



THIGPEN, LANIER, WESTERFIELD & DEAL
CERTIFIED PUBLIC ACCOUNTANTS
201 SOUTH ZETTEROWER AVENUE • POST OFFICE BOX 505
STATESBORO, GEORGIA 30459

BULLOCH COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2006

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THIGPEN, LANIER, WESTERFIELD & DEAL

CERTIFIED PUBLIC ACCOUNTANTS

201 SOUTH ZETTEROWER AVENUE

P.O. BOX 505

STATESBORO, GEORGIA 30459

PHONE (912) 489-8756

FAX (912) 489-1243

MARSHALL R. THIGPEN, CPA
WILLIAM RUSSELL LANIER, CPA
JOSEPH S. WESTERFIELD, CPA
RICHARD N. DEAL, CPA
WILLIAM PERRY ROUNTREE, CPA
KAY S. PROCTOR, CPA

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Bulloch County, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bulloch County, Georgia, as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Bulloch County, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Bulloch County Board of Health and the Development Authority of Bulloch County. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Bulloch County Board of Health and the Development Authority of Bulloch County, is based on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bulloch County, Georgia, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2006 on our consideration of Bulloch County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Audit Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 5 through 19 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bulloch County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and schedule of projects paid with SPLOST proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules and schedule of projects paid with SPLOST proceeds have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Thigpen, Lanier, Westerfield + Deal

December 22, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Bulloch County, Georgia's (the "County") annual financial report, the County's management is pleased to provide this narrative discussion and analysis of the financial activities of the County for the fiscal year ended June 30, 2006. The County's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The County had total net assets (assets exceeded liabilities) of \$67,301,067 at 2006 fiscal year-end. That is \$1,820,044 (or 2.8%) higher than the total net assets of \$65,481,023 at 2005 fiscal year-end. Fiscal year 2005 had seen a \$1,912,779 (or 3.0%) increase in total net assets from the \$63,568,244 in fiscal year 2004. *This is a very positive trend, documenting that the County is investing in the needed infrastructure, buildings, and equipment for a growing County, while simultaneously preserving adequate liquidity to meet normal cash flow requirements and any emergencies.*
- Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, of \$45,885,068 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets. The figure for fiscal year 2005 was \$43,784,975. That is an increase of \$2,100,093 (or 4.8%) for fiscal year 2006. The figure for fiscal year 2004 was \$41,711,113. That was an increase of \$2,073,862 (or 5.0%) for fiscal year 2005. *This is a very positive trend as it indicates that the County is making adequate investments in capital assets, while meeting its operating expenses.*
 - (2) Net assets of \$15,059,779 are restricted by constraints imposed from outside the County such as debt covenants, grantors, laws, or regulations. That is \$600,662 (or 4.1%) more than the fiscal year 2005 amount of \$14,459,117.
 - (3) Unrestricted net assets of \$6,356,220 represent the portion available to maintain the County's continuing obligations to citizens and creditors. This is a \$880,711 (or 12.2%) decrease from the fiscal year 2005 total of \$7,236,931. Unrestricted net assets also decreased in fiscal year 2005. *This trend is negative because the decline of unrestricted net assets gives the County less financial flexibility.*
- The County's governmental funds reported total ending fund balance of \$29,497,411 in fiscal year 2006, compared to \$21,230,166 in fiscal year 2005. This is an increase of \$8,267,245 (or 38.9%). This was primarily due to a higher rate of accumulation in fund balance for the 2002 Special Local Option Sales Tax (SPLOST) Fund, and the establishment of a construction escrow account for the County Jail Expansion project which will be paid from future SPLOST 2007 proceeds. The fiscal year 2005 ending fund balance showed a decrease of \$1,185,642 (or 5.3%). The unreserved fund balance of \$29,254,155 for fiscal year 2006 is an \$8,255,467 (or 39.3%) increase from fiscal year 2005. Unreserved fund balance of \$20,998,688 for fiscal year 2005 was a \$4,406,513 (or 26.5%) increase from the \$16,592,175 in fiscal year 2004.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$5,253,620 (or 22.4%) of total General Fund expenditures and net of other financing sources and uses. That compares to \$6,539,571 (or 28.6%) of total General Fund expenditures, net of other financing sources and uses in fiscal year 2005. Fiscal year 2004's unreserved fund balance for the General Fund was \$8,753,861 (or 38.2%) of total General Fund expenditures and net of other financing sources and uses.

- *Overall, despite an increase in capital assets, the County is showing a declining and more negative operating financial position.* Overall, in Fiscal Year 2006, Bulloch County continued to make significant investment in capital assets and service delivery, while at the same time being under pressure to maintain optimal levels of financial strength and liquidity. However, revenue growth has been restricted to a level consistent with the overall Consumer Price Index, while varying segments of operating and capital expenditures have been subject to escalating rates of inflation tied to commodities such as energy and building materials. This is the result of a structural budget deficit for Bulloch County over the last five years. The above financial highlights are explained in more detail in the “financial analysis” section of this document.

Overview of the Financial Statements

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

Basic Financial Statements

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

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

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

Government-wide Financial Statements

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

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

of the County's discretely presented component units is also included. The county provides partial funding to these units as a part of governmental activities.

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

Fund Financial Statements

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

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

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

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

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

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

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

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

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

Notes to the Basic Financial Statements

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

Supplementary Information

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

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

Financial Analysis of the County as a Whole

Financial Strength

As a part of examining the County's past financial trends, Bulloch County financial staff annually measure key financial ratios used by both the credit industry and the Government Finance Officers Association to determine liquidity and debt capacity. These ratios reflect the period ending June 30, 2006 for governmental activities. Below is a description of the indicators used.

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

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

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

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

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

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

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

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

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

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

Financial Strength Ratios	2006 Governmental Activities	2005 Governmental Activities	Standard	2006 Adherence to Standard
Current Ratio	8.8	10.1	2.0 or >	Positive
Total Debt to Equity Ratio	0.255	.328	1.0 or <	Positive
Working Capital	\$58,838,338	\$57,038,877	NA	Positive
Current Liabilities Ratio	0.101	0.067	0.05 or <	Negative
Operating Position	0.234	0.296	0.25 or >	Negative
Ratio of General Debt Outstanding	0.0%	0.0%	0.0%	Positive
Debt Limit Ratio	0.0%	0.0%	0.0%	NA
Legal Debt Margin	100.0%	100.0%	100.0%	Positive
Net Overlapping Debt	\$15,450,000 (2)	\$15,450,000 (2)	NA	NA
Net Direct Long-Term Debt Per Capita	\$0.00	\$0.00	NA	NA

(1) NA - Not applicable.

(2) Bulloch County Board of Education - 100%.

Upon examining Bulloch County financial ratios against developed standards, it's noted that with exception to current liabilities and operating position, the other ratios indicate favorable or positive financial strength. *It should be noted that the negative declining trend in Bulloch County's current liabilities indicates a greater reliance on short term debt to fund current operations, and the negative declining trend in operating position has been in place for at least the last six fiscal years and indicates a structural budget deficit. It should be noted further that with the exception of working capital, all ratios are showing declines*

Summary of Net Assets

As noted earlier, Bulloch County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The County implemented the new financial reporting model used in this report beginning with fiscal year 2004. As year-to-year financial information is accumulated on a consistent basis, changes in net assets will be observed and used to discuss the changing financial position of the County as a whole. The County had total net assets (assets exceeded liabilities) of \$67,301,067 at 2006 fiscal year-end compared to the fiscal year 2005 figure of \$65,481,023. The following table provides a summary of the County's net assets:

Summary of Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>Percentage of Total</u>	
	2006	2005	2006	2005	2006	2005	2006	2005
Assets								
Current Assets	33,080,400	23,347,926	619,491	351,306	33,699,891	23,699,232	39.4%	32.7%
Capital Assets	43,960,829	40,657,931	7,876,327	8,090,830	51,837,156	48,748,761	60.6%	67.3%
Total Assets	77,041,229	64,005,857	8,495,818	8,442,136	85,537,047	72,447,993	100.0%	100.0%
Liabilities								
Current Liabilities	3,759,596	2,307,648	33,809	-	3,793,405	2,307,648	20.8%	33.1%
Long-Term Liabilities	14,443,295	4,659,322	-	-	14,443,295	4,659,322	79.2%	66.9%
Total Liabilities	18,202,891	6,966,970	33,809	-	18,235,980	6,966,970	100.0%	100.0%
Net Assets								
Invested in Capital Assets, Net of Debt	38,008,741	35,694,145	7,876,327	8,090,830	45,885,068	43,784,975	68.2%	66.9%
Restricted – Capital Projects	13,560,181	13,261,411	-	-	13,560,181	13,261,411	20.2%	20.2%
Restricted – Other Purposes	1,499,598	1,197,706	-	-	1,499,598	1,197,706	2.2%	1.8%
Unrestricted	5,769,818	6,885,625	586,402	351,306	6,356,220	7,236,931	9.4%	11.1%
Total Net Assets	58,838,338	57,038,887	8,462,729	8,442,136	67,301,067	65,481,023	100.0%	100.0%

The County reported positive balances in net assets for both governmental and business-type activities. Net assets for fiscal year 2006 increased by \$1,799,451 for governmental activities, and by \$20,593 for business-type activities. Net assets for fiscal year 2005 decreased by \$6,391,019 for governmental activities and increased by \$8,303,798 for business type activities.

Note that in fiscal year 2006 and in fiscal year 2005, respectively 64.5% and 62.6% of the governmental activities' net assets were tied up in capital assets. This documents that the County continues to invest adequately in the capital assets needed to provide services, while meeting its ongoing operating expenses. On the business type activities, the County has spent 93.1% in fiscal year 2006, and 95.8% in fiscal year 2005 of its net assets on capital. This is not unusual, as the County's business type activities are unique and very capital intensive operations. Expansion of these systems is necessary for the continued growth of these enterprises and their added value to the local economy. 68.2% in fiscal year 2006, and 66.9% in fiscal year 2005 of the County's total net assets were included in capital assets.

Summary of Changes in Net Assets

	2006				2005			
	Governmental Activities	Business Activities	Total	Percentage of Total	Governmental Activities	Business Activities	Total	Percentage of Total
Program Revenues								
Fees, Fines, Charges for Services	9,389,379	1,267,948	10,657,327	27.7%	9,211,104	1,066,826	10,277,930	28.6%
Operating Grants and Contributions	2,403,237	-	2,403,237	6.2%	2,373,639	-	2,373,639	6.6%
Capital Grants and Contributions	833,540	-	833,540	2.2%	564,951	-	564,951	1.6%
General Revenues								
Taxes	23,189,284	-	23,189,284	60.1%	21,365,324	-	21,365,324	59.4%
Other	1,455,527	14,915	1,470,442	3.8%	1,376,464	-	1,376,464	3.8%
Total Revenues	37,270,967	1,282,863	38,553,830	100.0%	34,891,482	1,066,826	35,958,298	100.0%
Program Expenses								
General Government	3,044,111	-	3,044,111	8.6%	3,384,257	-	3,384,257	10.2%
Judicial	2,317,738	-	2,317,738	6.5%	2,318,489	-	2,318,489	7.0%
Public Safety	13,328,746	-	13,328,746	37.7%	11,394,271	-	11,394,271	34.4%
Roads	3,440,966	-	3,440,966	9.7%	2,849,631	-	2,849,631	8.6%
Sanitation	1,887,713	-	1,887,713	5.3%	2,542,215	-	2,542,215	7.7%
Health and Welfare	352,219	-	352,219	1.0%	377,619	-	377,619	1.2%
Libraries and Recreation	3,885,998	-	3,885,998	11.0%	3,687,062	-	3,687,062	11.1%
Airport	597,260	-	597,260	1.7%	443,150	-	443,150	1.3%
Housing and Development	1,093,366	-	1,093,366	3.1%	2,579,154	-	2,579,154	7.8%
Intergovernmental	3,980,348	-	3,980,348	11.2%	2,135,685	-	2,135,685	6.4%
Interest	194,496	-	194,496	0.6%	270,334	-	270,334	0.8%
Aquatic Center	-	1,120,527	1,120,527	3.2%	-	1,008,116	1,008,116	3.0%
Agribusiness Center	-	148,500	148,500	0.4%	-	144,986	144,986	0.4%
Other	-	-	-	-	27,684	-	27,684	0.1%
Total Expenses	34,122,961	1,269,027	35,391,988	100.0%	32,009,551	1,153,102	33,162,653	100.0%
Excess (Deficiency)	3,148,006	13,836	3,161,842		2,881,931	(86,276)	2,795,655	
Transfers	(29,343)	29,343	-		(218,899)	218,899	-	
Change in Net Assets	3,118,663	43,179	3,161,842		2,663,032	132,623	2,795,655	
Prior Period Adjustment	(1,319,212)	(22,586)	(1,341,798)		(9,054,051)	8,171,175	(882,876)	
Beginning Net Assets	57,038,887	8,442,136	65,481,023		63,429,906	138,338	63,568,244	
Ending Net Assets	58,838,338	8,462,729	67,301,067		57,038,887	8,442,136	65,481,023	

Governmental Activities: Revenues

Bulloch County is one of only eight counties out of 159 in Georgia that do not receive any of the 1% Local Option Sales Tax (LOST). A local Constitutional Amendment was passed by the Georgia General Assembly in the 1981 Session (Georgia Laws, 1981, p. 1931) which called for a referendum on the question of whether or not the local option sales tax should go to the Bulloch County Board of Education, with a dollar for dollar reduction in the school property tax. The referendum passed on November 2, 1982. Since that time, this money has gone to the Board of Education. Since most Georgia counties and cities negotiate a formula to distribute LOST proceeds among themselves, the absence of this availability puts Bulloch County's basic units of local government at a distinct disadvantage relative to almost all the other cities and counties in the state. Ultimately, it means that we have to rely more heavily on the local property tax and user fees than these other cities and counties. For example, if the county and municipal governments had split this approximately \$9,000,000 in local option sales taxes in fiscal year 2006, Bulloch County could have potentially realized \$4,500,000 in additional revenue.

However, Bulloch County and its municipalities do share the proceeds of a 1% Special Purpose Local Option Sales Tax (SPLOST), which has passed referendums in both 1997 and 2002 for five-year terms. At first glance it appears that the County is heavily reliant on sales taxes to support governmental operations. In fiscal year 2005, sales taxes of \$8,587,081 out of \$34,588,301 in total governmental funds revenues, or 24.8%, were received from the 2002 SPLOST. However, all of that money was spent on capital outlay, not operating costs, as the SPLOST funds are earmarked by state law specifically for capital outlay only. Similarly, in fiscal year 2006, \$9,714,763 in sales taxes represented 26.1% of the \$37,270,122 in governmental funds revenues.

Because of its healthy financial position, comparative to many other counties, Bulloch County has been able to earn \$865,833 in fiscal year 2006, and \$438,472 in fiscal year 2005, in interest to support governmental activities. Also, note that program revenues covered 37.0% in fiscal year 2006, and 38.0% in fiscal year 2005 of governmental operating expenses. This means that the government's taxpayers and the County's other general revenues funded the remaining 63.0% in fiscal year 2006, and 62.0% in fiscal year 2005 of the governmental activities.

Property taxes are an important source of revenue to Bulloch County's General Fund. In fiscal year 2006, property tax revenues were \$11,197,343 (or 50.5% of total revenues), in fiscal year 2005, \$10,758,097 (or 49.6% of total revenues), and in fiscal year 2004, \$10,848,014 (or 47.4% of total revenues). This further illustrates the County's high dependence on property tax sources noted above.

Governmental Activities: Functional Expenses

Public safety is the county's largest functional cost, comprising 39.1% of the County's total governmental activity expenses and 37.7% of total County expenses. In fiscal year 2005, those figures were 35.6% and 34.4% respectively. In fiscal year 2006, general government totals 8.9% of the total governmental activity expense, and 8.6% of the total County expenses. In fiscal year 2005, general government totaled 10.6% of the total governmental activity expenses, and 10.2% of the total County expenses indicating the County's commitment to minimize the cost of administrative support services in favor of providing direct services to its citizens.

The following table presents the cost of each of the County's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the County's taxpayers by each of these functions.

	Governmental Activities			
	2006		2005	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General Government	3,044,111	(991,633)	3,384,257	(1,410,525)
Judicial	2,317,738	(1,658,867)	2,318,489	(1,770,393)
Public Safety	13,328,746	(8,156,887)	11,394,271	(5,675,895)
Roads	3,440,966	(2,689,325)	2,849,631	(2,347,699)
Sanitation	1,887,713	(1,238,340)	2,542,215	(1,929,897)
Health and Welfare	352,219	(352,219)	377,619	(366,088)
Libraries and Recreation	3,885,998	(2,359,677)	3,687,062	(2,534,668)
Airport	597,260	21,575	443,150	18,192
Housing and Development	1,093,366	(572,265)	2,579,154	(2,057,946)
Intergovernmental	3,980,348	(3,304,671)	2,135,685	(1,486,920)
Interest	194,496	(194,496)	270,334	(270,334)
Other	-	-	27,684	(27,684)
Total	34,122,961	(21,496,805)	32,009,551	(19,859,857)

For fiscal year 2006, all functions except the Airport, required a subsidy from general revenues comprising 63.0% of all expenses. For fiscal year 2005, all functions except the Airport, required a subsidy from general revenues comprising 62.0% of all expenses.

Business-Type Activities: Revenues vs. Expenses

For fiscal year 2006, the aggregate operating revenues for the county enterprise funds were 18.9% above 2005 and operating expenses were 10.1% above fiscal year 2005. Within the total business type activities of the County, these activities reported aggregate operating losses of \$1,079, compared to operating losses of \$86,276 in fiscal year 2005. However, after transfers in and out between other funds, these funds reported a combined profit of \$43,179 in fiscal year 2006 compared to \$132,623 in fiscal year 2005.

Business-Type Activities: Operating Income (Loss)				
	2006		2005	
	Amount	Percent Change	Amount	Percent Change
Aquatic Center Fund	\$69,232	263.8%	(\$42,254)	(58.7%)*
Agribusiness Center Fund	(\$70,311)	(59.7%)	(\$44,022)	(120.7%)*

* This percentage factored depreciation which was not charged as an operating expense in FY 2004.

Operating income before transfers for the Aquatic Center Fund (Splash in the 'Boro) increased significantly in fiscal year 2006 with operating revenues increasing 23.2%, while operating expenses increased only 11.2%, resulting in a 263.8% increase in annual operating income. The Aquatic Center realized a significant increase in attendance at the beginning of the 2006 summer season which significantly bolstered increased revenue. Meanwhile, the additional operational experience allowed the operating staff to better achieve efficiencies and scale economies on the expenditure side.

The operating income for the Agribusiness Center Fund decreased significantly in fiscal year 2006 as operating revenues declined 22.6%, while operating expenses before depreciation increased by 3.6%, resulting in a 59.7% increase in its annual operating loss. The current operations consist of rental income to help support the 30,000 square foot office complex which houses several agribusiness related governmental entities. The rental is largely subsidized to the extent that direct operating expenses are covered, and depreciation is not factored into rental prices. Because of budgetary constraints, in fiscal year 2006, the County did not subsidize (as it did previously) rental payments to the Agribusiness Fund from the functional operating budget of the County Extension Service which occupied a portion of the facility in the amount of \$28,000 per annum, thus resulting in the aggregate difference in the Agribusiness' Center operating income from fiscal year 2005. However, as the future development of the Phase II mixed-use arena proceeds, it is expected that within three years a new stream of revenue will be established which will aid in improving fund solvency.

The County also began transferring resources from the business-type activities beginning in fiscal year 2006. \$65,181 was transferred out of the Aquatic Center Fund and \$4,985 was transferred out of the Agribusiness Center Fund to the general fund. The County transfers resources between its business-type funds and its governmental funds for the following reasons:

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

- Periodically, capital improvements or investments must be made to enhance the use by the customers and occupants of these facilities. Where appropriated, the Board of Commissioners makes available budgeted resources for transfers into these enterprise funds from the Special Purpose Local Option Sales Tax for these enhancements. This relieves subsidies from property tax payers who commit resources through the General Fund. Because at least one-third of all sales taxes are generated from consumers living outside of Bulloch County, these consumers in fact provide additional tax relief for county taxpayers who may otherwise have to commit local dollars toward the improvement of these facilities.
- Since the County's taxpayers are in fact the investors who started and financed these operations, they are being rewarded with a comparable return on equity in the form of lower property taxes. This return can be made while still maintaining fee or user charges that are at or below the market prices offered by comparable private companies.
- Hosting a sizable regional university and numerous other governmental and non-profit entities results in a considerable amount of property not being subject to property taxation. However, services such as emergency services, courts, road improvements and repair, and sanitation must be provided and expanded as needed, and must be funded from general revenues. Transfers between the enterprise funds and the General Fund help offset this burden, while sharing it more equitably among all citizens and institutions.

Financial Analysis of the County's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$29,497,411 in fiscal year 2006, compared to \$21,230,166 in fiscal year 2005, and \$21,735,544 in fiscal year 2004. Of these year-end totals, \$29,254,155 in fiscal year 2006, \$20,998,688 in fiscal year 2005, and \$21,473,127 in fiscal year 2004 was unreserved indicating availability for continuing County service requirements.

The total ending fund balances of governmental funds show an increase in fiscal year 2006 of \$8,267,245 (or 38.9%) compared to an decrease in fiscal year 2005 of \$1,185,642 (or 5.3%).

Total taxes in governmental funds were \$1,757,274, or 8.2% higher than in fiscal year 2005. The major change was due to a significant increase in SPLOST revenue collections (13.1% increase; \$1.13 million). Charges for services showed strength by increasing in fiscal year 2006 to \$6,473,221 from \$6,142,920 (or 5.4%). However this was offset largely by a decline in fees, fines and forfeitures which decreased in fiscal year 2006 to \$1,976,793 from \$2,212,462 in fiscal year 2005 (or 10.7%).

The governmental funds' expenditures increased by \$3,898,408, or 10.8%, in fiscal year 2006, compared to a decrease of \$6,017,991, or 14.3%, in fiscal year 2005. The fiscal year 2006 increase was due primarily to a greater investment in capital outlays than in fiscal year 2005. The fiscal year 2006 increase related primarily to increases in Public Safety and Roads, both for operating expenses and capital outlays; while Sanitation capital outlays also spiked. The increases in these areas also reflected budget expenditure priorities of the Board of Commissioners for the fiscal year 2006.

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

Major Governmental Funds

The General Fund is the County's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance decreased by \$1,274,173 in fiscal year 2006 and by \$1,982,312 in fiscal year 2005. Again, this is due to a long-term structural budget deficit where operating revenues and transfers in have been insufficient in keeping up with operating expenses and transfers out.

The Proprietary Funds

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

Internal Service Fund

Operating income increased dramatically for the Employee Insurance Internal Service Fund. At the close of fiscal year 2005, \$680,282 in proceeds due to the General Fund was written off as uncollectible, although during the last three fiscal years \$423,126 in operating income and \$457,825 in cash and cash equivalents have accrued. *Upon approving the management recommendation to write-off the debt to the General Fund, it was felt that the accrual of cash flow was necessary to handle unforeseen large claims, to minimize potential cost burdens for premiums to participating employees, and to minimize potential future transfers from the General Fund.*

Agency Funds

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

Budgetary Highlights

The General Fund – The revenue side of the budget was amended upward by \$1,172,381 (or 5.5%) primarily to reflect better collections of insurance premium taxes and charges for services. Overall, the County recognized revenues equal to 99.3% of budgeted revenues in the final appropriated budget. The total expenditure budget was increased through a budget amendment by \$1,320,028 (or 7.0%). Overall, the County recognized expenditures equal to \$653,070, or only 3.2% above budgeted expenditures in the final appropriated budget.

On the revenue side of the budget, investment earnings recognized were considerably higher than the budgeted amount. The rates of investment returns were higher than budgeted as the Federal Reserve Board continued to increase the federal funds rate throughout the year. The County has benefited from these increases and more aggressive treasury management.

On the expenditure side, the most significant variances were in the Public Safety function, particularly in the Sheriff's Department and the Jail; and in Housing and Development, particularly code enforcement, planning and zoning and economic development. The primary driver in the Public Safety variance resulted from a requirement from the county judiciary to add a court security personnel detail and resources to the Sheriff's Department as well as the lease purchase of vehicles, while Jail costs have continued to escalate as a result of inmate medical care and the housing of prisoners outside of the County. The primary driver in the Housing and Development function was a) the lease-purchase of machinery and equipment for code enforcement and planning and zoning and, b) economic development was simply overspent.

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2006 was \$43,960,829 and \$7,876,327 respectively, for a total of \$51,837,156. That compares to fiscal year 2005 numbers of \$39,316,233 and \$8,090,830 respectively, for a total of \$47,406,963.

The fiscal year 2006 totals in this net investment were an 11.8% increase for governmental and a 2.7% decrease for business-type activities. The overall increase was 9.3% for the County as a whole. The increase in the governmental activities investment is explained below. *See Note 6* for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	Capital Assets					
	Governmental Activities		Business Activities		Total	
	2006	2005	2006	2005	2006	2005
Non-depreciable Assets						
Land	1,745,413	1,745,413	329,177	329,177	2,074,590	2,074,590
Construction in Progress	2,072,981	1,591,580	-	-	2,072,981	1,591,580
Total Non-Depreciable	3,818,394	3,336,993	329,177	329,177	4,147,571	3,666,170
Depreciable Assets						
Buildings	23,862,555	22,262,777	6,643,973	6,643,973	30,506,528	28,906,750
Improvements Other Than Buildings	7,136,644	6,926,919	1,179,703	1,142,200	8,316,347	8,069,119
Machinery and Equipment	16,610,208	14,906,872	430,572	363,019	17,040,780	15,269,891
Infrastructure	12,828,476	9,637,735			12,828,476	9,637,735
Total Depreciable Assets	60,437,883	53,734,303	8,254,248	8,149,192	68,692,131	61,883,495
Less Accumulated Depreciation	20,295,448	17,755,163	707,098	387,539	21,002,546	18,142,702
Book Value: Depreciable Assets	40,142,435	35,979,140	7,547,150	7,761,653	47,689,585	43,740,793
Percentage Depreciated	33.6%	33.0%	8.6%	4.8%	30.6%	29.3%
Total Book Value	43,960,829	39,316,133	7,876,327	8,090,830	51,837,156	47,406,963

The County began reporting its governmental infrastructure constructed each year in fiscal year 2003. The major increase in infrastructure between fiscal year 2006 and fiscal year 2005 is the addition of several miles of newly-constructed roads.

New building facilities consisting of the Georgia State Patrol and a new Public Works Annex were essentially completed. The major increase for construction in progress continues to be road and bridge improvements county-wide and the planned expansion of the County Jail-Detention Center.

In the County's business type activities, 8.6% of the asset values were depreciated at June 30, 2006, compared to 4.8% for fiscal year 2005. In fiscal year 2006 the "improvements other than buildings" and "machinery and equipment" account categories increased primarily due to the County's minor facility improvements at the Splash in the 'Boro Aquatic Center such as a picnic pavilion, additional kitchen equipment and miscellaneous furniture and fixtures that serve to embellish the customer experience.

At June 30, 2006, the depreciable capital assets for governmental activities were 33.6% depreciated. This percentage is more than the fiscal year 2005 amount of 33.0%. *This trend indicates, that overall, the County is replacing capital assets at a rate that is below depreciation expense. However, it should be noted that the County has been aggressively replacing and improving machinery, equipment and infrastructure at an accelerated pace.*

Long-term Debt

All of the County’s long-term outstanding debt and notes payable rests exclusively within its governmental activities, primarily in the General Fund and 2002 Special Purpose Local Option Sales Tax Fund. The County’s business-type activities comprised of enterprise funds reported no outstanding long-term debt or notes payable either in fiscal year 2006 or 2005.

The governmental activities reported capital leases of \$14,363,602, which increased significantly over the 2005 level due largely to the establishment of the construction escrow account that will paid for from future SPLOST 2007 proceeds for the County Jail-Detention Center expansion project. The notes payable for the water and sewer for Phase I of Gateway Regional Industrial Park were reduced by \$38,818, or 5.6% to \$653,870. Compensated absences increased by \$18,152 or 5.1% in fiscal year 2006 to \$372,169.

	Long-Term Debt Obligations	
	Governmental Activities	
	2006	2005
Capital Leases	14,363,602	4,271,798
Notes Payable	653,870	691,988
Compensated Absences	372,169	354,017
Total	15,389,641	5,317,803

After backing out the \$9,325,000 for the capital lease for the jail expansion financing, the fiscal year 2006 long-term debt total for the county would have been \$6,064,641 or an increase of \$747,838 (or 14.1%) over 2005. Most of the remaining increase consisted of costs related to an equipment master lease arrangement with SunTrust Leasing Corporation, and a heavy equipment lease with Catepillar Financial Group.

With the exception noted in overlapping debt for the Bulloch County Board of Education, Bulloch County has no existing general obligation debt. For both governmental and business type-activities, *Bulloch County has \$15,017,472 of outstanding long-term debt in the form of capital leases and notes payable, less compensated absences.* Since 1994, the county has entered into various capital lease agreements for equipment. As they exist, they are expected to be paid off by 2013. There is one note payable to the Georgia Environmental Facilities Authority with an outstanding principal amount of \$653,870 with maturity occurring in 2016. This note was for the construction of a water tank and water line extensions at Gateway Industrial Park whereby the County pays the City of Statesboro for two-thirds of the payment.

In sum, the greater reliance on capital leasing for machinery and equipment is the result of the abandonment of a prior practice whereby operating departments previously escrowed machinery and equipment replacement needs through a General Fund sub-account, and further symptomatic of the structural budget deficit previously described which restricts available cash flow for “pay-as-you-go” expensing.

Economic Conditions Affecting the County

The 2006 fiscal year saw Bulloch County’s local economy rebounding in the midst of a continuing recovery compared to the relatively anemic performances from the past few years. From a long-term perspective, the national and state economies may be significantly affected by many factors, including a growing national debt and trade deficit, rising interest rates and health care costs, inflation, increased

demands on Social Security as baby-boomers near retirement, a potential downturn of the housing market, threat/acts of terrorism and geopolitical instability in the Middle East.

Guarded optimism best describes Bulloch County's current economic outlook. In the first half of Fiscal Year 2007, the County should realize improved economic growth compared to last year from essential components such as steady job growth and increased multi-unit residential commercial construction activity. Though beginning too cool, Bulloch County continues to show increasing residential growth and commercial development including multiple new residential subdivisions and growing commercial corridors near Statesboro including Highway 80 West, Highway 67 South, and the area adjacent to East Georgia Regional Hospital between Veteran's Memorial Highway and Fair Road (aka the Market District). The downtown areas of Statesboro and Brooklet continue to thrive and expand with the help of directed efforts toward improvements and beautification. Georgia Southern University continues its steady planned enrollment and campus expansion and has added an economic catalyst to the community with its investment in its new School of Information Technology. Bulloch County also continued its commitment to nurture existing industry and businesses that complement its existing business mix, while also planning for new strategies for developing economic incentives for businesses. Both Briggs and Stratton and Viracom have expanded their manufacturing operations in Bulloch County. The Wal-Mart Distribution Center remains the most active high-volume warehousing center of its kind within the corporation. The three-year old county-operated Splash in the 'Boro Aquatic Center had outstanding opening of its first three seasons drawing over 60 percent of its nearly 100,000 annual customers from outside Bulloch County. Finally, being on the boundary of the Savannah metropolitan area offers advantages to Bulloch County from a regional perspective. The Savannah MSA is poised to be among the state's fastest growing regions in 2006 and 2007, especially in the economic sectors related to job growth, tourism, retail, real estate and finance, information services and the expanding activity of the Port of Savannah which will spur the construction of additional warehouse space for processing for import-export distribution.

In order for Bulloch County to retain its excellent quality of life advantages, the community will have to address many critical issues on its horizon. These issues include the likelihood of gradual shifting within the County's economic base as windfall tax revenues from industrial growth during the last decade is offset from increasing growth in the retail, services and construction sectors. Another challenge is to continue industrial growth because of intense competition by other communities in the region for new economic development projects.

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

- Population growth remains at a steady annual growth level of 2.0%. Bulloch County population in April 2005 is estimated at 61,454. The 2000 Census enumerated a county population of 55,983.
- The Consumer Price Index for the Urban South Consumers increased from 5.2% to 7.8% between June 30, 2005 and June 30, 2006, largely as the result of higher prices for energy and construction activities.
- The unemployment rate for Bulloch County in calendar year 2005 was 4.3% which is below the State average unemployment rate of 5.3%, and has decreased from the prior year rate of 4.4%.
- The county's employed workforce increased from 27,657 to 29,125 from 2004 to 2005, a 5.3% increase.
- The ad valorem tax rate for Fiscal Year 2006 was set at 8.627 mills, which was a reduction from 8.63 mills in Fiscal Year 2005.
- Per capita income for Bulloch County has increased from \$19,674 in 2003 to \$19,981 in 2004, or 1.6%, thus growing below the rate of the Urban-South Consumer Price Index, signaling that there is less purchasing power for county citizens.
- County business activity is mixed. Sales taxes rebounded 3.7% during 2005 after a 7.0% decline in 2004. However, building permits levels and the construction of mid-to-upper level income housing are now declining upon doubling over a four-year period from 2000-2004. The total number of new housing units approved declined slightly county wide in 2005 from 566 new units permitted to 543.

Despite mixed results, Bulloch County has a growing population and economy influenced by a strong industrial base, a growing regional public university, a regional medical center and increasing medical specialties, a regional retail base and potential spin-off growth from the greater Savannah area. The manufacturing and wholesale sectors show promise for growth. In addition, the water and sewer lines are being installed in the Gateway Industrial Park, Phase II. This will give the County Development Authority over 300 acres of marketable land for industrial expansion. The health care segment shows no sign of weakness, and new physicians continue to move to the area. Our projection going forward is that the statewide economy will continue to moderate, but virtually all segments of the local and regional economy, with the possible exception of single-family housing, will strengthen in fiscal year 2007.

Summary

In summary, at the close of June 30, 2006, Bulloch County government currently has adequate and favorable financial strength, liquidity, a strong capital asset base and minimal debt. However, its operating position, particularly in the key General Fund, has declined dramatically over the last five fiscal years where fund balance has declined from \$9.7 million at the close of fiscal year 2001, to \$5.4 million at the close of fiscal year 2006 (or 44%). This is due again to a convergence of factors that has resulted in an annual structural budget deficit where recurring revenues are not sufficient to meet recurring expenditures. This condition exists despite the appearance of growth in the county's population and economy. If this trend continues without correction, Bulloch County's fund balance could be exhausted by fiscal year 2010, thus severely affecting its operational capabilities.

In fiscal years 2005 and 2006, the County attempted to restrict expenditure growth by reducing employee wage increases and deferring or eliminating certain operating and capital expenditures. To leverage cash flow, the County instituted limited purchases of needed machinery and equipment through capital or operating leases. Several County departments also raised fees and users charges where discretion prevailed, to cover the full cost of providing the service. Furthermore, the County has consolidated and centralized administrative functions such as human resources and purchasing, and has audited operations for better efficiencies. However, the increasing demand for services by local citizens, unfunded mandates from higher levels of government for additional services, and extraordinary inflation in gasoline and construction prices have offset these austerity measures. Due to the aforementioned reliance of the property tax rate as its largest manipulative revenue source, in Fiscal Year 2008, Bulloch County will strongly have to consider a property tax increase or determine what services can be eliminated to correct the structural deficit.

The County will be looking at four key implementation items in fiscal years 2007 and 2008 to improve both general efficiency and financial reporting. They are: 1) issue a request for proposal to consolidate banking service to a single institution in order to improve treasury management; 2) initiate an electronic timekeeping system to improve the accuracy and operation of payroll services; 3) utilize the aforementioned initiative to progress toward true fund accounting and a full fledged modified accrual accounting system; and, 4) continue carrying out the consolidated purchasing function which includes the task of entering encumbrances electronically into the accounting system, thus, giving more accurate financial reporting.

Contacting the County's Financial Management

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

Thomas M. Couch
County Manager
115 North Main Street
Statesboro, Georgia, 30459
(912) 764-6245

BULLOCH COUNTY, GEORGIA
STATEMENT OF NET ASSETS
JUNE 30, 2006

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Bulloch County Board of Health	Development Authority of Bulloch County
ASSETS					
Current Assets:					
Cash	\$ 30,929,344	\$ 589,614	\$ 31,518,958	\$ 1,293,837	\$ 503,243
Receivables:					
Taxes	497,350	-	497,350	-	-
Intergovernmental	1,036,138	-	1,036,138	209,794	-
Internal balances	(29,477)	29,477	-	-	-
Other	201,033	400	201,433	-	644
Due from component unit	146,572	-	146,572	-	-
Prepaid items	243,256	-	243,256	-	-
Inventories	56,184	-	56,184	-	-
Capital Assets:					
Nondepreciable capital assets	3,818,394	329,177	4,147,571	-	4,988,100
Depreciable capital assets, net	40,142,435	7,547,150	47,689,585	140,175	4,061,902
Total Assets	77,041,229	8,495,818	85,537,047	1,643,806	9,553,889
LIABILITIES					
Current Liabilities:					
Accounts payable	2,145,809	-	2,145,809	-	8,662
Accrued expenses	455,439	33,089	488,528	-	7,145
Due to primary government	-	-	-	-	146,572
Due to other governments	-	-	-	198,307	-
Claims payable	180,146	-	180,146	-	-
Other liabilities	31,856	-	31,856	-	-
Compensated absences payable	74,434	-	74,434	80,736	-
Capital leases payable	818,772	-	818,772	-	-
Notes payable	53,140	-	53,140	-	928,006
Long-Term Liabilities:					
Compensated absences payable (net of current portion)	297,735	-	297,735	-	-
Capital leases payable (net of current portion)	13,544,830	-	13,544,830	-	-
Notes payable (net of current portion)	600,730	-	600,730	-	-
Total Liabilities	18,202,891	33,089	18,235,980	279,043	1,090,385
NET ASSETS					
Invested in capital assets, net of related debt	38,008,741	7,876,327	45,885,068	140,175	8,121,996
Restricted for:					
Capital projects	13,560,181	-	13,560,181	-	-
Other purposes	1,499,598	-	1,499,598	520,814	-
Unrestricted	5,769,818	586,402	6,356,220	703,774	341,508
Total Net Assets	\$ 58,838,338	\$ 8,462,729	\$ 67,301,067	\$ 1,364,763	\$ 8,463,504

See accompanying notes to the basic financial statements.

BULLOCH COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

Program/Function	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
					Governmental Activities	Business-type Activities	Bulloch County Board of Health	Development Authority of Bulloch County
						Total		
Primary Government								
Governmental Activities								
General government	\$ 3,044,111	\$ 717,838	\$ 1,278,794	\$ 55,846	\$ (991,633)	-	\$ (991,633)	
Judicial	2,317,738	553,603	105,268	-	(1,658,867)	-	(1,658,867)	
Public safety	13,328,746	5,130,838	27,236	13,785	(8,156,887)	-	(8,156,887)	
Roads	3,440,966	174,789	-	576,852	(2,689,325)	-	(2,689,325)	
Sanitation	1,887,713	420,197	229,176	-	(1,238,340)	-	(1,238,340)	
Health and welfare	352,219	-	-	-	(352,219)	-	(352,219)	
Libraries and recreation	3,885,998	1,445,689	-	80,632	(2,359,677)	-	(2,359,677)	
Airport	597,260	512,410	-	106,425	21,575	-	21,575	
Housing and development	1,093,366	434,015	87,086	-	(572,265)	-	(572,265)	
Intergovernmental	3,980,348	-	675,677	-	(3,304,671)	-	(3,304,671)	
Interest	194,496	-	-	-	(194,496)	-	(194,496)	
Total governmental activities	34,122,961	9,389,379	2,403,237	833,540	(21,496,805)	-	(21,496,805)	
Business-type Activities								
Aquatic Center	1,120,527	1,189,759	-	-	-	\$ 69,232	69,232	
Agribusiness Center	148,500	78,189	-	-	-	(70,311)	(70,311)	
Total business-type activities	1,269,027	1,267,948	-	-	-	(1,079)	(1,079)	
Total - Primary Government	\$ 35,391,988	\$ 10,657,327	\$ 2,403,237	\$ 833,540	(21,496,805)	(1,079)	(21,497,884)	
Component Units:								
Bulloch County Board of Health	\$ 1,903,480	\$ 520,813	\$ 1,507,494	-			\$ 124,827	-
Development Authority of Bulloch County	476,232	1,215,752	196,267	-			-	\$ 935,787
Total Component Units	\$ 2,379,712	\$ 1,736,565	\$ 1,703,761	-			124,827	935,787
		General Revenues						
		Property taxes			11,142,103	-	11,142,103	-
		Sales taxes			9,714,763	-	9,714,763	-
		Insurance premium tax			1,383,602	-	1,383,602	-
		Other taxes			948,816	-	948,816	-
		Gain on sale of capital assets			56,085	-	56,085	-
		Interest earned			865,833	14,915	880,748	12,546
		Miscellaneous			533,609	-	533,609	59,088
		Total General Revenues			24,644,811	14,915	24,659,726	71,634
		Transfers			(29,343)	29,343	-	-
		Total General Revenues and Transfers			24,615,468	44,258	24,659,726	71,634
		Change in Net Assets			3,118,663	43,179	3,161,842	1,007,421
		Net Assets Beginning of Year			57,038,887	8,442,136	65,481,023	1,239,936
		Prior period adjustments			(1,319,212)	(22,586)	(1,341,798)	-
		Net Assets End of Year			\$ 58,838,338	\$ 8,462,729	\$ 67,301,067	\$ 1,364,763

See accompanying notes to the basic financial statements.

BULLOCH COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	General	LOST	SPLOST	SPLOST 02	SPLOST 07	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash	\$ 5,424,149	\$ 697,004	\$ 703,018	\$12,572,927	\$ 9,293,248	\$ 1,781,173	\$30,471,519
Receivables:							
Taxes	497,350	-	-	-	-	-	497,350
Intergovernmental	128,854	-	-	907,284	-	-	1,036,138
Other	9,649	-	-	-	-	103,438	113,087
Due from other funds	251,526	-	-	-	-	1,165	252,691
Due from component unit	146,572	-	-	-	-	-	146,572
Prepaid items	243,256	-	-	-	-	-	243,256
Inventories	-	-	-	-	-	56,184	56,184
TOTAL ASSETS	\$ 6,701,356	\$ 697,004	\$ 703,018	\$13,480,211	\$ 9,293,248	\$ 1,941,960	\$32,816,797
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	402,223	\$ 17,868	-	\$ 1,332,223	\$ 319,919	\$ 73,576	\$ 2,145,809
Accrued payroll	367,340	-	-	-	-	88,099	455,439
Due to other funds	1,165	-	-	2,534	-	269,230	272,929
Deferred revenue	413,353	-	-	-	-	-	413,353
Other	20,399	-	-	-	-	11,457	31,856
TOTAL LIABILITIES	1,204,480	17,868	-	1,334,757	319,919	442,362	3,319,386
FUND BALANCES							
Reserved for prepaid items	243,256	-	-	-	-	-	243,256
Unreserved:							
Undesignated, reported in:							
General fund	5,253,620	-	-	-	-	-	5,253,620
Special revenue funds	-	-	-	-	-	1,499,598	1,499,598
Capital projects funds	-	679,136	\$ 703,018	12,145,454	8,973,329	-	22,500,937
TOTAL FUND BALANCES	5,496,876	679,136	703,018	12,145,454	8,973,329	1,499,598	29,497,411
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,701,356	\$ 697,004	\$ 703,018	\$13,480,211	\$ 9,293,248	\$ 1,941,960	\$32,816,797

See accompanying note to the basic financial statements.

BULLOCH COUNTY, GEORGIA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2006

Total Governmental Fund Balances		\$ 29,497,411
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Cost	\$ 64,256,277	
Less accumulated depreciation	<u>(20,295,448)</u>	43,960,829
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:		
Property taxes		413,353
Interfund receivables and payables between governmental funds are reported on the fund balance sheet but eliminated on the government-wide statement of net assets:		
Interfund receivables	\$ 252,561	
Interfund payables	<u>(252,561)</u>	-
The internal service fund is used by management to charge the costs of the employee health self insurance program to individual funds. Certain assets and liabilities of the internal service fund are included in the governmental activities column in the statement of net assets		
		356,386
Liabilities, including capital leases, notes payable and compensated absences are not due and payable in the current period and therefore are not reported in the funds but are reported on the statement of net assets:		
Capital leases payable	\$ (14,363,602)	
Notes payable	(653,870)	
Compensated absences	<u>(372,169)</u>	<u>(15,389,641)</u>
Net Assets Of Governmental Activities		<u>\$ 58,838,338</u>

See accompanying notes to the basic financial statements.

BULLOCH COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	General	LOST	SPLOST	SPLOST 02	SPLOST 07	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 13,485,291	-	-	\$ 9,714,763	-	\$ 44,470	\$ 23,244,524
Licenses and permits	618,137	-	-	-	-	-	618,137
Charges for services	3,422,192	-	-	-	-	3,051,029	6,473,221
Fees, fines and forfeitures	1,745,052	-	-	-	-	231,741	1,976,793
Intergovernmental	2,160,610	\$ 543,167	-	242,903	-	276,926	3,223,606
Interest	272,700	72,722	\$ 33,921	426,087	\$ 32,573	27,830	865,833
Other	467,359	-	-	29,250	-	371,399	868,008
Total revenues	<u>22,171,341</u>	<u>615,889</u>	<u>33,921</u>	<u>10,413,003</u>	<u>32,573</u>	<u>4,003,395</u>	<u>\$ 37,270,122</u>
EXPENDITURES							
Current:							
General government	3,214,502	-	-	-	-	-	3,214,502
Judicial	2,221,531	-	-	-	-	-	2,221,531
Public safety	10,798,411	-	-	-	384,244	1,371,139	12,553,794
Roads	1,940,936	-	-	-	-	64,064	2,005,000
Sanitation	-	-	-	-	-	1,695,542	1,695,542
Health and welfare	239,585	-	-	-	-	-	239,585
Libraries and recreation	449,000	-	-	-	-	3,181,726	3,630,726
Airport	-	-	-	-	-	502,839	502,839
Housing and development	867,523	-	-	-	-	14,188	881,711
Capital outlay							
General government	-	-	-	317,803	-	-	317,803
Public safety	-	-	7,490	1,122,661	-	111,987	1,242,138
Sanitation	-	-	299,169	-	-	-	299,169
Roads	-	4,075,713	100,678	1,289,008	-	-	5,465,399
Recreation	-	-	-	271,280	-	36,897	308,177
Airport	-	-	-	199,505	-	-	199,505
Housing and development	-	-	-	231,985	-	-	231,985
Debt service:							
Principal	324,610	327,228	-	235,513	-	17,468	904,819
Interest	144,366	22,197	-	26,011	-	1,922	194,496
Intergovernmental	675,677	-	-	3,304,671	-	-	3,980,348
Total expenditures	<u>20,876,141</u>	<u>4,425,138</u>	<u>407,337</u>	<u>6,998,437</u>	<u>384,244</u>	<u>6,997,772</u>	<u>40,089,069</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,295,200</u>	<u>(3,809,249)</u>	<u>(373,416)</u>	<u>3,414,566</u>	<u>(351,671)</u>	<u>(2,994,377)</u>	<u>(2,818,947)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	151,546	-	-	-	-	3,208,973	3,360,519
Transfers out	(3,208,973)	-	-	(99,509)	-	(52,281)	(3,360,763)
Proceeds from capital leases	391,780	959,815	-	173,990	9,325,000	107,920	10,958,505
Sale of capital assets	96,274	-	-	-	-	9,071	105,345
Total other financing sources (uses)	<u>(2,569,373)</u>	<u>959,815</u>	<u>-</u>	<u>74,481</u>	<u>9,325,000</u>	<u>3,273,683</u>	<u>11,063,606</u>
NET CHANGE IN FUND BALANCES	<u>(1,274,173)</u>	<u>(2,849,434)</u>	<u>(373,416)</u>	<u>3,489,047</u>	<u>8,973,329</u>	<u>279,306</u>	<u>8,244,659</u>
FUND BALANCES, JULY 1, 2005	<u>6,771,049</u>	<u>3,528,570</u>	<u>1,076,434</u>	<u>8,656,407</u>	<u>-</u>	<u>1,197,706</u>	<u>21,230,166</u>
PRIOR PERIOD ADJUSTMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,586</u>	<u>22,586</u>
FUND BALANCES, JUNE 30, 2006	<u>\$ 5,496,876</u>	<u>\$ 679,136</u>	<u>\$ 703,018</u>	<u>\$ 12,145,454</u>	<u>\$ 8,973,329</u>	<u>\$ 1,499,598</u>	<u>\$ 29,497,411</u>

See accompanying notes to the basic financial statements

BULLOCH COUNTY, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

Net Change In Fund Balances - Total Governmental Funds \$ 8,244,659

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.

Depreciation expense	\$ (3,144,037)	
Capital outlay	<u>7,837,993</u>	4,693,956

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Property taxes:		
Deferred @ 6/30/06	413,353	
Deferred @ 6/30/05	<u>(468,593)</u>	(55,240)

Elimination of transfers between governmental funds:

Transfers in	3,290,353	
Transfers out	<u>(3,290,353)</u>	-

Governmental funds do not report the cost of disposed capital assets but the cost is reported on the statement of activities. (49,260)

The internal service fund used by management to charge the costs of the employee health insurance program to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. 356,386

Other financing sources for the inception of capital leases are reported on the fund level operating statement but are reported as a liability on the government-wide financial statements. (10,958,505)

Repayment of notes and capital leases principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 904,819

Capital absences 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.

Liability @ 6/30/06	(372,169)	
Liability @ 6/30/05	<u>354,017</u>	(18,152)

Change In Net Assets of Governmental Activities \$ 3,118,663

See accompanying notes to the basic financial statements.

BULLOCH COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Original Budget	Final Budget	↓ Actual	Variance Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 11,761,906	11,196,695	\$ 11,197,343	\$ 648
Alcoholic beverage	185,000	200,186	203,947	3,761
Insurance premium	1,295,656	1,383,602	1,383,602	-
Other	622,000	686,988	700,399	13,411
Licenses and permits	531,200	603,327	618,137	14,810
Charges for services	2,308,600	3,593,663	3,422,192	(171,471)
Fines and forfeitures	1,455,000	1,801,400	1,745,052	(56,348)
Intergovernmental	2,342,041	2,150,719	2,160,610	9,891
Interest	70,000	245,400	272,700	27,300
Other	576,275	458,079	467,359	9,280
Total revenues	21,147,678	22,320,059	22,171,341	(148,718)
EXPENDITURES				
Current:				
General government:				
County government	1,074,462	1,128,215	1,118,779	9,436
Elections	112,543	76,203	73,157	3,046
General government buildings	522,401	562,749	564,492	(1,743)
Risk management/General insurance	416,000	398,000	379,818	18,182
Tax assessor	642,352	601,484	606,282	(4,798)
Tax commissioner	482,935	465,844	471,974	(6,130) ✓
Total general government	3,250,693	3,232,495	3,214,502	17,993
Judicial:				
Clerk of Courts	585,193	586,780	596,700	(9,920)
Superior Court	190,962	208,478	208,477	1
State Court	346,324	337,530	336,141	1,389
District Attorney	150,000	150,000	150,000	-
Indigent defense	300,000	329,956	294,382	35,574
Magistrate Court	470,304	436,222	444,101	(7,879)
Probate Court	175,538	190,724	191,730	(1,006)
Total judicial	2,218,321	2,239,690	2,221,531	18,159
Public safety:				
Animal control	76,346	71,827	71,455	372
Animal shelter	132,484	143,561	143,513	48
Coroner	32,065	31,907	31,548	359
County correctional	1,544,538	1,532,740	1,555,984	(23,244)
Public safety administration	139,156	111,600	110,682	918
Probation	345,638	332,974	345,777	(12,803)
Emergency medical service	1,742,118	1,797,108	1,793,648	3,460
Fire protection	136,180	122,860	122,419	441
Jail	2,572,686	3,232,041	3,388,827	(156,786)
Rescue	31,078	20,960	20,202	758
Sheriff	2,708,587	3,011,170	3,214,356	(203,186)
Total public safety	9,460,876	10,408,748	10,798,411	(389,663)

See accompanying notes to the basic financial statements.

BULLOCH COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES (Continued)				
Roads	\$ 1,276,422	\$ 1,703,950	\$ 1,940,936	\$ (236,986)
Health and welfare:				
Health department	160,900	160,900	160,900	-
Other health and welfare	104,200	93,865	78,685	15,180
Total health and welfare	<u>265,100</u>	<u>254,765</u>	<u>239,585</u>	<u>15,180</u>
Libraries	<u>449,000</u>	<u>449,000</u>	<u>449,000</u>	<u>-</u>
Housing and development:				
Agricultural resources	161,102	159,962	169,038	(9,076)
Forestry commission	10,012	10,012	10,012	-
Building inspections	240,416	224,133	228,477	(4,344)
Planning and zoning	128,452	111,502	124,261	(12,759)
Code enforcement	47,378	45,899	63,768	(17,869)
Economic development	215,000	253,882	271,967	(18,085)
Total housing and development	<u>802,360</u>	<u>805,390</u>	<u>867,523</u>	<u>(62,133)</u>
Debt Service:				
Principal	444,166	316,113	324,610	(8,497)
Interest	143,105	137,243	144,366	(7,123)
Total debt service	<u>587,271</u>	<u>453,356</u>	<u>468,976</u>	<u>(15,620)</u>
Intergovernmental - Bulloch County Board of Education	<u>593,000</u>	<u>675,677</u>	<u>675,677</u>	<u>-</u>
Total expenditures	<u>18,903,043</u>	<u>20,223,071</u>	<u>20,876,141</u>	<u>(653,070)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>2,244,635</u>	<u>2,096,988</u>	<u>1,295,200</u>	<u>(801,788)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	185,000	253,047	151,546	(101,501)
Transfers out	(3,114,055)	(3,208,975)	(3,208,973)	2
Sale of capital assets	-	78,258	96,274	18,016
Proceeds from capital leases	-	-	391,780	391,780
Total other financing sources (uses)	<u>(2,929,055)</u>	<u>(2,877,670)</u>	<u>(2,569,373)</u>	<u>308,297</u>
NET CHANGE IN FUND BALANCE	<u>\$ (684,420)</u>	<u>\$ (780,682)</u>	<u>(1,274,173)</u>	<u>\$ (493,491)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>6,771,049</u>	
FUND BALANCE, END OF YEAR			<u>\$ 5,496,876</u>	

See accompanying notes to the basic financial statements.

BULLOCH COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2006

	Business Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Aquatic Center	Agribusiness Center	Total	Employee Insurance Fund
ASSETS				
Current Assets				
Cash	\$ 513,929	\$ 75,685	\$ 589,614	\$ 457,825
Accounts receivable	-	400	400	87,946
Due from other funds	29,607	-	29,607	-
Total Current Assets	<u>543,536</u>	<u>76,085</u>	<u>619,621</u>	<u>545,771</u>
Noncurrent Assets				
Capital Assets				
Land	73,305	255,872	329,177	-
Buildings and improvements	4,866,247	2,957,429	7,823,676	-
Machinery and equipment	426,887	3,685	430,572	-
Less accumulated depreciation	(488,494)	(218,604)	(707,098)	-
Total Capital Assets	<u>4,877,945</u>	<u>2,998,382</u>	<u>7,876,327</u>	<u>-</u>
Total Assets	<u>5,421,481</u>	<u>3,074,467</u>	<u>8,495,948</u>	<u>545,771</u>
LIABILITIES				
Current Liabilities				
Claims payable	-	-	-	180,146
Accrued payroll	33,089	-	33,089	-
Due to other funds	-	130	130	9,239
Total Liabilities	<u>33,089</u>	<u>130</u>	<u>33,219</u>	<u>189,385</u>
NET ASSETS				
Invested in capital assets	4,877,945	2,998,382	7,876,327	-
Unrestricted	<u>510,447</u>	<u>75,955</u>	<u>586,402</u>	<u>356,386</u>
Total Net Assets	<u>\$ 5,388,392</u>	<u>\$ 3,074,337</u>	<u>\$ 8,462,729</u>	<u>\$ 356,386</u>

See accompanying notes to the basic financial statements.

BULLOCH COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Business Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Aquatic Center	Agribusiness Center	Total	Employee Insurance Fund
OPERATING REVENUES				
Charges for services	\$ 1,189,759	-	\$ 1,189,759	-
Premiums	-	-	-	\$ 2,082,562
Rents	-	\$ 78,189	78,189	-
Total operating revenues	<u>1,189,759</u>	<u>78,189</u>	<u>1,267,948</u>	<u>2,082,562</u>
OPERATING EXPENSES				
Administration	877,653	71,815	949,468	328,628
Depreciation	242,874	76,685	319,559	-
Claims	-	-	-	1,376,907
Total operating expenses	<u>1,120,527</u>	<u>148,500</u>	<u>1,269,027</u>	<u>1,705,535</u>
OPERATING INCOME (LOSS)	69,232	(70,311)	(1,079)	377,027
NONOPERATING REVENUES				
Interest	14,915	-	14,915	8,458
INCOME (LOSS) BEFORE TRANSFERS	84,147	(70,311)	13,836	385,485
TRANSFERS IN	95,823	3,686	99,509	-
TRANSFERS OUT	<u>(65,181)</u>	<u>(4,985)</u>	<u>(70,166)</u>	<u>(29,099)</u>
CHANGE IN NET ASSETS	114,789	(71,610)	43,179	356,386
NET ASSETS BEGINNING OF YEAR	5,296,189	3,145,947	8,442,136	-
PRIOR PERIOD ADJUSTMENTS	<u>(22,586)</u>	<u>-</u>	<u>(22,586)</u>	<u>-</u>
NET ASSETS END OF YEAR	<u>\$ 5,388,392</u>	<u>\$ 3,074,337</u>	<u>\$ 8,462,729</u>	<u>\$ 356,386</u>

See accompanying notes to the basic financial statements.

BULLOCH COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Business Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Aquatic Center	Agribusiness Center	Total	Employee Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 1,189,759	\$ 77,789	\$ 1,267,548	\$ 2,082,562
Cash payments to employees for services	(388,614)	(26,318)	(414,932)	-
Cash payments for goods and services	(478,536)	(45,497)	(524,033)	(328,628)
Cash payments for claims	-	-	-	(1,504,707)
Net cash provided by operating activities	<u>322,609</u>	<u>5,974</u>	<u>328,583</u>	<u>249,227</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advances/repayments to other funds	(192,341)	(9,866)	(202,207)	-
Transfers in	95,823	3,686	99,509	-
Transfers out	(65,181)	(4,985)	(70,166)	(29,099)
	<u>(161,699)</u>	<u>(11,165)</u>	<u>(172,864)</u>	<u>(29,099)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(101,371)	(3,685)	(105,056)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment earnings	14,915	-	14,915	8,458
NET INCREASE IN CASH AND CASH EQUIVALENTS	74,454	(8,876)	65,578	228,586
CASH AND CASH EQUIVALENTS, JULY 1, 2005	439,475	84,561	524,036	229,239
CASH AND CASH EQUIVALENTS, JUNE 30, 2006	<u>\$ 513,929</u>	<u>\$ 75,685</u>	<u>\$ 589,614</u>	<u>\$ 457,825</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 69,232	\$ (70,311)	\$ (1,079)	\$ 377,027
Adjustments:				
Depreciation	242,874	76,685	319,559	-
(Increase) decrease in operating assets:				
Accounts receivable	-	(400)	(400)	(87,946)
Increase (decrease) in operating liabilities:				
Claims payable	-	-	-	(39,854)
Accrued payroll	10,503	-	10,503	-
Net cash provided by operating activities	<u>\$ 322,609</u>	<u>\$ 5,974</u>	<u>\$ 328,583</u>	<u>\$ 249,227</u>

See accompanying notes to the basic financial statements.

BULLOCH COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2006

	d
ASSETS	
Cash	<u>\$ 913,217</u>
LIABILITIES	
Due to other entities and individuals	<u>\$ 913,217</u>

See accompanying notes to the basic financial statements.

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1-A. Reporting Entity

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

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

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

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

1-B. Basis of Presentation

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

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

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

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

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SPLOST, SPLOST 02, and SPLOST 07 Funds – These funds account for the special purpose local option sales tax collected pursuant to a referendum for various capital improvements within the County. The SPLOST 07 fund is also accounting for the proceeds from a capital lease to be used for expansion of the county jail. The lease will be repaid with SPLOST 07 funds.

LOST Fund – This fund accounts for the local option sales tax collected pursuant to a referendum for various capital improvements within the County.

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

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

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

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

1-C. Measurement Focus

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

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

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

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1-D. Basis of Accounting

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

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

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

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

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

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

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

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

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

1-E. Assets, Liabilities and Net Assets

Cash, Cash Equivalents, and Investments

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

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

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

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

Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable.

Interfund Balances

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

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Consumable Inventories

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2006, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reserved as this amount is not available for general appropriation.

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of three thousand dollars. The County's infrastructure consists of roads and bridges. For roads and bridges, the County has capitalized only infrastructure constructed in fiscal years 2003 through 2006. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by enterprise funds is capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings	15-40 years
Improvements other than buildings	15-40 years
Machinery and equipment	5-15 years
Infrastructure	12-25 years

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

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

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

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

Accrued Liabilities and Long-term Obligations

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

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

Fund Equity

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

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. The County reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Designations are management's intent to set aside these resources for specific services.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Revenues and Expenses

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

Interfund Activity

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

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

Estimates

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

Comparative Data

Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

All budgets are adopted on a basis consistent with GAAP.

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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

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

All unexpended annual appropriations lapse at year-end.

Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations for the year ended June 30, 2006 in the following departments for the general fund:

	<u>General Fund</u>
Current:	
General government buildings	1,743
Tax assessor	4,798
Tax commissioner	6,130
Clerk of courts	9,920
Magistrate Court	7,879
Probate Court	1,006
County correctional	23,244
Probation	12,803
Jail	156,786
Sheriff	203,186
Roads	236,986
Agricultural resources	9,076
Building inspections	4,344
Planning & zoning	12,759
Code enforcement	17,869
Economic development	18,085
Debt service - principal	8,497
Debt service - interest	7,123

The overexpenditures in these areas were funded by unbudgeted proceeds from capital leases and available fund balance.

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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

	<u>Overexpenditures</u>
Statesboro/Bulloch County Airport	\$ 17
E-911 fund	13,016
Hospital building fund	145
Jail commissary fund	9,299
Solid waste fund	47,864
Streetlight tax districts fund	711

Deficit Fund Balances

The following funds had a deficit fund balance at June 30, 2006:

Drug suppression team fund	\$ 8,291
Solid waste fund	61,057

NOTE 3 – DEPOSITS

June 30, 2006, the carrying amount of the County's deposits (checking and certificates of deposit) was \$32,432,175 and the bank balance was \$33,014,498. Of the bank balance, \$1,866,786 was covered by federal depository insurance and \$31,147,712 was collateralized with securities held by the pledging financial institution's trust department or agent in the County's name.

Discretely Presented Component Units

The carrying amount of deposits for the Development Authority of Bulloch County was \$503,243 and the bank balance was \$512,774 of which \$205,929 was covered by federal depository insurance and \$306,845 was collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.

NOTE 4 – PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are billed on or about October 20th of each year and are payable within sixty days. The County bills and collects its own property taxes and also collects taxes for the Bulloch County Board of Education, State of Georgia and cities within the County. Collection of the County's taxes and for the other government agencies is the responsibility of the Tax Commissioner's Office, which is accounted for in an Agency Fund. County property tax revenues at the fund reporting level are recognized when levied to the extent that they result in current receivables (i.e., collectible in 60 days). For the year ended June 30, 2006, property taxes were levied on October 21, 2005, and were due January 10, 2006.

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2006 is as follows:

Receivable Fund	Payable Fund	Amount	
General	E-911	\$ 103,075	
	Solid Waste	61,057	
	Emergency Management Agency	25	
	SPLOST 02	2,534	
	Employee Insurance	9,239	
	Drug Suppression Team	35,574	
	Drug Education Fund	1,568	
	Tax lighting District	1,055	
	Keep Bulloch Beautiful	8,656	
	Parks and Recreation	15,613	
	Statesboro/Bulloch County Airport	8,549	
	Hospital Building	4,451	
	Agribusiness Center	130	
	Juvenile Services	General	1,165
	Aquatic Center	Parks and Recreation	29,607
Total		<u>\$ 282,298</u>	

Interfund balances at June 30, 2006 represent reimbursable expenses and temporary loans. The County expects to repay all interfund balances within one year.

Interfund transfers for the year ended June 30, 2006, consisted of the following:

Transfers To:	Transfers From:			
	General Fund	SPLOST 02 Fund	Non-major Governmental Funds	Aquatic Center
Drug Suppression Team Fund	\$ 291,055	-	-	-
Parks and Recreation Fund	1,800,000	-	-	-
Solid Waste Fund	1,112,918	-	-	-
General Fund	-	-	\$ 52,281	\$ 65,181
Other Non-major Governmental Funds	5,000	-	-	-
Aquatic Center	-	\$ 95,823	-	-
Agribusiness Center	-	3,686	-	-
Total	<u>\$ 3,208,973</u>	<u>\$ 99,509</u>	<u>\$ 52,281</u>	<u>\$ 65,181</u>

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

Transfers To:	Transfers From:		
	Agribusiness Center	Employee Insurance Fund	Total
Drug Suppression Team Fund	-	-	291,055
Parks and Recreation Fund	-	-	1,800,000
Solid Waste Fund	-	-	1,112,918
General Fund	\$ 4,985	\$ 29,099	151,546
Other Non-major Governmental Funds	-	-	5,000
Aquatic Center	-	-	95,823
Agribusiness Center	-	-	3,686
Total	<u>\$ 4,985</u>	<u>\$ 29,099</u>	<u>\$ 3,460,028</u>

Transfers from the general fund are used primarily to help fund deficits in special revenue funds. Transfers from the SPLOST 02 fund represent capital assets for the two enterprise funds paid for by the SPLOST 02 fund. Transfers to the general fund from other funds represent reimbursements for indirect costs paid by the general fund.

NOTE 6 – CAPITAL ASSETS

As described in Note 16, an adjustment was made to the beginning balances of the capital assets of the governmental activities to correct for the error of reporting land owned by the Development Authority of Bulloch County as a County asset. The prior period adjustment was made to the capital asset accounts as follows:

	Balance June 30, 2005 as originally reported	Prior Period Adjustment	Balance June 30, 2005 as restated
Governmental Activities:			
Land	<u>\$ 3,087,211</u>	<u>\$ (1,341,798)</u>	<u>\$ 1,745,413</u>
Total capital assets, net	<u>\$ 40,657,931</u>	<u>\$ (1,341,798)</u>	<u>\$ 39,316,133</u>

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2006, after adjusting for the prior period described above, was as follows:

	Balance 07/01/05	Additions	Deductions	Balance 06/30/06
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,745,413	-	-	\$ 1,745,413
Construction in progress	1,591,580	\$ 2,072,980	\$ 1,591,579	2,072,981
Total capital assets not being depreciated	3,336,993	2,072,980	1,591,579	3,818,394
Capital assets being depreciated:				
Buildings	22,262,777	1,620,408	20,630	23,862,555
Improvements other than buildings	6,926,919	209,725	-	7,136,644
Machinery and equipment	14,906,872	2,335,718	632,382	16,610,208
Infrastructure	9,637,735	3,190,741	-	12,828,476
Total capital assets being depreciated	53,734,303	7,356,592	653,012	60,437,883
Total capital assets	57,071,296	9,429,572	2,244,591	64,256,277
Accumulated depreciation:				
Buildings	6,131,052	599,375	11,670	6,718,757
Improvements other than buildings	1,812,208	252,120	-	2,064,328
Machinery and equipment	8,847,962	1,544,114	592,082	9,799,994
Infrastructure	963,941	748,428	-	1,712,369
Total accumulated depreciation	17,755,163	3,144,037	603,752	20,295,448
Governmental activities capital assets, net	\$ 39,316,133	\$ 6,285,535	\$ 1,640,839	\$ 43,960,829

Governmental activities depreciation expense:

General government	\$ 236,909
Judicial	204,123
Public safety	757,283
Roads	1,452,075
Sanitation	87,018
Health and welfare	112,634
Libraries and recreation	190,047
Airport	87,163
Housing and development	16,785
Total governmental activities depreciation expense	\$ 3,144,037

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2006 for the County's enterprise funds was as follows:

	Balance 07/01/05	Additions	Deductions	Balance 06/30/05
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 329,177	-	-	\$ 329,177
Capital assets being depreciated:				
Buildings	6,643,973		-	6,643,973
Improvements other than buildings	1,142,200	37,503	-	1,179,703
Machinery and equipment	363,019	67,553	-	430,572
Total capital assets being depreciated	8,149,192	105,056	-	8,254,248
Total capital assets	8,478,369	105,056	-	8,583,425
Accumulated depreciation:				
Buildings	268,252	197,881	-	466,133
Machinery and equipment	37,696	41,049	-	78,745
Improvements other than buildings	81,591	80,629	-	162,220
Total accumulated depreciation	387,539	319,559	-	707,098
Business-type activities capital assets, net	\$ 8,090,830	\$ (214,503)	-	\$ 7,876,327

NOTE 7 – CAPITAL LEASES

The County has entered into lease agreements as lessee for financing the acquisition and construction of various equipment and buildings costing \$16,829,910. As of June 30, 2006 approximately \$9,418,000 of the capital lease proceeds were not spent. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – CAPITAL LEASES (Continued)

The following is a schedule of future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2006:

<u>Year ending June 30</u>	
2007	\$ 1,663,501
2008	1,807,711
2009	2,161,208
2010	1,852,464
2011	1,742,516
2012-2016	4,907,490
2017-2021	<u>4,580,005</u>
Total minimum lease payments	18,714,895
Less amount representing interest	<u>4,351,293</u>
Present value of future minimum lease payments	<u>\$ 14,363,602</u>

NOTE 8– NOTE PAYABLE

Notes payable at June 30, 2006 consisted of a note payable to the Georgia Environmental Facilities Authority (GEFA) for expenditures incurred related to the construction of a water tank and the extension of water and sewer lines to the Gateway Industrial Park. The loan requires quarterly payments of \$21,042, including interest at 5.12 percent through January 1, 2016. The County has entered into an agreement with the City of Statesboro by which the City has agreed to reimburse the County for each required payment on this GEFA loan. The loan had an outstanding balance of \$653,870 at June 30, 2006.

As of June 30, 2006, annual debt service requirements to maturity are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 53,140	\$ 32,469	\$ 85,609
2008	55,914	29,695	85,609
2009	58,832	26,777	85,609
2010	61,903	23,706	85,609
2011	65,133	20,476	85,609
2012-2016	<u>358,948</u>	<u>47,696</u>	<u>406,644</u>
	<u>\$ 653,870</u>	<u>\$ 180,819</u>	<u>\$ 834,689</u>

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – CHANGES IN LONG-TERM DEBT

	Balance July 1, 2005	Additions	Reductions	Balance June 30, 2006 ^b	Amounts Due In One Year
Compensated absences payable	\$ 354,017	\$ 18,152	-	\$ 372,169	\$ 74,434
Capital leases payable	4,271,798	10,958,505	\$ 866,701	14,363,602	818,772
Notes payable	691,988	-	38,118	653,870	53,140
	<u>\$ 5,317,803</u>	<u>\$ 10,976,657</u>	<u>\$ 904,819</u>	<u>\$ 15,389,641</u>	<u>\$ 946,346</u>

The compensated absences liability will be paid from the fund from which the employees' salaries are paid which is primarily the General Fund and the Parks and Recreation special revenue fund. The capital lease obligations will be paid from the General Fund and the SPLOST 02, SPLOST 07, and LOST capital projects funds. Notes payable will be paid from the General Fund.

NOTE 10 – EMPLOYEE RETIREMENT PLANS

Defined Contribution Plan

Effective November 1, 1994, the County adopted the Bulloch County Retirement Plan. The plan is administered by CBIZ Insurance and Benefits Services, and covers all employees over the age of 21 who have completed one year of service. Employees cannot contribute to the plan. Contributions to the plan are at the discretion of the Board of Commissioners. The Board of Commissioners is assigned the authority to establish and amend any provisions of the plan. During the year ended June 30, 2006, the County contributed \$616,849 or 6.5% of eligible salaries to the plan.

Probate Judges' Retirement Fund of Georgia

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

Clerk of Superior Court Retirement Fund

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

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

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

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – EMPLOYEE RETIREMENT PLANS (Continued)

Bulloch County Board of Health (component unit)

The employees of the Bulloch County Board of Health participate in the Georgia State Employees Retirement System. The plan is administered by the State of Georgia, and accumulated benefits and plan assets are not determined or allocated to the individual participating governmental entities. The retirement contributions for the year ended June 30, 2006 were \$95,807. Contributions are fully vested to employees after 10 years of continuous service.

NOTE 11 – EMPLOYEE INSURANCE FUND

As of May 1, 1993, the County established an employee insurance fund (an internal service fund) to cover all employee health claims. The County makes payments to this fund on a monthly basis based on estimated premiums provided by the third party administrator to fund this program. Amounts are also withheld from employees by payroll deduction for dependent coverage and paid to the employee insurance fund. A third party administrator pays all claims from funds held in the employee insurance fund's bank account. The County has a co-insuror for claims from one individual within one year exceeding \$60,000 and has a maximum annual liability policy of \$2,806,652.

The claims liability of \$180,146 reported at June 30, 2006 represents known claims incurred on or prior to June 30, 2006 and an estimate for claims that have been incurred but not reported. Changes in the fund's claims liability for the last two fiscal years are as follows:

Year Ended June 30	Claims Liability, Beginning of Year	Current Year Claims and Changes in Estimates	Claims Payments	Claims Liability, End of Year
2005	\$ 72,882	\$ 1,733,314	\$ 1,586,196	\$ 220,000
2006	220,000	1,376,907	1,416,761	180,146

NOTE 12 – RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has joined together with other counties in the state as part of the Association of County Commissioners of Georgia (ACCG) Interlocal Risk Management Agency Property and Liability Insurance Fund and the Association of County Commissioners of Georgia (ACCG) Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management insurance program for member local governments.

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 12 – RISK MANAGEMENT (Continued)

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

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

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

NOTE 13 – CONTINGENCIES

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

NOTE 14 – JOINT VENTURE

Under Georgia law, the County, in conjunction with other cities and counties in the ten county Southeast Georgia area, is a member of the Coastal Georgia Regional Development Center (RDC) and is required to pay annual dues thereto. During its year ended June 30, 2006, the County paid \$28,270 in such dues. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from:

Coastal Georgia Regional Development Center
Post Office Box 1917
Brunswick, Georgia 31521

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 15 – HOTEL/MOTEL LODGING TAX

The county has levied a five percent lodging tax. A summary of the transactions for the year ended June 30, 2006 follows:

		<u>Percentage of tax receipts</u>
Lodging tax receipts	\$ 13,923	
Disbursements to the:		
Statesboro Convention and Visitors Bureau for promotion of tourism	(12,736)	91.5%
Statesboro Arts Council for performing arts center	(491)	3.5%
County for administrative costs	(696)	5.0%
Total	<u>\$ -</u>	1.

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

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 16 – PRIOR PERIOD ADJUSTMENTS

The following period adjustments have been made in the financial statements, which are reported as an adjustment to beginning fund balance or net assets:

Adjustments to the fund balances of governmental funds in the fund financial statements:

Parks and Recreation Fund
Overstatement of accrued payroll \$ 22,586

Adjustments to net assets of governmental activities in the government-wide financial statements:

Decrease the capital assets of governmental activities to correct error in the carrying value of assets at the end of the prior year (1,341,798)
Net decrease in net assets of governmental activities \$ (1,319,212)

Adjustments to net assets of enterprise funds in the fund financial statements:

Aquatic Center
Understatement of accrued payroll \$ (22,586)
Net decrease in net assets of enterprise funds and of business-type activities in the government-wide financial statements \$ (22,586)

BULLOCH COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2006

	Statesboro/ Bulloch County Airport Fund	Designated Projects Fund	Drug Education Fund	Drug Suppression Team Fund	E-911 Fund	Emergency Management Agency Fund	Greenspace Fund	Hotel/ Motel Tax Fund	Hospital Building Fund
ASSETS									
Cash	\$ 152,567	\$ 80,337	\$ 67,968	\$ 27,283	\$ 122,705	\$ 19,833	\$ 20,093	\$ 1,093	\$ 618,072
Accounts receivable	19,782	3,152	-	-	80,504	-	-	-	-
Inventories	56,184	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 228,533	\$ 83,489	\$ 67,968	\$ 27,283	\$ 203,209	\$ 19,833	\$ 20,093	\$ 1,093	\$ 618,072
LIABILITIES AND FUND BALANCE									
Liabilities:									
Accounts payable	\$ 47,854	-	-	-	\$ 8,492	-	-	-	-
Accrued payroll	-	-	-	-	-	-	-	-	-
Due to other funds	8,549	-	\$ 1,568	\$ 35,574	103,075	\$ 25	-	-	\$ 4,451
Other	-	-	-	-	-	-	-	-	-
Total liabilities	56,403	-	1,568	35,574	111,567	25	-	-	4,451
Fund balance - Unreserved, undesignated	172,130	\$ 83,489	66,400	(8,291)	91,642	19,808	\$ 20,093	\$ 1,093	613,621
TOTAL LIABILITIES AND FUND BALANCE	\$ 228,533	\$ 83,489	\$ 67,968	\$ 27,283	\$ 203,209	\$ 19,833	\$ 20,093	\$ 1,093	\$ 618,072

BULLOCH COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2006

	Jail Add-On Fee Fund	Jail Commissary Fund	Juvenile Services Fund	Keep Bulloch Beautiful Fund	Parks and Recreation Fund	Sheriff's Confiscated Assets Fund	Sheriff's Fingerprint Fund	Solid Waste Fund	Streetlight Tax Districts Fund	Total Nonmajor Special Revenue Funds
ASSETS										
Cash	\$ 42,711	\$ 38,595	\$ 4,054	\$ 83,411	\$ 433,062	\$ 12,782	\$ 16,623	-	\$ 39,984	\$ 1,781,173
Accounts receivable	-	-	-	-	-	-	-	-	-	103,438
Inventories	-	-	-	-	-	-	-	-	-	56,184
Due from other funds	-	-	1,165	-	-	-	-	-	-	1,165
TOTAL ASSETS	<u>\$ 42,711</u>	<u>\$ 38,595</u>	<u>\$ 5,219</u>	<u>\$ 83,411</u>	<u>\$ 433,062</u>	<u>\$ 12,782</u>	<u>\$ 16,623</u>	<u>-</u>	<u>\$ 39,984</u>	<u>\$ 1,941,960</u>
LIABILITIES AND FUND BALANCE										
Liabilities:										
Accounts payable	-	-	-	\$ 1,000	\$ 14,388	-	\$ 1,842	-	-	\$ 73,576
Accrued payroll	-	-	-	-	88,099	-	-	-	-	88,099
Due to other funds	-	-	-	8,656	45,220	-	-	\$ 61,057	\$ 1,055	269,230
Other	-	-	-	-	11,457	-	-	-	-	11,457
Total liabilities	-	-	-	9,656	159,164	-	1,842	61,057	-	442,362
Fund balance - Unreserved, undesignated	\$ 42,711	\$ 38,595	\$ 5,219	73,755	273,898	\$ 12,782	14,781	(61,057)	38,929	1,499,598
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 42,711</u>	<u>\$ 38,595</u>	<u>\$ 5,219</u>	<u>\$ 83,411</u>	<u>\$ 433,062</u>	<u>\$ 12,782</u>	<u>\$ 16,623</u>	<u>-</u>	<u>\$ 39,984</u>	<u>\$ 1,941,960</u>

BULLOCH COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Statesboro/ Bulloch County Airport Fund	CDBG Grant Fund	Designated Projects Fund	Drug Education Fund	Drug Suppression Team Fund	E-911 Fund	Emergency Management Agency Fund	Greenspace Fund	Hotel/ Motel Tax Fund	Hospital Building Fund
REVENUES										
Taxes	-	-	-	-	-	-	-	-	\$ 13,923	-
Charges for services	\$ 427,316	-	-	-	-	\$ 864,136	-	-	-	-
Fees, fines and forfeitures	-	-	-	\$ 38,457	\$ 9,214	-	-	-	-	-
Intergovernmental	-	\$ 33,685	-	-	-	-	27,236	-	-	-
Interest	2,766	-	-	310	164	1,045	112	\$ 81	-	\$ 13,097
Other	85,094	-	\$ 42,881	-	-	-	-	-	-	37,000
Total revenues	<u>515,176</u>	<u>33,685</u>	<u>42,881</u>	<u>38,767</u>	<u>9,378</u>	<u>865,181</u>	<u>27,348</u>	<u>81</u>	<u>13,923</u>	<u>50,097</u>
EXPENDITURES										
Current:										
Airport	502,839	-	-	-	-	-	-	-	-	-
Public safety	-	-	4,674	61,618	344,287	739,254	32,185	-	-	-
Roads	-	33,685	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-	-
Housing and development	-	-	-	-	-	-	-	-	14,043	145
Capital outlay:										
Public safety	-	-	15,747	-	40,955	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>502,839</u>	<u>33,685</u>	<u>20,421</u>	<u>61,618</u>	<u>385,242</u>	<u>739,254</u>	<u>32,185</u>	<u>-</u>	<u>14,043</u>	<u>145</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>12,337</u>	<u>-</u>	<u>22,460</u>	<u>(22,851)</u>	<u>(375,864)</u>	<u>125,927</u>	<u>(4,837)</u>	<u>-</u>	<u>(120)</u>	<u>49,952</u>
OTHER FINANCING SOURCES										
Proceeds from capital leases	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	291,055	-	5,000	-	-	-
Transfers out	(24,646)	-	-	(1,103)	(7,016)	(13,148)	(2,107)	-	-	-
Total other financing sources (uses)	<u>(24,646)</u>	<u>-</u>	<u>-</u>	<u>(1,103)</u>	<u>284,039</u>	<u>(13,148)</u>	<u>2,893</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(12,309)</u>	<u>-</u>	<u>22,460</u>	<u>(23,954)</u>	<u>(91,825)</u>	<u>112,779</u>	<u>(1,944)</u>	<u>-</u>	<u>(120)</u>	<u>49,952</u>
FUND BALANCES, BEGINNING OF YEAR	<u>184,439</u>	<u>-</u>	<u>61,029</u>	<u>90,354</u>	<u>83,534</u>	<u>(21,137)</u>	<u>21,752</u>	<u>20,012</u>	<u>1,213</u>	<u>563,669</u>
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 172,130</u>	<u>\$ -</u>	<u>\$ 83,489</u>	<u>\$ 66,400</u>	<u>\$ (8,291)</u>	<u>\$ 91,642</u>	<u>\$ 19,808</u>	<u>\$ 20,093</u>	<u>\$ 1,093</u>	<u>\$ 613,621</u>

BULLOCH COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Jail Add-On Fee Fund	Jail Commissary Fund	Juvenile Services Fund	Keep Bulloch Beautiful Fund	Parks and Recreation Fund	Sheriff's Confiscated Assets Fund	Sheriff's Fingerprint Fund	Solid Waste Fund	Streetlight Tax Districts Fund	Total Nonmajor Special Revenue Funds
REVENUES										
Taxes	-	-	-	-	-	-	-	-	\$ 30,547	\$ 44,470
Charges for services	-	\$ 47,656	-	-	\$1,382,846	-	\$ 39,288	\$ 289,787	-	3,051,029
Fees, fines and forfeitures	\$ 158,216	-	\$ 5,219	-	-	\$ 20,635	-	-	-	231,741
Intergovernmental	-	-	-	\$ 94,005	-	-	-	122,000	-	276,926
Interest	104	-	-	283	9,483	-	145	-	240	27,830
Other	-	-	-	13,171	62,843	-	-	130,410	-	371,399
Total revenues	<u>158,320</u>	<u>47,656</u>	<u>5,219</u>	<u>107,459</u>	<u>1,455,172</u>	<u>20,635</u>	<u>39,433</u>	<u>542,197</u>	<u>30,787</u>	<u>4,003,395</u>
EXPENDITURES										
Current:										
Airport	-	-	-	-	-	-	-	-	-	502,839
Public safety	147,415	8,348	-	-	-	6,067	27,291	-	-	1,371,139
Roads	-	-	-	-	-	-	-	-	30,379	64,064
Recreation	-	-	-	-	3,181,726	-	-	-	-	3,181,726
Sanitation	-	-	-	95,626	-	-	-	1,599,916	-	1,695,542
Housing and development	-	-	-	-	-	-	-	-	-	14,188
Capital outlay:										
Public safety	-	35,951	-	-	-	19,334	-	-	-	111,987
Recreation	-	-	-	-	36,897	-	-	-	-	36,897
Debt service:										
Principal	-	-	-	-	17,468	-	-	-	-	17,468
Interest	-	-	-	-	1,922	-	-	-	-	1,922
Total expenditures	<u>147,415</u>	<u>44,299</u>	<u>-</u>	<u>95,626</u>	<u>3,238,013</u>	<u>25,401</u>	<u>27,291</u>	<u>1,599,916</u>	<u>30,379</u>	<u>6,997,772</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,905</u>	<u>3,357</u>	<u>5,219</u>	<u>11,833</u>	<u>(1,782,841)</u>	<u>(4,766)</u>	<u>12,142</u>	<u>(1,057,719)</u>	<u>408</u>	<u>(2,994,377)</u>
OTHER FINANCING SOURCES (USES)										
Proceeds from capital leases	-	-	-	-	107,920	-	-	-	-	107,920
Sale of capital assets	-	-	-	-	9,071	-	-	-	-	9,071
Transfers in	-	-	-	-	1,800,000	-	-	1,112,918	-	3,208,973
Transfers out	(2,536)	-	-	(1,725)	-	-	-	-	-	(52,281)
Total other financing sources (uses)	<u>(2,536)</u>	<u>-</u>	<u>-</u>	<u>(1,725)</u>	<u>1,916,991</u>	<u>-</u>	<u>-</u>	<u>1,112,918</u>	<u>-</u>	<u>3,273,683</u>
NET CHANGE IN FUND BALANCES	<u>8,369</u>	<u>3,357</u>	<u>5,219</u>	<u>10,108</u>	<u>134,150</u>	<u>(4,766)</u>	<u>12,142</u>	<u>55,199</u>	<u>408</u>	<u>279,306</u>
FUND BALANCES, BEGINNING OF YEAR	<u>34,342</u>	<u>35,238</u>	<u>-</u>	<u>63,647</u>	<u>117,162</u>	<u>17,548</u>	<u>2,639</u>	<u>(116,256)</u>	<u>38,521</u>	<u>1,197,706</u>
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,586</u>
FUND BALANCES, END OF YEAR	<u>\$ 42,711</u>	<u>\$ 38,595</u>	<u>\$ 5,219</u>	<u>\$ 73,755</u>	<u>\$ 273,898</u>	<u>\$ 12,782</u>	<u>\$ 14,781</u>	<u>\$ (61,057)</u>	<u>\$ 38,929</u>	<u>\$1,499,598</u>

BULLOCH COUNTY, GEORGIA
STATESBORO/BULLOCH COUNTY AIRPORT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Charges for services	\$ 289,900	\$ 428,404	\$ 427,316	\$ (1,088)
Interest	2,000	2,600	2,766	166
Other	79,000	85,000	85,094	94
Total revenues	<u>370,900</u>	<u>516,004</u>	<u>515,176</u>	<u>(828)</u>
EXPENDITURES				
Current:				
Airport	<u>361,065</u>	<u>502,822</u>	<u>502,839</u>	<u>(17)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	9,835	13,182	12,337	(845)
OTHER FINANCING USES				
Transfers out	<u>(24,646)</u>	<u>(24,646)</u>	<u>(24,646)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(14,811)	(11,464)	(12,309)	(845)
FUND BALANCES, BEGINNING OF YEAR	<u>184,439</u>	<u>184,439</u>	<u>184,439</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 169,628</u>	<u>\$ 172,975</u>	<u>\$ 172,130</u>	<u>\$ (845)</u>

BULLOCH COUNTY, GEORGIA
CDBG GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Original and Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 500,000	\$ 33,685	\$ (466,315)
EXPENDITURES			
Capital:			
Roads	<u>500,000</u>	<u>33,685</u>	<u>466,315</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

BULLOCH COUNTY, GEORGIA
DESIGNATED PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Original and Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Telephone commissions	\$ 39,700	\$ 42,881	\$ 3,181
Total revenues	<u>39,700</u>	<u>42,881</u>	<u>3,181</u>
EXPENDITURES			
Current:			
Public safety	8,189	4,674	3,515
Capital outlay:			
Public safety	15,830	15,747	83
Total expenditures	<u>24,019</u>	<u>20,421</u>	<u>3,598</u>
EXCESS OF REVENUES OVER EXPENDITURES	15,681	22,460	6,779
FUND BALANCES, BEGINNING OF YEAR	<u>\$ 61,029</u>	<u>61,029</u>	-
FUND BALANCES, END OF YEAR	<u>\$ 76,710</u>	<u>\$ 83,489</u>	<u>\$ 6,779</u>

BULLOCH COUNTY, GEORGIA
DRUG EDUCATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Fees, fines and forfeitures	\$ 48,000	\$ 29,157	\$ 38,457	\$ 9,300
Interest	200	300	310	10
Total revenues	<u>48,200</u>	<u>29,457</u>	<u>38,767</u>	<u>9,310</u>
EXPENDITURES				
Current:				
Public safety	<u>94,209</u>	<u>64,806</u>	<u>61,618</u>	<u>3,188</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(46,009)	(35,349)	(22,851)	12,498
OTHER FINANCING SOURCES				
Transfers out	<u>(1,103)</u>	<u>(1,103)</u>	<u>(1,103)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(47,112)	(36,452)	(23,954)	12,498
FUND BALANCES, BEGINNING OF YEAR	<u>90,354</u>	<u>90,354</u>	<u>90,354</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 43,242</u></u>	<u><u>\$ 53,902</u></u>	<u><u>\$ 66,400</u></u>	<u><u>\$ 12,498</u></u>

BULLOCH COUNTY, GEORGIA
DRUG SUPPRESSION TEAM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Fees, fines and forfeitures	\$ 22,016	\$ 9,213	\$ 9,214	\$ 1
Intergovernmental	-	8,195	-	(8,195)
Interest	-	-	164	164
Total revenues	<u>22,016</u>	<u>17,408</u>	<u>9,378</u>	<u>(8,030)</u>
EXPENDITURES				
Current:				
Public safety	369,160	345,731	344,287	1,444
Capital outlay:				
Public safety	43,000	41,151	40,955	196
Total expenditures	<u>412,160</u>	<u>386,882</u>	<u>385,242</u>	<u>1,640</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(390,144)	(369,474)	(375,864)	(6,390)
OTHER FINANCING SOURCES (USES)				
Transfers in	291,055	291,055	291,055	-
Transfers out	(7,016)	(7,016)	(7,016)	-
Total other financing sources (uses)	<u>284,039</u>	<u>284,039</u>	<u>284,039</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(106,105)	(85,435)	(91,825)	(6,390)
FUND BALANCES, BEGINNING OF YEAR	<u>83,534</u>	<u>83,534</u>	<u>83,534</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ (22,571)</u>	<u>\$ (1,901)</u>	<u>\$ (8,291)</u>	<u>\$ (6,390)</u>

BULLOCH COUNTY, GEORGIA
E-911 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Charges for services	\$ 829,942	\$ 753,162	\$ 864,136	\$ 110,974
Interest	-	900	1,045	145
Total revenues	<u>829,942</u>	<u>754,062</u>	<u>865,181</u>	<u>111,119</u>
EXPENDITURES				
Current:				
Public safety	<u>800,613</u>	<u>726,238</u>	<u>739,254</u>	<u>(13,016)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	29,329	27,824	125,927	98,103
OTHER FINANCING SOURCES				
Transfers out	<u>(13,148)</u>	<u>(13,148)</u>	<u>(13,148)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	16,181	14,676	112,779	98,103
FUND BALANCES, BEGINNING OF YEAR	<u>(21,137)</u>	<u>(21,137)</u>	<u>(21,137)</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ (4,956)</u>	<u>\$ (6,461)</u>	<u>\$ 91,642</u>	<u>\$98,103</u>

BULLOCH COUNTY, GEORGIA
EMERGENCY MANAGEMENT AGENCY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 178,668	\$ 27,236	\$ 27,236	\$ -
Interest	-	112	112	-
Total revenues	<u>178,668</u>	<u>27,348</u>	<u>27,348</u>	<u>-</u>
EXPENDITURES				
Current:				
Public Safety	<u>181,561</u>	<u>34,545</u>	<u>32,185</u>	<u>2,360</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(2,893)	(7,197)	(4,837)	2,360
OTHER FINANCING SOURCES (USES)				
Transfers in	5,000	5,000	5,000	-
Transfers out	<u>(2,107)</u>	<u>(2,107)</u>	<u>(2,107)</u>	<u>-</u>
Total other financing sources (uses)	<u>2,893</u>	<u>2,893</u>	<u>2,893</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	(4,304)	(1,944)	2,360
FUND BALANCES, BEGINNING OF YEAR	<u>21,752</u>	<u>21,752</u>	<u>21,752</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 21,752</u>	<u>\$ 17,448</u>	<u>\$ 19,808</u>	<u>\$2,360</u>

BULLOCH COUNTY, GEORGIA
GREENSPACE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Original/Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Interest	\$ 50	\$ 81	\$ 31
EXPENDITURES			
Current:			
Recreation	-	-	-
EXCESS OR REVENUES OVER EXPENDITURES	50	81	31
FUND BALANCES, BEGINNING OF YEAR	20,012	20,012	-
FUND BALANCES, END OF YEAR	<u>\$ 20,062</u>	<u>\$ 20,093</u>	<u>\$ 31</u>

BULLOCH COUNTY, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 12,000	\$ 13,922	\$ 13,923	\$ 1
EXPENDITURES				
Current:				
Housing and development - Tourism	12,816	14,379	14,043	336
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(816)	(457)	(120)	337
FUND BALANCES, BEGINNING OF YEAR,	1,213	1,213	1,213	-
FUND BALANCES, END OF YEAR	\$ 397	\$ 756	\$ 1,093	337

BULLOCH COUNTY, GEORGIA
HOSPITAL BUILDING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Interest	\$ 10,000	\$ 13,097	\$ 3,097
Other	-	37,000	37,000
Total revenues	<u>10,000</u>	<u>50,097</u>	<u>40,097</u>
EXPENDITURES			
Current:			
Community development - Hospital renovations	-	145	(145)
EXCESS OF REVENUES OVER EXPENDITURES	10,000	49,952	39,952
FUND BALANCES, BEGINNING OF YEAR	<u>\$ 563,669</u>	<u>563,669</u>	-
FUND BALANCES, END OF YEAR	<u><u>573,669</u></u>	<u><u>\$ 613,621</u></u>	<u><u>\$ 39,952</u></u>

BULLOCH COUNTY, GEORGIA
JAIL ADD-ON FEE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Fees, fines and forfeitures	\$ 150,000	\$ 152,900	\$ 158,216	\$ 5,316
Interest	-	100	104	4
Total revenues	<u>150,000</u>	<u>153,000</u>	<u>158,320</u>	<u>5,320</u>
EXPENDITURES				
Current:				
Public Safety - Jail	<u>152,536</u>	<u>147,500</u>	<u>147,415</u>	<u>85</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,536)	5,500	10,905	5,405
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>(2,536)</u>	<u>(2,536)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(2,536)	2,964	8,369	5,405
FUND BALANCES, BEGINNING OF YEAR	<u>34,342</u>	<u>34,342</u>	<u>34,342</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 31,806</u>	<u>\$ 37,306</u>	<u>\$ 42,711</u>	<u>\$ 5,405</u>

BULLOCH COUNTY, GEORGIA
JAIL COMMISSARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 35,000	\$ 47,656	\$ 12,656
EXPENDITURES			
Current:			
Public safety	3,000	8,348	(5,348)
Capital outlay:			
Public safety	32,000	35,951	(3,951)
Total expenditures	35,000	44,299	(9,299)
EXCESS OF REVENUES OVER EXPENDITURES	-	3,357	3,357
FUND BALANCES, BEGINNING OF YEAR	35,238	35,238	-
FUND BALANCES, END OF YEAR	\$ 35,238	\$ 38,595	\$ 3,357

BULLOCH COUNTY, GEORGIA
JUVENILE SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Fees, fines and forfeitures	\$ 3,500	\$ 5,219	\$ 1,719
EXPENDITURES			
Current:			
Judicial	<u>3,500</u>	<u>-</u>	<u>3,500</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	5,219	5,219
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>-</u>	<u>\$ 5,219</u>	<u>\$ 5,219</u>

BULLOCH COUNTY, GEORGIA
KEEP BULLOCH BEAUTIFUL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 93,975	\$ 101,505	\$ 94,005	\$ (7,500)
Interest	-	-	283	283
Other	1,639	5,661	13,171	7,510
Total revenues	<u>95,614</u>	<u>107,166</u>	<u>107,459</u>	<u>293</u>
EXPENDITURES				
Current:				
Sanitation	<u>94,004</u>	<u>109,081</u>	<u>95,626</u>	<u>13,455</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,610	(1,915)	11,833	13,748
OTHER FINANCING USES				
Transfers out	<u>(1,610)</u>	<u>(1,725)</u>	<u>(1,725)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	(3,640)	10,108	13,748
FUND BALANCES, BEGINNING OF YEAR	<u>63,647</u>	<u>63,647</u>	<u>63,647</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 63,647</u>	<u>\$ 60,007</u>	<u>\$ 73,755</u>	<u>\$ 13,748</u>

BULLOCH COUNTY, GEORGIA
PARKS AND RECREATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Charges for services	\$ 1,293,594	\$ 1,380,255	\$ 1,382,846	\$ 2,591
Interest	15,000	22,000	9,483	(12,517)
Other	79,700	59,705	62,843	3,138
Total revenues	<u>1,388,294</u>	<u>1,461,960</u>	<u>1,455,172</u>	<u>(6,788)</u>
EXPENDITURES				
Current:				
Recreation	3,188,294	3,216,097	3,181,726	34,371
Capital Outlay:				
Recreation	-	8,203	36,897	(28,694)
Debt Service:				
Principal	-	18,538	17,468	1,070
Interest	-	1,922	1,922	-
Total expenditures	<u>3,188,294</u>	<u>3,244,760</u>	<u>3,238,013</u>	<u>6,747</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(1,800,000)	(1,782,800)	(1,782,841)	(41)
OTHER FINANCING SOURCES				
Proceeds from capital leases	-	-	107,920	107,920
Sale of capital assets	-	-	9,071	9,071
Transfers in	1,800,000	1,800,000	1,800,000	-
Total other financing sources	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,916,991</u>	<u>116,991</u>
NET CHANGE IN FUND BALANCES	-	17,200	134,150	116,950
FUND BALANCES, BEGINNING OF YEAR	117,162	117,162	117,162	-
PRIOR PERIOD ADJUSTMENT	-	-	22,586	22,586
FUND BALANCES, END OF YEAR	<u>\$ 117,162</u>	<u>\$ 134,362</u>	<u>\$ 273,898</u>	<u>\$ 139,536</u>

BULLOCH COUNTY, GEORGIA
SHERIFF'S CONFISCATED ASSETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Fees, fines and forfeitures	\$ 35,000	\$ 20,635	\$ (14,365)
EXPENDITURES			
Current:			
Public safety	3,000	6,067	(3,067)
Capital outlay:			
Public safety	32,000	19,334	12,666
Total expenditures	<u>35,000</u>	<u>25,401</u>	<u>9,599</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	(4,766)	(4,766)
FUND BALANCES, BEGINNING OF YEAR	<u>17,548</u>	<u>17,548</u>	-
FUND BALANCES, END OF YEAR	<u>\$ 17,548</u>	<u>\$ 12,782</u>	<u>\$ (4,766)</u>

BULLOCH COUNTY, GEORGIA
SHERIFF'S FINGERPRINT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Charges for services	40,000	\$ 39,288	\$ (712)
Interest	-	145	145
Total revenues	<u>40,000</u>	<u>39,433</u>	<u>(567)</u>
EXPENDITURES			
Current:			
Public Safety	<u>28,000</u>	<u>27,291</u>	<u>709</u>
EXCESS OF REVENUES OVER EXPENDITURES	12,000	12,142	142
FUND BALANCES, BEGINNING OF YEAR	<u>2,639</u>	<u>2,639</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>14,639</u>	<u>\$ 14,781</u>	<u>\$ 142</u>

BULLOCH COUNTY, GEORGIA
SOLID WASTE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Charges for services	\$ 200,000	\$ 289,788	\$ 289,787	\$ (1)
Intergovernmental	122,000	122,000	122,000	-
Other	115,000	130,410	130,410	-
Total revenues	<u>437,000</u>	<u>542,198</u>	<u>542,197</u>	<u>(1)</u>
EXPENDITURES				
Current:				
Sanitation	<u>1,455,000</u>	<u>1,552,052</u>	<u>1,599,916</u>	<u>(47,864)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(1,018,000)	(1,009,854)	(1,057,719)	(47,865)
OTHER FINANCING SOURCES				
Transfers in	<u>1,018,000</u>	<u>1,112,920</u>	<u>1,112,918</u>	<u>(2)</u>
NET CHANGE IN FUND BALANCES	-	103,066	55,199	(47,867)
FUND BALANCES, BEGINNING OF YEAR	<u>(116,256)</u>	<u>(116,256)</u>	<u>(116,256)</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ (116,256)</u>	<u>\$ (13,190)</u>	<u>\$ (61,057)</u>	<u>\$ (47,867)</u>

BULLOCH COUNTY, GEORGIA
STREETLIGHT TAX DISTRICTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 27,062	\$ 29,668	\$ 30,547	\$ 879
Interest	-	-	240	240
Total revenues	<u>27,062</u>	<u>29,668</u>	<u>30,787</u>	<u>1,119</u>
EXPENDITURES				
Current:				
Roads - Street lighting	<u>27,062</u>	<u>29,668</u>	<u>30,379</u>	<u>(711)</u>
Total expenditures	<u>27,062</u>	<u>29,668</u>	<u>30,379</u>	<u>(711)</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	408	408
FUND BALANCES, BEGINNING OF YEAR	<u>38,521</u>	<u>38,521</u>	<u>38,521</u>	-
FUND BALANCES, END OF YEAR	<u>\$ 38,521</u>	<u>\$ 38,521</u>	<u>\$ 38,929</u>	<u>\$ 408</u>

BULLOCH COUNTY, GEORGIA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2006

	<u>Tax Commissioner</u>	<u>Fire District</u>	<u>Probate Court</u>	<u>Clerk of Courts</u>	<u>Magistrate Court</u>	<u>Sheriff</u>	<u>Emergency Medical Service</u>	<u>Probation</u>	<u>Total</u>
ASSETS									
Cash	<u>\$ 44,291</u>	<u>\$ 112,752</u>	<u>\$ 7,961</u>	<u>\$ 526,819</u>	<u>\$ 2,988</u>	<u>\$ 115,535</u>	<u>\$ -</u>	<u>\$ 102,871</u>	<u>\$ 913,217</u>
LIABILITIES									
Due to other entities and individuals	<u>\$ 44,291</u>	<u>\$ 112,752</u>	<u>\$ 7,961</u>	<u>\$ 526,819</u>	<u>\$ 2,988</u>	<u>\$ 115,535</u>	<u>\$ -</u>	<u>\$ 102,871</u>	<u>\$ 913,217</u>

BULLOCH COUNTY, GEORGIA
SCHEDULE OF PROJECTS PAID WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2006

LOST Fund

Project	Original Estimated Cost	Current Estimated Cost	Expenditures		Total	Estimated Percentage of Completion
			Prior Years	Current Year		
Recreation	\$ 1,000,000	\$ 1,872,615	\$ 1,872,615	-	\$ 1,872,615	100%
Road improvements	3,500,000	15,250,000	11,677,934	\$ 2,922,156	14,600,090	96%
Solid waste disposal	4,000,000	4,059,358	4,059,358	-	4,059,358	100%
Courthouse construction/renovation	1,500,000	4,683,049	4,683,049	-	4,683,049	100%
Jail	2,000,000	2,559,915	2,559,915	-	2,559,915	100%
Public safety program	1,000,000	1,351,533	1,351,533	-	1,351,533	100%
Regional library construction/ renovation	606,000	636,142	636,142	-	636,142	100%
Wastewater treatment	3,000,000	3,500,352	3,500,352	-	3,500,352	100%
Airport terminal and other airport improvements	400,000	590,327	590,327	-	590,327	100%
	<u>\$ 17,006,000</u>	<u>\$ 34,503,291</u>	<u>\$ 30,931,225</u>	<u>\$ 2,922,156</u>	<u>\$ 33,853,381</u>	<u>98%</u>

SPLOST Fund

Project	Original Estimated Cost	Current Estimated Cost	Expenditures		Total	Estimated Percentage of Completion
			Prior Years	Current Year		
Road improvements	\$ 7,420,000	\$ 11,890,810	\$ 11,795,012	\$ 95,798	\$ 11,890,810	100%
City fire	250,000	230,596	230,596	-	230,596	100%
City patrol cars	200,000	196,722	196,722	-	196,722	100%
Solid waste	12,250,000	12,250,000	11,879,152	299,169	12,178,321	99%
Public safety - communications	2,000,000	1,999,999	1,999,999	-	1,999,999	100%
Airport	500,000	518,322	518,322	-	518,322	100%
Arts center	1,030,000	1,030,000	1,030,000	-	1,030,000	100%
Recreation	2,000,000	2,830,973	2,830,973	-	2,830,973	100%
Public safety	850,000	949,683	949,683	-	949,683	100%
Agribusiness center	2,000,000	3,000,410	3,000,410	-	3,000,410	100%
Brooklet - water/sewer system	500,000	500,000	500,000	-	500,000	100%
Portal - solid waste	80,000	106,073	106,073	-	106,073	100%
Register - roads and streets	20,000	18,464	13,584	4,880	18,464	100%
Portal - drainage	50,000	34,446	34,446	-	34,446	100%
Voting precinct	50,000	50,002	50,002	-	50,002	100%
Georgia state patrol	500,000	725,000	717,510	7,490	725,000	100%
Water/sewer system	5,300,000	5,300,000	1,126,611	-	1,126,611	21%
	<u>\$ 35,000,000</u>	<u>\$ 41,631,500</u>	<u>\$ 36,979,095</u>	<u>\$ 407,337</u>	<u>\$ 37,386,432</u>	<u>90%</u>

BULLOCH COUNTY, GEORGIA
SCHEDULE OF PROJECTS PAID WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2006

SPLOST 02 Fund

Project	Original Estimated Cost	Current Estimated Cost	Expenditures		Total	Estimated Percentage of Completion
			Prior Years	Current Year		
Road improvements - County	5,000,000	5,000,000	-	1,259,758	1,259,758	25%
Solid waste - Air rights - Joint	1,510,000	1,510,000	-	1,154,652	1,154,652	76%
Solid waste - Post closure - Joint	610,000	610,000	-	-	-	0%
Communications system - Joint	1,500,000	1,500,000	775,029	287,730	1,062,759	71%
Solid waste - recycling - County	640,000	640,000	-	-	-	0%
Public safety - Sheriff	1,000,000	990,000	251,811	170,994	422,805	43%
Public safety - Rural Fire	900,000	900,000	490,234	11,301	501,535	56%
Public safety - EMS	600,000	600,000	160,816	138,472	299,288	50%
Public safety - Animal control	-	10,000	6,477	1,777	8,254	83%
Airport - County	750,000	750,000	330,218	93,079	423,297	56%
Agribusiness Center - County	6,100,000	6,100,000	280,024	3,836	283,860	5%
Parks and recreation - County	7,000,000	7,000,000	4,499,549	286,472	4,786,021	68%
Industrial park - County	5,500,000	5,500,000	2,923,927	231,985	3,155,912	57%
Water/sewer system - County	100,000	100,000	29,780	-	29,780	30%
Community facilities - County	3,143,000	3,143,000	473,826	861,727	1,335,553	42%
Arts center - Statesboro	1,360,000	1,446,932	1,446,932	-	1,446,932	100%
Municipal building/Police Station - Statesboro	2,140,000	2,140,000	367,913	1,228,667	1,596,580	75%
Public safety vehicles - Statesboro	500,000	500,000	63,674	100,000	163,674	33%
Water/sewer system - Statesboro	5,000,000	5,000,000	950,000	21,023	971,023	19%
City streets, etc. - Statesboro	5,000,000	5,000,000	389,662	470,805	860,467	17%
Municipal building - Brooklet	350,000	420,000	242,490	105,645	348,135	83%
Cultural facility - Brooklet	75,000	5,000	-	-	-	0%
Water system - Brooklet	230,000	230,000	32,787	11,943	44,730	19%
City streets, etc. - Brooklet	205,000	205,000	25,212	66,257	91,469	45%
Solid waste - Portal	50,000	50,000	15,235	2,716	17,951	36%
Cultural facility - Portal	50,000	50,000	17,635	-	17,635	35%
Water system - Portal	200,000	200,000	9,085	9,795	18,880	9%
City streets, etc. - Portal	160,000	160,000	11,973	104,694	116,667	73%
Water system - Register	27,000	27,000	-	545	545	2%
Public safety facility - Register	15,000	35,000	-	23,330	23,330	67%
Recreational areas - Register	15,000	15,000	-	-	-	0%
Cultural facility - Register	45,000	25,000	-	4,600	4,600	18%
City streets, etc. - Register	25,000	25,000	-	-	-	0%
	<u>49,800,000</u>	<u>49,886,932</u>	<u>13,794,289</u>	<u>6,651,803</u>	<u>20,446,092</u>	<u>41%</u>

THIGPEN, LANIER, WESTERFIELD & DEAL

CERTIFIED PUBLIC ACCOUNTANTS

201 SOUTH ZETTEROWER AVENUE

P.O. BOX 505

STATESBORO, GEORGIA 30459

PHONE (912) 489-8756

FAX (912) 489-1243

MARSHALL R. THIGPEN, CPA
WILLIAM RUSSELL LANIER, CPA
JOSEPH S. WESTERFIELD, CPA
RICHARD N. DEAL, CPA
WILLIAM PERRY ROUNTREE, CPA
KAY S. PROCTOR, CPA

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

GEORGIA SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

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

To the Board of Commissioners
Bulloch County, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bulloch County, Georgia, as of and for the year ended June 30, 2006, which collectively comprise Bulloch County's basic financial statements and have issued our report thereon dated December 22, 2006. We did not audit the financial statements of the Bulloch County Board of Health and the Development Authority of Bulloch County. Those financial 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 Bulloch County Board of Health and the Development Authority of Bulloch County, is based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bulloch County, Georgia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Bulloch County, Georgia's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are as follows:

1. During our audit we noted that the Clerk of Courts' office does not make deposits in a timely manner, causing the understatement of cash and receipts for the Clerk of Courts agency fund and the understatement of revenues for the general fund. Checks received from the Sheriff's department and the probation department agency funds were held for several months before being deposited. Money should be deposited daily, or locked in a safe when not deposited. If it is not feasible to deposit money daily, deposits should be made at least weekly.

County Response: During the fiscal year 2007 budget preparation period, the County Manager as representative of the Board of Commissioners, consulted with the Clerk of Courts to develop a corrective action plan. The County Manager recommended developing a position with the department for the 2007 fiscal year for a qualified financial administrator to provide central oversight for accounting and treasury management. The Clerk of Courts reported instead that she would reassign duties within the office to satisfy the corrective action regarding this issue. During the remainder of fiscal year 2007 and during budget planning for fiscal year 2008, the Board of Commissioners will reiterate this recommendation. The Clerk of Courts is a constitutional officer and maintains the discretion to accept, reject or modify any such recommendation.

2. Inadequate bank reconciliations are prepared for the bank accounts of the Clerk of Courts. The reconciliations often contain improper reconciling items, consisting mostly of disbursements made in the following month. We recommend that proper bank reconciliations be prepared monthly, in a form that reconciles the balance on the bank statement to the checkbook balance at each month end.

County Response: Same as for item 1 above.

3. During our audit we noted that deposits are often not made in a timely manner in the Probate Court's office. Money should be deposited at least weekly into the appropriate accounts, regardless of the amount on hand to be deposited.

County Response: The Probate Court will be sent an advisory memorandum on this issue. The Probate Court Judge is a constitutional officer and maintains the discretion to accept, reject or modify any such recommendation.

4. During our audit we encountered complications in the reconciliation of accounts receivable reports to actual deposits for the EMS department, consisting mostly of timing differences in the period in which the cash was deposited into the bank and the time during which the receipts were posted in the accounts receivable software. These differences are the results of various circumstances, including problems with Medicaid and the untimely posting of receipts to accounts due to a shortage in staff. The inability to reconcile accounts receivable reports to the bank deposits weakens internal control, even if the differences are a result of circumstances beyond the control of EMS staff. We recommend that a formal reconciliation be prepared each month for accounts receivable and deposits and that any differences be fully and clearly documented on that reconciliation.

County Response: The Board of Commissioners has already authorized an internal audit by a qualified accounting firm to provide recommendations and procedures to the EMS staff. Results are pending, but are likely to satisfy this issue.

5. During our audit we noted that the County did not amend the budget for significant capital lease obligations incurred during the year. A budget amendment should be made for any capital leases incurred not previously budgeted for. The amendment should recognize the proceeds from the capital lease and the related expenditures.

County Response: The County Manager and Financial Administration staff was unaware of the preference to recognize the lease proceeds as an other financing source in the final budget amendment. With the likelihood of similar future arrangements, this note will be used as a reminder to recognize the lease purchase proceeds in future budget final amendments.

6. As noted in Note 2 to the financial statements, expenditures exceeded appropriations at the legal level of control for certain general fund departments and certain special revenue funds. Budget amendments should be made and approved by the Board of Commissioners for any overexpenditures of the County budget.

County Response: The County attempted to correct this problem by adopting a tentative final budget amendment before June 30, 2006 and an official final budget amendment in September, 2006. The County financial staff has instituted centralized purchasing with a computerized encumbrance system and is attempting to move toward a fund accounting structure with its software to minimize or eliminate reconciliation, absent of error. If successful, along with the aforementioned amendment procedure, overexpenditures of appropriations should be minimized or eliminated.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 1 and 2 to be material weaknesses.

Compliance and Other Matters

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

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

Thigpen, Lauer, Westerfield + Deal

December 22, 2006