BULLOCH COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2012

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Bulloch County, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bulloch County, Georgia, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Bulloch 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 Bulloch County Board of Health, which represents 1.4%, 1.5%, and 2.4%, respectively, of the assets, net assets, and revenues of Bulloch County, Georgia. We did not audit the financial statements of the Development Authority of Bulloch County which represents 15.2%, 16.4%, and 5.3%, respectively, of the assets, net assets, and revenues of Bulloch County, Georgia. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Bulloch County Board of Health and the Development Authority of Bulloch County, is based 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 other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bulloch County, Georgia, as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison 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 June 6, 2013 on our consideration of Bulloch 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 Audit Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the

basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bulloch County, Georgia's financial statements as a whole. The combining and individual nonmajor fund financial statements and schedules and schedule of projects paid with SPLOST proceeds are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules, schedule of expenditures paid with SPLOST proceeds, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Thigpen, Lanier, Westerfield & Deal

June 6, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Bulloch County, Georgia's (the "County") annual financial report, the County's management is pleased to provide this narrative discussion and analysis of the financial activities of the County for the fiscal year ended June 30, 2012. The County's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The County had total net assets (assets exceeded liabilities) of $81,518,690 at 2012 fiscal year-end. That is $623,124 (or .8%) less than the total net assets of $82,141,814 at 2011 fiscal year-end.

- Total net assets are comprised of the following:

  (1) Capital assets, net of related debt, of $59,790,938 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets. The figure for fiscal year 2011 was $62,314,012. That is a decrease of $2,523,074 (or 4.0%) for fiscal year 2012.

  (2) Net assets of $13,712,548 are restricted by constraints imposed from outside the County such as debt covenants, grantors, laws, or regulations. That is $2,963,042 (or 27.6 %) more than the fiscal year 2011 amount of $10,749,506.

  (3) Unrestricted net assets of $8,015,204 represent the portion available to maintain the County's continuing obligations to citizens and creditors. This is a $1,063,092 (or 11.7%) decrease from the fiscal year 2011 total of $9,078,296. Unrestricted net assets increased in fiscal years 2011 and 2010 by $77,538 and $1,169,605, respectively. The decrease of unrestricted net assets this year breaks a trend of increases for the last three prior fiscal years.

- The County's governmental funds reported total ending fund balance of $19,797,565 in fiscal year 2012, compared to $18,043,755 in fiscal year 2011. This is a increase of $1,753,810 (or 9.7%). These increases were due to a $120,884 decrease in SPLOST 02, and a $2,788,295 increase in SPLOST 07. The fiscal year 2012 ending fund balance for the General Fund showed a decrease of $1,101,296 (or 13.9%). The SPLOST 97 ending fund balance in fiscal year 2012 increased by $892 to $709,138. Other Governmental Funds decreased by $162,237 for an ending fund balance of $445,215 at the end of fiscal year 2012.

- At the end of the current fiscal year, cumulative fund balance for the General Fund was $6,841,094 (or 21.5%) of total General Fund expenditures and operating transfers out; with $725,859 as un-spendable includes amounts that are in an un-spendable form or are required to remain intact (inventories, endowment from a corpus fund, prepaid items, long-term loans and notes receivable etc.); $195,515 assigned (amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed), and $5,919,720 as unassigned (such amounts are the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications). That compares to $7,942,390 (or 25.3%) of total General Fund expenditures and operating transfers out in fiscal year 2011.

- ***Overall, the County maintains a positive operating financial position.*** During the 2012 fiscal year, Bulloch County's local economy has remained static in a manner consistent with the state and local economy. Bulloch County had experienced a structural budget deficit for several years prior to Fiscal Year 2008. In Fiscal Year 2008, the Board of Commissioners adopted a general ad valorem property tax increase that included a five-year reserve stabilization plan for the General Fund. Bulloch County exceeded its goal in the first three years of the five year stabilization plan by increasing the unreserved general fund balance in the amount of $3.34 million dollars. The decrease in fund balance this year reduces the increase since Fiscal Year 2008 to 2.24 million and places the county at a 21.5% ratio of fund balance to total expenditures. The county desires a 25% ratio of fund balance to total expenditures. The original five year plan in 2008 projected the fiscal year 2012 ratio of fund balance to total expenditures at 20.2%. Looking back at the original plan, the county is still above the original projection at the end of fiscal year 2012. See the "financial analysis" section of this document for more detail.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Bulloch County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Bulloch County.

Basic Financial Statements

The first statements of the basic financial statements are the **Government-wide Financial Statements** of the County. They include a Statement of Net Assets and a Statement of Activities concerning the County and it's discretely presented component units. The government-wide financial statements are presented on pages 20 and 21.

The next statements are **Fund Financial Statements.** These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements. The fund financial statements are presented on pages 22-31.

The next section of the basic financial statements is the **notes.** The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's non-major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the Official Code of Georgia Annotated also can be found in this part of the statements. The **notes** are presented on pages 32-52.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County and its discretely presented component units' finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County and its discretely presented component units' financial status as a whole. The government-wide statements report the County and its discretely presented component units' net assets and how they have changed. Net assets are the difference between total assets and total liabilities. Measuring net assets is one way to gauge the County and its discretely presented component units' financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the County's basic services such as general government, public safety, public works, community and economic development, and community services. Property taxes and sales taxes finance most of these activities. Also, included in governmental activities are multiple special revenue funds where transfers are used to help fund deficits where user charges are insufficient to fund the full direct costs. These activities include (among others) the airport, E-911, recreation, and solid waste disposal and convenience center operations of Bulloch County. A summary of the County's discretely presented component units is also included. The county provides partial funding to these units as a part of governmental activities.

The business-type activities are those that assess a charge or user fee to the customers they provide services to. These activities include the Aquatic Center and the Agribusiness Center. The County also has an internal service fund, which is a proprietary fund that accounts for employee paid premiums collected as revenues, and claims paid to a third party administrator for employee health insurance related expenses.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Bulloch County, like all other governmental entities in Georgia, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements or standards, such as the Official Code of Georgia Annotated, Generally Accepted Accounting Principles and the Governmental Accounting Standards Board. All of the funds of Bulloch County can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds: Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs.

The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Bulloch County adopts an annual budget for its General Fund, as required by the Official Code of Georgia Annotated 36-81-3. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

The basic governmental fund financial statements are presented on pages 22-27 of this report.

Proprietary Funds: Proprietary funds are reported in the fund financial statements and generally report services for which the County assesses fees or user charges. Two of the County's proprietary funds are classified as enterprise funds: the Aquatic Center Fund and the Agribusiness Center Fund. These enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. A third proprietary fund: the Employee Insurance Fund is an internal service fund to account for transactions for the self-funded county group health insurance plan.

The basic proprietary fund financial statements are presented on pages 28-30 of this report.

Agency Funds: Agency funds are used to account for assets the County holds on behalf of the Sheriff, Emergency Medical Services, Probation, the Clerk of Courts, Probate Court, the Magistrate Court, the Greater Statesboro Fire District, Bulloch County Correctional Institute, and the Tax Commissioner.

The basic agency fund financial statement is presented on page 31 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 32 of this report.

Supplementary Information

In addition to the basic financial statements and accompanying note disclosures, this report also presents certain required supplementary information concerning the County's budget presentations. The budgetary comparison statement is included as a basic financial statement for the general fund. Budgetary comparison schedules for all other governmental funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the County's adopted and final revised budget.

During the fiscal year, the Board of Commissioners adopted by resolution several budget amendments, or revisions, to the original budget resolutions. As discussed, the County reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds are presented in this section of this report beginning on page 53.

Financial Analysis of the County as a Whole

Financial Strength

As a part of examining the County's past financial trends, Bulloch County financial staff annually measure key financial ratios used by both the credit industry and the Government Finance Officers Association to determine liquidity and debt capacity. These ratios reflect the period ending June 30, 2012 for governmental activities. Below is a description of the indicators used.

Current Ratio: This is a measure of the County's ability to meet short-term debt obligations; the higher the ratio, the more liquid the entity is. Current ratio is equal to current assets divided by current liabilities. If the current assets of a county are more than twice the current liabilities, then that county is generally considered to have good short-term financial strength. If current liabilities exceed current assets, then the county may have problems meeting its short-term obligations.

Total Debt to Equity Ratio: This is a measure of the County's financial leverage calculated by dividing long-term debt by total net assets. It indicates what proportion of equity and debt the entity is using to finance its assets.

Working Capital (also called Net Current Assets): This is a measure of current assets minus current liabilities. Working capital measures how much in liquid assets the County has available for operations and growth. The number can be positive or negative, depending on how much debt is carried. In general, counties that have a lot of working capital will be more successful since they can expand and improve their operations and infrastructure. Counties with negative working capital may lack the funds necessary for growth.

Current Liabilities Ratio: Current liabilities are those obligations that are currently due at the end of a fiscal year plus the portion of long-term debt that will become due during the next fiscal year. Current liabilities include accounts payable, short-term debt, accrued liabilities, and current maturities of long-term debt.

Operating Position: This is a measure of the unrestricted balance or portion of net assets available, either in the General Fund, or in an enterprise fund as a percentage of annual operating revenue. This measure shows the ability to withstand financial emergencies or to accumulate funds for capital purchases without having to borrow.

Ratio of General Debt Outstanding: This measure is the amount of general obligation debt in the form of bonds backed by the full faith and credit of the government.

Debt Limit Ratio: Direct debt is bonded debt for which the local government has pledged its full faith and credit. This long-term debt indicator uses assessed valuation in the denominator and assumes that property taxes are the primary source of debt repayment. This indicator does not include capital lease obligations since they are not "legal" debt.

Legal Debt Margin: This is the actual amount that which the local government can pledge its full faith and credit.

Net Overlapping Debt: The overlapping debt indicator measures the ability of the community's tax base to repay the long-term general obligation debt obligations issued by all of its governmental and quasi-governmental jurisdictions. If other jurisdictions default, the community may have contingent, moral, or political obligations to assume the debt, provide the services, or both.

Net Direct Long-Term Debt Per Capita: This measure indicates the net direct obligation of total general obligation debt divided by the population of the community.

Financial Strength Ratios	2012 Governmental Activities	2011 Governmental Activities	Standard	2012 Adherence to Standard
Current Ratio	6.33	4.96	2.0 or >	***Positive***
Total Debt to Equity Ratio	0.036	0.031	1.0 or <	***Positive***
Working Capital	$20,218,682	$17,908,776	NA (1)	***Positive***
Current Liabilities Ratio	0.051	0.067	0.05 or <	***Negative***
Operating Position	0.222	0.253	0.25 or >	***Positive***
Ratio of General Debt Outstanding	0.0%	0.0%	0.0%	***Positive***
Debt Limit Ratio	0.0%	0.0%	0.0%	***NA (1)***
Legal Debt Margin	100.0%	100.0%	100.0%	***Positive***
Net Overlapping Debt	$71,775,000 (2)	$71,775,000 (2)	NA (1)	***NA (1)***
Net Direct Long-Term Debt Per Capita	$852.01	$984.82	NA (1)	***NA (1)***

(1) NA - Not applicable.
(2) Bulloch County Board of Education – 100%.

Upon examining Bulloch County financial ratios against developed standards, it's noted that with exception to current liabilities, the other ratios indicate favorable or positive financial strength.

Summary of Net Assets

As noted earlier, Bulloch County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The County had total net assets (assets exceeded liabilities) of $81,518,690 at 2012 fiscal year-end compared to the fiscal year 2011 figure of $82,141,814. The following table provides a summary of the County's net assets:

Summary of Net Assets

	Governmental Activities		Business-Type Activities		Total		Percentage of Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Assets								
Current Assets	24,012,459	22,427,818	1,425,591	1,485,321	25,438,050	23,913,139	27.7%	25.7%
Capital Assets	56,555,099	58,571,606	9,883,945	10,409,006	66,439,044	68,980,612	72.3%	74.3%
Total Assets	**80,567,558**	**80,999,424**	**11,309,536**	**11,894,327**	**91,877,094**	**92,893,751**	**100.0%**	**100.0%**
Liabilities								
Current Liabilities	3,793,777	4,519,042	318,451	292,524	4,112,228	4,811,566	39.7%	44.7%
Long-Term Liabilities	2,788,113	2,251,812	3,458,063	3,688,559	6,246,176	5,940,371	60.3%	55.3%
Total Liabilities	**6,581,890**	**6,770,854**	**3,776,514**	**3,981,083**	**10,358,404**	**10,751,937**	**100.0%**	**100.0%**
Net Assets								
Invested in Capital Assets, Net of Debt	53,589,000	55,802,521	6,201,938	6,511,491	59,790,938	62,314,012	73.3%	75.8%
Restricted – Capital Projects	12,511,256	9,493,913	-	-	12,511,256	9,493,913	15.4%	11.6%
Restricted – Other Purposes	1,201,292	1,255,593	-	-	1,201,292	1,255,593	1.5%	1.5%
Unrestricted	6,684,120	7,676,543	1,331,084	1,401,753	8,015,204	9,078,296	9.8%	11.1%
Total Net Assets	**73,985,668**	**74,228,570**	**7,533,022**	**7,913,244**	**81,518,690**	**82,141,814**	**100.0%**	**100.0%**

The County reported decreasing balances in total net assets for both governmental and business-type activities. Total net assets for fiscal year 2012 decreased by $623,124 (or .8%), with 39% of the decrease occurring in governmental activities ($242,902, or .3%), and the remaining decrease by $380,222 (or 5.0%) for business-type activities.

Note that in fiscal year 2012 and 2011, respectively 73.3% and 75.8% of the total net assets were invested in capital assets, net of debt. This documents that the County continues to invest adequately in the capital assets needed to provide services, with minimal reliance on debt for capital investment. On the business type activities, the County has invested a higher ratio, 82.3% in fiscal year 2012, and 82.3% in fiscal year 2011, of its net assets on capital assets, net of debt. For governmental activities, unrestricted net assets decreased from 10.3% of total net assets to 9.0% between fiscal years 2011 and 2012. For business-type activities, unrestricted net assets remained at 17.7% of total net assets with a decrease of (or $70,669; 5.3%), between fiscal years 2011 and 2012. Overall, this decreased totaled unrestricted net assets from 11.1% to 9.8% of total net assets.

Summary of Changes in Net Assets

	2012				2011			
	Governmental Activities	Business Activities	Total	Percentage of Total	Governmental Activities	Business Activities	Total	Percentage of Total
Program Revenues								
Fees, Fines, Charges for Services	11,558,372	2,118,107	13,676,479	27.3%	11,942,977	2,281,049	14,224,026	28.9%
Operating Grants and Contributions	1,226,726		1,226,726	2.5%	1,369,848		1,369,848	2.8%
Capital Grants and Contributions	1,894,614		1,894,614	3.8%	776,334		776,334	1.6%
General Revenues								
Taxes	32,316,232		32,316,232	64.6%	32,076,555		32,076,555	65.1%
Other	911,700	266	911,966	1.8%	806,891	238	807,129	1.6%
Total Revenues	**47,907,644**	**2,118,373**	**50,026,017**	**100.0%**	**46,972,605**	**2,281,287**	**49,253,892**	**100.0%**
Program Expenses								
General Government	4,422,715		4,422,715	8.7%	4,374,121		4,374,121	8.4%
Judicial	3,051,171		3,051,171	6.0%	3,070,791		3,070,791	5.9%
Public Safety	19,626,803		19,626,803	38.5%	19,016,596		19,016,596	36.7%
Public Works	8,716,143		8,716,143	17.1%	9,677,537		9,677,537	18.7%
Sanitation	3,906,479		3,906,479	7.6%	3,700,656		3,700,656	7.1%
Health and Welfare	475,453		475,453	0.9%	437,916		437,916	0.8%
Libraries and Recreation	4,831,028		4,831,028	9.5%	4,736,946		4,736,946	9.3%
Airport	835,347		835,347	1.6%	770,103		770,103	1.5%
Housing and Development	2,292,942		2,292,942	4.5%	3,100,934		3,110,934	6.0%
Intergovernmental	399,417		399,417	0.8%	466,384		466,384	0.9%
Interest	90,570		90,570	0.2%	136,518		136,518	0.3%
Aquatic Center		2,199,868	2,199,868	4.3%		2,147,207	2,147,207	4.1%
Agribusiness Center		150,245	150,245	0.3%		171,753	171,753	0.3%
Total Expenses	**48,648,068**	**2,350,113**	**50,998,181**	**100.0%**	**49,498,502**	**2,318,960**	**51,817,462**	**100.0%**
Excess (Deficiency)	(740,424)	(231,740)	(972,164)		(2,525,897)	(37,673)	(2,563,570)	
Transfers	148,482	(148,482)			153,400	(153,400)		
Change in Net Assets	(591,942)	(380,222)	(972,164)		(2,372,497)	(191,073)	(2,563,570)	
Prior Period Adjustment	349,040	-	349,040					
Beginning Net Assets	**74,228,570**	**7,913,244**	**82,141,814**		**76,601,067**	**8,104,317**	**84,705,384**	
Ending Net Assets	**73,985,668**	**7,533,022**	**81,518,690**		**74,228,570**	**7,913,244**	**82,141,814**	

Governmental Activities: Revenues

Bulloch County is one of only eight counties out of 159 in Georgia that do not receive any of the 1% Local Option Sales Tax (LOST). A local Constitutional Amendment was passed by the Georgia General Assembly in the 1981 Session (Georgia Laws, 1981, p. 1931) which called for a referendum on the question of whether or not the local option sales tax should go to the Bulloch County Board of Education, with a dollar for dollar reduction in the school property tax. The referendum passed on November 2, 1982. Since that time, this money has gone to the Bulloch County Board of Education. Since most Georgia counties and cities negotiate a formula to distribute LOST proceeds among themselves, the absence of this availability puts Bulloch County's basic units of local government at a distinct disadvantage relative to almost all the other cities and counties in the state. Ultimately, it means that the county government and its municipalities have to rely more heavily on the local property tax and user fees than these other cities and counties. For example, if the county and municipal governments had split $10,383,517 in local option sales taxes in fiscal year 2012 collected by the Board of Education, Bulloch County could have potentially realized as much as 58% in additional revenue, if distribution were made between the county and municipalities based on population.

However, Bulloch County and its municipalities do share the proceeds of a 1% Special Purpose Local Option Sales Tax (SPLOST), which has passed referendums successively in 1997 and 2002 for five-year terms; and 2007 for a six-year term. At first glance it appears that the County may be heavily reliant on sales taxes to support governmental operations. In fiscal year 2012, sales taxes of $10,361,827 out of $47,602,300 in total governmental funds revenues, or 21.8%, were received from SPLOST 2007. However, all SPLOST proceeds are defined by law to be spent on capital outlays, not operating costs.

The County has been able to earn $32,804 in fiscal year 2012, and $47,652 in fiscal year 2011, in interest to support governmental activities. Also, note that program revenues covered 30.2% in fiscal year 2012, and 28.5% in fiscal year 2011 of governmental operating expenses. This means that the government's taxpayers and the other general revenues funded the remaining 69.8% in fiscal year 2012, and 71.5% in fiscal year 2011 of the governmental activities.

Property taxes are an important source of revenue to Bulloch County's General Fund. In fiscal year 2012, property tax revenues were $18,671,311 (or 60.7% of total general fund revenues), in fiscal year 2011, $18,955,882 (or 60.5% of total revenues. This further illustrates the County's high dependence on property tax sources noted above.

Governmental Activities: Functional Expenses

Public safety is the county's largest functional cost, comprising 40.3% of the County's total governmental activity expenses in FY 2012, followed by Public Works (17.9%) and Libraries and Recreation (9.9%). In fiscal year 2011, those figures were 38.4%, 19.6% and 9.6% respectively. The following table presents the cost of each of the County's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the County's taxpayers by each of these functions.

	Governmental Activities			
	2012		**2011**	
	Total Cost of Services	**Net Cost of Services**	**Total Cost of Services**	**Net Cost of Services**
General Government	4,422,715	(3,035,036)	4,374,121	(2,955,900)
Judicial	3,051,171	(2,542,095)	3,070,791	(2,591,130)
Public Safety	19,626,803	(12,206,827)	19,016,596	(10,954,499)
Public Works	8,716,143	(8,533,146)	9,677,537	(9,608,314)
Sanitation	3,906,479	(3,040,729)	3,700,656	(2,939,571)
Health and Welfare	475,453	(475,453)	437,916	(437,916)
Libraries and Recreation	4,831,028	(2,756,009)	4,736,946	(2,683,569)
Airport	835,347	(152,122)	770,103	(136,835)
Housing and Development	2,292,942	(1,136,369)	3,110,934	(2,965,091)
Education	399,417	-	466,384	-
Interest	90,570	(90,570)	136,518	(136,518)
Total	**48,648,068**	**(33,968,356)**	**49,498,502**	**(35,409,343)**

For fiscal year 2012, all functions required a subsidy from general revenues comprising 69.8% of all expenses. For fiscal year 2011, all functions required a subsidy from general revenues comprising 71.5% of all expenses.

Business-Type Activities: Revenues vs. Expenses

For fiscal year 2012, the aggregate operating revenues for the county enterprise funds were 7.1% below 2011 and operating expenses were 2.0% above fiscal year 2011. Within the total business type activities of the County, these activities reported aggregate operating profit of $2,174 compared to operating profit of $206,541 in fiscal year 2011. However, after non-operating expense and transfers in and out between other funds, these funds reported a combined loss of $380,222 in fiscal year 2012 compared to a loss of $191,073 in fiscal year 2011.

Business-Type Activities: Operating Income (Loss)

	2012		2011	
	Amount	**Percent Change**	**Amount**	**Percent Change**
Aquatic Center Fund	$69,069	(76.6%)	$294,943	9.8%
Agribusiness Center Fund	($66,895)	24.3%	($88,402)	3.2%

Operating income before transfers for the Aquatic Center Fund (Splash in the 'Boro) decreased in fiscal year 2012 with operating revenues decreasing by $162,941 or 7.4%, while operating expenses increased $62,933 or 3.3%, resulting in a 76.6% decrease in annual operating income.

The negative operating income for the Agribusiness Center Fund improved by 24.3% in fiscal year 2012. Operating revenues remained constant, while operating expenses before depreciation decreased by 22.5%. The current operations consist of rental income to help support the 30,000 square foot office complex which houses several agribusiness related governmental entities. The rental largely supports the direct operating expenses when building depreciation is not factored into rental prices or costs. However, as the future development of the Phase II mixed-use arena proceeds, it is expected that within three years a new stream of revenue will be established which will aid in improving fund solvency.

The County also began transferring resources from the business-type activities beginning in fiscal year 2006. $124,750 was transferred out of the Aquatic Center Fund to the general fund in 2012. The County transfers resources between its business-type funds and its governmental funds for the following reasons:

- The County has developed a formula based allocation for charges to its enterprise funds that take the form of transfers out of these funds to help cover the costs of overhead services from the General Fund or other governmental funds. These costs include the various staff departments, such as personnel, finance, purchasing, and records, as well as part of the County Manager's time. If these enterprise funds were privately owned, the County would be entitled to property taxes on the property in service, net of accumulated depreciation, similar to other private service providers. These transfers are made in lieu of property taxes.

- Periodically, capital improvements or investments must be made to enhance the use by the customers and occupants of these facilities. Where appropriated, the Board of Commissioners makes available budgeted resources for transfers into these enterprise funds from the Special Purpose Local Option Sales Tax for these enhancements. This relieves subsidies from property tax payers who commit resources through the General Fund. Because at least one-third of all sales taxes are generated from consumers living outside of Bulloch County, these consumers in fact provide additional tax relief for county taxpayers who may otherwise have to commit local dollars toward the improvement of these facilities.

- Since the County's taxpayers are in fact the investors who started and financed these operations, they are being rewarded with a comparable return on equity in the form of lower property taxes. This return can be made while still maintaining fee or user charges that are at or below the market prices offered by comparable private companies.

- Hosting a sizable regional university and numerous other governmental and non-profit entities results in a considerable amount of property not being subject to property taxation. However, services such as emergency services, courts, road improvements and repair, and sanitation must be provided and expanded as needed, and must be funded from general revenues. Transfers between the enterprise funds and the General Fund help offset this burden, while sharing it more equitably among all citizens and institutions.

Financial Analysis of the County's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of $19,797,565 in fiscal year 2012, compared to $18,043,755 in fiscal year 2011. Of these year-end totals, in fiscal year 2012, $731,496 was non-spendable, $13,706,911 was restricted, $195,515 was assigned and $5,163,643 was unassigned.

The total ending fund balances of governmental funds show a increase in fiscal year 2012 of $1,753,810 (9.7%) compared to an increase in fiscal year 2011 of $3,625,949 (or 16.7%).

Total taxes in governmental funds were $287,833 or .9% higher than in fiscal year 2011. Charges for services decreased in fiscal year 2012 to $8,779,793 from $8,892,232 (or 1.3%).

The governmental funds' expenditures decreased by $3,457,913 (or 6.7%), in fiscal year 2012, due to a lesser investment in capital outlays than in fiscal year 2011.

The County's overall cash flow can vary greatly from month to month. The reason for this is that property tax revenues, which consist of approximately one-half of General Fund revenue stream, peak during the December-February time line. While other General Fund revenues come in during months when property taxes do not, there exists a declining cash flow environment from March to November. This is why having a standard of 25% of expenditures in the General Fund balance is critical. The standard provides adequate cash flow to handle these monthly fluctuations, while providing a cushion against any major unexpected events, with a residual benefit of improving the County's credit rating when it needs to borrow.

Major Governmental Funds

The General Fund is the County's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance decreased by $1,101,296 in fiscal year 2012.

The Proprietary Funds

The proprietary funds statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. Each of the fund statements give detailed information about their financial condition, in addition to the Financial Analysis of the County as a Whole.

Internal Service Fund

The Employee Insurance Internal Service Fund had a increase in net assets of $287,323 for the year ended June 30, 2012 because of an increase in premiums revenue compared to fiscal year 2011. Claims expense decreased $82,325 during fiscal year 2012. This fund had a claims liability of $509,597 at June 30, 2012 compared to $249,365 at the end of fiscal year 2011.

Agency Funds

An agency fund is used to account for assets held for other funds, governments or individuals. Bulloch County maintains nine agency funds. A statement of fiduciary assets and liabilities for the agency funds is presented on page 31.

Budgetary Highlights

The General Fund – Overall, the County recognized revenues equal to $30,779,849 or 101.9% of the budgeted revenues in the appropriated budget. Overall, the County recognized expenditures equal to $29,567,008 or 102.9% of the budgeted expenditures in the appropriated budget.

On the revenue side of the budget, property tax were considerably higher than the budgeted amount.

On the expenditure side, the Public Safety function, particularly in the Sheriff and County Corrections departments, had expenditures considerably higher than the budgeted amount.

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2012 was $66,439,044. That compares to fiscal year 2011 numbers of $68,980,612.

The fiscal year 2012 totals in this net investment decreased by $2,016,507 or 3.4% for governmental activities and decreased by $525,061 or 5.0% for business-type activities. The overall decrease was 3.7% for the County as a whole. ***See Note 6*** for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

Capital Assets

	Governmental Activities		Business Activities		Total	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
Non-depreciable Assets						
Land	3,204,925	2,697,918	329,177	329,177	3,534,102	3,027,095
Construction in Progress	1,012,024	2,178,731	-	-	1,012,024	2,178,731
Total Non-Depreciable	**4,216,949**	**4,876,649**	**329,177**	**329,177**	**4,546,126**	**5,205,826**
Depreciable Assets						
Buildings	41,356,266	39,977,793	7,042,188	7,042,188	48,398,454	47,019,981
Improvements Other Than Buildings	5,708,819	5,622,079	5,252,856	5,235,163	10,961,675	10,857,242
Machinery and Equipment	20,130,457	19,430,206	600,872	590,715	20,731,329	20,020,921
Infrastructure	116,071,322	114,402,026	-	-	116,071,322	114,402,026
Total Depreciable Assets	**183,266,864**	**179,432,104**	**12,895,916**	**12,868,066**	**196,162,780**	**192,300,170**
Less Accumulated Depreciation	**130,928,714**	**125,737,147**	**3,341,148**	**2,788,237**	**134,269,862**	**128,525,384**
Book Value: Depreciable Assets	**52,338,150**	**53,694,957**	**9,554,768**	**10,079,829**	**61,892,918**	**63,774,786**
Percentage Depreciated	**71.4%**	**70.1%**	**25.9%**	**21.7%**	**68.5%**	**66.8%**
Total Book Value	**56,555,099**	**58,571,606**	**9,883,945**	**10,409,006**	**66,439,044**	**68,980,612**

The County began reporting its governmental infrastructure constructed each year in fiscal year 2003. The only change in infrastructure between fiscal year 2011 and fiscal year 2012 were additions to the local road system.

The decrease in the Business Activities assets is primarily due to building depreciation. In the County's business type activities, 25.9% of the asset values were depreciated at June 30, 2012, compared to 21.7% for fiscal year 2011.

At June 30, 2012, the depreciable capital assets for governmental activities were 71.4% depreciated. This percentage is greater than the fiscal year 2011 amount of 70.1%. ***This indicates, that overall, the County is replacing capital assets at a rate that is below depreciation expense. The County is trying to maintain and not increase machinery, equipment and infrastructure because of the impact of the recent recession.***

Long-term Debt

With the exception noted in overlapping debt for the Bulloch County Board of Education, Bulloch County has no existing general obligation debt. For both governmental and business type-activities, ***Bulloch County has $6,648,106 of outstanding long-term debt in the form of capital leases and notes payable***, less compensated absences. Since 1994, the county has entered into various capital lease agreements for equipment. As they currently exist, they are expected to be paid off by 2016. There are two notes payable to the Georgia Environmental Facilities Authority with an outstanding principal amount of $80,799 with maturity occurring in 2018 and an outstanding balance of $607,279 with maturity occurring in 2032. The smaller note is for the acquisition of property for the future Fletcher Memorial Recreation Park. The larger note is for construction of the Recycle Station. The largest obligation in the amount of $3,682,007 resides in the current Aquatic Center Expansion which took place during 2009. However, as an enterprise activity, this debt is paid for within the fund, which revenues are generated solely by user fees.

The governmental activities reported capital leases of $2,278,021, a net decrease of $397,617 or 14.9% from 2011. Notes Payable increased by $594,631, or 636.3% as a result of the loan for the Recycle Station. Compensated absences increased by $20,932 or 4.0% in fiscal year 2012 to $549,544 as a result of a proportional increase in the full-time employment base. ***The county continues to aggressively follow its plan to pay down its long-term debt obligations in an effort to improve its financial operating position and to maintain structural budget integrity.***

Long-Term Debt Obligations

	Governmental Activities		Business-Type		Totals	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
Capital Leases	2,278,021	2,675,638	-	-	2,278,021	2,675,638
Notes Payable	688,078	93,447	3,682,007	3,897,515	4,370,085	3,990,962
Compensated Absences	549,544	528,612	6,682	8,002	556,226	536,614
Total	**3,515,643**	**3,297,697**	**3,688,689**	**3,905,517**	**7,204,332**	**7,203,214**

In sum, the County is less becoming reliant on capital leasing for machinery and equipment. While it is likely that lease financing will continue to be used when practical and advantageous to the County.

See Notes 7, 8, and 9 for additional information about the County's long-term debt.

Economic Conditions Affecting the County

According to key economic indicators, the 2012 fiscal year saw Bulloch County's local economy continue to remain static consistent with the state and national recession.

Guarded optimism best describes Bulloch County's current economic outlook. In the first half of Calendar Year 2012, the County began to realize a bottoming-out of the economic decline from the preceding two years, followed by mild growth in the second half of the year and into 2013. Georgia Southern University continues its steady planned enrollment and campus facilities expansion, which has resulted in a substantial increase in student housing on and off campus. Bulloch County also continued its commitment to nurture existing industry and businesses that complement its existing business mix, while also planning the development of a new industrial park and interstate commercial center at I-16 and US 301. Both Briggs and Stratton and Viracon have stable manufacturing operations

in Bulloch County. The Wal-Mart Distribution Center remains the most active high-volume warehousing center of its kind within the corporation. Great Dane Trailers, LLC began operations of a 450,000 square foot manufacturing facility in April 2012, employing up to 400 workers. The seven-year old county-operated Splash in the 'Boro Aquatic Center and Water Park had a third outstanding season after a $4.1 million expansion drawing over 60 percent of its nearly 160,000 annual customers from outside Bulloch County. Finally, being on the boundary of the Savannah metropolitan area offers advantages to Bulloch County from a regional perspective. The Savannah MSA is poised to be among the state's fastest recovering regions in 2013, especially in the economic sectors related to job growth, tourism, retail, real estate and finance, information services and the expanding activity of the Port of Savannah which will spur the construction of additional warehouse space for processing for import-export distribution.

In order for Bulloch County to retain its excellent quality of life advantages, the community will have to address many critical issues on its horizon. A primary issue is to address the gradual shifting of the County's economic base from manufacturing to increasing growth in the government, retail, services and construction sectors. Another challenge is to marshal continued growth in the manufacturing sector to remain diversification. Of course, there is intense competition by other communities in the region for new economic development projects.

The following key economic indicators reflect the economic condition of the County.

- ***Positive:*** Population growth remains at a steady annual growth level of 2.5% +/-. With the official 2010 Census enumeration, Bulloch County population's in April 2011 was estimated at 70,217. The 2011 Census estimated a county population of 72,883, an increase of 3.8%.
- ***Positive:*** Per capita income for Bulloch County has increased from $24,018 in 2010 to $24,335 in 2011, or 1.3%.
- ***Positive:*** County sales taxes collections in FY 2012 increased by 4.1% from FY 2011 $9,951,001 to $10,361,827.
- ***Positive:*** The county's employed workforce increased from 28,412 to 29,115, or 2.4% from July 2011 to June 2012, decreasing the unemployment rate from 11.8% to 11.5%
- ***Neutral:*** The Consumer Price Index for the Urban South Consumers increased by 3.0% during the Fiscal Year 2012 period.
- ***Positive:*** The monthly unemployment rate for Bulloch County in June 2012 was 11.5% which was below the level of 11.8% at the beginning of the fiscal year in July 2011. However, the local rate was still far above national and state unemployment rates.
- ***Negative:*** The comprehensive net County-wide tax digest decreased 2.5% from $1,747,101,061 in 2011 to $1,702,378,030 in 2012.
- ***Neutral:*** The average weekly wage for all Bulloch County workers increased during the fiscal year from $581 to $587, or 1.0%.
- ***Negative:*** Single-family building permits decreased dramatically in Bulloch County and its municipalities from 174 units in Calendar Year 2011 to 132 units in 2012, a 24.1% decrease.
- ***Negative:*** Model based estimates indicate that the poverty rate in Bulloch County has increased from 28.4% in 2010 to 30.5% in 2011.

It is clear that in the short-term, there are lingering effects from the recent recession. Yet, Bulloch County has a growing population and is positioned for a stronger recovery thanks to its emergence as a regional center for post-secondary education, health care facilities and specialties, and retail and general business services. There is also potential spin-off growth from the greater Savannah area, as well as reports for the near-term of proposed multi-family and commercial real estate development activity.

Our short-term projection for Fiscal Year 2013 is that the statewide economy will continue to grow modestly, but virtually all segments of the local and regional economy, with the possible exception of construction and real estate related finance which is still in decline, will experience concurrent growth.

The following represents a qualitative forecast for the local economy for the forward fiscal year, FY 2013.

- Growth and output will increase marginally.
- Growth in the labor markets and job creation remain persistently slow.

- Short-term inflation is a threat as a recovery takes hold; however, it is dependent on monetary policy and actors in the global market place; the long-term inflation outlook is positive.
- Capital investments, profits, and personal income and investment will grow as the result of continued frugality by businesses and consumers.
- Consumer spending will increase at a better rate than in the past three years due to pent up demand and increases in saving and decreases in personal debt. However, spending will be tempered by slower wage growth.
- While most economic sectors of the economy will recover, finance, real estate and manufacturing remain tepid.

From a long-term perspective, the national and state economies may be significantly affected by many factors, including a growing national debt and trade deficit, monetary issues and health care costs, inflation, increased demands on Social Security as baby-boomers near retirement, the slow recovery of the housing market, threat/acts of terrorism and potential geopolitical instability.

The most critical factor affecting County finances going forward will be the expected impact of foreclosures of bank owned properties. New assessment requirements by the State of Georgia mandate that sales prices be used as the fair market value in the year following the sale – a departure from previous assessment methods. Combining these factors will result in at least a 3% loss of property tax revenue beginning in Fiscal Year 2012.

Summary

In summary, at the close of June 30, 2012, Bulloch County government currently has adequate and favorable financial strength, liquidity, a strong capital asset base and minimal debt, comparable to other counties of its size in Georgia.

The operating position, particularly in the key General Fund, is beginning to rebound from a declining position. Fund balance was $9.7 million at the close of fiscal year 2001, $4.1 million at the close of fiscal year 2007 and $6.8 million at the close of fiscal year 2012. Fiscal year 2012 had a decrease in the General Fund Balance of $1,101,296 but is still $2.7 million above the fiscal year 2007 amount.

In the last several fiscal years, the County has attempted to restrict expenditure growth by minimizing employee wage increases and deferring or eliminating certain operating and capital expenditures. To leverage cash flow, the County institutes limited purchases of needed machinery and equipment through capital or operating leases. Several County departments also raised fees and users charges where discretion prevailed, to cover the full cost of providing the service. Furthermore, the County continues to restructure administrative functions, and has periodically and internally audited specific operations for better efficiencies. However, the increasing demand for services by local citizens, unfunded mandates from higher levels of government for additional services, and extraordinary inflation in gasoline and construction prices place pressure on some of these austerity measures.

In Fiscal Year 2008, the Board of Commissioners adopted a general ad valorem property tax increase that included a five-year reserve stabilization plan for the General Fund. Bulloch County exceeded its goal in by third year of the five year stabilization plan by increasing the unreserved general fund balance in the amount of $507,660, $1,595,991 and $1,429,035 respectively. The decrease in General Fund for this fiscal year puts the county 1,152,379 below its goal within the stabilization plan but $2.7 million above the fiscal year 2007 fund balance.

Proposed Five-Year General Fund Reserve Stabilization Plan

Fiscal Year	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Projected Surplus FY 2008 est. ($)	**406,000**	**780,000**	**811,000**	**844,000**	**877,000**	**912,000**
Actual/**Projected** Surplus ($)	507,660	1,595,991	1,429,035	134,231	**(1,101,296)**	**250,000**
FYE Fund Balance ($ in mil.)	4.604	6.200	7.629	7.942	**6.841**	**8.200**
Projected Budget ($ in mil.)	29.1	29.5	31.1	31.3	**31.9**	**32.0**
FYE Fund Balance Ratio (%)	15.8	21.0	24.5	25.4	**21.5**	**25.6**

The County will be looking at four key implementation items in fiscal year 2013 to continue improving both general efficiency and financial results. They are:

- Initiate a uniform automated timekeeping system to improve the accuracy and operation of payroll services.
- Hardware and software upgrades to effect enterprise resource planning that include web based networking to remote sites for management oversight and involvement at the Department level.
- Restructure some existing personnel and tasks to form a centralized revenue collection function to improve treasury management and compliance with mandated procedures.
- Utilize the aforementioned initiatives to progress toward true fund accounting and a full-fledged modified accrual accounting system.

Currently, except for the rural fire fund, the County's other special revenue, enterprise and internal fund structures are operating mostly in a favorable condition. However, all of these funds must also be closely monitored to minimize, or in many cases avoid increased subsidies by the General Fund.

Contacting the County's Financial Management

This financial report is designed to provide a general overview of the County's finances, comply with finance-related laws and regulations, and demonstrate the County's commitment to public accountability. If you have questions about this report or would like to request additional information, you may contact:

Thomas M. Couch
County Manager

James. H. Starling
Chief Financial Officer

115 North Main Street
Statesboro, Georgia, 30459
(912) 764-6245

BULLOCH COUNTY, GEORGIA
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Bulloch County Board of Health	Development Authority of Bulloch County
ASSETS					
Current Assets:					
Cash	$ 18,556,005	$ 1,631,673	$ 20,187,678	$ 1,405,406	$ 1,255,700
Receivables:					
Taxes	804,399	-	804,399	-	-
Intergovernmental	1,817,936	-	1,817,936	33,414	-
Internal balances	206,082	(206,082)	-	-	-
Other	1,844,014	-	1,844,014	-	5,184
Prepaid items	733,147	-	733,147	-	-
Inventories	50,876	-	50,876	-	-
Total Current Assets	24,012,459	1,425,591	25,438,050	1,438,820	1,260,884
Capital Assets:					
Nondepreciable capital assets	4,216,949	329,177	4,546,126	-	12,075,570
Depreciable capital assets, net	52,338,150	9,554,768	61,892,918	83,753	3,355,409
Total Capital Assets	56,555,099	9,883,945	66,439,044	83,753	15,430,979
Total Assets	80,567,558	11,309,536	91,877,094	1,522,573	16,691,863
LIABILITIES					
Current Liabilities:					
Accounts payable	2,158,679	21,218	2,179,897	-	51,471
Accrued payroll	312,171	42,950	355,121	-	-
Accrued interest payable	27,021	19,637	46,658	-	-
Unearned revenue	2,641	4,020	6,661	-	349,684
Claims payable	509,597	-	509,597	-	-
Other liabilites	56,138	-	56,138	-	-
Compensated absences payable	109,909	1,336	111,245	29,550	-
Capital leases payable	585,634	-	585,634	-	-
Notes payable	31,987	229,290	261,277	-	-
Total Current Liabilities	3,793,777	318,451	4,112,228	29,550	401,155
Long-Term Liabilities:					
Compensated absences payable (net of current portion)	439,635	5,346	444,981	29,550	-
Capital leases payable (net of current portion)	1,692,387	-	1,692,387	-	-
Notes payable (net of current portion)	656,091	3,452,717	4,108,808	-	-
Total Long-Term Liabilities	2,788,113	3,458,063	6,246,176	29,550	-
Total Liabilities	6,581,890	3,776,514	10,358,404	59,100	401,155
NET ASSETS					
Invested in capital assets, net of related debt	53,589,000	6,201,938	59,790,938	83,753	15,430,979
Restricted for:					
Capital projects	12,511,256	-	12,511,256	-	-
Other purposes	1,201,292	-	1,201,292	474,723	-
Unrestricted	6,684,120	1,331,084	8,015,204	904,998	859,729
Total Net Assets	$ 73,985,668	$ 7,533,022	$ 81,518,690	$ 1,463,474	$ 16,290,708

See accompanying notes to the basic financial statements.

BULLOCH COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Program/Function	Expenses	Program Revenues: Fees, Fines, and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: Bulloch County Board of Health	Component Units: Development Authority of Bulloch County
Primary Government									
Governmental Activities									
General government	$ 4,422,715	$ 872,936	$ 418,682	$ 96,061	$ (3,035,036)	-	$ (3,035,036)		
Judicial	3,051,171	483,134	25,942	-	(2,542,095)	-	(2,542,095)		
Public safety	19,626,803	7,260,343	159,633	-	(12,206,827)	-	(12,206,827)		
Public works	8,716,143	64,151	-	118,846	(8,533,146)	-	(8,533,146)		
Sanitation	3,906,479	673,750	192,000	-	(3,040,729)	-	(3,040,729)		
Health and welfare	475,453	-	-	-	(475,453)	-	(475,453)		
Recreation	4,305,322	1,436,948	28,640	609,431	(2,230,303)	-	(2,230,303)		
Libraries	525,706	-	-	-	(525,706)	-	(525,706)		
Airport	835,347	634,361	2,412	46,452	(152,122)	-	(152,122)		
Housing and development	2,292,942	132,749	-	1,023,824	(1,136,369)	-	(1,136,369)		
Education	399,417	-	399,417	-	-	-	-		
Interest	90,570	-	-	-	(90,570)	-	(90,570)		
Total governmental activities	48,648,068	11,558,372	1,226,726	1,894,614	(33,968,356)	-	(33,968,356)		
Business-type Activities									
Aquatic Center	2,199,868	2,034,757	-	-	-	$ (165,111)	(165,111)		
Agribusiness Center	150,245	83,350	-	-	-	(66,895)	(66,895)		
Total business-type activities	2,350,113	2,118,107	-	-	-	(232,006)	(232,006)		
Total - Primary Government	$ 50,998,181	$ 13,676,479	$ 1,226,726	$ 1,894,614	(33,968,356)	(232,006)	(34,200,362)		
Component Units:									
Bulloch County Board of Health	$ 1,342,871	$ 474,723	$ 826,900	-				$ (41,248)	-
Development Authority of Bulloch County	503,481	101,875	250,100	$ 2,500,033				-	$ 2,348,527
Total Component Units	$ 1,846,352	$ 576,598	$ 1,077,000	$ 2,500,033				(41,248)	2,348,527
		General Revenues							
		Property taxes levied for:							
		General purposes			18,625,896	-	18,625,896	-	-
		Fire protection			551,681	-	551,681	-	-
		Streetlight tax districts			67,638	-	67,638	-	-
		Sales taxes			10,361,827	-	10,361,827	-	-
		Insurance premium tax			1,655,791	-	1,655,791	-	-
		Other taxes			1,053,399	-	1,053,399	-	-
		Gain on sale of capital assets			349,063	-	349,063	-	18,101
		Interest earned			16,676	266	16,942	-	5,274
		Intergovernmental agreements			-	-	-	-	(38,576)
		Miscellaneous			545,961	-	545,961	-	11,057
		Total General Revenues			33,227,932	266	33,228,198	-	(4,144)
		Transfers			148,482	(148,482)	-	-	-
		Total General Revenues and Transfers			33,376,414	(148,216)	33,228,198	-	(4,144)
		Change in Net Assets			(591,942)	(380,222)	(972,164)	(41,248)	2,344,383
		Net Assets Beginning of Year, As Restated			74,577,610	7,913,244	82,490,854	1,504,722	13,946,325
		Net Assets End of Year			$ 73,985,668	$ 7,533,022	$ 81,518,690	$ 1,463,474	$ 16,290,708

See accompanying notes to the basic financial statements.

BULLOCH COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General	SPLOST 97	SPLOST 02	SPLOST 07	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash	$ 5,018,234	$ 712,959	$ 5,127,462	$ 6,750,711	$ 72,384	$ 17,681,750
Receivables:						
Taxes	770,012	-	-	-	34,387	804,399
Intergovernmental	450,539	-	-	1,237,360	130,037	1,817,936
Other	486,643	-	-	795,640	249,551	1,531,834
Due from other funds	1,106,810	-	-	152,870	535,082	1,794,762
Prepaid items	725,859	-	-	-	7,288	733,147
Inventories	-	-	-	-	50,876	50,876
TOTAL ASSETS	$ 8,558,097	$ 712,959	$ 5,127,462	$ 8,936,581	$ 1,079,605	$ 24,414,704
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 596,406	$ 1,891	-	$ 1,254,951	$ 305,431	$ 2,158,679
Accrued payroll	253,411	-	-	-	58,760	312,171
Due to other funds	329,000	1,930	$ 153,417	853,557	187,016	1,524,920
Deferred revenue	538,186	-	-	-	27,045	565,231
Other	-	-	-	-	56,138	56,138
TOTAL LIABILITIES	1,717,003	3,821	153,417	2,108,508	634,390	4,617,139
FUND BALANCES						
Nonspendable	725,859	-	-	-	5,637	731,496
Restricted	-	709,138	4,974,045	6,828,073	1,195,655	13,706,911
Assigned	195,515	-	-	-	-	195,515
Unassigned	5,919,720	-	-	-	(756,077)	5,163,643
TOTAL FUND BALANCES	6,841,094	709,138	4,974,045	6,828,073	445,215	19,797,565
TOTAL LIABILITIES AND FUND BALANCES	$ 8,558,097	$ 712,959	$ 5,127,462	$ 8,936,581	$ 1,079,605	$ 24,414,704

See accompanying note to the basic financial statements.

BULLOCH COUNTY, GEORGIA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

Total Governmental Fund Balances		$ 19,797,565
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:		
Cost	$ 187,483,813	
Less accumulated depreciation	(130,928,714)	56,555,099
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:		
Property taxes		562,590
Interfund receivables and payables between governmental funds are reported on the fund balance sheet but eliminated on the government-wide statement of net assets:		
Interfund receivables	$ 1,588,680	
Interfund payables	(1,588,680)	-
The internal service fund is used by management to charge the costs of the employee health self insurance program to individual funds. Certain assets and liabilities of the internal service fund are included in the governmental activities column in the statement of net assets		613,078
Long-term liabilities, including capital leases, notes payable, compensated absences, and accrued interest payable are not due and payable in the current period and therefore are not reported in the funds but are reported on the statement of net assets:		
Accrued interest payable	$ (27,021)	
Capital leases payable	(2,278,021)	
Notes payable	(688,078)	
Compensated absences	(549,544)	(3,542,664)
Net Assets Of Governmental Activities		$ 73,985,668

See accompanying notes to the basic financial statements.

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

	General	SPLOST 97	SPLOST 02	SPLOST 07	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	$ 21,370,634	-	-	$ 10,361,827	$ 628,324	$ 32,360,785
Licenses and permits	411,353	-	-	-	-	411,353
Charges for services	5,405,230	-	-	-	3,374,563	8,779,793
Fees, fines and forfeitures	1,673,104	-	-	-	185,106	1,858,210
Intergovernmental	1,089,303	-	-	1,877,652	137,423	3,104,378
Interest	13,646	$ 892	$ 5,865	10,205	2,196	32,804
Other	816,579	-	-	-	238,398	1,054,977
Total revenues	30,779,849	892	5,865	12,249,684	4,566,010	47,602,300
EXPENDITURES						
Current:						
General government	3,972,303	-	-	-	-	3,972,303
Judicial	2,893,091	-	-	-	2,295	2,895,386
Public safety	15,336,800	-	-	-	2,060,528	17,397,328
Public works	2,738,232	-	-	-	66,696	2,804,928
Sanitation	2,150,703	-	-	-	90,596	2,241,299
Health and welfare	355,144	-	-	-	-	355,144
Recreation	-	-	-	-	3,945,926	3,945,926
Libraries	517,500	-	-	-	-	517,500
Airport	-	-	-	-	637,961	637,961
Housing and development	965,967	-	-	-	9,867	975,834
Capital outlay						
General government	-	-	92,541	685,769	-	778,310
Judicial	-	-	-	65,008	-	65,008
Public safety	-	-	9,602	443,170	297,870	750,642
Sanitation	-	-	-	1,343,331	-	1,343,331
Public works	-	-	-	1,813,730	-	1,813,730
Recreation	-	-	6,865	760,545	47,627	815,037
Airport	-	-	-	49,028	-	49,028
Housing and development	-	-	1,715	1,316,431	-	1,318,146
Debt service:						
Principal	231,609	-	12,648	689,403	46,856	980,516
Interest	6,242	-	3,378	72,584	3,337	85,541
Intergovernmental	399,417	-	-	4,007,527	-	4,406,944
Total expenditures	29,567,008	-	126,749	11,246,526	7,209,559	48,149,842
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,212,841	892	(120,884)	1,003,158	(2,643,549)	(547,542)
OTHER FINANCING SOURCES (USES)						
Transfers in	147,250	-	-	-	2,502,812	2,650,062
Transfers out	(2,461,387)	-	-	(17,693)	(21,500)	(2,500,580)
Proceeds from note payable				607,279	-	607,279
Proceeds from capital leases	-	-	-	570,251	-	570,251
Sale of capital assets	-	-	-	625,300	-	625,300
Total other financing sources (uses)	(2,314,137)	-	-	1,785,137	2,481,312	1,952,312
NET CHANGE IN FUND BALANCES	(1,101,296)	892	(120,884)	2,788,295	(162,237)	1,404,770
FUND BALANCES, JULY 1, 2011, as restated	7,942,390	708,246	5,094,929	4,039,778	607,452	18,392,795
FUND BALANCES, JUNE 30, 2012	$ 6,841,094	$ 709,138	$ 4,974,045	$ 6,828,073	$ 445,215	$ 19,797,565

See accompanying notes to the basic financial statements

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

Net Change In Fund Balances - Total Governmental Funds			$ 1,404,770
Amounts reported for governmental activities in the statement of activities are different because:			
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 as depreciation expense. This is the amount by which capitalized capital outlays exceeded depreciation expense in the current period.			
	Depreciation expense	$ (5,790,297)	
	Capital outlay	4,050,027	(1,740,270)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.			
	Property taxes:		
	Deferred @ 6/30/12	562,590	
	Deferred @ 6/30/11	(607,143)	(44,553)
Elimination of transfers between governmental funds:			
	Transfers in	2,500,580	
	Transfers out	(2,500,580)	-
Governmental funds do not report the cost of disposed capital assets but the cost is reported on the statement of activities.			(276,237)
The internal service fund used by management to charge the costs of the employee health insurance program to individual funds is not reported in the government-wide statement of activiites. Governmental fund expenditures and related internal service fund revenues are eliminated.			287,323
Other financing sources for the inception of capital leases and proceeds from notes payable are reported on the fund level operating statement but are reported as a liability on the government-wide financial statements.			(1,177,530)
Repayment of notes and capital leases principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.			980,516
Some expenses reported in the statement of activities, such as accrued interest payable and compensated absences reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			(25,961)
Change In Net Assets of Governmental Activities			$ (591,942)

See accompanying notes to the basic financial statements.

BULLOCH COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	$ 18,321,900	$ 18,671,311	$ 349,411
Alcoholic beverage	250,000	264,255	14,255
Insurance premium	1,565,000	1,655,791	90,791
Other	481,000	779,277	298,277
Licenses and permits	383,000	411,353	28,353
Charges for services	5,725,100	5,405,230	(319,870)
Fines and forfeitures	1,561,000	1,673,104	112,104
Intergovernmental	1,177,600	1,089,303	(88,297)
Interest	26,000	13,646	(12,354)
Other	716,400	816,579	100,179
Total revenues	30,207,000	30,779,849	572,849
EXPENDITURES			
Current:			
General government:			
Governing body	123,200	118,228	4,972
County manager	291,400	288,456	2,944
County clerk	65,100	76,659	(11,559)
Financial administration	458,650	496,019	(37,369)
Staff attorney	152,720	140,370	12,350
Human resources	431,850	68,910	362,940
Public relations	18,200	31,507	(13,307)
General administration fees	46,300	46,172	128
Elections	237,550	224,244	13,306
General government buildings	623,400	709,671	(86,271)
Risk management/General insurance	493,200	442,044	51,156
Tax assessor	605,800	572,188	33,612
Geographic information system	148,300	153,419	(5,119)
Tax commissioner	634,055	604,416	29,639
Total general government	4,329,725	3,972,303	357,422
Judicial:			
Clerk of Courts	787,940	743,448	44,492
Superior Court	245,620	234,581	11,039
State Court	280,475	293,442	(12,967)
State Court Solicitor	179,000	178,866	134
District Attorney	288,000	288,000	-
Indigent defense	328,000	326,873	1,127
Magistrate Court	576,300	560,917	15,383
Probate Court	261,700	266,964	(5,264)
Total judicial	2,947,035	2,893,091	53,944
Public safety:			
Animal control	86,760	76,941	9,819
Animal shelter	346,300	404,720	(58,420)
Coroner	81,400	78,818	2,582
County correctional	1,541,200	1,826,664	(285,464)
Public safety administration	160,000	150,493	9,507
Probation	508,600	539,378	(30,778)
Emergency medical service	2,205,200	2,310,491	(105,291)
Emergency management	60,200	6,741	53,459
Jail	4,596,100	4,673,778	(77,678)
Rescue	14,700	13,798	902
Sheriff	3,939,700	4,502,086	(562,386)
Vice control	438,400	453,222	(14,822)
Court security/Sheriff	249,900	299,670	(49,770)
Total public safety	14,228,460	15,336,800	(1,108,340)

See accompanying notes to the basic financial statements.

BULLOCH COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Original and Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES (Continued)			
Public works:			
Roads	$ 2,514,200	$ 2,448,788	$ 65,412
Fleet management	296,600	289,444	7,156
Total public works	2,810,800	2,738,232	72,568
Sanitation	1,872,300	2,150,703	(278,403)
Health and welfare:			
Health department	166,000	166,000	-
Other health and welfare	197,700	189,144	8,556
Total health and welfare	363,700	355,144	8,556
Libraries	517,500	517,500	-
Housing and development:			
Agricultural resources	149,850	185,643	(35,793)
Building inspections	279,000	301,462	(22,462)
Planning and zoning	168,400	149,234	19,166
Code enforcement	64,100	69,465	(5,365)
Economic development	250,000	260,163	(10,163)
Total housing and development	911,350	965,967	(54,617)
Debt service:			
Principal	272,950	231,609	41,341
Interest	6,500	6,242	258
Total debt service	279,450	237,851	41,599
Intergovernmental - Bulloch County Board of Education	481,390	399,417	81,973
Total expenditures	28,741,710	29,567,008	(825,298)
EXCESS OF REVENUES OVER EXPENDITURES	1,465,290	1,212,841	(252,449)
OTHER FINANCING SOURCES (USES)			
Transfers in	250,000	147,250	(102,750)
Transfers out	(2,345,000)	(2,461,387)	(116,387)
Sale of capital assets	100,000	-	(100,000)
Total other financing sources (uses)	(1,995,000)	(2,314,137)	(319,137)
NET CHANGE IN FUND BALANCE	$ (529,710)	(1,101,296)	$ (571,586)
FUND BALANCE, BEGINNING OF YEAR		7,942,390	
FUND BALANCE, END OF YEAR		$ 6,841,094	

See accompanying notes to the basic financial statements.

BULLOCH COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Business Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Aquatic Center	Agribusiness Center	Total	Employee Insurance Fund
ASSETS				
Current Assets				
Cash	$ 1,638,827	$ (7,154)	$ 1,631,673	$ 874,255
Accounts receivable	-	-	-	312,180
Total Current Assets	1,638,827	(7,154)	1,631,673	1,186,435
Noncurrent Assets				
Capital Assets				
Land	73,305	255,872	329,177	-
Buildings and improvements	9,334,400	2,960,644	12,295,044	-
Machinery and equipment	597,186	3,686	600,872	-
Less accumulated depreciation	(2,662,707)	(678,441)	(3,341,148)	-
Total Capital Assets	7,342,184	2,541,761	9,883,945	-
Total Assets	8,981,011	2,534,607	11,515,618	1,186,435
LIABILITIES				
Current Liabilities				
Accounts payable	15,108	6,110	21,218	-
Accrued payroll	42,950	-	42,950	-
Accrued interest payable	19,637	-	19,637	-
Unearned revenue	4,020	-	4,020	-
Note payable	229,290	-	229,290	-
Claims payable	-	-	-	509,597
Compensated absences payable	1,336	-	1,336	-
Due to other funds	206,082	-	206,082	63,760
Total Current Liabilities	518,423	6,110	524,533	573,357
Long-Term Liabilities				
Compensated absences payable (net of current portion)	5,346	-	5,346	
Note payable (net of current portion)	3,452,717	-	3,452,717	-
Total Long-Term Liabilities	3,458,063	-	3,458,063	-
Total Liabilities	3,976,486	6,110	3,982,596	573,357
NET ASSETS				
Invested in capital assets, net of related debt	3,660,177	2,541,761	6,201,938	-
Unrestricted	1,344,348	(13,264)	1,331,084	613,078
Total Net Assets	$ 5,004,525	$ 2,528,497	$ 7,533,022	$ 613,078

See accompanying notes to the basic financial statements.

BULLOCH COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Business Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Aquatic Center	Agribusiness Center	Total	Employee Insurance Fund
OPERATING REVENUES				
Charges for services	$ 2,034,757	-	$ 2,034,757	-
Premiums	-	-	-	$ 4,090,911
Rents	-	$ 83,350	83,350	-
Total operating revenues	2,034,757	83,350	2,118,107	4,090,911
OPERATING EXPENSES				
Administration	1,488,940	74,082	1,563,022	632,169
Depreciation	476,748	76,163	552,911	-
Claims	-	-	-	3,171,253
Total operating expenses	1,965,688	150,245	2,115,933	3,803,422
OPERATING INCOME (LOSS)	69,069	(66,895)	2,174	287,489
NON-OPERATING REVENUE(EXPENSE)				
Interest income	266	-	266	834
Interest expense	(234,180)	-	(234,180)	-
Total non-operating revenue (expense)	(233,914)	-	(233,914)	834
INCOME (LOSS) BEFORE TRANSFERS	(164,845)	(66,895)	(231,740)	288,323
TRANSFERS IN (OUT)	(148,482)	-	(148,482)	(1,000)
CHANGE IN NET ASSETS	(313,327)	(66,895)	(380,222)	287,323
NET ASSETS, JULY 1, 2011	5,317,852	2,595,392	7,913,244	325,755
NET ASSETS, JUNE 30, 2012	$ 5,004,525	$ 2,528,497	$ 7,533,022	$ 613,078

See accompanying notes to the basic financial statements.

BULLOCH COUNTY, GEORGIA
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2012

	Business Type Activities - Enterprise Funds			Governmental Activiites - Internal Service Fund
	Aquatic Center	Agribusiness Center	Total	Employee Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 2,038,777	$ 83,350	$ 2,122,127	$ 4,090,911
Cash payments to employees for services	(1,133,640)	-	(1,133,640)	-
Cash payments for goods and services	(343,015)	(79,273)	(422,288)	(616,023)
Cash payments for claims	-	-	-	(3,208,252)
Net cash provided (used) by operating activities	562,122	4,077	566,199	266,636
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advances from (to) other funds	42,322	-	42,322	186,319
Transfers in (out)	(148,482)	-	(148,482)	(1,000)
Net cash provided (used) by noncapital financing activities	(106,160)	-	(106,160)	185,319
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on note payable	(215,508)	-	(215,508)	-
Interest paid on note payable	(234,355)	-	(234,355)	-
Purchase of capital assets	(27,850)	-	(27,850)	-
Net cash provided (used) by capital and related financing activities	(477,713)	-	(477,713)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment earnings	266	-	266	834
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(21,485)	4,077	(17,408)	452,789
CASH AND CASH EQUIVALENTS, JULY 1, 2011	1,660,312	(11,231)	1,649,081	421,466
CASH AND CASH EQUIVALENTS, JUNE 30, 2012	$ 1,638,827	$ (7,154)	$ 1,631,673	$ 874,255
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	$ 69,069	$ (66,895)	$ 2,174	$ 287,489
Adjustments:				
Depreciation	476,748	76,163	552,911	-
(Increase) decrease in operating assets:				
Accounts receivable	-	-	-	(296,961)
Prepaid items	-	-	-	16,146
Increase (decrease) in operating liabilities:				
Accounts payable	1,710	(5,191)	(3,481)	-
Claims payable	-	-	-	259,962
Accrued payroll	11,895	-	11,895	-
Unearned revenue	4,020	-	4,020	-
Compensated absences payable	(1,320)	-	(1,320)	-
Net cash provided (used) by operating activities	$ 562,122	$ 4,077	$ 566,199	$ 266,636

See accompanying notes to the basic financial statements.

BULLOCH COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

JUNE 30, 2012

ASSETS		
Cash	$	1,146,393
LIABILITIES		
Due to other entities and individuals	$	1,146,393

See accompanying notes to the basic financial statements.

Bulloch County, Georgia (the "County") operates under a Commissioner – County Manager form of Government. The County is governed by a board of seven commissioners elected by the voters of the County.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The County also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise funds at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements.

The most significant of the County's accounting policies are described below.

1-A. Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards and agencies that are not legally separate from the County.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organizations; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the County in that the County approves the budget, levies their taxes or issues their debt.

The component unit columns included on the government-wide financial statements identify the financial data of the County's discretely presented component units. They are reported separately to emphasize that they are legally separate from the County.

A brief description of the County's discretely presented component units follows:

Development Authority of Bulloch County (the Authority) – The Authority was created under Georgia statue to promote the industrial and economic development of Statesboro and Bulloch County. The County appoints a majority of the Authority's board members, approves the Authority's budget, and provides a significant portion of the Authority's revenues. Complete financial statements for the Authority can be obtained from their administrative office at:

Development Authority of Bulloch County
102 South Main Street
Statesboro, Georgia

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bulloch County Board of Health – The Bulloch County Board of Health provides health care services and health education to residents of Bulloch County. The Health Department receives financial support from Bulloch County, Georgia, the State of Georgia and the Federal Government. The County Commission appoints a majority of the Board of Directors. Complete financial statements for the Bulloch County Board of Health can be obtained from their administrative office at:

Bulloch County Board of Health
1 West Altman Street
Statesboro, Georgia

1-B. Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements – The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the County as a whole. The primary government and the component units are presented separately within these financial statements with the focus on the primary government. Fiduciary activities are not included at the government-wide reporting level. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes, grants and the County's general revenues, from business-type activities, generally financed in whole or part with service charges to external customers.

The statement of net assets presents the financial position of the governmental and business-type activities of the County and its discretely presented component units.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and for each identifiable activity of the business-type activities of the County. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The County does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the County's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted.*

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other revenue sources not properly included with program revenues are reported as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the County.

Fund Financial Statements – During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. Fund financial statements are provided for governmental, proprietary, and fiduciary funds.

Major individual governmental funds are reported in separate columns with composite columns for non-major funds. Fiduciary funds are reported by type.

Fund Accounting – The County uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The County uses three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds – Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The County reports the difference between governmental fund assets and liabilities as fund balance. The following are the County's major governmental funds:

The General Fund – The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of the State of Georgia.

SPLOST 97, SPLOST 02, and SPLOST 07 Funds – These funds account for the special purpose local option sales tax collected pursuant to a referendum for various capital improvements within the County.

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. The proprietary funds are classified as enterprise funds and internal service funds. The following are the County's major enterprise funds:

Aquatic Center – This fund accounts for the activities at the County's recreational water park at Mill Creek Regional Park.

Agribusiness Center – This fund accounts for the activities associated with the operation of the Agribusiness Center building owned by the County

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds – Fiduciary fund reporting focuses on net assets. The County's fiduciary funds are agency funds. These agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Constitutional officers use these funds to temporarily hold assets.

1-C. Measurement Focus

Government-wide Financial Statements – The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the statement of net assets. The statement of activities reports revenues and expenses.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net assets. The statements of changes in fund net assets present increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

1-D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

At the fund reporting level, the governmental funds use the modified accrual basis of accounting and fiduciary funds use the accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, the phrase "available for exchange transactions" means expected to be received within 60 days of year-end.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue – Non-exchange Transactions – Non-exchange transactions in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, interest and federal and state grants.

Deferred/Unearned Revenue – Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (i.e., they are measurable but not available) rather than as revenue.

Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as deferred revenue.

Deferred revenue is reported at the fund financial reporting level but reclassified as *"unearned revenue"* on the government-wide statement of net assets, where applicable.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

1-E. Assets, Liabilities and Net Assets

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County.

Investments are stated at fair value based on quoted market prices.

Georgia law authorizes the County to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Obligations fully insured or guaranteed by the United States Government or United States Government agency
- Obligations of any corporation of the United States Government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable. The Statesboro/Bulloch County Airport special revenue fund reported an allowance for uncollectibles of $20,000 at June 30, 2012.

Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due from/to other funds." These amounts are eliminated in the governmental and business-type activities columns on the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances on this statement. These amounts are ultimately eliminated from the total column on the statement of net assets.

Consumable Inventories

Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e., the consumption method).

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2012, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable as this amount is not available for general appropriation.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The County reports these assets in the governmental activities column of the government-wide statement of net assets but does not report these assets in the County fund financial statements. Capital assets utilized by proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in proprietary funds' statement of net assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of five thousand dollars. The County's infrastructure consists of roads and bridges. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by enterprise funds is capitalized.

All reported capital assets are depreciated except for land, right-of-ways and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings	15-40 years
Improvements other than buildings	15-40 years
Machinery and equipment	5-15 years
Infrastructure	12-60 years

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

The total compensated absences liability is reported on the government-wide financial statements. Proprietary funds report the total compensated absences liability in each individual fund at the fund reporting level. Governmental funds report the compensated absences liability at the fund reporting level only "*when due.*"

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Notes and capital leases are recognized as a liability in the governmental fund financial statements when due.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity

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

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

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

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Committed– Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners through the adoption of a resolution. Only the Board of Commissioners also may modify or rescind the commitment.

Assigned– Fund balances are reported as assigned when amounts are constrained by the Board of Commissioners' intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board of Commissioners has authorized the County Manager to assign fund balances.

Unassigned– Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

The County's policy is to maintain an adequate general fund unassigned fund balance to provide liquidity in the event of an economic downturn or natural disaster. Through resolution, the Board of Commissioners has adopted a financial standard to maintain an average general fund minimum unassigned fund balance equivalent to three months of annual budgeted expenditures.

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

- Committed
- Assigned
- Unassigned

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets – Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net assets are reported as unrestricted.

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for the use of the Aquatic Center, rents collected for the Agribusiness Center, and premiums collected for the employee insurance internal service fund. Operating expenses are necessary costs incurred to provide the goods or service that are the primary activity of each fund and include administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the nonoperating revenues/expenses section in proprietary funds. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business type activities column are eliminated. Transfers between governmental and business-type activities are eliminated from the total column.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The County adopts an annual operating budget for the general fund, each special revenue fund and capital projects fund. The budget resolution reflects the total of each department's appropriation in each fund.

All budgets are adopted on a basis consistent with GAAP.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. The County Manager may approve budget transfers within departments. Any change in total to a fund or departmental appropriation within a fund requires approval of the Board of Commissioners.

During the year, the Board of Commissioners approved budget revisions.

All unexpended annual appropriations lapse at year-end.

Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations for the year ended June 30, 2012 in the following departments for the general fund:

	General Fund
County clerk	$ 11,559
Financial administration	37,369
Public relations	13,307
General government buildings	86,271
Geographic information system	5,119
State Court	12,967
Probate Court	5,264
Animal shelter	58,420
County correctional	285,464
Probation	30,778
Emergency medical service	105,291
Jail	77,678
Sheriff	562,386
Vice control	14,822
Court security/Sheriff	49,770
Sanitation	278,403
Agricultural resources	35,793
Building inspections	22,462
Code enforcement	5,365
Economic development	10,163

The overexpenditures in these areas were funded by underexpenditures in other areas, excess revenues over amounts budgeted, and available fund balance.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Expenditures exceeded appropriations in the following special revenue funds and these overexpenditures were funded by additional revenues over amounts budgeted and/or by available fund balance.

	Overexpenditures
Airport	$ 116,661
BCCI inmate fund	9,376
BCCI designated special projects fund	5,636
Jail inmate phone fund	259,889
E-911	100,495
Grants fund	7,064
Rural fire fund	136,494
Juvenile services fund	795
Jail add on fund	9,669
Keep Bulloch Beautiful	1,996
Streetlight tax districts	5,781

Deficit Fund Balance

The Rural Fire Protection Fund had a deficit fund balance of $756,077 at June 30, 2012 which the County plans to eliminate with future fire tax revenue and operating transfers from the general fund.

NOTE 3 – DEPOSITS

June 30, 2012, the carrying amount of the County's deposits (checking and certificates of deposit) was $21,334,071 and the bank balance was $23,007,290. Of the bank balance, $2,111,099 was covered by federal depository insurance and $20,896,191 was collateralized with securities held by the pledging financial institution's trust department or agent in the County's name.

Discretely Presented Component Units

The carrying amount of deposits for the Development Authority of Bulloch County was $1,255,700 and the bank balance was $1,256,996 of which $250,507 was covered by federal depository insurance and $1,006,489 was collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.

The carrying amount of deposits for the Bulloch County Board of Health was $1,405,406 and the bank balance was $1,412,346, which was covered by FDIC insurance or pledged securities held in the Health Department's name.

NOTE 4 – PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are billed on or about October 20th of each year and are payable within sixty days. The County bills and collects its own property taxes and also collects taxes for the Bulloch County Board of Education, State of Georgia and cities within the County. Collection of the County's taxes and for the other government agencies is the responsibility of the Tax Commissioner's Office, which is accounted for in an Agency Fund. County property tax revenues at the fund reporting level are recognized when levied to the extent that they result in current receivables (i.e., collectible in 60 days). For the year ended June 30, 2012, property taxes were levied on August 30, 2011, and were due December 5, 2011.

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

Receivable Fund	Payable Fund	Amount
General	E-911	$ 96,626
	SPLOST 02	547
	SPLOST 97	1,930
	Jail Add-On Fee	90,390
	SPLOST 07	853,557
	Employee Insurance	63,760
SPLOST 07	SPLOST 02	152,870
Parks and Recreation	Aquatic	206,082
	General	329,000
Total		$ 1,794,762

Interfund balances at June 30, 2012 represent reimbursable expenses and temporary loans. The County expects to repay all interfund balances within one year.

Interfund transfers for the year ended June 30, 2012, consisted of the following:

	Transfers From:					
Transfers To:	General Fund	SPLOST 07	Non-major Governmental Funds	Aquatic Center	Employee Insurance	Total
Parks and Recreation Fund	$ 2,461,387	-	-	$ 41,425	-	$ 2,502,812
General Fund	-	-	$ 21,500	124,750	$ 1,000	147,250
Aquatic Center	-	$ 17,693	-	-	-	17,693
Total	$ 2,461,387	$ 17,693	$ 21,500	$ 166,175	$ 1,000	$ 2,667,755

Transfers from the general fund are used primarily to help fund the parks and recreation special revenue fund. Transfers to the general fund from other funds represent reimbursements for indirect costs paid by the general fund. Transfers from the SPLOST 07 capital projects fund represent capital improvements made at the Aquatic Center.

NOTE 6 – CAPITAL ASSETS

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

	Balance 07/01/11	Additions	Deductions	Balance 06/30/12
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 2,697,918	507,007	-	$ 3,204,925
Construction in progress	2,178,731	927,159	$ 2,093,866	1,012,024
Total capital assets not being depreciated	4,876,649	1,434,166	2,093,866	4,216,949
Capital assets being depreciated:				
Buildings	39,977,793	1,378,473	-	41,356,266
Improvements other than buildings	5,622,079	86,740	-	5,708,819
Machinery and equipment	19,430,206	1,575,218	874,967	20,130,457
Infrastructure	114,402,026	1,669,296	-	116,071,322
Total capital assets being depreciated	179,432,104	4,709,727	874,967	183,266,864
Total capital assets	184,308,753	6,143,893	2,968,833	187,483,813
Accumulated depreciation:				
Buildings	11,585,041	1,061,109	-	12,646,150
Improvements other than buildings	2,104,588	260,296	-	2,364,884
Machinery and equipment	12,069,379	1,973,275	598,730	13,443,924
Infrastructure	99,978,139	2,495,617	-	102,473,756
Total accumulated depreciation	125,737,147	5,790,297	598,730	130,928,714
Governmental activities capital assets, net	$ 58,571,606	$ 353,596	$ 2,370,103	$ 56,555,099

Governmental activities depreciation expense:

General government	$ 220,468
Judicial	184,574
Public safety	1,356,675
Public works	3,201,329
Sanitation	217,153
Health and welfare	120,309
Recreation	325,311
Libraries	8,206
Airport	147,809
Housing and development	8,463
Total governmental activities depreciation expense	$ 5,790,297

NOTE 6 – CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2012 for the County's enterprise funds was as follows:

	Balance 07/01/11	Additions	Deductions	Balance 06/30/12
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 329,177	-	-	$ 329,177
Capital assets being depreciated:				
Buildings	7,042,188		-	7,042,188
Improvements other than buildings	5,235,163	$ 17,693	-	5,252,856
Machinery and equipment	590,715	10,157	-	600,872
Total capital assets being depreciated	12,868,066	27,850	-	12,895,916
Total capital assets	13,197,243	27,850	-	13,225,093
Accumulated depreciation:				
Buildings	1,476,268	207,970	-	1,684,238
Machinery and equipment	348,450	59,817	-	408,267
Improvements other than buildings	963,519	285,124	-	1,248,643
Total accumulated depreciation	2,788,237	552,911	-	3,341,148
Business-type activities capital assets, net	$ 10,409,006	$ (525,061)	-	$ 9,883,945

NOTE 7 – CAPITAL LEASES

The County has entered into lease agreements as lessee for financing the acquisition and construction of various equipment and buildings costing $3,867,262. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The following is a schedule of future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2012:

Year ending June 30	
2012	$ 629,719
2013	966,598
2014	445,071
2015	55,251
2016	368,562
Total minimum lease payments	2,465,201
Less amount representing interest	187,180
Present value of future minimum lease payments	$ 2,278,021

NOTE 8 – NOTES PAYABLE

Notes payable at June 30, 2012 consisted of the following:

	Governmental Activities	Business-type Acitivities
Note payable to Georgia Environmental Finance Authority for acquisition of property for Fletcher Memorial Recreation Park, payable in monthly installments of $1,278, including interest at 3% through March 1, 2018.	$ 80,799	
Note payable to Georgia Environmental Finance Authority for Recycle Station, payable in monthly installments of $3,620, including interest at 3.81% through August 1, 2032.	607,279	
Note payable to Sea Island Bank for expansion of Aquatic Center, payable in bi-annual installments payments of $224,931 including interest at 6% through December 1, 2023.		$ 3,682,007
	$ 688,078	$ 3,682,007

As of June 30, 2012, annual debt service requirements to maturity are as follows:

Year ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2013	31,986	23,158	$ 55,144	229,290	220,573	$ 449,863
2014	34,869	23,896	58,765	243,450	206,413	449,863
2015	36,108	22,657	58,765	258,485	191,378	449,863
2016	37,392	21,373	58,765	273,980	175,883	449,863
2017	38,722	20,043	58,765	291,369	158,493	449,862
2018-2022	145,834	82,770	228,604	1,749,751	499,564	2,249,315
2023-2027	162,740	54,435	217,175	635,682	39,112	674,794
2028-2032	196,831	20,342	217,173	-	-	-
2033	3,596	12	3,608	-	-	-
	$ 688,078	$ 268,686	$ 956,764	$ 3,682,007	$ 1,491,416	$ 5,173,423

NOTE 9 – CHANGES IN LONG-TERM DEBT

Governmental Activities	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Amounts Due In One Year
Compensated absences payable	$ 528,612	$ 49,925	$ 28,993	$ 549,544	$ 109,909
Capital leases payable	2,675,638	570,251	967,868	2,278,021	585,634
Notes payable	93,447	607,279	12,648	688,078	31,987
Total Governmental Activities	$ 3,297,697	$ 1,227,455	$ 1,009,509	$ 3,515,643	$ 727,530
Business-Type Activities					
Compensated absences payable	$ 8,002	$ -	$ 1,320	$ 6,682	$ 1,336
Notes payable	3,897,515	-	215,508	3,682,007	229,290
Total Business-Type Activities	$ 3,905,517	$ -	$ 216,828	$ 3,688,689	$ 230,626

The compensated absences liability will be paid from the fund from which the employees' salaries are paid which is primarily the General Fund and the Parks and Recreation special revenue fund for governmental activities and the Aquatic Center for the business-type activities. The capital lease obligations will be paid from the General Fund and the SPLOST 07 capital projects fund. Notes payable will be paid from the SPLOST 02 and SPLOST 07 capital projects funds for governmental activities and the Aquatic Center for the business-type activities.

NOTE 10 – FUND BALANCES – GOVERNMENTAL FUNDS

As of June 30, 2012, governmental fund balances are composed of the following:

	General Fund	SPLOST 97	SPLOST 02	SPLOST 07	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepaid items	$ 725,859	-	-	-	$ 5,637	$ 731,496
Restricted:						
Capital projects	-	$ 709,138	$ 4,974,045	$ 6,828,073	-	12,511,256
Sheriff	-	-	-	-	30,560	30,560
Correctional facility	-	-	-	-	5,833	5,833
Airport	-	-	-	-	296,006	296,006
Public safety projects	-	-	-	-	44,698	44,698
Drug education	-	-	-	-	84,564	84,564
Jail	-	-	-	-	99,224	99,224
E-911 services	-	-	-	-	347,578	347,578
Greenspace project	-	-	-	-	19,888	19,888
Juvenile services	-	-	-	-	15,159	15,159
Sanitation	-	-	-	-	61,284	61,284
Recreation	-	-	-	-	143,911	143,911
Streetlight districts	-	-	-	-	46,950	46,950
Total restricted	-	709,138	4,974,045	6,828,073	1,195,655	13,706,911
Assigned:						
Subsequent years' budget	195,515	-	-	-	-	195,515
Unassigned	5,919,720	-	-	-	(756,077)	5,163,643
Total fund balances	$ 6,841,094	$ 709,138	$ 4,974,045	$ 6,828,073	$ 445,215	$ 19,797,565

NOTE 11 – EMPLOYEE RETIREMENT PLANS

Defined Contribution Plan

Effective November 1, 1994, the County adopted the Bulloch County Retirement Plan. The plan is administered by CBIZ Insurance and Benefits Services, and covers all employees over the age of 21 who have completed one year of service. Employees cannot contribute to the plan. Contributions to the plan are at the discretion of the Board of Commissioners. The Board of Commissioners is assigned the authority to establish and amend any provisions of the plan. During the year ended June 30, 2012, the County contributed $892,526 or 6.5% of eligible salaries to the plan.

Probate Judges' Retirement Fund of Georgia

The Probate Judge is covered under a pension plan which requires that certain sums from marriage licenses be remitted to the state sponsored pension plan.

NOTE 11 – EMPLOYEE RETIREMENT PLANS (Continued)

Clerk of Superior Court Retirement Fund

The Clerk of Superior Court is covered under a pension plan which requires that certain sums from fees and fines or bond forfeitures be remitted to the state sponsored pension plan.

Sheriff's Retirement Fund/Peace Officers' Annuity and Benefit Fund

The Sheriff and sheriff deputies are covered under separate pension plans which require that certain sums from fines or bond forfeitures be remitted by the Magistrate Court and Clerk of Superior Court to the state sponsored pension plans.

Bulloch County Board of Health (component unit)

The employees of the Bulloch County Board of Health participate in the Georgia State Employees Retirement System. The plan is administered by the State of Georgia, and accumulated benefits and plan assets are not determined or allocated to the individual participating governmental entities. The retirement contributions for the year ended June 30, 2012 were $73,172. Contributions are fully vested to employees after 10 years of continuous service.

NOTE 12 – EMPLOYEE INSURANCE FUND

As of May 1, 1993, the County established an employee insurance fund (an internal service fund) to cover all employee health claims. The County makes payments to this fund on a monthly basis based on estimated premiums provided by the third party administrator to fund this program. Amounts are also withheld from employees by payroll deduction for dependent coverage and paid to the employee insurance fund. A third party administrator pays all claims from funds held in the employee insurance fund's bank account. The County has a co-insuror for claims from one individual within one year exceeding $75,000 and has a maximum annual liability policy of $4,735,554.

The claims liability of $509,597 reported at June 30, 2012 represents known claims incurred on or prior to June 30, 2012 and an estimate for claims that have been incurred but not reported. Changes in the fund's claims liability for the last two fiscal years are as follows:

Year Ended June 30	Claims Liability, Beginning of Year	Current Year Claims and Changes in Estimates	Claims Payments	Claims Liability, End of Year
2011	$ 310,376	$ 3,253,578	$ 3,314,319	$ 249,635
2012	$ 249,635	$ 3,171,253	$ 2,911,291	$ 509,597

NOTE 13 – 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. The County has joined together with other counties in the state as part of the Association of County Commissioners of Georgia (ACCG) Interlocal Risk Management Agency Property and Liability Insurance Fund and the Association of County Commissioners of Georgia (ACCG) Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management insurance program for member local governments.

As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pool's agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims in the past three years have not exceeded the coverages.

NOTE 14 – CONTINGENCIES

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County attorney, the resolution of these matters probably will not have a material adverse effect on the financial condition of the County.

NOTE 15 – JOINT VENTURE

Under Georgia law, the County, in conjunction with other cities and counties in the ten county Southeast Georgia area, is a member of the Coastal Georgia Regional Commission (RC) and is required to pay annual dues thereto. During its year ended June 30, 2012, the County paid $39,587 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-33 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

Coastal Georgia Regional Commission
Post Office Box 1917
Brunswick, Georgia 31521

NOTE 16 – HOTEL/MOTEL LODGING TAX

The county has levied a five percent lodging tax. A summary of the transactions for the year ended June 30, 2012 follows:

		Percentage of tax receipts
Lodging tax receipts	$ 9,867	
Disbursements to the:		
Statesboro Convention and Visitors Bureau for promotion of tourism	(7,499)	76.0%
Statesboro Arts Council for performing arts center	(1,875)	19.0%
County for administrative costs	(493)	5.0%
Total	$ -	

All expenditures were for promotion of tourism as required by O.C.G.A. 48-13-41.

NOTE 17 – PRIOR PERIOD ADJUSTMENTS

The following prior period adjustments have been made to the fund balances of governmental funds in the fund level financial statements for intergovernmental grant revenue not recognized in the previous fiscal year.

	SPLOST 02 Fund	SPLOST 07 Fund	Total
Fund balance, June 30, 2011, as previously reported	$ 5,008,536	$ 3,777,131	$ 8,785,667
Restatement for additional intergovernmental grant receivable	86,393	262,647	349,040
Fund balance, July 1, 2011, as restated	$ 5,094,929	$ 4,039,778	$ 9,134,707

Beginning net assets for governmental activities for the government-wide financial statements were increased by the same amount indicated above of $349,040.

NOTE 18 – SUBSEQUENT EVENT

In July, 2012, the County issued $12,000,000 in General Obligation Sales Tax Bonds, Series 2012, primarily to fund economic development, including but not limited to land acquisition and site development and the construction of water and sewer infrastructure located within proximity to Exit 116 at the I-16 and US Route 301 interchange in Bulloch County. To the extent that there are additional bond proceeds remaining, such proceeds will be applied to fund (a) roads and bridges, (b) storm water and drainage, (c) public safety facilities and equipment, (d) recreation facilities and equipment and (e) solid waste facilities and equipment.

The principal and interest on the bonds are payable from SPLOST funds. The following are the principal and interest payment requirements with respect to the bonds for the years shown below.

Calendar Year	Principal	Interest	Total Debt Service
2013	-	$ 476,190	$ 476,190
2014	$ 1,860,000	432,900	2,292,900
2015	1,900,000	395,700	2,295,700
2016	1,950,000	357,700	2,307,700
2017	2,005,000	281,950	2,286,950
2018	2,095,000	201,750	2,296,750
2019	2,190,000	109,500	2,299,500
Total	$ 12,000,000	$ 2,255,690	$ 14,255,690

BULLOCH COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	Statesboro/ Bulloch County Airport Fund	BCCI Inmate Fund	BCCI Designated Special Projects Fund	Drug Education Fund	Jail Inmate Phone Fund	E-911 Fund	Grants Fund	Greenspace Fund	Hotel/ Motel Tax Fund
ASSETS									
Cash	$ 230,110	$ 5,833	$ 40,068	$ 84,564	$ 11,402	$ 264,705	$ (106,526)	$ 19,888	$ 2,088
Intergovernmental receivable	-	-	-	-	-	20,510	109,527	-	-
Accounts receivable	50,999	-	4,630	-	-	192,047	-	-	-
Taxes receivable	-	-	-	-	-	-	-	-	191
Due from other funds	-	-	-	-	-	-	-	-	-
Prepaid items	5,637	-	-	-	-	-	-	-	-
Inventories	50,876	-	-	-	-	-	-	-	-
TOTAL ASSETS	$ 337,622	$ 5,833	$ 44,698	$ 84,564	$ 11,402	$ 477,262	$ 3,001	$ 19,888	$ 2,279
LIABILITIES AND FUND BALANCE									
Liabilities:									
Accounts payable	$ 35,219	-	-	-	$ 8,470	$ 22,479	-	-	$ 2,279
Accrued payroll	760	-	-	-	-	10,579	$ 360	-	-
Deferred revenue	-	-	-	-	-	-	2,641	-	-
Due to other funds	-	-	-	-	-	96,626	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total liabilities	35,979	-	-	-	8,470	129,684	3,001	-	2,279
Fund balance:									
Nonspendable	5,637	-	-	-	-	-	-	-	-
Restricted	296,006	$ 5,833	$ 44,698	$ 84,564	2,932	347,578	-	$ 19,888	-
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balance	301,643	5,833	44,698	84,564	2,932	347,578	-	19,888	-
TOTAL LIABILITIES AND FUND BALANCE	$ 337,622	$ 5,833	$ 44,698	$ 84,564	$ 11,402	$ 477,262	$ 3,001	$ 19,888	$ 2,279

BULLOCH COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	Jail Add-On Fee Fund	Jail Commissary Fund	Juvenile Services Fund	Keep Bulloch Beautiful Fund	Parks and Recreation Funds	Rural Fire Fund	Sheriff's Confiscated Assets Fund	Sheriff's Fingerprint Fund	Streetlight Tax Districts Fund	Total Nonmajor Special Revenue Funds
ASSETS										
Cash	$ 91,769	$ 94,913	$ 15,159	$ 62,144	$ (81,334)	$ (739,909)	$ 12,306	$ 18,254	$ 46,950	$ 72,384
Intergovernmental receivable	-	-	-	-	-	-	-	-	-	130,037
Accounts receivable	-	-	-	-	-	1,875	-	-	-	249,551
Taxes receivable	-	-	-	-	-	34,196	-	-	-	34,387
Due from other funds	-	-	-	-	535,082	-	-	-	-	535,082
Prepaid items	-	-	-	-	-	1,651	-	-	-	7,288
Inventories	-	-	-	-	-	-	-	-	-	50,876
TOTAL ASSETS	$ 91,769	$ 94,913	$ 15,159	$ 62,144	$ 453,748	$ (702,187)	$ 12,306	$ 18,254	$ 46,950	$ 1,079,605
LIABILITIES AND FUND BALANCE										
Liabilities:										
Accounts payable	-	-		-	$ 208,457	$ 28,527	-	-		$ 305,431
Accrued payroll	-	-	-	$ 860	45,242	959	-	-	-	58,760
Deferred revenue	-	-	-	-	-	24,404	-	-	-	27,045
Due to other funds	$ 90,390	-	-	-	-	-	-	-		187,016
Other	-	-	-	-	56,138	-	-	-	-	56,138
Total liabilities	90,390	-	-	860	309,837	53,890	-	-	-	634,390
Fund balance:										
Nonspendable	-	-	-	-	-	-	-	-	-	5,637
Restricted	1,379	$ 94,913	$ 15,159	61,284	143,911	-	$ 12,306	$ 18,254	$ 46,950	1,195,655
Unassigned	-	-	-	-	-	(756,077)	-	-	-	(756,077)
Total fund balance	1,379	94,913	15,159	61,284	143,911	(756,077)	12,306	18,254	46,950	445,215
TOTAL LIABILITIES AND FUND BALANCE	$ 91,769	$ 94,913	$ 15,159	$ 62,144	$ 453,748	$ (702,187)	$ 12,306	$ 18,254	$ 46,950	$ 1,079,605

BULLOCH COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Statesboro/ Bulloch County Airport Fund	BCCI Inmate Fund	BCCI Designated Special Projects Fund	Drug Education Fund	Jail Inmate Phone Fund	E-911 Fund	Grants Fund	Greenspace Fund	Hotel/ Motel Tax Fund
REVENUES									
Taxes	-	-	-	-	-	-	-	-	$ 9,867
Charges for services	$ 545,015	-	-	-	$ 229,604	$ 1,132,456	-	-	-
Fees, fines and forfeitures	-	-	-	$ 50,092	-	-	-	-	-
Intergovernmental	2,412	-	-	-	-	2,839	$ 27,024	-	-
Interest	17	-	-	-	-	490	-	-	-
Other	89,346	$ 27,838	$ 22,695	-	-		-	-	-
Total revenues	636,790	27,838	22,695	50,092	229,604	1,135,785	27,024	-	9,867
EXPENDITURES									
Current:									
Airport	637,961	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-	-
Public safety	-	29,376	5,636	34,650	75,400	1,113,607	27,024	-	-
Public works	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-		-	-
Sanitation	-	-	-	-	-	-	-	-	-
Housing and development	-	-	-	-	-	-	-	-	9,867
Capital outlay:									
Public safety	-	-	-	-	184,489	34,788	-	-	-
Recreation	-	-	-	-	-	-	-	-	-
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Total expenditures	637,961	29,376	5,636	34,650	259,889	1,148,395	27,024	-	9,867
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,171)	(1,538)	17,059	15,442	(30,285)	(12,610)	-	-	-
OTHER FINANCING SOURCES									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(600)	(1,000)	-	(17,800)	-	-	-
Total other financing sources (uses)	-	-	(600)	(1,000)	-	(17,800)	-	-	-
NET CHANGE IN FUND BALANCES	(1,171)	(1,538)	16,459	14,442	(30,285)	(30,410)	-	-	-
FUND BALANCES, BEGINNING OF YEAR	302,814	7,371	28,239	70,122	33,217	377,988	-	$ 19,888	-
FUND BALANCES, END OF YEAR	$ 301,643	$ 5,833	$ 44,698	$ 84,564	$ 2,932	$ 347,578	$ -	$ 19,888	$ -

BULLOCH COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Jail Add-On Fee Fund	Jail Commissary Fund	Juvenile Services Fund	Keep Bulloch Beautiful Fund	Parks and Recreation Funds	Rural Fire Fund	Sheriffs Confiscated Assets Fund	Sheriffs Fingerprint Fund	Streetlight Tax Districts Fund	Total Nonmajor Special Revenue Funds
REVENUES										
Taxes	-	-	-	-	-	$ 550,819	-	-	$ 67,638	$ 628,324
Charges for services	-	$ 98,840	-	-	$ 1,363,804	2,288	-	$ 2,556	-	3,374,563
Fees, fines and forfeitures	$ 118,468	-	$ 3,301	-	-	-	$ 13,245	-	-	185,106
Intergovernmental	-	-	-	$ 70,000	28,640	6,508	-	-	-	137,423
Interest	59	-	-	-	1,596	-	-	34	-	2,196
Other	-	-	-	23,532	73,144	1,843	-	-	-	238,398
Total revenues	118,527	98,840	3,301	93,532	1,467,184	561,458	13,245	2,590	67,638	4,566,010
EXPENDITURES										
Current:										
Airport	-	-	-	-	-	-	-	-	-	637,961
Judicial	-	-	2,295	-	-	-	-	-	-	2,295
Public safety	128,569	14,657	-	-	-	619,201	10,569	1,839	-	2,060,528
Public works	-	-	-	-	-	-	-	-	66,696	66,696
Recreation	-	-	-	-	3,945,926	-	-	-	-	3,945,926
Sanitation	-	-	-	90,596	-	-	-	-	-	90,596
Housing and development	-	-	-	-	-	-	-	-	-	9,867
Capital outlay:										
Public safety	-	78,593	-	-	-	-	-	-	-	297,870
Recreation	-	-	-	-	47,627	-	-	-	-	47,627
Debt service:										
Principal	-	-	-	-	-	46,856	-	-	-	46,856
Interest	-	-	-	-	-	3,337	-	-	-	3,337
Total expenditures	128,569	93,250	2,295	90,596	3,993,553	669,394	10,569	1,839	66,696	7,209,559
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(10,042)	5,590	1,006	2,936	(2,526,369)	(107,936)	2,676	751	942	(2,643,549)
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	2,502,812	-	-	-	-	2,502,812
Transfers out	-	-	(200)	(1,900)	-	-	-	-	-	(21,500)
Total other financing sources (uses)	-	-	(200)	(1,900)	2,502,812	-	-	-	-	2,481,312
NET CHANGE IN FUND BALANCES	(10,042)	5,590	806	1,036	(23,557)	(107,936)	2,676	751	942	(162,237)
FUND BALANCES, BEGINNING OF YEAR	11,421	89,323	14,353	60,248	167,468	(648,141)	9,630	17,503	46,008	607,452
FUND BALANCES, END OF YEAR	$ 1,379	$ 94,913	$ 15,159	$ 61,284	$ 143,911	$ (756,077)	$ 12,306	$ 18,254	$ 46,950	$ 445,215

BULLOCH COUNTY, GEORGIA
STATESBORO/BULLOCH COUNTY AIRPORT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Original and Final Budget	Actual	Varianee Positive (Negative)
REVENUES			
Charges for services	$ 458,750	$ 545,015	$ 86,265
Intergovernmental	2,400	2,412	12
Interest	-	17	17
Other	88,000	89,346	1,346
Total revenues	549,150	636,790	87,640
EXPENDITURES			
Current:			
Airport	521,300	637,961	(116,661)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	27,850	(1,171)	(29,021)
FUND BALANCES, BEGINNING OF YEAR	302,814	302,814	-
FUND BALANCES, END OF YEAR	$ 330,664	$ 301,643	$ (29,021)

BULLOCH COUNTY, GEORGIA

BCCI INMATE SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2012

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Vending commissions/other	$ 20,000	$ 27,838	$ 7,838
EXPENDITURES			
Current:			
Public safety	20,000	29,376	(9,376)
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	(1,538)	(1,538)
FUND BALANCES, BEGINNING OF YEAR	7,371	7,371	-
FUND BALANCES, END OF YEAR	7,371	$ 5,833	$ (1,538)

BULLOCH COUNTY, GEORGIA

BCCI DESIGNATED SPECIAL PROJECTS SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2012

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Telephone commissions	$ 12,000	$ 22,695	$ 10,695
EXPENDITURES			
Current:			
Public safety	-	5,636	(5,636)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	12,000	17,059	5,059
OTHER FINANCING USES			
Transfers out	(600)	(600)	-
NET CHANGE IN FUND BALANCES	11,400	16,459	5,059
FUND BALANCES, BEGINNING OF YEAR	28,239	28,239	-
FUND BALANCES, END OF YEAR	$ 39,639	$ 44,698	$ 5,059

BULLOCH COUNTY, GEORGIA
DRUG EDUCATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Fees, fines and forfeitures	$ 40,000	$ 50,092	$ 10,092
Interest	-	-	-
Total revenues	40,000	50,092	10,092
EXPENDITURES			
Current:			
Public safety	39,000	34,650	4,350
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,000	15,442	14,442
OTHER FINANCING USES			
Transfers out	(1,000)	(1,000)	-
NET CHANGE IN FUND BALANCES	-	14,442	14,442
FUND BALANCES, BEGINNING OF YEAR	70,122	70,122	-
FUND BALANCES, END OF YEAR	$ 70,122	$ 84,564	$ 14,442

BULLOCH COUNTY, GEORGIA
JAIL INMATE PHONE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Telephone commissions	$ -	$ 229,604	$ 229,604
EXPENDITURES			
Current:			
Public safety	-	75,400	(75,400)
Capital outlay:			
Public safety	-	184,489	(184,489)
Total expenditures	-	259,889	(259,889)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(30,285)	(30,285)
FUND BALANCES, BEGINNING OF YEAR	33,217	33,217	-
FUND BALANCES, END OF YEAR	$ 33,217	$ 2,932	$ (30,285)

BULLOCH COUNTY, GEORGIA
E-911 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	$ 1,041,300	$ 1,132,456	$ 91,156
Intergovernmental	-	2,839	2,839
Interest	200	490	290
Total revenues	1,041,500	1,135,785	94,285
EXPENDITURES			
Current:			
Public safety	1,047,900	1,113,607	(65,707)
Capital outlay:			
Public safety	-	34,788	(34,788)
Total expenditures	1,047,900	1,148,395	(100,495)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,400)	(12,610)	(6,210)
OTHER FINANCING USES			
Transfers out	(17,800)	(17,800)	-
NET CHANGE IN FUND BALANCES	(24,200)	(30,410)	(6,210)
FUND BALANCES, BEGINNING OF YEAR	377,988	377,988	-
FUND BALANCES, END OF YEAR	$ 353,788	$ 347,578	$ (6,210)

BULLOCH COUNTY, GEORGIA
GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	$ 19,960	$ 27,024	$ 7,064
EXPENDITURES			
Current:			
Public safety	19,960	27,024	(7,064)
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	-	-	-

BULLOCH COUNTY, GEORGIA
GREENSPACE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Interest	-	-	-
EXPENDITURES			
Current:			
Recreation	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-
FUND BALANCES, BEGINNING OF YEAR	$ 19,888	$ 19,888	-
FUND BALANCES, END OF YEAR	$ 19,888	$ 19,888	-

BULLOCH COUNTY, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	$ 10,500	$ 9,867	$ (633)
EXPENDITURES			
Current:			
Housing and development - Tourism	10,500	9,867	633
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-
FUND BALANCES, BEGINNING OF YEAR,	-	-	-
FUND BALANCES, END OF YEAR	-	-	-

BULLOCH COUNTY, GEORGIA
JAIL ADD-ON FEE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Fees, fines and forfeitures	$ 120,000	$ 118,468	$ (1,532)
Interest	100	59	(41)
Total revenues	120,100	118,527	(1,573)
EXPENDITURES			
Current:			
Public safety - Jail	118,900	128,569	(9,669)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,200	(10,042)	(11,242)
OTHER FINANCING USES			
Transfers out	(1,200)	-	1,200
NET CHANGE IN FUND BALANCES	-	(10,042)	(10,042)
FUND BALANCES, BEGINNING OF YEAR	11,421	11,421	-
FUND BALANCES, END OF YEAR	$ 11,421	$ 1,379	$ (10,042)

BULLOCH COUNTY, GEORGIA

JAIL COMMISSARY SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2012

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	$ 100,000	$ 98,840	$ (1,160)
EXPENDITURES			
Current:			
Public safety	20,000	14,657	5,343
Capital outlay:			
Public safety	80,000	78,593	1,407
Total expenditures	100,000	93,250	6,750
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	5,590	5,590
FUND BALANCES, BEGINNING OF YEAR	89,323	89,323	-
FUND BALANCES, END OF YEAR	$ 89,323	$ 94,913	$ 5,590

BULLOCH COUNTY, GEORGIA
JUVENILE SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Fees, fines and forfeitures	$ 1,500	$ 3,301	$ 1,801
EXPENDITURES			
Current:			
Judicial	1,500	2,295	(795)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	1,006	1,006
OTHER FINANCING USES			
Transfers out	-	(200)	(200)
NET CHANGE IN FUND BALANCES	-	806	1,006
FUND BALANCES, BEGINNING OF YEAR	14,353	14,353	-
FUND BALANCES, END OF YEAR	$ 14,353	$ 15,159	$ 1,006

BULLOCH COUNTY, GEORGIA
KEEP BULLOCH BEAUTIFUL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	$ 70,000	$ 70,000	$ -
Other	500	23,532	23,032
Total revenues	70,500	93,532	23,032
EXPENDITURES			
Current:			
Sanitation	88,600	90,596	(1,996)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(18,100)	2,936	21,036
OTHER FINANCING USES			
Transfers out	(1,900)	(1,900)	-
NET CHANGE IN FUND BALANCES	(20,000)	1,036	21,036
FUND BALANCES, BEGINNING OF YEAR	60,248	60,248	-
FUND BALANCES, END OF YEAR	$ 40,248	$ 61,284	$ 21,036

BULLOCH COUNTY, GEORGIA
PARKS AND RECREATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	$ 1,526,365	$ 1,363,804	$ (162,561)
Intergovernmental	28,000	28,640	640
Interest	2,000	1,596	(404)
Other	90,500	73,144	(17,356)
Total revenues	1,646,865	1,467,184	(179,681)
EXPENDITURES			
Current:			
Recreation	3,995,837	3,945,926	49,911
Capital Outlay:			
Recreation	34,528	47,627	(13,099)
Total expenditures	4,030,365	3,993,553	36,812
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(2,383,500)	(2,526,369)	(142,869)
OTHER FINANCING SOURCES			
Transfers in	2,385,000	2,502,812	117,812
NET CHANGE IN FUND BALANCES	1,500	(23,557)	(25,057)
FUND BALANCES, BEGINNING OF YEAR	167,468	167,468	-
FUND BALANCES, END OF YEAR	$ 168,968	$ 143,911	$ (25,057)

BULLOCH COUNTY, GEORGIA
RURAL FIRE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	$ 515,000	$ 550,819	$ 35,819
Intergovernmental	-	6,508	6,508
Charges for services	600	2,288	1,688
Other	1,000	1,843	843
Total revenue	516,600	561,458	44,858
EXPENDITURES			
Current:			
Public safety	532,900	619,201	(86,301)
Debt Service:			
Principal	-	46,856	(46,856)
Interest	-	3,337	(3,337)
Total expenditures	532,900	669,394	(136,494)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(16,300)	(107,936)	(91,636)
OTHER FINANCING SOURCES			
Transfers in	16,300	-	(16,300)
NET CHANGE IN FUND BALANCES	-	(107,936)	(107,936)
FUND BALANCES, BEGINNING OF YEAR	(648,141)	(648,141)	-
FUND BALANCES, END OF YEAR	$ (648,141)	$ (756,077)	$ (107,936)

BULLOCH COUNTY, GEORGIA
SHERIFF'S CONFISCATED ASSETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Fees, fines and forfeitures	$ 20,000	$ 13,245	$ (6,755)
EXPENDITURES			
Current:			
Public safety	-	10,569	(10,569)
Capital outlay:			
Public safety	20,000	-	20,000
Total expenditures	20,000	10,569	9,431
EXCESS OF REVENUES OVER EXPENDITURES	-	2,676	2,676
FUND BALANCES, BEGINNING OF YEAR	9,630	9,630	-
FUND BALANCES, END OF YEAR	$ 9,630	$ 12,306	$ 2,676

BULLOCH COUNTY, GEORGIA
SHERIFF'S FINGERPRINT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Origianl and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	$ 45,000	$ 2,556	$ (42,444)
Interest	-	34	34
Total revenues	45,000	2,590	(42,410)
EXPENDITURES			
Current:			
Public safety	45,000	1,839	43,161
EXCESS OF REVENUES OVER EXPENDITURES	-	751	751
FUND BALANCES, BEGINNING OF YEAR	17,503	17,503	-
FUND BALANCES, END OF YEAR	$ 17,503	$ 18,254	$ 751

BULLOCH COUNTY, GEORGIA
STREETLIGHT TAX DISTRICTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	$ 60,915	$ 67,638	$ 6,723
EXPENDITURES			
Current:			
Public works - Street lighting	60,915	66,696	(5,781)
EXCESS OF REVENUES OVER EXPENDITURES	-	942	942
FUND BALANCES, BEGINNING OF YEAR	46,008	46,008	-
FUND BALANCES, END OF YEAR	$ 46,008	$ 46,950	$ 942

BULLOCH COUNTY, GEORGIA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2012

	Tax Commissioner	Fire District	Probate Court	Clerk of Courts	Magistrate Court	Sheriff	Emergency Medical Service	Bulloch County Correctional Institute	Probation	Total
ASSETS										
Cash	$ 39,258	$ 213,473	$ 8,951	$ 488,053	$ 4,671	$ 272,656	$ -	$ 15,270	$ 104,061	$ 1,146,393
LIABILITIES										
Due to other entities and individuals	$ 39,258	$ 213,473	$ 8,951	$ 488,053	$ 4,671	$ 272,656	$ -	$ 15,270	$ 104,061	$ 1,146,393

BULLOCH COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
Tax Commissioner				
Assets				
Cash	$ 34,558	$ 35,634,267	$ 35,629,567	$ 39,258
Liabilities				
Due to other entities and individuals	$ 34,558	$ 41,844,796	$ 41,840,096	$ 39,258
Fire District				
Assets				
Cash	$ 20,992	$ 882,544	$ 690,063	$ 213,473
Liabilities				
Due to other entities and individuals	$ 20,992	$ 882,544	$ 690,063	$ 213,473
Probate Court				
Assets				
Cash	$ 8,531	$ 191,923	$ 191,503	$ 8,951
Liabilities				
Due to other entities and individuals	$ 8,531	$ 191,923	$ 191,503	$ 8,951
Clerk of Courts				
Assets				
Cash	$ 497,320	$ 3,505,218	$ 3,514,485	$ 488,053
Liabilities				
Due to other entities and individuals	$ 497,320	$ 3,505,218	$ 3,514,485	$ 488,053
Magistrate Court				
Assets				
Cash	$ 5,475	$ 973,154	$ 973,958	$ 4,671
Liabilities				
Due to other entities and individuals	$ 5,475	$ 973,154	$ 973,958	$ 4,671
Sheriff				
Assets				
Cash	$ 264,457	$ 2,067,178	$ 2,058,979	$ 272,656
Liabilities				
Due to other entities and individuals	$ 264,457	$ 2,067,178	$ 2,058,979	$ 272,656
Emergency Medical Service				
Assets				
Cash	$ -	$ 783,483	$ 783,483	$ -
Liabilities				
Due to other entities and individuals	$ -	$ 783,483	$ 783,483	$ -
Bulloch County Correctional Institute				
Assets				
Cash	$ 13,416	$ 100,657	$ 98,803	$ 15,270
Liabilities				
Due to other entities and individuals	$ 13,416	$ 100,657	$ 98,803	$ 15,270
Probation				
Assets				
Cash	$ 128,885	$ 1,476,869	$ 1,501,693	$ 104,061
Liabilities				
Due to other entities and individuals	$ 128,885	$ 1,476,869	$ 1,501,693	$ 104,061
Total Agency Funds				
Assets				
Cash	$ 973,634	$ 45,615,293	$ 45,442,534	$ 1,146,393
Liabilities				
Due to other entities and individuals	$ 973,634	$ 45,615,293	$ 45,442,534	$ 1,146,393

BULLOCH COUNTY, GEORGIA
SCHEDULE OF PROJECTS PAID WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2012

SPLOST 97 Fund

Project	Original Estimated Cost	Current Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Total	Estimated Percentage of Completion
Road improvements	$ 7,420,000	$ 11,890,810	$ 11,890,810	-	$ 11,890,810	100%
City fire	250,000	230,596	230,596	-	230,596	100%
City patrol cars	200,000	196,722	196,722	-	196,722	100%
Solid waste	12,250,000	12,500,000	12,238,138	-	12,238,138	97.9%
Public safety - communications	2,000,000	1,999,999	1,999,999	-	1,999,999	100%
Airport	500,000	518,322	518,322	-	518,322	100%
Arts center	1,030,000	1,030,000	1,030,000	-	1,030,000	100%
Recreation	2,000,000	2,830,973	2,830,973	-	2,830,973	100%
Public safety	850,000	949,683	949,683	-	949,683	100%
Agribusiness center	2,000,000	3,000,410	3,000,410	-	3,000,410	100%
Brooklet - water/sewer system	500,000	500,000	500,000	-	500,000	100%
Portal - solid waste	80,000	106,073	106,073	-	106,073	100%
Register - roads and streets	20,000	20,001	20,001	-	20,001	100%
Portal - drainage	50,000	34,446	34,446	-	34,446	100%
Voting precinct	50,000	50,002	50,002	-	50,002	100%
Georgia State Patrol building	500,000	725,000	725,000	-	725,000	100%
Administrative building	-	500,000	1,000	-	1,000	0%
Water/sewer system	5,300,000	1,126,611	1,126,611	-	1,126,611	100.0%
	$ 35,000,000	$ 38,209,648	$ 37,448,786	$ -	$ 37,448,786	98.0%

BULLOCH COUNTY, GEORGIA
SCHEDULE OF PROJECTS PAID WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2012

SPLOST 02 Fund

Project	Original Estimated Cost	Current Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Total	Estimated Percentage of Completion
Road improvements - County	5,000,000	7,186,324	$ 7,185,613	$ 711	$ 7,186,324	100%
Solid waste - Air rights - Joint	1,510,000	2,300,823	2,300,823	-	2,300,823	100%
Solid waste - Post closure - Joint	610,000	200,000	200,000	-	200,000	100%
Communications system - Joint	1,500,000	1,538,703	1,529,101	9,602	1,538,703	100%
Solid waste - recycling - County	640,000	607,353	578,477	-	578,477	95%
Public safety - Sheriff	1,000,000	1,089,060	1,089,060	-	1,089,060	100%
Public safety - Rural Fire	900,000	1,171,550	1,022,833	-	1,022,833	87%
Public safety - EMS	600,000	822,773	822,773	-	822,773	100%
Public safety - Animal contol	-	9,338	9,338	-	9,338	100%
Airport - County	750,000	711,445	628,658	-	628,658	88%
Agribusiness Center - County	6,100,000	4,437,186	462,360	-	462,360	10%
Parks and recreation - County	7,000,000	7,100,215	6,763,822 *	16,997	6,780,819	96%
Industrial park - County	5,500,000	5,218,043	4,894,659	1,715	4,896,374	94%
Water/sewer system - County	100,000	29,780	29,780	-	29,780	100%
Community facilities - County	3,143,000	3,955,930	2,839,764	97,724	2,937,488	74%
BCCI vehicle - County	-	13,958	13,958	-	13,958	100%
Arts center - Statesboro	1,360,000	1,446,932	1,446,932	-	1,446,932	100%
Municipal building/Police Station - Statesboro	2,140,000	3,362,525	3,362,525	-	3,362,525	100%
Public safety vehicles - Statesboro	500,000	437,184	263,674	-	263,674	60%
Water/sewer system - Statesboro	5,000,000	4,372,334	2,574,708	-	2,574,708	59%
City streets, etc. - Statesboro	5,000,000	4,372,334	4,356,069	-	4,356,069	100%
Municipal building - Brooklet	350,000	352,035	352,035	-	352,035	100%
Cultural facility - Brooklet	75,000	-	-	-	-	-
Water system - Brooklet	230,000	140,109	139,567	-	139,567	100%
City streets, etc. - Brooklet	205,000	260,070	260,070	-	260,070	100%
Solid waste - Portal	50,000	17,951	17,951	-	17,951	100%
Cultural facility - Portal	50,000	17,635	17,635	-	17,635	100%
Water system - Portal	200,000	149,262	149,262	-	149,262	100%
Sewer system - Portal	-	46,531	46,531	-	46,531	100%
City streets, etc - Portal	160,000	116,667	116,667	-	116,667	100%
Centennial Park - Portal	-	54,201	54,201	-	54,201	100%
Water system - Register	27,000	9,468	3,450	-	3,450	36%
Public safely facility - Register	15,000	23,330	23,330	-	23,330	100%
Recreational areas - Register	15,000	19,539	19,539	-	19,539	100%
Cultural facility - Register	45,000	37,926	37,926	-	37,926	100%
City streets, etc. - Register	25,000	20,808	20,808	-	20,808	100%
	$ 49,800,000	$ 51,649,322	$ 43,633,899	$ 126,749	$ 43,760,648	85%

* Prior year expenditures restated for amount of prior period adjustment

BULLOCH COUNTY, GEORGIA
SCHEDULE OF PROJECTS PAID WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2012

SPLOST 07 Fund

Project	Original Estimated Cost	Current Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Total	Estimated Percentage of Completion
Jail expansion	$ 10,500,000	$ 10,872,066	$ 10,872,066	-	$ 10,872,066	100%
Solid waste handling facilites and equipment - Joint	7,000,000	7,000,000	4,277,779	$ 1,166,667	5,444,446	78%
Economic development - Industrial park	2,875,500	2,875,500	2,179,594	292,606	2,472,200	86%
Cemetery expansion - Statesboro	900,000	900,000	900,000	-	900,000	100%
Road improvements	12,500,000	12,500,000	2,164,010	894,338	3,058,348	24%
Community facilities - County	5,138,500	5,138,500	1,312,821 *	654,716	1,967,537	38%
Public safety facilities and equipment	3,655,000	3,655,000	374,834	729,943	1,104,777	30%
Recreational facilities and equipment	2,874,700	2,874,700	1,117,649 *	168,807	1,286,456	45%
Solid waste handling facilites and equipment - County	1,200,000	1,200,000	824,108	(430,615)	393,493	33%
Airport facilities and equipment	700,000	700,000	183,046	99,748	282,794	40%
Storm water projects	222,000	222,000	50,000	-	50,000	23%
Voting equipment	75,000	75,000	-	-	-	0%
Greenspace preservation	222,000	222,000	-	-	-	0%
City of Statesboro	20,767,500	20,767,500	7,302,421	4,007,527	11,309,948	54%
Town of Brooklet	1,070,000	1,070,000	856,000	-	856,000	80%
City of Portal	1,139,300	1,139,300	1,020,800	-	1,020,800	90%
Town of Register	160,500	160,500	128,400	-	128,400	80%
	71,000,000	71,372,066	33,563,528	7,583,737	41,147,265	58%

* Prior year expenditures restated for amount of prior period adjustment

Reconciliation of current year expenditures to Statement of Revenues, Expenditures and Changes in Fund Balances:

Total SPLOST 07 fund expenditures per Statement of Revenues, Expenditures and Changes in Fund Balances	$ 11,246,526
Transfers to Aquatic Center	17,693
Less:	
Intergovernmental revenue	(1,877,652)
Sale of capital assets	(625,300)
Proceeds from note payable	(607,279)
Proceeds from capital leases	(570,251)
Total current year expenditures per above	$ 7,583,737

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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*

To the Board of Commissioners
Bulloch County, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bulloch County, Georgia, as of and for the year ended June 30, 2012, which collectively comprise Bulloch County's basic financial statements and have issued our report thereon dated June 6, 2013. Our report includes a reference to other auditors who audited the financial statements of the Bulloch County Board of Health and the Development Authority of Bulloch County, as described in our report on Bulloch County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described as 2012-3, 2012-10 and 2012-13 in the accompanying schedule of findings and questioned costs to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described as 2012-1, 2012-2, 2012-4 through 2012-9, 2012-11, and 2012-12 in the accompanying schedule of findings and questioned costs to be significant deficiencies.

Compliance and Other Matters

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

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

This report is intended solely for the information and use of management, board of commissioners, others within the entity, the State of 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.

Thigpen, Lanier, Westerfield & Deal

June 6, 2013

BULLOCH COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Contract Number	Federal Expenditures
U.S. Department of Energy:			
Pass-through program from Georgia Environmental Finance Authority:			
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	ARRA_EECBG_LocGov2010_106	$ 96,061
U.S. Department of Homeland Security:			
Pass-through program from Georgia Emergency Management Agency:			
Hazard Mitigation Grant	97.039	DR-1858-0028-P	19,000
U.S. Department of Housing and Urban Development:			
Pass-through program from Georgia Department of Community Affairs:			
Community Development Block Grants	14.228	10q-y-016-1-5343	500,000
U.S. Department of Justice:			
Pass-through program from City of Statesboro:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	1,101
U.S. Department of Transportation:			
Pass-through program from Georgia Department of Natural Resources:			
Recreational Trails Program	20.219	NRT-07(5)	100,000
Pass-through program from Georgia Department of Transportation:			
Highway Planning and Construction	20.205	TEE-0008-000 (077)	234,431
Total Department of Transportation			334,431
Total expenditures of federal awards			$ 950,593

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Bulloch County for the year ended June 30, 2012. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Bulloch County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Bulloch County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

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

To the Board of Commissioners
Bulloch County, Georgia

Compliance

We have audited Bulloch County, Georgia's compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on Bulloch County, Georgia's major federal program for the year ended June 30, 2012. Bulloch County, Georgia's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Bulloch County, Georgia's management. Our responsibility is to express an opinion on Bulloch County, Georgia's compliance based on our audit.

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

In our opinion, Bulloch County, Georgia, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2012.

Internal Control Over Compliance

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

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

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

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

This report is intended solely for the information and use of management, board of commissioners, others within the entity, the State of Georgia, 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.

Thigpen, Lanier, Westerfield & Deal

June 6, 2013

SUMMARY OF AUDITOR'S RESULTS

1 The auditor's report expresses an unqualified opinion on the financial statements of Bulloch County, Georgia.

2 Thirteen significant deficiencies disclosed during the audit of the financial statements are reported in the 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.* Three of the significant deficiencies were considered to be material weaknesses.

3 No instances of noncompliance material to the financial statements of Bulloch County, Georgia were disclosed during the audit.

4 No significant deficiencies in internal control over major federal award programs were reported in the Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.

5 The auditor's report on compliance for the major federal award program for Bulloch County, Georgia expresses an unqualified opinion on the major federal program.

6 There are no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.

7 Community Development Block Grants, CFDA number 14.228, was tested as a major program.

8 The threshold used for distinguishing between Type A and B programs was $300,000.

9 Bulloch County, Georgia did not qualify as a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

2012-1 Clerk of Courts – Mail receipts

Condition: Mail receipts, which may include money orders, may be opened and processed by the same individual. Additional controls have not been implemented to compensate for the lack of segregation of duties.

Criteria: The Clerk's office should have adequate internal controls in place, including segregation of duties, that will decrease the risk of misappropriation and mishandling of funds to an acceptable level.

Cause: The Clerk of Courts' office has not assigned job duties in a way that provides adequate segregation of duties for proper internal control.

Effect: The Clerk of Court's office could potentially lose cash receipts due to misappropriation. Inadequate segregation of duties creates an environment in which the risk of misappropriation and mishandling of funds is significantly elevated.

Auditor's Recommendation: We recommend that an individual not involved in the receipting process open mailed payments and prepare a log. Periodically, the log should be compared to payments recorded within ICON.

Views of Responsible Officials and Planned Corrective Actions: We concur with this finding and we will implement procedures to establish effective controls over mail receipts.

2012-2 Clerk of Courts – Unallocated revenue paid to County

Condition: While reviewing criminal revenue reports, we noted that $137,592 of revenue was not assigned to a specific fine or fee within ICON. Those receipts were disbursed to the County by the Clerk of Courts' office.

Criteria: All receipts should be applied to a charge within ICON with the exception of community service buyouts. Anything received in excess of fines and fees owed should be researched by the Clerk of Courts' office or the Probation office.

Cause: Identified causes of the errors included clerical errors when setting up the fines and fees and software limitations related to payments for multiple tickets and the application of payments to certain fees, as well as sentencing note differences when compared to the Probation office.

Effect: While a portion of the unassigned revenue does belong to the County, some could potentially be due to other agencies, and accordingly should not be disbursed to the County.

Auditor's Recommendation: All receipts which appear in the ICON overpayment category should be investigated to correct any clerical errors, software errors, and any record differences with the Probation office.

Views of Responsible Officials and Planned Corrective Actions:
We concur with this finding. Staff members have received additional instruction in setting up the fines and fees, and the software company has been contacted to review the payment allocations and fee categories. We plan to modify our procedures to ensure all fines and fees charged agree with the judge's sentencing.

2012-3 Grant revenue not recorded in the proper fiscal year

Condition: During our review of grant revenue and expenditures, we noted that grants receivable totaling $349,040 should have been recorded in the previous fiscal year. Also, the County failed to record $100,000 of grants receivable which were earned prior to June 30, 2012.

Criteria: Grant revenue should be recognized when it is earned and can be estimated, up to the maximum amount allowed by the grantor.

Cause: Grants administration is often conducted by County employees outside of the accounting department. Since the grant information is not always readily available to the accounting staff, it becomes more difficult to identify grant revenue accruals.

Effect: Fund balance and government-wide net assets were understated by $349,040, while revenue was overstated by $249,040 and grants receivable were understated by $100,000.

Auditor's Recommendation: A copy of all grant awards, drawdown requests, and related documentation should be sent to the County's Chief Financial Officer (CFO) so that all grant information is maintained in a central location for financial, budgeting, and external audit purposes. Grant revenue and expenditures should be reviewed and additional information requested, as needed, from other County personnel to determine whether a receivable should be recorded at year end.

Views of Responsible Officials and Planned Corrective Actions: We concur with this finding and we will require all County departments to begin sending a copy of all grant requests, grant awards, and related documentation to the County's CFO to accumulate all grant information for the County in a central location.

2012-4 Inadequate accounting for grants

Condition: The County was awarded three grants for its Greenway Trail, and grant expenditures were recorded in the SPLOST capital projects funds. Expenditures were not uniquely identified by each grant award and were combined with other expenditures funded by special sales tax revenue. Also, County personnel failed to compare a grant reimbursement request to the actual reimbursement and did not identify a $46,781 shortage in the grantor's reimbursement.

Criteria: Grant expenditures should be recorded in general ledger accounts which uniquely identify them for each grant award. Also, the responsibility of comparing grant fund requests to actual receipts should be assigned and clearly communicated to the responsible individual(s). All information considered necessary for fulfilling that responsibility should be provided to the responsible individual(s).

Cause: Grant expenditures were funded with SPLOST capital projects funds and later reimbursed with grant funds. Grant expenditures were grouped with non-grant expenditures by project or department and were difficult to identify in the general ledger. The actual reimbursement was not compared to the original fund request.

Effect: The County may not receive full reimbursement for all reimbursable grant expenditures.

Auditor's Recommendation: Grant expenditures should be assigned unique general ledger account numbers to assist in tracking expenses by grant. All grant receipts should be compared to the submitted reimbursement requests.

Views of Responsible Officials and Planned Corrective Actions: We concur with this finding and we will implement procedures to properly segregate grant expenditures from non-grant expenditures in the general ledger. We will also compare grant revenue received to submitted reimbursement requests.

2012-5 Probate Court – Bank reconciliations

Condition: During our audit we noted bank reconciliations are not being prepared in a timely manner by the Probate Court office. Also, bank reconciliations are not being prepared properly to reconcile the bank balance to the month-end checkbook balance.

Criteria: Accurate bank reconciliations should be prepared on a monthly basis in a timely manner.

Cause: Monthly bank reconciliations have not been prepared accurately to reconcile the bank balance to the month-end checkbook balance.

Effect: Not reconciling the accounts on a timely basis means that errors or other problems might not be recognized and resolved on a timely basis. Also, it is generally easier and less time consuming to reconcile accounts while transactions are fresh in mind.

Auditor's Recommendation: Bank reconciliations should be prepared in a timely manner and provided to the Probate Court Judge for monitoring of the monthly activities.

Views of Responsible Officials and Planned Corrective Actions: We concur with this finding and we will implement procedures to make sure that accurate bank reconciliations are prepared in a timely manner and provided to the Probate Court Judge for monitoring.

2012-6 Inadequate financial reporting process for recording activity in the Bulloch County Correctional Institute and Probate Court

Condition: The Bulloch County Correctional Institute and Probate Court have several accounts for which no trial balances summarizing the annual activity and year-end balances are maintained.

Criteria: Accurate trial balances are needed for these accounts in order for them to be properly included in the County's financial statements.

Cause: The Bulloch County Correctional Institute and Probate Court do not have procedures in place to compile a year-end trial balance summarizing annual activity.

Effect: Accurate amounts are not readily available to include these funds in the County's financial statements.

Auditor's Recommendation: The Bulloch County Correctional Institute and Probate Court need to develop procedures to prepare year-end trial balances based on information obtained from their current accounting systems or consider implementing a new accounting software such as QuickBooks to summarize transactions in order to provide year-end trial balances to the CFO and external auditors to assist in preparation of the County's year-end financial statements.

Views of Responsible Officials and Planned Corrective Actions: We concur with this finding and we will consult with our auditors on developing the appropriate procedures to prepare accurate trial balances at year-end for the agency and special revenue funds not maintained on our computerized accounting system.

2012-7 Timely billing of intergovernmental receivables

Condition: During our audit, we noted amounts due from the City of Statesboro at June 30, 2012 that had not been billed to the City in a timely manner.

Criteria: Invoices for amounts due from the City of Statesboro and other governmental entities should be processed on at least a quarterly basis.

Cause: The County CFO has not established a policy for timely billing of amounts due from the City of Statesboro and other governmental entities.

Effect: Intergovernmental revenue could remain uncollected or be understated in the County's financial statements.

Auditor's Recommendation: Intergovernmental receivables from the City of Statesboro and other governmental entities should be billed at least quarterly. Also, any other amounts owed to the County at year-end should be billed in a timely manner and recorded in the year-end financial statements.

Views of Responsible Officials and Planned Corrective Actions: We concur with this finding and we will implement procedures to bill for amounts due from the City of Statesboro on a timely basis.

2012-8 Accounting for compensated absences

Condition: The information needed to calculate and record the accrual for compensated absences is not being provided to the County's CFO or the County's external auditors on a timely basis.

Criteria: It is important that all County departments provide a report of unused vacation and sick time by July or August each year so that an accrual for compensated absences can be recorded in the County's annual audited financial statements.

Cause: Some of the County's departments do not have procedures in place to provide reports of unused vacation and sick time as of year-end to the CFO on a timely basis.

Effect: Without the proper information on unused vacation and sick time, the County's CFO is unable to prepare an accurate schedule of compensated absences payable to be included in the annual financial statements.

Auditor's Recommendation: We recommend the County adopt a policy requiring all County departments to provide a report of unused vacation and sick time as of June 30th to the CFO by August 15th of each year.

Views of Responsible Officials and Planned Corrective Actions: We concur with this finding and we will adopt a policy requiring all County departments to provide a report of unused vacation and sick time as of June 30th to the CFO by August 15th of each year and the CFO will provide the information to the County's external auditors on a more timely basis.

2012-9 Budget amendments

Condition: As noted in Note 2 to the financial statements, expenditures exceeded appropriations for several departments within the general fund and for eleven special revenue funds.

Criteria: Budget amendments should be made and approved by the Board of Commissioners for any overexpenditures of the County budget.

Cause: The County's procedures for identifying overexpenditures after the year-end closing are not adequate to ensure that appropriate and timely budget amendments are made.

Effect: Unauthorized overexpenditures of the County budget could occur.

Auditor's Recommendation: The County should develop procedures to better monitor expenditures at the legal level of control both during the year and after the year-end closing so that timely budget amendments can be requested.

Views of Responsible Officials and Planned Corrective Actions: We concur with this finding and we will implement procedures to better monitor expenditures at the legal level of control and we will request budget amendments during the year as needed.

2012-10 Develop a year-end closing schedule

Condition: Trial balances for some funds, client adjusting journal entries, and numerous source documents were not provided to the County's auditors until December 2012 and on into 2013 for this year's audit causing difficulty in meeting reporting deadlines.

Criteria: To meet reporting deadlines imposed by the Board of Commissioners and the State of Georgia, final adjusted trial balances should be provided to the auditors by no later than October 1 each year. Also, requested information for the annual audit should be provided to the auditors in a timely manner to increase audit efficiency.

Cause: The County does not have established procedures or adequate financial accounting staff to accomplish a timely year-end closing to provide final adjusted trial balances to the County's auditors.

Effect: The County is not meeting reporting deadlines for its annual audited financial statements. Furthermore, not providing information to auditors in a timely and organized manner can result in increased audit fees for the County.

Auditor's Recommendation: We believe that the year-end closing could proceed in a more timely and efficient manner by developing a closing schedule that tracks the responsible individual, due date, and completion date for each procedure. The timing of specific procedures could be coordinated with the timing of management's or the auditor's need for the information, and the due dates should be monitored to determine that they are being met. Also, we believe the County needs additional qualified financial accounting staff to assist the CFO with the year-end closing and preparation of other information for the auditors.

Views of Responsible Officials and Planned Corrective Actions: We concur with this finding and we will implement procedures to establish a year-end closing schedule to improve efficiency and timeliness in the closing process.

2012-11 Bank reconciliations

Condition: During our audit we noted that timely bank reconciliations were not being prepared.

Criteria: Bank reconciliations should be prepared and reviewed each month in a timely manner to ensure that account balances are correct and all transactions have been recorded in the County's general ledger.

Cause: A lack of adequate accounting staff within the Finance Department resulted in posting errors and untimely bank reconciliations.

Effect: Not reconciling the accounts on a timely basis means that errors or other problems might not be recognized and resolved on a timely basis. Also, it is generally easier and less time consuming to reconcile accounts while transactions are fresh in mind.

Auditor's Recommendation: Bank reconciliations should be prepared monthly on a timely basis and any discrepancies investigated timely to ensure proper posting of transactions in the County's general ledger.

Views of Responsible Officials and Planned Corrective Actions: We concur with this finding. The CFO will implement procedures to ensure that accurate and timely bank reconciliations are prepared for all bank accounts each month.

2012-12 Payroll liability accounts

Condition: During our audit we noted that payroll liability accounts are not being reviewed and reconciled on a periodic basis.

Criteria: Payroll liability accounts should be reviewed to ensure accuracy and completeness at the close of each period.

Cause: Transactions posted to payroll liability accounts are not reviewed on a monthly basis to correct for improper postings.

Effect: Payroll tax liabilities may not be properly reported in the County's financial statements.

Auditor's Recommendation: We recommend a suitable member of the Finance Department staff be responsible for the review and reconciliation of payroll liability accounts on a periodic basis.

Views of Responsible Officials and Planned Corrective Actions: We concur with this finding and the CFO will implement procedures for the review and reconciliation of payroll liability accounts on at least a quarterly basis.

2012-13 Inadequate tracking of additions to capital assets

Condition: A listing of additions to capital assets was not compiled and provided to the auditors for the year ended June 30, 2012.

Criteria: The County maintains a policy detailing the capitalization threshold for capital assets. Each year the County should provide its auditors a capital asset additions listing to be included in the County's government-wide financial statements.

Cause: The County has not implemented procedures to ensure that items meeting the capitalization criteria are compiled to be recorded in the capital asset records.

Effect: Inadequate procedures to track additions to capital assets will result in the understatement of the County's assets.

Auditor's Recommendation: The County should implement procedures that require each department and either the purchasing manager or accounts payable personnel to forward all information on capital asset purchases to the CFO at least annually to be recorded in the County's government-wide financial statements.

Views of Responsible Officials and Planned Corrective Actions:
We concur with this finding. We will implement procedures to accumulate capital asset additions at least annually to be recorded in the County's government-wide financial statements.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None reported.