

DOUGHERTY COUNTY, GEORGIA
FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2008

INTRODUCTORY SECTION

DOUGHERTY COUNTY, GEORGIA

FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2008

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INTRODUCTORY SECTION

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DOUGHERTY COUNTY, GEORGIA

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DOUGHERTY COUNTY BOARD OF COMMISSIONERS

Jeff Sinyard, Chairman

Jack Stone, Vice Chairman

Muarlean Cain Edwards

John Hayes

Lamar Hudgins

Dr. Charles Lingle

Art Searles

COUNTY ADMINISTRATOR

Richard Crowdis

FINANCE DIRECTOR

Karen Goff

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **Dougherty County, Georgia**, as of and for the year ended June 30, 2008, 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 \$3,595,295 as of June 30, 2008, and total revenues of \$14,613,484 for the year ended June 30, 2008. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Dougherty County Board of Health in the component unit column is based solely on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dougherty County, Georgia as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2008, on our consideration of Dougherty County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (on pages 3 through 13) and the Required Supplementary Information on page 54 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mauldin & Jenkins, LLC

Macon, Georgia
November 17, 2008

**DOUGHERTY COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**

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, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

Financial Highlights

- In May of 2007, the Board of Tax Assessors of Dougherty County completed an in-depth revaluation of 37,000 parcels of property within its borders. The basis for ad valorem taxation is the fair market value of the property. The purpose of the revaluation is to update fair market values and achieve equality. Fair market values increased \$346 million. In response, the Board of Commissioners, voted to lower the county-wide millage rate from 13.147 mills to 11.897 mills on the dollar.
- The County's statement of net assets reflected a decrease of \$291,282 as a whole.
- The county-wide tax digest revenues increased only \$16,497 net of the reassessment increase.
- The General Fund total fund balance (unreserved and reserved) decreased \$861,261. The budgeted appropriation of fund balance of \$3.9 million was not spent due to sensible expenditure controls of the County's managers.
- The Special Tax District Fund (serving the unincorporated area of the county) 2007 digest fair market values increased \$103 million. The 2007 millage rate decreased from 7.775 to 7.275 mills on the dollar. The fund balance decreased \$301,782. For this fiscal year, this fund is categorized as a non-major governmental fund.
- The Solid Waste Fund (the only enterprise fund) experienced a net operating loss of \$455,417 with total change in net assets of \$225,423. Operating revenues were 0.7% lower than last year and expenditures were 14.7% higher. The expenditure increase was primarily in the category of asset depreciation due to a change in the depreciation method adopted last year.
- 2005 One Percent Sales Tax Fund sales tax revenues totaled \$18,615,917 (62% or \$11,541,869 distributed to the City of Albany through an inter-governmental agreement for capital projects). Sales tax revenues are concurrent with original estimates.

Overview of the Financial Statements

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

(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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, public works and public safety. The majority of these activities are financed through property taxes, fees and fines. Dougherty County receives very little State and Federal funds for its governmental activities.
- **Business-Type Activities** – Dougherty County charges a fee to customers to cover the cost of operations for its enterprise fund. No tax dollars are used to operate the landfill. The Solid Waste Landfill is the only enterprise fund that the County maintains.
- **Component Units** – Dougherty County includes the Dougherty County Health Department as a Component Unit. The Health Department legally is a separate entity but the County is required by 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.

(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 29.

Reporting the County as a Whole

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

The net assets for Governmental Activities as well as Business-Type Activities decreased slightly between fiscal years 2007 and 2008. 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	
	2008	2007	2008	2007
Current and other assets	\$ 63.1	\$ 61.7	\$ 6.1	\$ 5.5
Capital assets	148.2	149.0	10.6	11.0
Total Assets	211.3	210.7	16.7	16.5
Current liabilities	\$ 6.5	\$ 3.7	\$ 0.1	\$ 0.1
Long-term liabilities	14.2	16.3	5.2	4.8
Total Liabilities	20.7	20.0	5.3	4.9
Net assets:				
Invested in capital assets, net of debt	138.3	138.2	10.6	11.1
Restricted	27.9	20.4	-	-
Unrestricted	24.4	32.0	0.8	0.5
Total Net Assets	\$ 190.6	\$ 190.6	\$ 11.4	\$ 11.6

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 2
Changes in Net Assets
(In Millions)

	Governmental Activities		Business-Type Activities	
	2008	2007	2008	2007
Revenues				
Program revenues:				
Charges for services	\$ 12.2	\$ 13.9	\$ 2.8	\$ 3.0
Operating grants and contributions	0.5	0.9	-	-
Capital grants and contributions	0.9	0.2	-	-
General revenues:				
Property taxes	31.5	29.9	-	-
Sales tax	26.1	24.5	-	-
Insurance premium taxes	1.0	0.9	-	-
Other taxes	0.9	0.9	-	-
Investment income	2.0	2.4	0.2	0.3
Gain on sale of assets	-	-	-	0.4
Total revenues	<u>75.1</u>	<u>73.6</u>	<u>3.0</u>	<u>3.7</u>
Program Expenses				
General government	8.5	9.3	-	-
Judicial	7.4	7.2	-	-
Public safety	30.9	29.4	-	-
Public works	10.6	12.0	-	-
Health and welfare	4.3	3.5	-	-
Culture and recreation	8.5	7.2	-	-
Housing and development	4.2	3.3	-	-
Interest on long-term debt	0.7	0.8	-	-
Solid waste operating expenses	-	-	3.3	2.8
Intergovernmental	-	-	-	-
Total expenses	<u>75.1</u>	<u>72.7</u>	<u>3.3</u>	<u>2.8</u>
Excess (deficiency) of revenues over (under) expenses before transfers	<u>-</u>	<u>0.9</u>	<u>(0.3)</u>	<u>0.9</u>
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	<u>-</u>	<u>0.9</u>	<u>(0.3)</u>	<u>0.9</u>
Net assets, beginning of year	190.6	189.7	11.6	10.7
Net assets, end of year	<u>\$ 190.6</u>	<u>\$ 190.6</u>	<u>\$ 11.4</u>	<u>\$ 11.6</u>

In years prior to 2007, intergovernmental expenses included non-county capital outlay for assets that will not be owned by the County. This includes capital projects completed by the City of Albany and funded by the County's Special Local Option Sales Tax. This reporting year the expenditures were allocated to the applicable function. The County and City have several agreements that allow sharing of SPLOST proceeds. During the current year, the County reported the gross revenue of SPLOST received and the expenditures to the City.

MANAGEMENT'S DISCUSSION AND ANALYSIS

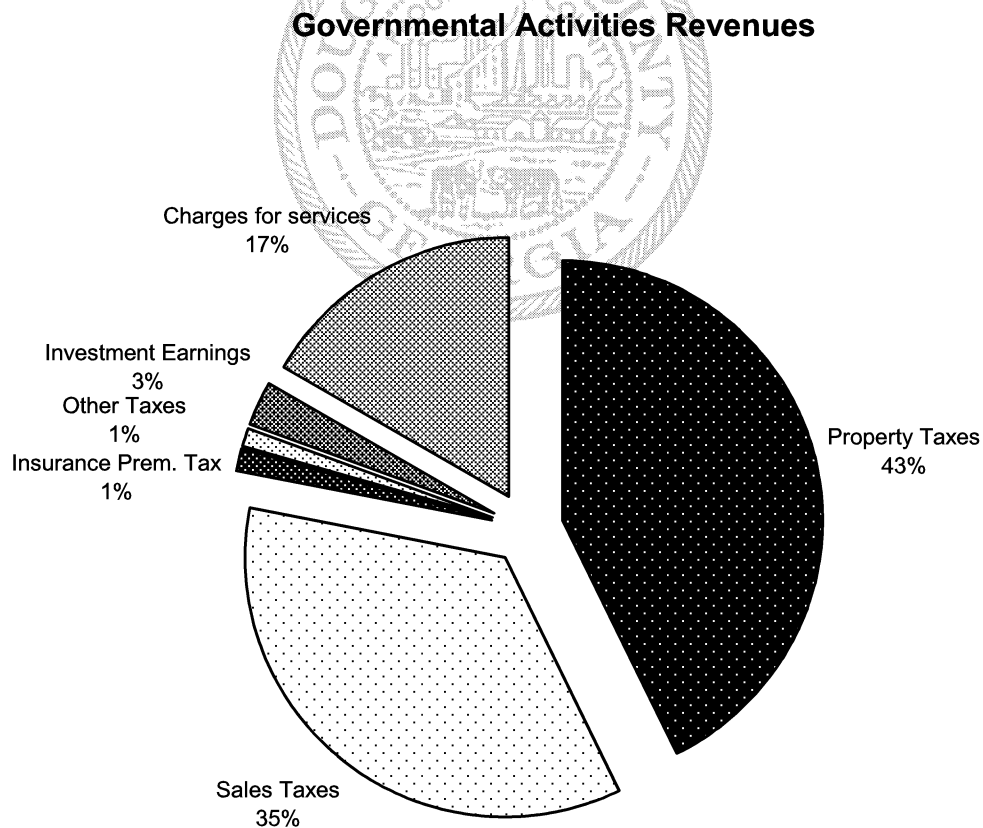
Governmental Activities

Total revenues increased 1.7% (\$1.5 million) from FY 2007. Total expenses increased 3.1% (\$2.4 million) from FY 2007.

The County is heavily reliant on property taxes and sales taxes to support governmental operations. Property taxes provided \$31.5 million in revenue or 41.9% of the County's total governmental revenues as compared to 47.6 % in 2007. The county-wide millage rate for the 2007 Tax Digest decreased from 13.147 mills to 11.897 mills.

Local Option Sales Tax and Special Local Option Sales Tax revenue provided \$26.1 million in revenue or 34.8% of the County's total governmental revenues as compared to \$24.5 million or 33.2 % of the County's total governmental revenues in 2007. Sales tax revenue increased 6.7% between 2008 and 2007.

Also notable, investment earnings decreased 1.9% due to the drop of interest rates.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Total expenses show an increase of \$2.4 million. Expenditures increased from \$72.8 million in 2007 to \$75.0 million in 2008. Governmental activities include operating expenses as well as SPLOST capital projects. The County provided a 2.8% merit increase and a 2.5% cost-of-living adjustment to eligible employees. Eight new positions were approved and staffed during 2008. The Board of Commissioners approved an allocation to Albany-Dougherty Inter-city Authority to be disbursed to Flint RiverQuarium of \$250,000. Fuel prices continue to drive operating costs up for service delivery of public safety.

Governmental Activities Expenses

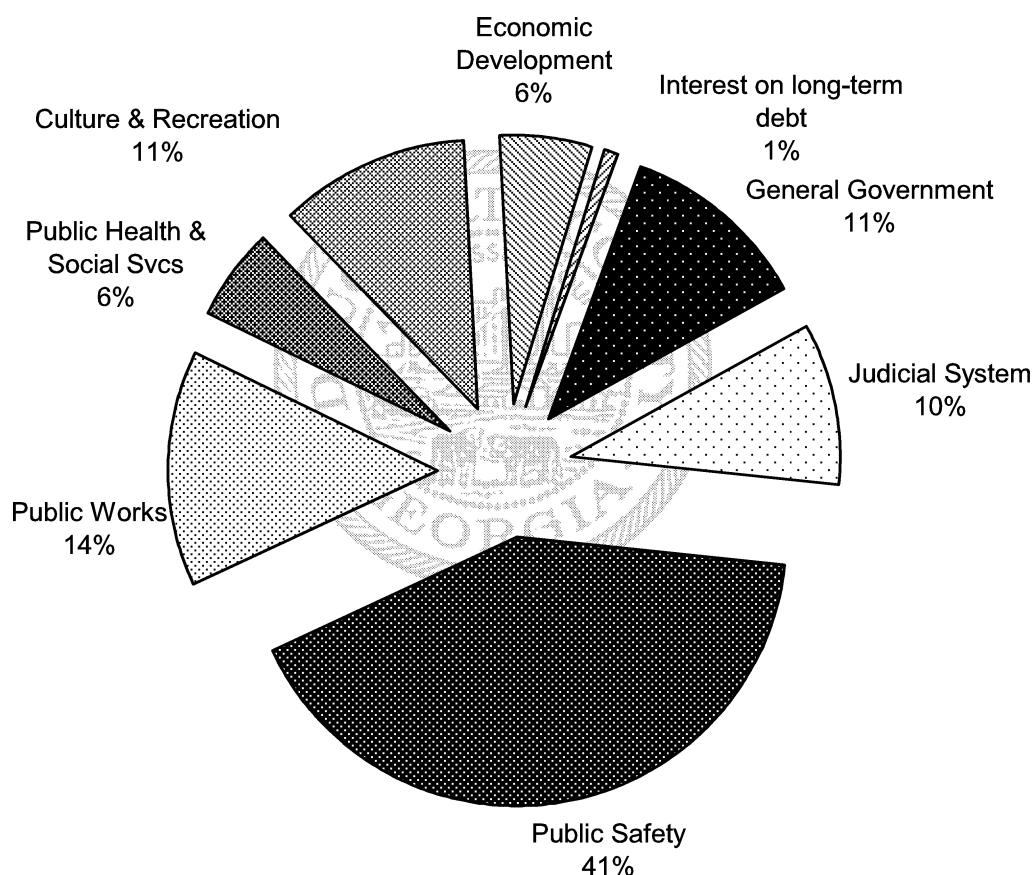


Table 3 presents the cost of services by category as well as the net cost (total cost less revenues generated by that activity). The Net Cost of Services shows the financial burden that is placed on the County's taxpayers by each of these functions.

The Public Safety activities make up approximately 41% of the total governmental activities expenses. General Government activities, which include Facilities Management, Tax and Tag Collections and County Administration/Finance, make up approximately 12.9%. The Judicial System activities, which included Superior, State, Magistrate and Probate Court, make up approximately 9.7%. Public Works activities cost approximately 16.5%.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 3
Governmental Activities
(In Millions)

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
General government	\$ 8.5	\$ 9.3	\$ (4.8)	\$ (4.6)
Judicial	7.4	7.2	(7.2)	(7.0)
Public safety	30.9	29.4	(23.2)	(20.7)
Public works	10.6	12.0	(9.8)	(11.2)
Health and welfare	4.3	3.5	(4.3)	(3.5)
Culture and recreation	8.5	7.2	(7.9)	(6.6)
Housing and development	4.2	3.3	(3.6)	(3.3)
Insurance and employee benefits	-	-	-	-
Interest on long-term debt	0.7	0.8	(0.7)	(0.8)
Intergovernmental	-	-	-	-
Total Governmental Activities	<u>\$ 75.1</u>	<u>\$ 72.7</u>	<u>\$ (61.5)</u>	<u>\$ (57.7)</u>

Business-type Activities

The Dougherty County Solid Waste Landfill is the County's only business-type activity. This fund is primarily funded through tipping fees. Each year liabilities and expenses are recorded for estimated closure and post-closure care as required by law. No revenue is received from taxes for this activity. The Solid Waste net assets decreased \$225,453 primarily because of less than anticipated tipping fee revenue and increased diesel prices.

Analysis of the County's Major Funds

The fund financial statements begin on page 18 and provide detailed information about the County's most significant funds. Some funds are required to be established by State law; however, the County Commission establishes many other funds to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes or grants. The County's *governmental and proprietary funds* use different accounting approaches.

Governmental funds

Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The County Governmental Funds include the General Fund, Special Tax District Fund, DHR Building Lease Fund, the Confiscated Assets Fund, the Grant Fund, the Lease Commercial Property Fund, the Law Library Fund, the 2005 One Percent Sales Tax Fund, the 1995 One Percent Sales Tax Fund, the One Percent Sales Tax – Road Projects Fund, the 1990 One Percent Sales Tax Fund, the 2000 One Percent Sales Tax Fund and the Capital Improvement Program Fund. This reporting year the DHR Building Lease Fund replaces the Special Tax District Fund as a major fund. The County's governmental funds reported combined fund balances of \$48.3 million, a decrease of 0.9%.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The General Fund fund balance decreased by \$861,261. The County budgeted to use \$3.4 million from reserves. Due to controlled, efficient monitoring of budgets by department managers, a lesser amount of reserves were required. Due to the revaluation of property, the Board of Commissioners realized the burden to property owners and voted to reduce the millage rate for the 2007 tax digest. Revenues over all were collected at 98.4% of anticipated amounts. Fees for ambulance services were increased in attempt to offset rising fuel costs. Employees received 2.8% merit salary increase and a 2.5 % cost-of-living adjustment. The County increased funding by \$70,500 to the Public Health Department, as promised, because of decreased state funding and rising health care costs. The Commission voted to provide funding for another year to the Flint RiverQuarium in the amount of \$250,000 an effort to keep the recreational facility open as it is a main component of downtown revitalization. Property, equipment and liability insurance costs rose by \$163,500.

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 Resources, 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 bond for \$14.7 million was sold in 1999 through Albany-Dougherty Inter-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. This is the first reporting year that this fund was categorized as a major governmental fund.

In the 2005 One Percent Sales Tax Fund (SPLOST V) total sales tax revenues received were \$18.6 million of which the City of Albany received \$11.5 million (62%). Actual sales tax revenue received for County projects was \$7.1 million. Actual expenditures for County projects were \$9.4 million. Current projects include government building improvements, exterior building improvement to the Jail facility, library relocation and renovations, and upgrades to computer technology.

Proprietary funds

The County's Solid Waste Landfill is reported as an enterprise fund. The level of fees charged for services at the Landfill is based on the operational cost of running the Landfill. Proprietary funds are reported in the same way all other activities are reported in the Statement of Net Assets and the Statement of Activities. The County's enterprise fund (proprietary fund) reporting is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows. The net assets of the fund decreased \$225,453. The fees charged for Landfill services were unchanged from 2007. Revenues from tipping fees were 6.7% lower attributable to the decrease in construction activity.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 decreased \$191,363 from last year. The County's required annual contribution decreased by 22.1%. From the actuarial valuation report, the plan's funded ratio is 102%.

General Fund Budgetary Highlights

The General Fund Budget is developed to cover the costs of services and the tax millage is set to generate enough revenue to cover costs. Budget figures are not calculated on the modified-accrual basis whereas the actual expenditures listed on page 21 are on the modified-accrual basis. As can be seen in Note 3 on page 40, a small number of departments exceeded their budgets, but under expending in other departments compensated. Revenues were budgeted at \$46.9 million and actually received \$44.9 million, a difference \$2.0 million. The use of fund balance that was budgeted was only partially realized. \$3.4 million was budgeted from reserves and only \$1 million was used. This budget was amended in December 2007 when the millage rate was set decreasing anticipated property taxes by \$1.7 million. Also reduced was a contingency \$800,000 placed in the budget to fund a pay plan study implementation. Use of fund balance was increased by \$1.3 million.

Capital Assets and Debt Administration

Capital Assets

At the end of FY 2008, the County's governmental activities has \$148.2 million net capital assets (costs less accumulated depreciation) invested in a broad range of capital assets, including police and fire equipment, public works heavy equipment, buildings, roads, and bridges. This is a decrease of \$0.7 million from last year. The Business-type activity (Solid Waste Landfill) has \$10.6 million net capital assets (costs less accumulated depreciation), a decrease of \$0.5 million. Table 4 is summary data of capital assets. More details can be found on page 43, Note 6 of the financial statements.

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

	Governmental Activities		Business-type Activities	
	2008	2007	2008	2007
Land	\$ 35.0	\$ 34.2	\$ 2.1	\$ 2.1
Construction in Progress	2.1	2.3	0.2	0.1
Building & Improvements	71.7	71.1	6.4	6.6
Infrastructure	33.2	35.0	-	-
Vehicles	5.0	5.3	-	-
Equipment	1.2	1.0	1.9	2.3
Totals	<u>\$ 148.2</u>	<u>\$ 148.9</u>	<u>\$ 10.6</u>	<u>\$ 11.1</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt

At year-end the County had no outstanding debt for bonds or notes payable. The capital lease payable listed on page 45 of the financial statements is 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 second year the certificates of participation were included in the debt section of the financial statements. This reflects the lease pool agreement with the Georgia Municipal Association (GMA). The County currently does not have any outstanding principal due before the end of the bond period. The County's capacity to drawdown funds from the pool decreased this year to \$3.0 million 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 46.

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. Calculations are made each year to estimate these costs.

None of the County's debt payments are currently funded through ad valorem taxes.

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

	Governmental Activities		Business-type Activities	
	2008	2007	2008	2007
Capital leases	\$ 9.9	\$ 10.8	\$ -	\$ -
Certificates of participation	3.0	4.3	-	-
Compensated absences	3.1	3.0	0.1	0.1
Landfill closure/postclosure	-	-	5.1	4.8
Totals	<u>\$ 16.0</u>	<u>\$ 18.1</u>	<u>\$ 5.2</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 2009 budget. Some of the issues impacting the County's future are:

- County-wide 2007 property revaluation; 2007 Tax Digest was approved by Department of Revenue for collection, but is in pending litigation.
- The threat of the State of Georgia to eliminate the Homeowner Tax Relief Grant.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- The economic down turn and closing of small businesses and employment layoffs.
- GASB's other post-employment benefits (OPEB) reporting requirement and possible increased funding
- Minimal increase in the county-wide tax digest growth
- Housing and building market decline effecting permit revenues.
- Exorbitant fuel costs and the impact on 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
- Development of a new industrial park with railroad access

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Finance Office at 222 Pine Avenue, Suite 540, Albany, Georgia 31702.

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

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF NET ASSETS JUNE 30, 2008

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 3,097,458	\$ 667,507	\$ 3,764,965
Investments	43,213,379	5,120,613	48,333,992
Taxes receivable	3,914,887	-	3,914,887
Accounts receivable	1,137,161	337,392	1,474,553
Notes receivable	9,609,184	-	9,609,184
Internal balances	10,379	(10,379)	-
Due from other governments	1,888,885	-	1,888,885
Inventories	182,220	27,203	209,423
Capital assets, non-depreciable	37,072,410	2,260,949	39,333,359
Capital assets, depreciable, net of accumulated depreciation	111,145,296	8,297,700	119,442,996
Total assets	211,271,259	16,700,985	227,972,244
LIABILITIES			
Accounts payable	1,710,833	95,750	1,806,583
Accrued liabilities	913,813	25,264	939,077
Due to other governments	1,974,944	-	1,974,944
Unearned revenues	29,628	-	29,628
Other liabilities	54,801	-	54,801
Capital leases due within one year	940,000	-	940,000
Capital leases due in more than one year	8,960,000	-	8,960,000
Compensated absences due within one year	918,796	31,756	950,552
Compensated absences due in more than one year	2,137,531	66,696	2,204,227
Closure and postclosure care cost	-	5,117,657	5,117,657
Certificates of participation due in more than one year	3,051,000	-	3,051,000
Total liabilities	20,691,346	5,337,123	26,028,469
NET ASSETS			
Invested in capital assets, net of related debt	138,317,706	10,558,649	148,876,355
Restricted for:			
Capital projects	27,657,805	-	27,657,805
Drug treatment education	116,922	-	116,922
Victim witness program	56,785	-	56,785
Special use	-	-	-
Unrestricted	24,430,695	805,213	25,235,908
Total net assets	\$ 190,579,913	\$ 11,363,862	\$ 201,943,775

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

Component Unit	
Board of Health	
\$	1,976,038
	-
	-
	1,560,983
	-
	-
	-
	-
	58,274
	3,595,295
	1,082,428
	579
	-
	-
	-
	-
	56,881
	511,931
	-
	-
	1,651,819
	58,274
	-
	-
	-
	1,375,369
	509,833
\$	1,943,476

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government:			
Governmental activities:			
General government	\$ 8,570,515	\$ 3,403,808	\$ 329,251
Judicial	7,396,930	162,009	-
Public safety	30,895,549	7,645,762	56,154
Public works	10,623,122	428,075	-
Health and welfare	4,270,765	-	407,528
Culture and recreation	8,455,171	541,431	-
Housing and development	4,173,937	15,661	-
Interest on long-term debt	686,828	-	525,692
Total governmental activities	<u>75,072,817</u>	<u>12,196,746</u>	<u>447,223</u>
Business-type activities:			
Solid waste	3,252,024	2,796,607	-
Total business-type activities	<u>3,252,024</u>	<u>2,796,607</u>	<u>-</u>
Total primary government	<u>\$ 78,324,841</u>	<u>\$ 14,993,353</u>	<u>\$ 447,223</u>
Component unit:			
Board of Health	\$ 14,153,960	\$ 2,837,777	\$ 11,775,707
Total component unit	<u>\$ 14,153,960</u>	<u>\$ 2,837,777</u>	<u>\$ 11,775,707</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			
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
\$ (4,837,456)	\$ -	\$ (4,837,456)	\$ -
(7,234,921)	-	(7,234,921)	-
(23,193,633)	-	(23,193,633)	-
(9,787,519)	-	(9,787,519)	-
(4,270,765)	-	(4,270,765)	-
(7,851,922)	-	(7,851,922)	-
(3,632,584)	-	(3,632,584)	-
(686,828)	-	(686,828)	-
(61,495,628)	-	(61,495,628)	-
-	(455,417)	(455,417)	-
-	(455,417)	(455,417)	-
\$ (61,495,628)	\$ (455,417)	\$ (61,951,045)	\$ -
\$ -	\$ -	\$ -	\$ 459,524
\$ -	\$ -	\$ -	\$ 459,524
31,448,957	-	31,448,957	-
26,114,788	-	26,114,788	-
928,361	-	928,361	-
906,053	-	906,053	-
2,031,640	211,445	2,243,085	-
-	18,519	18,519	-
61,429,799	229,964	61,659,763	-
(65,829)	(225,453)	(291,282)	459,524
190,645,742	11,589,315	202,235,057	1,483,952
\$ 190,579,913	\$ 11,363,862	\$ 201,943,775	\$ 1,943,476

DOUGHERTY COUNTY, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2008

ASSETS	General	DHR Building Lease Fund	2005 One Percent Sales Tax	Other Governmental Funds	Total
Cash and cash equivalents	\$ 1,458,065	\$ 256,518	\$ 20,136	\$ 1,254,845	\$ 2,989,564
Investments	13,539,808	962,897	13,928,237	14,324,487	42,755,429
Taxes receivable	675,023	-	3,185,393	54,471	3,914,887
Accounts receivable	1,097,845	-	-	39,316	1,137,161
Notes receivable	-	9,609,184	-	-	9,609,184
Due from other funds	825,203	-	-	1,172,169	1,997,372
Due from other governments	1,470,336	-	-	418,549	1,888,885
Inventory	182,220	-	-	-	182,220
Total assets	<u>\$ 19,248,500</u>	<u>\$ 10,828,599</u>	<u>\$ 17,133,766</u>	<u>\$ 17,263,837</u>	<u>\$ 64,474,702</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 628,878	\$ 1,207	\$ 580,468	\$ 210,242	\$ 1,420,795
Accrued expenses	580,283	-	-	40,040	620,323
Due to other funds	-	697	1,185,942	800,354	1,986,993
Due to other governments	-	-	1,974,944	-	1,974,944
Deferred revenue	600,464	9,609,184	-	1,028	10,210,676
Total liabilities	<u>1,809,625</u>	<u>9,611,088</u>	<u>3,741,354</u>	<u>1,051,664</u>	<u>16,213,731</u>
FUND BALANCES					
Fund balances:					
Reserved for:					
Capital projects	-	-	13,392,412	14,265,393	27,657,805
Drug treatment education	116,922	-	-	-	116,922
Victim witness program	56,785	-	-	-	56,785
Unreserved, undesignated reported in:					
General fund	17,265,168	-	-	-	17,265,168
Special revenue funds	-	-	-	1,946,780	1,946,780
Capital projects funds	-	1,217,511	-	-	1,217,511
Total fund balances	<u>17,438,875</u>	<u>1,217,511</u>	<u>13,392,412</u>	<u>16,212,173</u>	<u>48,260,971</u>
Total liabilities and fund balances	<u>\$ 19,248,500</u>	<u>\$ 10,828,599</u>	<u>\$ 17,133,766</u>	<u>\$ 17,263,837</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.					148,217,706
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.					10,181,048
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.					(16,300,817)
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.					275,806
The net pension obligation is not due and payable in the current period and therefore is not reported in governmental funds					(54,801)
Net assets of governmental activities					<u>\$ 190,579,913</u>

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

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2008

	General	DHR Building Lease Fund	2005 One Percent Sales Tax	Other Governmental Funds	Total
Revenues:					
Property taxes	\$ 25,447,968	\$ -	\$ -	\$ 5,848,664	\$ 31,296,632
Sales taxes	7,498,871	-	18,615,917	-	26,114,788
Other taxes	370,439	-	-	1,463,975	1,834,414
Licenses and permits	-	-	-	296,470	296,470
Intergovernmental	-	-	476,905	724,750	1,201,655
Charges for services	9,131,777	52,548	-	20,064	9,204,389
Fines and forfeitures	1,488,222	-	-	234,246	1,722,468
Interest	723,314	43,996	519,300	745,030	2,031,640
Other revenues	264,312	1,466,773	-	141,759	1,872,844
Total revenues	<u>44,924,903</u>	<u>1,563,317</u>	<u>19,612,122</u>	<u>9,474,958</u>	<u>75,575,300</u>
Expenditures:					
Current:					
General government	6,905,203	120,227	-	100,000	7,125,430
Judicial	6,498,994	-	-	359,210	6,858,204
Public safety	22,220,980	-	-	6,597,579	28,818,559
Public works	2,473,050	-	-	95,530	2,568,580
Health and welfare	3,856,780	-	-	-	3,856,780
Culture and recreation	2,827,342	-	-	244,165	3,071,507
Housing and development	1,026,511	-	-	549,606	1,576,117
Capital outlay	-	-	16,577,248	3,114,564	19,691,812
Debt service:					
Principal	-	865,000	-	1,282,000	2,147,000
Interest	-	295,930	-	121,803	417,733
Total expenditures	<u>45,808,860</u>	<u>1,281,157</u>	<u>16,577,248</u>	<u>12,464,457</u>	<u>76,131,722</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(883,957)</u>	<u>282,160</u>	<u>3,034,874</u>	<u>(2,989,499)</u>	<u>(556,422)</u>
Other financing sources:					
Proceeds from sale of assets	22,696	-	-	73,932	96,628
Total other financing sources	<u>22,696</u>	<u>-</u>	<u>-</u>	<u>73,932</u>	<u>96,628</u>
Net change in fund balances	(861,261)	282,160	3,034,874	(2,915,567)	(459,794)
Fund balances, beginning of year	<u>18,300,136</u>	<u>935,351</u>	<u>10,357,538</u>	<u>19,127,740</u>	<u>48,720,765</u>
Fund balances, end of year	<u>\$ 17,438,875</u>	<u>\$ 1,217,511</u>	<u>\$ 13,392,412</u>	<u>\$ 16,212,173</u>	<u>\$ 48,260,971</u>

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

DOUGHERTY COUNTY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2008

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

Net change in fund balances - total governmental funds	\$ (459,794)
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.	(359,818)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(357,721)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Deferred revenues decreased during the year by this amount.	(747,100)
In governmental funds, debt service payments are considered a use of funds, but in the statement of net assets, the payments are a reduction of a liability.	2,147,000
The internal service fund is used by management to charge the cost of workers' compensation insurance to individual funds. The net revenue of the internal service fund is reported with governmental activities.	108,381
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>(396,777)</u>
	<u>\$ (65,829)</u>

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

DOUGHERTY COUNTY, GEORGIA

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON GAAP) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 26,583,088	\$ 24,830,848	\$ 25,469,126	\$ 638,278
Sales taxes	6,850,000	6,850,000	7,374,639	524,639
Other taxes	450,000	450,000	370,439	(79,561)
Charges for services	9,307,270	9,307,270	9,193,076	(114,194)
Fines and forfeitures	1,277,000	1,277,000	1,488,224	211,224
Interest income	650,000	650,000	723,314	73,314
Miscellaneous	2,237,094	3,580,963	234,681	(3,346,282)
Total revenues	<u>47,354,452</u>	<u>46,946,081</u>	<u>44,853,499</u>	<u>(2,092,582)</u>
Expenditures:				
Current:				
General government:				
Administrative and legislative	836,368	823,968	826,155	(2,187)
Auditing	61,000	61,000	61,183	(183)
Computer information	640,000	640,000	559,719	80,281
Contingency	950,000	150,000	139,372	10,628
Facilities management	2,504,626	2,473,376	2,240,822	232,554
Human resources	468,007	456,007	459,104	(3,097)
Legal services	173,000	173,000	228,966	(55,966)
Mail and security system	252,721	246,121	219,153	26,968
Purchasing	94,468	94,468	94,464	4
Registration and elections	371,726	366,686	283,905	82,781
Tax and tag collections	1,716,519	1,798,119	1,783,410	14,709
Total general government	<u>8,068,435</u>	<u>7,282,745</u>	<u>6,896,253</u>	<u>386,492</u>
Judicial:				
Clerk of courts	935,102	912,902	906,301	6,601
District attorney	1,697,641	1,653,091	1,627,885	25,206
Juvenile court	802,458	781,258	747,496	33,762
Magistrate court	850,125	827,710	806,915	20,795
Probate court	381,852	372,052	342,580	29,472
Public defender	1,092,313	1,082,813	881,554	201,259
State court	496,880	487,680	485,031	2,649
Superior court	735,539	729,839	679,293	50,546
Total judicial	<u>6,991,910</u>	<u>6,847,345</u>	<u>6,477,055</u>	<u>370,290</u>

(Continued)

DOUGHERTY COUNTY, GEORGIA

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON GAAP) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures: (Continued)				
Current: (Continued)				
Public safety:				
Coroner	\$ 107,649	\$ 107,649	\$ 122,468	\$ (14,819)
Drug squad	841,172	823,622	876,568	(52,946)
Emergency management	18,797	18,797	18,792	5
Emergency medical services	4,459,654	4,368,554	4,259,741	108,813
Environmental control	634,228	623,078	585,503	37,575
Jail	14,087,950	13,740,690	13,536,786	203,904
Sheriff's department	2,876,969	2,805,769	2,840,522	(34,753)
Total public safety	<u>23,026,419</u>	<u>22,488,159</u>	<u>22,240,380</u>	<u>247,779</u>
Public works:				
Engineering	350,247	341,547	331,963	9,584
Public works	1,997,056	1,956,516	1,833,732	122,784
Vehicle maintenance	351,671	343,441	300,841	42,600
Total public works	<u>2,698,974</u>	<u>2,641,504</u>	<u>2,466,536</u>	<u>174,968</u>
Health and welfare:				
Department of Family and Children Services	123,800	123,800	122,304	1,496
Health services	2,863,419	3,715,783	3,611,313	104,470
Total health and welfare	<u>2,987,219</u>	<u>3,839,583</u>	<u>3,733,617</u>	<u>105,966</u>
Culture and recreation:				
Library	2,805,462	2,804,462	3,050,138	(245,676)
Total culture and recreation	<u>2,805,462</u>	<u>2,804,462</u>	<u>3,050,138</u>	<u>(245,676)</u>
Housing and development:				
Agricultural services	100,590	100,590	85,760	14,830
Community development	366,000	641,000	661,324	(20,324)
Natural resources	24,300	24,300	17,033	7,267
Small and disadvantaged business	285,143	276,393	280,847	(4,454)
Total housing and development	<u>776,033</u>	<u>1,042,283</u>	<u>1,044,964</u>	<u>(2,681)</u>
Total expenditures	<u>47,354,452</u>	<u>46,946,081</u>	<u>45,908,943</u>	<u>1,037,138</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(1,055,444)</u>	<u>(1,055,444)</u>

(Continued)

DOUGHERTY COUNTY, GEORGIA

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON GAAP) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Other financing sources:				
Proceeds from sale of assets	\$ -	\$ -	\$ 22,778	\$ 22,778
Total other financing sources	-	-	22,778	22,778
Net change in fund balances	-	-	(1,032,666)	(1,032,666)
Fund balance, beginning of year	16,943,977	16,943,977	16,943,977	-
Fund balance, end of year	<u>\$ 16,943,977</u>	<u>\$ 16,943,977</u>	<u>\$ 15,911,311</u>	<u>\$ (1,032,666)</u>

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

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF NET ASSETS PROPRIETARY FUNDS

JUNE 30, 2008

	Major Enterprise Fund Solid Waste Fund	Internal Service Fund Workers' Compensation Fund
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 667,507	\$ 107,894
Investments	5,120,613	457,950
Accounts receivable, net of allowances	337,392	-
Inventories	27,203	-
Total current assets	6,152,715	565,844
NONCURRENT ASSETS		
Capital assets:		
Nondepreciable	2,260,949	-
Depreciable, net of accumulated depreciation	8,297,700	-
Total noncurrent assets	10,558,649	-
Total assets	16,711,364	565,844
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	95,750	290,038
Accrued expenses	25,264	-
Due to other funds	10,379	-
Current portion - compensated absences	31,756	-
Total current liabilities	163,149	290,038
LONG-TERM LIABILITIES		
Compensated absences, net of current portion	66,696	-
Accrued landfill closure/postclosure care costs	5,117,657	-
Total long-term liabilities	5,184,353	-
Total liabilities	5,347,502	290,038
NET ASSETS		
Invested in capital assets	10,558,649	-
Unrestricted	805,213	275,806
Total net assets	\$ 11,363,862	\$ 275,806

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

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2008

	Major Enterprise Fund <u>Solid Waste Fund</u>	Internal Service Fund <u>Workers' Compensation Fund</u>
OPERATING REVENUES		
Charges for services	\$ 2,757,298	\$ 700,000
Miscellaneous	39,309	214,246
Total operating revenues	<u>2,796,607</u>	<u>914,246</u>
OPERATING EXPENSES		
Salaries and benefits	845,350	-
Cost of sales and services	686,841	144,570
Supplies	762,468	-
Claims	-	601,960
Insurance	-	68,129
Depreciation	957,365	-
Total operating expenses	<u>3,252,024</u>	<u>814,659</u>
Operating income (loss)	<u>(455,417)</u>	<u>99,587</u>
NONOPERATING INCOME		
Interest income	211,445	8,794
Gain on sale of assets	18,519	-
Total nonoperating income	<u>229,964</u>	<u>8,794</u>
Change in net assets	(225,453)	108,381
NET ASSETS, beginning of year	<u>11,589,315</u>	<u>167,425</u>
NET ASSETS, end of year	<u>\$ 11,363,862</u>	<u>\$ 275,806</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, 2008

	Major Enterprise Fund Solid Waste Fund	Internal Service Fund Workers' Compensation Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 2,498,172	\$ 1,160,602
Payments to suppliers	(1,096,789)	(619,253)
Payments to employees	(824,035)	-
Net cash provided by operating activities	577,348	541,349
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(456,349)	-
Proceeds from sale of capital assets	19,600	-
Net cash used in capital and related financing activities	(436,749)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(98,771)	(454,149)
Interest on investments	211,445	8,794
Net cash provided by (used in) investing activities	112,674	(445,355)
Net increase in cash and cash equivalents	253,273	95,994
Cash and cash equivalents:		
Beginning of year	414,234	11,900
End of year	\$ 667,507	\$ 107,894
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (455,417)	\$ 99,587
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	957,365	-
Landfill closure/postclosure care expense	313,596	-
Decrease in accounts receivable	78,560	246,356
Decrease in due from other governments	1,019	-
Increase in inventory	(5,056)	-
Increase in accounts payable	43,980	195,406
Increase in accrued expenses	18,021	-
Decrease in due to other funds	(378,014)	-
Increase in compensated absences	3,294	-
Net cash provided by operating activities	\$ 577,348	\$ 541,349

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

DOUGHERTY COUNTY, GEORGIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008

ASSETS	Agency Funds	Employee Retirement Plan
Cash	\$ 3,045,147	\$ 2,083,735
Investments, at fair value:		
U.S. Government securities	-	3,552,626
Corporate bonds	-	9,894,251
Common stock	-	17,131,597
Accounts receivable	-	16,498
Accrued dividends	-	3,009
Taxes receivable	<u>2,342,681</u>	<u>-</u>
Total assets	<u>\$ 5,387,828</u>	<u>\$ 32,681,716</u>
 LIABILITIES		
Due to others	\$ 3,045,147	\$ -
Uncollected taxes	<u>2,342,681</u>	<u>-</u>
Total liabilities	<u>5,387,828</u>	<u>-</u>
 NET ASSETS		
Held in trust for pension benefits (a schedule of funding progress is presented as required supplementary information on page 54)	<u>\$ -</u>	<u>\$ 32,681,716</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, 2008

	Employee Retirement Plan
	<hr/>
ADDITIONS	
Contributions:	
Employer	\$ 1,853,591
Insurance proceeds	73,464
Total contributions	<hr/> 1,927,055
Investment earnings	
Dividend income	3,009
Net decrease in fair value of investments	(314,494)
Less investment expenses	<hr/> (267,601)
Net investment earnings	<hr/> (579,086)
 Total additions	 <hr/> 1,347,969
 DEDUCTIONS	
Benefits	1,479,276
Administrative expenses	<hr/> 60,056
 Total deductions	 <hr/> 1,539,332
 Change in net assets	 (191,363)
 NET ASSETS, beginning of year	 <hr/> 32,873,079
 NET ASSETS, end of year	 <hr/> <hr/> \$ 32,681,716

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

DOUGHERTY COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

Discretely Presented Component Units

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The County reports the following major governmental funds:

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The County reports the following major proprietary fund:

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

Additionally, the County reports the following fund types:

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

D. Deposits and Investments

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Interfund Receivables and Payables

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

F. Inventories

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

G. Capital Assets

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Compensated Absences

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

I. Long-Term Obligations

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

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

J. Fund Equity

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

K. Use of Estimates

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

NOTES TO FINANCIAL STATEMENTS

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$16,300,817 difference are as follows:

Capital leases	\$ (9,900,000)
Accrued interest	(293,490)
Certificates of participation	(3,051,000)
Compensated absences	<u>(3,056,327)</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$ (16,300,817)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$359,818 difference are as follows:

Capital outlay	\$ 4,224,346
Depreciation expense	<u>(4,584,164)</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>\$ (359,818)</u>

NOTES TO FINANCIAL STATEMENTS

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

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

Another element of the reconciliation states that "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets." The details of this \$357,721 difference are as follows:

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	\$ 178,788
In the statement of activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.	<u>(536,509)</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>\$ (357,721)</u></u>

Another element of that reconciliation explains that "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this \$747,100 difference are as follows:

Deferred tax revenue	\$ 152,325
Deferred lease revenue	<u>(899,425)</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>\$ (747,100)</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 "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 \$396,777 difference are as follows:

Compensated absences	\$ (61,435)
Net pension asset	(66,247)
Accrued interest	<u>(269,095)</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>\$ (396,777)</u></u>

NOTE 3. BUDGETS AND BUDGETARY ACCOUNTING

Budget Policies

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

Budget Process

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

All annual budget appropriations, except project budgets, lapse at the end of the year.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by Dougherty County.

Budget to GAAP Reconciliation

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

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

	General Fund
Budgetary basis - net change in fund balance	\$ (1,032,666)
Add:	
Current year taxes receivable, net of allowance	675,023
Current year accounts receivable	2,568,181
Accounts payable and accrued expenses applicable to prior year	1,249,814
Deferred tax revenue applicable to prior year	419,539
Deduct:	
Taxes receivable applicable to prior year, net of allowance	(543,857)
Accounts receivable applicable to prior year	(2,481,655)
Current year accounts payable and accrued expenses	(1,143,777)
Current year deferred tax revenue	(571,863)
Generally accepted accounting principles basis - net change in fund balance	<u>\$ (861,261)</u>
 Budgetary basis - fund balance, ending	 \$ 15,911,311
Add:	
Current year taxes receivable, net of allowance	675,023
Current year accounts receivable	2,568,181
Deduct:	
Current year accounts payable and accrued expenses	(1,143,777)
Current year deferred tax revenue	(571,863)
Generally accepted accounting principles basis - fund balance, ending	<u>\$ 17,438,875</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Excess of Expenditures over Appropriations

For the year ended June 30, 2008, expenditures exceeded budget, as follows:

<u>Department</u>	<u>Excess</u>
General Fund:	
Administrative and legislative	\$ 2,187
Auditing	183
Human resources	3,097
Legal services	55,966
Coroner	14,819
Drug squad	52,946
Sheriff's department	34,753
Library	245,676
Community development	20,324
Small and disadvantaged business	4,454

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

NOTE 4. DEPOSITS AND INVESTMENTS

At June 30, 2008, the County had the following investments

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>									
		<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>11 - 15</u>	<u>16-20</u>	<u>21 - 25</u>	<u>26-30</u>	<u>31-35</u>	<u>36-40</u>	<u>41-45</u>
Government bonds	\$ 3,552,626	\$ 62,387	\$ 1,689,526	\$ 95,658	\$ 946,957	\$ 257,420	\$ 186,171	\$ 314,507	\$ -	\$ -	\$ -
Common stock	17,131,597	N/A	-	-	-	-	-	-	-	-	-
Corporate bonds	6,137,929	-	137,859	-	-	88,102	146,864	2,232,070	834,522	1,914,863	783,649
Corporate bonds	87,572	-	49,301	-	-	-	-	38,271	-	-	-
Corporate bonds	389,484	-	-	117,093	44,221	-	-	183,349	-	-	44,821
Corporate bonds	585,280	-	213,969	98,281	-	-	-	35,239	61,293	-	176,498
Corporate bonds	630,926	-	325,776	205,621	-	-	-	99,529	-	-	-
Corporate bonds	340,696	-	171,424	45,856	26,101	-	25,169	23,472	48,674	-	-
Corporate bonds	460,299	-	155,938	149,063	-	-	-	80,594	74,704	-	-
Corporate bonds	765,926	56,058	215,132	163,461	-	-	57,504	273,771	-	-	-
Corporate bonds	288,257	63,378	126,927	52,677	-	-	45,275	-	-	-	-
Corporate bonds	93,866	-	27,219	-	-	-	-	66,647	-	-	-
Corporate bonds	76,624	-	-	-	-	-	76,624	-	-	-	-
Corporate bonds	37,392	-	-	-	-	-	-	37,392	-	-	-
Certificates of deposit	244,242	244,242	-	-	-	-	-	-	-	-	-
Guar. Inv. Contract	2,937,137	-	-	-	-	2,937,137	-	-	-	-	-
Georgia Fund 1	45,152,613	45,152,613	-	-	-	-	-	-	-	-	-
Total fair value	<u>\$ 78,912,466</u>	<u>\$ 45,578,678</u>	<u>\$ 3,113,071</u>	<u>\$ 927,710</u>	<u>\$ 1,017,279</u>	<u>\$ 3,282,659</u>	<u>\$ 537,607</u>	<u>\$ 3,384,841</u>	<u>\$ 1,019,193</u>	<u>\$ 1,914,863</u>	<u>\$ 1,004,968</u>

Of the investments listed above, the certificates of deposit, guaranteed investment contract and Georgia Fund 1, which total \$48,333,992 are included as investments on the Statement of Activities. 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. 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, 2008, the County had no uncollateralized deposits.

Custodial Credit Risk – Investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

Receivables at June 30, 2008, for the County's individual major and nonmajor funds in the aggregate are as follows:

	<u>General</u>	<u>DHR Building Lease Fund</u>	<u>2005 Sales Tax</u>
Receivables:			
Taxes	\$ 1,007,497	\$ -	\$ 3,185,393
Accounts	3,084,343	-	-
Notes	-	9,609,184	-
Gross receivables	<u>4,091,840</u>	<u>9,609,184</u>	<u>3,185,393</u>
Less allowance for uncollectibles	(2,318,972)	-	-
Net receivables	<u><u>\$ 1,772,868</u></u>	<u><u>\$ 9,609,184</u></u>	<u><u>\$ 3,185,393</u></u>
	<u>Nonmajor and Other Funds</u>	<u>Solid Waste</u>	<u>Total</u>
Receivables:			
Taxes	\$ 54,471	\$ 445,229	\$ 4,692,590
Accounts	39,316	-	3,123,659
Notes	-	-	9,609,184
Gross receivables	<u>93,787</u>	<u>445,229</u>	<u>17,425,433</u>
Less allowance for uncollectibles	-	(107,837)	(2,426,809)
Net receivables	<u><u>\$ 93,787</u></u>	<u><u>\$ 337,392</u></u>	<u><u>\$ 14,998,624</u></u>

Property taxes were levied on October 24, 2007. Bills are payable on or before January 20, 2008, 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 2007 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended June 30, 2008, and collected by August 31, 2008, are recognized as revenues in the year ended June 30, 2008. Net receivables estimated to be collected subsequent to August 31, 2008 are recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually. Property taxes attached as an enforceable lien on property as of January 1, 2007.

Notes receivable of \$9,609,184 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 year ended June 30, 2008, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ 34,171,365	\$ 796,433	\$ (17,163)	\$ -	\$ 34,950,635
Construction in progress	2,351,344	2,159,310	(257,570)	(2,131,309)	2,121,775
Total capital assets, not being depreciated	36,522,709	2,955,743	(274,733)	(2,131,309)	37,072,410
Capital assets, being depreciated:					
Buildings	84,498,899	-	-	2,131,309	86,630,208
Infrastructure	77,636,963	66,931	-	-	77,703,894
Vehicles	8,996,072	797,744	(840,438)	(17,593)	8,935,785
Equipment	3,119,929	582,716	(22,648)	(15,893)	3,664,104
Total capital assets, being depreciated	174,251,863	1,447,391	(863,086)	2,097,823	176,933,991
Less accumulated depreciation for:					
Buildings	(13,389,134)	(1,479,516)	5,275	-	(14,863,375)
Infrastructure	(42,592,338)	(1,932,752)	-	-	(44,525,090)
Vehicles	(3,734,726)	(708,386)	539,096	17,593	(3,886,423)
Equipment	(2,123,129)	(463,510)	56,939	15,893	(2,513,807)
Total accumulated depreciation	(61,839,327)	(4,584,164)	601,310	33,486	(65,788,695)
Total capital assets, being depreciated, net	112,412,536	(3,136,773)	(261,776)	2,131,309	111,145,296
Governmental activities capital assets, net	\$ 148,935,245	\$ (181,030)	\$ (536,509)	\$ -	\$ 148,217,706

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

Governmental activities:

General government	\$ 938,910
Judicial	159,779
Public safety	1,340,728
Public works	1,540,026
Health and welfare	142,664
Culture and recreation	456,187
Housing and development	5,870
Total depreciation expense - governmental activities	<u>\$ 4,584,164</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	69,376	127,528	-	-	196,904
Total capital assets, not being depreciated	2,133,421	127,528	-	-	2,260,949
Capital assets, being depreciated:					
Building and improvements	11,130,563	80,791	-	-	11,211,354
Equipment and vehicles	4,396,412	248,030	(58,881)	33,486	4,619,047
Total	15,526,975	328,821	(58,881)	33,486	15,830,401
Less accumulated depreciation for:					
Building and improvements	(4,511,495)	(335,665)	-	-	(4,847,160)
Equipment and vehicles	(2,088,156)	(621,700)	57,801	(33,486)	(2,685,541)
Total	(6,599,651)	(957,365)	57,801	(33,486)	(7,532,701)
Total capital assets, being depreciated, net	8,927,324	(628,544)	(1,080)	-	8,297,700
Business-type activities capital assets, net	<u>\$ 11,060,745</u>	<u>\$ (501,016)</u>	<u>\$ (1,080)</u>	<u>\$ -</u>	<u>\$ 10,558,649</u>

B. Discretely Presented Component Unit – Department of Public Health

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Machinery and equipment	\$ 347,648	\$ 16,497	\$ -	\$ 364,145
Total capital assets, being depreciated	347,648	16,497	-	364,145
Less accumulated depreciation for:				
Machinery and equipment	(287,810)	(18,061)	-	(305,871)
Total accumulated depreciation	(287,810)	(18,061)	-	(305,871)
Total capital assets, net	<u>\$ 59,838</u>	<u>\$ (1,564)</u>	<u>\$ -</u>	<u>\$ 58,274</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the year ended June 30, 2008:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases payable	\$ 10,765,000	\$ -	\$ (865,000)	\$ 9,900,000	\$ 940,000
Certificates of participation	4,333,000	-	(1,282,000)	3,051,000	-
Compensated absences	2,994,892	1,837,886	(1,776,451)	3,056,327	918,796
Governmental activities long-term liabilities	<u>\$ 18,092,892</u>	<u>\$ 1,837,886</u>	<u>\$ (3,923,451)</u>	<u>\$ 16,007,327</u>	<u>\$ 1,858,796</u>
Business-type activities:					
Landfill closure/ postclosure cost	\$ 4,804,061	\$ 313,596	\$ -	\$ 5,117,657	\$ -
Compensated absences	95,158	47,529	(44,235)	98,452	31,756
Business-type activities long-term liabilities	<u>\$ 4,899,219</u>	<u>\$ 361,125</u>	<u>\$ (44,235)</u>	<u>\$ 5,216,109</u>	<u>\$ 31,756</u>

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

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

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2008, were as follows:

Year ending June 30,	Governmental Activities
2009	\$ 1,457,623
2010	1,482,028
2011	1,516,355
2012	1,539,942
2013-2016	6,304,750
Total minimum lease payments	12,300,698
Less: amount representing interest	(2,400,698)
Present value minimum lease payments	<u>\$ 9,900,000</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Certificates of participation. In June 1998, the County entered into a lease pool agreement with the Georgia Municipal Association (the "Association"). The funding of the lease pool was provided by the issuance of \$150,126,000 Certificates of Participation by the Association. The Association passed the net proceeds through to the participating governments with the County participation totaling \$4,333,000. The lease pool agreement with the Association provides that the County owns their portion of the assets invested by the pool and is responsible for the payment of their portion of the principal and interest of the Certificates of Participation. During the current year, the County repaid \$1,282,000 of its original commitment. The principal of \$3,051,000 is due in a lump sum payment on June 1, 2028. Interest is payable at a rate of 4.75% each year. The County draws from the investment to lease equipment from the Association. The lease pool agreement requires the County to make lease payments back into its investment account to fund the principal and interest requirements of the 1998 GMA Certificates of Participation. Annual debt service requirements are as follows:

	Principal	Interest	Total
Fiscal Year Ending June 30,			
2009	\$ -	\$ 144,923	\$ 144,923
2010	-	144,923	144,923
2011	-	144,923	144,923
2012	-	144,923	144,923
2013		144,923	144,923
2014-2018	-	724,615	724,615
2019-2023	-	724,615	724,615
2024-2028	3,051,000	724,615	3,775,615
Total capital assets, net	<u>\$ 3,051,000</u>	<u>\$ 2,898,460</u>	<u>\$ 5,949,460</u>

Landfill closure and postclosure care costs. State and federal laws and regulations require that Dougherty County, Georgia place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The amount of costs recognized in each period is based on the relative amount of waste received during the period, even though some of the closure and postclosure care costs will be paid after the landfill is closed. The \$5,117,657 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 \$4,700,928 will be recognized on a pro rata basis as the remaining estimated capacity of 6,553,496 cubic yards of useable space is filled. Approximately 52% of the landfill's capacity has been used to date, and the County expects the landfill to close in 2041. All amounts recognized are based on what it would cost to perform all closure and postclosure care in 2008. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

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

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2008, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	2005 One Percent Sales Tax Fund	\$ 13,773
General Fund	Solid Waste Fund	10,379
General Fund	DHR Building Lease Fund	697
General Fund	Nonmajor Governmental Funds	800,354
Nonmajor Governmental Funds	2005 One Percent Sales Tax Fund	1,172,169
		<u>\$ 1,997,372</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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Participant Data

At July 1, 2008, the date of the most recent actuarial valuation, there were 863 participants as follows:

Active participants	621
Retirees and beneficiaries	144
Vested terminated	98
	<u>863</u>

Funding Policy

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Annual Pension Cost and Net Pension Obligation

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

	July 1, 2007	July 1, 2008
<u>Derivation of Annual Pension Cost</u>		
Annual Required Contribution	\$ 1,919,838	\$ 2,165,728
Interest on Net Pension Obligation	-	-
Amortization of Net Pension Obligation	-	-
Annual Pension Cost	<u>\$ 1,919,838</u>	<u>\$ 2,165,728</u>

<u>Derivation of Net Pension Obligation</u>	
Annual Pension Cost for Fiscal Year 2007	\$ 1,919,838
Actual Contributions to Plan for Fiscal Year 2007	<u>1,853,591</u>
Increase (Decrease) in Net Pension Obligation	66,247
Net Pension Obligation (Asset) as of June 30, 2007	<u>(11,446)</u>
Net Pension Obligation (Asset) as of June 30, 2008	<u>\$ 54,801</u>

The annual required contribution for the current year was determined as part of the July 1, 2008 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions include the following:

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

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

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
06/30/06	\$ 2,005,392	104 %	\$ (84,196)
06/30/07	2,336,743	97	(11,446)
06/30/08	1,919,838	97	54,801

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

An analysis of funding progress for the fiscal year ending June 30, 2008 is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
7/1/2008	\$ 35,042,809	\$ 39,846,752	\$ 4,803,943	87.94 %	\$ 22,259,800	21.58 %

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	\$ 28,147	\$ 453,275
ACCG Deferred Compensation Program	16,963	247,346

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT

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

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

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

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

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Unpaid claims, beginning of fiscal year	\$ 94,632	\$ 88,829
Incurred claims and changes in estimates	601,960	716,665
Claim payments	(406,554)	(710,862)
Unpaid claims, end of fiscal year	<u>\$ 290,038</u>	<u>\$ 94,632</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, 2008, 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>
Jail Facility Exterior Improvements	\$ 257,520	November 30, 2008
Radium Springs Master Plan	30,366	November 30, 2009
Aviary/Theater in Trees RiverQuarium	146,374	December 31, 2008
Northwest Library Renovations/Relocation	140,000	July 31, 2009
ERP System	411,398	December 31, 2008
	<u>\$ 985,658</u>	

NOTE 13. JOINT VENTURES

Under Georgia law, the County, in conjunction with other cities and counties in the Southwest Georgia area, is a member of the Southwest Georgia Regional Development Center (RDC) and is required to pay annual dues thereto. During the year ended June 30, 2008, the County paid \$47,362 in such dues. Membership in the RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of regional development commissions in Georgia.

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

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS

The County offers post employment benefits other than pension benefits as follows: (1) health insurance, (2) dental insurance, and (3) life insurance. Employee groups that are covered include:

- Classified – Employees that work a minimum of 40 hours per week
- Classified part-time – Employees that work a minimum of 29 hours per week
- Unclassified – Elected or appointed officials

NOTES TO FINANCIAL STATEMENTS

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

	<u>Eligible Participants</u>	<u>County</u>	<u>Retiree</u>
Health insurance	78	50%	50%
Dental insurance	64	-	100%
Life insurance	100	75%	25%

The County Commissioners adopted, by resolution, a health plan document (known as the Public Employees' Group Health Plan). The dental and life insurance benefits are offered by motion of the Dougherty County Board of Commissioners. Funding for these benefits is annually appropriated in the County's budget. The fiscal year 2008 costs of the aforementioned benefits were as follows:

	<u>County</u>	<u>Retiree</u>
Health insurance	\$ 168,954	\$ 168,954
Dental insurance	-	17,352
Life insurance	6,340	2,113

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
7/1/2008	\$ 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
7/1/2004	22,316,874	28,060,084	5,743,210	79.53	20,763,379	27.66
7/1/2003	20,791,636	25,963,040	5,171,404	80.08	19,214,886	26.91

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)
2007	\$ 1,919,838	\$ 1,853,591	\$ -	\$ 1,853,591	97 %
2006	2,336,743	2,263,993	-	2,263,993	97
2005	2,005,392	2,089,588	58,348	2,147,936	107
2004	1,818,783	1,818,783	-	1,818,783	100
2003	1,700,005	1,700,005	-	1,700,005	100
2002	1,569,278	1,569,278	-	1,569,278	100
2001	1,286,654	1,286,654	-	1,286,654	100
2000	1,000,697	1,000,697	-	1,000,697	100

Notes to the Schedule of Employer Contributions

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

Capital Projects Funds

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

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, 2008

	Special Revenue			
	Confiscated Assets	Special Tax District	Grant	Lease Commercial Property
Cash and cash equivalents	\$ 521,550	\$ 51,407	\$ 63,241	\$ 141,912
Investments	-	1,201,415	-	-
Taxes receivable	-	54,471	-	-
Accounts receivable	-	39,316	-	-
Due from other funds	-	-	-	-
Due from other governments	-	114,767	60,343	14,699
Total assets	<u>\$ 521,550</u>	<u>\$ 1,461,376</u>	<u>\$ 123,584</u>	<u>\$ 156,611</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 514	\$ 12,297	\$ 4,465	\$ 373
Accrued expenses	-	40,040	-	-
Due to other funds	65,910	225,242	272,671	44,964
Deferred revenue	-	-	1,028	-
Total liabilities	<u>66,424</u>	<u>277,579</u>	<u>278,164</u>	<u>45,337</u>
FUND BALANCES (DEFICITS)				
Reserved for:				
Capital projects	-	-	-	-
Unreserved, undesignated	455,126	1,183,797	(154,580)	111,274
Total fund balances	<u>455,126</u>	<u>1,183,797</u>	<u>(154,580)</u>	<u>111,274</u>
Total liabilities and fund balances	<u>\$ 521,550</u>	<u>\$ 1,461,376</u>	<u>\$ 123,584</u>	<u>\$ 156,611</u>

Capital Projects				
Law Library	Capital Improvement	1995 One Percent Sales Tax	One Percent Sales Tax - Road Projects	1990 One Percent Sales Tax
\$ 141,178	\$ 28,611	\$ 17,511	\$ 8,340	\$ 28,482
223,361	6,212,906	3,214,985	170,215	1,009,832
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	228,740	-
<u>\$ 364,539</u>	<u>\$ 6,241,517</u>	<u>\$ 3,232,496</u>	<u>\$ 407,295</u>	<u>\$ 1,038,314</u>
\$ -	\$ 150,236	\$ 10,540	\$ 571	\$ -
-	-	-	-	-
13,376	75,149	16,532	84,655	-
-	-	-	-	-
<u>13,376</u>	<u>225,385</u>	<u>27,072</u>	<u>85,226</u>	<u>-</u>
-	6,016,132	3,205,424	322,069	1,038,314
351,163	-	-	-	-
<u>351,163</u>	<u>6,016,132</u>	<u>3,205,424</u>	<u>322,069</u>	<u>1,038,314</u>
<u>\$ 364,539</u>	<u>\$ 6,241,517</u>	<u>\$ 3,232,496</u>	<u>\$ 407,295</u>	<u>\$ 1,038,314</u>

DOUGHERTY COUNTY, GEORGIA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2008

	<u>Capital Projects</u>	
	2000 One Percent Sales Tax	Total
Cash and cash equivalents	\$ 252,613	\$ 1,254,845
Investments	2,291,773	14,324,487
Taxes receivable	-	54,471
Accounts receivable	-	39,316
Due from other funds	1,172,169	1,172,169
Due from other governments	-	418,549
	<u> </u>	<u> </u>
Total assets	<u>\$ 3,716,555</u>	<u>\$ 17,263,837</u>
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 31,246	\$ 210,242
Accrued expenses	-	40,040
Due to other funds	1,855	800,354
Deferred revenue	-	1,028
	<u> </u>	<u> </u>
Total liabilities	<u>33,101</u>	<u>1,051,664</u>
 FUND BALANCES (DEFICITS)		
Reserved for:		
Capital projects	3,683,454	14,265,393
Unreserved, undesignated	-	1,946,780
Total fund balances	<u>3,683,454</u>	<u>16,212,173</u>
	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 3,716,555</u>	<u>\$ 17,263,837</u>

DOUGHERTY COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue			
	Confiscated Assets	Special Tax District	Grant	Lease Commercial Property
Revenues:				
Property taxes	\$ -	\$ 4,723,569	\$ -	\$ -
Other taxes	-	1,463,975	-	-
Licenses and permits		296,470		
Intergovernmental	-	-	496,010	-
Charges for services	-	20,064	-	-
Fines and forfeitures	78,361	-	-	-
Interest income	15,448	31,742	2,195	953
Other revenues	-	21,898	-	58,143
Total revenues	<u>93,809</u>	<u>6,557,718</u>	<u>498,205</u>	<u>59,096</u>
Expenditures:				
Current:				
General government	-	100,000	-	-
Judicial	-	-	207,333	-
Public safety	181,665	6,064,101	351,813	-
Public works	-	95,530	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	200,483	43,682	-
Housing and development	-	408,180	88,004	53,422
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>181,665</u>	<u>6,868,294</u>	<u>690,832</u>	<u>53,422</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(87,856)</u>	<u>(310,576)</u>	<u>(192,627)</u>	<u>5,674</u>
Other financing sources:				
Proceeds from sale of assets	-	8,794	-	-
Total other financing sources	<u>-</u>	<u>8,794</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(87,856)	(301,782)	(192,627)	5,674
Fund balances, beginning of year	<u>542,982</u>	<u>1,485,579</u>	<u>38,047</u>	<u>105,600</u>
Fund balances (deficits), end of year	<u>\$ 455,126</u>	<u>\$ 1,183,797</u>	<u>\$ (154,580)</u>	<u>\$ 111,274</u>

Capital Projects				
Law Library	Capital Improvement	1995 One Percent Sales Tax	One Percent Sales Tax - Road Projects	1990 One Percent Sales Tax
\$ -	\$ 1,125,095	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	228,740	-
-	-	-	-	-
155,885	-	-	-	-
12,669	348,701	140,272	14,766	41,556
6,124	55,594	-	-	-
174,678	1,529,390	140,272	243,506	41,556
-	-	-	-	-
151,877	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	1,033,597	664,038	308,199	53,814
-	1,282,000	-	-	-
-	121,803	-	-	-
151,877	2,437,400	664,038	308,199	53,814
22,801	(908,010)	(523,766)	(64,693)	(12,258)
-	65,138	-	-	-
-	65,138	-	-	-
22,801	(842,872)	(523,766)	(64,693)	(12,258)
328,362	6,859,004	3,729,190	386,762	1,050,572
\$ 351,163	\$ 6,016,132	\$ 3,205,424	\$ 322,069	\$ 1,038,314

DOUGHERTY COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2008

	<u>Capital Projects</u>	
	2000 One Percent Sales Tax	Total
Revenues:		
Property taxes	\$ -	\$ 5,848,664
Others taxes	-	1,463,975
Licenses and permits	-	296,470
Intergovernmental	-	724,750
Charges for service	-	20,064
Fines and forfeitures	-	234,246
Interest income	136,728	745,030
Other revenues	-	141,759
Total revenues	<u>136,728</u>	<u>9,474,958</u>
Expenditures:		
Current:		
General government	-	100,000
Judicial	-	359,210
Public safety	-	6,597,579
Public works	-	95,530
Health and welfare	-	-
Culture and recreation	-	244,165
Housing and development	-	549,606
Capital outlay	1,054,916	3,114,564
Debt service:		
Principal	-	1,282,000
Interest	-	121,803
Total expenditures	<u>1,054,916</u>	<u>12,464,457</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(918,188)</u>	<u>(2,989,499)</u>
Other financing sources:		
Proceeds from sale of assets	-	73,932
Total other financing sources	<u>-</u>	<u>73,932</u>
Net change in fund balances	(918,188)	(2,915,567)
Fund balances, beginning of year	<u>4,601,642</u>	<u>19,127,740</u>
Fund balances (deficits), end of year	<u><u>\$ 3,683,454</u></u>	<u><u>\$ 16,212,173</u></u>

DOUGHERTY COUNTY, GEORGIA

**SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
<u>1985 REFERENDUM</u>					
Road Projects	***	***	\$ 55,708,138	\$ 85,226	\$ 55,793,364
<u>1990 REFERENDUM</u>					
County Jail	\$ 31,379,437	\$ 31,285,885	\$ 31,133,426	\$ 50,494	\$ 31,183,920
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	1,533,275	3,320	1,536,595
Conference Center	4,700,000	5,157,565	2,728,390	-	2,728,390
Administrative	4,338,498	4,338,495	4,338,498	-	4,338,498
Totals	\$ 66,786,157	\$ 67,150,160	\$ 63,601,804	\$ 53,814	\$ 63,655,618
<u>1995 REFERENDUM</u>					
City Street & Road Projects	\$ 10,000,000	\$ 10,075,000	\$ 9,858,730	\$ 122	\$ 9,858,852
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	13,288,772	267,475	13,556,247
Recycling Program	1,500,000	500,000	323,625	71,769	395,394
Geographic Information System	1,000,000	1,063,717	1,063,717	-	1,063,717
City Fire Stations & Equipment	2,500,000	2,500,000	2,499,876	-	2,499,876
County Fire Stations & Equipment	1,000,000	1,070,574	1,071,538	-	1,071,538
West EMS Station	1,000,000	980,439	980,439	-	980,439
Community Policing Centers	1,500,000	1,543,054	1,539,140	-	1,539,140
Courtroom Addition	3,500,000	4,101,338	3,857,036	251,822	4,108,858
Emergency Operations Center	3,000,000	2,956,946	2,956,947	-	2,956,947
Downtown Improvements	2,500,000	8,213,104	7,867,895	-	7,867,895
Recreation Improvements	10,500,000	10,500,000	9,780,107	72,850	9,852,957
Agricultural Service Center	2,000,000	2,064,056	2,064,057	-	2,064,057
Industrial Speculative Building	750,000	750,000	350,313	-	350,313
Thronateeska Heritage Center	750,000	900,000	900,000	-	900,000
Third Floor Renovation	-	-	21,137	-	21,137
Mt. Zion Civil Rights Museum	750,000	793,839	793,839	-	793,839
Government Center Debt	3,500,000	4,088,662	4,088,662	-	4,088,662
Administration/Disparity Study	500,000	1,084,298	1,084,298	-	1,084,298
Contingency	-	2,333	-	-	-
Totals	\$ 74,450,000	\$ 84,661,729	\$ 80,722,440	\$ 664,038	\$ 81,386,478

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

DOUGHERTY COUNTY, GEORGIA

**SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
<u>2000 REFERENDUM</u>					
Administrative	\$ 1,175,227	\$ 8,612,153	\$ 8,197,947	\$ 30,900	\$ 8,228,847
Albany River Walk	6,000,000	6,405,000	6,287,207	217,418	6,504,625
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	6,474,677	-	6,474,677
City Traffic Safety	725,000	725,000	714,509	10,490	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	435,162	41,163	476,325
Central Square	15,300,000	15,306,177	15,306,178	-	15,306,178
Economic Development	8,013,679	6,463,679	4,867,198	107,920	4,975,118
County Animal Shelter	700,000	780,000	780,488	3,503	783,991
City Law Enforcement Center	14,500,000	14,500,000	14,297,644	1,743	14,299,387
Storm Drainage Improvements	11,000,000	4,187,173	3,631,722	87,911	3,719,633
County Road Improvements	2,000,000	4,800,000	3,056,622	510,509	3,567,131
Public Safety GSP Building	500,000	536,179	536,179	-	536,179
City Fire Station	2,000,000	2,000,000	1,970,008	20,624	1,990,632
County Fire Equipment	500,000	500,000	469,679	-	469,679
Recreation Improvements	9,130,000	3,285,000	3,251,254	21,705	3,272,959
Albany First Tee Program	875,000	988,540	987,441	1,030	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	\$ 111,443,299	\$ 1,054,916	\$ 112,498,215

DOUGHERTY COUNTY, GEORGIA

**SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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	\$ 510,588	\$ 46,338	\$ 556,926
Judicial Building Improvements	2,000,000	2,000,000	85,237	145,334	230,571
Mental Health Building Improvements	1,400,000	1,400,000	112,742	77,101	189,843
Public Health Building Improvements	700,000	700,000	72,040	194,220	266,260
DOCO Jail Facility Improvements	3,825,000	3,825,000	82,482	2,103,090	2,185,572
EMS Headquarter Improvements	2,000,000	2,000,000	330,737	143	330,880
New Library and Library Improvements	6,000,000	6,000,000	2,589,593	33,111	2,622,704
County Police Building Improvements	140,000	140,000	105,174	-	105,174
County Fire Station Improvements	100,000	100,000	5,890	6,130	12,020
S.R. 133 Road Widening Project	400,000	400,000	-	-	-
County Roads, Streets and Bridges	1,186,800	1,186,800	-	-	-
County Sewer Extensions	1,000,000	1,000,000	-	-	-
New Public Works Facility	700,000	700,000	-	13,713	13,713
Election Equipment	100,000	100,000	29,899	44,665	74,564
Radium Springs Improvements	2,500,000	2,500,000	54,226	20,384	74,610
Tennis Court Facility	2,700,000	2,700,000	-	-	-
Gillionville Road Widening	1,800,000	1,800,000	-	34,498	34,498
Criminal Justice Information System	4,000,000	4,000,000	22,545	35,931	58,476
I.T. Equipment and Software	2,440,000	2,440,000	379,738	622,892	1,002,630
Greenspace Acquisition	535,000	535,000	63,542	321,181	384,723
Mule Barn Presentation	500,000	500,000	74,868	-	74,868
Museum of Art Relocation	3,000,000	3,000,000	47	9,579	9,626
Flint Rivercenter	1,000,000	1,000,000	122,322	821,669	943,991
Albany-Dougherty Payroll Development	3,000,000	3,000,000	506,679	-	506,679
Riverfront Projects	100,000	100,000	9,184	(9,184) *	-
Administrative	300,000	300,000	42,755	37,680	80,435
City of Albany Projects	65,873,200	65,873,200	24,428,659	11,541,868	35,970,527
Totals	\$ 108,300,000	\$ 108,300,000	\$ 29,628,947	\$ 16,100,343	\$ 45,729,290

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

AGENCY FUNDS

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

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

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

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

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

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

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

DOUGHERTY COUNTY, GEORGIA

COMBINING BALANCE SHEET AGENCY FUNDS JUNE 30, 2008

<u>ASSETS</u>	Tax Commissioner		Clerk of Courts	Probate Court	Magistrate Court
	Tax Department	Tag Department			
Cash	\$ 1,545,039	\$ 158,688	\$ 740,906	\$ 6,054	\$ 142,197
Taxes receivable	2,342,681	-	-	-	-
Total assets	<u>\$ 3,887,720</u>	<u>\$ 158,688</u>	<u>\$ 740,906</u>	<u>\$ 6,054</u>	<u>\$ 142,197</u>
 <u>LIABILITIES</u>					
Due to others	\$ 1,545,039	\$ 158,688	\$ 740,906	\$ 6,054	\$ 142,197
Uncollected taxes	2,342,681	-	-	-	-
Total liabilities	<u>\$ 3,887,720</u>	<u>\$ 158,688</u>	<u>\$ 740,906</u>	<u>\$ 6,054</u>	<u>\$ 142,197</u>

Juvenile Court	Sheriff	Drug Squad	Escrow	Total
\$ 1,224	\$ 333,124	\$ 14,050	\$ 103,865	\$ 3,045,147
-	-	-	-	2,342,681
<u>\$ 1,224</u>	<u>\$ 333,124</u>	<u>\$ 14,050</u>	<u>\$ 103,865</u>	<u>\$ 5,387,828</u>
\$ 1,224	\$ 333,124	\$ 14,050	\$ 103,865	\$ 3,045,147
-	-	-	-	2,342,681
<u>\$ 1,224</u>	<u>\$ 333,124</u>	<u>\$ 14,050</u>	<u>\$ 103,865</u>	<u>\$ 5,387,828</u>

COMPLIANCE SECTION

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Dougherty County, Georgia as of and for the year ended June 30, 2008, which collectively comprise Dougherty County, Georgia's basic financial statements, and have issued our report thereon dated November 17, 2008. We did not audit the financial statements of the Dougherty County Board of Health. Those financial statements were audited by other auditors whose reports have been furnished to us. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Dougherty County, Georgia's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Dougherty County, Georgia's financial statements that is more than inconsequential will not be prevented or detected by Dougherty County, Georgia's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2008-1 through 2008-7 to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2008-1 through 2008-4 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dougherty County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses as item 2008-8.

We also noted certain additional matters that we reported to the management of Dougherty County, Georgia in a separate letter dated November 17, 2008.

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

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

Mauldin & Jenkins, LLC

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2008

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

☒ yes ☐ no

Significant deficiencies identified not considered
to be material weaknesses?

☒ yes ☐ none reported

Noncompliance material to financial statements noted?

☒ yes ☐ no

Federal Awards

There was not an audit of major federal award programs as of June 30, 2008 due to the total amount expended being less than \$500,000.

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2008 - 1. Fund Balance

Criteria: Internal controls should be in place to ensure that any prior year audit adjustments are posted and fund balance reconciles to the prior year's financial statements.

Condition: For the fiscal year ending June 30, 2008, the County did not reconcile its fund balances to the prior year's financial statements for the General Fund and Law Library Fund.

Context: We addressed this matter with County management, and they were able to determine the adjustments necessary to properly state fund balance at June 30, 2008.

Effect: An audit adjustment to increase fund balance by \$3,085,647, and to decrease revenues and expenses by the same amount was required to be recorded in the General Fund. An audit adjustment to increase fund balance by \$9,546, increase cash by \$7,615, and to increase expenses by \$1,931 was required to be recorded in the Law Library Fund.

Cause: The County did not record all entries to properly state fund balance.

Recommendation: The County should record all entries to properly state fund balance at year end.

Views of Responsible Officials and Planned Corrective Action: We concur with the recommendation. The County is working to improve our fund balance reconciliation process in future years for yearend reporting purposes.

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2008

2008- 2. Taxes Receivable

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

Condition: The County did not properly record the year end local option sales taxes receivable in the General Fund and the special local option sales tax receivable in the 2005 One Percent Sales Tax Fund during the year ended June 30, 2008.

Context: We addressed this matter with County management, and they were able to determine the appropriate local option sales tax and special local option sales tax receivable that should be recorded as of June 30, 2008.

Effect: An audit adjustment to increase local option sales tax revenues by \$1,313,899 and increase due from other governments in the same amount was required to be recorded in the General Fund. An audit adjustment to increase taxes receivable by \$2,097,386 and to increase special local option sales tax revenue by the same amount was required to be reported by the 2005 One Percent Sales Tax Fund as of June 30, 2008.

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

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

2008 - 3. Management of Accounts Receivable Accounts

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

Condition: The County did not properly record fees receivable in the General Fund, Special Tax District Fund, Grant Fund, Law Library Fund, Capital Improvement Fund, 2000 SPLOST Fund, and Solid Waste Fund as of June 30, 2008.

Context: See above condition.

DOUGHERTY COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

2008 - 3. Management of Accounts Receivable Accounts (Continued)

Effect: An adjustment to increase accounts receivable in the amount \$328,701 and to increase revenues in the same amount was required to be recorded in the General Fund. An adjustment to decrease accounts receivable in the amount of \$103,154 and to decrease revenues in the same amount was required to be recorded in the Special Tax District Fund. An adjustment to increase accounts receivable by the amount of \$25,559, and increase revenue in the same amount was required to be recorded in the Grant Fund. An adjustment to increase accounts receivable in the amount \$12,904, and increase revenues in the same amount was required to be recorded in the Law Library Fund. An adjustment to decrease accounts receivable in the amount \$48,906, and decrease revenues in the same amount was required to be recorded by the Capital Improvement Fund. An adjustment to decrease accounts receivable in the amount \$100, and decrease revenues in the same amount was required to be recorded in the 2000 SPLOST Fund. An adjustment to decrease accounts receivable in the amount \$130,894, and to decrease revenues in the same amount was required to be recorded in the Solid Waste Fund.

Cause: The County did not review all revenue transactions after year-end to determine reporting in the proper period.

Recommendation: We recommend the County establish procedures to review all revenue transactions after year-end to determine reporting in the proper period.

Views of Responsible Official and Planned Corrective Action: We concur. We will establish procedures to review all revenue transactions after year-end to determine reporting in the proper period.

2008 - 4. Management of Accounts Payable and Accrued Expense Liabilities

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, 2008 as it relates to accounts payable within the Law Library and 2005 SPLOST Funds, and accrued expenses in the Solid Waste Fund.

Context: We addressed this matter with County officials and they were able to determine the amount of accounts payable and accrued expenses that should be recorded in these funds as of June 30, 2008.

Effect: An adjustment to increase the balance due to the General Fund in the amount of \$13,376 and increase expenditures in the same amount was required to be made in the Law Library. An adjustment to increase accounts payable in the amount of \$357,502 and increase expenditures in the same amount was required to be made in the 2005 SPLOST Fund. An adjustment to increase accrued compensated absences in the amount \$98,451, and increase expenses in the same amount was required to be made in the Solid Waste Fund.

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2008

2008 - 4. Management of Accounts Payable Continued)

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

Recommendation: We recommend the County implement procedures to reconcile all accounts payable and 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.

2008- 5. Closure and Postclosure Care Cost

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

Condition: The County did not properly record the year end closure and postclosure care cost liability in the Solid Waste Fund for the year ended June 30, 2008.

Context: We addressed this matter with County officials and they were able to determine the amount of closure and postclosure care cost liability that should be recorded as of June 30, 2008.

Effect: An audit adjustment to increase closure/postclosure liabilities by \$36,930, and increase related expenses by the same amount was required to be reported by the Solid Waste Fund as of June 30, 2008.

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

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

DOUGHERTY COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

2008- 6. Journal Entry Review Process

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

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

Context: See above condition.

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

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

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

2008- 7. Segregation of Duties

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

Condition: For the fiscal year ending June 30, 2008, we noted a lack of proper segregation of duties within several areas of Dougherty County, Georgia's operations, including the Clerk of Court, Probate Court, Sheriff's office, and County Finance Department. Examples of segregation of duties issues include:

- ◆ Cash receipts are handled by the same individual(s) who also makes bank deposits, reconciles the bank accounts, and posts activity to the general ledger.
- ◆ Authorized check signers are not independent of voucher preparation and approval.
- ◆ NSF and similar items are investigated by employees that also prepare deposits and post receipts.
- ◆ Custody of checks after signature and before mailing is handled by an employee that is not independent of all payable, disbursing, cash, receiving and general ledger functions.
- ◆ Reconciliations are not made by someone who is independent of the cash receipt and disbursement functions.
- ◆ The billing department is not completely separate from the accounts receivable and collection functions.

DOUGHERTY COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2008- 7. Segregation of Duties (Continued)

- ◆ There is not a clear separation of duties between all receivable ledger clerks and the cash/cashier function.
- ◆ The payroll is not subject to final approval before payment by someone who is independent of the payroll preparation function.
- ◆ Unclaimed paychecks are not returned to an employee that is not associated with the payroll function.
- ◆ Personnel in the payable function are not independent from the general ledger function.

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

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

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

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

2008- 8. Adoption of Budgets

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

Condition: For the fiscal year ending June 30, 2008, a budget was not adopted for the Law Library Fund, which is a special revenue fund, in accordance with the Official Code of Georgia (OCGA) Sections 36-81-2 through 36-81-6.

Context: See above condition.

DOUGHERTY COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2008- 8. Adoption of Budgets (Continued)

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

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

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

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not Applicable

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2008

2007- 1. Taxes Receivable (Repeat Finding)

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

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

Auditee Response/Status: Unresolved – See current year financial audit finding 2008-2.

2007- 2. Georgia Municipal Association 1998 Lease Pool

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

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

Auditee Response/Status: The above finding was corrected for the fiscal year ending June 30, 2008.

2007- 3. Management of Capital Asset Accounts

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

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

Auditee Response/Status: The above finding was corrected for the fiscal year ending June 30, 2008.

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2008

2007- 4. Closure and Postclosure Care Cost (Repeat Finding)

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

Condition: As of June 30, 2007, the County was not following the pronouncement noted above.

Auditee Response/Status: Unresolved – See current year financial audit finding 2008-5.

2007- 5. Compensated Absences

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

Condition: As of June 30, 2007, the County was not following the interpretation noted above, and a liability for compensated absences was recorded in the General Fund and Special Tax District Fund.

Auditee Response/Status: The above finding was corrected for the fiscal year ending June 30, 2008.

2007- 6. Pension Trust Fund

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

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

Auditee Response/Status: The above finding was corrected for the fiscal year ending June 30, 2008.

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2008

2007- 7. Journal Entry Review Process (Repeat Finding)

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

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

Auditee Response/Status: Unresolved – See current year financial audit finding 2008-6.

2007- 8. Segregation of Duties (Repeat Finding)

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

Condition: For the fiscal year ending June 30, 2007, we noted a lack of proper segregation of duties within several areas of Dougherty County, Georgia's operations, including the Clerk of Court, Probate Court, Sheriff's office, and County Finance Department. Examples of segregation of duties issues include:

- ◆ Cash receipts are handled by the same individual(s) who also makes bank deposits, reconciles the bank accounts, and posts activity to the general ledger.
- ◆ Authorized check signers are not independent of voucher preparation and approval.
- ◆ NSF and similar items are investigated by employees that also prepare deposits and post receipts.
- ◆ Custody of checks after signature and before mailing is handled by an employee that is not independent of all payable, disbursing, cash, receiving and general ledger functions.
- ◆ Reconciliations are not made by someone who is independent of the cash receipt and disbursement functions.
- ◆ The billing department is not completely separate from the accounts receivable & collection functions.
- ◆ Detailed ledgers are maintained for receivable accounts by the same employee that performs the cash function.
- ◆ There is not a clear separation of duties between all receivable ledger clerks and the cash/cashier function.
- ◆ The payroll is not subject to final approval before payment by someone who is independent of the payroll preparation function.
- ◆ Unclaimed paychecks are not returned to an employee that is not associated with the payroll function.
- ◆ Personnel in the payable function are not independent from the general ledger function.

Auditee Response/Status: Unresolved – See current year financial audit finding 2008-7.

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2008

2007- 9. Adoption of Budgets

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

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

Auditee Response/Status: The above finding was corrected for the fiscal year ending June 30, 2008 for the Grant Fund, but was unresolved for the Law Library Fund – See current year finding 2008-8.

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

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

We have examined management's assertion included in the accompanying State of Georgia Grant Certification Form about Dougherty County, Georgia's compliance during the year ended June 30, 2008, with the requirement to use grant proceeds solely for the purpose or purposes for which the grant was made for Local Assistance Grant 02-C-L-755. Management is responsible for Dougherty County, Georgia's compliance with this requirement. Our responsibility is to express an opinion on management's assertion about Dougherty County, Georgia's compliance based on our examination.

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

In our opinion, management's assertion that Dougherty County, Georgia complied with the aforementioned requirement for the year ended June 30, 2008, is fairly stated, in all material respects.

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

Mauldin & Jenkins, LLC

Macon, Georgia
November 17, 2008

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

LINE

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

	<u>COLUMN 1</u> Current Year Activity	<u>COLUMN 2</u> Cumulative Grant Activity
G	For the Year Ended: <u>June 30, 2008</u>	Through the Year Ended: <u>June 30, 2008</u>
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue) \$1,028.00	
I	Grant Receipts or Revenue Recognized \$0.00	\$50,000.00
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES \$0.00	\$48,972.00
K	Disbursements or Expenditures for Audit Fees \$0.00	\$0.00
L	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K] \$1,028.00	\$1,028.00

Certification of Local Government Officials

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

Signature of Chief Elected Official _____ Date _____

Signature of Chief Financial Officer _____ Date _____