DOUGHERTY COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2016

DOUGHERTY COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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LIST OF PRINCIPAL OFFICIALS

DOUGHERTY COUNTY BOARD OF COMMISSIONERS

Christopher Cohilas, Chairman

John Hayes, Vice Chairman

Lamar Hudgins

Clinton Johnson

Ewell Lyle

Harry James

Anthony Jones

COUNTY ADMINISTRATOR

Richard Crowdis

FINANCE DIRECTOR

Martha B. Hendley

FINANCIAL SECTION

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
of Dougherty County, Georgia
Albany, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **Dougherty County, Georgia (the "County")**, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Dougherty County, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dougherty County, Georgia as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Special Services District Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (on pages 4 through 14), the Schedule of Changes in the County's Net Pension Liability and Related Ratios (on page 69), the Schedule of County Contributions and the Schedule of Investment Returns (on page 70), and the Other Post Employment Benefit Plan Schedule of Funding Progress (on page 71), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2016 on our consideration of Dougherty County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dougherty County, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
December 30, 2016

DOUGHERTY COUNTY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

As management of Dougherty County, Georgia, (the County) we offer readers of the County's financial statements this overview and analysis of the County's financial activities for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

Financial Highlights

- The County's statement of net position on page 15 shows an increase of $483,877 compared to the prior fiscal year for governmental activities. This statement is a combined view of all the County's financial activities, except any enterprise funds, including SPLOST funds. The County's liabilities increased $226,787 while assets decreased $1,642,055. GASB 68 requires that the net pension liability be shown in the County's financial statements. The net pension liability as of the date of this report is $8,836,459.
- The statement of activities (page 16) reports revenue collected through service charges and grants. These revenues are 18% of the total revenue required to provide primary government services. The remaining 82% of the required revenues comes from property tax, sales tax and other tax.
- The 2015 county-wide tax digest net assessed values decreased $18 million dollars or 0.9% compared to a decrease of 0.7% in 2014. Net assessed value statistics are after exemptions. The County-wide millage rate for FY16 is 12.594 which is an increase of 0.7 mils.
- The General Fund (the operating fund) total fund balance decreased $420,027 instead of the $3.5 million that the Board of Commissioners re-apportioned in the budget. Revenues were over $918 thousand more than budgeted and expenditures were under budget approximately $2.4 million.
- The Special Services District Fund is used to record services to the unincorporated area of the County. The Special Services District Fund showed an increase in fund balance of $677 thousand. The fund balance at June 30, 2016 is $2.3 million.
- The Solid Waste Fund, an Enterprise Fund, records the activity of the County's Landfill. The net position in this fund increased $770 thousand.
- 2005 One Percent Sales Tax Fund – Collections ceased March 31, 2012 but this is still classified as a major fund with approximately $10 million in projects to complete. The total expended on projects in this fiscal year total over $900 thousand. A project level detail is shown in the "Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds" and is referenced as "2005 Referendum."
- 2010 One Percent Sales Tax Fund - Collections began April 1, 2012 and will continue until March 31, 2017. The City of Albany receives 64% and Dougherty County receives 36% of the total collected. Dougherty County expenditures for this period total approximately $4.2 million. A project level detail is shown in the "Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds" and is referenced as "2010 Referendum."

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements

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

(1) The *government-wide financial statements* include two statements, the Statement of Net position and the Statement of Activities (pages 15-17). These statements provide information about the activities of the County as a whole and present both long-term and short-term views of the County's financial status.

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

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

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

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

Analysis of Government-Wide Statements

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

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

The net position for Governmental Activities decreased between fiscal years 2015 and 2016. Business-Type Activities net position increased between fiscal years 2015 and 2016. Table 1 below compares the net position of fiscal year 2015 to fiscal year 2016 for Governmental and Business-Type activities. Table 2 compares the changes in net position for fiscal year 2015 and fiscal year 2016 for Governmental and Business-Type activities.

Table 1
Net Position
(in Millions)

	Governmental Activities		Business-type Activities	
	2015	**2016**	**2015**	**2016**
Current and other assets	54.5	53.0	14.4	15.8
Capital assets	155.8	155.7	9.3	8.9
Total assets	210.3	208.7	23.7	24.7
Deferred outflows of resources	2.5	5.0	0.1	0.1
Current liabilities	26.0	26.2	0.2	0.3
Long-term liabilities	2.6	2.6	5.9	6.2
Total liabilities	28.6	28.8	6.1	6.5
Deferred inflows of resources	0.5	0.7	-	-
Net position:				
Net investment in capital assets	154.3	155.7	9.3	8.9
Restricted	24.7	25.4	-	-
Unrestricted	4.7	3.1	8.3	9.5
Total net position	183.7	184.2	17.6	18.4

Table 2
Changes in Net Position
(In Millions)

	Governmental Activities		Business-Type Activities	
	2015	2016	2015	2016
Revenues				
Program revenues:				
Charges for services	$ 11.8	$ 11.9	$ 3.2	$ 3.8
Operating grants and contributions	0.9	0.9	-	-
Capital grants and contributions	-	0.1	-	-
General revenues:				
Property taxes	31.0	32.2	-	-
Sales tax	21.6	21.6	-	-
Insurance premium taxes	0.8	0.9	-	-
Other taxes	2.9	2.9	-	-
Investment income	0.1	0.1	-	-
Gain on sale of assets	-	0.1	-	-
Total revenues	69.1	70.7	3.2	3.8
Program Expenses				
General government	9.1	9.4	-	-
Judicial	7.9	7.9	-	-
Public safety	28.8	31.2	-	-
Public works	8.8	10.2	-	-
Health and welfare	2.5	2.8	-	-
Culture and recreation	5.4	5.9	-	-
Economic development	3.9	2.8	-	-
Interest on long-term debt	0.1	-	-	-
Solid waste operating expenses	-	-	3.0	3.0
Total expenses	66.5	70.2	3.0	3.0
Transfers	(0.2)	-	0.2	-
Change in net position	2.4	0.5	0.4	0.8
Net position, beginning of year, restated	181.3	183.7	17.2	17.6
Net position, end of year	$ 183.7	$ 184.2	$ 17.6	$ 18.4

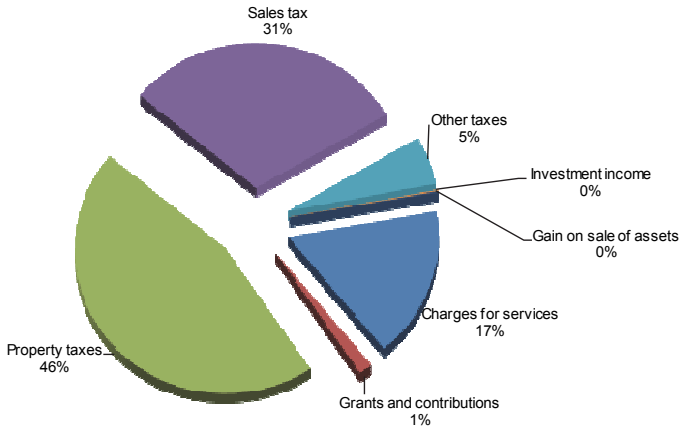
Governmental Activities

Compared to FY2015, General and Program revenues increased $1.6 million in FY2016. The largest increase in revenues was in property taxes. Total taxes were $1.2 million of the $1.6 million increase or 75%. Net expenditures in FY2016 increased approximately $3.6 million compared to net expenditures in FY2015. The largest increase was in Public Safety, $2.4 million.

The County relies heavily on property taxes and sales taxes to support governmental operations. Property taxes provided $32.2 million in revenue or 46% of the County's total governmental activities revenues. The county-wide millage rate set by the Board of Commissioners for the 2015 Tax Digest remained at 12.594 mils. The Special Services District (unincorporated portion of the county) millage rate for the 2015 Tax Digest is 9.184 mils (roll-back rate) a decrease from 9.272 mils in 2015.

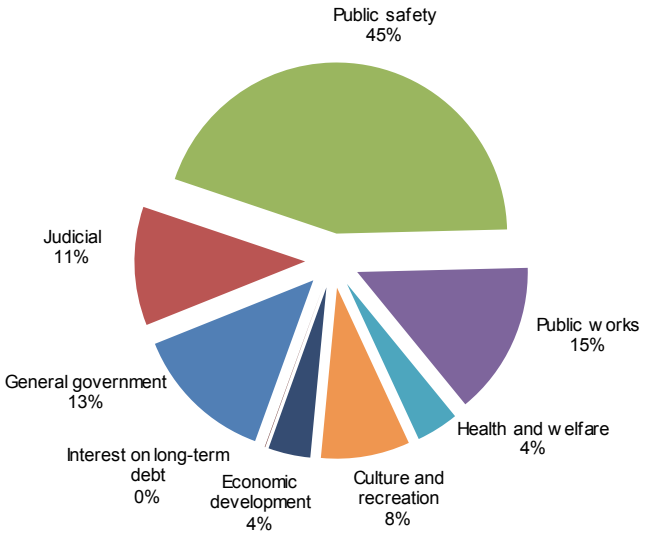
Local Option Sales Tax and Special Local Option Sales Tax revenue combined provided approximately $21.6 million in revenue or 30% of the County's total governmental activities revenues in FY2016.

Governmental Activities Revenues



The primary government expenses for governmental activities increased approximately $3.7 million in FY2016. Expenses increased from $66.5 million in 2015 to $70.2 million in 2016. Governmental activities include the functions of general government, judicial system, public safety, public works, health and welfare, culture and recreation, and economic development operating expenses as well as SPLOST capital projects. The chart below shows the percentages of expenses for each function or service.

Governmental Activities Expenses



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

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

Table 3
Governmental Activities
(In Millions)

	Total Cost of Services		Net Cost of Services	
	2015	2016	2015	2016
General government	$ 9.1	$ 9.4	$ (4.4)	$ (5.3)
Judicial	7.9	7.9	(7.1)	(7.1)
Public safety	28.8	31.2	(22.5)	(24.3)
Public works	8.8	10.2	(8.2)	(9.4)
Health and welfare	2.5	2.8	(2.5)	(2.8)
Culture and recreation	5.4	5.9	(5.1)	(5.5)
Housing and development	3.9	2.8	(3.9)	(2.8)
Interest on long-term debt	0.1	-	(0.1)	-
Total governmental activities	$ 66.5	$ 70.2	$ (53.8)	$ (57.2)

Business-type Activities

The Dougherty County Solid Waste Landfill is the County's only business-type activity. This enterprise is primarily funded through tipping fees. Each year liabilities and expenses are recorded for estimated closure and post-closure care as required by law. No revenue is received from taxes for this activity. The Solid Waste net position increased $770 thousand. Charges for services revenue was 21% more than last year and expenses increased 4%.

Analysis of the Fund Level Statements

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

Governmental funds

Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of these funds and the remaining spendable balances. The County Governmental Funds include the General Fund, Special Tax District Fund, DHR Building Lease Fund, Confiscated Assets Fund, Grant Fund, Lease Commercial Property Fund, Law Library Fund, and the 2005 and 2010 One Percent Sales Tax Funds. The Balance Sheets for the following funds (Non-major governmental funds) are consolidated and shown as "Nonmajor Governmental Funds" on page 18: 1995 One Percent Sales Tax Fund, 1990 One Percent Sales Tax Fund, 2000 One Percent Sales Tax Fund, Capital Improvement Program Fund, Confiscated Assets Fund, Grant Fund, Lease Commercial Property Fund and Law Library Fund. The General Fund, Special Services District, DHR Building Lease Fund, and the 2005 and 2010 One Percent Sales Tax Fund are categorized as major funds (page 20). The County's governmental funds reported combined fund balances of $43.6 million, a decrease of 2% from the prior year.

The **General Fund** fund balance decreased by $420,027. The County Commission budgeted to use $3.5 million from reserves instead of raising property taxes in the budget for FY2016. Due to controlled, efficient monitoring of budgets by department managers, unfilled vacant positions and the retirement of long time employees, the fund balance was not used. Actual expenditures were approximately $2.4 million less than budgeted expenditures. Employees continue to contribute 3% of their gross salaries toward the annual required contribution for the pension plan thereby reducing the annual minimum required minimum contribution to the County's defined benefit pension plan approximately $530 thousand. An inter-fund transfer of $250,000 to the Special Services District Fund was made to align revenue generated by traffic fines with the expenses of County Police traffic enforcement. A COLA for 2.5% was approved in addition to a merit increase of 2.86% in FY16.

The **DHR Building Lease Fund** was established to record the lease transactions between the State of Georgia, acting by and through the Georgia Department of Human Services, and Dougherty County, the leasing agent for a building located at 200 West Oglethorpe Boulevard, Albany, Georgia. The DHR Building houses the Department of Family & Children Services (DFACS). The lease agreement went into effect December, 2000. A general obligation bond for $14.7 million was sold in 1999 through Albany-Dougherty Inner City Authority to facilitate the construction of the building. Bond and interest payments due by the County are secured by the full faith and credit of the State of Georgia. In FY2010, the 2000 GO bond was repaid and new revenue refunding bonds were sold in March 2010. It is projected to save the County $693,000 in principal and interest payments. The County received a bond rating of AA- from Standard & Poor's. The County received a $250,000 deposit from the sale to be used for HVAC and roof capital items. The revenue bond was paid in full on January 1, 2016.

In the **2005 One Percent Sales Tax Fund** (SPLOST V), the collection period of this one cent ended March 31, 2012. Total sales tax revenues collected over a six-year period totaled $102 million of which the City of Albany received $63.2 million (62%) for City projects. Current County projects include but are not limited to Public Health Building Improvements, Mental Health Building Improvements, Public Works Administrative Building construction and Radium Springs Improvement. For more information, see "Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds – 2005 Referendum" in this Report.

In the **2010 One Percent Sales Tax Fund** (SPLOST VI) the collection period started April 1, 2011 and will go through March 31, 2017. As of the date of this statement, $83.8 million has been received. The City of Albany receives 64% compared to the County's 36% of the collections. For a list of the projects and total expenditures as of the date of this report, see the "Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds – 2010 Referendum" in this report.

Proprietary funds

The County's Solid Waste Landfill is reported as an enterprise fund. The level of fees charged for services at the Landfill is based on the operational cost of running the Landfill. Proprietary funds are reported in the same way all other activities are reported in the Statement of Net position and the Statement of Activities. The County's enterprise fund (proprietary fund) reporting (pages 28-31) is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows. The tipping fee charged for Landfill services for this fiscal year is $38.21 per ton. Revenues from tipping fees increased 21% compared to a decrease of 17% in the prior year. The projected life, at June 30, 2016, of the Landfill is 48.46 years for solid waste and 42.06 years for construction and demolition. The successful methane gas project had revenues of over $145 thousand in this fiscal year. This project supplies methane gas to the Marine Corp Logistics Base.

Internal Service Funds

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

Risk Management Fund – Self-insured property and casualty – New fund created in FY2015 to account for general liability and property and casualty claims internally. It is funded from other funds of the County. A consultant and broker were hired to advise the County and negotiate stop loss contracts.

Workers' Compensation Fund – Self-insured fund to account for workers' compensation claims under $500,000. Claims above $500,000 are covered by a third party insurance company.

Fiduciary Funds

Dougherty County is the trustee for its employees' pension fund. *The Dougherty County Pension Fund* is overseen by an appointed Board which chooses a third-party investment manager through an RFP process. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The funds are in a protected trust fund. The County reviews, reconciles and records the statements from the investment manager on a quarterly basis. The total net position increased $120,734 from last year. The County's required annual contribution had an increase from $2,119,353 to $2,136,438. Per the actuarial valuation report, the plan's accrued benefits are 95% funded which is in a high percentile for government plans.

General Fund Budgetary Highlights

The General Fund Budget is developed to cover the costs of services and the tax millage is set to generate enough revenue to cover costs. Budget figures are not calculated on the modified-accrual basis whereas the actual expenditures listed on page 23 are on the modified-accrual basis. Revenues were budgeted at $44.2 million with an actual of $45.1 million.

Capital Assets and Debt Administration

Capital Assets

At the end of FY2016, the County's governmental activities show $155.7 million net capital assets (costs less accumulated depreciation) invested in a broad range of capital assets, including police and fire equipment, public works heavy equipment, buildings, roads, and bridges. This is a decrease of $100 thousand from the prior year. The Business-type activity (Solid Waste Landfill) has $8.9 million net capital assets (costs less accumulated depreciation), a decrease of $400 thousand. Table 4 is summary data of capital assets. More details can be found in Note 6 of the financial statements.

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

	Governmental Activities		Business-type Activities	
	2015	2016	2015	2016
Land	$ 35.8	$ 35.8	$ 2.1	$ 2.1
Intangible Assets	5.6	5.6	-	-
Construction in Progress	4.9	0.3	0.1	0.1
Building & Improvements	74.4	75.8	4.2	3.9
Infrastructure	28.1	27.6	-	-
Vehicles	2.3	2.6	-	-
Equipment	4.7	8.0	2.9	2.8
Totals	$ 155.8	$ 155.7	$ 9.3	$ 8.9

Debt

At year-end, the County had no outstanding debt for bonds or notes payable. The bonds payable listed on page 53 of the financial statements are bonds issued through the Albany-Dougherty Intercity Authority (ADICA) for the purpose of building construction of a building on 200 Oglethorpe Boulevard. The bond principal and interest payments are funded through a lease agreement with the State of Georgia, acting by and through the Georgia Department of Human Resources, and the County, the leasing agent for a building which houses the Department of Family & Children Services. The debt was paid in full January 1, 2016.

The certificates of participation included in the debt section of the financial statements are for the lease pool agreement with the Georgia Municipal Association (GMA). The purpose of the pool is to finance capital purchases. The County currently does not have any outstanding principal due before the end of the bond period. The principal amount owed at June 30, 2016 is $474,000. The County retains the capacity to use these funds for capital purchases approved by the bond insurer. Information for the lease pool is shown in Note 7 of these financial statements.

Post-employment benefits (OPEB) obligation is required for governmental agencies in accordance with GASB Statement 45. These benefits include the cost of health prescription drug, dental and life insurance provided to retired employees and their dependents. Currently, the health premiums are split; 50% paid by the County and 50% paid by the retiree for retirees not greater than 65 years old. An actuarial valuation report is conducted every two years to determine this obligation. The most recent report indicated an annual required contribution of $943 thousand. GASB Statement 45 does not require advance funding but rather accrual accounting of the obligations associated with other post-employee benefits plans. The County has decided to continue on a pay-as-you-go basis and pay the actual costs per year. More details of OPEB obligations can be found on pages 65-68.

The business-type activity that the County operates is the Landfill. The County has been able to maintain and run a state of the art landfill without ever having to borrow money for capital projects or maintenance. The County is required by law to set aside funding for the closure and post-closure of the landfill. These costs include a final cover over the landfill and maintenance and monitoring for 30 years after closure. These laws ensure against negative environmental impact from garbage gases and leachate. Calculations are made each year to estimate these costs. See Note 7, page 52.

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

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

	Governmental Activities		Business-type Activities	
	2015	2016	2015	2016
Bonds payable	$ 1.5	$ -	$ -	$ -
Certificates of participation	0.5	0.5	-	-
Compensated absences	3.0	3.0	0.1	0.1
Net pension liability	6.1	8.8	0.1	0.2
Net OPEB obligation	11.2	10.3	-	-
Landfill closure/postclosure	-	-	5.9	6.2
Totals	$ 22.3	$ 22.6	$ 6.1	$ 6.5

Economic Factors and Next Year's Budgets and Rates

The County is impacted by the same economic conditions impacting the State of Georgia and the nation as a whole. Economic conditions were taken into account in developing the County's 2016 budget. Some of the issues impacting the County's future are:

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

Contacting the County's Financial Management

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

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

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF NET POSITION

JUNE 30, 2016

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Board of Health
Cash and cash equivalents	$ 5,211,714	$ 556,164	$ 5,767,878	$ 1,917,470
Investments	43,008,016	14,888,659	57,896,675	-
Taxes receivable	2,419,504	-	2,419,504	-
Accounts receivable	1,398,274	325,107	1,723,381	486,232
Internal balances	(50,993)	50,993	-	-
Due from other governments	643,918	-	643,918	1,579,393
Inventories	145,875	25,054	170,929	-
Fair value of interest rate swap agreement	176,288	-	176,288	-
Capital assets, non-depreciable	41,637,294	2,166,865	43,804,159	-
Capital assets, depreciable, net of accumulated depreciation	114,083,712	6,708,186	120,791,898	72,665
Total assets	208,673,602	24,721,028	233,394,630	4,055,760
DEFERRED OUTFLOWS OF RESOURCES				
Net difference between projected and actual earnings on pension plan investments	4,560,914	124,281	4,685,195	-
Assumption changes	486,003	13,243	499,246	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-	-	54,879
Employer contributions subsequent to the measurement date	-	-	-	1,266,550
Total deferred outflows of resources	5,046,917	137,524	5,184,441	1,321,429
LIABILITIES				
Accounts payable	1,048,027	-	1,048,027	368,285
Accrued liabilities	3,479,951	-	3,479,951	295,226
Due to other governments	1,704,554	-	1,704,554	2,178
Unearned revenues	28,600	-	28,600	-
Other liabilities	10,283,266	-	10,283,266	-
Compensated absences due within one year	886,765	23,631	910,396	49,403
Compensated absences due in more than one year	2,101,561	46,620	2,148,181	444,622
Closure and postclosure care costs	-	6,166,448	6,166,448	-
Certificates of participation due in more than one year	474,000	-	474,000	-
Net pension liability	8,836,459	240,786	9,077,245	9,196,754
Total liabilities	28,843,183	6,477,485	35,320,668	10,356,468
DEFERRED INFLOWS OF RESOURCES				
Accumulated increase in fair value of hedging activities	176,288	-	176,288	-
Differences between expected and actual experience of economic/demographic (gains)/losses	500,639	13,642	514,281	73,481
Net difference between projected and actual earnings on pension plan investments	-	-	-	663,561
Total deferred inflows of resources	676,927	13,642	690,569	737,042
NET POSITION				
Net investment in capital assets	155,721,006	8,875,051	164,596,057	72,665
Restricted for:				
Drug treatment education	140,934	-	140,934	-
Juvenile court	82,126	-	82,126	-
Judicial	361,143	-	361,143	-
Public safety	2,817,923	-	2,817,923	-
Capital outlay	21,981,464	-	21,981,464	-
Special use	-	-	-	1,818,846
Unrestricted	3,095,813	9,492,374	12,588,187	(7,607,832)
Total net position (deficit)	$ 184,200,409	$ 18,367,425	$ 202,567,834	$ (5,716,321)

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 9,400,041	$ 4,082,139	$ 11,658	$ 536
Judicial	7,873,721	242,727	540,344	1,074
Public safety	31,202,430	6,776,791	106,007	9,607
Public works	10,152,058	425,956	277,986	28,148
Health and welfare	2,819,565	-	-	362
Culture and recreation	5,907,171	325,934	-	55,500
Housing and development	2,813,155	10,552	-	3,212
Interest on long-term debt	30,585	-	-	-
Total governmental activities	70,198,726	11,864,099	935,995	98,439
Business-type activities:				
Solid waste	3,098,890	3,831,704	-	-
Total business-type activities	3,098,890	3,831,704	-	-
Total primary government	$ 73,297,616	$ 15,695,803	$ 935,995	$ 98,439
Component unit:				
Board of Health	$ 13,341,214	$ 3,888,658	$ 10,508,299	$ -
Total component unit	$ 13,341,214	$ 3,888,658	$ 10,508,299	$ -
General revenues:				
Property taxes				
Sales taxes				
Insurance premium taxes				
Other taxes				
Unrestricted investment earnings				
Gain on sale of assets				
Total general revenues				
Change in net position				
Net position, beginning of year				
Net position, end of year				

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

Net (Expense) Revenue and Changes in Net Position			Component Unit
Governmental Activities	Business-type Activities	Total	Board of Health
$ (5,305,708)	$ -	$ (5,305,708)	$ -
(7,089,576)	-	(7,089,576)	-
(24,310,025)	-	(24,310,025)	-
(9,419,968)	-	(9,419,968)	-
(2,819,203)	-	(2,819,203)	-
(5,525,737)	-	(5,525,737)	-
(2,799,391)	-	(2,799,391)	-
(30,585)	-	(30,585)	-
(57,300,193)	-	(57,300,193)	-
-	732,814	732,814	-
-	732,814	732,814	-
$ (57,300,193)	$ 732,814	$ (56,567,379)	$ -
$ -	$ -	$ -	$ 1,055,743
$ -	$ -	$ -	$ 1,055,743
$ 32,162,065	$ -	$ 32,162,065	$ -
21,639,871	-	21,639,871	-
899,097	-	899,097	-
2,889,289	-	2,889,289	-
84,121	37,549	121,670	-
109,627	-	109,627	-
57,784,070	37,549	57,821,619	-
483,877	770,363	1,254,240	1,055,743
183,716,532	17,597,062	201,313,594	(6,772,064)
$ 184,200,409	$ 18,367,425	$ 202,567,834	$ (5,716,321)

DOUGHERTY COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2016

ASSETS	General	Special Services District	DHR Building Lease Fund	2005 One Percent Sales Tax	2010 One Percent Sales Tax
Cash and cash equivalents	$ 4,566,243	$ -	$ 32,293	$ -	$ -
Investments	12,294,467	2,206,966	1,024,256	10,061,392	10,675,333
Taxes receivable	1,038,703	111,520	-	-	1,269,281
Accounts receivable	1,397,836	-	-	-	-
Due from other funds	98,529	42,239	-	9,469	-
Due from other governments	500,087	-	-	-	-
Inventory	145,875	-	-	-	-
Total assets	$ 20,041,740	$ 2,360,725	$ 1,056,549	$ 10,070,861	$ 11,944,614
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 1,030,027	$ -	$ -	$ 6,000	$ -
Accrued expenses	1,599,731	-	-	-	-
Due to other funds	901,664	-	8,568	-	23,610
Due to other governments	135,748	-	-	-	1,566,787
Unearned revenue	28,600	-	-	-	-
Total liabilities	3,695,770	-	8,568	6,000	1,590,397
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	852,962	67,523	-	-	-
Total deferred inflow of resources	852,962	67,523	-	-	-
FUND BALANCES					
Nonspendable:					
Inventory	145,875	-	-	-	-
Restricted for:					
Drug treatment education	140,934	-	-	-	-
Juvenile court	82,126	-	-	-	-
Judicial	-	-	-	-	-
Public safety	-	2,293,202	-	-	-
Capital outlay	-	-	-	10,064,861	10,354,217
Committed for:					
Development authority	69,572	-	-	-	-
Debt service and building maintenance	-	-	1,047,981	-	-
Parking deck maintenance	-	-	-	-	-
Capital outlay	-	-	-	-	-
Assigned					
Budgetary stabilization	4,890,982	-	-	-	-
Unassigned	10,163,519	-	-	-	-
Total fund balances	15,493,008	2,293,202	1,047,981	10,064,861	10,354,217
Total liabilities, deferred inflow of resources, and fund balances	$ 20,041,740	$ 2,360,725	$ 1,056,549	$ 10,070,861	$ 11,944,614

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

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

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

Deferred outflows of resources are not available to pay for period expenditures and, therefore, are not reported in the governmental funds.

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

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

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

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

Deferred inflows of resources related to the net difference between expected and actual experience of economic/demographic (gains)/losses are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Net position of governmental activities

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

Nonmajor Governmental Funds	Total
$ 309,410	$ 4,907,946
3,615,298	39,877,712
-	2,419,504
438	1,398,274
327,924	478,161
143,831	643,918
-	145,875
$ 4,396,901	$ 49,871,390
$ 12,000	$ 1,048,027
-	1,599,731
66,351	1,000,193
2,019	1,704,554
-	28,600
80,370	5,381,105
-	920,485
-	920,485
-	145,875
-	140,934
-	82,126
361,143	361,143
524,721	2,817,923
1,562,386	21,981,464
-	69,572
-	1,047,981
30,776	30,776
1,084,450	1,084,450
753,055	5,644,037
-	10,163,519
4,316,531	43,569,800
$ 4,396,901	
	155,541,640
	920,485
	5,046,917
	(3,462,326)
	2,204,257
	(8,836,459)
	(10,283,266)
	(500,639)
	$ 184,200,409

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General	Special Services District	DHR Building Lease Fund	2005 One Percent Sales Tax	2010 One Percent Sales Tax
Revenues:					
Property taxes	$ 26,933,312	$ 5,064,917	$ -	$ -	$ -
Sales taxes	6,182,739	-	-	-	15,457,132
Other taxes	1,996,401	1,791,985	-	-	-
Licenses and permits	-	237,367	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	8,660,079	5,028	35,033	-	-
Fines and forfeitures	871,372	-	-	-	-
Interest	20,968	6,758	2,289	28,322	24,147
Other revenues	461,240	2,688	1,075,641	-	-
Total revenues	45,126,111	7,108,743	1,112,963	28,322	15,481,279
Expenditures:					
Current:					
General government	8,734,005	640	117,878	-	-
Judicial	7,017,281	-	-	-	-
Public safety	22,074,131	5,911,611	-	-	-
Public works	2,246,908	167,372	-	-	-
Health and welfare	1,903,107	-	-	-	-
Culture and recreation	2,617,285	256,565	-	-	-
Housing and development	703,421	360,502	-	-	-
Intergovernmental payments	-	-	-	-	9,892,564
Capital outlay	-	-	-	900,357	4,230,828
Debt service:					
Principal	-	-	1,500,000	-	-
Interest	-	-	61,000	-	-
Total expenditures	45,296,138	6,696,690	1,678,878	900,357	14,123,392
Excess (deficiency) of revenues over (under) expenditures	(170,027)	412,053	(565,915)	(872,035)	1,357,887
Other financing sources (uses):					
Proceeds from sale of assets	-	15,162	-	-	-
Transfers in	-	250,000	-	-	-
Transfers out	(250,000)	-	-	-	-
Total other financing sources (uses)	(250,000)	265,162	-	-	-
Net change in fund balances	(420,027)	677,215	(565,915)	(872,035)	1,357,887
Fund balances, beginning of year	15,913,035	1,615,987	1,613,896	10,936,896	8,996,330
Fund balances, end of year	$ 15,493,008	$ 2,293,202	$ 1,047,981	$ 10,064,861	$ 10,354,217

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

Nonmajor Governmental Funds	Total
$ -	$ 31,998,229
-	21,639,871
-	3,788,386
-	237,367
978,875	978,875
-	8,700,140
427,532	1,298,904
57,196	139,680
88,119	1,627,688
1,551,722	70,409,140
5,854	8,858,377
843,463	7,860,744
191,475	28,177,217
280,253	2,694,533
-	1,903,107
42,880	2,916,730
38,247	1,102,170
-	9,892,564
1,450,688	6,581,873
-	1,500,000
26,876	87,876
2,879,736	71,575,191
(1,328,014)	(1,166,051)
273,741	288,903
-	250,000
-	(250,000)
273,741	288,903
(1,054,273)	(877,148)
5,370,804	44,446,948
$ 4,316,531	$ 43,569,800

DOUGHERTY COUNTY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	(877,148)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between depreciation expense and capital outlay in the current period.		(106,417)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(179,276)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Deferred revenues increased during the year by this amount.		163,836
The issuance of long-term debt (i.e., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		1,527,291
The internal service fund is used by management to charge the cost of workers' compensation insurance and health insurance to individual funds. The net revenue of the internal service fund is reported with governmental activities.		(646,026)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		601,617
Change in net position of governmental activities	$	483,877

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

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (GAAP) BASIS AND ACTUAL GENERAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues:				
Property taxes	$ 26,873,799	$ 26,873,799	$ 26,933,312	$ 59,513
Sales taxes	6,200,000	6,200,000	6,182,739	(17,261)
Other taxes	1,906,170	1,906,170	1,996,401	90,231
Charges for services	8,144,957	8,144,957	8,660,079	515,122
Fines and forfeitures	887,200	887,200	871,372	(15,828)
Interest income	1,600	1,600	20,968	19,368
Miscellaneous	194,545	194,545	461,240	266,695
Total revenues	44,208,271	44,208,271	45,126,111	917,840
Expenditures:				
Current:				
General government:				
Administrative and legislative	666,763	668,763	635,252	33,511
Auditing	62,000	62,000	59,750	2,250
Finance	404,610	418,309	406,990	11,319
Computer information	966,956	966,956	685,597	281,359
Contingency	134,390	32,786	-	32,786
Facilities management	2,434,839	2,434,839	2,280,894	153,945
Human resources	483,586	493,386	473,218	20,168
Legal services	171,850	174,230	174,229	1
Mail and security system	284,135	284,135	280,374	3,761
Purchasing	1,421,806	1,421,806	1,421,806	-
Registration and elections	369,385	369,385	355,167	14,218
Tax and tag collections	2,091,626	2,093,426	1,960,728	132,698
Total general government	9,491,946	9,420,021	8,734,005	686,016
Judicial:				
Clerk of courts	1,154,689	1,169,899	1,168,696	1,203
District attorney	1,843,185	1,847,945	1,847,945	-
Juvenile court	862,165	863,365	820,462	42,903
Magistrate court	898,410	898,410	883,420	14,990
Probate court	392,745	392,745	375,252	17,493
Public defender	840,735	840,735	829,691	11,044
State court	573,240	573,240	552,461	20,779
Superior court	623,755	623,755	539,354	84,401
Total judicial	7,188,924	7,210,094	7,017,281	192,813

(Continued)

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (GAAP) BASIS AND ACTUAL GENERAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Expenditures: (Continued)				
Current: (Continued)				
Public safety:				
Coroner	$ 132,920	$ 132,920	$ 123,549	$ 9,371
Drug squad	930,743	930,743	796,623	134,120
S.W.A.T.	21,835	21,835	12,118	9,717
Emergency medical services	4,062,315	4,062,315	3,900,010	162,305
Emergency management	62,976	62,976	62,976	-
Environmental control	498,485	498,485	491,994	6,491
Jail	13,927,170	13,927,170	13,346,210	580,960
Sheriff's department	3,453,674	3,453,674	3,340,651	113,023
Total public safety	23,090,118	23,090,118	22,074,131	1,015,987
Public works:				
Engineering	278,915	278,915	260,045	18,870
Public works	1,693,840	1,693,840	1,450,219	243,621
Vehicle maintenance	252,355	276,080	276,079	1
Park maintenance	267,955	267,955	260,565	7,390
Total public works	2,493,065	2,516,790	2,246,908	269,882
Health and welfare:				
Department of Family and Children Services	83,000	83,000	80,250	2,750
Health services	1,876,530	1,876,530	1,822,857	53,673
Total health and welfare	1,959,530	1,959,530	1,903,107	56,423
Culture and recreation:				
Library	2,698,922	2,698,922	2,617,285	81,637
Total culture and recreation	2,698,922	2,698,922	2,617,285	81,637
Housing and development:				
Agricultural services	100,270	100,271	96,070	4,201
Community development	434,160	661,190	595,135	66,055
Natural resources	12,216	12,216	12,216	-
Total housing and development	546,646	773,677	703,421	70,256
Total expenditures	47,469,151	47,669,152	45,296,138	2,373,014
Excess (deficiency) of revenues over (under) expenditures	(3,260,880)	(3,460,881)	(170,027)	3,290,854

(Continued)

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (GAAP) BASIS AND ACTUAL GENERAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Other financing uses:				
Transfers out	$ (250,000)	$ (250,000)	$ (250,000)	$ -
Total other financing uses	(250,000)	(250,000)	(250,000)	-
Net change in fund balances	(3,510,880)	(3,710,881)	(420,027)	3,290,854
Fund balance, beginning of year	15,913,035	15,913,035	15,913,035	-
Fund balance, end of year	$ 12,402,155	$ 12,202,154	$ 15,493,008	$ 3,290,854

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

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (GAAP) BASIS AND ACTUAL SPECIAL SERVICES DISTRICT FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues:				
Property taxes	$ 4,985,387	$ 4,985,387	$ 5,064,917	$ 79,530
Other taxes	1,735,385	1,735,385	1,791,985	56,600
Licenses and permits	135,500	135,500	237,367	101,867
Charges for services	5,000	5,000	5,028	28
Interest income	1,500	1,500	6,758	5,258
Miscellaneous	(225,521)	(225,521)	2,688	228,209
Total revenues	6,637,251	6,637,251	7,108,743	471,492
Expenditures:				
Current:				
General government:				
Administrative	15,500	5,715	640	5,075
Total general government	15,500	5,715	640	5,075
Public safety:				
County police	3,319,275	3,319,275	3,145,443	173,832
Fire protection	2,585,307	2,585,307	2,585,307	-
Animal control	115,085	115,085	109,771	5,314
Code enforcement	73,644	76,644	71,090	5,554
Total public safety	6,093,311	6,096,311	5,911,611	184,700
Public works:				
Street lighting and utilities	158,800	165,240	165,199	41
Stormwater	2,000	2,345	2,173	172
Total public works	160,800	167,585	167,372	213
Culture and recreation:				
Recreation	256,565	256,565	256,565	-
Total culture and recreation	256,565	256,565	256,565	-
Housing and development:				
Planning and development services	361,075	361,075	360,502	573
Total housing and development	361,075	361,075	360,502	573
Total expenditures	6,887,251	6,887,251	6,696,690	190,561
Excess (deficiency) of revenues over (under) expenditures	(250,000)	(250,000)	412,053	662,053

(Continued)

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (GAAP) BASIS AND ACTUAL SPECIAL SERVICES DISTRICT FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Other financing sources:				
Proceeds from sale of assets	$ -	$ -	$ 15,162	$ 15,162
Transfers in	250,000	250,000	250,000	-
Total other financing sources	250,000	250,000	265,162	15,162
Net change in fund balances	-	-	677,215	677,215
Fund balance, beginning of year	1,615,987	1,615,987	1,615,987	-
Fund balance, end of year	$ 1,615,987	$ 1,615,987	$ 2,293,202	$ 677,215

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

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

JUNE 30, 2016

	Major Enterprise Fund	Governmental Activities -
	Solid Waste Fund	Internal Service Funds
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 556,164	$ 303,768
Investments	14,888,659	3,130,304
Accounts receivable, net of allowances	325,107	-
Due from other funds	50,993	471,039
Inventory	25,054	-
Total current assets	15,845,977	3,905,111
NONCURRENT ASSETS		
Capital assets:		
Nondepreciable	2,166,865	-
Depreciable, net of accumulated depreciation	6,708,186	179,366
Total noncurrent assets	8,875,051	179,366
Total assets	24,721,028	4,084,477
DEFERRED OUTFLOWS OF RESOURCES		
Net difference between projected and actual earnings on pension plan investments	124,281	-
Assumption changes	13,243	-
Total deferred outflows of resources	137,524	-
LIABILITIES		
CURRENT LIABILITIES		
Accrued expenses	-	1,880,220
Current portion - compensated absences	23,631	-
Total current liabilities	23,631	1,880,220
LONG-TERM LIABILITIES		
Compensated absences, net of current portion	46,620	-
Accrued landfill closure/postclosure care costs	6,166,448	-
Net pension liability	240,786	-
Total long-term liabilities	6,453,854	-
Total liabilities	6,477,485	1,880,220
DEFERRED INFLOWS OF RESOURCES		
Differences between expected and actual experience of economic/demographic (gains)/losses	13,642	-
Total deferred inflows of resources	13,642	-
NET POSITION		
Investment in capital assets	8,875,051	179,366
Unrestricted	9,492,374	2,024,891
Total net position	$ 18,367,425	$ 2,204,257

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

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Major Enterprise Fund	Governmental Activities -
	Solid Waste Fund	Internal Service Funds
OPERATING REVENUES		
Charges for services	$ 3,793,078	$ 7,390,504
Miscellaneous	38,626	855,577
Total operating revenues	3,831,704	8,246,081
OPERATING EXPENSES		
Salaries and benefits	868,927	-
Cost of sales and services	616,001	528,055
Supplies	471,152	-
Claims	-	6,064,357
Insurance	-	2,303,591
Closure/post closure care costs	278,775	-
Depreciation	864,035	6,185
Total operating expenses	3,098,890	8,902,188
Operating income (loss)	732,814	(656,107)
NONOPERATING INCOME		
Interest income	37,549	10,081
Total nonoperating income	37,549	10,081
Change in net position	770,363	(646,026)
NET POSITION, beginning of year	17,597,062	2,850,283
NET POSITION, end of year	$ 18,367,425	$ 2,204,257

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

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Major Enterprise Fund	Governmental Activities -
	Solid Waste Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$ 3,723,198	$ 7,939,672
Payments to suppliers	(1,054,397)	(2,831,646)
Payments for insurance claims	-	(5,452,207)
Payments to employees	(861,611)	-
Net cash provided by (used in) operating activities	1,807,190	(344,181)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(427,709)	(185,551)
Net cash used in capital and related financing activities	(427,709)	(185,551)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,975,535)	(47,992)
Sale of investments	-	830,719
Interest on investments	37,549	10,081
Net cash provided by (used in) investing activities	(1,937,986)	792,808
Net increase (decrease) in cash and cash equivalents	(558,505)	263,076
Cash and cash equivalents:		
Beginning of year	1,114,669	40,692
End of year	$ 556,164	$ 303,768

(Continued)

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Major Enterprise Fund Solid Waste Fund	Governmental Activities - Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	$ 732,814	$ (656,107)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation expense	864,035	6,185
Landfill closure/postclosure care expense	278,776	-
(Increase) decrease in accounts receivable	(29,536)	1,104
Increase in due from other funds	(20,643)	(310,187)
Decrease in inventory	32,755	-
Increase in deferred outflows of resources	(68,430)	-
Increase in accrued expenses	-	612,150
Increase (decrease) in due to other funds	(58,327)	2,674
Increase in compensated absences	1	-
Increase in net pension liability	71,869	-
Increase in deferred inflows of resources	3,876	-
Net cash provided by (used in) operating activities	$ 1,807,190	$ (344,181)

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

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

JUNE 30, 2016

ASSETS	Agency Funds	Employee Retirement Plan
Cash	$ 2,997,345	$ 1,036,122
Investments, at fair value:		
Pooled, common and collective funds	-	32,808,697
Mutual funds	-	16,813,470
Local government investment pool	3,915	-
Accrued dividends	-	373
Taxes receivable	3,486,419	-
Prepaid expenses	-	45,107
Total assets	$ 6,487,679	$ 50,703,769
LIABILITIES		
Due to others	$ 3,001,260	$ -
Uncollected taxes	3,486,419	-
Total liabilities	6,487,679	-
NET POSITION		
Restricted for pension benefits	$ -	$ 50,703,769

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

DOUGHERTY COUNTY, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Employee Retirement Plan
ADDITIONS	
Contributions:	
Employer	$ 2,136,438
Employee	528,308
Total contributions	2,664,746
Investment earnings:	
Dividend income	457,661
Net increase in fair value of investments	181,909
Less investment expenses	(231,600)
Net investment earnings	407,970
Total additions	3,072,716
DEDUCTIONS	
Benefits	2,866,033
Administrative expenses	85,949
Total deductions	2,951,982
Change in net position	120,734
NET POSITION, beginning of year	50,583,035
NET POSITION, end of year	$ 50,703,769

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

Discretely Presented Component Unit

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The County reports the following major governmental funds:

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The County reports the following major proprietary fund:

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

Additionally, the County reports the following fund types:

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

D. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on $1 per share. The pool also adjusts the value of its investments to fair market value as of year-end and the County's investment in the Georgia Fund 1 is reported at fair value. The County considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

The County's nonparticipating interest-earning investment contracts are recorded at cost. The remaining investments are recorded at fair value. Increases or decreases in the fair value during the year are recognized as a component of interest income.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Interfund Receivables and Payables

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

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

F. Inventories and Prepaid Items

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

G. Capital Assets

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

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

Major outlays for capital improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets is included as part of the capitalized value of the assets constructed. No interest expense was capitalized during the fiscal year ended June 30, 2016.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets (Continued)

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

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

H. Compensated Absences

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

I. Long-Term Obligations

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Outflows/Inflows of Resources

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

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

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

The County also has deferred inflows and outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the County's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments as well as assumption changes are also deferred and amortized against pension expense over a five year period.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Equity

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

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

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

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

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

- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the County Commission has authorized the County Administrator to assign fund balances.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Equity (Continued)

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

- Committed
- Assigned
- Unassigned

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

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

L. Use of Estimates

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

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "deferred outflows of resources are not available to pay for current resources and, therefore, are not reported in the funds." The details of this $5,046,917 difference are as follows:

Net difference between projected and actual earnings on pension plan investments	$	4,560,914
Assumption changes		486,003
Net adjustment to increase *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	5,046,917

Another element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $3,462,326 difference are as follows:

Certificates of participation	$	(474,000)
Compensated absences		(2,988,326)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(3,462,326)

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this $106,417 difference are as follows:

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

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

Capital outlay	$ 3,891,193
Depreciation expense	(3,997,610)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ (106,417)

Another element of that reconciliation explains that "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this $1,527,291 difference are as follows:

Principal repayment - general obligation bonds	$ 1,500,000
Amortization of bond premium	27,291
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive *at changes in net position of governmental activities*	$ 1,527,291

Another element of that reconciliation explains that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $601,617 difference are as follows:

Compensated absences	$ (15,789)
Change in net pension and related deferred inflows and outflows of resources	(321,791)
Net OPEB obligation	909,197
Accrued interest	30,000
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ 601,617

NOTE 3. BUDGETS AND BUDGETARY ACCOUNTING

Budget Policies

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

Budget Process

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

Encumbrances

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

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2016, there were no expenditures which exceeded budget.

NOTE 4. DEPOSITS AND INVESTMENTS

Credit risk. State statutes authorize the County to invest in U.S. Government obligations; U.S. Government agency (or other corporation of the U.S. Government) obligations; obligations fully insured or guaranteed by the U.S. Government or a U.S. Government agency; obligations of the State of Georgia or other states; obligations of other counties, municipal corporations and political subdivisions of the State of Georgia; negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America; prime bankers' acceptances; repurchase agreements; and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

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

At June 30, 2016, the County had the following investments:

Investments	Maturities	Rating	Fair Value
Georgia Fund 1	42 days weighted average	AAAf	$ 57,261,010
Certificates of deposit	19 month weighted average	N/A	82,811
Guaranteed Investment Contract	12 year weighted average	AA-	556,769
			$ 57,900,590

Of the investments listed above, the certificates of deposit, guaranteed investment contract and $57,257,095 of Georgia Fund 1 are included as investments on the Statement of Net Position. Investments in Georgia Fund 1 of $3,915 are included as investments of the Agency Funds in the Statement of Fiduciary Net Position.

Fair Value Measurements. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the County does not disclose the investment in the Georgia Fund 1 within the fair value hierarchy.

The Guaranteed Investment Contract is a nonparticipating interest-earning investment contract and, accordingly, is recorded at cost.

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

The County has an interest rate swap agreement (fair market hedge derivative) of $176,288 classified as an other asset and more fully described in Note 7. The fair value of the interest rate swap agreement classified as Level 2 of the fair value hierarchy is valued using an option-adjusted discounted cash flow model.

Custodial Credit Risk – Deposits. The County formal policy requires that all securities pledged to the County for certificates of deposit or demand deposits shall be held by an independent depository and the safekeeping bank may not be within the same holding company as the bank from which the securities are pledged. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2016, the County had no uncollateralized deposits.

Pension Plan

The Dougherty County Retirement Plan's (DCRP) policy in regard to investments, including the allocation of invested assets, is established and may be amended by the Dougherty County Pension Committee by a majority vote of its members. The DCRP is authorized to invest in obligations of the United States Treasury or its agencies and instrumentalities, collateralized mortgage obligations, asset and mortgage backed securities, taxable bonds that are obligations of any state and its agencies, instrumentalities, and political subdivisions, and in certificates of deposit of national or state banks that are fully insured or collateralized by United States obligations. Additionally, the DCRP is authorized to invest in common stocks, money market instruments, and corporate bonds and debentures, which are not in default as to principal and interest.

Fair Value Measurements. The Plan has the following recurring fair value measurements, broken into the fair value hierarchy, as of June 30, 2016:

Investment	Level 1	Level 2	Level 3	Fair Value
Wells Fargo Blackrock ST Investment Fund	$ 1,036,122	$ -	$ -	$ 1,036,122
Wells Fargo Pooled, Common, and Collective Funds	-	32,808,697	-	32,808,697
Mutual Funds	16,813,470	-	-	16,813,470
	$ 17,849,592	$ 32,808,697	$ -	$ 50,658,289

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

As of June 30, 2016, the DCRP had $32,808,697 invested in pooled, common & collective funds and $16,813,470 invested in mutual funds, none of which are classified by credit quality.

NOTE 5. RECEIVABLES

Property taxes were levied on July 20, 2015. Bills are payable on or before December 20, 2015, after which the applicable property is subject to lien and penalties and interest as assessed. The County bills and collects its own property taxes. Property taxes levied for 2015 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended June 30, 2016, and collected by August 31, 2016, are recognized as revenues in the year ended June 30, 2016. Receivables at June 30, 2016, for the County's individual major and nonmajor funds in the aggregate are as follows:

	General	Special Services District	2010 One Percent Sales Tax
Receivables:			
Taxes	$ 1,550,303	$ 166,448	$ 1,269,281
Accounts	1,955,443	-	-
Gross receivables	3,505,746	166,448	1,269,281
Less allowance for uncollectibles	(1,069,207)	(54,928)	-
Net receivables	$ 2,436,539	$ 111,520	$ 1,269,281

	Nonmajor Governmental Funds	Solid Waste	Total
Receivables:			
Taxes	$ -	$ -	$ 2,986,032
Accounts	438	471,949	2,427,830
Gross receivables	438	471,949	5,413,862
Less allowance for uncollectibles	-	(146,842)	(1,270,977)
Net receivables	$ 438	$ 325,107	$ 4,142,885

NOTE 6. CAPITAL ASSETS

A. Primary Government

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land and improvements	$ 35,831,130	$ -	$ -	$ (66,254)	$ 35,764,876
Intangible assets	5,573,000	-	-	-	5,573,000
Construction in progress	4,851,362	1,799,923	-	(6,351,867)	299,418
Total capital assets, not being depreciated	46,255,492	1,799,923	-	(6,418,121)	41,637,294
Capital assets, being depreciated:					
Buildings	99,895,085	295,088	(181,396)	3,116,478	103,125,255
Infrastructure	80,452,525	217,619	-	130,161	80,800,305
Vehicles	7,672,136	922,950	(1,019,233)	20,516	7,596,369
Equipment	10,037,048	841,165	(638,797)	3,150,966	13,390,382
Total capital assets, being depreciated	198,056,794	2,276,822	(1,839,426)	6,418,121	204,912,311
Less accumulated depreciation for:					
Buildings	(25,492,508)	(1,871,661)	49,632	24,765	(27,289,772)
Infrastructure	(52,252,794)	(900,057)	-	(24,765)	(53,177,616)
Vehicles	(5,415,287)	(573,225)	1,002,210	(20,516)	(5,006,818)
Equipment	(5,324,364)	(658,853)	608,308	20,516	(5,354,393)
Total accumulated depreciation	(88,484,953)	(4,003,796)	1,660,150	-	(90,828,599)
Total capital assets, being depreciated, net	109,571,841	(1,726,974)	(179,276)	6,418,121	114,083,712
Governmental activities capital assets, net	$ 155,827,333	$ 72,949	$ (179,276)	$ -	$ 155,721,006

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

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

Governmental activities:	
General government	$ 179,423
Judicial	57,990
Public safety	1,394,441
Public works	1,456,866
Health and welfare	314,621
Culture and recreation	516,805
Housing and development	83,650
Total depreciation expense - governmental activities	$ 4,003,796

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities:					
Capital assets, not being depreciated:					
Land	$ 2,064,045	$ -	$ -	$ -	$ 2,064,045
Construction in progress	150,827	43,585	-	(91,592)	102,820
Total capital assets, not being depreciated	2,214,872	43,585	-	(91,592)	2,166,865
Capital assets, being depreciated:					
Building and improvements	11,907,691	5,413	-	91,592	12,004,696
Equipment and vehicles	5,674,354	378,711	(353,038)	-	5,700,027
Total	17,582,045	384,124	(353,038)	91,592	17,704,723
Less accumulated depreciation for:					
Building and improvements	(7,653,613)	(460,529)	-	-	(8,114,142)
Equipment and vehicles	(2,831,927)	(403,506)	353,038	-	(2,882,395)
Total	(10,485,540)	(864,035)	353,038	-	(10,996,537)
Total capital assets, being depreciated, net	7,096,505	(479,911)	-	91,592	6,708,186
Business-type activities capital assets, net	$ 9,311,377	$ (436,326)	$ -	$ -	$ 8,875,051

NOTE 6. CAPITAL ASSETS (CONTINUED)

B. Discretely Presented Component Unit – Board of Health

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Machinery and equipment	$ 434,418	$ -	$ -	$ 434,418
Total capital assets, being depreciated	434,418	-	-	434,418
Less accumulated depreciation for:				
Machinery and equipment	(334,646)	(27,107)	-	(361,753)
Total accumulated depreciation	(334,646)	(27,107)	-	(361,753)
Total capital assets, net	$ 99,772	$ (27,107)	$ -	$ 72,665

NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the fiscal year ended June 30, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	$ 1,500,000	$ -	$ (1,500,000)	$ -	$ -
Unamortized premium	27,291	-	(27,291)	-	-
Net bonds payable	1,527,291	-	(1,527,291)	-	-
Certificates of participation	474,000	-	-	474,000	-
Compensated absences	2,972,536	1,176,344	(1,160,554)	2,988,326	886,765
Net pension liability	6,116,752	5,438,516	(2,718,809)	8,836,459	-
Net OPEB obligation	11,192,463	-	(909,197)	10,283,266	-
Governmental activities long-term liabilities	$ 22,283,042	$ 6,614,860	$ (6,315,851)	$ 22,582,051	$ 886,765
Business-type activities:					
Landfill closure/ postclosure costs	$ 5,887,672	$ 278,776	$ -	$ 6,166,448	$ -
Compensated absences	70,250	31,146	(31,145)	70,251	23,631
Net pension liability	168,917	148,195	(76,326)	240,786	-
Business-type activities long-term liabilities	$ 6,126,839	$ 458,117	$ (107,471)	$ 6,477,485	$ 23,631

NOTE 7. LONG-TERM DEBT (CONTINUED)

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

Certificates of participation. In June 1998, the County entered into a lease pool agreement with the Georgia Municipal Association (the "Association"). The funding of the lease pool was provided by the issuance of $150,126,000 Certificates of Participation by the Association. The Association passed the net proceeds through to the participating municipalities with the County's participation totaling $4,333,000. The lease pool agreement with the Association provides that the County owns their portion of the assets invested by the pool and is responsible for the payment of their portion of the principal and interest of the Certificates of Participation. In prior years, the County repaid $3,589,000 of the principal amount due on these bonds. No principal payments were made during the fiscal year ended June 30, 2016. The principal balance is due in a lump sum payment on June 1, 2028. Interest is payable at a rate of 4.75% each year. The County draws from the investment to lease equipment from the Association. The lease pool agreement requires the County to make lease payments back into its investment account to fund the principal and interest requirements of the 1998 GMA Certificates of Participation.

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

NOTE 7. LONG-TERM DEBT (CONTINUED)

Certificates of participation (Continued)

In the unlikely event that the swap counterparty becomes insolvent, or fails to make payments as specified in the swap agreement, the County would be exposed to credit risk in the amount of the swap's fair value. To minimize this risk, the County executed this agreement with counterparties of appropriate credit strength, with the counterparty being rated Aa1 by Moody's. At June 30, 2016, the floating rate being paid by the County is 0.41% and the market value of the County's portion of this agreement is $176,288, an increase of $45,198 from the market value at the end of the previous fiscal year. The market value of the hedge was determined using settlement prices at the end of the day on June 30, 2016 based on the derivative contract. This market value is reported as an asset in the statement of net position. As this derivative is an effective hedge, qualifying for hedge accounting, the inflow from the hedge (any change in fair value from inception until fiscal year end) is deferred and reported as deferred revenue in the statement of net position.

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

Fiscal year ending June 30,	Principal	Interest	Total
2017	$ -	$ 41,277	$ 41,277
2018	-	41,278	41,278
2019	-	41,278	41,278
2020	-	41,278	41,278
2021	-	41,278	41,278
2022-2026	-	206,388	206,388
2027-2028	474,000	82,555	556,555
	$ 474,000	$ 495,332	$ 969,332

Landfill closure and postclosure care costs. State and federal laws and regulations require that Dougherty County, Georgia place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The amount of costs recognized in each period is based on the relative amount of waste received during the period, even though some of the closure and postclosure care costs will be paid after the landfill is closed. The $6,166,448 reported as an estimated liability for closure and postclosure care costs represents the estimated cost for landfill closure and postclosure care based upon the capacity of the landfill used to date. The amount of the remaining estimated cost for landfill closure and postclosure care of $11,016,312 will be recognized on a pro rata basis as the remaining estimated capacity of 8,152,657 cubic yards of useable space is filled. Approximately 36% of the landfill's capacity has been used to date, and the County expects the landfill to close the Municipal Solid Waste area in 2065 and the Construction and Demolition area in 2058.

NOTE 7. LONG-TERM DEBT (CONTINUED)

Landfill closure and Postclosure care costs (Continued)

All amounts recognized are based on what it would cost to perform all closure and postclosure care in 2016. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. It is anticipated that future inflation costs will be in part financed from earnings on investments. The remaining portion of anticipated future inflation costs (including inadequate earning on investments, if any) and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example), may need to be covered by charges to future landfill users, taxpayers, or both. The financial assurance requirements are being met through the proper maintenance of cash balances and financial ratios.

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2016, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	2010 One Percent Sales Tax Fund	$ 23,610
General Fund	Nonmajor Governmental Funds	66,351
General Fund	DHR Building Fund	8,568
Special Services District Fund	General Fund	42,239
Internal Service Fund - Self Insurance	General Fund	424,704
Internal Service Fund - Workers' Compensation	General Fund	40,560
Internal Service Fund - Risk Management	General Fund	5,775
2005 One Percent Sales Tax Fund	General Fund	9,469
Nonmajor Governmental Funds	General Fund	327,924
Solid Waste Fund	General Fund	50,993
		$ 1,000,193

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

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

Interfund transfers:

	Transfers In	
Transfers Out	Special Services District Fund	Total
General Fund	$ 250,000	$ 250,000
Total	$ 250,000	$ 250,000

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

NOTE 9. DEFINED BENEFIT PENSION PLAN

A. Primary Government

Plan Description

The Dougherty County Board of County Commissioners established and appointed the Dougherty County Pension Committee with responsibility to manage the Dougherty County Retirement Plan (the DCRP), a single employer defined benefit pension plan administered by Silverstone Group, Inc. The DCRP provides retirement, disability, and death benefits to plan members and beneficiaries.

Section 9.01 of the DCRP adopted by the Dougherty County Board of Commissioners gives the Board the right to amend the provisions of the plan.

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

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Primary Government (Continued)

Plan Description (Continued)

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

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

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Primary Government (Continued)

Plan Membership

At July 1, 2016, the date of the most recent actuarial valuation, there were 972 participants as follows:

Inactive plan members (or beneficiary) currently receiving benefits	227
Inactive plan members entitled to but not yet receiving benefits	157
Active plan members	588
Total	972

Benefits Provided

Retirement benefits for plan members are calculated as 1.5% of the member's final 5-year average salary times the member's years of service plus .25% of average salary for each year of service prior to January 1, 1985. Plan members with 5 years of service are eligible to retire at age 65. Members are eligible for an unreduced retirement benefit after age 55 if they have 25 years of service. Plan members may retire early with a reduced benefit at age 55 with 15 years of service. Disability retirement benefits are determined in the same manner as retirement benefits and are payable immediately upon termination of employment due to permanent and total disability. The death benefit for death prior to retirement is the greater of the present value of the accrued benefit or 50 times the projected monthly benefit.

Contributions

The County makes annual contributions based on a recommendation by an independent actuary and in accordance with Georgia State Code. The 5-year average contribution rate for plan year beginning 2011-2015 is 11.42% of annual payroll. The contribution requirements are established and may be amended by the Dougherty County Board of Commissioners. Plan participants are required to contribute 3% of compensation, excluding overtime pay, to the plan.

Rate of Return

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was .90%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The cash flows used as inputs in the calculation are determined on a monthly basis.

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Primary Government (Continued)

Plan Disclosures

Effective July 1, 2014, the County implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* as well as GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which significantly changed the County's accounting for pension amounts. The information disclosed below is presented in accordance with this new standard. The DCRP does not issue separate financial statements.

Net Pension Liability

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2016. The following actuarial assumptions applied to all periods included in the measurement:

Measurement Date	June 30, 2016
Valuation Date	June 30, 2016
Reporting Date	June 30, 2016
Measurement Period	July 1, 2015 - June 30, 2016
Investment Rate of Return	7.75%
Discount Rate	7.75%
Inflation Rate	2.50%
Salary Scale	3.00%
Mortality Table	IRS 2015
Actuarial Cost Method	Entry Age Normal

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Primary Government (Continued)

Net Pension Liability (Continued)

Discount rate. The discount rate used to measure the total pension liability as of June 30, 2016 was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at 14.42% (11.42% from the employer and 3.0% from the employees) of the covered payroll of the current plan members for each year in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability of the County. The changes in the components of the net pension liability of the County for the year ended June 30, 2016 were as follows:

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	$ 56,868,704	$ 50,583,035	$ 6,285,669
Changes for the year:			
Service Cost	1,031,369	-	1,031,369
Interest	4,419,776	-	4,419,776
Differences between expected and actual experience	(271,898)	-	(271,898)
Assumption changes	599,096		599,096
Contributions - employer	-	2,136,438	(2,136,438)
Contributions - employee	-	528,308	(528,308)
Net investment income	-	407,970	(407,970)
Benefit payments, including refunds of employee contributions	(2,866,033)	(2,866,033)	-
Administrative expense	-	(85,949)	85,949
Other changes	-	-	-
Net changes	2,912,310	120,734	2,791,576
Balances at June 30, 2016	$ 59,781,014	$ 50,703,769	$ 9,077,245

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

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Primary Government (Continued)

Net Pension Liability (Continued)

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

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
County's Net Pension Liability	$ 15,353,784	$ 9,077,245	$ 3,825,782

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the County recognized pension expense of $2,465,543. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 4,685,195	$ -
Assumption changes	499,246	-
Differences between expected and actual experience of economic/demographic (gains)/losses	-	514,281
Total	$ 5,184,441	$ 514,281

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Primary Government (Continued)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2017	$	1,310,814
2018		1,310,814
2019		1,310,814
2020		683,186
2021		54,532
Total	$	4,670,160

NOTE 10. DEFINED CONTRIBUTION PLAN

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

457 Plan Name	Employer	Employee
Nationwide Retirement Solutions	$ 10,024	$ 270,696
ACCG Deferred Compensation Program	5,072	165,444

NOTE 11. RISK MANAGEMENT

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

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

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

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

	June 30, 2016	June 30, 2015
Unpaid claims, beginning of year	$ 795,258	$ 652,135
Incurred claims and changes in estimates	653,021	553,465
Claim payments	(673,714)	(410,342)
Unpaid claims, end of year	$ 774,565	$ 795,258

The County maintains a self-insured medical benefit plan for their employees. The plan is accounted for as an internal service fund of the County, is funded according to plan experience, and serves to reduce overall healthcare costs of the County and their employees. The County purchases specific and aggregate stop loss insurance coverage to protect itself in unusual circumstances. Claims payable at June 30, 2016 were estimated based on the loss analysis report provided by a third-party administrator and pending specific stop loss reimbursements. Because all self-insurance claims are expected to be settled within one year, the unpaid claim liability is classified as current.

NOTE 11. RISK MANAGEMENT (CONTINUED)

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

	June 30, 2016	June 30, 2015
Unpaid claims, beginning of year	$ 425,000	$ 425,000
Incurred claims and changes in estimates	4,386,400	3,448,705
Claim payments	(3,971,400)	(3,448,705)
Unpaid claims, end of year	$ 840,000	$ 425,000

The County established the Risk Management Fund during the fiscal year ended June 30, 2016 which services general liability and property and casualty claims and payments of premiums. This fund allocates the cost of providing claim servicing and claim payments by charging a “premium” to each fund. Claims payable at June 30, 2016 were estimated based on the loss analysis report provided by a third-party administrator. Because all property claims are expected to be settled within one year, the unpaid claim liability is classified as current.

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

	June 30, 2016	June 30, 2015
Unpaid claims, beginning of year	$ 47,812	$ 109,201
Incurred claims and changes in estimates	1,024,936	152,467
Claim payments	(807,093)	(213,856)
Unpaid claims, end of year	$ 265,655	$ 47,812

NOTE 12. COMMITMENTS AND CONTINGENCIES

Litigation:

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

Grant Contingencies:

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

NOTE 13. JOINT VENTURES

Under Georgia law, the County, in conjunction with other cities and counties in the Southwest Georgia area, is a member of the Southwest Georgia Regional Commission (RC) and is required to pay annual dues thereto. During the year ended June 30, 2016, the County paid $55,906 in such dues. Membership in the RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of regional development commissions in Georgia.

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

NOTE 14. OTHER POST EMPLOYMENT BENEFITS

Plan Description

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

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

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

	County	Retiree
Health insurance	50%	50%
Dental insurance	-	100%
Life insurance	75%	25%

NOTE 14. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation

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

Annual OPEB Cost and Net OPEB Obligation

The County contributed $59,977 and retirees contributed $83,896 to the OPEB Plan in the fiscal year ended June 30, 2016. The annual required contribution amount is determined using actuarial methods and assumptions approved by the Commission. The Commission establishes and may amend the funding policy for the OPEB Plan. The calculations are based on the types of benefits provided under the terms of the OPEB Plan at the time of each valuation and on the pattern of sharing of cost between the employer and plan members to that point.

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

The County contributed $143,873 to the OPEB Plan in the fiscal year ended June 30, 2016. The annual required contribution amount was determined using actuarial methods.

Annual required employer contribution	$	902,258
Interest on net OPEB obligation		503,661
Adjustment to annual required contribution		(2,171,243)
Annual OPEB cost		(765,324)
Employer and retiree contributions for period ended June 30, 2016		143,873
Increase in net OPEB obligation		(909,197)
Net OPEB obligation beginning of year		11,192,463
Net OPEB obligation end of year	$	10,283,266

NOTE 14. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Trend Information

Fiscal Year Ended	Annual OPEB Cost (APC)	Actual Employer Contribution	Percentage of APC Contributed	Net OPEB Obligation
06/30/11	$ 2,058,645	$ 126,524	6.1 %	$ 6,104,863
06/30/12	1,623,625	157,168	9.7	7,571,320
06/30/13	1,640,444	168,055	10.2	9,043,709
06/30/14	1,201,721	132,776	11.0	10,112,654
06/30/15	1,207,822	128,013	10.6	11,192,463
06/30/16	(765,324)	143,873	-18.8	10,283,266

As of the most recent valuation date, July 1, 2015, the funded status of the OPEB Plan is as follows:

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
7/1/2015	$ -	$ 10,283,266	$ 10,283,266	- %	$ 19,171,633	53.6 %

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

NOTE 14. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continued revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the plan in effect at July 1, 2015. The assumptions used in the July 1, 2015 actuarial valuation are as follows:

Valuation date	July 1, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Pay (Closed)
Amortization period	30 years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return (includes inflation)	4.50%
Projected salary increases (includes inflation)	3.00%
Inflation	3.00%
Healthcare cost trend rates:	
Health rate	7.00%
Dental rate	5.00%
Expenses rate	5.00%

REQUIRED SUPPLEMENTARY INFORMATION

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

	2014	2015	2016
Total Pension Liability - Beginning of Year	$ 52,666,565	$ 54,942,537	$ 56,868,704
Service Cost	985,660	987,469	1,031,369
Interest on the Total Pension Liability	4,158,047	4,224,303	4,419,776
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	(374,170)	(439,121)	(271,898)
Changes of Assumptions	-	-	599,096
Benefit Payments	(2,493,565)	(2,846,484)	(2,866,033)
Net Change in Total Pension Liability	2,275,972	1,926,167	2,912,310
(a) Total Pension Liability - End of Year	54,942,537	56,868,704	59,781,014
Plan Fiduciary Net Position - Beginning of Year	43,600,328	50,433,924	50,583,035
Contributions - Employer	2,191,969	2,122,826	2,136,438
Contributions - Employee	579,204	510,167	528,308
Other receipts	3,559	2,838	-
Net Investment Income	6,644,893	443,753	407,970
Benefit Payments	(2,497,124)	(2,846,484)	(2,866,033)
Administrative Expenses	(88,905)	(83,989)	(85,949)
Net Change in Plan Fiduciary Net Position	6,833,596	149,111	120,734
(b) Plan Fiduciary Net Position - End of Year	50,433,924	50,583,035	50,703,769
County's Net Pension Liability (a) - (b)	4,508,613	6,285,669	9,077,245
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.79%	88.95%	84.82%
Covered-Employee Payroll	21,297,585	19,321,375	19,194,059
Net Pension Liability as a Percentage of the Covered-Employee Payroll	21.17%	32.53%	47.29%

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

REQUIRED SUPPLEMENTARY INFORMATION

DEFINED BENEFIT RETIREMENT PLAN (CONTINUED)
SCHEDULE OF COUNTY CONTRIBUTIONS

	2014	2015	2016
Actuarially Determined Contribution	$ 2,191,381	$ 2,119,353	$ 2,135,397
Contributions in relation to the actuarially determined contribution	2,191,969	2,122,826	2,136,438
Contribution Deficiency/(Excess)	(588)	(3,473)	(1,041)
Covered-Employee Payroll	21,297,585	19,321,375	19,194,059
Contributions as a Percentage of Covered-Employee Payroll	10.29%	10.99%	11.13%

Notes to the Schedule of Employer Contributions

Methods and Assumptions for Actuarially Determined Contribution:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	Actuarial value as used for funding
Amortization Method	Level Dollar Amount (Closed)
Remaining Amortization Period	15 Year Closed Period, or other closed period in accordance with Georgia State Code
Projected Salary Increases	3.00%
Investment Rate of Return	7.75%
Mortality Table	IRS 2015
Cost of Living Adjustment	2.50%

SCHEDULE OF INVESTMENT RETURNS

Fiscal Year	Annual Money-Weighted Rate of Return
2014	15.81%
2015	1.35%
2016	0.90%

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

REQUIRED SUPPLEMENTARY INFORMATION

OTHER POST EMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
7/1/2007	$ -	$ 27,627,658	$ 27,627,658	- %	$ 20,767,537	133.03 %
7/1/2009	-	20,841,786	20,841,786	-	22,347,825	93.26
7/1/2011	-	16,998,714	16,998,714	-	20,552,647	82.71
7/1/2013	-	11,721,708	11,721,708	-	21,297,583	55.04
7/1/2015	-	10,283,266	10,283,266	-	19,171,633	53.64

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

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

CAPITAL PROJECT FUNDS

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

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

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

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

DOUGHERTY COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2016

	Special Revenue Funds			
ASSETS	**Confiscated Assets**	**Grant**	**Lease Commercial Property**	**Law Library**
Cash and cash equivalents	$ -	$ -	$ -	$ 309,410
Investments	253,361	-	74,504	65,450
Accounts receivable	-	-	-	438
Due from other funds	132	327,792	-	-
Due from other governments	-	139,650	-	4,181
Total assets	$ 253,493	$ 467,442	$ 74,504	$ 379,479
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ -	$ 2,000	$ -	$ 10,000
Due to other funds	-	-	1,668	8,336
Due to other governments	-	2,019	-	-
Total liabilities	-	4,019	1,668	18,336
FUND BALANCES				
Restricted for:				
Judicial	-	-	-	361,143
Public safety	61,298	463,423	-	-
Capital outlay	-	-	-	-
Committed for:				
Parking deck maintenance	-	-	30,776	-
Capital outlay	-	-	-	-
Assigned				
Budgetary stabilization	192,195	-	42,060	-
Total fund balances	253,493	463,423	72,836	361,143
Total liabilities and fund balances	$ 253,493	$ 467,442	$ 74,504	$ 379,479

Capital Projects Funds				
Capital Improvement	1995 One Percent Sales Tax	1990 One Percent Sales Tax	2000 One Percent Sales Tax	Total
$ -	$ -	$ -	$ -	$ 309,410
2,203,153	552,760	2	466,068	3,615,298
-	-	-	-	438
-	-	-	-	327,924
-	-	-	-	143,831
$ 2,203,153	$ 552,760	$ 2	$ 466,068	$ 4,396,901
$ -	$ -	$ -	$ -	$ 12,000
43,134	-	-	13,213	66,351
-	-	-	-	2,019
43,134	-	-	13,213	80,370
-	-	-	-	361,143
-	-	-	-	524,721
556,769	552,760	2	452,855	1,562,386
-	-	-	-	30,776
1,084,450	-	-	-	1,084,450
518,800	-	-	-	753,055
2,160,019	552,760	2	452,855	4,316,531
$ 2,203,153	$ 552,760	$ 2	$ 466,068	$ 4,396,901

DOUGHERTY COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Confiscated Assets	Grant	Lease Commercial Property	Law Library
Revenues:				
Intergovernmental	$ -	$ 978,875	$ -	$ -
Fines and forfeitures	193,467	88,051	-	146,014
Interest income	684	-	151	118
Other revenues	-	-	72,210	8,662
Total revenues	194,151	1,066,926	72,361	154,794
Expenditures:				
Current:				
General government	-	5,854	-	-
Judicial	-	676,964	-	166,499
Public safety	136,811	54,664	-	-
Public works	-	280,253	-	-
Culture and recreation	-	42,880	-	-
Housing and development	-	-	38,247	-
Capital outlay	-	-	-	-
Debt service:				
Interest	-	-	-	-
Total expenditures	136,811	1,060,615	38,247	166,499
Excess (deficiency) of revenues over (under) expenditures	57,340	6,311	34,114	(11,705)
Other financing sources:				
Proceeds from sale of assets	16,240	-	-	-
Total other financing sources	16,240	-	-	-
Net change in fund balances	73,580	6,311	34,114	(11,705)
Fund balances, beginning of year	179,913	457,112	38,722	372,848
Fund balances, end of year	$ 253,493	$ 463,423	$ 72,836	$ 361,143

Capital Improvement	1995 One Percent Sales Tax	1990 One Percent Sales Tax	2000 One Percent Sales Tax	Total
$ -	$ -	$ -	$ -	$ 978,875
-	-	-	-	427,532
53,153	1,530	260	1,300	57,196
7,247	-	-	-	88,119
60,400	1,530	260	1,300	1,551,722
-	-	-	-	5,854
-	-	-	-	843,463
-	-	-	-	191,475
-	-	-	-	280,253
-	-	-	-	42,880
-	-	-	-	38,247
994,897	82,863	176,201	196,727	1,450,688
26,876	-	-	-	26,876
1,021,773	82,863	176,201	196,727	2,879,736
(961,373)	(81,333)	(175,941)	(195,427)	(1,328,014)
257,501	-	-	-	273,741
257,501	-	-	-	273,741
(703,872)	(81,333)	(175,941)	(195,427)	(1,054,273)
2,863,891	634,093	175,943	648,282	5,370,804
$ 2,160,019	$ 552,760	$ 2	$ 452,855	$ 4,316,531

INTERNAL SERVICE FUNDS

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

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

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

DOUGHERTY COUNTY, GEORGIA

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

JUNE 30, 2016

ASSETS	Workers' Compensation Fund	Self-Insurance Fund	Risk Management Fund	Total
CURRENT ASSETS				
Cash and cash equivalents	$ 185,436	$ -	$ 118,332	$ 303,768
Investments	672,631	2,052,042	405,631	3,130,304
Due from other funds	40,560	424,704	5,775	471,039
Total current assets	898,627	2,476,746	529,738	3,905,111
NONCURRENT ASSETS				
Capital assets:				
Depreciable, net of accumulated depreciation	-	179,366	-	179,366
Total noncurrent assets	-	179,366	-	179,366
Total assets	898,627	2,656,112	529,738	4,084,477
LIABILITIES				
CURRENT LIABILITIES				
Accrued expenses	774,565	840,000	265,655	1,880,220
Total current liabilities	774,565	840,000	265,655	1,880,220
Total liabilities	774,565	840,000	265,655	1,880,220
NET POSITION				
Investment in capital assets	-	179,366	-	179,366
Unrestricted	124,062	1,636,746	264,083	2,024,891
Total net position	$ 124,062	$ 1,816,112	$ 264,083	$ 2,204,257

DOUGHERTY COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Workers' Compensation Fund	Self-Insurance Fund	Risk Management Fund	Total
OPERATING REVENUES				
Charges for services	$ 492,120	$ 5,742,474	$ 1,155,910	$ 7,390,504
Miscellaneous	70,833	136,488	648,256	855,577
Total operating revenues	562,953	5,878,962	1,804,166	8,246,081
OPERATING EXPENSES				
Cost of sales and services	147,456	200,199	180,400	528,055
Claims	653,021	4,386,400	1,024,936	6,064,357
Insurance	60,073	1,615,226	628,292	2,303,591
Depreciation	-	6,185	-	6,185
Total operating expenses	860,550	6,208,010	1,833,628	8,902,188
Operating loss	(297,597)	(329,048)	(29,462)	(656,107)
NONOPERATING INCOME				
Interest income	1,784	7,559	738	10,081
Total nonoperating income	1,784	7,559	738	10,081
Change in net position	(295,813)	(321,489)	(28,724)	(646,026)
NET POSITION, beginning of year	419,875	2,137,601	292,807	2,850,283
NET POSITION, end of year	$ 124,062	$ 1,816,112	$ 264,083	$ 2,204,257

DOUGHERTY COUNTY, GEORGIA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Workers' Compensation Fund	Self-Insurance Fund	Risk Management Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 525,067	$ 5,653,234	$ 1,761,371	$ 7,939,672
Payments to suppliers	(207,529)	(1,815,425)	(808,692)	(2,831,646)
Payments for insurance claims	(673,714)	(3,971,400)	(807,093)	(5,452,207)
Net cash provided by (used in) operating activities	(356,176)	(133,591)	145,586	(344,181)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	(185,551)	-	(185,551)
Net cash used in capital and related financing activities	-	(185,551)	-	(185,551)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	-	-	(47,992)	(47,992)
Sale of investments	519,136	311,583	-	830,719
Interest on investments	1,784	7,559	738	10,081
Net cash provided by (used in) investing activities	520,920	319,142	(47,254)	792,808
Net increase in cash and cash equivalents	164,744	-	98,332	263,076
Cash and cash equivalents:				
Beginning of year	20,692	-	20,000	40,692
End of year	$ 185,436	$ -	$ 118,332	$ 303,768
Reconciliation of operating loss to net cash provided by (used in) operating activities				
Operating loss	$ (297,597)	$ (329,048)	$ (29,462)	$ (656,107)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities				
Depreciation expense	-	6,185	-	6,185
Decrease in accounts receivable	-	-	1,104	1,104
Increase in due from other funds	(40,560)	(225,728)	(43,899)	(310,187)
Increase (decrease) in accrued expenses	(20,693)	415,000	217,843	612,150
Increase in due to other funds	2,674	-	-	2,674
Net cash provided by (used in) operating activities	$ (356,176)	$ (133,591)	$ 145,586	$ (344,181)

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
1990 REFERENDUM					
County Jail	$ 31,379,437	$ 31,285,885	$ 31,397,864	$ 2,361	$ 31,400,225
County Mental Health	3,892,487	3,892,483	3,892,483	-	3,892,483
County Public Health	5,225,205	5,225,202	5,225,202	-	5,225,202
Industrial Parks	5,000,000	5,000,000	5,000,000	-	5,000,000
Central Square Building	3,750,530	3,750,530	3,750,530	-	3,750,530
Chehaw Park	6,000,000	6,000,000	6,000,000	-	6,000,000
Albany Street Lighting	2,500,000	2,500,000	2,328,703	173,840	2,502,543
Conference Center	4,700,000	5,157,565	5,155,391	-	5,155,391
Administrative	4,338,498	4,338,495	4,338,498	-	4,338,498
Totals	$ 66,786,157	$ 67,150,160	$ 67,088,671	$ 176,201	$ 67,264,872
1995 REFERENDUM					
City Street & Road Projects	$ 10,000,000	$ 10,075,000	$ 10,074,999	$ -	$ 10,074,999
County Street & Road Projects	5,000,000	5,652,343	5,652,343	-	5,652,343
Water & Sewer Extensions	8,000,000	10,698,078	10,741,225	22,709	10,763,934
Storm Drainage Improvements	15,200,000	15,123,948	15,019,085	-	15,019,085
Recycling Program	1,500,000	500,000	422,380	10,154	432,534
Geographic Information System	1,000,000	1,063,717	1,063,717	-	1,063,717
City Fire Stations & Equipment	2,500,000	2,500,000	2,499,876	-	2,499,876
County Fire Stations & Equipment	1,000,000	1,070,574	1,071,538	-	1,071,538
West EMS Station	1,000,000	980,439	980,439	-	980,439
Community Policing Centers	1,500,000	1,543,054	1,539,140	-	1,539,140
Courtroom Addition	3,500,000	4,101,338	4,101,339	-	4,101,339
Emergency Operations Center	3,000,000	2,956,946	2,956,947	-	2,956,947
Downtown Improvements	2,500,000	8,213,104	8,651,845	50,000	8,701,845
Recreation Improvements	10,500,000	10,500,000	9,888,277	-	9,888,277
Agricultural Service Center	2,000,000	2,064,056	2,114,618	-	2,114,618
Industrial Speculative Building	750,000	750,000	350,313	-	350,313
Thronateeska Heritage Center	750,000	900,000	900,000	-	900,000
Third Floor Renovation	-	-	21,137	-	21,137
Mt. Zion Civil Rights Museum	750,000	793,839	793,839	-	793,839
Government Center Debt	3,500,000	4,088,662	4,088,662	-	4,088,662
Administration/Disparity Study	500,000	1,084,298	1,084,298	-	1,084,298
Contingency	-	2,333	-	-	-
Totals	$ 74,450,000	$ 84,661,729	$ 84,016,017	$ 82,863	$ 84,098,880

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

(Continued)

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
2000 REFERENDUM					
Administrative	$ 1,175,227	$ 8,612,153	$ 8,234,991	$ -	$ 8,234,991
Albany River Walk	6,000,000	6,405,000	6,531,843	-	6,531,843
Chehaw Park Improvements	700,000	700,000	680,611	-	680,611
City Debt Retirement	8,611,094	7,023,979	7,023,979	-	7,023,979
City Street Improvements	6,500,000	6,525,000	6,509,309	-	6,509,309
City Traffic Safety	725,000	725,000	724,999	-	724,999
County Water Extensions	600,000	655,548	655,548	-	655,548
County EMS Station	500,000	514,811	514,811	-	514,811
Hugh Mills Stadium	1,170,000	1,204,434	1,204,434	-	1,204,434
Thronateeska Heritage	500,000	500,000	500,000	-	500,000
Central Square	15,300,000	15,306,177	15,306,178	-	15,306,178
Economic Development	8,013,679	6,463,679	6,444,466	-	6,444,466
County Animal Shelter	700,000	780,000	835,298	-	835,298
City Law Enforcement Center	14,500,000	14,500,000	14,339,208	-	14,339,208
Storm Drainage Improvements	11,000,000	4,187,173	4,075,145	183,165	4,258,310
County Road Improvements	2,000,000	4,800,000	4,587,448	13,562	4,601,010
Public Safety GSP Building	500,000	536,179	536,179	-	536,179
City Fire Station	2,000,000	2,000,000	2,000,422	-	2,000,422
County Fire Equipment	500,000	500,000	529,728	-	529,728
Recreation Improvements	9,130,000	3,285,000	3,287,663	-	3,287,663
Albany First Tee Program	875,000	988,540	988,471	-	988,471
County Debt Retirement	30,000,000	30,000,000	30,131,767	-	30,131,767
Contingency	-	31,544	(31,766)	-	(31,766)
Totals	$ 121,000,000	$ 116,244,217	$ 115,610,732	$ 196,727	$ 115,807,459

(Continued)

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
2005 REFERENDUM					
Government Center Improvements	$ 1,000,000	$ 1,000,000	$ 996,589	$ 1,000	$ 997,589
Judicial Building Improvements	2,000,000	2,185,000	2,166,207	1,890	2,168,097
Mental Health Building Improvements	1,400,000	1,115,000	1,645,252	-	1,645,252
Public Health Building Improvements	700,000	800,000	269,748	-	269,748
DOCO Jail Facility Improvements	3,825,000	3,825,000	3,798,110	-	3,798,110
EMS Headquarter Improvements	2,000,000	2,086,553	2,086,553	-	2,086,553
New Library and Library Improvements	6,000,000	6,400,000	6,540,850	151,153	6,692,003
County Police Building Improvements	140,000	140,000	136,437	-	136,437
County Fire Station Improvements	100,000	100,000	186,000	-	186,000
S.R. 133 Road Widening Project	400,000	-	-	-	-
County Roads, Streets and Bridges	1,186,800	2,294,872	2,064,264	-	2,064,264
County Sewer Extensions	1,000,000	1,150,000	24,470	307,370	331,840
New Public Works Facility	700,000	1,000,000	998,675	-	998,675
Election Equipment	100,000	160,000	132,486	28,840	161,326
Radium Springs Improvements	2,500,000	2,500,000	1,139,391	-	1,139,391
Tennis Court Facility	2,700,000	2,700,000	-	-	-
Gillionville Road Widening	1,800,000	500,000	213,644	-	213,644
Criminal Justice Information System	4,000,000	4,000,000	2,514,982	137,155	2,652,137
I.T. Equipment and Software	2,440,000	2,440,000	1,951,999	230,349	2,182,348
Greenspace Acquisition	535,000	535,000	454,150	42,600	496,750
Mule Barn Presentation	500,000	500,000	76,035	-	76,035
Museum of Art Relocation	3,000,000	9,773	9,773	-	9,773
Flint Rivercenter	1,000,000	1,030,312	1,030,312	-	1,030,312
Albany-Dougherty Payroll Development	3,000,000	3,000,000	597,488	-	597,488
Riverfront Projects	100,000	100,000	100,000	-	100,000
Administrative	300,000	300,000	175,637	-	175,637
City of Albany Projects	65,873,200	63,259,242	63,259,242	-	63,259,242
Totals	$ 108,300,000	$ 103,130,752	$ 92,568,294	$ 900,357	$ 93,468,651

(Continued)

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
2010 REFERENDUM					
Government Center Improvements	$ 535,000	$ 535,000	$ 251,263	$ 9,703	$ 260,966
Judicial Building Improvements	960,000	960,000	542,748	106,160	648,908
Central Square Complex Improvements	860,000	860,000	328,412	14,393	342,805
Mental Health Building Improvements	300,000	300,000	314,944	-	314,944
Public Health Building Improvements	450,000	450,000	204,471	36,390	240,861
DOCO Jail Facility Improvements	2,225,000	2,225,000	1,061,652	93,689	1,155,341
Library Buildings Improvements	5,785,000	5,785,000	5,059,685	11,617	5,071,302
EMS Stations Improvements	1,760,000	1,760,000	748,194	550,132	1,298,326
County Police Building Improvements	1,555,000	1,555,000	1,057,553	160,594	1,218,147
County Fire Stations Improvements	795,000	795,000	767,770	22,095	789,865
County Parks Improvements	810,000	810,000	922,177	62,367	984,544
Storm Drainage Improvements	4,300,000	4,300,000	1,478,796	92,385	1,571,181
County Road Improvements	6,000,000	6,000,000	2,027,045	553,028	2,580,073
Public Works Maintenance Shop Improvements	1,650,000	1,650,000	61,815	1,446,586	1,508,401
Landfill Improvements	1,000,000	1,000,000	-	26,807	26,807
Facilities Warehouse Improvements	240,000	240,000	87,664	957	88,621
Information Technology Equipment	985,000	985,000	-	-	-
Economic Development Improvements	2,350,000	2,350,000	-	-	-
Flint RiverQuarium Improvements	505,000	505,000	301,161	203,840	505,001
Hugh Mills Stadium Improvements	1,175,000	1,175,000	143,792	812,365	956,157
Thronateeska Heritage Center Improvements	640,000	640,000	607,326	24,131	631,457
Greenspace Acquisitions	400,000	400,000	600	3,589	4,189
City of Albany Projects	62,720,000	62,720,000	44,255,441	9,892,564	54,148,005
Totals	$ 98,000,000	$ 98,000,000	$ 60,222,509	$ 14,123,392	$ 74,345,901

AGENCY FUNDS

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

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

Clerk of Courts
Probate Court
Magistrate Court
Juvenile Court

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

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

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

DOUGHERTY COUNTY, GEORGIA

COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS

JUNE 30, 2016

ASSETS	Tax & Tag Department	Clerk of Courts	Probate Court	Magistrate Court	Juvenile Court
Cash	$ 1,555,843	$ 687,626	$ 103,749	$ 62,377	$ 901
Investments	-	-	-	-	-
Taxes receivable	3,486,419	-	-	-	-
Total assets	$ 5,042,262	$ 687,626	$ 103,749	$ 62,377	$ 901
LIABILITIES					
Due to others	$ 1,555,843	$ 687,626	$ 103,749	$ 62,377	$ 901
Uncollected taxes	3,486,419	-	-	-	-
Total liabilities	$ 5,042,262	$ 687,626	$ 103,749	$ 62,377	$ 901

Sheriff	Drug Squad	Escrow	Total
$ 503,988	$ 82,861	$ -	$ 2,997,345
-	-	3,915	3,915
-	-	-	3,486,419
$ 503,988	$ 82,861	$ 3,915	$ 6,487,679
$ 503,988	$ 82,861	$ 3,915	$ 3,001,260
-	-	-	3,486,419
$ 503,988	$ 82,861	$ 3,915	$ 6,487,679

COMPLIANCE SECTION

MAULDIN & JENKINS

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

Board of Commissioners
of Dougherty County, Georgia
Albany, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Dougherty County, Georgia (the "County") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Dougherty County, Georgia's basic financial statements and have issued our report thereon dated December 30, 2016. Our report includes a reference to other auditors who audited the financial statements of the Dougherty County Board of Health, as described in our report on Dougherty County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we considered to be material weaknesses and 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 in the accompanying schedule of findings and responses as 2016-002 and 2016-003 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 deficiency described in the accompanying schedule of findings and responses as 2016-001 to be significant a deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dougherty County, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as 2016-004 and 2016-005.

Dougherty County, Georgia's Responses to Findings

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Macon, Georgia
December 30, 2016

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	X yes ____ no
Significant deficiencies identified not considered to be material weaknesses?	X yes ____ none reported
Noncompliance material to financial statements noted?	X yes ____ no

Federal Awards

There was not an audit of major federal award programs as of June 30, 2016 due to the total amount expended being less than $750,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2016 - 001. Segregation of Duties

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

Condition: For the fiscal year ended June 30, 2016, we noted a lack of proper segregation of duties within several areas of Dougherty County, Georgia's operations, including the Clerk of Court, Probate Court, Sheriff's Office, and County Finance Department. Examples of segregation of duties issues include:

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

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2016 - 001. Segregation of Duties (Continued)

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

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

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

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

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

2016 - 002. Management of Accounts Receivable Accounts

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

Condition: The County did not properly record EMS accounts receivable and related allowance in the General Fund as of June 30, 2016.

Context: See above condition.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2016 - 002. Management of Accounts Receivable Accounts (Continued)

Effect: An adjustment to decrease accounts receivable in the amount of $735,115, decrease allowance for uncollectible accounts receivable in the amount of $835,115, and increase revenue in the amount of $100,000 was required to be recorded in the General Fund.

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

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

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

2016 - 003. Management of Accounts Payable and Accrued Expenses

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

Condition: The County did not properly address the above criteria as of June 30, 2016 as it relates to accounts payable and accrued expenses within the General Fund, Special Tax District Fund, Solid Waste Fund, and Non-Major Funds.

Context: We addressed this matter with County officials and they were able to determine the amount of accounts payable and accrued expenses that should be recorded in these funds as of June 30, 2016.

Effect: An adjustment to increase accounts payable in the amount of $233,503, decrease due to other funds in the amount of $20,336, and increase expenditures in the amount of $213,167 was required to be recorded in the General Fund. Adjustments to decrease accrued expenses in the amount of $7,724 and to decrease expenses in the same amount were required to be recorded in the Solid Waste Fund. An adjustment to increase accrued expenses in the amount of $197,151, increase due to other funds in the amount of $20,336, and increase expenditures in the amount of $217,487 was required to be recorded in the Non-Major Funds.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2016 - 003. Management of Accounts Payable and Accrued Expenses (Continued)

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

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

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

2016 - 004. Undercollateralization of County Deposits

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

Condition: For the year ended June 30, 2016, the County's deposits held at one financial institution were undercollateralized.

Context: See Criteria above.

Effect: County accounts were not adequately collateralized at one financial institution, allowing for the possibility of loss of assets if the financial institution were to become insolvent.

Cause: The financial institution did not appropriately collateralize all County deposits as of June 30, 2016.

Recommendation: We recommend the County periodically review a listing of all accounts opened under the County's federal identification number to determine that all are properly coded as public deposits. Additionally, the County should request from the financial institutions holding County deposits, a monthly pledging report to determine that each financial institution has pledged securities of not less than 110% of the deposited funds as required by Georgia law.

Views of Responsible Officials and Planned Corrective Action: We concur. This collateralization issue will be resolved for FY 2017. We will begin monitoring the pledging of collateral on a regular basis.

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2016 - 005. Special Purpose Local Option Sales Tax Proceeds

Criteria: In accordance with the Official Code of Georgia (OCGA) Section 48-8-121, Special Purpose Local Option Sales Tax proceeds shall be used exclusively for the purpose or purposes specified in the resolution or ordinance calling for imposition of the tax. Such proceeds shall be kept in a separate account from other funds of such County receiving proceeds of the sales and use tax and shall not in any manner be commingled with other funds.

Condition: For the fiscal year ending June 30, 2016, the County did not comply with OCGA Section 48-8-121 by recording an interfund balance due from the General Fund to the 2005 Sales Tax Fund.

Context: See above condition.

Effect: By recording interfund balances due to the 2005 Sales Tax Fund from the General Fund, the County commingled the funds, therefore is not in compliance with state law.

Cause: The County recorded interfund balances due to the 2005 Sales Tax Fund from the General Fund.

Recommendation: The County should transfer the proceeds back to the 2005 Sales Tax Fund.

Views of Responsible Officials and Planned Corrective Action: We concur. We have initiated a plan to pay back the 2005 Sales Tax Fund.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not Applicable.

DOUGHERTY COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

2015 - 001. Segregation of Duties

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

Condition: For the fiscal year ended June 30, 2015, we noted a lack of proper segregation of duties within several areas of Dougherty County, Georgia's operations, including the Clerk of Court, Probate Court, Sheriff's Office, and County Finance Department. Examples of segregation of duties issues include:

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

Auditee Response/Status: Unresolved – See current year finding 2016-001.