

BULLOCH COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Bulloch County, Georgia

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Bulloch County Board of Health, a component unit, which represents 1.6%, 1.9%, and 2.9%, respectively, of the assets, net position, and revenues of Bulloch County, Georgia. We did not audit the financial statements of the Development Authority of Bulloch County, a component unit, which represents 16.4%, 20.8%, and 2.8%, respectively, of the assets, net position, and revenues of Bulloch County, Georgia.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Bulloch County Board of Health, a component unit, which represents 1.6%, 1.9%, and 2.9%, respectively, of the assets, net position, and revenues of Bulloch County, Georgia. We did not audit the financial statements of the Development Authority of Bulloch County, a component unit, which represents 16.4%, 20.8%, and 2.8%, respectively, of the assets, net position, and revenues of Bulloch County, Georgia. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Bulloch County Board of Health and the Development Authority of Bulloch County, is based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, 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, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2014, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bulloch County, Georgia's internal control over financial reporting and compliance.

Thigpen, Lanier, Waterfield + Deal

Statesboro, Georgia
July 10, 2014

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, 2013. 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 position (assets exceeded liabilities) of \$80,609,786 at 2013 fiscal year-end. That is \$908,904 (or 1.1%) less than the total net position of \$81,518,690 at 2012 fiscal year-end.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets, of \$58,574,761 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 2012 was \$59,790,938. That is a decrease of \$1,216,177 (or 2.0%) for fiscal year 2013.
 - (2) Net position of \$15,037,916 is restricted by constraints imposed from outside the County such as debt covenants, grantors, laws, or regulations. That is \$1,325,368 (or 9.7 %) more than the fiscal year 2012 amount of \$13,712,548.
 - (3) Unrestricted net position of \$6,997,109 represents the portion available to maintain the County's continuing obligations to citizens and creditors. This is a \$1,018,095 (or 12.7%) decrease from the fiscal year 2012 total of \$8,015,204. Unrestricted net position decreased in fiscal years 2012 by \$1,063,092 and increased in 2011 by \$77,538. The decrease of unrestricted net position for the last two years breaks a trend of increases for the three prior fiscal years.
- The County's governmental funds reported total ending fund balance of \$33,660,073 in fiscal year 2013, compared to \$19,797,565 in fiscal year 2012. This is an increase of \$13,862,508 (or 70.0%). These increases were largely due to the issuance of Series 2012 SPLOST GO bonds during fiscal year 2013 which resulted in an ending fund balance of \$12,333,968. In addition, the combined SPLOST 02 and SPLOST 07 funds saw a cumulative increase of \$2,556,169, derived from a \$266,369 decrease in SPLOST 02, and a \$2,822,538 increase in SPLOST 07. The fiscal year 2013 ending fund balance for the General Fund showed a decrease of \$1,301,251 (or 19.0%). Other Nonmajor Governmental Funds increased by \$273,622 for an ending fund balance of \$1,427,975 at the end of fiscal year 2013.
- At the end of the current fiscal year, cumulative fund balance for the General Fund was \$5,539,843 (or 17.3%) of total General Fund expenditures and operating transfers out; with \$740,181 as nonspendable includes amounts that are in a nonspendable form or are required to remain intact (inventories, endowment from a corpus fund, prepaid items, long-term loans and notes receivable etc.) And \$4,799,662 as unassigned (such amounts are the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications). That compares to a cumulative fund balance of \$6,841,094 (or 21.5%) of total General Fund expenditures and operating transfers out in fiscal year 2012.
- **Overall, the County maintains a positive operating financial position.** During the 2013 fiscal year, Bulloch County's local economy has remained static in a manner consistent with the state and local economy. Bulloch County had experienced a structural budget deficit for several years prior to Fiscal Year 2008. In Fiscal Year 2008, the Board of Commissioners adopted a general ad valorem property tax increase that included a five-year reserve stabilization plan for the General Fund. Bulloch County exceeded its goal in the first three years of the five year stabilization plan by increasing the unreserved general fund balance in the amount of \$3.34 million dollars. The decrease in fund balance this year reduces the increase since Fiscal Year 2008 to \$936,000 and places the county at a 17.4% ratio of fund balance to total expenditures. The county desires a 25% ratio of fund balance to total expenditures. The original five year plan in 2008 projected the fiscal year 2013 ratio of fund balance to total expenditures at 23.7%. Bulloch County plans to begin increasing the fund balance beginning in fiscal year 2015 and move toward the goal of 25% ratio of fund balance to total expenditures. See the "financial analysis" section of this document for more detail.

Overview of the Financial Statements

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

Basic Financial Statements

The first statements of the basic financial statements are the **Government-wide Financial Statements** of the County. They include a Statement of Net Position 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. The **notes** are presented on pages 32-53.

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 position and how they have changed. Net position is the difference between total assets and total liabilities. Measuring net position 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, sanitation, 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, and recreation 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 two internal service funds, which are proprietary funds. The Employee Health Insurance Fund accounts for employee paid premiums collected as revenues, and claims paid to a third party administrator for employee health insurance related expenses. The Correctional Food Service Fund charges fees for food services to the County's correction facilities.

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 Position 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. Two of the County's proprietary funds are internal service funds: the Employee Health Insurance Fund and the Correctional Food Service 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, Bulloch County Correctional Institute, and the Tax Commissioner.

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

Notes to the Basic Financial Statements

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

Supplementary Information

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

During the fiscal year, the Board of Commissioners adopted by resolution several budget amendments, or revisions, to the original budget resolutions. As discussed, the County reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds are presented in this section of this report beginning on page 54.

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, 2013 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 position. 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 position 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	2013 Governmental Activities	2012 Governmental Activities	Standard	2013 Adherence to Standard
Current Ratio	7.54	6.33	2.0 or >	Positive
Total Debt to Equity Ratio	0.212	0.036	1.0 or <	Positive
Working Capital	\$33,826,749	\$20,218,682	NA (1)	Positive
Current Liabilities Ratio	0.070	0.051	0.05 or <	Negative
Operating Position	0.156	0.222	0.25 or >	Positive
Ratio of General Debt Outstanding	0.0%	0.0%	0.0%	Positive
Debt Limit Ratio	0.0%	0.0%	0.0%	NA (1)
Legal Debt Margin	100.0%	100.0%	100.0%	Positive
Net Overlapping Debt	\$71,775,000 (2)	\$71,775,000 (2)	NA (1)	NA (1)
Net Direct Long-Term Debt Per Capita	\$852.01	\$852.01	NA (1)	NA (1)

(1) NA - Not applicable.

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

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

Summary of Net Position

As noted earlier, Bulloch County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The County had total net position (assets exceeded liabilities) of \$80,609,786 at 2013 fiscal year-end compared to the fiscal year 2012 figure of \$81,518,690. The following table provides a summary of the County's net position:

	Governmental Activities		Business-Type Activities		Total		Percentage of Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Assets								
Current Assets	38,997,590	24,012,459	661,069	1,425,591	39,658,659	25,438,050	38.0%	27.7%
Capital Assets	55,267,608	56,555,099	9,399,129	9,883,945	64,666,737	66,439,044	62.0%	72.3%
Total Assets	94,265,198	80,567,558	10,060,198	11,309,536	104,325,396	91,877,094	100.0%	100.0%
Liabilities								
Current Liabilities	5,170,841	3,793,777	431,529	318,451	5,602,370	4,112,228	23.6%	39.7%
Long-Term Liabilities	15,599,730	2,788,113	2,513,510	3,458,063	18,113,240	6,246,176	76.4%	60.3%
Total Liabilities	20,770,571	6,581,890	2,945,039	3,776,514	23,715,610	10,358,404	100.0%	100.0%
Net Position								
Net Investment in Capital Assets	52,041,283	53,589,000	6,533,478	6,201,938	58,574,761	59,790,938	72.7%	73.3%
Restricted – Capital Projects	14,231,581	12,511,256	-	-	14,231,581	12,511,256	17.6%	15.4%
Restricted – Other Purposes	806,335	1,201,292	-	-	806,335	1,201,292	1.0%	1.5%
Unrestricted	6,415,428	6,684,120	581,681	1,331,084	6,997,109	8,015,204	8.7%	9.8%
Total Net Position	73,494,627	73,985,668	7,115,159	7,533,022	80,609,786	81,518,690	100.0%	100.0%

The County reported decreasing balances in total net position for both governmental and business-type activities. Total net position for fiscal year 2013 decreased by \$908,904 (or 1.1%), with 54.0% of the decrease occurring in governmental activities (\$491,041, or 0.7%), and the remaining decrease by \$417,863 (or 5.5%) for business-type activities.

Note that in fiscal year 2013 and 2012, respectively 72.7% and 73.3% of the total net position was invested in capital assets, net of debt. This documents that the County continues to invest adequately in the capital assets needed to provide services, with minimal reliance on debt for capital investment. On the business type activities, the County has invested a higher ratio, 91.8% in fiscal year 2013, and 82.3% in fiscal year 2012, of its net position on capital assets, net of debt. For governmental activities, unrestricted net position decreased from 9.0% of total net position to 8.7% between fiscal years 2012 and 2013. For business-type activities, unrestricted net position was 8.2% of total net position with a decrease of (\$749,403 or 56.3%), between fiscal years 2012 and 2013. Overall, this decreased total unrestricted net position from 9.8% to 8.7% of total net position.

Summary of Changes in Net Position

	2013				2012			
	Governmental Activities	Business Activities	Total	Percentage of Total	Governmental Activities	Business Activities	Total	Percentage of Total
Program Revenues								
Fees, Fines, Charges for Services	12,066,468	2,047,099	14,113,567	28.1%	11,558,372	2,118,107	13,676,479	27.3%
Operating Grants and Contributions	1,121,869		1,121,869	2.2%	1,226,726		1,226,726	2.5%
Capital Grants and Contributions	1,359,432		1,359,432	2.7%	1,894,614		1,894,614	3.8%
General Revenues								
Taxes	33,270,975		33,270,975	66.3%	32,316,232		32,316,232	64.6%
Other	315,988	127	316,115	0.6%	911,700	266	911,966	1.8%
Total Revenues	48,134,732	2,047,226	50,181,958	100.0%	47,907,644	2,118,373	50,026,017	100.0%
Program Expenses								
General Government	4,395,345		4,395,345	8.5%	4,422,715		4,422,715	8.7%
Judicial	3,062,492		3,062,492	5.9%	3,051,171		3,051,171	6.0%
Public Safety	20,321,959		20,321,959	39.4%	19,626,803		19,626,803	38.5%
Public Works	8,417,887		8,417,887	16.3%	8,716,143		8,716,143	17.1%
Sanitation	3,991,225		3,991,225	7.7%	3,906,479		3,906,479	7.6%
Health and Welfare	496,666		496,666	1.0%	475,453		475,453	0.9%
Libraries and Recreation	4,976,067		4,437,861	9.7%	4,831,028		4,831,028	9.5%
Airport	857,566		857,566	1.7%	835,347		835,347	1.6%
Housing and Development	1,809,287		1,809,287	3.5%	2,292,942		2,292,942	4.5%
Intergovernmental	350,493		350,493	0.7%	399,417		399,417	0.8%
Interest	478,272		478,272	0.9%	90,570		90,570	0.2%
Aquatic Center		2,200,034	2,200,034	4.3%		2,199,868	2,199,868	4.3%
Agribusiness Center		157,110	157,110	0.3%		150,245	150,245	0.3%
Total Expenses	49,157,259	2,357,144	51,514,403	100.0%	48,648,068	2,350,113	50,998,181	100.0%
Excess (Deficiency)	(1,022,527)	(231,740)	(1,332,445)		(740,424)	(231,740)	(972,164)	
Transfers	107,945	(107,945)			148,482	(148,482)		
Change in Net Position	(914,582)	(417,863)	(1,332,445)		(591,942)	(380,222)	(972,164)	
Prior Period Adjustment	423,541	-	423,541		349,040	-	349,040	
Beginning Net Position	73,985,668	7,533,022	81,942,231		74,228,570	7,913,244	82,141,814	
Ending Net Position	73,494,627	7,115,159	80,609,786		73,985,668	7,533,022	81,518,690	

Governmental Activities: Revenues

Bulloch County is one of only eight counties out of 159 in Georgia that do not receive any of the 1% Local Option Sales Tax (LOST). A local Constitutional Amendment was passed by the Georgia General Assembly in the 1981 Session (Georgia Laws, 1981, p. 1931) which called for a referendum on the question of whether or not the local option sales tax should go to the Bulloch County Board of Education, with a dollar for dollar reduction in the school property tax. The referendum passed on November 2, 1982. Since that time, this money has gone to the Bulloch County Board of Education. Since most Georgia counties and cities negotiate a formula to distribute LOST proceeds among themselves, the absence of this availability puts Bulloch County's basic units of local government at a distinct disadvantage relative to almost all the other cities and counties in the state. Ultimately, it means that the county government and its municipalities have to rely more heavily on the local property tax and user fees than these other cities and counties. For example, if the county and municipal governments had split \$10,431,073 in local option sales taxes in fiscal year 2013 collected by the Board of Education, Bulloch County could have potentially realized as much as 58% in additional revenue, if distribution were made between the county and municipalities based on population.

However, Bulloch County and its municipalities do share the proceeds of a 1% Special Purpose Local Option Sales Tax (SPLOST), which has passed referendums successively in 1997 and 2002 for five-year terms; and 2007 for a six-year term. At first glance it appears that the County may be heavily reliant on sales taxes to support governmental operations. In fiscal year 2013, sales taxes of \$10,425,105 out of \$48,185,698 in total governmental funds revenues, or 21.6%, were received from SPLOST 2007. However, all SPLOST proceeds are defined by law to be spent on capital outlays, not operating costs.

The County has been able to earn \$28,244 in fiscal year 2013, and \$32,804 in fiscal year 2012, in interest to support governmental activities. Also, note that program revenues covered 29.6% in fiscal year 2013, and 30.2% in fiscal year 2012 of governmental operating expenses. This means that the government's taxpayers and the other general revenues funded the remaining 70.4% in fiscal year 2013, and 69.8% in fiscal year 2012 of the governmental activities.

Property taxes are an important source of revenue to Bulloch County's General Fund. In fiscal year 2013, property tax revenues were \$18,441,620 (or 60.1% of total general fund revenues), in fiscal year 2012, \$18,671,311 (or 60.7% of total general fund 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 41.3% of the County's total governmental activity expenses in FY 2013, followed by Public Works (17.1%) and Libraries and Recreation (10.1%). In fiscal year 2012, those figures were 40.3%, 17.9% and 9.9% respectively. The following table presents the cost of each of the County's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the County's taxpayers by each of these functions.

	Governmental Activities			
	2013		2012	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General Government	4,395,345	(3,186,116)	4,422,715	(3,035,036)
Judicial	3,062,492	(2,492,313)	3,051,171	(2,542,095)
Public Safety	20,321,959	(12,854,642)	19,626,803	(12,206,827)
Public Works	8,417,887	(7,789,854)	8,716,143	(8,533,146)
Sanitation	3,991,225	(2,903,767)	3,906,479	(3,040,729)
Health and Welfare	496,666	(496,666)	475,453	(475,453)
Recreation	4,437,861	(2,871,472)	4,305,322	(2,230,303)
Libraries	538,206	(538,206)	525,706	(525,706)
Airport	857,566	131,284	835,347	(152,122)
Housing and Development	1,809,287	(1,129,466)	2,292,942	(1,136,369)
Education	350,493	-	399,417	-
Interest	478,272	(478,272)	90,570	(90,570)
Total	49,157,259	(34,609,490)	48,648,068	(33,968,356)

For fiscal year 2013, all functions except the Airport required a subsidy from general revenues comprising 71.9% of all expenses. For fiscal year 2012, all functions required a subsidy from general revenues comprising 69.8% of all expenses.

Business-Type Activities: Revenues vs. Expenses

For fiscal year 2013, the aggregate operating revenues for the county enterprise funds were 3.4% below 2012 and operating expenses were 1.3% above fiscal year 2012. Within the total business type activities of the County, these activities reported aggregate operating loss of \$95,853 in fiscal year 2013 compared to operating profit of \$2,174 in fiscal year 2012. After non-operating expense and transfers in and out between other funds, these funds reported a combined loss of \$417,863 in fiscal year 2013 compared to a loss of \$380,222 in fiscal year 2012.

	Business-Type Activities: Operating Income (Loss)			
	2013		2012	
	Amount	Percent Change	Amount	Percent Change
Aquatic Center Fund	\$(22,093)	(132.0%)	\$69,069	(76.6%)
Agribusiness Center Fund	(\$73,760)	(10.3%)	(\$66,895)	24.3%

Operating income before transfers for the Aquatic Center Fund (Splash in the 'Boro) decreased in fiscal year 2012 with operating revenues decreasing by \$71,008 or 3.5%, while operating expenses increased \$20,154 or 1.0%, resulting in a 13.2% decrease in annual operating income.

The operating income for the Agribusiness Center Fund decreased by 10.3% in fiscal year 2013. Operating revenues remained constant, while operating expenses before depreciation increased by 9.3%. The current operations consist of rental income to help support the 30,000 square foot office complex which houses several agribusiness related governmental entities. The rental largely supports the direct operating expenses when building depreciation is not factored into rental prices or costs. However, as the future development of the Phase II mixed-use arena proceeds, it

is expected that within three years a new stream of revenue will be established which will aid in improving fund solvency.

The County also began transferring resources from the business-type activities beginning in fiscal year 2006. \$124,750 was transferred out of the Aquatic Center Fund to the general fund in 2013. 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 \$33,660,073 in fiscal year 2013, compared to \$19,797,565 in fiscal year 2012. Of these year-end totals, in fiscal year 2013, \$745,818 was non-spendable, \$28,708,783 was restricted and \$4,205,472 was unassigned.

The total ending fund balances of governmental funds show an increase in fiscal year 2013 of \$13,862,508 (70.0%) compared to an increase in fiscal year 2012 of \$1,753,810 (or 9.7%). The substantial increase in total ending fund balances of governmental funds in fiscal year 2013 is attributed to the \$12,333,698 balance in the Sales Tax Bond Construction Fund, which is 89.0% of the increase in total ending fund balance.

Total taxes in governmental funds were \$1,028,668 or 3.2% higher than in fiscal year 2012. Charges for services increased in fiscal year 2013 to \$9,339,159 from \$8,779,793 (or 6.4%).

The governmental funds' expenditures increased by \$910,018 (or 1.9%), in fiscal year 2013, due to an increased investment in capital outlays than in fiscal year 2012.

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

Major Governmental Funds

The General Fund is the County's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance decreased by \$1,301,251 in fiscal year 2013.

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 an increase in net position of \$553,797 for the year ended June 30, 2013 because of an increase in premiums revenue compared to fiscal year 2012. Claims expense decreased \$95,052 during fiscal year 2013. However, this fund had claims liability of \$551,407 at June 30, 2013 compared to 509,597 at the end of fiscal year 2012.

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 \$30,687,786 or 98.9% of the budgeted revenues in the appropriated budget. Overall, the County recognized expenditures equal to \$29,479,518 or 100.3% of the budgeted expenditures in the appropriated budget.

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

On the expenditure side, the Public Safety function, particularly in the Sheriff department, had expenditures considerably higher than the budgeted amount.

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2013 was \$64,666,737. That compares to fiscal year 2012 of \$66,439,044.

The fiscal year 2013 totals in this net investment decreased by \$1,287,491 or 2.3% for governmental activities and decreased by \$484,816 or 4.9% for business-type activities. The overall decrease was 2.7% for the County as a whole. *See Note 6* for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

Capital Assets

	Governmental Activities		Business Activities		Total	
	2013	2012	2013	2012	2013	2012
Non-depreciable Assets						
Land	3,534,937	3,204,925	329,177	329,177	3,864,114	3,534,102
Construction in Progress	482,270	1,012,024	38,470	-	520,740	1,012,024
Total Non-Depreciable	4,017,207	4,216,949	367,647	329,177	4,384,854	4,546,126
Depreciable Assets						
Buildings	41,489,262	41,356,266	7,042,188	7,042,188	48,531,450	48,398,454
Improvements Other Than Buildings	5,767,148	5,708,819	5,252,856	5,252,856	11,020,004	10,961,675
Machinery and Equipment	22,232,571	20,130,457	620,632	600,872	22,853,203	20,731,329
Infrastructure	117,969,097	116,071,322	-	-	117,969,097	116,071,322
Total Depreciable Assets	187,458,078	183,266,864	12,915,676	12,895,916	200,373,754	196,162,780
Less Accumulated Depreciation	136,207,677	130,928,714	3,884,194	3,341,148	140,091,871	134,269,862
Book Value: Depreciable Assets	51,250,401	52,338,150	9,031,482	9,554,768	60,281,883	61,892,918
Percentage Depreciated	72.7%	71.4%	30.1%	25.9%	68.5%	68.5%
Total Book Value	55,267,608	56,555,099	9,399,129	9,883,945	64,666,737	66,439,044

The County began reporting its governmental infrastructure constructed each year in fiscal year 2003. The only change in infrastructure between fiscal year 2012 and fiscal year 2013 were additions to the local road system.

The decrease in the Business Activities assets is primarily due to building depreciation. In the County's business type activities, 30.1% of the asset values were depreciated at June 30, 2013, compared to 25.9% for fiscal year 2012.

At June 30, 2013, the depreciable capital assets for governmental activities were 72.7% depreciated. This percentage is greater than the fiscal year 2012 amount of 71.4%. *This indicates, that overall, the County is replacing capital assets at a rate near depreciation expense. The County is trying to maintain and not increase machinery, equipment and infrastructure because of the impact of the recent recession.*

Long-term Debt

In July 2012, the County issued \$12,000,000 in General Obligation Sales Tax Bonds Series 2012 primarily to fund economic development, including but not limited to land acquisition and site development and the construction of water and sewer infrastructure located within proximity to Exit 116 at the I-16 and US Route 301 interchange in Bulloch County. To the extent that there are additional bond proceeds remaining, such proceeds will be applied to fund (a) roads and bridges (b) storm water and drainage (c) public safety facilities and equipment (d) recreation facilities and equipment and (e) solid waste facilities and equipment. The annual debt service requirements run through Fiscal Year 2020. For both governmental and business type-activities, Bulloch County has \$19,174,290 of outstanding long-term debt in the form of capital leases, notes payable and General Obligation Sales Tax Bonds Series 2012, less compensated absences. Since 1994, the county has entered into various capital lease agreements for equipment. As they currently exist, they are expected to be paid off by 2017. There are two notes payable to the Georgia Environmental Facilities Authority with an outstanding principal amount of \$67,708 with maturity occurring in 2018 and an outstanding balance of \$588,376 with maturity occurring in 2032. The smaller note is for the acquisition of property for the future Fletcher Memorial Recreation Park. The larger note is for construction of the Recycle Station. The largest note payable in the amount of \$2,865,651 resides in the current Aquatic Center Expansion which took place during 2009. However, as an enterprise activity, this debt is paid for within the fund, which revenues are generated solely by user fees.

The governmental activities reported capital leases of \$2,230,286, a net decrease of \$47,735 or 2.1% from 2012. Notes Payable decreased by \$31,994, or 4.6%. Compensated absences increased by \$19,169 or 3.5% in fiscal year

2013 to \$568,713 as a result of a proportional increase in the full-time employment base. The county continues to aggressively follow its plan to pay down its long-term debt obligations in an effort to improve its financial operating position and to maintain structural budget integrity.

Long-Term Debt Obligations

	Governmental Activities		Business-Type		Totals	
	2013	2012	2013	2012	2013	2012
Capital Leases	2,230,286	2,278,021	-	-	2,230,286	2,278,021
Notes Payable	656,084	688,078	2,865,651	3,682,007	3,521,735	4,370,085
Bonds Payable	13,422,269				13,422,269	
Compensated Absences	568,713	549,544	7,596	6,682	576,309	556,226
Total	16,877,352	3,515,643	2,873,247	3,688,689	19,750,599	7,204,332

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

See Notes 7, 8, 9, and 10 for additional information about the County's long-term debt.

Economic Conditions Affecting the County

According to key economic indicators, the 2013 fiscal year saw Bulloch County's local economy beginning to recover from the state and national recession in 2008-2009.

In the first half of Calendar Year 2012, the local economy began to realize a bottoming-out of the economic decline from the preceding two years, followed by mild growth in the second half of the year and into 2013. Georgia Southern University continues its steady planned enrollment and campus facilities expansion, which has resulted in a substantial increase in student housing on and off campus. Bulloch County also continued its commitment to nurture existing industry and businesses that complement its existing business mix, planning the development of a new industrial park and interstate commercial center at I-16 and US 301 with the investment of Special Purpose Local Option Sales Tax general obligation bonds to develop infrastructure. Continued public infrastructure investment was aided by the establishment of a 30-year tax allocation (increment financing) district approved by County voters, along with a renewed Special Purpose Local Option Sales Tax in November 2011.

Both Briggs and Stratton and Viracon have stable manufacturing operations in Bulloch County. The Wal-Mart Distribution Center remains the most active high-volume warehousing center of its kind within the corporation. Great Dane Trailers, LLC began operations of a 450,000 square foot manufacturing facility in April 2012, employing up to 400 workers. The City of Statesboro is aggressively expanding its commercial base and retail activity. The nine-year old county-operated Splash in the 'Boro Aquatic Center and Water Park had another outstanding season, after a \$4.1 million expansion in fiscal year 2009, drawing over 60 percent of its nearly 160,000 annual customers from outside Bulloch County. Finally, being on the boundary of the Savannah metropolitan area offers advantages to Bulloch County from a regional perspective. The Savannah MSA is poised to be among the state's fastest recovering regions, especially in the economic sectors related to job growth, tourism, retail, real estate and finance, and information services. The expanding activity of the Port of Savannah, along with the prospect of a harbor expansion project to attract Panamax sized ships, will spur the construction of additional warehouse space for processing for import-export distribution in the region.

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

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

- **Positive-to-Neutral:** With the official 2010 Census enumeration, Bulloch County population's in April 2010 was estimated at 70,217. The 2012 Census inter-censal population estimated released in April 2013 was 71,214, which is a 2.0% decrease from 2011, but still a 1.4% increase since 2010. Inter-censal estimates, often based on annual building permit data, reflected a cooling of the accelerated building of apartments in the City of Statesboro in 2010 and 2011. Trends are now emerging that show growth in single-family housing construction (see below).
- **Positive:** Per capita income for Bulloch County has increased from \$24,335 in 2011 to \$26,512 in 2012, or 8.9%.
- **Positive:** County sales taxes collections in FY 2013 increased by 0.6% from FY 2012 \$10,361,827 to \$10,425,105. Sales tax growth has been static due to the implementation of various tax reform initiatives by the Georgia General Assembly.
- **Positive:** The County's employed workforce increased from 28,252 to 29,437, or 4.2% from July 2012 to June 2013.
- **Negative to Neutral:** The monthly unemployment rate for Bulloch County in June 2013 was 10.5% which was below the level of 11.2% at the beginning of the fiscal year in July 2012. However, the local rate was still above state and national rates, and falls below the desired rate for frictional unemployment.
- **Neutral:** The Consumer Price Index for the Urban South Consumers increased by 1.9% during the Fiscal Year 2013 period, which is slightly higher than the national rate of 1.8%.
- **Positive:** The comprehensive net County-wide tax digest increased 1.7% from \$1,699,596,499 in 2012 to \$1,729,099,269 in 2013, reversing a decline of over 5% since 2009.
- **Neutral:** The average weekly wage for all Bulloch County workers increased during the 2012 Calendar Year to \$610, from \$587 in 2011, or 3.9%.
- **Positive:** Single-family building permits increased in Bulloch County and its municipalities from 132 units in Calendar Year 2012 to 143 units in 2013, an 8.3% increase.
- **Negative:** Model based estimates indicate that the poverty rate in Bulloch County has increased from 30.5% in 2011 to 31.3% in 2012.

It is clear that in the short-term, there are still lingering effects from the recent recession. Yet, Bulloch County has a growing population and is positioned for a strong recovery thanks to its emergence as a regional center for post-secondary education, health care facilities and specialties, and retail and general business services. There is also potential spin-off growth occurring in the greater Savannah area.

Our short-term projection for Fiscal Year 2014 is that the statewide economy will continue to grow modestly, but virtually all segments of the local and regional economy, will experience growth at a slightly lower rate.

The following represents a qualitative forecast for the local economy for the forward fiscal year, FY 2014.

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

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

The most critical factor affecting County finances going forward will be the expected impact of distressed property sales. New assessment requirements by the State of Georgia mandate that sales prices be used as the fair market

value in the year following the sale, before returning to fair market value the following year – a departure from previous assessment methods. This has contributed to the decline of the real property tax digest since 2010. When combined with some growth in the real property digest from new construction this will result in only about a 1.5% increase of property tax revenue beginning in Fiscal Year 2013. However, several elastic sources of revenue are likely to remain static. If the economy continues to improve as anticipated, there will be approximately a 12-18 month lag for more significant overall revenue growth rates that would be sustainable for a three-to-four year period, if the economy does not decline.

Summary

In summary, at the close of June 30, 2013, Bulloch County government currently has adequate financial strength and liquidity, and a strong capital asset base and minimal debt compared to other counties of its size in Georgia.

The operating position, particularly in the key General Fund, has declined some in the past two fiscal years but is still above the fiscal year 2007 level. Fund balance was \$9.7 million at the close of fiscal year 2001, \$4.1 million at the close of fiscal year 2007 and \$5.5 million at the close of fiscal year 2013. Fiscal year 2013 had a decrease in the General Fund Balance of \$1,195,064 but is still \$1.4 million above the fiscal year 2007 amount.

In the last several fiscal years, the County has attempted to restrict expenditure growth by minimizing employee wage increases and deferring or eliminating certain operating and capital expenditures. To leverage cash flow, the County institutes limited purchases of needed machinery and equipment through capital or operating leases, relying in SPLOST funds rather than the General Fund where possible. The County has also invested local and federal funds to lower telephone and electric utility costs by retrofitting facilities with energy efficiency fixtures and voice-over-internet protocol phone systems. Several County departments also raised fees and users charges where discretion prevailed, to cover the full cost of providing the service. Furthermore, the County continues to restructure administrative functions, and has periodically and internally audited specific operations for better efficiencies. However, the increasing demand for services by local citizens, unfunded mandates from higher levels of government for additional services, and extraordinary inflation in gasoline and local water utility prices place pressure on some of these austerity measures.

In Fiscal Year 2008, the Board of Commissioners adopted a general ad valorem property tax increase that included a five-year reserve stabilization plan for the General Fund. Bulloch County exceeded its goal in the third year of the five year stabilization plan by increasing the unreserved general fund balance in the amount of \$507,660, \$1,595,991 and \$1,429,035 respectively. The decrease in General Fund for the last two fiscal years puts the county \$2,660,157 below its goal within the stabilization plan but \$1.4 million above the fiscal year 2007 fund balance.

Six-Year General Fund Reserve Performance

Fiscal Year	2008	2009	2010	2011	2012	2013
Projected Surplus FY 2008 est. (\$)	406,000	780,000	811,000	844,000	877,000	912,000
Actual/ Surplus (\$)	507,660	1,595,991	1,429,035	134,231	(1,207,483)	(1,195,064)
FYE Fund Balance (\$ in mil.)	4.604	6.200	7.629	7.942	6.734	5.539
Projected Budget (\$ in mil.)	29.1	29.5	31.1	31.3	31.9	32.0
FYE Fund Balance Ratio (%)	15.8	21.0	24.5	25.4	21.1	17.3

Proposed General Fund Reserve Stabilization Plan

Fiscal Year	2014	2015	2016	2017	2018	2019
Projected Surplus FY 2008 est. (\$)	0	283,000	390,000	450,000	350,000	250,000
FYE Fund Balance (\$ in mil.)	5.539	5.822	6.212	6.662	7.012	7.262
Projected Budget (\$ in mil.)	31.9	31.9	32.1	32.4	32.5	32.6
FYE Fund Balance Ratio (%)	17.3	18.2	19.3	20.5	21.5	22.2

The 2008-2009 recession clearly had a negative impact on County finances, particularly the General Fund. The Board of Commissioners attempted to weather the recessionary effects without raising the general millage rate. Meanwhile, the County's General Fund budget has remained steady at a \$31-\$32 million level to maintain the existing level of service. As the County moves forward through 2019, it must take initiatives to adjust service levels to static budget growth in light of a growing population, and popular disdain for property tax increases – while at the same time rebuilding fund reserves to a more preferred level. The 2014-2019 General Fund Reserve Stabilization reflects this approach. This means that payroll growth must be limited, and that non-payroll expenditures must be controlled. This will require the following long-term initiatives:

- An examination of the personnel compensation plan that reflects the likelihood of job-blending in the future to manage payroll through attrition.
- Leveraging SPLOST capital outlay funds for technology and sustainability improvements.
- Collaboration with local and regional units of government in service delivery initiatives.
- Accelerate economic development initiatives to broaden the commercial and industrial tax base, with incentives policies that do not cause significant erosion or opportunity costs.

The County will be looking at four key implementation items in fiscal year 2014 to continue improving both general efficiency and financial results. They are:

- No pay increases will be recommended for FY 2014, but there will be no reduction in services.
- Reorganize Finance and Human Resources functions to effectuate better internal controls and monitoring for budgeting, accounting, and payroll management. Implement hardware and software upgrades to improve enterprise resource planning for improved management oversight.
- Reorganize and improve revenue management functions for more timely collections. Restructure some existing personnel and tasks to form a centralized revenue collection function to improve treasury management and compliance with mandated procedures.
- Utilize the aforementioned initiatives to progress toward true position control budgeting, fund accounting and a full-fledged modified accrual accounting system.
- Continue planned retrofitting of facilities with energy efficiency and VOIP.

Currently, the County's other special revenue, enterprise and internal fund structures are operating mostly in a favorable condition. However, all of these funds must 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 POSITION
JUNE 30, 2013

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Bulloch County Board of Health	Development Authority of Bulloch County
ASSETS					
Current Assets:					
Cash	\$ 34,518,744	\$ 862,676	\$ 35,381,420	\$ 1,539,719	\$ 1,860,220
Receivables:					
Taxes	717,903	-	717,903	-	-
Intergovernmental	1,846,989	-	1,846,989	13,833	-
Internal balances	201,607	(201,607)	-	-	-
Other	865,241	-	865,241	-	-
Prepaid items	772,461	-	772,461	-	-
Inventories	74,645	-	74,645	-	-
Total Current Assets	38,997,590	661,069	39,658,659	1,553,552	1,860,220
Capital Assets:					
Nondepreciable capital assets	4,017,207	367,647	4,384,854	-	12,017,449
Depreciable capital assets, net	51,250,401	9,031,482	60,281,883	70,248	3,247,054
Total Capital Assets	55,267,608	9,399,129	64,666,737	70,248	15,264,503
Total Assets	94,265,198	10,060,198	104,325,396	1,623,800	17,124,723
LIABILITIES					
Current Liabilities:					
Accounts payable	2,411,731	16,224	2,427,955	1,761	21,113
Accrued payroll	315,619	36,338	351,957	-	-
Accrued interest payable	166,689	8,500	175,189	-	-
Unearned revenue	423,621	10,730	434,351	-	349,684
Claims payable	551,407	-	551,407	-	-
Other liabilities	24,152	-	24,152	-	-
Compensated absences payable	113,743	1,519	115,262	26,417	-
Capital leases payable	1,129,010	-	1,129,010	-	-
Notes payable	34,869	358,218	393,087	-	-
Total Current Liabilities	5,170,841	431,529	5,602,370	28,178	370,797
Long-Term Liabilities:					
Compensated absences payable (net of current portion)	454,970	6,077	461,047	26,417	-
Bonds payable	13,422,269	-	13,422,269	-	-
Capital leases payable (net of current portion)	1,101,276	-	1,101,276	-	-
Notes payable (net of current portion)	621,215	2,507,433	3,128,648	-	-
Total Long-Term Liabilities	15,599,730	2,513,510	18,113,240	26,417	-
Total Liabilities	20,770,571	2,945,039	23,715,610	54,595	370,797
NET POSITION					
Net investment in capital assets	52,041,283	6,533,478	58,574,761	70,248	15,264,503
Restricted for:					
Capital projects	14,231,581	-	14,231,581	-	-
Other purposes	806,335	-	806,335	515,873	1,489,423
Unrestricted	6,415,428	581,681	6,997,109	983,084	-
Total Net Position	\$ 73,494,627	\$ 7,115,159	\$ 80,609,786	\$ 1,569,205	\$ 16,753,926

See accompanying notes to the basic financial statements.

BULLOCH COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Program/Function	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position					
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units			
					Governmental Activities	Business-type Activities	Total	Bulloch County Board of Health	Development Authority of Bulloch County	
Primary Government										
Governmental Activities										
General government	\$ 4,395,345	\$ 839,485	\$ 369,744	\$ -	\$ (3,186,116)	-	\$ (3,186,116)			
Judicial	3,062,492	504,761	65,418	-	(2,492,313)	-	(2,492,313)			
Public safety	20,321,959	7,333,914	121,508	11,895	(12,854,642)	-	(12,854,642)			
Public works	8,417,887	66,313	-	561,720	(7,789,854)	-	(7,789,854)			
Sanitation	3,991,225	901,658	185,800	-	(2,903,767)	-	(2,903,767)			
Health and welfare	496,666	-	-	-	(496,666)	-	(496,666)			
Recreation	4,437,861	1,537,483	28,906	-	(2,871,472)	-	(2,871,472)			
Libraries	538,206	-	-	-	(538,206)	-	(538,206)			
Airport	857,566	734,805	-	254,045	131,284	-	131,284			
Housing and development	1,809,287	148,049	-	531,772	(1,129,466)	-	(1,129,466)			
Education	350,493	-	350,493	-	-	-	-			
Interest and fiscal charges	478,272	-	-	-	(478,272)	-	(478,272)			
Total governmental activities	49,157,259	12,066,468	1,121,869	1,359,432	(34,609,490)	-	(34,609,490)			
Business-type Activities										
Aquatic Center	2,200,034	1,963,749	-	-	-	\$ (236,285)	(236,285)			
Agribusiness Center	157,110	83,350	-	-	-	(73,760)	(73,760)			
Total business-type activities	2,357,144	2,047,099	-	-	-	(310,045)	(310,045)			
Total - Primary Government	\$ 51,514,403	\$ 14,113,567	\$ 1,121,869	\$ 1,359,432	(34,609,490)	(310,045)	(34,919,535)			
Component Units:										
Bulloch County Board of Health	\$ 1,338,769	\$ 516,211	\$ 920,150	-				\$ 97,592	-	
Development Authority of Bulloch County	920,198	640,075	250,000	500,000				-	\$ 469,877	
Total Component Units	\$ 2,258,967	\$ 1,156,286	\$ 1,170,150	\$ 500,000				97,592	469,877	
General Revenues										
Property taxes levied for:										
General purposes					18,323,394	-	18,323,394	-	-	
Fire protection					1,463,334	-	1,463,334	-	-	
Streetlight tax districts					71,087	-	71,087	-	-	
Sales taxes					10,425,105	-	10,425,105	-	-	
Insurance premium tax					1,768,908	-	1,768,908	-	-	
Other taxes					1,219,147	-	1,219,147	-	-	
Gain on sale of capital assets					67,046	-	67,046	-	65,278	
Interest earned					5,386	127	5,513	-	3,713	
Intergovernmental agreements					-	-	-	-	(80,723)	
Other					243,556	-	243,556	-	5,073	
Total General Revenues					33,586,963	127	33,587,090	-	(6,659)	
Transfers					107,945	(107,945)	-	-	-	
Total General Revenues and Transfers					33,694,908	(107,818)	33,587,090	-	(6,659)	
Change in Net Position					(914,582)	(417,863)	(1,332,445)	97,592	463,218	
Net Position Beginning of Year, As Restated					74,409,209	7,533,022	81,942,231	1,471,613	16,290,708	
Net Position End of Year					\$ 73,494,627	\$ 7,115,159	\$ 80,609,786	\$ 1,569,205	\$ 16,753,926	

See accompanying notes to the basic financial statements.

BULLOCH COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General	Sales Tax Bonds Construction	SPLOST 02	SPLOST 07	Total Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash	\$ 3,973,348	\$ 13,082,314	\$ 5,093,936	\$ 9,284,642	\$ 1,227,842	\$ 32,662,082
Receivables:						
Taxes	685,727	-	-	-	32,176	717,903
Intergovernmental	379,968	-	-	1,347,487	119,534	1,846,989
Other	31,434	-	-	571,915	248,907	852,256
Due from other funds	1,350,912	-	53,524	625,695	481,038	2,511,169
Prepaid items	740,181	-	-	-	14,340	754,521
Inventories	-	-	-	-	74,645	74,645
TOTAL ASSETS	<u>\$ 7,161,570</u>	<u>\$ 13,082,314</u>	<u>\$ 5,147,460</u>	<u>\$ 11,829,739</u>	<u>\$ 2,198,482</u>	<u>\$ 39,419,565</u>
LIABILITIES						
Accounts payable	\$ 503,800	\$ 122,651	\$ 5,291	\$ 1,367,096	\$ 346,126	\$ 2,344,964
Accrued payroll	255,828	-	-	-	57,889	313,717
Due to other funds	442,438	625,695	434,493	391,505	314,795	2,208,926
Unearned revenue	-	-	-	420,527	3,094	423,621
Other	-	-	-	-	24,152	24,152
TOTAL LIABILITIES	<u>1,202,066</u>	<u>748,346</u>	<u>439,784</u>	<u>2,179,128</u>	<u>746,056</u>	<u>5,315,380</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	419,661	-	-	-	24,451	444,112
FUND BALANCES						
Nonspendable	740,181	-	-	-	5,637	745,818
Restricted	-	12,333,968	4,707,676	9,650,611	2,016,528	28,708,783
Unassigned	4,799,662	-	-	-	(594,190)	4,205,472
TOTAL FUND BALANCES	<u>5,539,843</u>	<u>12,333,968</u>	<u>4,707,676</u>	<u>9,650,611</u>	<u>1,427,975</u>	<u>33,660,073</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 7,161,570</u>	<u>\$ 13,082,314</u>	<u>\$ 5,147,460</u>	<u>\$ 11,829,739</u>	<u>\$ 2,198,482</u>	<u>\$ 39,419,565</u>

See accompanying note to the basic financial statements.

BULLOCH COUNTY, GEORGIA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Total Governmental Fund Balances \$ 33,660,073

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

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

Cost	\$ 191,475,285	
Less accumulated depreciation	<u>(136,207,677)</u>	55,267,608

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

Property taxes		444,112
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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 position

Interfund receivables	\$ 2,309,562	
Interfund payables	<u>(2,309,562)</u>	-

The internal service fund is used by management to charge the costs of the employee health self insurance program to individual funds and the cost of the correctional food service to appropriate funds. Certain assets and liabilities of the internal service funds are included in the governmental activities column in the statement of net position.

1,166,875

Long-term liabilities, including capital leases, notes payable, bonds payable, compensated absences, and accrued interest payable are not due and payable in the current period and therefore are not reported in the funds but are reported on the statement of net position:

Accrued interest payable	\$ (166,689)	
Bonds payable	(13,422,269)	
Capital leases payable	(2,230,286)	
Notes payable	(656,084)	
Compensated absences	<u>(568,713)</u>	<u>(17,044,041)</u>

Net Position Of Governmental Activities \$ 73,494,627

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, 2013

	General	Sales Tax Bonds Construction	SPLOST 02	SPLOST 07	Total Nonmajor Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 21,426,449	-	-	\$ 10,425,105	\$ 1,537,899	\$ 33,389,453
Licenses and permits	425,693	-	-	-	-	425,693
Charges for services	5,695,594	-	-	-	3,643,565	9,339,159
Fees, fines and forfeitures	1,470,316	-	-	-	158,578	1,628,894
Intergovernmental	1,001,737	-	-	1,324,212	132,027	2,457,976
Interest	4,223	\$ 8,140	\$ 1,636	12,658	1,587	28,244
Other	663,774	-	-	2,556	249,949	916,279
Total revenues	<u>30,687,786</u>	<u>8,140</u>	<u>1,636</u>	<u>11,764,531</u>	<u>5,723,605</u>	<u>48,185,698</u>
EXPENDITURES						
Current:						
General government	4,007,880	-	-	-	-	4,007,880
Judicial	2,914,926	-	-	-	21,332	2,936,258
Public safety	15,224,689	-	-	-	2,718,389	17,943,078
Public works	2,919,802	-	-	-	68,456	2,988,258
Sanitation	2,264,699	-	-	-	90,273	2,354,972
Health and welfare	379,390	-	-	-	-	379,390
Recreation	-	-	-	-	4,058,351	4,058,351
Libraries	530,000	-	-	-	-	530,000
Airport	-	-	-	-	711,002	711,002
Housing and development	847,824	-	-	-	3,226	851,050
Capital outlay						
General government	-	-	-	788,944	88,389	877,333
Judicial	-	-	-	18,202	-	18,202
Public safety	-	103,440	-	1,214,206	146,993	1,464,639
Sanitation	-	-	-	1,335,226	-	1,335,226
Public works	-	-	-	1,336,736	-	1,336,736
Recreation	-	-	-	291,397	28,013	319,410
Airport	-	-	-	393,860	-	393,860
Housing and development	-	122,651	283,059	562,066	-	967,776
Debt service:						
Principal	18,904	-	-	628,970	46,856	694,730
Interest	20,911	259,740	-	69,701	3,337	353,689
Debt issuance costs	-	152,421	-	-	-	152,421
Intergovernmental	350,493	-	-	4,035,106	-	4,385,599
Total expenditures	<u>29,479,518</u>	<u>638,252</u>	<u>283,059</u>	<u>10,674,414</u>	<u>7,984,617</u>	<u>49,059,860</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES						
	<u>1,208,268</u>	<u>(630,112)</u>	<u>(281,423)</u>	<u>1,090,117</u>	<u>(2,261,012)</u>	<u>(874,162)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	147,250	-	-	625,695	2,436,134	3,209,079
Transfers out	(2,550,582)	(625,695)	(38,470)	(19,760)	(21,500)	(3,256,007)
Proceeds from bonds payable	-	12,000,000	-	-	-	12,000,000
Premium on bonds	-	1,589,775	-	-	-	1,589,775
Proceeds from capital leases	-	-	-	615,000	-	615,000
Sale of capital assets	-	-	-	155,282	-	155,282
Total other financing sources (uses)	<u>(2,403,332)</u>	<u>12,964,080</u>	<u>(38,470)</u>	<u>1,376,217</u>	<u>2,414,634</u>	<u>14,313,129</u>
NET CHANGE IN FUND BALANCES	<u>(1,195,064)</u>	<u>12,333,968</u>	<u>(319,893)</u>	<u>2,466,334</u>	<u>153,622</u>	<u>13,438,967</u>
FUND BALANCES, JULY 1, 2012. AS RESTATED	<u>6,734,907</u>	<u>-</u>	<u>5,027,569</u>	<u>7,184,277</u>	<u>1,274,353</u>	<u>20,221,106</u>
FUND BALANCES, JUNE 30, 2013	<u>\$ 5,539,843</u>	<u>\$ 12,333,968</u>	<u>\$ 4,707,676</u>	<u>\$ 9,650,611</u>	<u>\$ 1,427,975</u>	<u>\$ 33,660,073</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, 2013

Net Change In Fund Balances - Total Governmental Funds \$ 13,438,967

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

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

Depreciation expense	\$ (5,396,529)	
Capital outlay	<u>4,197,274</u>	(1,199,255)

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

Property taxes:		
Unavailable @ 6/30/13	444,112	
Unavailable @ 6/30/12	<u>(562,590)</u>	(118,478)

Elimination of transfers between governmental funds:

Transfers in	3,256,007	
Transfers out	<u>(3,256,007)</u>	-

Governmental funds do not report the cost of disposed capital assets but the cost is reported on the statement of activities. (88,236)

The internal service fund used by management to charge the costs of the employee health insurance program to individual funds and the cost of the correctional food service to appropriate funds is not reported in the government-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. 553,797

Other financing sources for the inception of capital leases and proceeds from bonds payable are reported on the fund level operating statement but are reported as a liability on the government-wide financial statements. (12,615,000)

Governmental funds report the effects of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of this difference in the treatment of long-term debt and related items. (1,422,269)

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 position. 694,730

Some expenses reported in the statement of activities, such as accrued interest payable and compensated absences reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. (158,838)

Change In Net Position of Governmental Activities \$ (914,582)

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, 2013

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 18,335,270	\$ 18,441,620	\$ 106,350
Alcoholic beverage	285,000	276,403	(8,597)
Insurance premium	1,714,000	1,768,908	54,908
Other	832,910	939,518	106,608
Licenses and permits	410,000	425,693	15,693
Charges for services	5,916,500	5,695,594	(220,906)
Fines and forfeitures	1,917,700	1,470,316	(447,384)
Intergovernmental	1,058,065	1,001,737	(56,328)
Interest	13,500	4,223	(9,277)
Other	543,200	663,774	120,574
Total revenues	<u>31,026,145</u>	<u>30,687,786</u>	<u>(338,359)</u>
EXPENDITURES			
Current:			
General government:			
Governing body	121,100	128,747	(7,647)
County manager	291,900	323,100	(31,200)
County clerk	67,120	72,322	(5,202)
Financial administration	580,390	515,296	65,094
Staff attorney	155,650	159,742	(4,092)
Human resources	516,780	85,753	431,027
Public relations	33,000	14,239	18,761
General administration fees	45,100	45,139	(39)
Elections	293,620	272,838	20,782
General government buildings	659,645	658,152	1,493
Risk management/General insurance	500,000	418,354	81,646
Tax assessor	558,325	559,425	(1,100)
Geographic information system	160,275	154,343	5,932
Tax commissioner	630,595	600,430	30,165
Total general government	<u>4,613,500</u>	<u>4,007,880</u>	<u>605,620</u>
Judicial:			
Clerk of Courts	675,610	645,803	29,807
Superior Court	233,970	282,309	(48,339)
State Court	314,165	314,717	(552)
State Court Solicitor	189,790	181,858	7,932
District Attorney	293,760	293,760	-
Indigent defense	298,600	299,068	(468)
Magistrate Court	576,675	578,396	(1,721)
Probate Court	257,465	319,015	(61,550)
Total judicial	<u>2,840,035</u>	<u>2,914,926</u>	<u>(74,891)</u>
Public safety:			
Animal control	70,630	97,674	(27,044)
Animal shelter	343,390	344,965	(1,575)
Coroner	82,585	84,181	(1,596)
County correctional	2,077,205	1,886,224	190,981
Public safety administration	131,700	150,568	(18,868)
Probation	534,585	534,761	(176)
Emergency medical service	2,297,955	2,373,458	(75,503)
Emergency management	10,700	9,828	872
Jail	4,424,345	4,327,138	97,207
Rescue	14,400	12,387	2,013
Sheriff	4,235,930	4,559,503	(323,573)
Vice control	443,590	485,912	(42,322)
Court security/Sheriff	318,575	358,090	(39,515)
Total public safety	<u>14,985,590</u>	<u>15,224,689</u>	<u>(239,099)</u>

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, 2013

	Original and Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES (Continued)			
Public works:			
Roads	\$ 2,559,775	\$ 2,660,836	\$ (101,061)
Fleet management	315,190	258,966	56,224
Total public works	<u>2,874,965</u>	<u>2,919,802</u>	<u>(44,837)</u>
Sanitation	<u>1,963,210</u>	<u>2,264,699</u>	<u>(301,489)</u>
Health and welfare:			
Health department	166,000	166,000	-
Other health and welfare	197,700	213,390	(15,690)
Total health and welfare	<u>363,700</u>	<u>379,390</u>	<u>(15,690)</u>
Libraries	<u>530,000</u>	<u>530,000</u>	<u>-</u>
Housing and development:			
Agricultural resources	173,680	188,175	(14,495)
Building inspections	222,240	219,266	2,974
Planning and zoning	104,730	122,995	(18,265)
Code enforcement	69,345	67,388	1,957
Economic development	250,000	250,000	-
Total housing and development	<u>819,995</u>	<u>847,824</u>	<u>(27,829)</u>
Debt service:			
Principal	-	18,904	(18,904)
Interest	-	20,911	(20,911)
Total debt service	<u>-</u>	<u>39,815</u>	<u>(39,815)</u>
Intergovernmental - Bulloch County Board of Education	<u>400,000</u>	<u>350,493</u>	<u>49,507</u>
Total expenditures	<u>29,390,995</u>	<u>29,479,518</u>	<u>(88,523)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,635,150</u>	<u>1,208,268</u>	<u>(426,882)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	315,880	147,250	(168,630)
Transfers out	(2,415,350)	(2,550,582)	(135,232)
Sale of capital assets	100,000	-	(100,000)
Total other financing sources (uses)	<u>(1,999,470)</u>	<u>(2,403,332)</u>	<u>(403,862)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (364,320)</u>	<u>(1,195,064)</u>	<u>\$ (830,744)</u>
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED		<u>6,734,907</u>	
FUND BALANCE, END OF YEAR		<u>\$ 5,539,843</u>	

See accompanying notes to the basic financial statements.

BULLOCH COUNTY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Business Type Activities - Enterprise Funds			Governmental Activities
	Aquatic Center	Agribusiness Center	Total	Internal Service Funds
ASSETS				
Current Assets				
Cash	\$ 861,525	\$ 1,151	\$ 862,676	\$ 1,856,662
Accounts receivable	-	-	-	12,985
Prepaid items	-	-	-	17,940
Total Current Assets	<u>861,525</u>	<u>1,151</u>	<u>862,676</u>	<u>1,887,587</u>
Noncurrent Assets				
Capital Assets				
Land	73,305	255,872	329,177	-
Buildings and improvements	9,334,400	2,960,644	12,295,044	-
Machinery and equipment	597,186	23,446	620,632	-
Construction in progress	-	38,470	38,470	-
Less accumulated depreciation	<u>(3,129,591)</u>	<u>(754,603)</u>	<u>(3,884,194)</u>	<u>-</u>
Total Capital Assets	<u>6,875,300</u>	<u>2,523,829</u>	<u>9,399,129</u>	<u>-</u>
Total Assets	<u>7,736,825</u>	<u>2,524,980</u>	<u>10,261,805</u>	<u>1,887,587</u>
LIABILITIES				
Current Liabilities				
Accounts payable	10,422	5,802	16,224	66,767
Accrued payroll	36,338	-	36,338	1,902
Accrued interest payable	8,500	-	8,500	-
Unearned revenue	4,519	6,211	10,730	-
Note payable	358,218	-	358,218	-
Claims payable	-	-	-	551,407
Compensated absences payable	1,519	-	1,519	-
Due to other funds	<u>201,607</u>	<u>-</u>	<u>201,607</u>	<u>100,636</u>
Total Current Liabilities	<u>621,123</u>	<u>12,013</u>	<u>633,136</u>	<u>720,712</u>
Long-Term Liabilities				
Compensated absences payable (net of current portion)	6,077	-	6,077	-
Note payable (net of current portion)	<u>2,507,433</u>	<u>-</u>	<u>2,507,433</u>	<u>-</u>
Total Long-Term Liabilities	<u>2,513,510</u>	<u>-</u>	<u>2,513,510</u>	<u>-</u>
Total Liabilities	<u>3,134,633</u>	<u>12,013</u>	<u>3,146,646</u>	<u>720,712</u>
NET POSITION				
Net investment in capital assets	4,009,649	2,523,829	6,533,478	-
Unrestricted	<u>592,543</u>	<u>(10,862)</u>	<u>581,681</u>	<u>1,166,875</u>
Total Net Position	<u>\$ 4,602,192</u>	<u>\$ 2,512,967</u>	<u>\$ 7,115,159</u>	<u>\$ 1,166,875</u>

See accompanying notes to the basic financial statements.

BULLOCH COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Business Type Activities - Enterprise Funds			Governmental Activities
	Aquatic Center	Agribusiness Center	Total	Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 1,963,749	-	\$ 1,963,749	\$ 759,229
Premiums	-	-	-	4,312,941
Rents	-	\$ 83,350	83,350	-
Total operating revenues	<u>1,963,749</u>	<u>83,350</u>	<u>2,047,099</u>	<u>5,072,170</u>
OPERATING EXPENSES				
Salaries and benefits	777,548	-	777,548	122,135
Materials and supplies	537,308	74,413	611,721	787,236
Purchased/contacted services	204,102	6,535	210,637	688,141
Depreciation	466,884	76,162	543,046	-
Claims	-	-	-	3,076,201
Total operating expenses	<u>1,985,842</u>	<u>157,110</u>	<u>2,142,952</u>	<u>4,673,713</u>
OPERATING INCOME (LOSS)	<u>(22,093)</u>	<u>(73,760)</u>	<u>(95,853)</u>	<u>398,457</u>
NON-OPERATING REVENUE(EXPENSE)				
Interest income	127	-	127	467
Interest expense	(214,192)	-	(214,192)	-
Total non-operating revenue (expense)	<u>(214,065)</u>	<u>-</u>	<u>(214,065)</u>	<u>467</u>
INCOME (LOSS) BEFORE TRANSFERS	(236,158)	(73,760)	(309,918)	398,924
TRANSFERS IN (OUT)	<u>(166,175)</u>	<u>58,230</u>	<u>(107,945)</u>	<u>154,873</u>
CHANGE IN NET POSITION	(402,333)	(15,530)	(417,863)	553,797
NET POSITION, JULY 1, 2012	<u>5,004,525</u>	<u>2,528,497</u>	<u>7,533,022</u>	<u>613,078</u>
NET POSITION, JUNE 30, 2013	<u>\$ 4,602,192</u>	<u>\$ 2,512,967</u>	<u>\$ 7,115,159</u>	<u>\$ 1,166,875</u>

See accompanying notes to the basic financial statements.

BULLOCH COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Business Type Activities - Enterprise Funds			Governmental
	Aquatic	Agribusiness	Total	Internal Service
	Center	Center		Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 1,964,248	\$ 89,561	\$ 2,053,809	-
Cash received from internal charges	-	-	-	\$ 5,072,170
Cash payments to employees for salaries and benefits	(783,246)	-	(783,246)	(120,233)
Cash payments for supplies and services	(750,571)	(81,256)	(831,827)	(1,389,674)
Cash payments for claims	-	-	-	(2,735,196)
Net cash provided (used) by operating activities	<u>430,431</u>	<u>8,305</u>	<u>438,736</u>	<u>827,067</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in (out)	<u>(166,175)</u>	<u>-</u>	<u>(166,175)</u>	<u>154,873</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on note payable	(816,356)	-	(816,356)	-
Interest paid on note payable	(225,329)	-	(225,329)	-
Transfers in from capital projects fund	-	58,230	58,230	-
Purchase of capital assets	-	(58,230)	(58,230)	-
Net cash provided (used) by capital and related financing activities	<u>(1,041,685)</u>	<u>-</u>	<u>(1,041,685)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	<u>127</u>	<u>-</u>	<u>127</u>	<u>467</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(777,302)</u>	<u>8,305</u>	<u>(768,997)</u>	<u>982,407</u>
CASH AND CASH EQUIVALENTS, JULY 1, 2012	<u>1,638,827</u>	<u>(7,154)</u>	<u>1,631,673</u>	<u>874,255</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2013	<u>\$ 861,525</u>	<u>\$ 1,151</u>	<u>\$ 862,676</u>	<u>\$ 1,856,662</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (22,093)	\$ (73,760)	\$ (95,853)	\$ 398,457
Adjustments:				
Depreciation	466,884	76,162	543,046	-
(Increase) decrease in operating assets:				
Accounts receivable	-	-	-	299,195
Prepaid items	-	-	-	(17,940)
Increase (decrease) in operating liabilities:				
Accounts payable	(4,686)	(308)	(4,994)	66,767
Due to other funds	(4,475)	-	(4,475)	36,876
Claims payable	-	-	-	41,810
Accrued payroll	(6,612)	-	(6,612)	1,902
Unearned revenue	499	6,211	6,710	-
Compensated absences payable	914	-	914	-
Net cash provided (used) by operating activities	<u>\$ 430,431</u>	<u>\$ 8,305</u>	<u>\$ 438,736</u>	<u>\$ 827,067</u>

See accompanying notes to the basic financial statements.

BULLOCH COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2013

ASSETS

Cash	<u>\$ 1,003,582</u>
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LIABILITIES

Due to other entities and individuals	<u>\$ 1,003,582</u>
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See accompanying notes to the basic financial statements.

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1-A. Reporting Entity

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

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

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

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

Development Authority of Bulloch County (the Authority) – The Authority was created under Georgia 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, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

1-B. Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a statement of net position 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 position 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 position presents the financial position of the governmental and business-type activities of the County and its discretely presented component units.

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

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

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

SPLOST 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.

Sales Tax Bonds Construction Fund – This fund accounts for the general obligation sales tax bonds proceeds to be used for acquisition and construction of major capital assets primarily related to the development of a new industrial park.

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds – Fiduciary fund reporting focuses on net position. 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 position. 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 position. The statements of changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

1-D. Basis of Accounting

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

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

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

On both the governmental fund financial statements and the government-wide financial statements, revenues are reported as unearned for grants and entitlements received before eligibility requirements are met (e.g., cash advances).

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 Position

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable. The Statesboro/Bulloch County Airport special revenue fund reported an allowance for uncollectibles of \$20,000 at June 30, 2013.

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 position, 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 position.

Consumable Inventories

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2013, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable as this amount is not available for general appropriation.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The County reports these assets in the governmental activities column of the government-wide statement of net position 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 position and in proprietary funds' statement of net position.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Debt, Premiums, Discounts, and Issuance Costs

On the government-wide statement of net position and the proprietary fund type statements of net position, debt premiums and discounts are netted against the debt payable. On the government-wide and proprietary fund type statement of activities, debt premiums and discounts are amortized over the life of the debt using the effective interest method and debt issuance costs are expensed in the current period.

At the governmental fund reporting level, debt premiums and discounts are reported as other financing sources and uses, separately from the face amount of the debt issued. Debt issuance costs are reported as debt service expenditures.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County does not have any deferred outflows of resources as of June 30, 2013.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Fund Equity

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

- Committed
- Assigned
- Unassigned

Net Position – Net position represent the difference between assets and liabilities. Net investment in capital assets 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 position is reported as restricted when there are limitations imposed on its 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 position is reported as unrestricted.

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for the use of the Aquatic Center, rents collected for the Agribusiness Center, premiums collected for the employee insurance internal service fund, and charges for services by the correctional food service 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).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Estimates

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

All budgets are adopted on a basis consistent with GAAP.

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

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

All unexpended annual appropriations lapse at year-end.

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations for the year ended June 30, 2013 in the following departments for the general fund:

	<u>General Fund</u>
Agricultural resources	\$ 14,495
Animal control	27,044
Animal shelter	1,575
Coroner	1,596
County clerk	5,202
County manager	31,200
Court security/Sheriff	39,515
Emergency medical service	75,503
General administration fees	39
Governing body	7,647
Indigent defense	468
Magistrate court	1,721
Other health and welfare	15,690
Planning and zoning	18,265
Probate court	61,550
Probation	176
Public safety administration	18,868
Roads	101,061
Sheriff	323,573
Staff attorney	4,092
State court	552
Superior court	48,339
Tax assessor	1,100
Vice control	42,322
Debt service - principal	18,904
Debt service - interest	20,911

The overexpenditures in these areas were funded by underexpenditures in other areas and available fund balance.

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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

	<u>Overexpenditures</u>
Airport	\$ 187,302
Drug education	5,007
Jail inmate phone fund	49,590
E-911	119,572
Grants fund	39,321
Urban fire district	38,281
Keep Bulloch Beautiful	1,953
Parks and recreation	59,679
Sheriff's confiscated assets	1,247
Streetlight tax districts	4,941

Deficit Fund Balance

The Rural Fire Protection Fund had a deficit fund balance of \$594,190 at June 30, 2013 which the County plans to eliminate with future fire tax revenue and operating transfers from the general fund.

NOTE 3 – DEPOSITS

At June 30, 2013, the carrying amount of the County's deposits (checking and certificates of deposit) was \$36,385,002, and the bank balance was \$38,240,207. Of the bank balance, \$2,032,550 was covered by federal depository insurance and \$36,207,657 was collateralized with securities held by the pledging financial institution's trust department or agent in the County's name.

Discretely Presented Component Units

The carrying amount of deposits for the Development Authority of Bulloch County was \$1,860,220 and the bank balance was \$1,860,714 of which \$250,000 was covered by federal depository insurance and \$1,610,714 was collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.

The carrying amount of deposits for the Bulloch County Board of Health was \$1,539,719 and the bank balance was \$1,053,881, which was covered by FDIC insurance or pledged securities held in the Health Department's name.

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are billed on or about October 20th of each year and are payable within sixty days. The County bills and collects its own property taxes and also collects taxes for the Bulloch County Board of Education, State of Georgia and cities within the County. Collection of the County’s taxes and for the other government agencies is the responsibility of the Tax Commissioner’s Office, which is accounted for in an Agency Fund. County property tax revenues at the fund reporting level are recognized when levied to the extent that they result in current receivables (i.e., collectible in 60 days). For the year ended June 30, 2013, property taxes were levied on August 8, 2012, and were due December 1, 2012.

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2013 is as follows:

Receivable Fund	Payable Fund	Amount
General	E-911	\$ 109,823
	SPLOST 02	434,493
	SPLOST 97	77,819
	Jail Add-On Fee	96,138
	SPLOST 07	337,981
	Employee Health Insurance	100,636
	Streetlight Tax Districts	9,272
	Aquatic Center	184,750
SPLOST 02	SPLOST 07	53,524
SPLOST 07	Sales Tax Bonds Construction	625,695
Juvenile Services	General	1,766
BCCI Designated Special Projects	General	87
Urban Fire District	Streetlight Tax Districts	21,743
Parks and Recreation	Aquatic Center	16,857
	General	440,585
Total		<u>\$ 2,511,169</u>

Interfund balances at June 30, 2013 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, 2013, consisted of the following:

Transfers To:	Transfers From:							Total
	General Fund	Sales Tax Bonds Construction	SPLOST 07	SPLOST 02	Non-major Governmental Funds	Aquatic Center	Employee Insurance	
Parks and Recreation Fund	\$ 2,394,709		-	-	-	\$ 41,425	-	\$ 2,436,134
General Fund	-		-	-	\$ 21,500	124,750	\$ 1,000	147,250
SPLOST 07	-	\$ 625,695	-	-	-	-	-	625,695
Correctional Food Service	155,873	-	-	-	-	-	-	155,873
Agribusiness Center	-	-	\$ 19,760	\$ 38,470	-	-	-	58,230
Total	<u>\$ 2,550,582</u>	<u>\$ 625,695</u>	<u>\$ 19,760</u>	<u>\$ 38,470</u>	<u>\$ 21,500</u>	<u>\$ 166,175</u>	<u>\$ 1,000</u>	<u>\$ 3,423,182</u>

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

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

Transfers from the general fund are used primarily to help fund the parks and recreation special revenue fund and correctional food service internal service fund. Transfers to the general fund from other funds represent reimbursements for indirect costs paid by the general fund. Transfers from the SPLOST 07 and SPLOST 02 capital projects funds represent capital improvements made at the Agribusiness Center. The sales tax bonds construction capital projects fund transferred funds to help fund SPLOST 07 capital projects.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance 7/1/2012	Additions	Deductions	Balance 6/30/2013
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 3,204,925	\$ 330,012	-	\$ 3,534,937
Construction in progress	1,012,024	482,270	\$ 1,012,024	482,270
Total capital assets not being depreciated	4,216,949	812,282	1,012,024	4,017,207
Capital assets being depreciated:				
Buildings	41,356,266	132,996	-	41,489,262
Improvements other than buildings	5,708,819	58,329	-	5,767,148
Machinery and equipment	20,130,457	2,326,579	224,465	22,232,571
Infrastructure	116,071,322	1,897,775	-	117,969,097
Total capital assets being depreciated	183,266,864	4,415,679	224,465	187,458,078
Total capital assets	187,483,813	5,227,961	1,236,489	191,475,285
Accumulated depreciation:				
Buildings	12,646,150	1,090,075	-	13,736,225
Improvements other than buildings	2,364,884	265,908	-	2,630,792
Machinery and equipment	13,443,924	1,948,456	117,566	15,274,814
Infrastructure	102,473,756	2,092,090	-	104,565,846
Total accumulated depreciation	130,928,714	5,396,529	117,566	136,207,677
Governmental activities capital assets, net	\$ 56,555,099	\$ (168,568)	\$ 1,118,923	\$ 55,267,608

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS (Continued)

Governmental activities depreciation expense:

General government	\$ 219,206
Judicial	193,543
Public safety	1,439,593
Public works	2,688,381
Sanitation	203,809
Health and welfare	117,276
Recreation	377,664
Libraries	8,206
Airport	146,707
Housing and development	<u>2,144</u>
Total governmental activities depreciation expense	<u>\$ 5,396,529</u>

Capital asset activity for the year ended June 30, 2013 for the County's enterprise funds was as follows:

	<u>Balance</u> <u>7/1/2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2012</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 329,177	-	-	\$ 329,177
Construction in progress	-	\$ 38,470	-	38,470
Total capital assets not being depreciated	<u>329,177</u>	<u>38,470</u>	<u>-</u>	<u>367,647</u>
Capital assets being depreciated:				
Buildings	7,042,188	-	-	7,042,188
Improvements other than buildings	5,252,856	-	-	5,252,856
Machinery and equipment	600,872	19,760	-	620,632
Total capital assets being depreciated	<u>12,895,916</u>	<u>19,760</u>	<u>-</u>	<u>12,915,676</u>
Total capital assets	<u>13,225,093</u>	<u>58,230</u>	<u>-</u>	<u>13,283,323</u>
Accumulated depreciation:				
Buildings	1,684,238	207,969	-	1,892,207
Machinery and equipment	408,267	49,805	-	458,072
Improvements other than buildings	1,248,643	285,272	-	1,533,915
Total accumulated depreciation	<u>3,341,148</u>	<u>543,046</u>	<u>-</u>	<u>3,884,194</u>
Business-type activities capital assets, net	<u>\$ 9,883,945</u>	<u>\$(484,816)</u>	<u>-</u>	<u>\$ 9,399,129</u>

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – CAPITAL LEASES

The County has entered into lease agreements as lessee for financing the acquisition and construction of various equipment and buildings costing \$3,992,987. 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. Amortization of the cost of the equipment is included in depreciation expense in the government-wide financial statements and accumulated depreciation was \$1,713,092 at June 30, 2013.

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, 2013:

<u>Year ending June 30</u>	
2014	\$ 1,174,255
2015	652,727
2016	159,079
2017	<u>368,562</u>
Total minimum lease payments	2,354,623
Less amount representing interest	<u>124,337</u>
Present value of future minimum lease payments	<u><u>\$ 2,230,286</u></u>

NOTE 8 – NOTES PAYABLE

Notes payable at June 30, 2013 consisted of the following:

	<u>Governmental Activities</u>	<u>Business-type Acitivities</u>
Note payable to Georgia Environmental Finance Authority for acquisition of property for Fletcher Memorial Recreation Park, payable in monthly installments of \$1,278, including interest at 3% through March 1, 2018.	\$ 67,708	
Note payable to Georgia Environmental Finance Authority for Recycle Station, payable in monthly installments of \$3,620, including interest at 3.81% through August 1, 2032.	588,376	
Note payable to Sea Island Bank for expansion of Aquatic Center, payable in bi-annual installments payments of \$224,931 including interest at 3.25% through June 1, 2020		\$ 2,865,651
	<u><u>\$ 656,084</u></u>	<u><u>\$ 2,865,651</u></u>

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – NOTES PAYABLE (Continued)

As of June 30, 2013, annual debt service requirements to maturity are as follows:

Year ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 34,869	\$ 23,896	\$ 58,765	\$ 358,219	\$ 91,644	\$ 449,863
2015	36,108	22,657	58,765	370,826	79,037	449,863
2016	37,392	21,373	58,765	383,060	66,803	449,863
2017	38,722	20,043	58,765	395,696	54,167	449,863
2018	36,178	15,936	52,114	408,749	41,114	449,863
2019-2023	139,768	77,405	217,173	949,101	41,330	990,431
2024-2028	169,049	48,124	217,173	-	-	-
2029-2033	163,998	13,348	177,346	-	-	-
	<u>\$ 656,084</u>	<u>\$ 242,782</u>	<u>\$ 898,866</u>	<u>\$ 2,865,651</u>	<u>\$ 374,095</u>	<u>\$ 3,239,746</u>

NOTE 9 – BONDS PAYABLE

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

The bonds have interest rates ranging from two to five percent. The bonds require annual principal payments beginning September 1, 2014 through September 1, 2019, and interest is payable semiannually on March 1 and September 1 each year.

The principal and interest on the bonds are payable from SPLOST funds. As of June 30, 2013, annual debt service requirements for the bonds are as follows:

Year ending June 30	Principal	Interest	Total Debt Service
2014	-	\$ 428,150	\$ 428,150
2015	\$ 1,860,000	409,550	2,269,550
2016	1,900,000	371,950	2,271,950
2017	1,950,000	323,700	2,273,700
2018	2,005,000	254,350	2,259,350
2019	2,095,000	161,875	2,256,875
2020	2,190,000	54,750	2,244,750
Total	<u>\$ 12,000,000</u>	<u>\$ 2,004,325</u>	<u>\$ 14,004,325</u>

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – CHANGES IN LONG-TERM DEBT

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Amounts Due In One Year
Governmental Activities					
Bonds payable	-	\$ 12,000,000	-	\$ 12,000,000	-
Unamortized premium	-	1,589,775	\$ 167,506	1,422,269	-
Total bonds payable	-	13,589,775	167,506	13,422,269	-
Capital leases payable	\$ 2,278,021	615,000	662,735	2,230,286	\$ 1,129,010
Notes payable	688,078	-	31,994	656,084	34,869
Compensated absences payable	549,544	31,824	12,655	568,713	113,743
Total Governmental Activities	\$ 3,515,643	\$ 14,236,599	\$ 874,890	\$ 16,877,352	\$ 1,277,622
Business-Type Activities					
Compensated absences payable	\$ 6,682	\$ 914	-	\$ 7,596	\$ 1,519
Notes payable	3,682,007	-	\$ 816,356	2,865,651	358,218
Total Business-Type Activities	\$ 3,688,689	\$ 914	\$ 816,356	\$ 2,873,247	\$ 359,737

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

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 11 – FUND BALANCES – GOVERNMENTAL FUNDS

As of June 30, 2013, governmental fund balances are composed of the following:

	General Fund	Sales Tax Bonds Construction	SPLOST 02	SPLOST 07	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepaid items	\$ 740,181	-	-	-	\$ 5,637	\$ 745,818
Restricted:						
Capital projects	-	\$ 12,333,968	\$ 4,707,676	\$ 9,650,611	621,640	27,313,895
Sheriff	-	-	-	-	18,401	18,401
Correctional facility	-	-	-	-	16,170	16,170
Airport	-	-	-	-	319,809	319,809
Public safety projects	-	-	-	-	43,289	43,289
Drug education	-	-	-	-	76,414	76,414
Jail	-	-	-	-	127,215	127,215
Urban fire district	-	-	-	-	240,000	240,000
E-911 services	-	-	-	-	373,132	373,132
Greenspace project	-	-	-	-	19,888	19,888
Juvenile services	-	-	-	-	17,473	17,473
Sanitation	-	-	-	-	32,911	32,911
Recreation	-	-	-	-	60,605	60,605
Streetlight districts	-	-	-	-	49,581	49,581
Total restricted	-	12,333,968	4,707,676	9,650,611	2,016,528	28,708,783
Unassigned	4,799,662	-	-	-	(594,190)	4,205,472
Total fund balances	\$ 5,539,843	\$ 12,333,968	\$ 4,707,676	\$ 9,650,611	\$ 1,427,975	\$ 33,660,073

NOTE 12 – 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, 2013, the County contributed \$881,949 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.

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 12 – EMPLOYEE RETIREMENT PLANS (Continued)

Clerk of Superior Court Retirement Fund

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

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

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

Bulloch County Board of Health (component unit)

The employees of the Bulloch County Board of Health participate in the Georgia State Employees Retirement System. The plan is administered by the State of Georgia, and accumulated benefits and plan assets are not determined or allocated to the individual participating governmental entities. The retirement contributions for the year ended June 30, 2013 were \$92,859. Contributions are fully vested to employees after 10 years of continuous service.

NOTE 13 – EMPLOYEE INSURANCE FUND

As of May 1, 1993, the County established an employee insurance fund (an internal service fund) to cover all employee health claims. The County makes payments to this fund on a monthly basis based on estimated premiums provided by the third party administrator to fund this program. Amounts are also withheld from employees by payroll deduction for dependent coverage and paid to the employee insurance fund. A third party administrator pays all claims from funds held in the employee insurance fund’s bank account. The County has a co-insuror for claims from one individual within one year exceeding \$75,000 and has a maximum annual liability policy of \$3,974,413.

The claims liability of \$509,597 reported at June 30, 2013 represents known claims incurred on or prior to June 30, 2013 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
2012	\$ 249,635	\$ 3,171,253	\$ 2,911,291	\$ 509,597
2013	\$ 509,597	\$ 3,076,201	\$ 3,034,391	\$ 551,407

NOTE 14 – RISK MANAGEMENT

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

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

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

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

NOTE 15 – 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 16 – JOINT VENTURE

Under Georgia law, the County, in conjunction with other cities and counties in the ten county Southeast Georgia area, is a member of the Coastal Georgia Regional Commission (RC) and is required to pay annual dues thereto. During its year ended June 30, 2013, the County paid \$39,587 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-33 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

Coastal Georgia Regional Commission
1181 Coastal Drive SW
Darien, Georgia 31305

BULLOCH COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 17 – HOTEL/MOTEL LODGING TAX

The county has levied a five percent lodging tax. A summary of the transactions for the year ended June 30, 2013 follows:

		<u>Percentage of tax receipts</u>
Lodging tax receipts	\$ 3,225	
Disbursements to the:		
Statesboro Convention and Visitors		
Bureau for promotion of tourism	(2,451)	76.0%
Statesboro Arts Council for performing arts center	(613)	19.0%
County for administrative costs	(161)	5.0%
Total	<u>\$ -</u>	

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

NOTE 18 – PRIOR PERIOD ADJUSTMENTS

The following prior period adjustments have been made to the fund balances of governmental funds in the fund level financial statements:

	<u>General Fund</u>	<u>Urban Fire District Fund</u>	<u>SPLOST 02 Fund</u>	<u>SPLOST 07 Fund</u>	<u>Total</u>
Fund balance, June 30, 2012, as previously reported	\$ 6,841,094	-	\$ 4,974,045	\$ 6,828,073	\$ 18,643,212
Restatement for understatement of fire tax revenue retained by County		\$ 120,000			120,000
Restatement for overstatement of intergovernmental grant receivable	(106,187)	-			(106,187)
Restatement for additional intergovernmental grant receivable			53,524	356,204	409,728
Fund balance, July 1, 2012, as restated	<u>\$ 6,734,907</u>	<u>\$ 120,000</u>	<u>\$ 5,027,569</u>	<u>\$ 7,184,277</u>	<u>\$ 19,066,753</u>

Beginning net position for governmental activities for the government-wide financial statements was increased by the same net amount indicated above of \$423,541.

Component Unit – Bulloch County Board of Health

A prior period adjustment was required to transfer remaining Family Planning fees from the District to the County Board of Health.

Net position, June 30, 2012, as previously reported	\$ 1,463,473
Transfer Family Planning fees from District to the County	<u>8,140</u>
Net position, July 1, 2012, as restated	<u>\$ 1,471,613</u>

BULLOCH COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Total Nonmajor Special Revenue Funds	SPLOST 97 Capital Projects Fund	Total Nonmajor Funds
ASSETS			
Cash	\$ 513,992	\$ 713,850	\$ 1,227,842
Receivables:			
Intergovernmental	119,534	-	119,534
Accounts	248,907	-	248,907
Taxes	32,176	-	32,176
Due from other funds	481,038	-	481,038
Prepaid items	14,340	-	14,340
Inventories	74,645	-	74,645
TOTAL ASSETS	\$ 1,484,632	\$ 713,850	\$ 2,198,482
LIABILITIES			
Accounts payable	\$ 331,735	\$ 14,391	\$ 346,126
Accrued payroll	57,889	-	57,889
Unearned revenue	3,094	-	3,094
Due to other funds	236,976	77,819	314,795
Other	24,152	-	24,152
Total liabilities	653,846	92,210	746,056
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - Property taxes	24,451	-	24,451
FUND BALANCE			
Nonspendable	5,637	-	5,637
Restricted	1,394,888	621,640	2,016,528
Unassigned	(594,190)	-	(594,190)
Total fund balance	806,335	621,640	1,427,975
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 1,484,632	\$ 713,850	\$ 2,198,482

BULLOCH COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Total Nonmajor Special Revenue Funds	SPLOST 97 Capital Projects Fund	Total Nonmajor Funds
REVENUES			
Taxes	\$ 1,537,899	-	\$ 1,537,899
Charges for services	3,643,565	-	3,643,565
Fees, fines and forfeitures	158,578	-	158,578
Intergovernmental	132,027	-	132,027
Interest	696	\$ 891	1,587
Other	249,949	-	249,949
Total revenues	<u>5,722,714</u>	<u>891</u>	<u>5,723,605</u>
EXPENDITURES			
Current:			
Airport	711,002	-	711,002
Judicial	21,332	-	21,332
Public safety	2,718,389	-	2,718,389
Public works	68,456	-	68,456
Recreation	4,058,351	-	4,058,351
Sanitation	90,273	-	90,273
Housing and development	3,226	-	3,226
Capital outlay			
General government	-	88,389	88,389
Public safety	146,993	-	146,993
Recreation	28,013	-	28,013
Debt service:			
Principal	46,856	-	46,856
Interest	3,337	-	3,337
Total Expenditures	<u>7,896,228</u>	<u>88,389</u>	<u>7,984,617</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,173,514)</u>	<u>(87,498)</u>	<u>(2,261,012)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,436,134	-	2,436,134
Transfers out	(21,500)	-	(21,500)
Total other financing sources (uses)	<u>2,414,634</u>	<u>-</u>	<u>2,414,634</u>
NET CHANGE IN FUND BALANCES	241,120	(87,498)	153,622
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	<u>565,215</u>	<u>709,138</u>	<u>1,274,353</u>
FUND BALANCES, END OF YEAR	<u>\$ 806,335</u>	<u>\$ 621,640</u>	<u>\$ 1,427,975</u>

BULLOCH COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	Statesboro/ Bulloch County Airport Fund	BCCI Inmate Fund	BCCI Designated Special Projects Fund	Drug Education Fund	Jail Inmate Phone Fund	E-911 Fund	Grants Fund	Greenspace Fund	Hotel/ Motel Tax Fund	Urban Fire District Fund
ASSETS										
Cash	\$ 253,432	\$ 16,170	\$ 44,471	\$ 81,173	\$ 9,539	\$ 223,926	\$ (1,536)	\$ 19,888	\$ 57	\$ 271,175
Receivables:										
Intergovernmental	-	-	-	-	-	119,534	-	-	-	-
Accounts	58,621	-	1,697	-	-	168,535	4,630	-	-	-
Taxes	-	-	-	-	-	-	-	-	115	-
Due from other funds	-	-	87	-	-	-	-	-	-	21,743
Prepaid items	5,637	-	-	-	-	-	-	-	-	-
Inventories	74,645	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 392,335	\$ 16,170	\$ 46,255	\$ 81,173	\$ 9,539	\$ 511,995	\$ 3,094	\$ 19,888	\$ 172	\$ 292,918
LIABILITIES										
Accounts payable	\$ 66,230	-	2,966	4,759	\$ 2,296	\$ 19,003	-	-	\$ 172	\$ 52,918
Accrued payroll	659	-	-	-	-	10,037	-	-	-	-
Unearned revenue	-	-	-	-	-	-	\$ 3,094	-	-	-
Due to other funds	-	-	-	-	-	109,823	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>66,889</u>	<u>-</u>	<u>2,966</u>	<u>4,759</u>	<u>2,296</u>	<u>138,863</u>	<u>3,094</u>	<u>-</u>	<u>172</u>	<u>52,918</u>
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue - Property taxes	-	-	-	-	-	-	-	-	-	-
FUND BALANCE										
Nonspendable	5,637	-	-	-	-	-	-	-	-	-
Restricted	319,809	16,170	43,289	76,414	7,243	373,132	-	\$ 19,888	-	240,000
Unassigned	-	-	-	-	-	-	-	-	-	-
Total fund balance	<u>325,446</u>	<u>16,170</u>	<u>43,289</u>	<u>76,414</u>	<u>7,243</u>	<u>373,132</u>	<u>-</u>	<u>19,888</u>	<u>-</u>	<u>240,000</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 392,335	\$ 16,170	\$ 46,255	\$ 81,173	\$ 9,539	\$ 511,995	\$ 3,094	\$ 19,888	\$ 172	\$ 292,918

BULLOCH COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	Jail Add-On Fee Fund	Jail Commissary Fund	Juvenile Services Fund	Keep Bulloch Beautiful Fund	Parks and Recreation Funds	Rural Fire Fund	Sheriff's Confiscated Assets Fund	Sheriff's Fingerprint Fund	Streetlight Tax Districts Fund	Total Nonmajor Special Revenue Funds
ASSETS										
Cash	\$ 96,138	\$ 112,920	\$ 15,867	\$ 34,567	\$ (178,983)	\$ (591,327)	\$ 2,372	\$ 16,029	\$ 88,114	\$ 513,992
Receivables:										
Intergovernmental	-	-	-	-	-	-	-	-	-	119,534
Accounts	-	-	-	-	-	15,424	-	-	-	248,907
Taxes	-	-	-	-	-	32,061	-	-	-	32,176
Due from other funds	-	-	1,766	-	457,442	-	-	-	-	481,038
Prepaid items	-	7,052	-	-	-	1,651	-	-	-	14,340
Inventories	-	-	-	-	-	-	-	-	-	74,645
TOTAL ASSETS	<u>\$ 96,138</u>	<u>\$ 119,972</u>	<u>\$ 17,633</u>	<u>\$ 34,567</u>	<u>\$ 278,459</u>	<u>\$ (542,191)</u>	<u>\$ 2,372</u>	<u>\$ 16,029</u>	<u>\$ 88,114</u>	<u>\$ 1,484,632</u>
LIABILITIES										
Accounts payable	-	-	\$ 160	\$ 797	\$ 148,362	\$ 26,554	-	-	\$ 7,518	\$ 331,735
Accrued payroll	-	-	-	859	45,340	994	-	-	-	57,889
Unearned revenue	-	-	-	-	-	-	-	-	-	3,094
Due to other funds	\$ 96,138	-	-	-	-	-	-	-	31,015	236,976
Other	-	-	-	-	24,152	-	-	-	-	24,152
Total liabilities	<u>96,138</u>	<u>-</u>	<u>160</u>	<u>1,656</u>	<u>217,854</u>	<u>27,548</u>	<u>-</u>	<u>-</u>	<u>38,533</u>	<u>653,846</u>
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue - Property taxes	-	-	-	-	-	24,451	-	-	-	24,451
FUND BALANCE										
Nonspendable	-	-	-	-	-	-	-	-	-	5,637
Restricted	-	\$ 119,972	\$ 17,473	32,911	60,605	-	\$ 2,372	\$ 16,029	\$ 49,581	1,394,888
Unassigned	-	-	-	-	-	(594,190)	-	-	-	(594,190)
Total fund balance	<u>-</u>	<u>119,972</u>	<u>17,473</u>	<u>32,911</u>	<u>60,605</u>	<u>(594,190)</u>	<u>2,372</u>	<u>16,029</u>	<u>49,581</u>	<u>806,335</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 96,138</u>	<u>\$ 119,972</u>	<u>\$ 17,633</u>	<u>\$ 34,567</u>	<u>\$ 278,459</u>	<u>\$ (542,191)</u>	<u>\$ 2,372</u>	<u>\$ 16,029</u>	<u>\$ 88,114</u>	<u>\$ 1,484,632</u>

BULLOCH COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Statesboro/ Bulloch County Airport Fund	BCCI Inmate Fund	BCCI Designated Special Projects Fund	Drug Education Fund	Jail Inmate Phone Fund	E-911 Fund	Grants Fund	Greenspace Fund	Hotel/ Motel Tax Fund	Urban Fire District Fund
REVENUES										
Taxes	-	-	-	-	-	-	-	-	\$ 3,226	\$ 877,621
Charges for services	\$ 619,091	-	-	-	\$ 153,901	\$ 1,302,400	-	-	-	-
Fees, fines and forfeitures	-	-	-	\$ 47,657	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	\$ 39,321	-	-	-
Interest	-	\$ 5	-	-	-	126	-	-	-	-
Other	115,714	25,026	\$ 29,566	-	-	-	-	-	-	-
Total revenues	<u>734,805</u>	<u>25,031</u>	<u>29,566</u>	<u>47,657</u>	<u>153,901</u>	<u>1,302,526</u>	<u>39,321</u>	<u>-</u>	<u>3,226</u>	<u>877,621</u>
EXPENDITURES										
Current:										
Airport	711,002	-	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	20,350	-	-	-
Public safety	-	14,694	14,575	42,114	69,386	1,259,172	18,971	-	-	757,621
Public works	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-	-
Housing and development	-	-	-	-	-	-	-	-	3,226	-
Capital outlay:										
Public safety	-	-	15,800	12,693	80,204	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>711,002</u>	<u>14,694</u>	<u>30,375</u>	<u>54,807</u>	<u>149,590</u>	<u>1,259,172</u>	<u>39,321</u>	<u>-</u>	<u>3,226</u>	<u>757,621</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>23,803</u>	<u>10,337</u>	<u>(809)</u>	<u>(7,150)</u>	<u>4,311</u>	<u>43,354</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,000</u>
OTHER FINANCING SOURCES										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(600)	(1,000)	-	(17,800)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(600)</u>	<u>(1,000)</u>	<u>-</u>	<u>(17,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>23,803</u>	<u>10,337</u>	<u>(1,409)</u>	<u>(8,150)</u>	<u>4,311</u>	<u>25,554</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,000</u>
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	<u>301,643</u>	<u>5,833</u>	<u>44,698</u>	<u>84,564</u>	<u>2,932</u>	<u>347,578</u>	<u>-</u>	<u>\$ 19,888</u>	<u>-</u>	<u>120,000</u>
FUND BALANCES, END OF YEAR	<u>\$ 325,446</u>	<u>\$ 16,170</u>	<u>\$ 43,289</u>	<u>\$ 76,414</u>	<u>\$ 7,243</u>	<u>\$ 373,132</u>	<u>\$ -</u>	<u>\$ 19,888</u>	<u>\$ -</u>	<u>\$ 240,000</u>

BULLOCH COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Jail Add-On Fee Fund	Jail Commissary Fund	Juvenile Services Fund	Keep Bulloch Beautiful Fund	Parks and Recreation Funds	Rural Fire Fund	Sheriff's Confiscated Assets Fund	Sheriff's Fingerprint Fund	Streetlight Tax Districts Fund	Total Nonmajor Special Revenue Funds
REVENUES										
Taxes	-	-	-	-	-	\$ 585,965	-	-	\$ 71,087	\$ 1,537,899
Charges for services	-	\$ 79,197	-	-	\$ 1,458,990	24,416	-	\$ 5,570	-	3,643,565
Fees, fines and forfeitures	\$ 96,112	-	\$ 3,496	-	-	-	\$ 11,313	-	-	158,578
Intergovernmental	-	-	-	\$ 63,800	28,906	-	-	-	-	132,027
Interest	27	-	-	-	535	-	-	3	-	696
Other	-	-	-	-	78,493	1,150	-	-	-	249,949
Total revenues	<u>96,139</u>	<u>79,197</u>	<u>3,496</u>	<u>63,800</u>	<u>1,566,924</u>	<u>611,531</u>	<u>11,313</u>	<u>5,573</u>	<u>71,087</u>	<u>5,722,714</u>
EXPENDITURES										
Current:										
Airport	-	-	-	-	-	-	-	-	-	711,002
Judicial	-	-	982	-	-	-	-	-	-	21,332
Public safety	97,518	30,842	-	-	-	399,451	6,247	7,798	-	2,718,389
Public works	-	-	-	-	-	-	-	-	68,456	68,456
Recreation	-	-	-	-	4,058,351	-	-	-	-	4,058,351
Sanitation	-	-	-	90,273	-	-	-	-	-	90,273
Housing and development	-	-	-	-	-	-	-	-	-	3,226
Capital outlay:										
Public safety	-	23,296	-	-	-	-	15,000	-	-	146,993
Recreation	-	-	-	-	28,013	-	-	-	-	28,013
Debt service:										
Principal	-	-	-	-	-	46,856	-	-	-	46,856
Interest	-	-	-	-	-	3,337	-	-	-	3,337
Total expenditures	<u>97,518</u>	<u>54,138</u>	<u>982</u>	<u>90,273</u>	<u>4,086,364</u>	<u>449,644</u>	<u>21,247</u>	<u>7,798</u>	<u>68,456</u>	<u>7,896,228</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,379)</u>	<u>25,059</u>	<u>2,514</u>	<u>(26,473)</u>	<u>(2,519,440)</u>	<u>161,887</u>	<u>(9,934)</u>	<u>(2,225)</u>	<u>2,631</u>	<u>(2,173,514)</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	2,436,134	-	-	-	-	2,436,134
Transfers out	-	-	(200)	(1,900)	-	-	-	-	-	(21,500)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(200)</u>	<u>(1,900)</u>	<u>2,436,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,414,634</u>
NET CHANGE IN FUND BALANCES	<u>(1,379)</u>	<u>25,059</u>	<u>2,314</u>	<u>(28,373)</u>	<u>(83,306)</u>	<u>161,887</u>	<u>(9,934)</u>	<u>(2,225)</u>	<u>2,631</u>	<u>241,120</u>
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	<u>1,379</u>	<u>94,913</u>	<u>15,159</u>	<u>61,284</u>	<u>143,911</u>	<u>(756,077)</u>	<u>12,306</u>	<u>18,254</u>	<u>46,950</u>	<u>565,215</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ 119,972</u>	<u>\$ 17,473</u>	<u>\$ 32,911</u>	<u>\$ 60,605</u>	<u>\$ (594,190)</u>	<u>\$ 2,372</u>	<u>\$ 16,029</u>	<u>\$ 49,581</u>	<u>\$ 806,335</u>

BULLOCH COUNTY, GEORGIA
STATESBORO/BULLOCH COUNTY AIRPORT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 458,750	\$ 619,091	\$ 160,341
Intergovernmental	2,400	-	(2,400)
Other	88,000	115,714	27,714
Total revenues	<u>549,150</u>	<u>734,805</u>	<u>185,655</u>
EXPENDITURES			
Current:			
Airport	<u>523,700</u>	<u>711,002</u>	<u>(187,302)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	25,450	23,803	(1,647)
FUND BALANCES, BEGINNING OF YEAR	<u>301,643</u>	<u>301,643</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 327,093</u></u>	<u><u>\$ 325,446</u></u>	<u><u>\$ (1,647)</u></u>

BULLOCH COUNTY, GEORGIA
BCCI INMATE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Vending commissions/other	\$ 20,000	\$ 25,026	\$ 5,026
Interest	-	5	5
	<u>20,000</u>	<u>25,031</u>	<u>5,031</u>
 EXPENDITURES			
Current:			
Public safety	<u>20,000</u>	<u>14,694</u>	<u>5,306</u>
 EXCESS OF REVENUES OVER EXPENDITURES	-	10,337	10,337
 FUND BALANCES, BEGINNING OF YEAR	<u>5,833</u>	<u>5,833</u>	<u>-</u>
 FUND BALANCES, END OF YEAR	<u><u>5,833</u></u>	<u><u>\$ 16,170</u></u>	<u><u>\$ 10,337</u></u>

BULLOCH COUNTY, GEORGIA
BCCI DESIGNATED SPECIAL PROJECTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Telephone commissions	\$ 15,000	\$ 29,566	\$ 14,566
EXPENDITURES			
Current:			
Public safety	29,000	14,575	14,425
Capital outlay:			
Public safety	2,600	15,800	(13,200)
Total expenditures	<u>31,600</u>	<u>30,375</u>	<u>1,225</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(16,600)	(809)	15,791
OTHER FINANCING USES			
Transfers out	<u>(1,400)</u>	<u>(600)</u>	<u>800</u>
NET CHANGE IN FUND BALANCES	(18,000)	(1,409)	16,591
FUND BALANCES, BEGINNING OF YEAR	<u>44,698</u>	<u>44,698</u>	-
FUND BALANCES, END OF YEAR	<u>\$ 26,698</u>	<u>\$ 43,289</u>	<u>\$ 16,591</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, 2013

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Fees, fines and forfeitures	\$ 40,000	\$ 47,657	\$ 7,657
EXPENDITURES			
Current:			
Public safety	48,600	42,114	6,486
Capital outlay:			
Public safety	1,200	12,693	(11,493)
Total expenditures	<u>49,800</u>	<u>54,807</u>	<u>(5,007)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(9,800)	(7,150)	2,650
OTHER FINANCING USES			
Transfers out	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(10,800)	(8,150)	2,650
FUND BALANCES, BEGINNING OF YEAR	<u>84,564</u>	<u>84,564</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 73,764</u>	<u>\$ 76,414</u>	<u>\$ 2,650</u>

BULLOCH COUNTY, GEORGIA
JAIL INMATE PHONE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Telephone commissions	\$ 100,000	\$ 153,901	\$ 53,901
EXPENDITURES			
Current:			
Public safety	20,000	69,386	(49,386)
Capital outlay:			
Public safety	80,000	80,204	(204)
Total expenditures	<u>100,000</u>	<u>149,590</u>	<u>(49,590)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	4,311	4,311
FUND BALANCES, BEGINNING OF YEAR	<u>2,932</u>	<u>2,932</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 2,932</u>	<u>\$ 7,243</u>	<u>\$ 4,311</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, 2013

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 1,159,600	\$ 1,302,400	\$ 142,800
Interest	-	126	126
Total revenues	<u>1,159,600</u>	<u>1,302,526</u>	<u>142,926</u>
EXPENDITURES			
Current:			
Public safety	1,139,600	1,259,172	(119,572)
Capital outlay:			
Public safety	-	-	-
Total expenditures	<u>1,139,600</u>	<u>1,259,172</u>	<u>(119,572)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	20,000	43,354	23,354
OTHER FINANCING USES			
Transfers out	<u>(20,000)</u>	<u>(17,800)</u>	<u>2,200</u>
NET CHANGE IN FUND BALANCES	-	25,554	25,554
FUND BALANCES, BEGINNING OF YEAR	<u>353,788</u>	<u>347,578</u>	<u>6,210</u>
FUND BALANCES, END OF YEAR	<u>\$ 353,788</u>	<u>\$ 373,132</u>	<u>\$ 31,764</u>

BULLOCH COUNTY, GEORGIA
GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	-	\$ 39,321	\$ 39,321
EXPENDITURES			
Current:			
Judicial	-	20,350	(20,350)
Public safety	-	18,971	(18,971)
	-	39,321	(39,321)
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	-	-	-

BULLOCH COUNTY, GEORGIA
GREENSPACE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

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

BULLOCH COUNTY, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 10,500	\$ 3,226	\$ (7,274)
EXPENDITURES			
Current:			
Housing and development - Tourism	10,500	3,226	7,274
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-
FUND BALANCES, BEGINNING OF YEAR,	-	-	-
FUND BALANCES, END OF YEAR	-	-	-

BULLOCH COUNTY, GEORGIA
URBAN FIRE DISTRICT FUND SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Taxes	\$ 839,340	\$ 877,621	\$ 38,281
EXPENDITURES			
Current:			
Public safety	<u>719,340</u>	<u>757,621</u>	<u>(38,281)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	120,000	120,000	-
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	<u>120,000</u>	<u>120,000</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 240,000</u></u>	<u><u>\$ 240,000</u></u>	<u><u>-</u></u>

BULLOCH COUNTY, GEORGIA
JAIL ADD-ON FEE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Fees, fines and forfeitures	\$ 120,300	\$ 96,112	\$ (24,188)
Interest	100	27	(73)
Total revenues	<u>120,400</u>	<u>96,139</u>	<u>(24,261)</u>
EXPENDITURES			
Current:			
Public safety - Jail	<u>120,400</u>	<u>97,518</u>	<u>22,882</u>
NET CHANGE IN FUND BALANCES	-	(1,379)	(1,379)
FUND BALANCES, BEGINNING OF YEAR	<u>1,379</u>	<u>1,379</u>	-
FUND BALANCES, END OF YEAR	<u>\$ 1,379</u>	<u>\$ -</u>	<u>\$ (1,379)</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, 2013

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 100,000	\$ 79,197	\$ (20,803)
EXPENDITURES			
Current:			
Public safety	20,000	30,842	(10,842)
Capital outlay:			
Public safety	80,000	23,296	56,704
Total expenditures	100,000	54,138	45,862
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	25,059	25,059
FUND BALANCES, BEGINNING OF YEAR	94,913	94,913	-
FUND BALANCES, END OF YEAR	\$ 94,913	\$ 119,972	\$ 25,059

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, 2013

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Fees, fines and forfeitures	\$ 1,500	\$ 3,496	\$ 1,996
EXPENDITURES			
Current:			
Judicial	1,500	982	518
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	2,514	2,514
OTHER FINANCING USES			
Transfers out	-	(200)	(200)
NET CHANGE IN FUND BALANCES	-	2,314	2,514
FUND BALANCES, BEGINNING OF YEAR	15,159	15,159	-
FUND BALANCES, END OF YEAR	<u>\$ 15,159</u>	<u>\$ 17,473</u>	<u>\$ 2,514</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, 2013

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 77,000	\$ 63,800	\$ (13,200)
Other	4,000	-	(4,000)
Total revenues	<u>81,000</u>	<u>63,800</u>	<u>(17,200)</u>
EXPENDITURES			
Current:			
Sanitation	<u>88,320</u>	<u>90,273</u>	<u>(1,953)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,320)	(26,473)	(19,153)
OTHER FINANCING USES			
Transfers out	<u>(1,900)</u>	<u>(1,900)</u>	-
NET CHANGE IN FUND BALANCES	(9,220)	(28,373)	(19,153)
FUND BALANCES, BEGINNING OF YEAR	<u>61,284</u>	<u>61,284</u>	-
FUND BALANCES, END OF YEAR	<u><u>\$ 52,064</u></u>	<u><u>\$ 32,911</u></u>	<u><u>\$ (19,153)</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, 2013

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 1,433,370	\$ 1,458,990	\$ 25,620
Intergovernmental	28,000	28,906	906
Interest	2,000	535	(1,465)
Other	109,910	78,493	(31,417)
Total revenues	<u>1,573,280</u>	<u>1,566,924</u>	<u>(6,356)</u>
EXPENDITURES			
Current:			
Recreation	3,994,685	4,058,351	(63,666)
Capital Outlay:			
Recreation	32,000	28,013	3,987
Total expenditures	<u>4,026,685</u>	<u>4,086,364</u>	<u>(59,679)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(2,453,405)	(2,519,440)	(66,035)
OTHER FINANCING SOURCES			
Transfers in	<u>2,453,405</u>	<u>2,436,134</u>	<u>(17,271)</u>
NET CHANGE IN FUND BALANCES	-	(83,306)	(83,306)
FUND BALANCES, BEGINNING OF YEAR	<u>143,911</u>	<u>143,911</u>	-
FUND BALANCES, END OF YEAR	<u>\$ 143,911</u>	<u>\$ 60,605</u>	<u>\$ (83,306)</u>

BULLOCH COUNTY, GEORGIA
RURAL FIRE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 541,000	\$ 585,965	\$ 44,965
Charges for services	500	24,416	23,916
Other	1,800	1,150	(650)
Total revenues	<u>543,300</u>	<u>611,531</u>	<u>68,231</u>
EXPENDITURES			
Current:			
Public safety	540,889	399,451	141,438
Debt Service:			
Principal	-	46,856	(46,856)
Interest	-	3,337	(3,337)
Total expenditures	<u>540,889</u>	<u>449,644</u>	<u>91,245</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,411	161,887	159,476
OTHER FINANCING SOURCES			
Transfers in	-	-	-
NET CHANGE IN FUND BALANCES	2,411	161,887	159,476
FUND BALANCES, BEGINNING OF YEAR	<u>(756,077)</u>	<u>(756,077)</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ (753,666)</u>	<u>\$ (594,190)</u>	<u>\$ 159,476</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, 2013

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Fees, fines and forfeitures	\$ 20,000	\$ 11,313	\$ (8,687)
EXPENDITURES			
Current:			
Public safety	-	6,247	(6,247)
Capital outlay:			
Public safety	20,000	15,000	5,000
Total expenditures	20,000	21,247	(1,247)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(9,934)	(9,934)
FUND BALANCES, BEGINNING OF YEAR	12,306	12,306	-
FUND BALANCES, END OF YEAR	\$ 12,306	\$ 2,372	\$ (9,934)

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, 2013

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Charges for services	\$ 10,000	\$ 5,570	\$ (4,430)
Interest	-	3	3
Total revenues	<u>10,000</u>	<u>5,573</u>	<u>(4,427)</u>
 EXPENDITURES			
Current:			
Public safety	<u>10,000</u>	<u>7,798</u>	<u>2,202</u>
 DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	(2,225)	(2,225)
 FUND BALANCES, BEGINNING OF YEAR	<u>18,254</u>	<u>18,254</u>	<u>-</u>
 FUND BALANCES, END OF YEAR	<u><u>\$ 18,254</u></u>	<u><u>\$ 16,029</u></u>	<u><u>\$ (2,225)</u></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, 2013

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Taxes	\$ 60,915	\$ 71,087	\$ 10,172
EXPENDITURES			
Current:			
Public works - Street lighting	<u>63,515</u>	<u>68,456</u>	<u>(4,941)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,600)	2,631	5,231
FUND BALANCES, BEGINNING OF YEAR	<u>46,950</u>	<u>46,950</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 44,350</u></u>	<u><u>\$ 49,581</u></u>	<u><u>\$ 5,231</u></u>

BULLOCH COUNTY, GEORGIA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2013

	Employee Health Insurance Fund	Correctional Food Service Fund	Total
ASSETS			
Cash	\$ 1,787,993	\$ 68,669	\$ 1,856,662
Accounts receivable	12,985	-	12,985
Prepaid items	17,940	-	17,940
Total Assets	1,818,918	68,669	1,887,587
LIABILITIES			
Accounts payable	-	66,767	66,767
Accrued payroll	-	1,902	1,902
Claims payable	551,407	-	551,407
Due to other funds	100,636	-	100,636
Total Liabilities	652,043	68,669	720,712
NET POSITION			
Unrestricted	<u>\$ 1,166,875</u>	<u>-</u>	<u>\$ 1,166,875</u>

BULLOCH COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR YEAR ENDED JUNE 30, 2013

	Employee Health Insurance Fund	Correctional Food Service Fund	Total
OPERATING REVENUES			
Charges for services	-	\$ 759,229	\$ 759,229
Premiums	\$ 4,312,941	-	4,312,941
Total Operating Revenues	4,312,941	759,229	5,072,170
OPERATING EXPENSES			
Salaries and benefits	-	122,135	122,135
Materials and supplies	-	787,236	787,236
Purchased/contracted services	682,410	5,731	688,141
Claims	3,076,201	-	3,076,201
Total Operating Expenses	3,758,611	915,102	4,673,713
OPERATING INCOME (LOSS)	554,330	(155,873)	398,457
NON-OPERATING REVENUE (EXPENSE)			
Interest income	467	-	467
INCOME (LOSS) BEFORE TRANSFERS	554,797	(155,873)	398,924
TRANSFERS IN (OUT)	(1,000)	155,873	154,873
CHANGE IN NET POSITION	553,797	-	553,797
NET POSITION, BEGINNING OF YEAR	613,078	-	613,078
NET POSITION, END OF YEAR	\$ 1,166,875	-	\$ 1,166,875

BULLOCH COUNTY, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Employee Health Insurance Fund	Correctional Food Service Fund	Total
Cash Flows from Operating Activities			
Cash received from internal charges	\$ 4,312,941	\$ 759,229	\$ 5,072,170
Cash payments to employees for salaries and benefits	-	(120,233)	(120,233)
Cash payments for supplies and services	(663,474)	(726,200)	(1,389,674)
Cash payments for claims	(2,735,196)	-	(2,735,196)
Net Cash Provided by Operating Activities	<u>914,271</u>	<u>(87,204)</u>	<u>827,067</u>
Cash Flows from Noncapital Financing Activities			
Transfers in (out)	<u>(1,000)</u>	<u>155,873</u>	<u>154,873</u>
Cash Flows From Investing Activities			
Investment Earnings	<u>467</u>		<u>467</u>
Net Increase in Cash and Cash Equivalents	913,738	68,669	982,407
Cash and Cash Equivalents, July 1, 2012	<u>874,255</u>	<u>-</u>	<u>874,255</u>
Cash and Cash Equivalents, June 30, 2013	<u>\$ 1,787,993</u>	<u>\$ 68,669</u>	<u>\$ 1,856,662</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities			
Operating Income (Loss)	\$ 554,330	\$ (155,873)	\$ 398,457
Adjustments:			
(Increase) decrease in operating assets:			
Accounts receivable	299,195	-	299,195
Prepaid items	(17,940)	-	(17,940)
Increase (decrease) in operating liabilities:			
Accounts payable	-	66,767	66,767
Due to other funds	36,876	-	36,876
Claims payable	41,810	-	41,810
Accrued payroll	-	1,902	1,902
Net Cash Provided (Used) By Operating Activities	<u>\$ 914,271</u>	<u>\$ (87,204)</u>	<u>\$ 827,067</u>

BULLOCH COUNTY, GEORGIA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2013

	<u>Tax Commissioner</u>	<u>Probate Court</u>	<u>Clerk of Courts</u>	<u>Magistrate Court</u>	<u>Sheriff</u>	<u>Emergency Medical Service</u>	<u>Bulloch County Correctional Institute</u>	<u>Probation</u>	<u>Total</u>
ASSETS									
Cash	<u>\$ 34,476</u>	<u>\$ 12,242</u>	<u>\$ 527,375</u>	<u>\$ 4,539</u>	<u>\$ 309,213</u>	<u>\$ -</u>	<u>\$ 20,773</u>	<u>\$ 94,964</u>	<u>\$ 1,003,582</u>
LIABILITIES									
Due to other entities and individuals	<u>\$ 34,476</u>	<u>\$ 12,242</u>	<u>\$ 527,375</u>	<u>\$ 4,539</u>	<u>\$ 309,213</u>	<u>\$ -</u>	<u>\$ 20,773</u>	<u>\$ 94,964</u>	<u>\$ 1,003,582</u>

BULLOCH COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Tax Commissioner				
Assets				
Cash	\$ 39,258	\$ 42,893,465	\$ 42,898,247	\$ 34,476
Liabilities				
Due to other entities and individuals	\$ 39,258	\$ 42,893,465	\$ 42,898,247	\$ 34,476
Probate Court				
Assets				
Cash	\$ 8,951	\$ 226,954	\$ 223,663	\$ 12,242
Liabilities				
Due to other entities and individuals	\$ 8,951	\$ 226,954	\$ 223,663	\$ 12,242
Clerk of Courts				
Assets				
Cash	\$ 488,053	\$ 3,357,599	\$ 3,318,277	\$ 527,375
Liabilities				
Due to other entities and individuals	\$ 488,053	\$ 3,357,599	\$ 3,318,277	\$ 527,375
Magistrate Court				
Assets				
Cash	\$ 4,671	\$ 919,013	\$ 919,145	\$ 4,539
Liabilities				
Due to other entities and individuals	\$ 4,671	\$ 919,013	\$ 919,145	\$ 4,539
Sheriff				
Assets				
Cash	\$ 272,656	\$ 2,150,660	\$ 2,114,103	\$ 309,213
Liabilities				
Due to other entities and individuals	\$ 272,656	\$ 2,150,660	\$ 2,114,103	\$ 309,213
Emergency Medical Service				
Assets				
Cash	\$ -	\$ 2,096,677	\$ 2,096,677	\$ -
Liabilities				
Due to other entities and individuals	\$ -	\$ 2,096,677	\$ 2,096,677	\$ -
Bulloch County Correctional Institute				
Assets				
Cash	\$ 15,270	\$ 109,157	\$ 103,654	\$ 20,773
Liabilities				
Due to other entities and individuals	\$ 15,270	\$ 109,157	\$ 103,654	\$ 20,773
Probation				
Assets				
Cash	\$ 104,061	\$ 1,187,686	\$ 1,196,783	\$ 94,964
Liabilities				
Due to other entities and individuals	\$ 104,061	\$ 1,187,686	\$ 1,196,783	\$ 94,964
Total Agency Funds				
Assets				
Cash	\$ 1,146,393	\$ 52,941,211	\$ 52,870,549	\$ 1,003,582
Liabilities				
Due to other entities and individuals	\$ 1,146,393	\$ 52,941,211	\$ 52,870,549	\$ 1,003,582

BULLOCH COUNTY, GEORGIA
SCHEDULE OF PROJECTS PAID WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2013

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	12,500,000	12,238,138	-	12,238,138	97.9%
Public safety - communications	2,000,000	1,999,999	1,999,999	-	1,999,999	100%
Airport	500,000	518,322	518,322	-	518,322	100%
Arts center	1,030,000	1,030,000	1,030,000	-	1,030,000	100%
Recreation	2,000,000	2,830,973	2,830,973	-	2,830,973	100%
Public safety	850,000	949,683	949,683	-	949,683	100%
Agribusiness center	2,000,000	3,000,410	3,000,410	-	3,000,410	100%
Brooklet - water/sewer system	500,000	500,000	500,000	-	500,000	100%
Portal - solid waste	80,000	106,073	106,073	-	106,073	100%
Register - roads and streets	20,000	20,001	20,001	-	20,001	100%
Portal - drainage	50,000	34,446	34,446	-	34,446	100%
Voting precinct	50,000	50,002	50,002	-	50,002	100%
Georgia State Patrol building	500,000	725,000	725,000	-	725,000	100%
Administrative building	-	500,000	1,000	\$ 88,389	89,389	18%
Water/sewer system	5,300,000	1,126,611	1,126,611	-	1,126,611	100.0%
	<u>\$ 35,000,000</u>	<u>\$ 38,209,648</u>	<u>\$ 37,448,786</u>	<u>\$ 88,389</u>	<u>\$ 37,537,175</u>	<u>98.2%</u>

BULLOCH COUNTY, GEORGIA
SCHEDULE OF PROJECTS PAID WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2013

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	\$ 7,186,324	\$ 7,186,324	-	\$ 7,186,324	100%
Solid waste - Air rights - Joint	1,510,000	2,300,823	2,300,823	-	2,300,823	100%
Solid waste - Post closure - Joint	610,000	200,000	200,000	-	200,000	100%
Communications system - Joint	1,500,000	1,538,703	1,538,703	-	1,538,703	100%
Solid waste - recycling - County	640,000	607,353	578,477	-	578,477	95%
Public safety - Sheriff	1,000,000	1,089,060	1,089,060	-	1,089,060	100%
Public safety - Rural Fire	900,000	1,171,550	1,022,833	-	1,022,833	87%
Public safety - EMS	600,000	822,773	822,773	-	822,773	100%
Public safety - Animal control	-	9,338	9,338	-	9,338	100%
Airport - County	750,000	711,445	628,658	-	628,658	88%
Agribusiness Center - County	6,100,000	4,437,186	462,360	\$ 38,470	500,830	11%
Parks and recreation - County	7,000,000	7,100,215	6,727,295 *	-	6,727,295	95%
Industrial park - County	5,500,000	5,218,043	4,896,374	283,059	5,179,433	99%
Water/sewer system - County	100,000	29,780	29,780	-	29,780	100%
Community facilities - County	3,143,000	3,955,930	2,937,488	-	2,937,488	74%
BCCI vehicle - County	-	13,958	13,958	-	13,958	100%
Arts center - Statesboro	1,360,000	1,446,932	1,446,932	-	1,446,932	100%
Municipal building/Police Station - Statesboro	2,140,000	3,362,525	3,362,525	-	3,362,525	100%
Public safety vehicles - Statesboro	500,000	437,184	263,674	-	263,674	60%
Water/sewer system - Statesboro	5,000,000	4,372,334	2,574,708	-	2,574,708	59%
City streets, etc. - Statesboro	5,000,000	4,372,334	4,356,069	-	4,356,069	100%
Municipal building - Brooklet	350,000	352,035	352,035	-	352,035	100%
Cultural facility - Brooklet	75,000	-	-	-	-	-
Water system - Brooklet	230,000	140,109	139,567	-	139,567	100%
City streets, etc. - Brooklet	205,000	260,070	260,070	-	260,070	100%
Solid waste - Portal	50,000	17,951	17,951	-	17,951	100%
Cultural facility - Portal	50,000	17,635	17,635	-	17,635	100%
Water system - Portal	200,000	149,262	149,262	-	149,262	100%
Sewer system - Portal	-	46,531	46,531	-	46,531	100%
City streets, etc - Portal	160,000	116,667	116,667	-	116,667	100%
Centennial Park - Portal	-	54,201	54,201	-	54,201	100%
Water system - Register	27,000	9,468	3,450	-	3,450	36%
Public safety facility - Register	15,000	23,330	23,330	-	23,330	100%
Recreational areas - Register	15,000	19,539	19,539	-	19,539	100%
Cultural facility - Register	45,000	37,926	37,926	-	37,926	100%
City streets, etc. - Register	25,000	20,808	20,808	-	20,808	100%
	<u>\$ 49,800,000</u>	<u>\$ 51,649,322</u>	<u>\$ 43,707,124</u>	<u>\$ 321,529</u>	<u>\$ 44,028,653</u>	<u>85%</u>

* Prior year expenditures restated for amount of prior period adjustment

BULLOCH COUNTY, GEORGIA
SCHEDULE OF PROJECTS PAID WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2013

SPLOST 07 Fund

Project	Original Estimated Cost	Current Estimated Cost	Expenditures		Total	Estimated Percentage of Completion
			Prior Years	Current Year		
Jail expansion	\$ 10,500,000	\$ 10,872,066	\$ 10,872,066	-	\$ 10,872,066	100%
Solid waste handling facilities and equipment - Joint	7,000,000	7,000,000	5,444,446	\$ 1,166,667	6,611,113	94%
Economic development - Industrial park	2,875,500	2,875,500	2,472,200	62,066	2,534,266	88%
Cemetery expansion - Statesboro	900,000	900,000	900,000	-	900,000	100%
Road improvements	12,500,000	12,500,000	3,058,348	1,032,068	4,090,416	33%
Community facilities - County	5,138,500	5,138,500	1,967,537	715,853	2,683,390	52%
Public safety facilities and equipment	3,655,000	3,655,000	1,104,777	376,354	1,481,131	41%
Recreational facilities and equipment	2,874,700	2,874,700	930,252 *	274,941	1,205,193	42%
Solid waste handling facilities and equipment - County	1,200,000	1,200,000	393,493	168,559	562,052	47%
Airport facilities and equipment	700,000	700,000	282,794	139,815	422,609	60%
Storm water projects	222,000	222,000	50,000	-	50,000	23%
Voting equipment	75,000	75,000	-	-	-	0%
Greenspace preservation	222,000	222,000	-	-	-	0%
City of Statesboro	20,767,500	20,767,500	11,309,948	4,035,106	15,345,054	74%
Town of Brooklet	1,070,000	1,070,000	856,000	-	856,000	80%
City of Portal	1,139,300	1,139,300	1,020,800	-	1,020,800	90%
Town of Register	160,500	160,500	128,400	-	128,400	80%
	<u>71,000,000</u>	<u>71,372,066</u>	<u>40,791,061</u>	<u>7,971,429</u>	<u>48,762,490</u>	<u>68%</u>

* Prior year expenditures restated for amount of prior period adjustment

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

Total SPLOST 07 fund expenditures per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 10,674,414
Transfers to Agribusiness Center	19,760
Less:	
Intergovernmental revenue	(1,324,212)
Other income	(2,556)
Sale of capital assets	(155,282)
Transfers in from sales tax bonds construction fund	(625,695)
Proceeds from capital leases	(615,000)
Total current year expenditures per above	<u>\$ 7,971,429</u>

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

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, 2013, which collectively comprise Bulloch County's basic financial statements and have issued our report thereon dated July 10, 2014. Our report includes a reference to other auditors who audited the financial statements of the Bulloch County Board of Health and the Development Authority of Bulloch County, as described in our report on Bulloch County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented,

or detected and corrected on a timely basis. We consider the deficiencies described as 2013-3, 2013-8, and 2013-11 through 2013-14 in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described as 2013-1, 2013-2, 2013-4 through 2013-7; and 2013-9, 2013-10, and 2013-15 in the accompanying schedule of findings to be significant deficiencies.

Compliance and Other Matters

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

Bulloch County, Georgia's Response to Findings

Bulloch County, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings. Bulloch County, Georgia's response was not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Thigpen, Lanier, Westerfield & Dal
Statesboro, Georgia
July 10, 2014

BULLOCH COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Contract Number	Federal Expenditures
U.S. Department of Homeland Security:			
Pass-through program from Georgia Emergency Management Agency:			
Emergency Management Performance Grant	97.042	N/A	\$ 21,065
U.S. Department of Housing and Urban Development:			
Pass-through program from Georgia Department of Community Affairs:			
Community Development Block Grants	14.228	11q-y-016-1-5435	500,000
U.S. Department of Justice:			
Pass-through program from City of Statesboro:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	11,895
U.S. Department of Transportation:			
Pass-through program from Georgia Department of Transportation:			
Airport Improvement Program	20.106	AP012-9019-29(031)	254,045
Highway Planning and Construction	20.205	TEE-0006-00 (632)	31,772
Total Department of Transportation			<u>285,817</u>
Total expenditures of federal awards			<u>\$ 818,777</u>

BULLOCH COUNTY, GEORGIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Bulloch County for the year ended June 30, 2013. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Bulloch County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Bulloch County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Pass-through entity identifying numbers are presented where available.

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I INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Commissioners
Bulloch County, Georgia

Report on Compliance for Each Major Federal Program

We have audited Bulloch County, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Bulloch County, Georgia's major federal programs for the year ended June 30, 2013. Bulloch County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Bulloch County, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bulloch County, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Bulloch County, Georgia's compliance.

Opinion on Each Major Federal Program

In our opinion, Bulloch County, Georgia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Thigpen, Lanier, Westerfield & Deal

Statesboro, Georgia
July 10, 2014

BULLOCH COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013

SUMMARY OF AUDITOR'S RESULTS

- 1 The auditor's report expresses an unmodified opinion on the financial statements of Bulloch County, Georgia.
- 2 Fifteen significant deficiencies disclosed during the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Six of the significant deficiencies were considered to be material weaknesses.
- 3 No instances of noncompliance material to the financial statements of Bulloch County, Georgia were disclosed during the audit.
- 4 No significant deficiencies in internal control over major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133.
- 5 The auditor's report on compliance for the major federal award program for Bulloch County, Georgia expresses an unmodified opinion on the major federal program.
- 6 There are no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
- 7 Community Development Block Grants, CFDA number 14.228, was tested as a major program.
- 8 The threshold used for distinguishing between Type A and B programs was \$300,000.
- 9 Bulloch County, Georgia did not qualify as a low-risk auditee.

BULLOCH COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FINDINGS – FINANCIAL STATEMENT AUDIT

2013-1 Clerk of Courts – Mail receipts

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

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

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

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

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

Views of Responsible Officials and Planned Corrective Actions: We concur with this finding and we appointed an interim Clerk of Courts that implemented procedures to improve controls over mail receipts.

2013-2 Clerk of Courts – Unallocated revenue paid to County

Condition: While reviewing criminal receipt reports, we noted receipts for which all or a portion of the payment was not assigned to a specific fine or fee code within ICON. Those receipts were disbursed to the County by the Clerk of Courts’ office.

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

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

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

BULLOCH COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Views of Responsible Officials and Planned Corrective Actions:

We concur with this finding. Staff members have received additional instruction in setting up the fines and fees, and new software has been implemented during fiscal year 2014.

2013-3 Grant revenue not recorded in the proper fiscal year

Condition: During our review of grant revenue and expenditures, we noted that grants receivable totaling \$409,728 should have been requested for reimbursement and recorded in the previous fiscal year. Also, the County failed to record an additional \$31,772 of grants receivable on the same grant that was earned in the fiscal year ended June 30, 2013.

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

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

Effect: Fund balance and government-wide net position were understated by \$409,728, and intergovernmental revenue was understated by \$31,772.

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

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

2013-4 Inadequate accounting for grants

Condition: The County is awarded grants in which the related grant expenditures are recorded in the SPLOST capital projects funds. Expenditures are not uniquely identified by each grant award and are combined with other expenditures funded by special sales tax revenue.

BULLOCH COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Criteria: Grant expenditures should be recorded in general ledger accounts which uniquely identify them for each grant award.

Cause: Grant expenditures were funded with SPLOST capital projects funds and later reimbursed with grant funds. Grant expenditures were grouped with non-grant expenditures by project or department and were difficult to identify in the general ledger.

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

Auditor's Recommendation: Grant expenditures should be assigned unique general ledger account numbers to assist in tracking expenses by grant.

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

2013-5 Inadequate financial reporting process for recording activity in the Bulloch County Correctional Institute and Probate Court

Condition: The Bulloch County Correctional Institute and Probate Court have several accounts for which a trial balance summarizing the annual activity and year-end balances are not being prepared for the annual audit.

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

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

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

Auditor's Recommendation: The Bulloch County Correctional Institute and Probate Court should revise their year-end closing procedures to include preparation of year-end trial balances. Trial balances may be prepared using information obtained from their current accounting systems, or transactions may be summarized utilizing other accounting software such as QuickBooks. Year-end trial balances should be provided to the CFO and external auditors to assist in preparation of the County's year-end financial statements.

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

BULLOCH COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

2013-6 Timely billing of intergovernmental receivables

Condition: During our audit, we noted amounts due from the City of Statesboro at June 30, 2013 that had not been billed to the City in a timely manner.

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

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

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

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

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

2013-7 Budget amendments

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

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

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

Effect: Unauthorized overexpenditures of the County budget could occur.

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

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

BULLOCH COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

2013-8 Develop a year-end closing schedule

Condition: Certain fund trial balances, client adjusting journal entries, and numerous source documents requested for this year's audit were not provided to the County's auditors until March 2014 and on into July 2014. The delay in receiving requested information made it difficult to meet reporting deadlines.

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

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

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

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

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

2013-9 Bank reconciliations

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

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

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

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

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

Views of Responsible Officials and Planned Corrective Actions: We concur with this finding. The CFO will implement procedures to ensure that accurate and timely bank reconciliations are prepared for all bank accounts each month and we have hired additional financial accounting staff to assist with this process.

2013-10 Payroll liability accounts

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

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

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

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

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

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

2013-11 Inadequate tracking of additions to capital assets

Condition: A listing of additions to capital assets was not compiled and provided to the auditors for the year ended June 30, 2013.

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

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

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

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

Views of Responsible Officials and Planned Corrective Actions:

We concur with this finding. We will implement procedures to accumulate capital asset additions at least annually to be recorded in the County's government-wide financial statements.

2013-12 Interfund balances not reconciled and incorrect beginning fund balance/net assets

Condition: Interfund receivables/payables between the general fund, recreation fund, and aquatic center did not balance on the June 30, 2013 trial balances provided for the annual audit. Also, the beginning fund balance/net assets for the recreation fund and aquatic center did not agree to the ending audited balances from the previous fiscal year.

Criteria: Interfund receivables/payables should be reconciled on a monthly basis. All audit adjusting journal entries should be posted to the general ledger and the ending adjusted fund balance/net assets should be reconciled to the County's audited financial statements.

Cause: Interfund receivables/payables were not reconciled before providing year-end trial balances to the auditors. Fiscal year 2012 audit adjusting journal entries were not properly posted to the general ledger.

Effect: Interfund receivables/payables and beginning fund balance/net assets were not properly reported in the County's financial statements.

Auditor's Recommendation: We recommend that the County's interfund receivables/payables be reconciled on a monthly basis. Also, the CFO should ensure all audit adjusting journal entries are posted to the general ledger and the adjusted ending fund balance/net assets agree to the County's audited financial statements.

Views of Responsible Officials and Planned Corrective Actions: We concur with this finding and the CFO will implement procedures to make sure interfund receivables/payables are reconciled on a monthly basis and that all audit adjusting entries are properly posted to the general ledger.

2013-13 Inadequate monitoring of collection of grant and other intergovernmental receivables

Condition: During our audit, it was determined that grants receivable for two grants totaling \$106,187 recorded in previous fiscal years were uncollectible. We also noted receivables totaling \$34,009 from the City of Statesboro that have been outstanding for a significant length of time.

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Criteria: Grant reimbursements and other intergovernmental receivables should be requested in a timely manner and properly monitored for future collection.

Cause: The County's procedures for monitoring the collection of grant and other intergovernmental receivables is inadequate.

Effect: A prior period adjustment for \$106,187 was required to write off uncollectible grants receivable. Other intergovernmental receivables may not be collected if proper follow up is not implemented.

Auditor's Recommendation: The County should develop procedures to better monitor the timely preparation of grant and other intergovernmental reimbursements. Outstanding receivables should be monitored on a monthly basis and proper follow up made on the collectability of older receivables.

Views of Responsible Officials and Planned Corrective Actions: We concur with this finding and the CFO will implement procedures to better monitor grant and other intergovernmental reimbursements for timely collection.

2013-14 Accounting for capital leases

Condition: We noted new capital leases in the amount of \$615,000 that were not recorded in the County's June 30, 2013 trial balances provided for the annual audit.

Criteria: At the inception of capital leases, expenditures and an other financing source called "proceeds from capital leases" of an equal amount should be recorded at the net present value of the future minimum lease payments at the governmental fund reporting level.

Cause: The County's procedures to track and account for capital lease proceeds at inception of the contract within the general ledger are inadequate.

Effect: Other financing sources and expenditures are understated whenever lease proceeds are not recognized in the financial statements. Also, capital assets may be understated.

Auditor's Recommendation: All capital lease and other long-term financing documentation should be provided to the CFO at inception. Appropriate journal entries should be made in the general ledger to reflect the inception of a capital lease.

Views of Responsible Officials and Planned Corrective Actions: We concur with this finding and will implement procedures to ensure all capital lease transactions are properly recorded in our accounting records.

2013-15 Improper posting of fire district tax revenue

Condition: During our audit, we noted \$21,743 in fire district taxes that was improperly posted to the streetlight tax districts fund.

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Criteria: Tax revenues received from the Tax Commissioner should be recorded in the proper fund.

Cause: The County's financial statements are not being reviewed on a monthly basis for proper posting of transactions and reasonableness of balances in revenues and expenditure accounts.

Effect: Tax revenue was overstated in the streetlight tax districts fund and understated in the urban fire tax district fund by \$21,743. Fire district tax remittances to the City of Statesboro were understated by the same amount.

Auditor's Recommendation: The CFO or another designated person should review monthly financial reports for the proper postings of transactions and the reasonableness of balances in revenue and expenditure accounts.

Views of Responsible Officials and Planned Corrective Actions: We concur with this finding and the CFO will implement procedures to better monitor the proper posting of revenue received from the Tax Commissioner.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None reported.