable space is filled. Approximately 30% of the landfill's capacity has been used to date, and the County expects the landfill to close the Municipal Solid Waste area in 2070 and the Construction and Demolition area in 2068.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Landfill closure and postclosure care costs (Continued)

All amounts recognized are based on what it would cost to perform all closure and postclosure care in 2012. 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.

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2012, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Special Services District Fund	\$ 363,696
General Fund	2005 One Percent Sales Tax Fund	42,990
General Fund	2010 One Percent Sales Tax Fund	13,623
General Fund	Solid Waste Fund	113,592
General Fund	DHR Building Fund	3,863
General Fund	Internal Service Fund - Workers' Compensation	36
General Fund	Nonmajor Governmental Funds	143,208
Internal Service Fund - Self Insurance	General Fund	366,184
Nonmajor Governmental Funds	General Fund	149,523
		<u>\$ 1,196,715</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:

Transfers In	Transfers Out		
	General Fund	Internal Service Fund - Self Insurance	Total
General Fund	\$ -	\$ 600,000	\$ 600,000
Special Services District	477,460	-	477,460
Nonmajor Governmental Funds	1,696	-	1,696
Total	<u>\$ 479,156</u>	<u>\$ 600,000</u>	<u>\$ 1,079,156</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

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

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.

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

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

The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The County's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Participant Data

At July 1, 2011, the date of the most recent actuarial valuation, there were 860 participants as follows:

Active participants	572
Retirees and beneficiaries	169
Vested terminated	118
Disabled	1
	860
	860

Funding Policy

The County is required to contribute an actuarially determined amount annually to the DCRP. The current contribution rate is 5.3% of annual covered payroll. The contribution requirements are established and may be amended by the Dougherty County Board of Commissioners. Plan participants are required to contribute 3% of compensation, excluding overtime pay, to the plan.

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, 2011	June 30, 2012
<u>Derivation of Annual Pension Cost</u>		
Annual Required Contribution	\$ 2,717,891	\$ 2,317,815
Interest on Net Pension Obligation	9,140	8,803
Amortization of Net Pension Obligation	(13,347)	(12,855)
Annual Pension Cost	\$ 2,713,684	\$ 2,313,763
 <u>Derivation of Net Pension Obligation</u>		
Annual Pension Cost for Fiscal Year		\$ 2,313,763
Actual Contributions to Plan for Fiscal Year		2,317,815
Decrease in Net Pension Obligation		(4,052)
Net Pension Obligation as of June 30, 2011		110,043
Net Pension Obligation as of June 30, 2012		\$ 105,991

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Annual Pension Cost and Net Pension Obligation (Continued)

The annual required contribution for the current year was determined as part of the July 1, 2011 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

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

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/10	\$ 2,632,246	100 %	\$ 114,250
06/30/11	2,713,684	100	110,043
06/30/12	2,313,763	100	105,991

An analysis of funding progress for the fiscal year ending June 30, 2012 is as follows:

<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>Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</u>
7/1/2011	\$ 41,599,358	\$ 50,354,905	\$ 8,755,547	82.61 %	\$ 21,910,767	39.96 %

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, 2012.

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	Employer	Employee
Nationwide Retirement Solutions	\$ 13,287	\$ 439,836
ACCG Deferred Compensation Program	12,136	181,156

NOTE 11. RISK MANAGEMENT

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT (CONTINUED)

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

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Unpaid claims, beginning of fiscal year, as restated	\$ 675,565	\$ 758,820
Incurred claims and changes in estimates	261,617	272,898
Claim payments	(204,893)	(356,153)
Unpaid claims, end of fiscal year	<u>\$ 732,289</u>	<u>\$ 675,565</u>

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, 2012 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 fiscal years ended June 30 are as follows:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Unpaid claims, beginning of fiscal year	\$ 600,000	\$ 440,000
Incurred claims and changes in estimates	3,521,126	5,014,741
Claim payments	(3,676,126)	(4,854,741)
Unpaid claims, end of fiscal year	<u>\$ 445,000</u>	<u>\$ 600,000</u>

NOTE 12. COMMITMENTS AND CONTINGENCIES

Litigation:

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

Grant Contingencies:

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

NOTES TO FINANCIAL STATEMENTS

NOTE 12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Construction:

As of June 30, 2012, 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>
Mock Road Crossing and Fleming Road Upgrade	\$ 119,640	December 31, 2012

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, 2012, the County paid \$52,011 in such dues. Membership in the RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of regional development commissions in Georgia.

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

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:

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

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

Annual OPEB Cost and Net OPEB Obligation

The County contributed \$70,216 and retirees contributed \$86,952 to the OPEB Plan in the fiscal year ended June 30, 2012. 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 \$157,168 to the OPEB Plan in the fiscal year ended June 30, 2012. The annual required contribution amount was determined using actuarial methods.

Annual required employer contribution	\$ 1,553,607
Interest on net OPEB obligation	305,243
Adjustment to annual required contribution	(235,225)
Annual OPEB cost	<u>1,623,625</u>
Employer and retiree contributions for period ending June 30, 2012	<u>157,168</u>
Increase in net OPEB obligation	1,466,457
Net OPEB obligation beginning of year	6,104,863
Net OPEB obligation end of year	<u>\$ 7,571,320</u>

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>Actual Employer Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net OPEB Obligation</u>
06/30/09	\$ 2,706,554	\$ 344,931	12.7 %	\$ 2,361,623
06/30/10	2,037,873	226,754	11.1 %	4,172,742
06/30/11	2,058,645	126,524	6.1	6,104,863
06/30/12	N/A	157,168	N/A	N/A

As of the most recent valuation date, July 1, 2011, 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>
7/1/2011	\$ -	\$ 16,998,714	\$ 16,998,714	- %	\$ 20,552,647	82.7 %

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, 2011. The assumptions used in the July 1, 2011 actuarial valuation are as follows:

Valuation date	July 1, 2011
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%
Healthcare cost trend rates:	
Health rate	8.00%
Dental rate	5.00%
Expensed rate	5.00%

NOTE 15. DEFICIT FUND BALANCES

The Special Service District Fund reported a deficit fund balance of \$318,068 at June 30, 2012. The deficit is intended to be eliminated through increased transfers from the General Fund.

NOTE 16. PRIOR PERIOD ADJUSTMENTS/RESTATEMENTS

The County has determined that a restatement of beginning net assets of governmental activities is required to reflect a correction in the June 30, 2011 financial report. This restatement is as follows:

Governmental activities net assets as previously reported	\$ 181,781,150
Adjustment needed due to claims being improperly reported in internal service funds.	(559,056)
Governmental type activities net assets as restated	<u>\$ 181,222,094</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 16. PRIOR PERIOD ADJUSTMENTS/RESTATEMENTS (CONTINUED)

Additionally, the County has determined that a restatement of net assets in the Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Internal Service Funds is required to reflect a correction for an error in the June 30, 2011 financial report. This restatement is as follows:

	Workers' Compensation Fund
Net assets as previously reported	\$ 883,515
Adjustment needed due to claims payable being improperly reported.	(559,056)
Net assets as restated	<u>\$ 324,459</u>

The County determined that a restatement of government-wide governmental activity liabilities and Workers' Compensation Fund liabilities were required to properly reflect claims payable. The restatement increases claims payable by \$559,056.

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
7/1/2012	\$ 41,599,358	\$ 50,354,905	\$ 8,755,547	82.61 %	\$ 21,910,767	39.96 %
7/1/2011	39,208,171	47,095,531	7,887,360	83.25	20,552,647	38.38
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

The assumptions used in preparation of the above schedule are disclosed in Note 9 to the financial statements.

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)
2011	\$ 2,317,815	\$ 2,317,815	\$ -	\$ 2,317,815	100 %
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

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	Actuarial Accrued Liability as a Percentage of Covered Payroll
7/1/2007	\$ -	\$ 27,627,658	\$ 27,627,658	- %	\$ 20,767,537	133.03 %
7/1/2009	-	20,841,786	20,841,786	-	22,347,825	93.26
7/1/2011	-	16,998,714	16,998,714	-	20,552,647	82.71

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

Capital Projects Funds

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

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

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

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

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

DOUGHERTY COUNTY, GEORGIA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2012

ASSETS	Special Revenue Funds			
	Confiscated Assets	Grant	Lease Commercial Property	Law Library
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 124,238
Investments	342,454	-	72,640	242,829
Accounts receivable	-	-	-	105
Due from other funds	-	149,522	-	-
Due from other governments	-	37,107	-	-
Total assets	<u>\$ 342,454</u>	<u>\$ 186,629</u>	<u>\$ 72,640</u>	<u>\$ 367,172</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ 3,281	\$ -	\$ 5,466
Due to other funds	9,357	-	17,693	-
Due to other governments	-	4,622	-	-
Deferred revenue	-	11,565	-	-
Total liabilities	<u>9,357</u>	<u>19,468</u>	<u>17,693</u>	<u>5,466</u>
FUND BALANCES				
Restricted for:				
Judicial	-	-	-	361,706
Public safety	333,097	167,161	-	-
Capital outlay	-	-	-	-
Committed for:				
Parking deck maintenance	-	-	54,947	-
Capital outlay	-	-	-	-
Total fund balances	<u>333,097</u>	<u>167,161</u>	<u>54,947</u>	<u>361,706</u>
Total liabilities and fund balances	<u>\$ 342,454</u>	<u>\$ 186,629</u>	<u>\$ 72,640</u>	<u>\$ 367,172</u>

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	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 124,238
4,193,377	1,549,531	-	606,217	1,728,793	8,735,841
-	-	-	-	-	105
-	-	1	-	-	149,523
-	-	-	-	-	37,107
<u>\$ 4,193,377</u>	<u>\$ 1,549,531</u>	<u>\$ 1</u>	<u>\$ 606,217</u>	<u>\$ 1,728,793</u>	<u>\$ 9,046,814</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,747
30,969	78,427	-	-	6,762	143,208
-	-	-	-	-	4,622
-	-	-	-	-	11,565
<u>30,969</u>	<u>78,427</u>	<u>-</u>	<u>-</u>	<u>6,762</u>	<u>168,142</u>
-	-	-	-	-	361,706
-	-	-	-	-	500,258
854,719	1,471,104	1	606,217	1,722,031	4,654,072
-	-	-	-	-	54,947
<u>3,307,689</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,307,689</u>
<u>4,162,408</u>	<u>1,471,104</u>	<u>1</u>	<u>606,217</u>	<u>1,722,031</u>	<u>8,878,672</u>
<u>\$ 4,193,377</u>	<u>\$ 1,549,531</u>	<u>\$ 1</u>	<u>\$ 606,217</u>	<u>\$ 1,728,793</u>	<u>\$ 9,046,814</u>

DOUGHERTY COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Special Revenue Funds			
	Confiscated Assets	Grant	Lease Commercial Property	Law Library
Revenues:				
Intergovernmental	\$ -	\$ 327,177	\$ -	\$ -
Fines and forfeitures	264,242	90,900	-	144,982
Interest income	376	-	102	4,403
Other revenues	-	-	57,321	374
Total revenues	<u>264,618</u>	<u>418,077</u>	<u>57,423</u>	<u>149,759</u>
Expenditures:				
Current:				
Judicial	-	350,704	-	145,936
Public safety	181,614	63,986	-	-
Public works	-	3,635	-	-
Culture and recreation	-	76	-	-
Housing and development	-	-	76,100	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>181,614</u>	<u>418,401</u>	<u>76,100</u>	<u>145,936</u>
Excess (deficiency) of revenues over (under) expenditures	<u>83,004</u>	<u>(324)</u>	<u>(18,677)</u>	<u>3,823</u>
Other financing sources:				
Proceeds from sale of assets	24,581	-	-	-
Transfers in	-	1,696	-	-
Total other financing sources	<u>24,581</u>	<u>1,696</u>	<u>-</u>	<u>-</u>
Net change in fund balances	107,585	1,372	(18,677)	3,823
Fund balances, beginning of year	<u>225,512</u>	<u>165,789</u>	<u>73,624</u>	<u>357,883</u>
Fund balances, end of year	<u>\$ 333,097</u>	<u>\$ 167,161</u>	<u>\$ 54,947</u>	<u>\$ 361,706</u>

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	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 327,177
-	-	-	-	-	500,124
81,948	1,875	-	930	2,184	91,818
38,409	-	-	-	-	96,104
<u>120,357</u>	<u>1,875</u>	<u>-</u>	<u>930</u>	<u>2,184</u>	<u>1,015,223</u>
-	-	-	-	-	496,640
-	-	-	-	-	245,600
-	-	-	-	-	3,635
-	-	-	-	-	76
-	-	-	-	-	76,100
611,999	99,479	-	279,272	175,484	1,166,234
112,000	-	-	-	-	112,000
59,851	-	-	-	-	59,851
<u>783,850</u>	<u>99,479</u>	<u>-</u>	<u>279,272</u>	<u>175,484</u>	<u>2,160,136</u>
<u>(663,493)</u>	<u>(97,604)</u>	<u>-</u>	<u>(278,342)</u>	<u>(173,300)</u>	<u>(1,144,913)</u>
53,093	-	-	-	-	77,674
-	-	-	-	-	1,696
<u>53,093</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,370</u>
(610,400)	(97,604)	-	(278,342)	(173,300)	(1,065,543)
<u>4,772,808</u>	<u>1,568,708</u>	<u>1</u>	<u>884,559</u>	<u>1,895,331</u>	<u>9,944,215</u>
<u>\$ 4,162,408</u>	<u>\$ 1,471,104</u>	<u>\$ 1</u>	<u>\$ 606,217</u>	<u>\$ 1,722,031</u>	<u>\$ 8,878,672</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, 2012

ASSETS	Workers'	Self-	
	Compensation	Insurance	Total
	Fund	Fund	
CURRENT ASSETS			
Cash and cash equivalents	\$ 79,606	\$ 313,247	\$ 392,853
Investments	1,364,206	2,222,890	3,587,096
Due from other funds	-	366,184	366,184
Total assets	<u>1,443,812</u>	<u>2,902,321</u>	<u>4,346,133</u>
LIABILITIES			
CURRENT LIABILITIES			
Accrued expenses	732,289	445,000	1,177,289
Due to other funds	<u>36</u>	<u>-</u>	<u>36</u>
Total current liabilities	<u>732,325</u>	<u>445,000</u>	<u>1,177,325</u>
NET ASSETS			
Unrestricted	711,487	2,457,321	3,168,808
Total net assets	<u><u>\$ 711,487</u></u>	<u><u>\$ 2,457,321</u></u>	<u><u>\$ 3,168,808</u></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, 2012

	Workers' Compensation Fund	Self- Insurance Fund	Total
OPERATING REVENUES			
Charges for services	\$ 600,000	\$ 6,559,446	\$ 7,159,446
Miscellaneous	184,183	1,645	185,828
Total operating revenues	<u>784,183</u>	<u>6,561,091</u>	<u>7,345,274</u>
OPERATING EXPENSES			
Cost of sales and services	89,863	1,000	90,863
Claims	261,617	3,521,126	3,782,743
Insurance	46,946	1,284,130	1,331,076
Total operating expenses	<u>398,426</u>	<u>4,806,256</u>	<u>5,204,682</u>
Operating income	<u>385,757</u>	<u>1,754,835</u>	<u>2,140,592</u>
NONOPERATING INCOME			
Interest income	1,271	1,708	2,979
Total nonoperating income	<u>1,271</u>	<u>1,708</u>	<u>2,979</u>
Income before transfers	387,028	1,756,543	2,143,571
TRANSFERS OUT	<u>-</u>	<u>(600,000)</u>	<u>(600,000)</u>
Change in net assets	387,028	1,156,543	1,543,571
NET ASSETS, beginning of year, as restated	<u>324,459</u>	<u>1,300,778</u>	<u>1,625,237</u>
NET ASSETS, end of year	<u><u>\$ 711,487</u></u>	<u><u>\$ 2,457,321</u></u>	<u><u>\$ 3,168,808</u></u>

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, 2012

	Workers' Compensation Fund	Self- Insurance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 784,233	\$ 6,838,048	\$ 7,622,281
Payments to suppliers	(136,809)	(1,285,130)	(1,421,939)
Payments for insurance claims	(204,893)	(3,676,126)	(3,881,019)
Net cash provided by operating activities	442,531	1,876,792	2,319,323
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	-	(600,000)	(600,000)
Net cash used in noncapital financing activities	-	(600,000)	(600,000)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(509,933)	(1,233,653)	(1,743,586)
Interest on investments	1,271	1,708	2,979
Net cash used in investing activities	(508,662)	(1,231,945)	(1,740,607)
Net increase (decrease) in cash and cash equivalents	(66,131)	44,847	(21,284)
Cash and cash equivalents:			
Beginning of year	145,737	268,400	414,137
End of year	\$ 79,606	\$ 313,247	\$ 392,853
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 385,757	\$ 1,754,835	\$ 2,140,592
Adjustments to reconcile operating income to net cash provided by operating activities			
Decrease in due from other funds	14	276,957	276,971
Increase (decrease) in accrued expenses	56,724	(155,000)	(98,276)
Increase in due to other funds	36	-	36
Net cash provided by operating activities	\$ 442,531	\$ 1,876,792	\$ 2,319,323

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, 2012

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
<u>1985 REFERENDUM</u>					
Road Projects	***	***	\$ 56,117,769	\$ -	\$ 56,117,769
<u>1990 REFERENDUM</u>					
County Jail	\$ 31,379,437	\$ 31,285,885	\$ 31,394,864	\$ 3,000	\$ 31,397,864
County Mental Health	3,892,487	3,892,483	3,892,483	-	3,892,483
County Public Health	5,225,205	5,225,202	5,225,202	-	5,225,202
Industrial Parks	5,000,000	5,000,000	5,000,000	-	5,000,000
Central Square Building	3,750,530	3,750,530	3,750,530	-	3,750,530
Chehaw Park	6,000,000	6,000,000	6,000,000	-	6,000,000
Albany Street Lighting	2,500,000	2,500,000	1,619,673	276,272	1,895,945
Conference Center	4,700,000	5,157,565	5,155,391	-	5,155,391
Administrative	4,338,498	4,338,495	4,338,498	-	4,338,498
Totals	\$ 66,786,157	\$ 67,150,160	\$ 66,376,641	\$ 279,272	\$ 66,655,913
<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	14,893,256	34,768	14,928,024
Recycling Program	1,500,000	500,000	400,674	-	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	8,004,260	29,391	8,033,651
Recreation Improvements	10,500,000	10,500,000	9,852,957	35,320	9,888,277
Agricultural Service Center	2,000,000	2,064,056	2,064,057	-	2,064,057
Industrial Speculative Building	750,000	750,000	350,313	-	350,313
Thronateeska Heritage Center	750,000	900,000	900,000	-	900,000
Third Floor Renovation	-	-	21,137	-	21,137
Mt. Zion Civil Rights Museum	750,000	793,839	793,839	-	793,839
Government Center Debt	3,500,000	4,088,662	4,088,662	-	4,088,662
Administration/Disparity Study	500,000	1,084,298	1,084,298	-	1,084,298
Contingency	-	2,333	-	-	-
Totals	\$ 74,450,000	\$ 84,661,729	\$ 83,073,760	\$ 99,479	\$ 83,173,239

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

(Continued)

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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	492,384	7,616	500,000
Central Square	15,300,000	15,306,177	15,306,178	-	15,306,178
Economic Development	8,013,679	6,463,679	5,617,452	765	5,618,217
County Animal Shelter	700,000	780,000	783,991	51,307	835,298
City Law Enforcement Center	14,500,000	14,500,000	14,339,208	-	14,339,208
Storm Drainage Improvements	11,000,000	4,187,173	3,869,007	84,069	3,953,076
County Road Improvements	2,000,000	4,800,000	4,440,516	17,550	4,458,066
Public Safety GSP Building	500,000	536,179	536,179	-	536,179
City Fire Station	2,000,000	2,000,000	2,000,422	-	2,000,422
County Fire Equipment	500,000	500,000	529,728	-	529,728
Recreation Improvements	9,130,000	3,285,000	3,273,085	14,177	3,287,262
Albany First Tee Program	875,000	988,540	988,471	-	988,471
County Debt Retirement	30,000,000	30,000,000	30,131,767	-	30,131,767
Contingency	-	31,544	(31,766)	-	(31,766)
Totals	\$ 121,000,000	\$ 116,244,217	\$ 114,357,147	\$ 175,484	\$ 114,532,631

(Continued)

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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	\$ 655,016	\$ 233,907	\$ 888,923
Judicial Building Improvements	2,000,000	2,000,000	1,293,293	634,202	1,927,495
Mental Health Building Improvements	1,400,000	1,400,000	1,116,190	134,672	1,250,862
Public Health Building Improvements	700,000	700,000	269,748	-	269,748
DOCO Jail Facility Improvements	3,825,000	3,825,000	2,209,462	-	2,209,462
EMS Headquarter Improvements	2,000,000	2,000,000	2,084,052	2,501	2,086,553
New Library and Library Improvements	6,000,000	6,000,000	4,900,571	220,408	5,120,979
County Police Building Improvements	140,000	140,000	136,437	-	136,437
County Fire Station Improvements	100,000	100,000	84,957	1,579	86,536
S.R. 133 Road Widening Project	400,000	400,000	-	-	-
County Roads, Streets and Bridges	1,186,800	1,186,800	699,984	529,452	1,229,436
County Sewer Extensions	1,000,000	1,000,000	-	-	-
New Public Works Facility	700,000	700,000	959,429	35,399	994,828
Election Equipment	100,000	100,000	120,906	11,580	132,486
Radium Springs Improvements	2,500,000	2,500,000	1,117,448	21,943	1,139,391
Tennis Court Facility	2,700,000	2,700,000	-	-	-
Gillionville Road Widening	1,800,000	1,800,000	132,784	75,578	208,362
Criminal Justice Information System	4,000,000	4,000,000	1,114,681	5,220	1,119,901
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	35,063	395,112
Mule Barn Presentation	500,000	500,000	76,000	35	76,035
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 Development	3,000,000	3,000,000	597,488	-	597,488
Riverfront Projects	100,000	100,000	100,000	-	100,000
Administrative	300,000	300,000	175,637	-	175,637
City of Albany Projects	65,873,200	65,873,200	53,583,244	-	53,583,244
Totals	\$ 108,300,000	\$ 108,300,000	\$ 74,514,960	\$ 1,941,539	\$ 76,456,499

(Continued)

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
<u>2010 REFERENDUM</u>					
Government Center Improvements	\$ 535,000	\$ 535,000	\$ -	\$ 153,713	\$ 153,713
Judicial Building Improvements	960,000	960,000	-	-	-
Central Square Complex Improvements	860,000	860,000	-	23,066	23,066
Mental Health Building Improvements	300,000	300,000	-	-	-
Public Health Building Improvements	450,000	450,000	-	24,749	24,749
DOCO Jail Facility Improvements	2,225,000	2,225,000	-	-	-
Library Buildings Improvements	5,785,000	5,785,000	-	51,497	51,497
EMS Stations Improvements	1,760,000	1,760,000	-	246,373	246,373
County Police Building Improvements	1,555,000	1,555,000	-	250,705	250,705
County Fire Stations Improvements	795,000	795,000	-	-	-
County Parks Improvements	810,000	810,000	-	23,791	23,791
Storm Drainage Improvements	4,300,000	4,300,000	-	138,179	138,179
County Road Improvements	6,000,000	6,000,000	-	138,754	138,754
Public Works Maintenance Shop Improvements	1,650,000	1,650,000	-	-	-
Landfill Improvements	1,000,000	1,000,000	-	-	-
Facilities Warehouse Improvements	240,000	240,000	-	16,473	16,473
Information Technology Equipment	985,000	985,000	-	-	-
Economic Development Improvements	2,350,000	2,350,000	-	-	-
Flint River Quarium Improvements	505,000	505,000	-	27,617	27,617
Hugh Mills Stadium Improvements	1,175,000	1,175,000	-	131,492	131,492
Thronateeska Heritage Center Improv	640,000	640,000	-	50,432	50,432
Greenspace Acquisitions	400,000	400,000	-	-	-
City of Albany Projects	62,720,000	62,720,000	2,716,429	11,144,496	13,860,925
Totals	\$ 98,000,000	\$ 98,000,000	\$ 2,716,429	\$ 12,421,337	\$ 15,137,766

AGENCY FUNDS

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

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

Clerk of Courts
Probate Court
Magistrate Court
Juvenile Court

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

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

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

DOUGHERTY COUNTY, GEORGIA

COMBINING BALANCE SHEET AGENCY FUNDS

JUNE 30, 2012

ASSETS	Tax & Tag Department	Clerk of Courts	Probate Court	Magistrate Court	Juvenile Court
Cash	\$ 541,642	\$ 642,113	\$ 4,634	\$ 44,812	\$ 871
Investments	-	-	-	-	-
Taxes receivable	2,912,629	-	-	-	-
Due from other governments	103,383	-	-	-	-
Total assets	<u>\$ 3,557,654</u>	<u>\$ 642,113</u>	<u>\$ 4,634</u>	<u>\$ 44,812</u>	<u>\$ 871</u>
LIABILITIES					
Due to others	\$ 645,025	\$ 642,113	\$ 4,634	\$ 44,812	\$ 871
Uncollected taxes	2,912,629	-	-	-	-
Total liabilities	<u>\$ 3,557,654</u>	<u>\$ 642,113</u>	<u>\$ 4,634</u>	<u>\$ 44,812</u>	<u>\$ 871</u>

<u>Sheriff</u>	<u>Drug Squad</u>	<u>Escrow</u>	<u>Total</u>
\$ 418,491	\$ 99,319	\$ 36,168	\$ 1,788,050
-	-	138,480	138,480
-	-	-	2,912,629
-	-	-	103,383
<u>\$ 418,491</u>	<u>\$ 99,319</u>	<u>\$ 174,648</u>	<u>\$ 4,942,542</u>

\$ 418,491	\$ 99,319	\$ 174,648	\$ 2,029,913
-	-	-	2,912,629
<u>\$ 418,491</u>	<u>\$ 99,319</u>	<u>\$ 174,648</u>	<u>\$ 4,942,542</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 fiscal year ended June 30, 2012, which collectively comprise Dougherty County, Georgia's basic financial statements and have issued our report thereon dated February 4, 2013. Our report includes a reference to 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. 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 does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2012-3 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2012-1 and 2012-2 to be significant deficiencies.

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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Dougherty County, Georgia in a separate letter dated February 4, 2013.

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

This report is intended solely for the information and use of management, the Board of Commissioners of Dougherty County, Georgia, 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
February 4, 2013

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION I SUMMARY OF AUDITOR'S 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

There was not an audit of major federal award programs as of June 30, 2012 due to the total amount expended being less than \$500,000

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2012 - 1. Segregation of Duties

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

Condition: For the fiscal year ending June 30, 2012, we noted a lack of proper segregation of duties within several areas of Dougherty County, Georgia's operations, including the Clerk of Court, Probate Court, Sheriff's Office, and County Finance Department. Examples of segregation of duties issues include:

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

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2012 - 1. Segregation of Duties (Continued)

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

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

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

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

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

2012 - 2. Management of Due To / From (Interfund) Accounts

Criteria: Generally accepted accounting principles require reporting of interfund activity expected to be repaid within a reasonable time as due to/from (interfund receivables and payables) accounts. As part of that process, the County should review the amounts that should be included in due to/from accounts in each fund to determine the proper amounts to be reported at any given time during the fiscal year.

Condition: We noted the County did not properly report the interfund accounts in the General Fund, Special Services District Fund, Solid Waste Fund, and Non-Major funds.

Context: See above condition.

DOUGHERTY COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2012 - 2. Management of Due To / From (Interfund) Accounts (Continued)

Effect: Adjustments to increase due from other funds in the amount of \$25,945, decrease accounts receivable by \$2,687, increase accounts payable by \$70,966, decrease revenues by \$34,959, and increase expenditures by \$12,749 were required to be recorded in the General Fund. An adjustment to decrease due to other funds in the amount of \$11,505 and to increase revenues in the same amount was required to be recorded in the Special Services District Fund. An adjustment to increase due to other funds in the amount of \$70,966, decrease accrued liabilities by \$79,200, and decrease expenses by \$8,234 was required to be recorded in the Solid Waste Fund. An adjustment to decrease due from other funds in the amount of \$3,221 and to decrease revenues in the same amount was required to be recorded in the Non-Major funds.

Cause: All due to/from activity between funds is not being properly recorded at the end of each financial reporting cycle.

Recommendation: We recommend the County implement procedures to properly record, reconcile, and review all due to/from activity on a monthly basis.

Views of Responsible Officials and Planned Corrective Action: We concur. We will work to record, and reconcile all due to/from transactions at the end of each financial reporting cycle.

2012 - 3. Management of Accrued Expenses

Criteria: Generally accepted accounting principles require reporting of all current liabilities whose liquidation is expected to require the use of current assets when the goods have been received or services have been performed.

Condition: The County did not properly address the above criteria as of June 30, 2012 and June 30, 2011 as it relates to claims payable in the Internal Service funds.

Context: We addressed this matter with County officials and they were able to determine the amount of accrued expenses that should be recorded in these funds as of June 30, 2012 and June 30, 2011.

Effect: An adjustment to decrease claims payable in the amount of \$102,864 and decrease expenses in the same amount was required to be recorded in the Internal Service funds. Additionally, a prior period adjustment to increase claims payable and decrease beginning of the year fund balance was recorded in the Workers' Compensation Fund in the amount of \$559,056.

Cause: Reconciliations of accrued expenses are not being performed on a monthly basis.

DOUGHERTY COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2012 - 3. Management of Accrued Expenses (Continued)

Recommendation: We recommend the County implement procedures to reconcile all accrued expense subsidiary ledgers to the general ledger on a monthly basis.

Views of Responsible Officials and Planned Corrective Action: We concur. We will establish procedures to reconcile subsidiary ledgers with the general ledger on a monthly basis.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not Applicable.

DOUGHERTY COUNTY, GEORGIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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.

Auditee Response/Status: Unresolved – See current year finding 2012-1.