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**BULLOCH COUNTY, GEORGIA**  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2007

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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, 2007, 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, 2007, 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 31, 2007 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 31, 2007

## 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, 2007. The County's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

### Financial Highlights

- The County had total net assets (assets exceeded liabilities) of \$81,341,534 at 2007 fiscal year-end. That is \$3,168,058 lower than the total net assets of \$84,509,592 at 2006 fiscal year-end.
- Total net assets are comprised of the following:
  - (1) Capital assets, net of related debt, of \$59,202,408 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 2006 was \$63,093,594. That is a decrease of \$3,891,186 (or 6.2%) for fiscal year 2007.
  - (2) Net assets of \$17,360,759 are restricted by constraints imposed from outside the County such as debt covenants, grantors, laws, or regulations. That is \$2,300,980 (or 15.3 %) more than the fiscal year 2006 amount of \$15,059,779.
  - (3) Unrestricted net assets of \$4,778,367 represent the portion available to maintain the County's continuing obligations to citizens and creditors. This is a \$1,577,853 (or 24.8 %) decrease from the fiscal year 2006 total of \$6,356,220. Unrestricted net assets also decreased in fiscal year 2006. *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 \$27,505,095 in fiscal year 2007, compared to \$29,497,411 in fiscal year 2006. This is a decrease of \$1,992,316 (or 6.8%). This was primarily due to a \$1.4 million decrease in the general fund balance and spending all of the remaining funds in the SPLOST 89 capital projects fund (\$679,136). The fiscal year 2006 ending fund balance showed an increase of \$8,267,245 (or 38.9%). The unreserved fund balance of \$27,179,923 for fiscal year 2007 is a \$2,074,232 (or 7.1%) decrease from fiscal year 2006. Unreserved fund balance of \$29,254,155 for fiscal year 2006 was an \$8,255,467 (or 39.3%) increase from the \$20,998,688 in fiscal year 2005.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$3,832,383 (or 15.0%) of total General Fund expenditures and net of other financing sources and uses. That compares to \$5,253,620 (or 22.4%) of total General Fund expenditures, net of other financing sources and uses in fiscal year 2006. Fiscal year 2005's unreserved fund balance for the General Fund was \$6,539,571 (or 28.6%) of total General Fund expenditures and net of other financing sources and uses.
- *Overall, the County is showing a declining and more negative operating financial position.* Overall, in Fiscal Year 2007, 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 six years. As a result in Fiscal Year 2008, the Board of Commissioners must adopt a general ad valorem property tax increase that includes a five-year reserve stabilization plan for the General Fund. 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 52.

### **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, 2007 for governmental activities. Below is a description of the indicators used.

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

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

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

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

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

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

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

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

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

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

Financial Strength Ratios	2007 Governmental Activities	2006 Governmental Activities	Standard	2007 Adherence to Standard
Current Ratio	5.9	8.8	2.0 or >	Positive
Total Debt to Equity Ratio	0.201	0.178	1.0 or <	Positive
Working Capital	\$26,235,357	\$29,320,804	NA	Positive
Current Liabilities Ratio	0.074	0.044	0.05 or <	Negative
Operating Position	0.158	0.237	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	\$28,525,000(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 seven fiscal years and indicates a structural budget deficit. It should be noted further that all financial 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 2003. 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 \$81,341,534 at 2007 fiscal year-end compared to the fiscal year 2006 figure of \$84,509,592. 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>	
	2007	2006	2007	2006	2007	2006	2007	2006
<b>Assets</b>								
Current Assets	31,609,015	33,080,400	818,202	619,491	32,427,217	33,699,891	32.3%	32.8%
Capital Assets	60,289,143	61,169,354	7,560,374	7,876,327	67,849,517	69,045,681	67.7%	67.2%
<b>Total Assets</b>	<b>91,898,158</b>	<b>94,249,754</b>	<b>8,378,576</b>	<b>8,495,818</b>	<b>100,276,734</b>	<b>102,745,572</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Liabilities</b>								
Current Liabilities	5,373,658	3,759,596	4,615	33,089	5,378,273	3,792,685	28.4%	20.8%
Long-Term Liabilities	13,556,927	14,443,295	-	-	13,556,927	14,443,295	71.6%	79.2%
<b>Total Liabilities</b>	<b>18,930,585</b>	<b>18,202,891</b>	<b>4,615</b>	<b>33,089</b>	<b>18,935,200</b>	<b>18,235,980</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Net Assets</b>								
Invested in Capital Assets, Net of Debt	51,642,034	55,217,266	7,560,374	7,876,327	59,202,408	63,093,593	72.8%	74.7%
Restricted – Capital Projects	15,830,504	13,560,181	-	-	15,830,504	13,560,181	19.4%	16.0%
Restricted – Other Purposes	1,530,255	1,499,598	-	-	1,530,255	1,499,598	1.9%	1.8%
Unrestricted	3,964,780	5,769,818	813,587	586,402	4,778,367	6,356,220	5.9%	7.5%
<b>Total Net Assets</b>	<b>72,967,573</b>	<b>76,046,863</b>	<b>8,373,961</b>	<b>8,462,729</b>	<b>81,341,534</b>	<b>84,509,592</b>	<b>100.0%</b>	<b>100.0%</b>

The County reported positive balances in net assets for both governmental and business-type activities. Net assets for fiscal year 2007 decreased by \$3,079,290 (or 4.0%) for governmental activities, and decreased by \$88,768 (or 1.0%) for business-type activities.

Note that in fiscal year 2007 and in fiscal year 2006, respectively 70.8% and 72.6% 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 90.3% in fiscal year 2007, and 93.1% in fiscal year 2006 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. 72.8% in fiscal year 2007, and 74.7% in fiscal year 2006 of the County's total net assets were included in capital assets.

**Summary of Changes in Net Assets**

	2007				2006			
	Governmental Activities	Business Activities	Total	Percentage of Total	Governmental Activities	Business Activities	Total	Percentage of Total
<b>Program Revenues</b>								
Fees, Fines, Charges for Services	10,469,008	1,277,859	11,746,867	27.8%	9,389,379	1,267,948	10,657,327	27.7%
Operating Grants and Contributions	2,522,973	-	2,522,973	6.0%	2,403,237	-	2,403,237	6.2%
Capital Grants and Contributions	961,058	-	961,058	2.3%	833,540	-	833,540	2.2%
<b>General Revenues</b>								
Taxes	24,780,279	-	24,780,279	58.5%	23,189,284	-	23,189,284	60.1%
Other	2,275,298	22,651	2,297,949	5.4%	1,455,527	14,915	1,470,442	3.8%
<b>Total Revenues</b>	<b>41,008,616</b>	<b>1,300,510</b>	<b>42,309,126</b>	<b>100.0%</b>	<b>37,270,967</b>	<b>1,282,863</b>	<b>38,553,830</b>	<b>100.0%</b>
<b>Program Expenses</b>								
General Government	3,816,609	-	3,816,609	8.4%	3,044,111	-	3,044,111	8.6%
Judicial	2,675,866	-	2,675,866	5.9%	2,317,738	-	2,317,738	6.5%
Public Safety	13,490,214	-	13,490,214	29.7%	13,328,746	-	13,328,746	37.7%
Public Works	8,925,387	-	8,925,387	19.6%	3,440,966	-	3,440,966	9.7%
Sanitation	1,939,683	-	1,939,683	4.3%	1,887,713	-	1,887,713	5.3%
Health and Welfare	374,163	-	374,163	.8%	352,219	-	352,219	1.0%
Libraries and Recreation	3,965,497	-	3,965,497	8.7%	3,885,998	-	3,885,998	11.0%
Airport	705,058	-	705,058	1.5%	597,260	-	597,260	1.7%
Housing and Development	2,300,454	-	2,300,454	5.1%	1,093,366	-	1,093,366	3.1%
Intergovernmental	5,256,533	-	5,256,533	11.5%	3,980,348	-	3,980,348	11.2%
Interest	674,462	-	674,462	1.5%	194,496	-	194,496	0.6%
Aquatic Center		1,180,493	1,180,493	2.6%	-	1,120,527	1,120,527	3.2%
Agribusiness Center		172,765	172,765	0.4%	-	148,500	148,500	0.4%
<b>Total Expenses</b>	<b>44,123,926</b>	<b>1,353,258</b>	<b>45,477,184</b>	<b>100.0%</b>	<b>34,122,961</b>	<b>1,269,027</b>	<b>35,391,988</b>	<b>100.0%</b>
Excess (Deficiency)	(3,115,310)	(52,748)	(3,168,058)		3,148,006	13,836	3,161,842	
Transfers	36,020	(36,020)	-		(29,343)	29,343	-	
Change in Net Assets	(3,079,290)	(88,768)	(3,168,058)		3,118,663	43,179	3,161,842	
Prior Period Adjustment	17,208,525	-	17,208,525		(1,319,212)	(22,586)	(1,341,798)	
<b>Beginning Net Assets</b>	<b>58,838,338</b>	<b>8,462,729</b>	<b>67,301,067</b>		<b>57,038,887</b>	<b>8,442,136</b>	<b>65,481,023</b>	
<b>Ending Net Assets</b>	<b>72,967,573</b>	<b>8,373,961</b>	<b>81,341,534</b>		<b>58,838,338</b>	<b>8,462,729</b>	<b>67,301,067</b>	

***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 2007, 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 successively in 1997 and 2002 for five-year terms; and 2007 for a six-year term. At first glance it appears that the County is heavily reliant on sales

taxes to support governmental operations. In fiscal year 2006, sales taxes of \$9,714,763 out of \$37,270,122 in total governmental funds revenues, or 26.1%, 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 2007, \$10,568,124 in sales taxes represented 25.8% of the \$40,897,494 in governmental funds revenues.

Because of its healthier financial position, comparative to many other counties, and its investment proceeds from the local Hospital Authority corpus, Bulloch County has been able to earn \$1,516,889 in fiscal year 2007, and \$865,833 in fiscal year 2006, in interest to support governmental activities. Also, note that program revenues covered 31.6% in fiscal year 2007, and 37.0% in fiscal year 2006 of governmental operating expenses. This means that the government's taxpayers and the other general revenues funded the remaining 68.4% in fiscal year 2007, and 63.0% in fiscal year 2006 of the governmental activities.

Property taxes are an important source of revenue to Bulloch County's General Fund. In fiscal year 2007, property tax revenues were \$12,003,113 (or 49.5% of total revenues), in fiscal year 2006, \$11,197,343 (or 50.5% of total revenues), and in fiscal year 2005, \$10,758,097 (or 49.6% 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 30.6% of the County's total governmental activity expenses and 29.7% of total County expenses. In fiscal year 2006, those figures were 39.1% and 37.7% respectively. In fiscal year 2007, general government totals 8.6% of the total governmental activity expense, and 8.4% of the total County expenses. In fiscal year 2006, general government totaled 8.9% of the total governmental activity expenses, and 8.6% 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			
	2007		2006	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General Government	3,816,609	(1,684,916)	3,044,111	(991,633)
Judicial	2,675,866	(2,151,701)	2,317,738	(1,658,867)
Public Safety	13,490,214	(7,168,643)	13,328,746	(8,156,887)
Public Works	8,925,387	(8,360,434)	3,440,966	(2,689,325)
Sanitation	1,939,683	(1,104,914)	1,887,713	(1,238,340)
Health and Welfare	374,163	(374,163)	352,219	(352,219)
Libraries and Recreation	3,965,497	(2,321,683)	3,885,998	(2,359,677)
Airport	705,058	(118,938)	597,260	21,575
Housing and Development	2,300,454	(1,677,479)	1,093,366	(572,265)
Intergovernmental	5,256,533	(4,533,554)	3,980,348	(3,304,671)
Interest	674,462	(674,462)	194,496	(194,496)
<b>Total</b>	<b>44,123,926</b>	<b>(30,170,887)</b>	<b>34,122,961</b>	<b>(21,496,805)</b>

For fiscal year 2007, all functions, required a subsidy from general revenues comprising 68.4% of all expenses. For fiscal year 2006, all functions except the Airport, required a subsidy from general revenues comprising 63.0% of all expenses.

***Business-Type Activities: Revenues vs. Expenses***

For fiscal year 2007, the aggregate operating revenues for the county enterprise funds were .8% above 2006 and operating expenses were 6.6% above fiscal year 2006. Within the total business type activities of the County, these activities reported aggregate operating losses of \$75,399 compared to operating losses of \$1,079 in fiscal year 2006. However, after transfers in and out between other funds, these funds reported a combined loss of \$88,768 in fiscal year 2007 compared to a profit of \$43,179 in fiscal year 2006.

<b>Business-Type Activities: Operating Income (Loss)</b>				
	<b>2007</b>		<b>2006</b>	
	<b>Amount</b>	<b>Percent Change</b>	<b>Amount</b>	<b>Percent Change</b>
Aquatic Center Fund	\$20,177	(70.9%)	\$69,232	263.8%
Agribusiness Center Fund	(\$95,576)	(35.9%)	(\$70,311)	(59.7%)

Operating income before transfers for the Aquatic Center Fund (Splash in the 'Boro) decreased significantly in fiscal year 2007 with operating revenues increasing 0.9%, while operating expenses increased 5.4%, resulting in a 70.9% decrease in annual operating income. The changes in the level of federal minimum wage requirements authorized by Congress in mid-2007 are likely to continue to affect operating margins over the next couple of years, unless the revenue volume increases.

The operating income for the Agribusiness Center Fund continued to significantly decrease in fiscal year 2007 as operating revenues declined 1.3%, while operating expenses before depreciation increased by 33.6%, resulting in a 35.9% 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. 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. \$29,380 was transferred out of the Aquatic Center Fund to the Parks and Recreation Fund and \$6,640 was transferred out of the Agribusiness Center Fund to the general fund in 2007. The County transfers resources between its business-type funds and its governmental funds for the following reasons:

- The County has developed a formula based allocation for charges to its enterprise funds that take the form of transfers out of these funds to help cover the costs of overhead services from the General Fund or other governmental funds. These costs include the various staff departments, such as personnel, finance, purchasing, and records, as well as part of the County Manager's time. If these enterprise funds were privately owned, the County would be entitled to property taxes on the property in service, net of accumulated depreciation, similar to other private service providers. These transfers are made in lieu of property taxes.
- Periodically, capital improvements or investments must be made to enhance the use by the customers and occupants of these facilities. Where appropriated, the Board of Commissioners makes available budgeted resources for transfers into these enterprise funds from the Special Purpose Local Option Sales Tax for these enhancements. This relieves subsidies from property tax payers who commit resources through the General Fund. Because at least one-third of all sales taxes are generated from consumers living outside of Bulloch County, these consumers in fact provide additional tax relief for county taxpayers who may otherwise have to commit local dollars toward the improvement of these facilities.
- Since the County's taxpayers are in fact the investors who started and financed these operations, they are being rewarded with a comparable return on equity in the form of lower property taxes.

This return can be made while still maintaining fee or user charges that are at or below the market prices offered by comparable private companies.

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

## **Financial Analysis of the County's Funds**

### ***Governmental Funds***

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$27,505,095 in fiscal year 2007, compared to \$29,497,411 in fiscal year 2006, and \$21,230,166 in fiscal year 2005. Of these year-end totals, \$27,179,923 in fiscal year 2007, \$29,254,155 in fiscal year 2006, and \$20,998,688 in fiscal year 2005 was unreserved indicating availability for continuing County service requirements.

The total ending fund balances of governmental funds show a decrease in fiscal year 2007 of \$1,992,316 (6.8 %) compared to an increase in fiscal year 2006 of \$8,267,245 (or 38.9%).

Total taxes in governmental funds were \$1,673,258 or 7.2% higher than in fiscal year 2006. The major change was due to a significant increase in SPLOST revenue collections (8.8% increase; \$853,361) and an increase of \$805,770 or 7.2% in property taxes. Charges for services showed strength by increasing in fiscal year 2007 to \$7,249,319 from \$6,473,221 (or 12.0%).

The governmental funds' expenditures increased by \$4,034,206, or 10.1%, in fiscal year 2007, compared to a increase of \$3,898,408, or 10.8%, in fiscal year 2006. The fiscal year 2007 increase was due primarily to a greater investment in capital outlays than in fiscal year 2006. The fiscal year 2007 increase related primarily to increases in Public Safety, both for operating expenses and capital outlays; Public Works operating expenses; capital outlays for water and sewer service to the new industrial park; and intergovernmental expenditures to other local governments within the County for capital improvements.

The County's overall cash flow can vary greatly from month to month. The reason for this is that property tax revenues, which consist of approximately one-half of General Fund revenue stream, peak during the December-February time line. While other General Fund revenues come in during months when property taxes do not, there exists an declining cash flow environment from March to November. This is why having a standard of 25% of expenditures in the General Fund balance is critical. The standard provides adequate cash flow to handle these monthly fluctuations, while providing a cushion against any major unexpected events, with a residual benefit of improving the County's credit rating when it needs to borrow. As a result of the structural budget deficit over the last several years, it is anticipated that the County will need to assume tax anticipation notes for a period projected through at least fiscal 2011, costing an estimated sum of \$75,000 in cumulative interest payments.

### ***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 \$1,400,421 in fiscal year 2007 and by \$1,274,173 in fiscal year 2006. 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***

The Employee Insurance Internal Service Fund had a decrease in net assets of \$308,179 for the year ended June 30, 2007 because of a significant increase in claims paid compared to fiscal year 2006. Claims expense increased \$801,814 or 58.2% during fiscal year 2007. This fund had ending net assets of \$48,207 at June 30, 2007 compared to \$356,386 at the end of fiscal year 2006.

### ***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*** – Overall, the County recognized revenues equal to \$1,523,361 or 6.7% above budgeted revenues in the appropriated budget. Overall, the County recognized expenditures equal to \$402,247, or only 1.8% above budgeted expenditures in the appropriated budget.

On the revenue side of the budget, charges for services and intergovernmental revenue were considerably higher than the budgeted amount.

On the expenditure side, the most significant negative variances were in the Public Safety function, particularly in the Sheriff's Department, Emergency Medical Service and Fire Protection; and in Public Works.

### **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, 2007 was \$60,289,143 and \$7,560,374 respectively, for a total of \$67,849,517. That compares to fiscal year 2006 numbers of \$61,169,355 and \$7,876,327 respectively, for a total of \$69,045,682.

The fiscal year 2007 totals in this net investment decreased by 1.4% for governmental activities and decreased by 4.0% for business-type activities. The overall decrease was 1.7% for the County as a whole. The decrease in the governmental activities investment is explained below. *See Note 7* 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				Total	
	Governmental Activities		Business Activities		2007	2006
	2007	2006	2007	2006		
<b>Non-depreciable Assets</b>						
Land	1,956,488	1,745,413	329,177	329,177	2,285,665	2,074,590
Construction in Progress	3,441,599	2,072,981	-	-	3,441,599	2,072,981
<b>Total Non-Depreciable</b>	<b>5,398,087</b>	<b>3,818,394</b>	<b>329,177</b>	<b>329,177</b>	<b>5,727,264</b>	<b>4,147,571</b>

Depreciable Assets						
Buildings	23,975,360	23,862,555	6,647,188	6,643,973	30,622,548	30,506,528
Improvements Other Than Buildings	7,677,094	7,136,644	1,179,703	1,179,703	8,856,797	8,316,347
Machinery and Equipment	17,535,112	16,610,208	438,833	430,572	17,973,945	17,040,780
Infrastructure	111,006,621	107,835,873	-	-	111,006,621	107,835,873
<b>Total Depreciable Assets</b>	<b>160,194,187</b>	<b>155,445,280</b>	<b>8,265,724</b>	<b>8,254,248</b>	<b>168,459,911</b>	<b>163,699,528</b>
<b>Less Accumulated Depreciation</b>	<b>105,303,131</b>	<b>98,094,319</b>	<b>1,034,527</b>	<b>707,098</b>	<b>106,337,658</b>	<b>98,801,417</b>
<b>Book Value: Depreciable Assets</b>	<b>54,891,056</b>	<b>57,350,961</b>	<b>7,231,197</b>	<b>7,547,150</b>	<b>62,122,253</b>	<b>64,898,111</b>
<b>Percentage Depreciated</b>	<b>65.7%</b>	<b>63.1%</b>	<b>12.5%</b>	<b>8.6%</b>	<b>63.1%</b>	<b>60.4%</b>
<b>Total Book Value</b>	<b>60,289,143</b>	<b>61,169,355</b>	<b>7,560,374</b>	<b>7,876,327</b>	<b>67,849,517</b>	<b>69,045,682</b>

The County began reporting its governmental infrastructure constructed each year in fiscal year 2003. The major increase in infrastructure between fiscal year 2007 and fiscal year 2006 is the addition or improvement of several miles of newly-constructed roads.

The major increase for construction in progress continues to be road and bridge improvements county-wide and the current expansion of the County Jail-Detention Center.

In the County's business type activities, 12.5% of the asset values were depreciated at June 30, 2007, compared to 8.6% for fiscal year 2006.

At June 30, 2007, the depreciable capital assets for governmental activities were 65.7% depreciated. This percentage is more than the fiscal year 2006 amount of 63.1%. *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 or improving infrastructure, machinery, equipment and infrastructure at an accelerated pace to keep pace with community growth.*

### 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 the 2002 and 2007 Special Purpose Local Option Sales Tax Funds. The County's business-type activities comprised of enterprise funds reported no outstanding long-term debt or notes payable either in fiscal year 2007 or 2006.

The governmental activities reported capital leases of \$14,094,260, a net decrease of \$269,342 or 1.9% from 2006. The notes payable for the water and sewer for Phase I of Gateway Regional Industrial Park were reduced by \$53,140, or 8.1% to \$600,730. Compensated absences increased by \$83,563 or 22.5% in fiscal year 2007 to \$455,732.

	Long-Term Debt Obligations	
	Governmental Activities	
	2007	2006
Capital Leases	14,094,260	14,363,602
Notes Payable	600,730	653,870
Compensated Absences	455,732	372,169
<b>Total</b>	<b>15,150,722</b>	<b>15,389,641</b>

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 \$14,694,990 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 2021. There is one note payable to the Georgia Environmental Facilities Authority with an outstanding principal amount of \$600,730 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. The largest obligation resides in the current Jail-Detention Center Expansion. However, under the 2007 SPLOST referendum, the Jail lease-financing is planned to be paid off by July 2009, assuming the projected revenue collection schedule is met.*

*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. However, while it is likely that lease financing will continue to be used when practical and advantageous to the County, the Reserve Stabilization Plan includes a provision to accumulate and designate 10% of escrowed funds for pay-as-you-go purchases.*

#### **Economic Conditions Affecting the County**

According to key economic indicators, the 2007 fiscal year saw Bulloch County's local economy perform relatively well, but may be showing signs of coming off a peak. From a long-term perspective, the national and state economies may be significantly affected by many factors, including a growing national debt and trade deficit, monetary issues and health care costs, inflation, increased demands on Social Security as baby-boomers near retirement, a certain 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 2008, the County should realize stable, but declining economic growth compared to last year, as new employment growth which has been led by construction activity and the service sectors cool. Yet, Bulloch County continues to see 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. 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 four-year old county-operated Splash in the 'Boro Aquatic Center had outstanding opening of its first four 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 2007 and 2008, 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 2007 is estimated at 63,207. The 2000 Census enumerated a county population of 55,983.
- The Consumer Price Index for the Urban South Consumers decreased from 7.8% to 4.7% between June 30, 2006 and June 30, 2007, largely as the result of the cooling of higher prices for energy and construction activities.
- The annual average unemployment rate for Bulloch County in calendar year 2006 was 4.2% which was below the average of 2005 at 4.3%, and is slightly below the State average unemployment rate of 4.3% which remained the same as the prior year.
- The county's employed workforce increased from 29,125 to 30,341 from 2005 to 2006, a 4.2% increase, but a lower rate of growth compared to a 5.3% increase from 2004 to 2005.
- The ad valorem tax rate for Fiscal Year 2007 was set at 10.44 mills, which was an increase from 8.627 mills in Fiscal Year 2006 to correct the structural budget deficit.
- Per capita income for Bulloch County has increased from \$19,981 in 2004 to \$20,866 in 2005, or 4.4%, thus, while showing marked improvement over 2004, it is still 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. County sales taxes collections in FY 2007 increased by 8.8% from \$9,714,763 to \$10,568,214, but is lower than the 13.1% increase in FY 2005. Single-family building permits increased dramatically in Bulloch County and its municipalities from 525 units in Calendar Year 2005 to 867 units in 2006, or a 65.1% increase. However, the projection for Calendar Year end 2007 will be 750 new units, or a 13.5% decrease. Total deposits in financial institutions in Bulloch County increased from \$843.6 million in 2005 to \$999.7 million in 2006, or 18.5%.
- Model based estimates indicate that the poverty rate in Bulloch County has dropped from 24.5% in 1999 to 19.5% in 2004.

Despite some mixed results, Bulloch County has a growing population and economy influenced by a strong industrial base, a growing regional public university and medical center with 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 long-term future growth. The completed installation of new water and sewer lines and expansion and widening of the A.J. Riggs secondary access road in Phase II of the Gateway Regional Industrial Park, will give the County's Development Authority over 300 acres of immediately marketable land for industrial expansion. Our short-term 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 construction which is in apparent decline, will experience some marginal overall growth in fiscal year 2008.

### Summary

In summary, at the close of June 30, 2007, Bulloch County government currently has adequate and favorable financial strength, liquidity, a strong capital asset base and minimal debt, comparable to other counties of its size in Georgia.

However, its operating position, particularly in the key General Fund, has declined dramatically over the last six fiscal years where fund balance has declined from \$9.7 million at the close of fiscal year 2001, to \$4.1 million at the close of fiscal year 2007 (or 58%). This is due again to a convergence of factors that resulted from an annual structural budget deficit where recurring revenues were not sufficient to meet recurring expenditures. This condition existed despite the appearance of growth in the county's population and economy.

In fiscal years 2005, 2006 and 2007, 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.

Ultimately, this will result in the aforementioned ad valorem tax increase in Fiscal Year 2008. If this trend were to continue without correction, Bulloch County's fund balance could be exhausted by fiscal year 2010, thus severely affecting its operational capabilities.

**Proposed Five-Year Reserve Stabilization Plan**

Fiscal Year	2008	2009	2010	2011	2012	2013
Projected Escrow Funds (\$)	406,000	780,000	811,000	844,000	877,000	912,000
FYE Fund Balance (\$ in mil.)	4.096	4.876	5.687	6.531	7.408	8.320
Projected Budget (\$ in mil.)	28.94	30.00	31.2	32.45	33.75	35.1
FYE Fund Balance Ratio (%)	14.2	16.3	18.2	20.1	21.9	23.7

Upon passage of the proposed tax increase, the County will adopt a reserve stabilization plan for the next five fiscal years to rebuild the General Fund balance to approximate the ideal level of 25% of revenues. The County will be looking at four key implementation items in fiscal years 2008 to improve both general efficiency and financial reporting. They are:

- Fully implement the consolidation of general banking services with a single financial institution in order to improve treasury management initiated at the close of FY 2007.
- Initiate an electronic timekeeping system to improve the accuracy and operation of payroll services.
- Utilize the aforementioned initiatives to progress toward true fund accounting and a full fledged modified accrual accounting system.
- Continue to improve the consolidated purchasing function initiated in FY 2007 which includes the task of entering encumbrances electronically into the accounting system, thus, giving more accurate monthly financial reporting.

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

**Contacting the County's Financial Management**

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

Thomas M. Couch  
County Manager

James. H. Starling  
Chief Financial Officer

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

**BULLOCH COUNTY, GEORGIA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2007**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Bulloch County Board of Health	Development Authority of Bulloch County
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash	\$ 28,497,093	\$ 1,267,609	\$ 29,764,702	\$ 1,212,435	\$ 631,936
Receivables:					
Taxes	373,635	-	373,635	-	-
Intergovernmental	1,151,837	-	1,151,837	116,377	-
Internal balances	449,407	(449,407)	-	-	-
Other	656,081	-	656,081	-	-
Due from component unit	134,450	-	134,450	-	-
Prepaid items	294,279	-	294,279	-	-
Inventories	52,233	-	52,233	-	-
<b>Total Current Assets</b>	<b>31,609,015</b>	<b>818,202</b>	<b>32,427,217</b>	<b>1,328,812</b>	<b>631,936</b>
<b>Capital Assets:</b>					
Nondepreciable capital assets	5,398,087	329,177	5,727,264	-	5,055,507
Depreciable capital assets, net	54,891,056	7,231,197	62,122,253	136,439	3,942,469
<b>Total Capital Assets</b>	<b>60,289,143</b>	<b>7,560,374</b>	<b>67,849,517</b>	<b>136,439</b>	<b>8,997,976</b>
<b>Total Assets</b>	<b>91,898,158</b>	<b>8,378,576</b>	<b>100,276,734</b>	<b>1,465,251</b>	<b>9,629,912</b>
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts payable	2,974,492	-	2,974,492	-	8,597
Accrued expenses	515,167	4,615	519,782	-	-
Unearned revenue	5,625	-	5,625	-	-
Due to primary government	-	-	-	-	134,450
Due to other governments	-	-	-	44,535	-
Claims payable	199,679	-	199,679	-	-
Other liabilities	84,900	-	84,900	-	42,704
Compensated absences payable	91,146	-	91,146	82,672	-
Capital leases payable	1,446,735	-	1,446,735	-	-
Notes payable	55,914	-	55,914	-	-
<b>Total Current Liabilities</b>	<b>5,373,658</b>	<b>4,615</b>	<b>5,378,273</b>	<b>127,207</b>	<b>185,751</b>
<b>Long-Term Liabilities:</b>					
Compensated absences payable (net of current portion)	364,586	-	364,586	-	-
Capital leases payable (net of current portion)	12,647,525	-	12,647,525	-	-
Notes payable (net of current portion)	544,816	-	544,816	-	-
<b>Total Long-Term Liabilities</b>	<b>13,556,927</b>	<b>-</b>	<b>13,556,927</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>18,930,585</b>	<b>4,615</b>	<b>18,935,200</b>	<b>127,207</b>	<b>185,751</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	51,642,034	7,560,374	59,202,408	136,439	8,997,976
Restricted for:					
Capital projects	15,830,504	-	15,830,504	-	-
Other purposes	1,530,255	-	1,530,255	504,610	-
Unrestricted	3,964,780	813,587	4,778,367	696,995	446,185
<b>Total Net Assets</b>	<b>\$ 72,967,573</b>	<b>\$ 8,373,961</b>	<b>\$ 81,341,534</b>	<b>\$ 1,338,044</b>	<b>\$ 9,444,161</b>

See accompanying notes to the basic financial statements.

**BULLOCH COUNTY, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2007**

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		Total	Component Units	
					Governmental Activities	Business-type Activities		Bulloch County Board of Health	Development Authority of Bulloch County
<b>Primary Government</b>									
<b>Governmental Activities</b>									
General government	\$ 3,816,609	\$ 761,475	\$ 1,370,218	-	\$ (1,684,916)	-	\$ (1,684,916)		
Judicial	2,675,866	509,115	15,050	-	(2,151,701)	-	(2,151,701)		
Public safety	13,490,214	5,938,736	27,765	\$ 355,070	(7,168,643)	-	(7,168,643)		
Public works	8,925,387	187,838	-	377,115	(8,360,434)	-	(8,360,434)		
Sanitation	1,939,683	594,728	240,041	-	(1,104,914)	-	(1,104,914)		
Health and welfare	374,163	-	-	-	(374,163)	-	(374,163)		
Recreation	3,434,370	1,407,732	61,311	174,771	(1,790,556)	-	(1,790,556)		
Libraries	531,127	-	-	-	(531,127)	-	(531,127)		
Airport	705,058	532,018	-	54,102	(118,938)	-	(118,938)		
Housing and development	2,300,454	537,366	85,609	-	(1,677,479)	-	(1,677,479)		
Intergovernmental	5,256,533	-	722,979	-	(4,533,554)	-	(4,533,554)		
Interest	674,462	-	-	-	(674,462)	-	(674,462)		
<b>Total governmental activities</b>	<b>44,123,926</b>	<b>10,469,008</b>	<b>2,522,973</b>	<b>961,058</b>	<b>(30,170,887)</b>	<b>-</b>	<b>(30,170,887)</b>		
<b>Business-type Activities</b>									
Aquatic Center	1,180,493	1,200,670	-	-	-	\$ 20,177	20,177		
Agribusiness Center	172,765	77,189	-	-	-	(95,576)	(95,576)		
<b>Total business-type activities</b>	<b>1,353,258</b>	<b>1,277,859</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(75,399)</b>	<b>(75,399)</b>		
<b>Total - Primary Government</b>	<b>\$ 45,477,184</b>	<b>\$ 11,746,867</b>	<b>\$ 2,522,973</b>	<b>\$ 961,058</b>	<b>(30,170,887)</b>	<b>(75,399)</b>	<b>(30,246,286)</b>		
<b>Component Units:</b>									
Bulloch County Board of Health	\$ 1,835,523	\$ 508,539	\$ 1,300,264	-				\$ (26,720)	-
Development Authority of Bulloch County	359,045	1,141,206	182,846	-				-	\$ 965,007
<b>Total Component Units</b>	<b>\$ 2,194,568</b>	<b>\$ 1,649,745</b>	<b>\$ 1,483,110</b>	<b>-</b>				<b>(26,720)</b>	<b>965,007</b>
<b>General Revenues</b>									
Property taxes					11,865,610	-	11,865,610	-	-
Sales taxes					10,568,124	-	10,568,124	-	-
Insurance premium tax					1,449,973	-	1,449,973	-	-
Other taxes					896,572	-	896,572	-	-
Gain on sale of capital assets					248,625	-	248,625	-	-
Interest earned					1,516,889	22,651	1,539,540	-	15,650
Miscellaneous					509,784	-	509,784	-	-
<b>Total General Revenues</b>					<b>27,055,577</b>	<b>22,651</b>	<b>27,078,228</b>	<b>-</b>	<b>15,650</b>
Transfers					36,020	(36,020)	-	-	-
<b>Total General Revenues and Transfers</b>					<b>27,091,597</b>	<b>(13,369)</b>	<b>27,078,228</b>	<b>-</b>	<b>15,650</b>
<b>Change in Net Assets</b>					<b>(3,079,290)</b>	<b>(88,768)</b>	<b>(3,168,058)</b>	<b>(26,720)</b>	<b>980,657</b>
<b>Net Assets Beginning of Year, As Restated (Note 6)</b>					<b>76,046,863</b>	<b>8,462,729</b>	<b>84,509,592</b>	<b>1,364,764</b>	<b>8,463,504</b>
<b>Net Assets End of Year</b>					<b>\$ 72,967,573</b>	<b>\$ 8,373,961</b>	<b>\$ 81,341,534</b>	<b>\$ 1,338,044</b>	<b>\$ 9,444,161</b>

See accompanying notes to the basic financial statements.

**BULLOCH COUNTY, GEORGIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2007**

	General	SPLOST 89	SPLOST 97	SPLOST 02	SPLOST 07	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash	\$ 3,821,776	-	\$ 696,078	\$15,050,860	\$ 7,171,166	\$ 1,589,674	\$28,329,554
Receivables:							
Taxes	373,635	-	-	-	-	-	373,635
Intergovernmental	202,225	-	-	939,260	-	10,352	1,151,837
Other	280,686	-	-	2,755	-	358,121	641,562
Due from other funds	587,821	-	-	10,352	-	368,435	966,608
Due from component unit	134,450	-	-	-	-	-	134,450
Prepaid items	264,072	-	-	-	-	3,347	267,419
Inventories	-	-	-	-	-	52,233	52,233
<b>TOTAL ASSETS</b>	<b>\$ 5,664,665</b>	<b>-</b>	<b>\$ 696,078</b>	<b>\$16,003,227</b>	<b>\$ 7,171,166</b>	<b>\$ 2,382,162</b>	<b>\$31,917,298</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ 791,222	-	-	\$ 1,257,468	\$ 673,734	\$ 252,068	\$ 2,974,492
Accrued payroll	396,575	-	-	-	-	118,592	515,167
Due to other funds	30,124	-	-	54,414	6,470	465,161	556,169
Deferred revenue	281,475	-	-	-	-	-	281,475
Other	68,814	-	-	-	-	16,086	84,900
<b>TOTAL LIABILITIES</b>	<b>1,568,210</b>	<b>-</b>	<b>-</b>	<b>1,311,882</b>	<b>680,204</b>	<b>851,907</b>	<b>4,412,203</b>
<b>FUND BALANCES</b>							
Reserved for prepaid items	264,072	-	-	-	-	3,347	267,419
Reserved for Jones Nature Trail and for Oertley Memorial	-	-	-	-	-	57,753	57,753
Unreserved:							
Undesignated, reported in:							
General fund	3,832,383	-	-	-	-	-	3,832,383
Special revenue funds	-	-	-	-	-	1,469,155	1,469,155
Capital projects funds	-	-	\$ 696,078	14,691,345	6,490,962	-	21,878,385
<b>TOTAL FUND BALANCES</b>	<b>4,096,455</b>	<b>-</b>	<b>696,078</b>	<b>14,691,345</b>	<b>6,490,962</b>	<b>1,530,255</b>	<b>27,505,095</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,664,665</b>	<b>-</b>	<b>\$ 696,078</b>	<b>\$16,003,227</b>	<b>\$ 7,171,166</b>	<b>\$ 2,382,162</b>	<b>\$31,917,298</b>

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, 2007**

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**Total Governmental Fund Balances** **\$ 27,505,095**

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	\$ 165,592,274	
	Less accumulated depreciation	<u>(105,303,131)</u>	60,289,143

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

	Property taxes		275,850
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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	\$ 556,169	
	Interfund payables	<u>(556,169)</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

48,207

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	\$ (14,094,260)	
	Notes payable	(600,730)	
	Compensated absences	<u>(455,732)</u>	<u>(15,150,722)</u>

**Net Assets Of Governmental Activities** **\$ 72,967,573**

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, 2007**

	General	SPLOST 89	SPLOST 97	SPLOST 02	SPLOST 07	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Taxes	\$ 14,305,719	-	-	\$ 10,568,124	-	\$ 43,939	\$ 24,917,782
Licenses and permits	711,577	-	-	-	-	-	711,577
Charges for services	3,994,173	-	-	-	-	3,255,146	7,249,319
Fees, fines and forfeitures	1,852,121	-	-	-	-	251,853	2,103,974
Intergovernmental	2,548,875	\$ 32,166	-	472,140	-	296,906	3,350,087
Interest	304,262	7,192	\$ 35,847	721,237	\$ 410,508	37,843	1,516,889
Other	509,784	-	-	63,005	-	475,077	1,047,866
Total revenues	<u>24,226,511</u>	<u>39,358</u>	<u>35,847</u>	<u>11,824,506</u>	<u>410,508</u>	<u>4,360,764</u>	<u>\$ 40,897,494</u>
<b>EXPENDITURES</b>							
Current:							
General government	3,501,091	-	-	-	-	-	3,501,091
Judicial	2,444,417	-	-	-	-	-	2,444,417
Public safety	11,284,627	-	-	-	-	1,533,669	12,818,296
Public works	2,546,518	-	-	-	-	70,484	2,617,002
Sanitation	-	-	-	-	-	1,816,846	1,816,846
Health and welfare	259,068	-	-	-	-	-	259,068
Recreation	-	-	-	-	-	3,182,491	3,182,491
Libraries	475,000	-	-	-	-	-	475,000
Airport	-	-	-	-	-	525,819	525,819
Housing and development	839,588	-	-	-	-	13,733	853,321
Capital outlay							
General government	-	-	-	66,175	-	-	66,175
Judicial	-	-	-	30,040	-	-	30,040
Public safety	-	-	-	339,361	2,494,697	110,828	2,944,886
Sanitation	-	-	41,250	-	-	-	41,250
Public works	-	474,704	1,537	2,392,377	-	-	2,868,618
Recreation	-	-	-	702,349	-	200,817	903,166
Libraries	-	-	-	55,333	-	-	55,333
Airport	-	-	-	106,111	-	-	106,111
Housing and development	-	-	-	1,327,308	-	133,559	1,460,867
Debt service:							
Principal	449,436	178,843	-	555,218	-	38,986	1,222,483
Interest	137,523	64,947	-	70,789	398,178	3,025	674,462
Intergovernmental	722,979	-	-	4,533,554	-	-	5,256,533
Total expenditures	<u>22,660,247</u>	<u>718,494</u>	<u>42,787</u>	<u>10,178,615</u>	<u>2,892,875</u>	<u>7,630,257</u>	<u>44,123,275</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,566,264</u>	<u>(679,136)</u>	<u>(6,940)</u>	<u>1,645,891</u>	<u>(2,482,367)</u>	<u>(3,269,493)</u>	<u>(3,225,781)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	78,749	-	-	-	-	3,315,520	3,394,269
Transfers out	(3,286,140)	-	-	-	-	(51,095)	(3,337,235)
Proceeds from capital leases	-	-	-	900,000	-	-	900,000
Sale of capital assets	240,706	-	-	-	-	35,725	276,431
Total other financing sources (uses)	<u>(2,966,685)</u>	<u>-</u>	<u>-</u>	<u>900,000</u>	<u>-</u>	<u>3,300,150</u>	<u>1,233,465</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(1,400,421)</u>	<u>(679,136)</u>	<u>(6,940)</u>	<u>2,545,891</u>	<u>(2,482,367)</u>	<u>30,657</u>	<u>(1,992,316)</u>
<b>FUND BALANCES, JULY 1, 2006</b>	<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>
<b>FUND BALANCES, JUNE 30, 2007</b>	<u>\$ 4,096,455</u>	<u>\$ -</u>	<u>\$ 696,078</u>	<u>\$ 14,691,345</u>	<u>\$ 6,490,962</u>	<u>\$ 1,530,255</u>	<u>\$ 27,505,095</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, 2007**

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**Net Change In Fund Balances - Total Governmental Funds** \$ (1,992,316)

**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	\$ (8,075,885)	
Capital outlay	<u>7,223,479</u>	(852,406)

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 @ 6/30/07	275,850	
Deferred @ 6/30/06	<u>(413,353)</u>	(137,503)

Elimination of transfers between governmental funds:

Transfers in	3,358,249	
Transfers out	<u>(3,358,249)</u>	-

Governmental funds do not report the cost of disposed capital assets but the cost is reported on the statement of activities. (27,806)

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. (308,179)

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. (900,000)

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. 1,222,483

Compensated absences reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Liability @ 6/30/07	(455,732)	
Liability @ 6/30/06	<u>372,169</u>	<u>(83,563)</u>

**Change In Net Assets of Governmental Activities** \$ (3,079,290)

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, 2007**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes:			
Property	12,464,524	\$ 12,003,113	\$ (461,411)
Alcoholic beverage	192,000	222,975	30,975
Insurance premium	1,480,500	1,449,973	(30,527)
Other	585,000	629,658	44,658
Licenses and permits	551,000	711,577	160,577
Charges for services	3,572,950	3,994,173	421,223
Fines and forfeitures	1,717,500	1,852,121	134,621
Intergovernmental	1,443,941	2,548,875	1,104,934
Interest	188,000	304,262	116,262
Other	507,735	509,784	2,049
<b>Total revenues</b>	<b>22,703,150</b>	<b>24,226,511</b>	<b>1,523,361</b>
<b>EXPENDITURES</b>			
Current:			
General government:			
County government	1,649,979	1,172,473	477,506
Elections	155,933	148,750	7,183
General government buildings	520,432	572,982	(52,550)
Risk management/General insurance	416,000	415,056	944
Tax assessor	765,186	713,389	51,797
Tax commissioner	483,632	478,441	5,191
<b>Total general government</b>	<b>3,991,162</b>	<b>3,501,091</b>	<b>490,071</b>
Judicial:			
Clerk of Courts	603,248	688,399	(85,151)
Superior Court	274,000	278,642	(4,642)
State Court	349,980	347,675	2,305
District Attorney	162,500	162,500	-
Indigent defense	300,000	305,642	(5,642)
Magistrate Court	475,442	463,687	11,755
Probate Court	234,974	197,872	37,102
<b>Total judicial</b>	<b>2,400,144</b>	<b>2,444,417</b>	<b>(44,273)</b>
Public safety:			
Animal control	70,975	77,528	(6,553)
Animal shelter	139,309	159,516	(20,207)
Coroner	32,212	35,392	(3,180)
County correctional	1,579,684	1,615,246	(35,562)
Public safety administration	132,861	138,131	(5,270)
Probation	381,082	378,519	2,563
Emergency medical service	1,763,057	1,870,111	(107,054)
Fire protection	122,642	465,715	(343,073)
Jail	3,413,288	3,163,180	250,108
Rescue	27,275	27,924	(649)
Sheriff	3,103,574	3,353,365	(249,791)
<b>Total public safety</b>	<b>10,765,959</b>	<b>11,284,627</b>	<b>(518,668)</b>

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, 2007**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES (Continued)</b>			
Public works:			
Roads	\$ 1,935,725	\$ 2,220,731	\$ (285,006)
Fleet maintenance	269,741	325,787	(56,046)
Total public works	<u>2,205,466</u>	<u>2,546,518</u>	<u>(341,052)</u>
Health and welfare:			
Health department	160,900	160,900	-
Other health and welfare	93,770	98,168	(4,398)
Total health and welfare	<u>254,670</u>	<u>259,068</u>	<u>(4,398)</u>
Libraries	475,000	475,000	-
	<u>475,000</u>	<u>475,000</u>	<u>-</u>
Housing and development:			
Agricultural resources	158,802	161,377	(2,575)
Forestry commission	10,012	10,489	(477)
Building inspections	255,832	299,771	(43,939)
Planning and zoning	190,070	87,436	102,634
Code enforcement	57,883	69,721	(11,838)
Economic development	270,131	210,794	59,337
Total housing and development	<u>942,730</u>	<u>839,588</u>	<u>103,142</u>
Debt service:			
Principal	422,675	449,436	(26,761)
Interest	132,194	137,523	(5,329)
Total debt service	<u>554,869</u>	<u>586,959</u>	<u>(32,090)</u>
Intergovernmental - Bulloch County Board of Education	668,000	722,979	(54,979)
Total expenditures	<u>22,258,000</u>	<u>22,660,247</u>	<u>(402,247)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>445,150</u>	<u>1,566,264</u>	<u>1,121,114</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	238,000	136,208	(101,792)
Transfers out	(3,360,000)	(3,343,598)	16,402
Sale of capital assets	75,000	240,705	165,705
Total other financing sources (uses)	<u>(3,047,000)</u>	<u>(2,966,685)</u>	<u>80,315</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,601,850)</u>	<u>(1,400,421)</u>	<u>\$ 1,201,429</u>
FUND BALANCE, BEGINNING OF YEAR		<u>5,496,876</u>	
FUND BALANCE, END OF YEAR		<u>\$ 4,096,455</u>	

See accompanying notes to the basic financial statements.

**BULLOCH COUNTY, GEORGIA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2007**

	Business Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Aquatic Center	Agribusiness Center	Total	Employee Insurance Fund
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash	\$ 1,198,201	\$ 69,408	\$ 1,267,609	\$ 167,539
Accounts receivable	-	-	-	14,519
Prepaid items	-	-	-	26,860
Due from other funds	-	-	-	38,968
<b>Total Current Assets</b>	<b>1,198,201</b>	<b>69,408</b>	<b>1,267,609</b>	<b>247,886</b>
<b>Noncurrent Assets</b>				
<b>Capital Assets</b>				
Land	73,305	255,872	329,177	-
Buildings and improvements	4,866,247	2,960,644	7,826,891	-
Machinery and equipment	435,147	3,686	438,833	-
Less accumulated depreciation	(739,112)	(295,415)	(1,034,527)	-
<b>Total Capital Assets</b>	<b>4,635,587</b>	<b>2,924,787</b>	<b>7,560,374</b>	<b>-</b>
<b>Total Assets</b>	<b>5,833,788</b>	<b>2,994,195</b>	<b>8,827,983</b>	<b>247,886</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Claims payable	-	-	-	199,679
Accrued payroll	3,513	1,102	4,615	-
Due to other funds	428,435	20,972	449,407	-
<b>Total Liabilities</b>	<b>431,948</b>	<b>22,074</b>	<b>454,022</b>	<b>199,679</b>
<b>NET ASSETS</b>				
Invested in capital assets	4,635,587	2,924,787	7,560,374	-
Unrestricted	766,253	47,334	813,587	48,207
<b>Total Net Assets</b>	<b>\$ 5,401,840</b>	<b>\$ 2,972,121</b>	<b>\$ 8,373,961</b>	<b>\$ 48,207</b>

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, 2007**

	<u>Business Type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Fund</u>
	<u>Aquatic Center</u>	<u>Agribusiness Center</u>	<u>Total</u>	<u>Employee Insurance Fund</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 1,200,670	-	\$ 1,200,670	-
Premiums	-	-	-	\$ 2,211,775
Rents	-	\$ 77,189	77,189	-
Total operating revenues	<u>1,200,670</u>	<u>77,189</u>	<u>1,277,859</u>	<u>2,211,775</u>
<b>OPERATING EXPENSES</b>				
Administration	929,875	95,954	1,025,829	330,491
Depreciation	250,618	76,811	327,429	-
Claims	-	-	-	2,178,721
Total operating expenses	<u>1,180,493</u>	<u>172,765</u>	<u>1,353,258</u>	<u>2,509,212</u>
<b>OPERATING INCOME (LOSS)</b>	20,177	(95,576)	(75,399)	(297,437)
<b>NONOPERATING REVENUES</b>				
Interest	22,651	-	22,651	10,272
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	42,828	(95,576)	(52,748)	(287,165)
<b>TRANSFERS OUT</b>	<u>(29,380)</u>	<u>(6,640)</u>	<u>(36,020)</u>	<u>(21,014)</u>
<b>CHANGE IN NET ASSETS</b>	13,448	(102,216)	(88,768)	(308,179)
<b>NET ASSETS BEGINNING OF YEAR</b>	<u>5,388,392</u>	<u>3,074,337</u>	<u>8,462,729</u>	<u>356,386</u>
<b>NET ASSETS END OF YEAR</b>	<u>\$ 5,401,840</u>	<u>\$ 2,972,121</u>	<u>\$ 8,373,961</u>	<u>\$ 48,207</u>

See accompanying notes to the basic financial statements.

**BULLOCH COUNTY, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	Business Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Aquatic Center	Agribusiness Center	Total	Employee Insurance Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 1,200,670	\$ 77,589	\$ 1,278,259	\$ 2,211,775
Cash payments to employees for services	(428,972)	(31,940)	(460,912)	-
Cash payments for goods and services	(530,479)	(62,912)	(593,391)	(357,351)
Cash payments for claims	-	-	-	(2,085,761)
Net cash provided (used) by operating activities	<u>241,219</u>	<u>(17,263)</u>	<u>223,956</u>	<u>(231,337)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Advances from (to) other funds	458,042	20,842	478,884	(48,207)
Transfers out	(29,380)	(6,640)	(36,020)	(21,014)
Net cash provided (used) by noncapital financing activities	<u>428,662</u>	<u>14,202</u>	<u>442,864</u>	<u>(69,221)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	(8,260)	(3,216)	(11,476)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment earnings	22,651	-	22,651	10,272
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>684,272</b>	<b>(6,277)</b>	<b>677,995</b>	<b>(290,286)</b>
<b>CASH AND CASH EQUIVALENTS, JULY 1, 2006</b>	<b>513,929</b>	<b>75,685</b>	<b>589,614</b>	<b>457,825</b>
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2007</b>	<b><u>\$ 1,198,201</u></b>	<b><u>\$ 69,408</u></b>	<b><u>\$ 1,267,609</u></b>	<b><u>\$ 167,539</u></b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 20,177	\$ (95,576)	\$ (75,399)	\$ (297,437)
Adjustments:				
Depreciation	250,618	76,811	327,429	-
(Increase) decrease in operating assets:				
Accounts receivable	-	400	400	73,427
Prepaid items	-	-	-	(26,860)
Increase (decrease) in operating liabilities:				
Claims payable	-	-	-	19,533
Accrued payroll	(29,576)	1,102	(28,474)	-
Net cash provided (used) by operating activities	<u>\$ 241,219</u>	<u>\$ (17,263)</u>	<u>\$ 223,956</u>	<u>\$ (231,337)</u>

See accompanying notes to the basic financial statements.

**BULLOCH COUNTY, GEORGIA**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2007**

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**ASSETS**

Cash	<u>\$ 1,097,918</u>
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**LIABILITIES**

Due to other entities and individuals	<u>\$ 1,097,918</u>
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See accompanying notes to the basic financial statements.

**BULLOCH COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

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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**

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**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.

**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.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**SPLOST 89, SPLOST 97, SPLOST 02, and SPLOST 07 Funds** – These funds account for the special purpose local option sales tax collected pursuant to a referendum for various capital improvements within the County. 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.

**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**

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**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**

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**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**

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**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, 2007, 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. 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	12-60 years

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

**BULLOCH COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**

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**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.

**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**

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**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 had no budget revisions.

All unexpended annual appropriations lapse at year-end.

**Excess of Expenditures Over Appropriations**

Expenditures exceeded appropriations for the year ended June 30, 2007 in the following departments for the general fund:

	<u>General Fund</u>
Current:	
General government buildings	52,550
Clerk of Courts	85,151
Superior Court	4,642
Indigent defense	5,642
Animal control	6,553
Animal shelter	20,207
Coroner	3,180
County correctional	35,562
Public safety administration	5,270
Emergency medical service	107,054
Fire protection	343,073
Rescue	649
Sheriff	249,791
Roads	285,006
Fleet maintenance	56,046
Other health and welfare	4,398
Agricultural resources	2,575
Forestry commission	477
Building inspections	43,939
Code enforcement	11,838
Debt service - principal	26,761
Debt service - interest	5,329
Intergovernmental - Bulloch County Board of Education	54,979

The overexpenditures in these areas were funded by underexpenditures in other areas and by revenues in excess of amounts budgeted.

**BULLOCH COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**

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**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	\$ 25,502
E-911 fund	57,785
Hospital building fund	133,559
Jail add-on fee fund	52,008
Jail commissary fund	33,592
Keep Bulloch Beautiful fund	2,490
Parks and Recreation funds	26,589
Sherriff's fingerprint fund	31,685
Solid waste fund	58,492
Streetlight tax districts fund	1,622

**NOTE 3 – DEPOSITS**

June 30, 2007, the carrying amount of the County's deposits (checking and certificates of deposit) was \$30,862,620 and the bank balance was \$32,882,205. Of the bank balance, \$1,914,121 was covered by federal depository insurance, \$30,968,084 was collateralized with securities held by the pledging financial institution's trust department or agent in the County's name, and \$298,688 was uncollateralized.

Discretely Presented Component Units

The carrying amount of deposits for the Development Authority of Bulloch County was \$631,936 and the bank balance was \$631,936 of which \$313,865 was covered by federal depository insurance and \$318,071 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 20<sup>th</sup> 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, 2007, property taxes were levied on August 1, 2006, and were due December 20, 2006.

**BULLOCH COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of June 30, 2007 is as follows:

Receivable Fund	Payable Fund	Amount
General	E-911	\$ 189,355
	Solid Waste	65,579
	Emergency Management Agency	7,752
	SPLOST 02	54,414
	Drug Suppression Team	45,135
	Drug Education Fund	4,806
	Streetlight Tax Districts	5,586
	Keep Bulloch Beautiful	11,615
	Parks and Recreation	54,572
	Statesboro/Bulloch County Airport	46,837
	Hospital Building	4,731
	Agribusiness Center	20,972
	Designated Project Fund	183
	Jail Add-On Fee Fund	2,813
	SPLOST 07	6,470
	Aquatic Center	60,000
	Hotel/Motel Fund	3,963
	Juvenile Services	3,038
Parks and Recreation	Aquatic Center	368,435
SPLOST 02	CDBG Grant Fund	10,352
Employee Insurance	Parks and Recreation	8,844
	General	30,124
Total		<u>\$ 1,005,576</u>

Interfund balances at June 30, 2007 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, 2007, consisted of the following:

Transfers To:	Transfers From:		
	General Fund	Non-major Governmental Funds	Aquatic Center
Drug Suppression Team Fund	\$ 350,000	-	-
Parks and Recreation Fund	1,877,541	-	\$ 29,380
Solid Waste Fund	1,053,599	-	-
General Fund	-	\$ 51,095	-
Other Non-major Governmental Funds	5,000	-	-
Total	<u>\$ 3,286,140</u>	<u>\$ 51,095</u>	<u>\$ 29,380</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	-	-	\$ 350,000
Parks and Recreation Fund	-	-	1,906,921
Solid Waste Fund	-	-	1,053,599
General Fund	\$ 6,640	\$ 21,014	78,749
Other Non-major Governmental Funds	-	-	5,000
<b>Total</b>	<b>\$ 6,640</b>	<b>\$ 21,014</b>	<b>\$ 3,394,269</b>

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

**NOTE 6 – RESTATEMENT OF PRIOR YEAR NET ASSETS AND CAPITAL ASSETS FOR GOVERNMENTAL ACTIVITIES**

The County has restated beginning net assets for governmental activities to retroactively record infrastructure balances constructed prior to fiscal year 2003. The following is the change in the beginning net assets and capital assets for governmental activities as a result of this restatement:

	Governmental Activities
6/30/06 Ending Net Assets, as previously reported	\$ 58,838,338
Adjustment to record infrastructure constructed prior to fiscal year 2003	17,208,525
7/1/2006 Beginning Net Assets, as restated	<u>\$ 76,046,863</u>

	Balance 6/30/2006 As Originally Reported	Prior Period Adjustment	Balance 7/1/2006 As Restated
Infrastructure	\$ 12,828,476	\$ 95,007,397	\$ 107,835,873
Accumulated Depreciation - Infrastructure	1,712,369	77,798,871	79,511,240
Governmental Activities Capital Assets, Net	43,960,829	17,208,526	61,169,355

**BULLOCH COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2007, after adjusting for the prior period described above, was as follows:

	Balance 7/1/2006	Additions	Deductions	Balance 6/30/2007
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,745,413	\$ 211,075	-	\$ 1,956,488
Construction in progress	2,072,981	3,188,252	\$ 1,819,634	3,441,599
<b>Total capital assets not being depreciated</b>	<b>3,818,394</b>	<b>3,399,327</b>	<b>1,819,634</b>	<b>5,398,087</b>
Capital assets being depreciated:				
Buildings	23,862,555	112,805	-	23,975,360
Improvements other than buildings	7,136,644	540,450	-	7,677,094
Machinery and equipment	16,610,208	1,819,782	894,878	17,535,112
Infrastructure	107,835,873	3,170,748	-	111,006,621
<b>Total capital assets being depreciated</b>	<b>155,445,280</b>	<b>5,643,785</b>	<b>894,878</b>	<b>160,194,187</b>
<b>Total capital assets</b>	<b>159,263,674</b>	<b>9,043,112</b>	<b>2,714,512</b>	<b>165,592,274</b>
Accumulated depreciation:				
Buildings	6,718,757	641,528	-	7,360,285
Improvements other than buildings	2,064,328	272,304	-	2,336,632
Machinery and equipment	9,799,994	1,723,586	867,073	10,656,507
Infrastructure	79,511,240	5,438,467	-	84,949,707
<b>Total accumulated depreciation</b>	<b>98,094,319</b>	<b>8,075,885</b>	<b>867,073</b>	<b>105,303,131</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 61,169,355</b>	<b>\$ 967,227</b>	<b>\$ 1,847,439</b>	<b>\$ 60,289,143</b>

Governmental activities depreciation expense:

General government	\$ 282,875
Judicial	202,421
Public safety	826,219
Public works	6,192,891
Sanitation	105,939
Health and welfare	115,095
Recreation	221,106
Libraries	794
Airport	111,382
Housing and development	17,163
<b>Total governmental activities depreciation expense</b>	<b>\$ 8,075,885</b>

**BULLOCH COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – CAPITAL ASSETS (Continued)**

Capital asset activity for the year ended June 30, 2007 for the County's enterprise funds was as follows:

	Balance 7/1/2006	Additions	Deductions	Balance 6/30/2007
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 329,177	-	-	\$ 329,177
Capital assets being depreciated:				
Buildings	6,643,973	\$ 3,215	-	6,647,188
Improvements other than buildings	1,179,703	-	-	1,179,703
Machinery and equipment	430,572	8,261	-	438,833
Total capital assets being depreciated	<u>8,254,248</u>	<u>11,476</u>	<u>-</u>	<u>8,265,724</u>
Total capital assets	<u>8,583,425</u>	<u>11,476</u>	<u>-</u>	<u>8,594,901</u>
Accumulated depreciation:				
Buildings	466,133	198,005	-	664,138
Machinery and equipment	78,745	48,309	-	127,054
Improvements other than buildings	162,220	81,115	-	243,335
Total accumulated depreciation	<u>707,098</u>	<u>327,429</u>	<u>-</u>	<u>1,034,527</u>
Business-type activities capital assets, net	<u>\$ 7,876,327</u>	<u>\$ (315,953)</u>	<u>-</u>	<u>\$ 7,560,374</u>

**NOTE 8 – CAPITAL LEASES**

The County has entered into lease agreements as lessee for financing the acquisition and construction of various equipment and buildings costing \$17,729,910. As of June 30, 2007 approximately \$7,207,000 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 8 – 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, 2007:

<u>Year ending June 30</u>	
2008	\$ 2,050,982
2009	2,404,480
2010	2,095,736
2011	1,884,424
2012	1,205,998
2013-2017	4,617,494
2018-2021	<u>3,664,004</u>
Total minimum lease payments	17,923,118
Less amount representing interest	<u>3,828,858</u>
Present value of future minimum lease payments	<u><u>\$ 14,094,260</u></u>

**NOTE 9– NOTE PAYABLE**

Notes payable at June 30, 2007 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 \$600,730 at June 30, 2007.

As of June 30, 2007, annual debt service requirements to maturity are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	68,533	17,076	85,609
2013-2016	<u>290,415</u>	<u>30,620</u>	<u>321,035</u>
	<u><u>\$ 600,730</u></u>	<u><u>\$ 148,350</u></u>	<u><u>\$ 749,080</u></u>

**BULLOCH COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 – CHANGES IN LONG-TERM DEBT**

	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007	Amounts Due In One Year
Compensated absences payable	\$ 372,169	\$ 83,563	-	\$ 455,732	\$ 91,146
Capital leases payable	14,363,602	900,000	\$ 1,169,342	14,094,260	1,446,735
Notes payable	653,870	-	53,140	600,730	55,914
	<u>\$ 15,389,641</u>	<u>\$ 983,563</u>	<u>\$ 1,222,482</u>	<u>\$ 15,150,722</u>	<u>\$ 1,593,795</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 and SPLOST 07 capital projects funds. Notes payable will be paid from the General Fund.

**NOTE 11 – EMPLOYEE RETIREMENT PLANS**

Defined Contribution Plan

Effective November 1, 1994, the County adopted the Bulloch County Retirement Plan. The plan is administered by CBIZ Insurance and Benefits Services, and covers all employees over the age of 21 who have completed one year of service. Employees cannot contribute to the plan. Contributions to the plan are at the discretion of the Board of Commissioners. The Board of Commissioners is assigned the authority to establish and amend any provisions of the plan. During the year ended June 30, 2007, the County contributed \$729,516 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 11 – 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, 2007 were \$93,361. Contributions are fully vested to employees after 10 years of continuous service.

**NOTE 12 – EMPLOYEE INSURANCE FUND**

As of May 1, 1993, the County established an employee insurance fund (an internal service fund) to cover all employee health claims. The County makes payments to this fund on a monthly basis based on estimated premiums provided by the third party administrator to fund this program. Amounts are also withheld from employees by payroll deduction for dependent coverage and paid to the employee insurance fund. A third party administrator pays all claims from funds held in the employee insurance fund's bank account. The County has a co-insurer for claims from one individual within one year exceeding \$60,000 and has a maximum annual liability policy of \$2,614,113.

The claims liability of \$199,679 reported at June 30, 2007 represents known claims incurred on or prior to June 30, 2007 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
2006	\$ 220,000	\$ 1,376,907	\$ 1,416,761	\$ 180,146
2007	\$ 180,146	\$ 2,178,721	\$ 2,159,188	\$ 199,679

**NOTE 13 – RISK MANAGEMENT**

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

**BULLOCH COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 13 – 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 14 – CONTINGENCIES**

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

**NOTE 15 – JOINT VENTURE**

Under Georgia law, the County, in conjunction with other cities and counties in the ten county Southeast Georgia area, is a member of the Coastal Georgia Regional Development Center (RDC) and is required to pay annual dues thereto. During its year ended June 30, 2007, the County paid \$28,620 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**

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**NOTE 16 – HOTEL/MOTEL LODGING TAX**

The county has levied a five percent lodging tax. A summary of the transactions for the year ended June 30, 2007 follows:

		<u>Percentage of tax receipts</u>
Lodging tax receipts	\$ 13,733	
Disbursements to the:		
Statesboro Convention and Visitors Bureau for promotion of tourism	(10,437)	76.0%
Statesboro Arts Council for performing arts center	(2,610)	19.0%
County for administrative costs	(686)	5.0%
Total	<u>\$ -</u>	

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

**BULLOCH COUNTY, GEORGIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2007**

	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
<b>ASSETS</b>										
Cash	\$ 188,103	-	\$ 71,912	\$ 64,600	\$ 65,909	\$ 158,556	\$ 25,953	\$ 20,274	\$ 3,662	\$ 488,013
Intergovernmental receivable	-	\$ 10,352	-	-	-	-	-	-	-	-
Accounts receivable	47,077	-	1,682	-	-	206,762	-	-	1,394	-
Prepaid items	-	-	-	-	-	-	-	-	-	-
Inventories	52,233	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 287,413</b>	<b>\$ 10,352</b>	<b>\$ 73,594</b>	<b>\$ 64,600</b>	<b>\$ 65,909</b>	<b>\$ 365,318</b>	<b>\$ 25,953</b>	<b>\$ 20,274</b>	<b>\$ 5,056</b>	<b>\$ 488,013</b>
<b>LIABILITIES AND FUND BALANCE</b>										
<b>Liabilities:</b>										
Accounts payable	\$ 48,113	-	-	-	-	-	-	-	-	-
Accrued payroll	-	-	-	-	-	-	-	-	-	-
Due to other funds	46,837	\$ 10,352	\$ 183	\$ 4,806	\$ 45,135	\$ 189,355	\$ 7,752	-	\$ 3,963	\$ 4,731
Other	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>94,950</b>	<b>10,352</b>	<b>183</b>	<b>4,806</b>	<b>45,135</b>	<b>189,355</b>	<b>7,752</b>	<b>-</b>	<b>3,963</b>	<b>4,731</b>
<b>Fund balance:</b>										
Reserved for prepaid items	-	-	-	-	-	-	-	-	-	-
Reserved for Jones Nature Trail and for Oertley Memorial	-	-	-	-	-	-	-	-	-	-
Unreserved, undesignated	192,463	-	73,411	59,794	20,774	175,963	18,201	\$ 20,274	1,093	483,282
<b>Total fund balance</b>	<b>192,463</b>	<b>-</b>	<b>73,411</b>	<b>59,794</b>	<b>20,774</b>	<b>175,963</b>	<b>18,201</b>	<b>20,274</b>	<b>1,093</b>	<b>483,282</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 287,413</b>	<b>\$ 10,352</b>	<b>\$ 73,594</b>	<b>\$ 64,600</b>	<b>\$ 65,909</b>	<b>\$ 365,318</b>	<b>\$ 25,953</b>	<b>\$ 20,274</b>	<b>\$ 5,056</b>	<b>\$ 488,013</b>

**BULLOCH COUNTY, GEORGIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2007**

	Jail Add-On Fee Fund	Jail Commissary Fund	Juvenile Services Fund	Keep Bulloch Beautiful Fund	Parks and Recreation Funds	Sheriff's Confiscated Assets Fund	Sheriff's Fingerprint Fund	Solid Waste Fund	Streetlight Tax Districts Fund	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>										
Cash	\$ 30,391	\$ 38,358	\$ 12,107	\$ 94,274	\$ 247,235	\$ 11,521	\$ 25,520	-	\$ 43,286	\$ 1,589,674
Intergovernmental receivable	-	-	-	-	-	-	-	-	-	10,352
Accounts receivable	-	-	-	-	35,627	-	-	\$ 65,579	-	358,121
Prepaid items	-	-	-	-	3,347	-	-	-	-	3,347
Inventories	-	-	-	-	-	-	-	-	-	52,233
Due from other funds	-	-	-	-	368,435	-	-	-	-	368,435
<b>TOTAL ASSETS</b>	<b>\$ 30,391</b>	<b>\$ 38,358</b>	<b>\$ 12,107</b>	<b>\$ 94,274</b>	<b>\$ 654,644</b>	<b>\$ 11,521</b>	<b>\$ 25,520</b>	<b>\$ 65,579</b>	<b>\$ 43,286</b>	<b>\$ 2,382,162</b>
<b>LIABILITIES AND FUND BALANCE</b>										
<b>Liabilities:</b>										
Accounts payable	-	-	-	-	\$ 202,086	-	\$ 1,869	-	-	\$ 252,068
Accrued payroll	-	-	-	-	118,592	-	-	-	-	118,592
Due to other funds	\$ 2,813	-	\$ 3,038	\$ 11,615	63,416	-	-	\$ 65,579	\$ 5,586	465,161
Other	-	-	-	-	16,086	-	-	-	-	16,086
Total liabilities	2,813	-	3,038	11,615	400,180	-	1,869	65,579	5,586	851,907
<b>Fund balance:</b>										
Reserved for prepaid items	-	-	-	-	3,347	-	-	-	-	3,347
Reserved for Jones Nature Trail and for Oertley Memorial	-	-	-	-	57,753	-	-	-	-	57,753
Unreserved, undesignated	27,578	\$ 38,358	9,069	82,659	193,364	\$ 11,521	23,651	-	37,700	1,469,155
Total fund balance	27,578	38,358	9,069	82,659	254,464	11,521	23,651	-	37,700	1,530,255
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 30,391</b>	<b>\$ 38,358</b>	<b>\$ 12,107</b>	<b>\$ 94,274</b>	<b>\$ 654,644</b>	<b>\$ 11,521</b>	<b>\$ 25,520</b>	<b>\$ 65,579</b>	<b>\$ 43,286</b>	<b>\$ 2,382,162</b>

**BULLOCH COUNTY, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	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
<b>REVENUES</b>										
Taxes	-	-	-	-	-	-	-	-	\$ 13,733	-
Charges for services	\$ 443,975	-	-	-	-	\$ 982,871	-	-	-	-
Fees, fines and forfeitures	-	-	-	\$ 31,454	\$ 19,359	-	-	-	-	-
Intergovernmental	-	\$ 38,728	-	-	2,814	-	\$ 24,951	-	-	-
Interest	682	-	-	578	150	1,142	86	\$ 181	-	\$ 3,220
Other	88,043	-	\$ 33,585	-	-	-	-	-	-	-
Total revenues	<u>532,700</u>	<u>38,728</u>	<u>33,585</u>	<u>32,032</u>	<u>22,323</u>	<u>984,013</u>	<u>25,037</u>	<u>181</u>	<u>13,733</u>	<u>3,220</u>
<b>EXPENDITURES</b>										
Current:										
Airport	525,819	-	-	-	-	-	-	-	-	-
Public safety	-	-	1,705	37,162	336,078	881,578	29,986	-	-	-
Roads	-	38,728	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-	-
Housing and development	-	-	-	-	-	-	-	-	13,733	-
Capital outlay:										
Public safety	-	-	39,501	-	7,180	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-
Housing and development	-	-	-	-	-	-	-	-	-	133,559
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>525,819</u>	<u>38,728</u>	<u>41,206</u>	<u>37,162</u>	<u>343,258</u>	<u>881,578</u>	<u>29,986</u>	<u>-</u>	<u>13,733</u>	<u>133,559</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>										
	<u>6,881</u>	<u>-</u>	<u>(7,621)</u>	<u>(5,130)</u>	<u>(320,935)</u>	<u>102,435</u>	<u>(4,949)</u>	<u>181</u>	<u>-</u>	<u>(130,339)</u>
<b>OTHER FINANCING SOURCES</b>										
Sale of capital assets	35,725	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	350,000	-	5,000	-	-	-
Transfers out	(22,273)	-	(2,457)	(1,476)	-	(18,114)	(1,658)	-	-	-
Total other financing sources (uses)	<u>13,452</u>	<u>-</u>	<u>(2,457)</u>	<u>(1,476)</u>	<u>350,000</u>	<u>(18,114)</u>	<u>3,342</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>20,333</u>	<u>-</u>	<u>(10,078)</u>	<u>(6,606)</u>	<u>29,065</u>	<u>84,321</u>	<u>(1,607)</u>	<u>181</u>	<u>-</u>	<u>(130,339)</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<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>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 192,463</u>	<u>-</u>	<u>\$ 73,411</u>	<u>\$ 59,794</u>	<u>\$ 20,774</u>	<u>\$ 175,963</u>	<u>\$ 18,201</u>	<u>\$ 20,274</u>	<u>\$ 1,093</u>	<u>\$ 483,282</u>

**BULLOCH COUNTY, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	Jail Add-On Fee Fund	Jail Commissary Fund	Juvenile Services Fund	Keep Bulloch Beautiful Fund	Parks and Recreation Funds	Sheriff's Confiscated Assets Fund	Sheriff's Fingerprint Fund	Solid Waste Fund	Streetlight Tax Districts Fund	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>										
Taxes	-	-	-	-	-	-	-	-	\$ 30,206	\$ 43,939
Charges for services	-	\$ 68,355	-	-	\$1,316,707	-	\$ 39,995	\$ 403,243	-	3,255,146
Fees, fines and forfeitures	\$ 186,929	-	\$ 3,850	-	-	\$ 10,261	-	-	-	251,853
Intergovernmental	-	-	-	\$ 99,649	5,156	-	-	125,608	-	296,906
Interest	259	-	-	743	29,921	-	560	-	321	37,843
Other	-	-	-	14,784	147,180	-	-	191,485	-	475,077
<b>Total revenues</b>	<b>187,188</b>	<b>68,355</b>	<b>3,850</b>	<b>115,176</b>	<b>1,498,964</b>	<b>10,261</b>	<b>40,555</b>	<b>720,336</b>	<b>30,527</b>	<b>4,360,764</b>
<b>EXPENDITURES</b>										
Current:										
Airport	-	-	-	-	-	-	-	-	-	525,819
Public safety	199,508	4,445	-	-	-	11,522	31,685	-	-	1,533,669
Roads	-	-	-	-	-	-	-	-	31,756	70,484
Recreation	-	-	-	-	3,182,491	-	-	-	-	3,182,491
Sanitation	-	-	-	103,968	-	-	-	1,712,878	-	1,816,846
Housing and development	-	-	-	-	-	-	-	-	-	13,733
Capital outlay:										
Public safety	-	64,147	-	-	-	-	-	-	-	110,828
Recreation	-	-	-	-	200,817	-	-	-	-	200,817
Housing and development	-	-	-	-	-	-	-	-	-	133,559
Debt service:										
Principal	-	-	-	-	38,986	-	-	-	-	38,986
Interest	-	-	-	-	3,025	-	-	-	-	3,025
<b>Total expenditures</b>	<b>199,508</b>	<b>68,592</b>	<b>-</b>	<b>103,968</b>	<b>3,425,319</b>	<b>11,522</b>	<b>31,685</b>	<b>1,712,878</b>	<b>31,756</b>	<b>7,630,257</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(12,320)</b>	<b>(237)</b>	<b>3,850</b>	<b>11,208</b>	<b>(1,926,355)</b>	<b>(1,261)</b>	<b>8,870</b>	<b>(992,542)</b>	<b>(1,229)</b>	<b>(3,269,493)</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
Sale of capital assets	-	-	-	-	-	-	-	-	-	35,725
Transfers in	-	-	-	-	1,906,921	-	-	1,053,599	-	3,315,520
Transfers out	(2,813)	-	-	(2,304)	-	-	-	-	-	(51,095)
<b>Total other financing sources (uses)</b>	<b>(2,813)</b>	<b>-</b>	<b>-</b>	<b>(2,304)</b>	<b>1,906,921</b>	<b>-</b>	<b>-</b>	<b>1,053,599</b>	<b>-</b>	<b>3,300,150</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(15,133)</b>	<b>(237)</b>	<b>3,850</b>	<b>8,904</b>	<b>(19,434)</b>	<b>(1,261)</b>	<b>8,870</b>	<b>61,057</b>	<b>(1,229)</b>	<b>30,657</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>42,711</b>	<b>38,595</b>	<b>5,219</b>	<b>73,755</b>	<b>273,898</b>	<b>12,782</b>	<b>14,781</b>	<b>(61,057)</b>	<b>38,929</b>	<b>1,499,598</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 27,578</b>	<b>\$ 38,358</b>	<b>\$ 9,069</b>	<b>\$ 82,659</b>	<b>\$ 254,464</b>	<b>\$ 11,521</b>	<b>\$ 23,651</b>	<b>-</b>	<b>\$ 37,700</b>	<b>1,530,255</b>

**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, 2007**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Charges for services	\$ 435,863	\$ 443,975	\$ 8,112
Interest	500	682	182
Other	88,600	88,043	(557)
Total revenues	<u>524,963</u>	<u>532,700</u>	<u>7,737</u>
<b>EXPENDITURES</b>			
Current:			
Airport	<u>500,317</u>	<u>525,819</u>	<u>(25,502)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>24,646</u>	<u>6,881</u>	<u>(17,765)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	-	35,725	35,725
Transfers out	<u>(29,425)</u>	<u>(22,273)</u>	<u>7,152</u>
Total other financing sources (uses)	<u>(29,425)</u>	<u>13,452</u>	<u>42,877</u>
<b>NET CHANGE IN FUND BALANCES</b>	(4,779)	20,333	25,112
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>172,130</u>	<u>172,130</u>	<u>-</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 167,351</u>	<u>\$ 192,463</u>	<u>\$ 25,112</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, 2007**

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	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 500,000	\$ 38,728	\$ (461,272)
EXPENDITURES			
Capital:			
Roads	500,000	38,728	461,272
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	-	-	-

**BULLOCH COUNTY, GEORGIA**  
**DESIGNATED PROJECTS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Telephone commissions	\$ 35,000	\$ 33,585	\$ (1,415)
Total revenues	<u>35,000</u>	<u>33,585</u>	<u>(1,415)</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	73,000	1,705	71,295
Capital outlay:			
Public safety	<u>25,625</u>	<u>39,501</u>	<u>(13,876)</u>
Total expenditures	<u>98,625</u>	<u>41,206</u>	<u>57,419</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(63,625)	(7,621)	56,004
<b>OTHER FINANCING SOURCES</b>			
Transfers out	<u>(2,704)</u>	<u>(2,457)</u>	<u>247</u>
<b>NET CHANGE IN FUND BALANCES</b>	(66,329)	(10,078)	56,251
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>\$ 83,489</u>	<u>83,489</u>	<u>-</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 17,160</u>	<u>\$ 73,411</u>	<u>\$ 56,251</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, 2007**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Fees, fines and forfeitures	\$ 26,650	\$ 31,454	\$ 4,804
Interest	200	578	378
Total revenues	<u>26,850</u>	<u>32,032</u>	<u>5,182</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	<u>93,518</u>	<u>37,162</u>	<u>56,356</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(66,668)</b>	<b>(5,130)</b>	<b>61,538</b>
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(1,103)</u>	<u>(1,476)</u>	<u>(373)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(67,771)</b>	<b>(6,606)</b>	<b>61,165</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>66,400</b>	<b>66,400</b>	<b>-</b>
<b>FUND BALANCES, END OF YEAR</b>	<b><u>\$ (1,371)</u></b>	<b><u>\$ 59,794</u></b>	<b><u>\$ 61,165</u></b>

**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, 2007**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Fees, fines and forfeitures	\$ 10,000	\$ 19,359	\$ 9,359
Intergovernmental	-	2,814	2,814
Interest	-	150	150
<b>Total revenues</b>	<u>10,000</u>	<u>22,323</u>	<u>12,323</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	352,755	336,078	16,677
Capital outlay:			
Public safety	7,245	7,180	65
<b>Total expenditures</b>	<u>360,000</u>	<u>343,258</u>	<u>16,742</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<b>(350,000)</b>	<b>(320,935)</b>	<b>29,065</b>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	350,000	350,000	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>29,065</b>	<b>29,065</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u><b>(8,291)</b></u>	<u><b>(8,291)</b></u>	<u><b>-</b></u>
<b>FUND BALANCES, END OF YEAR</b>	<u><u><b>\$ (8,291)</b></u></u>	<u><u><b>\$ 20,774</b></u></u>	<u><u><b>\$ 29,065</b></u></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, 2007**

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	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 844,580	\$ 982,871	\$ 138,291
Interest	1,100	1,142	42
Total revenues	<u>845,680</u>	<u>984,013</u>	<u>138,333</u>
EXPENDITURES			
Current:			
Public safety	<u>823,793</u>	<u>881,578</u>	<u>(57,785)</u>
EXCESS OF REVENUES OVER EXPENDITURES	21,887	102,435	80,548
OTHER FINANCING USES			
Transfers out	<u>(16,887)</u>	<u>(18,114)</u>	<u>(1,227)</u>
NET CHANGE IN FUND BALANCES	5,000	84,321	79,321
FUND BALANCES, BEGINNING OF YEAR	<u>91,642</u>	<u>91,642</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 96,642</u>	<u>\$ 175,963</u>	<u>\$ 79,321</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, 2007**

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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ 33,451	\$ 24,951	\$ (8,500)
Interest	249	86	(163)
Total revenues	<u>33,700</u>	<u>25,037</u>	<u>(8,663)</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	<u>35,615</u>	<u>29,986</u>	<u>5,629</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>			
	(1,915)	(4,949)	(3,034)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	5,000	5,000	-
Transfers out	<u>(3,085)</u>	<u>(1,658)</u>	<u>1,427</u>
Total other financing sources (uses)	<u>1,915</u>	<u>3,342</u>	<u>1,427</u>
<b>NET CHANGE IN FUND BALANCES</b>			
	-	(1,607)	(1,607)
<b>FUND BALANCES, BEGINNING OF YEAR</b>			
	<u>19,808</u>	<u>19,808</u>	<u>-</u>
<b>FUND BALANCES, END OF YEAR</b>			
	<u>\$ 19,808</u>	<u>\$ 18,201</u>	<u>\$ (1,607)</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, 2007**

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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Interest	-	\$ 181	\$ 181
EXPENDITURES			
Current:			
Recreation	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	-	181	181
FUND BALANCES, BEGINNING OF YEAR	<u>\$ 20,093</u>	<u>20,093</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 20,093</u>	<u>\$ 20,274</u>	<u>\$ 181</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, 2007**

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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Taxes	\$ 14,277	\$ 13,733	\$ (544)
EXPENDITURES			
Current:			
Housing and development - Tourism	<u>14,277</u>	<u>13,733</u>	<u>544</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-
FUND BALANCES, BEGINNING OF YEAR,	<u>1,093</u>	<u>1,093</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,093</u>	<u>\$ 1,093</u>	<u>-</u>

**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, 2007**

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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Interest	-	\$ 3,220	\$ 3,220
EXPENDITURES			
Capital outlay:			
Community development - Old Hospital Project	-	133,559	(133,559)
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	(130,339)	(130,339)
FUND BALANCES, BEGINNING OF YEAR	\$ 613,621	613,621	-
FUND BALANCES, END OF YEAR	<u>613,621</u>	<u>\$ 483,282</u>	<u>\$ (130,339)</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, 2007**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Fees, fines and forfeitures	\$ 145,566	\$ 186,929	\$ 41,363
Interest	-	259	259
Total revenues	<u>145,566</u>	<u>187,188</u>	<u>41,622</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety - Jail	<u>147,500</u>	<u>199,508</u>	<u>(52,008)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,934)	(12,320)	(10,386)
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(3,102)</u>	<u>(2,813)</u>	<u>(289)</u>
NET CHANGE IN FUND BALANCES	(5,036)	(15,133)	(10,675)
FUND BALANCES, BEGINNING OF YEAR	<u>42,711</u>	<u>42,711</u>	-
FUND BALANCES, END OF YEAR	<u>\$ 37,675</u>	<u>\$ 27,578</u>	<u>\$ (10,675)</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, 2007**

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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Charges for services	\$ 35,000	\$ 68,355	\$ 33,355
<b>EXPENDITURES</b>			
Current:			
Public safety	3,000	4,445	(1,445)
Capital outlay:			
Public safety	<u>32,000</u>	<u>64,147</u>	<u>(32,147)</u>
Total expenditures	<u>35,000</u>	<u>68,592</u>	<u>(33,592)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	(237)	(237)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>38,595</u>	<u>38,595</u>	-
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 38,595</u>	<u>\$ 38,358</u>	<u>\$ (237)</u>

**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, 2007**

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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Fees, fines and forfeitures	\$ 3,500	\$ 3,850	\$ 350
EXPENDITURES			
Current:			
Judicial	<u>3,500</u>	<u>-</u>	<u>3,500</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	3,850	3,850
FUND BALANCES, BEGINNING OF YEAR	<u>5,219</u>	<u>5,219</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>5,219</u></u>	<u><u>\$ 9,069</u></u>	<u><u>\$ 3,850</u></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, 2007**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 99,875	\$ 99,649	\$ (226)
Interest	-	743	743
Other	3,750	14,784	11,034
Total revenues	<u>103,625</u>	<u>115,176</u>	<u>11,551</u>
<b>EXPENDITURES</b>			
Current:			
Sanitation	<u>101,478</u>	<u>103,968</u>	<u>(2,490)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	2,147	11,208	9,061
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(2,147)</u>	<u>(2,304)</u>	<u>157</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	8,904	9,218
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>73,755</u>	<u>73,755</u>	<u>-</u>
<b>FUND BALANCES, END OF YEAR</b>	<u><u>\$ 73,755</u></u>	<u><u>\$ 82,659</u></u>	<u><u>\$ 9,218</u></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, 2007**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Charges for services	\$ 1,358,306	\$ 1,316,707	\$ (41,599)
Interest	14,964	29,921	14,957
Intergovernmental	-	5,156	5,156
Other	60,460	147,180	86,720
Total revenues	<u>1,433,730</u>	<u>1,498,964</u>	<u>65,234</u>
<b>EXPENDITURES</b>			
Current:			
Recreation	3,298,930	3,182,491	116,439
Capital Outlay:			
Recreation	73,400	200,817	(127,417)
Debt Service:			
Principal	23,375	38,986	(15,611)
Interest	3,025	3,025	-
Total expenditures	<u>3,398,730</u>	<u>3,425,319</u>	<u>(26,589)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(1,965,000)	(1,926,355)	38,645
<b>OTHER FINANCING SOURCES</b>			
Transfers in	1,965,000	1,964,380	(620)
Transfers out	-	(57,459)	(57,459)
Total other financing sources	<u>1,965,000</u>	<u>1,906,921</u>	<u>(58,079)</u>
NET CHANGE IN FUND BALANCES	-	(19,434)	(19,434)
FUND BALANCES, BEGINNING OF YEAR	<u>273,898</u>	<u>273,898</u>	-
FUND BALANCES, END OF YEAR	<u>\$ 273,898</u>	<u>\$ 254,464</u>	<u>\$ (19,434)</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, 2007**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Fees, fines and forfeitures	<u>\$ 35,000</u>	<u>\$ 10,261</u>	<u>\$ (24,739)</u>
EXPENDITURES			
Current:			
Public safety	3,000	11,522	(8,522)
Capital outlay:			
Public safety	<u>32,000</u>	<u>-</u>	<u>32,000</u>
Total expenditures	<u>35,000</u>	<u>11,522</u>	<u>23,478</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	(1,261)	(1,261)
FUND BALANCES, BEGINNING OF YEAR	<u>12,782</u>	<u>12,782</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 12,782</u></u>	<u><u>\$ 11,521</u></u>	<u><u>\$ (1,261)</u></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, 2007**

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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Charges for services	-	\$ 39,995	\$ 39,995
Interest	-	560	560
Total revenues	-	40,555	40,555
 <b>EXPENDITURES</b>			
Current:			
Public Safety	-	31,685	(31,685)
 <b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	8,870	8,870
 <b>FUND BALANCES, BEGINNING OF YEAR</b>	\$ 14,781	14,781	-
 <b>FUND BALANCES, END OF YEAR</b>	\$ 14,781	\$ 23,651	\$ 8,870

**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, 2007**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Charges for services	\$ 331,946	\$ 403,243	\$ 71,297
Intergovernmental	122,000	125,608	3,608
Other	130,440	191,485	61,045
Total revenues	<u>584,386</u>	<u>720,336</u>	<u>135,950</u>
<b>EXPENDITURES</b>			
Current:			
Sanitation	<u>1,654,386</u>	<u>1,712,878</u>	<u>(58,492)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(1,070,000)	(992,542)	77,458
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>1,070,000</u>	<u>1,053,599</u>	<u>(16,401)</u>
NET CHANGE IN FUND BALANCES	-	61,057	61,057
FUND BALANCES, BEGINNING OF YEAR	<u>(61,057)</u>	<u>(61,057)</u>	-
FUND BALANCES, END OF YEAR	<u>\$ (61,057)</u>	<u>\$ -</u>	<u>\$ 61,057</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, 2007**

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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Taxes	\$ 30,134	\$ 30,206	\$ 72
Interest	-	321	321
Total revenues	<u>30,134</u>	<u>30,527</u>	<u>393</u>
 <b>EXPENDITURES</b>			
Current:			
Public works - Street lighting	<u>30,134</u>	<u>31,756</u>	<u>(1,622)</u>
Total expenditures	<u>30,134</u>	<u>31,756</u>	<u>(1,622)</u>
 DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	(1,229)	(1,229)
 FUND BALANCES, BEGINNING OF YEAR	<u>38,929</u>	<u>38,929</u>	-
 FUND BALANCES, END OF YEAR	<u>\$ 38,929</u>	<u>\$ 37,700</u>	<u>\$ (1,229)</u>

**BULLOCH COUNTY, GEORGIA**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2007**

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	<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>
<b>ASSETS</b>									
Cash	<u>\$ 52,276</u>	<u>\$ 171,993</u>	<u>\$ 8,547</u>	<u>\$ 596,887</u>	<u>\$ 2,401</u>	<u>\$ 140,942</u>	<u>\$ -</u>	<u>\$ 124,872</u>	<u>\$ 1,097,918</u>
<b>LIABILITIES</b>									
Due to other entities and individuals	<u>\$ 52,276</u>	<u>\$ 171,993</u>	<u>\$ 8,547</u>	<u>\$ 596,887</u>	<u>\$ 2,401</u>	<u>\$ 140,942</u>	<u>\$ -</u>	<u>\$ 124,872</u>	<u>\$ 1,097,918</u>

**BULLOCH COUNTY, GEORGIA**  
**SCHEDULE OF PROJECTS PAID WITH SPECIAL**  
**PURPOSE LOCAL OPTION SALES TAX PROCEEDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

SPLOST 89 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	15,286,418	14,600,090	\$ 686,328	15,286,418	100%
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>\$ 34,539,709</u>	<u>\$ 33,853,381</u>	<u>\$ 686,328</u>	<u>\$ 34,539,709</u>	<u>100%</u>

SPLOST 97 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	\$ 11,890,810	-	\$ 11,890,810	100%
City fire	250,000	230,596	230,596	-	230,596	100%
City patrol cars	200,000	196,722	196,722	-	196,722	100%
Solid waste	12,250,000	12,250,000	12,178,321	\$ 41,250	12,219,571	99.8%
Public safety - communications	2,000,000	1,999,999	1,999,999	-	1,999,999	100%
Airport	500,000	518,322	518,322	-	518,322	100%
Arts center	1,030,000	1,030,000	1,030,000	-	1,030,000	100%
Recreation	2,000,000	2,830,973	2,830,973	-	2,830,973	100%
Public safety	850,000	949,683	949,683	-	949,683	100%
Agribusiness center	2,000,000	3,000,410	3,000,410	-	3,000,410	100%
Brooklet - water/sewer system	500,000	500,000	500,000	-	500,000	100%
Portal - solid waste	80,000	106,073	106,073	-	106,073	100%
Register - roads and streets	20,000	20,001	18,464	1,537	20,001	100%
Portal - drainage	50,000	34,446	34,446	-	34,446	100%
Voting precinct	50,000	50,002	50,002	-	50,002	100%
Georgia state patrol	500,000	725,000	725,000	-	725,000	100%
Water/sewer system	5,300,000	5,300,000	1,126,611	-	1,126,611	21.3%
	<u>\$ 35,000,000</u>	<u>\$ 41,633,037</u>	<u>\$ 37,386,432</u>	<u>\$ 42,787</u>	<u>\$ 37,429,219</u>	<u>89.9%</u>

**BULLOCH COUNTY, GEORGIA**  
**SCHEDULE OF PROJECTS PAID WITH SPECIAL**  
**PURPOSE LOCAL OPTION SALES TAX PROCEEDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

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	1,475,830	2,735,588	55%
Solid waste - Air rights - Joint	1,510,000	1,821,656	1,154,652	667,004	1,821,656	100%
Solid waste - Post closure - Joint	610,000	610,000	-	200,000	200,000	33%
Communications system - Joint	1,500,000	1,500,000	1,062,759	267,639	1,330,398	89%
Solid waste - recycling - County	640,000	640,000	-	-	-	0%
Public safety - Sheriff	1,000,000	990,000	422,805	149,328	572,133	58%
Public safety - Rural Fire	900,000	900,000	501,535	255,910	757,445	84%
Public safety - EMS	600,000	600,000	299,288	67,717	367,005	61%
Public safety - Animal control	-	10,000	8,254	550	8,804	88%
Airport - County	750,000	750,000	423,297	52,009	475,306	63%
Agribusiness Center - County	6,100,000	6,100,000	283,860	105,489	389,349	6%
Parks and recreation - County	7,000,000	7,000,000	4,786,021	527,578	5,313,599	76%
Industrial park - County	5,500,000	5,500,000	3,155,912	1,221,819	4,377,731	80%
Water/sewer system - County	100,000	100,000	29,780	-	29,780	30%
Community facilities - County	3,143,000	3,143,000	1,335,553	86,047	1,421,600	45%
Arts center - Statesboro	1,360,000	1,446,932	1,446,932	-	1,446,932	100%
Municipal building/Police Station - Statesboro	2,140,000	2,362,525	1,596,580	765,945	2,362,525	100%
Public safety vehicles - Statesboro	500,000	500,000	163,674	100,000	263,674	53%
Water/sewer system - Statesboro	5,000,000	5,000,000	971,023	195,056	1,166,079	23%
City streets, etc. - Statesboro	5,000,000	5,000,000	860,467	2,264,128	3,124,595	62%
Municipal building - Brooklet	350,000	420,000	348,135	-	348,135	83%
Cultural facility - Brooklet	75,000	5,000	-	-	-	0%
Water system - Brooklet	230,000	230,000	44,730	39,480	84,210	37%
City streets, etc. - Brooklet	205,000	222,649	91,469	131,180	222,649	100%
Solid waste - Portal	50,000	50,000	17,951	-	17,951	36%
Cultural facility - Portal	50,000	50,000	17,635	-	17,635	35%
Water system - Portal	200,000	200,000	18,880	124,607	143,487	72%
City streets, etc. - Portal	160,000	160,000	116,667	-	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	-	13,768	13,768	92%
Cultural facility - Register	45,000	25,000	4,600	16,726	21,326	85%
City streets, etc. - Register	25,000	25,000	-	15,660	15,660	63%
	<u>49,800,000</u>	<u>50,438,762</u>	<u>20,446,092</u>	<u>8,743,470</u>	<u>29,189,562</u>	<u>58%</u>

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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, 2007, which collectively comprise Bulloch County's basic financial statements and have issued our report thereon dated December 31, 2007. 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's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bulloch County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Bulloch County's internal control over financial reporting.

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

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

**1. Clerk of Courts-Timely deposits**

In previous years' audits, we have noted that checks received from the Sheriff's department and probation department agency funds were held for several months before being deposited by the Clerk of Court's office. Although we noted that deposits were made more timely in fiscal year 2007, there are still instances in which deposits are not made in a timely manner. Deposits should be made on a daily basis.

County Response: We concur with this finding and we will recommend for the Clerk of Courts' office to implement procedures to make sure all funds received by that department are deposited in a timely manner.

**2. Clerk of Courts/EMS department-Inadequate bank reconciliations**

Inadequate bank reconciliations are prepared for the bank accounts of the Clerk of Courts and the EMS department. 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: We concur with this finding and we will recommend for the Clerk of Courts' office and the EMS department to implement procedures and to obtain training as considered necessary to prepare proper bank reconciliations on a monthly basis.

**3. Probate Court-Timely deposits**

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: We concur with this finding and we will recommend for the Probate Court office to implement procedures to make sure all funds received by that department are deposited in a timely manner.

**4. Budget amendments**

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

**5. Financial reporting process is inadequate for recording the activity in the County's agency funds and certain special revenue funds**

The County has several agency funds and special revenue funds for which a trial balance summarizing the annual activity and year end balances is not maintained. Accurate trial balances are needed on these funds in order for them to be properly included in the County's financial statements. Also, the amounts due from agency funds need to be recorded properly in the general ledger of the general fund and other appropriate funds at year end.

County response: We concur with this finding and we will consult with our auditors on developing the appropriate procedures to prepare accurate trial balances at year end for our agency funds and special revenue funds not maintained on our computerized accounting system.

**6. Retainage payable**

We noted that retainage payable on a few construction projects was not recorded in the County's governmental funds at June 30, 2007. Construction in progress invoices should be reviewed at year end to make sure all retainage payable is recorded in the County's financial statements.

County response: We concur with this finding, and we will implement procedures to review invoices for construction in progress to make sure all retainage payable is recorded in the County's financial statements.

**7. Recording of year end receivables/payables for financial statements**

The County's procedures to make sure all year end receivables and payables are included in the financial statements are inadequate. We noted some year end receivables and payables that were either not recorded or were misstated on the County's general ledger. We also noted some accruals for receivables that were not separated by type of receivable for financial statement purposes (i.e. intergovernmental, due from agency funds, other, etc.) Many of the adjusting journal entries needed to correct certain receivables and payables were material to the County's financial statements.

County response: We concur with this finding and we will implement procedures to make sure all year end receivables and payables are included in the year end financial statements. We have recently hired a CFO for the County that will be responsible for overseeing this function.

#### **8. Recording of activity in capital lease trust accounts**

Capital lease proceeds maintained in trust accounts by the lessor on behalf of the County until the proceeds are spent by the County are not being accounted for correctly in the County's general ledger. Monthly statements received for these trust accounts should be forwarded to the finance department and the activity in these accounts should be recorded monthly in the County's general ledger.

County response: We concur with this finding and we will implement procedures to make sure all activity in capital lease trust accounts are recorded on a monthly basis. The CFO recently hired by the County will be responsible for implementing these procedures.

#### **9. Preparation of annual financial statements**

The County's internal controls for preparation of annual financial statements are inadequate because the County's staff lacks the appropriate understanding and knowledge of generally accepted accounting principles to prepare the County's financial statements and related notes to the financial statements. Reliance on the outside auditors for proper preparation of the County's financial statements is not an internal control for the County. The auditors can assist with the preparation of the County's annual financial statements, but the ultimate responsibility for the fair presentation of the financial statements belongs to the County.

County response: We concur with this finding and we have recently hired a CFO for the County who will be responsible for overseeing the process for preparation of the County's annual financial statements.

#### **10. Inadequate segregation of duties**

Many of the County's departments and offices have a small number of people in their offices performing a variety of accounting duties, some of which may be incompatible. Separating these duties will improve internal controls over cash and other assets and reduce the possibility of errors and irregularities. This may be done without hiring more personnel. We recommend that the County review each department with accounting duties to determine where incompatible duties can be reassigned, if practical, or create a supervisory review of these functions.

County response: We concur with this finding and we will try to implement procedures to improve the segregation of duties in the County's various departments and offices. We will also attempt to implement compensating controls when feasible to minimize the effects of these control deficiencies.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 5, 7 and 9 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*.

The County's response to the findings identified in our audit is described above. We did not audit Bulloch County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of 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, Lanier, Westerfield + Deal*

December 31, 2007