

MONROE COUNTY, GEORGIA

FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2005**

MONROE COUNTY, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005

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INDEPENDENT AUDITOR'S REPORT

**Board of Commissioners
of Monroe County, Georgia
Forsyth, Georgia**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Monroe County, Georgia (the "County")**, as of and for the year ended December 31, 2005, which collectively comprise Monroe County, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Monroe County Department of Public Health, which statements reflect total assets of \$213,408 as of December 31, 2005, and total revenues of \$477,375 for the year ended December 31, 2005. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Monroe County Board of Health in the component unit column is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Monroe County, Georgia as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2006, on our consideration of Monroe County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis (on pages 3 through 11) and the Schedule of Funding Progress (on page 58) are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Monroe County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Monroe County, Georgia. The accompanying schedules of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-21, and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedules of expenditures of special purpose local option sales tax proceeds have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Mauldin & Jenkins, LLC

Macon, Georgia
December 8, 2006

MONROE COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2005

As management of Monroe County, Georgia, we offer readers of Monroe County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

Financial Highlights

- The assets of Monroe County exceeded its liabilities at December 31, 2005, by \$36,048,214 (net assets). Of this amount, \$10,212,653 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors, which is a decrease in unrestricted net assets from the prior year of \$562,904.
- At December 31, 2005, the County's total fund balances as summarized for all governmental fund types on page 16 of the financial statements were \$8,824,790, an increase of \$958,910 or 12.2% from the 2004 fiscal year. Of this amount, \$8,732,506 remains in the various funds as unreserved.
- At December 31, 2005, the County's General Fund reported an unreserved fund balance of \$6,124,615, an increase of \$596,951 or 10.8% from the last fiscal year.

Overview of the Financial Statements

This Discussion and Analysis is intended to serve as an introduction to Monroe County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of Monroe County's finances, in a manner similar to a private-sector business. All governmental and business-type activities are consolidated to arrive at a total for the Primary Government. There are two government-wide statements, the statement of net assets and the statement of activities, which are described below.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. It is important to note that this statement, for the first time, consolidates the governmental fund's current financial resources (short-term) with capital assets and long-term liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The governmental activities of the County include general government, judicial, public safety, public works, health and welfare, culture and recreation, and housing and development.

The business-type activities of the County include water and sewer, landfill, and building inspections.

The government-wide financial statements include not only Monroe County itself (known as the primary government), but also the Monroe County Department of Public Health, and the Monroe County Development Authority. These are legally separate entities that are component units of the County due to the significance of their operational or financial relationships with the County. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 12 – 15 of this report.

Fund financial statements. 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. Monroe County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Monroe County maintains governmental funds to account for the following activities: General; Special Revenue (Library, Forfeited Funds, Law Library, Jail Fines, Drug Education, E911, C.A.R.E. Cottage, Federal Forfeited Funds, EMS Grant, and EMA Grant); Capital Projects (Water Capital, Jail, Roads, Fire, Recreation, Youth Center, Courthouse, Patrol Vehicles, Emergency Services, Animal Shelter, 2003 SPLOST, Headstart CDBG, and Hospital); and Debt Service. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated column. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. Monroe County adopts an annual appropriated budget for its general, special revenue, and debt service funds. A budgetary comparison statement has been provided for the General Fund within the basic financial statements. This statement can be found on pages 19 and 20.

Proprietary funds. Monroe County uses enterprise funds, also known as the business-type functions, to account for the Monroe County North and South Water Systems, Landfill, and Building Inspection activities. The proprietary funds are reflected in the business-type activities of the government-wide financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Monroe County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31 – 57 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary* information concerning Monroe County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 58 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 59 – 70 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Monroe County, assets exceed liabilities by \$36,048,214 at the close of the 2005 fiscal year, an increase of \$6,855,852 or 23.5%. Of the \$36,048,214, \$23,608,994 resulted from Governmental Activities and \$12,439,220 resulted from the Business-type Activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

By far the largest portion of the County's net assets (65.2%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Monroe County, Georgia

	Governmental Activities		Business-type Activities		Total	
	2004	2005	2004	2005	2004	2005
Current and other assets	\$ 9,300,967	\$ 11,019,074	\$ 5,380,976	\$ 5,025,998	\$ 14,681,943	\$ 16,045,072
Capital assets	<u>15,094,372</u>	<u>15,335,663</u>	<u>20,584,802</u>	<u>24,726,062</u>	<u>35,679,174</u>	<u>40,061,725</u>
Total assets	<u>24,395,339</u>	<u>26,354,737</u>	<u>25,965,778</u>	<u>29,752,060</u>	<u>50,361,117</u>	<u>56,106,797</u>
Other liabilities	1,477,504	1,401,072	250,844	274,545	1,728,348	1,675,617
Long-term liabilities outstanding	<u>1,592,163</u>	<u>1,344,671</u>	<u>17,848,244</u>	<u>17,038,295</u>	<u>19,440,407</u>	<u>18,382,966</u>
Total liabilities	<u>3,069,667</u>	<u>2,745,743</u>	<u>18,099,088</u>	<u>17,312,840</u>	<u>21,168,755</u>	<u>20,058,583</u>
Net assets:						
Invested in capital assets, net of related debt	13,925,439	14,431,317	4,084,802	9,067,534	18,010,241	23,498,851
Restricted	14,716	1,937,224	391,848	399,486	406,564	2,336,710
Unrestricted	<u>7,385,517</u>	<u>7,240,453</u>	<u>3,390,040</u>	<u>2,972,200</u>	<u>10,775,557</u>	<u>10,212,653</u>
Total net assets	<u>\$ 21,325,672</u>	<u>\$ 23,608,994</u>	<u>\$ 7,866,690</u>	<u>\$ 12,439,220</u>	<u>\$ 29,192,362</u>	<u>\$ 36,048,214</u>

The 2004 amounts have been restated to include the effects of prior period adjustments that decreased net assets of governmental activities and business-type activities by \$677,594 and \$253,872, respectively.

An additional portion of Monroe County's total net assets (6.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of total unrestricted net assets (\$10,212,653) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Monroe County is able to report positive balances in all three categories of net assets, both for the government as a whole as well as for its separate governmental activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental activities. Governmental activities increased the County's net assets by \$2,283,322. Key elements of this increase are as follows:

Monroe County's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2004	2005	2004	2005	2004	2005
Revenues:						
Program revenues						
Charges for services	\$ 4,010,103	\$ 4,175,093	\$ 682,874	\$ 1,532,665	\$ 4,692,977	\$ 5,707,758
Operating grants and contributions	202,926	200,492	21,733	-	224,659	200,492
Capital grants and contributions	145,310	402,983	-	3,536,079	145,310	3,939,062
General revenues:						
Property taxes	8,647,060	11,871,331	-	-	8,647,060	11,871,331
Sales taxes	4,918,948	5,872,051	714,609	-	5,633,557	5,872,051
Other taxes	809,349	1,178,186	-	-	809,349	1,178,186
Unrestricted investment earnings	83,074	82,963	115,049	133,956	198,123	216,919
Gain on sale of capital assets	-	4,847	-	-	-	4,847
Total revenues	<u>18,816,770</u>	<u>23,787,946</u>	<u>1,534,265</u>	<u>5,202,700</u>	<u>20,351,035</u>	<u>28,990,646</u>
Expenses:						
General government	2,904,763	2,882,402	-	-	2,904,763	2,882,402
Judicial	1,061,294	1,848,634	-	-	1,061,294	1,848,634
Public safety	8,087,967	8,381,386	-	-	8,087,967	8,381,386
Public works	2,259,042	2,725,772	-	-	2,259,042	2,725,772
Health and welfare	555,525	656,082	-	-	555,525	656,082
Culture and recreation	753,516	715,108	-	-	753,516	715,108
Housing and development	1,427,500	1,451,459	-	-	1,427,500	1,451,459
Interest on long-term debt	267,468	105,076	-	-	267,468	105,076
North Water	-	-	325,223	401,053	325,223	401,053
South Water	-	-	1,435,499	1,486,544	1,435,499	1,486,544
Landfill	-	-	1,337,518	1,334,420	1,337,518	1,334,420
Building Inspection	-	-	-	146,858	-	146,858
Total expenses	<u>17,317,075</u>	<u>18,765,919</u>	<u>3,098,240</u>	<u>3,368,875</u>	<u>20,415,315</u>	<u>22,134,794</u>
Change in net assets before transfers	<u>1,499,695</u>	<u>5,022,027</u>	<u>(1,563,975)</u>	<u>1,833,825</u>	<u>(64,280)</u>	<u>6,855,852</u>
Transfers	<u>(803,277)</u>	<u>(2,738,705)</u>	<u>803,277</u>	<u>2,738,705</u>	<u>-</u>	<u>-</u>
Change in net assets	696,418	2,283,322	(760,698)	4,572,530	(64,280)	6,855,852
Net Assets, beginning of year as restated	<u>20,629,254</u>	<u>21,325,672</u>	<u>8,627,388</u>	<u>7,866,690</u>	<u>29,256,642</u>	<u>29,192,362</u>
Net Assets, end of year	<u>\$ 21,325,672</u>	<u>\$ 23,608,994</u>	<u>\$ 7,866,690</u>	<u>\$ 12,439,220</u>	<u>\$ 29,192,362</u>	<u>\$ 36,048,214</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the Government's Funds

As noted earlier, Monroe County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Monroe County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the 2005 fiscal year, the County's governmental funds reported combined ending fund balances of \$8,824,790, an increase of \$958,910 in comparison with the prior year. Approximately 98.9% of the combined fund balance (\$8,732,506) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved (\$92,284) to indicate that it is not available for new spending because it has already been committed for E911 Phase I (50,558) and inventory (\$41,726).

The General Fund is the chief operating fund of Monroe County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$6,124,615, while total fund balance reached \$6,166,341. The **unreserved** fund balance of the General Fund increased \$596,951 and the **reserved** fund balance increased \$41,726. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 42.4% of total General Fund expenditures, while total fund balance represents 42.7% of that same amount.

Proprietary funds. Monroe County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The County's only proprietary fund types are enterprise funds.

At the end of the current fiscal year, unrestricted net assets of the North Water Fund were \$133,869, an increase of \$691,449 or 124.0%. Unrestricted net assets of the South Water Fund were \$3,204,561, a decrease of \$933,424 or 22.6%. Unrestricted net assets of the Landfill Fund were \$(458,534), a decrease of \$268,168 or 140.9%. Unrestricted net assets of the Building Inspection Fund were \$92,304. The Building Fund was a new fund during the current fiscal year. Total combined unrestricted assets of proprietary funds resulted in \$2,972,200, a decrease of \$417,839. The South Water Fund reflects restricted net assets of \$399,486 for debt service, an increase of \$22,886. For the current year-end, the proprietary funds indicate total net assets of \$12,439,220. This is an increase in total net assets for the proprietary funds in the amount of \$3,989,503.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Monroe County Enterprise Net Operating Income (Loss), Nonoperating Revenues (Expenses) and Transfers

	2004	2005
Net operating income (loss):		
North Water Fund	\$ (93,080)	\$ (66,845)
South Water Fund	(416,291)	(31,037)
Landfill Fund	(1,130,830)	(1,080,853)
Building Inspection Fund	-	92,136
Total net operating loss	(1,640,201)	(1,086,599)
Nonoperating revenues (expenses)	76,226	(615,655)
Loss before transfers and contributions	(1,563,975)	(1,702,254)
Capital Contributions	-	3,989,503
Net transfers in	803,277	2,285,281
Changes in net assets	\$ (760,698)	\$ 4,572,530

General Fund Budgetary Highlights

Differences between the expenditures original budget and the final amended budget were \$1,808,681 and can be summarized as follows:

- Increase in public safety \$362,736 – due to increases in employee overtime, fuel cost, insurance and inmate medical services
- Decrease in general government of \$24,693
- Decrease in judicial of \$28,163
- Decrease in public works of \$244,396
- Decrease in health and welfare of \$8,662
- Decrease in culture and recreation of \$27,455
- Decrease in housing and development of \$7,990

All functions except for public safety decreased because of mandated spending controls put in place by the Board due to limited available contingency funds.

Capital Asset and Debt Administration

Capital assets. Monroe County's investment in capital assets for its governmental activities as of December 31, 2005 was \$15,335,663 (net of accumulated depreciation), an increase of \$241,281. This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The amount reflected below as infrastructure of Governmental Activities includes only assets constructed by or donated to the County beginning in 2003. As required by GASB Statement No. 34, total infrastructure will be reflected in the year 2007.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Monroe County Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2004	2005	2004	2005	2004	2005
Land	\$ 286,817	\$ 492,233	\$ 312,897	\$ 312,897	\$ 599,714	\$ 805,130
Construction in progress	1,246,883	1,538,606	1,142,464	1,872,978	2,389,347	3,411,584
Land (landfill)	-	-	384,413	193,903	384,413	193,903
Buildings	8,308,648	8,198,394	20,839	19,177	8,329,487	8,217,571
Improvements	224,163	145,166	879,022	824,396	1,103,185	969,562
Infrastructure	966,593	1,464,711	16,994,901	20,782,570	17,961,494	22,247,281
Machinery and equipment	4,061,268	3,496,553	850,266	720,141	4,911,534	4,216,694
Total	<u>\$ 15,094,372</u>	<u>\$ 15,335,663</u>	<u>\$ 20,584,802</u>	<u>\$ 24,726,062</u>	<u>\$ 35,679,174</u>	<u>\$ 40,061,725</u>

Major projects in 2005 included the following:

- Addition of 3 patrol cars
- Heavy equipment in public works
- New building for water and building inspection
- Right of Way land purchase
- New roads paved
- New equipment for fire and rescue including a jaws of life apparatus
- New capital asset purchase for fuel depot
- New capital assets for recreation department

Additional information on the County's capital assets can be found in Note 6 on pages 43 – 45 of this report.

Long-term debt. At the end of the current fiscal year, Monroe County had total outstanding bonded debt of \$16,500,000, which is secured solely by specified revenue services. The County issued Revenue Refunding and Improvement Bonds for Water and Sewerage Projects, Series 2003A, in the aggregate amount of \$13,705,000. The proceeds were used to defease the remaining outstanding Series 1998 Water and Sewerage Bonds. On January 28, 2004, the County issued Revenue Improvement Bonds for Water and Sewerage Projects, Series 2004, in the aggregate amount of \$4,375,000. The proceeds from this issue are to be used for certain additions, extensions and improvements to the water system. These bonds are included in the North and South Water Funds. The outstanding balance of revenue bonds as of December 31, 2005 is \$16,500,000.

Other amounts included in long-term debt as of December 31, 2005 are as follows:

- Capital Leases used to finance new equipment, primarily for various emergency services equipment.
- Compensated Absences reflect the vacation and compensatory pay employees have earned but not yet taken.
- Landfill Postclosure Costs represent amounts accrued by the County for future costs to meet state and federal laws and regulations requiring the County to place a final cover on the Strickland Loop Road Landfill when the landfill stops accepting waste.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Monroe County's Long-term Debt

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Capital leases	\$ 1,168,933	\$ -	\$ (264,587)	\$ 904,346	\$ 207,728
Compensated absences	423,230	259,714	(242,619)	440,325	146,890
Governmental activities Long-term liabilities	<u>\$ 1,592,163</u>	<u>\$ 259,714</u>	<u>\$ (507,206)</u>	<u>\$ 1,344,671</u>	<u>\$ 354,618</u>
Business-type activities:					
Revenue bonds	\$ 17,405,000	\$ -	\$ (905,000)	\$ 16,500,000	\$ 920,000
Landfill closure costs	443,244	36,848	-	480,092	-
Compensated absences	19,973	76,110	(37,880)	58,203	17,273
Business-type activities Long-term liabilities	<u>\$ 17,868,217</u>	<u>\$ 112,958</u>	<u>\$ (942,880)</u>	<u>\$ 17,038,295</u>	<u>\$ 937,273</u>

Additional information regarding the County's long-term debt can be found in Note 7 on pages 46 – 48 of this report.

Economic Factors and Next Year's Budgets

- The unemployment rate for Monroe County remained constant at 4.9% which is slightly lower than the Middle Georgia rate and State of Georgia's rate of 5.1%. (Unemployment rate per the County Labor Force Estimates from the Georgia Department of Labor website: www.dol.state.ga.us/).
- Monthly LOST collections have fluctuated over the past several years but are expected to increase during the first six months of 2006.
- The 2003 SPLOST is expected to generate approximately \$4,630,000 in tax revenues.
- The value of the county's tax digest grew from \$1,587,615,514 to 1,641,253,035 an increase of 3.34%.
- The County's Net Maintenance and Operations (M&O) millage rate in the unincorporated areas increased from 9.1 to 11.2.
- In 2007, Monroe County plans to obtain new aerial photography maps and new lines drawn in. The State of Georgia requires that new maps be completed every 10 years.

Requests for Information

This financial report is designed to provide a general overview of Monroe County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Clerk of the Board, Monroe County, P.O. Box 189, Forsyth, Georgia 31029.

BASIC FINANCIAL STATEMENTS

MONROE COUNTY, GEORGIA

**STATEMENT OF NET ASSETS
DECEMBER 31, 2005**

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 7,689,413	\$ 2,034,155	\$ 9,723,568
Investments	88,839	-	88,839
Taxes receivable	1,757,639	-	1,757,639
Interest receivable	-	-	-
Accounts receivable, net of allowances	337,220	162,643	499,863
Due from other governments	995,760	-	995,760
Internal balances	43,177	(43,177)	-
Inventories	41,726	476,052	517,778
Restricted assets			
Cash	-	367,468	367,468
Investments	-	1,079,999	1,079,999
Deferred charges, unamortized balance	-	948,858	948,858
Capital assets, non-depreciable	2,030,839	2,185,875	4,216,714
Capital assets, depreciable, net of accumulated depreciation	13,304,824	22,540,187	35,845,011
Other noncurrent assets	65,300	-	65,300
Total assets	<u>26,354,737</u>	<u>29,752,060</u>	<u>56,106,797</u>
LIABILITIES			
Accounts payable	477,290	97,162	574,452
Accrued liabilities	319,849	32,574	352,423
Due to other governments	552,558	-	552,558
Other current liabilities	14,150	-	14,150
Accrued interest	37,225	109,483	146,708
Customer deposits payable	-	35,326	35,326
Liabilities payable from restricted assets	-	920,000	920,000
Capital leases due within one year	207,728	-	207,728
Capital leases due in more than one year	696,618	-	696,618
Compensated absences due within one year	146,890	17,273	164,163
Compensated absences due in more than one year	293,435	40,930	334,365
Notes payable due in more than one year	-	-	-
Bonds payable due within one year	-	-	-
Bonds payable due in more than one year	-	15,580,000	15,580,000
Landfill due in more than one year	-	480,092	480,092
Total liabilities	<u>2,745,743</u>	<u>17,312,840</u>	<u>20,058,583</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 14,431,317	\$ 9,067,534	\$ 23,498,851
Restricted for:			
Capital projects	1,886,666	-	1,886,666
Debt service	50,558	399,486	450,044
Other purposes	-	-	-
Unrestricted	7,240,453	2,972,200	10,212,653
Total net assets	<u>\$ 23,608,994</u>	<u>\$ 12,439,220</u>	<u>\$ 36,048,214</u>

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

Component Units	
Development Authority of Monroe County	Monroe County Health Department
\$ 1,597,025	\$ 197,123
-	-
-	-
1,642	-
448,763	16,285
-	-
-	-
-	-
-	-
1,410,850	-
-	-
-	-
<u>3,458,280</u>	<u>213,408</u>
-	4,415
-	-
-	-
-	-
288,327	-
-	-
-	-
-	-
-	5,164
-	29,763
1,044,000	-
1,260,000	-
2,755,000	-
-	-
<u>5,347,327</u>	<u>39,342</u>
\$ 366,850	\$ -
-	-
-	-
-	7,953
(2,255,897)	166,113
<u>\$ (1,889,047)</u>	<u>\$ 174,066</u>

MONROE COUNTY, GEORGIA

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 2,882,402	\$ 476,374	\$ 392	\$ 48,665
Judicial	1,848,634	1,695,324	-	-
Public safety	8,381,386	1,730,176	187,833	-
Public works	2,725,772	159,667	-	354,318
Health and welfare	656,082	-	-	-
Culture and recreation	715,108	47,001	-	-
Housing and development	1,451,459	66,551	12,267	-
Interest on long-term debt	105,076	-	-	-
Total governmental activities	<u>18,765,919</u>	<u>4,175,093</u>	<u>200,492</u>	<u>402,983</u>
Business-type activities:				
North water	401,053	228,163	-	1,919,279
South water	1,486,544	811,941	-	1,616,800
Landfill	1,334,420	253,567	-	-
Building inspections	146,858	238,994	-	-
Total business-type activities	<u>3,368,875</u>	<u>1,532,665</u>	<u>-</u>	<u>3,536,079</u>
Total primary government	<u>\$ 22,134,794</u>	<u>\$ 5,707,758</u>	<u>\$ 200,492</u>	<u>\$ 3,939,062</u>
Component units:				
Development Authority of Monroe County	\$ 490,853	\$ 31,562	\$ 1,261,268	\$ -
Monroe County Health Department	461,224	148,952	325,308	-
Total component units	<u>\$ 952,077</u>	<u>\$ 180,514</u>	<u>\$ 1,586,576</u>	<u>\$ -</u>
General revenues:				
Property taxes				
Sales taxes				
Insurance premium tax				
Alcoholic beverages tax				
Other taxes				
Unrestricted investment earnings				
Gain on sale of capital assets				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning of year				
Prior period adjustment				
Net assets, beginning of year as restated				
Net assets, end of year				

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

**Net (Expenses) Revenues and
Changes in Net Assets**

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>	
			<u>Development Authority of Monroe County</u>	<u>Monroe County Health Department</u>
\$ (2,356,971)	\$ -	\$ (2,356,971)	\$ -	\$ -
(153,310)	-	(153,310)	-	-
(6,463,377)	-	(6,463,377)	-	-
(2,211,787)	-	(2,211,787)	-	-
(656,082)	-	(656,082)	-	-
(668,107)	-	(668,107)	-	-
(1,372,641)	-	(1,372,641)	-	-
(105,076)	-	(105,076)	-	-
<u>(13,987,351)</u>	<u>-</u>	<u>(13,987,351)</u>	<u>-</u>	<u>-</u>
-	1,746,389	1,746,389	-	-
-	942,197	942,197	-	-
-	(1,080,853)	(1,080,853)	-	-
-	92,136	92,136	-	-
<u>-</u>	<u>1,699,869</u>	<u>1,699,869</u>	<u>-</u>	<u>-</u>
<u>(13,987,351)</u>	<u>1,699,869</u>	<u>(12,287,482)</u>	<u>-</u>	<u>-</u>
-	-	-	801,977	-
-	-	-	-	13,036
<u>-</u>	<u>-</u>	<u>-</u>	<u>801,977</u>	<u>13,036</u>
11,871,331	-	11,871,331	-	-
5,872,051	-	5,872,051	-	-
768,952	-	768,952	-	-
77,256	-	77,256	-	-
331,978	-	-	-	-
82,963	133,956	216,919	12,418	3,115
4,847	-	4,847	732,137	-
(2,738,705)	2,738,705	-	-	-
<u>16,270,673</u>	<u>2,872,661</u>	<u>18,811,356</u>	<u>744,555</u>	<u>3,115</u>
<u>2,283,322</u>	<u>4,572,530</u>	<u>6,855,852</u>	<u>1,546,532</u>	<u>16,151</u>
<u>22,003,266</u>	<u>8,120,562</u>	<u>30,123,828</u>	<u>(3,192,852)</u>	<u>157,915</u>
<u>(677,594)</u>	<u>(253,872)</u>	<u>(931,466)</u>	<u>(242,727)</u>	<u>-</u>
<u>21,325,672</u>	<u>7,866,690</u>	<u>29,192,362</u>	<u>(3,435,579)</u>	<u>157,915</u>
<u>\$ 23,608,994</u>	<u>\$ 12,439,220</u>	<u>\$ 36,048,214</u>	<u>\$ (1,889,047)</u>	<u>\$ 174,066</u>

MONROE COUNTY, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 4,382,190	\$ 3,307,223	\$ 7,689,413
Investments	-	88,839	88,839
Taxes receivable (net)	1,757,639	-	1,757,639
Accounts receivable	302,788	34,432	337,220
Due from other governments	396,655	599,105	995,760
Due from other funds	653,324	53,387	706,711
Inventories	41,726	-	41,726
Total assets	<u>\$ 7,534,322</u>	<u>\$ 4,082,986</u>	<u>\$ 11,617,308</u>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts payable	\$ 234,156	\$ 243,134	\$ 477,290
Accrued liabilities	308,616	11,233	319,849
Deferred revenues	765,137	-	765,137
Due to other governments	-	552,558	552,558
Due to other funds	45,922	617,612	663,534
Other current liabilities	14,150	-	14,150
Total liabilities	<u>1,367,981</u>	<u>1,424,537</u>	<u>2,792,518</u>
FUND BALANCES (DEFICIT)			
Fund balances:			
Reserved for:			
Phase 1	\$ -	\$ 50,558	\$ 50,558
Inventories	41,726	-	41,726
Unreserved reported in:			
General fund	6,124,615	-	6,124,615
Special revenue funds	-	330,310	330,310
Debt service fund	-	390,815	390,815
Capital projects funds	-	1,886,766	1,886,766
Total fund balances	<u>6,166,341</u>	<u>2,658,449</u>	<u>8,824,790</u>
Total liabilities and fund balances	<u>\$ 7,534,322</u>	<u>\$ 4,082,986</u>	
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			15,335,663
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			765,137
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			(1,381,896)
Net pension asset used in governmental activities is not a financial resource and, therefore, is not reported in the funds.			65,300
Net assets of governmental activities			<u>\$ 23,608,994</u>

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

MONROE COUNTY, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Property taxes	\$ 11,106,194	\$ -	\$ 11,106,194
Sales taxes	2,395,460	3,476,591	5,872,051
Other taxes	1,178,186	-	1,178,186
Licenses and permits	92,711	-	92,711
Intergovernmental	75,629	249,820	325,449
Fines and forfeitures	1,400,126	451,963	1,852,089
Charges for services	1,710,429	309,301	2,019,730
Interest income	68,365	14,598	82,963
Miscellaneous	100,208	111,108	211,316
Total revenues	<u>18,127,308</u>	<u>4,613,381</u>	<u>22,740,689</u>
Expenditures			
Current:			
General government	2,324,742	584,144	2,908,886
Judicial	1,185,602	15,375	1,200,977
Public safety	7,197,255	1,026,337	8,223,592
Public works	1,978,606	-	1,978,606
Health and welfare	523,352	117,878	641,230
Culture and recreation	698,572	-	698,572
Housing and development	191,159	1,261,268	1,452,427
Capital outlay	-	2,022,200	2,022,200
Debt service:			
Principal	231,366	33,221	264,587
Interest and fiscal charges	105,389	4,879	110,268
Total expenditures	<u>14,436,043</u>	<u>5,065,302</u>	<u>19,501,345</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,691,265</u>	<u>(451,921)</u>	<u>3,239,344</u>
Other financing sources (uses):			
Proceeds from sale of capital assets	4,847	-	4,847
Transfers in	961,195	2,846,282	3,807,477
Transfers out	(4,018,630)	(2,074,128)	(6,092,758)
Total other financing sources (uses)	<u>(3,052,588)</u>	<u>772,154</u>	<u>(2,280,434)</u>
Net change in fund balances	638,677	320,233	958,910
Fund balance, beginning of year	5,244,384	2,567,714	7,812,098
Prior period adjustment	<u>283,280</u>	<u>(229,498)</u>	<u>53,782</u>
Fund balance, beginning of year as restated	<u>5,527,664</u>	<u>2,338,216</u>	<u>7,865,880</u>
Fund balance, end of year	<u>\$ 6,166,341</u>	<u>\$ 2,658,449</u>	<u>\$ 8,824,790</u>

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

MONROE COUNTY, GEORGIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

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

Net change in fund balances - total governmental funds	\$	958,910
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		(35,982)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		277,273
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		765,137
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		264,587
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		53,397
	\$	<u>2,283,322</u>

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

MONROE COUNTY, GEORGIA

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 9,253,381	\$ 9,253,381	\$ 11,106,194	\$ 1,852,813
Sales taxes	2,550,000	2,550,000	2,395,460	(154,540)
Other taxes	1,166,455	1,166,455	1,178,186	11,731
Licenses and permits	96,650	96,650	92,711	(3,939)
Intergovernmental	188,581	188,581	75,629	(112,952)
Fines and forfeitures	1,590,100	1,590,100	1,400,126	(189,974)
Charges for services	1,892,630	1,894,227	1,710,429	(183,798)
Investment income	25,000	25,000	68,365	43,365
Miscellaneous	88,200	88,200	100,208	12,008
Total revenues	<u>16,850,997</u>	<u>16,852,594</u>	<u>18,127,308</u>	<u>1,274,714</u>
Expenditures:				
Current:				
General government:				
County commissioners	772,136	966,177	691,309	274,868
Board of registrars	13,661	13,274	13,283	(9)
Elections	9,400	1,057	1,066	(9)
Purchasing	145,743	143,317	146,060	(2,743)
Fuel depot	19,948	21,609	21,631	(22)
Tax commissioner	307,048	302,948	308,494	(5,546)
Tax assessor	464,550	321,013	325,721	(4,708)
Board of equalization	4,115	1,337	1,337	-
Public buildings	421,304	398,888	404,923	(6,035)
Justice center	152,160	160,913	161,079	(166)
General insurance	295,000	249,839	249,839	-
Total general government	<u>2,605,065</u>	<u>2,580,372</u>	<u>2,324,742</u>	<u>255,630</u>
Judicial:				
Superior court	395,090	403,429	397,510	5,919
Clerk of superior court	346,659	336,429	342,065	(5,636)
Magistrate court	171,179	169,667	172,644	(2,977)
Probate court	281,001	256,867	262,602	(5,735)
Juvenile court	11,398	10,772	10,781	(9)
Total judicial	<u>1,205,327</u>	<u>1,177,164</u>	<u>1,185,602</u>	<u>(8,438)</u>
Public safety:				
Sheriff	2,682,671	2,751,183	2,788,341	(37,158)
Jail	1,949,120	2,118,596	2,120,034	(1,438)
School resource officer	60,956	43,250	43,250	-
Emergency services	1,998,010	2,140,082	2,171,707	(31,625)
Coroner	14,495	14,600	14,617	(17)
Animal control	58,078	58,355	59,306	(951)
Total public safety	<u>6,763,330</u>	<u>7,126,066</u>	<u>7,197,255</u>	<u>(71,189)</u>
Public works:				
Public roads	1,583,273	1,309,139	1,364,454	(55,315)
Maintenance and shop	578,982	608,720	614,152	(5,432)
Total public works	<u>2,162,255</u>	<u>1,917,859</u>	<u>1,978,606</u>	<u>(60,747)</u>

(Continued)

MONROE COUNTY, GEORGIA

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Expenditures (continued):				
Current (continued):				
Health and welfare:				
Healthcare	\$ 424,975	\$ 423,225	\$ 423,225	\$ -
Tick control	47,097	42,557	44,007	(1,450)
Welfare	30,992	28,620	28,620	-
Community services	27,500	27,500	27,500	-
Total health and welfare	<u>530,564</u>	<u>521,902</u>	<u>523,352</u>	<u>(1,450)</u>
Culture and recreation:				
Recreation	472,413	457,214	464,119	(6,905)
Library	242,984	230,728	234,453	(3,725)
Total culture and recreation	<u>715,397</u>	<u>687,942</u>	<u>698,572</u>	<u>(10,630)</u>
Housing and development:				
Soil conservation	34,660	33,863	34,766	(903)
Extension service	61,645	60,323	60,452	(129)
Georgia forestry commission	7,756	7,756	7,756	-
Planning and zoning	66,133	60,262	61,185	(923)
Economic development	138,218	138,218	27,000	111,218
Total housing and development	<u>308,412</u>	<u>300,422</u>	<u>191,159</u>	<u>109,263</u>
Debt service:				
Principal	235,381	231,366	231,366	-
Interest and fiscal charges	98,832	105,389	105,389	-
Total debt service	<u>334,213</u>	<u>336,755</u>	<u>336,755</u>	<u>-</u>
Total expenditures	<u>14,624,563</u>	<u>14,648,482</u>	<u>14,436,043</u>	<u>212,439</u>
Excess of revenues over expenditures	<u>2,226,434</u>	<u>2,204,112</u>	<u>3,691,265</u>	<u>1,487,153</u>
Other financing sources (uses):				
Transfers in	-	-	961,195	961,195
Transfers out	(2,226,434)	(2,226,434)	(4,018,630)	(1,792,196)
Proceeds from sale of assets	-	-	4,847	4,847
Total other financing sources (uses)	<u>(2,226,434)</u>	<u>(2,226,434)</u>	<u>(3,052,588)</u>	<u>(826,154)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (22,322)</u>	<u>638,677</u>	<u>\$ 660,999</u>
Fund balance, beginning of year			5,244,384	
Prior period adjustment			<u>283,280</u>	
Fund balance, beginning of year as restated			<u>5,527,664</u>	
Fund balance, end of year			<u>\$ 6,166,341</u>	

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

MONROE COUNTY, GEORGIA

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

DECEMBER 31, 2005

ASSETS	Major Enterprise Funds		
	North Water	South Water	Landfill
CURRENT ASSETS			
Cash	\$ 7,368	\$ 1,869,759	\$ 22,528
Accounts receivable, net of allowances	21,359	30,539	107,173
Inventory	12,956	463,096	-
Restricted assets			
Cash	12,946	354,522	-
Investments	-	1,079,999	-
Total current assets	<u>54,629</u>	<u>3,797,915</u>	<u>129,701</u>
NONCURRENT ASSETS			
Deferred charges, unamortized balance	129,053	819,805	-
Capital assets:			
Non-depreciable	23,000	1,571,245	591,630
Depreciable, net of accumulated depreciation	5,746,555	15,258,006	1,535,626
Total capital assets	<u>5,769,555</u>	<u>16,829,251</u>	<u>2,127,256</u>
Total noncurrent assets	<u>5,898,608</u>	<u>17,649,056</u>	<u>2,127,256</u>
Total assets	<u>\$ 5,953,237</u>	<u>\$ 21,446,971</u>	<u>\$ 2,256,957</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 13,496	\$ 44,406	\$ 38,917
Accrued liabilities	2,729	3,997	23,711
Compensated absences payable, current	3,037	5,812	8,277
Due to other funds	451	-	-
Payable from restricted assets:			
Accrued interest payable	15,148	94,335	-
Revenue bonds payable, current portion	-	920,000	-
Customer deposits payable	12,946	20,700	1,680
Total current liabilities	<u>47,807</u>	<u>1,089,250</u>	<u>72,585</u>
LONG-TERM LIABILITIES			
Revenue bonds payable, net of current portion	\$ 2,053,616	\$ 13,526,384	\$ -
Compensated absences	2,006	2,951	35,558
Accrued closure / post-closure costs	-	-	480,092
Total long-term liabilities	<u>2,055,622</u>	<u>13,529,335</u>	<u>515,650</u>
Total liabilities	<u>2,103,429</u>	<u>14,618,585</u>	<u>588,235</u>
NET ASSETS			
Invested in capital assets, net of related debt	3,715,939	3,224,339	2,127,256
Restricted for debt service	-	399,486	-
Unrestricted	133,869	3,204,561	(458,534)
Total net assets	<u>\$ 3,849,808</u>	<u>\$ 6,828,386</u>	<u>\$ 1,668,722</u>

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

Nonmajor Enterprise Fund Building Inspection		Totals
\$ 134,500	\$ 2,034,155	
3,572	162,643	
-	476,052	
-	367,468	
-	1,079,999	
<u>138,072</u>	<u>4,120,317</u>	
-	948,858	
-	2,185,875	
-	22,540,187	
-	24,726,062	
-	25,674,920	
<u>\$ 138,072</u>	<u>\$ 29,795,237</u>	
\$ 343	\$ 97,162	
2,137	32,574	
147	17,273	
42,726	43,177	
-	109,483	
-	920,000	
-	35,326	
<u>45,353</u>	<u>1,254,995</u>	
\$ -	\$ 15,580,000	
415	40,930	
-	480,092	
<u>415</u>	<u>16,101,022</u>	
<u>45,768</u>	<u>17,356,017</u>	
-	9,067,534	
-	399,486	
92,304	2,972,200	
<u>\$ 92,304</u>	<u>\$ 12,439,220</u>	

MONROE COUNTY, GEORGIA

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

	Major Enterprise Funds		
	North Water	South Water	Landfill
Operating revenues:			
Charges for services:			
Water charges	\$ 158,992	\$ 396,128	\$ -
Collection and disposal fees	-	-	253,306
Building licenses and permts	-	-	-
Service charges	62,598	132,868	-
Miscellaneous	6,573	282,945	261
Total operating revenues	<u>228,163</u>	<u>811,941</u>	<u>253,567</u>
Operating expenses:			
Personal services	54,138	87,608	694,371
Purchased/contracted services	75,845	106,059	173,610
Supplies and materials	74,893	27,471	106,304
Utilities and purchased water	-	318,078	-
Depreciation	90,132	303,762	360,135
Total operating expenses	<u>295,008</u>	<u>842,978</u>	<u>1,334,420</u>
Operating income (loss)	<u>(66,845)</u>	<u>(31,037)</u>	<u>(1,080,853)</u>
Nonoperating revenues (expenses):			
Investment income	108	133,564	116
Interest expense	(106,045)	(643,566)	-
Total nonoperating revenues (expenses)	<u>(105,937)</u>	<u>(510,002)</u>	<u>116</u>
Income (loss) before transfers and contributions	<u>(172,782)</u>	<u>(541,039)</u>	<u>(1,080,737)</u>
Transfers			
Transfers in	1,039,700	2,073,461	848,298
Transfers out	-	(1,676,178)	-
	<u>1,039,700</u>	<u>397,283</u>	<u>848,298</u>
Capital contributions	<u>2,116,530</u>	<u>1,872,973</u>	<u>-</u>
Change in net assets	<u>2,983,448</u>	<u>1,729,217</u>	<u>(232,439)</u>
Net assets, beginning of year	126,267	6,093,134	1,901,161
Prior period adjustment	<u>740,093</u>	<u>(993,965)</u>	<u>-</u>
Net assets, beginning of year as restated	<u>866,360</u>	<u>5,099,169</u>	<u>1,901,161</u>
Net assets, end of year	<u>\$ 3,849,808</u>	<u>\$ 6,828,386</u>	<u>\$ 1,668,722</u>

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

<u>Nonmajor Enterprise Fund Building Inspection</u>	<u>Totals</u>
\$ -	\$ 555,120
-	253,306
238,944	238,944
50	195,516
-	289,779
<u>238,994</u>	<u>1,532,665</u>
84,999	921,116
18,322	373,836
43,537	252,205
-	318,078
-	754,029
<u>146,858</u>	<u>2,619,264</u>
<u>92,136</u>	<u>(1,086,599)</u>
168	133,956
-	(749,611)
<u>168</u>	<u>(615,655)</u>
92,304	(1,702,254)
-	3,961,459
-	(1,676,178)
<u>-</u>	<u>2,285,281</u>
-	3,989,503
<u>92,304</u>	<u>4,572,530</u>
-	8,120,562
<u>-</u>	<u>(253,872)</u>
-	7,866,690
<u>\$ 92,304</u>	<u>\$ 12,439,220</u>

MONROE COUNTY, GEORGIA

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

	Major Enterprise Funds		
	North Water	South Water	Landfill
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 224,925	\$ 1,015,247	\$ 150,156
Payments to suppliers and service providers	(154,706)	(875,849)	(212,219)
Payments to employees	(55,977)	(86,586)	(683,326)
Receipts from interfund services provided	-	-	238,578
Payments for interfund services received	(695,242)	(284,385)	-
Net cash provided by (used in) operating activities	<u>(681,000)</u>	<u>(231,573)</u>	<u>(506,811)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	-	(1,676,178)	-
Transfers in	1,039,700	2,073,461	848,298
Net cash provided by noncapital financing activities	<u>1,039,700</u>	<u>397,283</u>	<u>848,298</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of property and equipment	(280,749)	(229,172)	(395,864)
Principal paid on bonds	-	(905,000)	-
Interest paid	(90,890)	(584,111)	-
Net cash used in capital and related financing activities	<u>(371,639)</u>	<u>(1,718,283)</u>	<u>(395,864)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	-	(1,079,999)	-
Interest on investments	108	133,564	116
Net cash provided by (used in) investing activities	<u>108</u>	<u>(946,435)</u>	<u>116</u>
Net increase (decrease) in cash and cash equivalents	(12,831)	(2,499,008)	(54,261)
Cash and cash equivalents:			
Beginning of year	33,145	4,723,289	76,789
End of year	<u>\$ 20,314</u>	<u>\$ 2,224,281</u>	<u>\$ 22,528</u>
Classified as:			
Cash and cash equivalents	\$ 7,368	\$ 1,869,759	\$ 22,528
Restricted assets, cash and cash equivalents	12,946	354,522	-
	<u>\$ 20,314</u>	<u>\$ 2,224,281</u>	<u>\$ 22,528</u>

(Continued)

Nonmajor Enterprise Fund Building Inspection		Totals
\$ 235,422	\$ 1,625,750	
(18,790)	(1,261,564)	
(82,300)	(908,189)	
-	238,578	
-	(979,627)	
<u>134,332</u>	<u>(1,285,052)</u>	
-	(1,676,178)	
-	3,961,459	
-	<u>2,285,281</u>	
-	(905,785)	
-	(905,000)	
-	(675,001)	
-	<u>(2,485,786)</u>	
-	(1,079,999)	
168	133,956	
<u>168</u>	<u>(946,043)</u>	
134,500	(2,431,600)	
-	4,833,223	
<u>\$ 134,500</u>	<u>\$ 2,401,623</u>	
\$ 134,500	\$ 2,034,155	
-	367,468	
<u>\$ 134,500</u>	<u>\$ 2,401,623</u>	

MONROE COUNTY, GEORGIA

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

	Major Enterprise Funds		
	North Water	South Water	Landfill
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (66,845)	\$ (31,037)	\$ (1,080,853)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	90,132	303,762	360,135
Increase in accounts receivable	(5,430)	(7,932)	(87,229)
Increase in inventory	(12,956)	(463,096)	-
Decrease in due from other funds	-	526,058	238,578
Decrease in due from other governments	-	204,288	-
Decrease in due to other governments	-	-	(8,070)
Increase in accounts payable	8,988	38,855	38,917
Increase (decrease) in accrued liabilities	(4,403)	(3,512)	(19,525)
Increase in compensated absences	2,564	4,534	30,570
Increase (decrease) in due to other funds	(695,242)	(810,443)	-
Increase in accrued closure/post-closure costs	-	-	36,848
Increase (decrease) in customer deposits payable	2,192	6,950	(16,182)
Net cash provided by (used in) operating activities	<u>\$ (681,000)</u>	<u>\$ (231,573)</u>	<u>\$ (506,811)</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Capital asset additions contributed from other funds	197,251	256,173	-
Capital asset additions contributed from developers	1,919,279	1,616,800	-
Total noncash investing, capital and financing activities	<u>\$ 2,116,530</u>	<u>\$ 1,872,973</u>	<u>\$ -</u>

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

<u>Nonmajor Enterprise Fund Building Inspection</u>		<u>Totals</u>
\$ 92,136	\$ (1,086,599)	
-	754,029	
(3,572)	(104,163)	
-	(476,052)	
-	764,636	
-	204,288	
-	(8,070)	
343	87,103	
2,137	(25,303)	
562	38,230	
42,726	(1,462,959)	
-	36,848	
-	(7,040)	
<u>\$ 134,332</u>	<u>\$ (1,285,052)</u>	
-	453,424	
-	3,536,079	
<u>\$ -</u>	<u>\$ 3,989,503</u>	

MONROE COUNTY, GEORGIA

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

DECEMBER 31, 2005

ASSETS	Veterans' Memorial	Agency Funds
Cash	\$ 8,122	\$ 947,548
Taxes receivable		26,193,097
Total assets	<u>\$ 8,122</u>	<u>\$ 27,140,645</u>
LIABILITIES		
Due to others	\$ -	\$ 947,548
Uncollected taxes	-	26,193,097
Total liabilities	<u>\$ -</u>	<u>\$ 27,140,645</u>
NET ASSETS		
Held in trust for veterans' memorial	<u>\$ 8,122</u>	

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

MONROE COUNTY, GEORGIA

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

DECEMBER 31, 2005

	<u>Veterans' Memorial</u>
ADDITIONS	
Contributions	\$ 3,348
Total additions	<u>3,348</u>
DEDUCTIONS	
Veterans' memorial	68
Total deductions	<u>68</u>
Change in net assets	3,280
Net assets, beginning of the year	<u>4,842</u>
Net assets, end of the year	<u><u>\$ 8,122</u></u>

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

MONROE COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Reporting Entity

Monroe County was established under the provisions of and act of the General Assembly of Georgia on May 15, 1821. The County operates under a County Commissioner form of government (five commissioners are elected by district with the Chairman elected at large from the county), and provides the following services as authorized by state law: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of Monroe County, Georgia (the "primary government") and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationship with the County. In conformity with accounting principles generally accepted in the United States of America, as set forth in Governmental Accounting Standards Board Statement No. 14, the financial statements of the component units are discretely presented in the government-wide financial statements.

Monroe County Health Department

The Monroe County Health Department (the "Health Department") has a governing board consisting of seven members. Five of the members are either County officials or members appointed by the County. The two remaining members are appointed by the City of Forsyth. Although the County does not have the authority to approve or modify the budget of the Health Department, the County is obligated to provide financial support to the Health Department. The Health Department has a June 30th year-end. The Health Department's statements have been prepared separately and can be obtained by writing to the Monroe County Health Department, 106 Martin Luther King Drive, Forsyth, Georgia 31029.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Development Authority of Monroe County, Georgia

The governing board of the Development Authority of Monroe County, Georgia (the “Development Authority”) consists of seven members appointed by the Monroe County Board of Commissioners. The Development Authority is responsible for promoting industrial and commercial development within Monroe County. Although the County does not have the authority to approve or modify the budget of the Development Authority, the County does provide financial support to the Development Authority and is obligated to provide funding to repay the Development Authority’s bonded debt. There are no separately issued financial statements available for the Development Authority.

Blended Component Unit.

Monroe County Law Library

The Monroe County Law Library, an entity separate from the County, is governed by a Board of Trustees. For financial reporting purposes, the Law Library is reported as if it were part of the County’s operations, because it functions primarily for the courts of the County. The Law Library does not issue separate financial statements. All property purchased with funds expended by the Law Library becomes the property of Monroe County.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The format of the fund financial statements has been modified by GASB Statement No. 34. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 also requires, as required supplementary information, Management's Discussion and Analysis which includes an analytical overview of the County's financial activity.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The County reports the following major governmental funds:

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

The County reports the following major proprietary fund:

The **North Water Fund** accounts for the provision of water services to the residents of the northern portion of the County.

The **South Water Fund** accounts for the provision of water services to the residents of the southern portion of the County.

The **Landfill Fund** accounts for the costs of providing solid waste management services to residents of the County through the operation of the Monroe County Landfill, sanitation services and collection centers.

Additionally, the County reports the following fund types:

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

The **capital project funds** account for the acquisition or construction of capital facilities.

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

The **debt service fund** accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Cash, Cash Equivalents, and Investments

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

State statutes authorize the County and discretely presented component units to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the Georgia Fund 1. Investments are stated at fair value.

E. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The consumption method is used to account for inventories. Under the consumption method, inventory items are recognized as expenditures when used.

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

H. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. In accordance with GASB 34, infrastructure assets acquired prior to January 1, 2003 have not been capitalized. These infrastructure assets will be recorded by the County in the fiscal year ending December 31, 2006. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

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

<u>Asset Category</u>	<u>Years</u>
Buildings	25-50
Land Improvements	15-30
Infrastructure	50-60
Machinery and Equipment	5-20

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amount when employees separate from service with the County. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

K. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize the face amount of the debt issued is reported as other financing sources.

L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

M. Use of Estimates

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

NOTES TO FINANCIAL STATEMENTS

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

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$1,381,896 difference are as follows:

Accrued interest	\$ (37,225)
Capital leases payable	(904,346)
Compensated absences	<u>(440,325)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ (1,381,896)</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$35,982 difference are as follows:

Capital outlay	\$ 1,015,911
Depreciation expense	<u>(1,051,893)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets - governmental activities</i>	<u>\$ (35,982)</u>

NOTES TO FINANCIAL STATEMENTS

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

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$53,397 difference are as follows:

Compensated absences	\$ (17,095)
Accrued interest	5,192
Net pension asset	<u>65,300</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 53,397</u>

NOTE 3. LEGAL COMPLIANCE – BUDGETS

Budgetary Data. The annual budget document is the financial plan for the operation of Monroe County. The budget process exists for the purpose of providing a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the financial posture of the County. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). An annual operating budget is prepared for all governmental funds except capital project funds. Capital Projects Funds use project-length budgets.

Department heads submit to the County Clerk a proposed operating budget for the fiscal commencing the following January 1. The proposed budgets are then submitted to the Board of Commissioners by the County Clerk for study. Public hearings are conducted at the County Annex to obtain taxpayer comments. Prior to January 1, the budget is legally adopted by the Board of Commissioners.

The legal level of control for each legally adopted annual budget is the department level. Supplemental appropriations out of the County’s General Fund contingency account may be made by the Board of Commissioners to fund unforeseen expenditures within the County’s governmental funds at any time during the year. The Board of Commissioners must approve any department level changes to a previously adopted budget. Management may amend the budget without seeking the approval of the Board of Commissioners at any level below the departmental level.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE – BUDGETS (Continued)

Budgetary Data (Continued). All final budget amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions of the annual budget during the year. The supplementary budgetary appropriations made were not material. All unexpended appropriations provided in the annual budget lapse at year-end.

Excess Expenditures over Appropriations. For the year ended December 31, 2005, expenditures exceeded budget in the following General Fund departments and Special Revenue Funds, as follows:

Fund or Department	Excess
General Fund:	
Board of registrars	\$ 9
Elections	9
Purchasing	2,743
Fuel depot	22
Tax commissioner	5,546
Tax assessor	4,708
Public buildings	6,035
Justice center	166
Clerk of superior court	5,636
Magistrate court	2,977
Probate court	5,735
Juvenile court	9
Sheriff	37,158
Jail	1,438
Emergency services	31,625
Coroner	17
Animal control	951
Public roads	55,315
Maintenance and shop	5,432
Tick control	1,450
Recreation	6,905
Library	3,725
Soil conservation	903
Extension service	129
Planning and zoning	923
Jail Fines Fund	4,431
Drug Education Fund	3,706
E-911 Fund	15,900
EMA Grant Fund	9,005

The overexpenditures were funded by greater than anticipated revenues in the General Fund, Drug Education Fund, and EMA Grant Fund and by transfers from the General Fund in the case of the Jail Fines Fund and E-911 Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE – BUDGETS (Continued)

Deficit Fund Equity. The Jail Fines Fund had a deficit fund balance of \$138,512 as of December 31, 2005. The County plans to eliminate this deficit through future fines and forfeitures revenues. The Youth Center Fund and the Emergency Services Fund had deficit fund balances of \$57,350 and \$27,529, respectively, as of December 31, 2005. The County plans to eliminate these deficits through future special purpose local option sales tax revenues. The Headstart CDBG Fund had a deficit fund balance of \$100 as of December 31, 2005. The County plans to eliminate this deficit through future grant revenues.

NOTE 4. DEPOSITS AND INVESTMENTS

Credit Risk. State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The County has no formal credit risk policy other than to only invest in obligations authorized by the State of Georgia. As of December 31, 2005 the County's investment in the Federal National Mortgage Association Discount Note was rated AAA by Standard & Poor's.

At December 31, 2005, the County had the following investment:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Federal National Mortgage Association Discount Note	April 26, 2006	\$ 1,079,999
Certificates of Deposit	13.3 months weighted-average	88,839
		<u>\$ 1,168,838</u>

Interest Rate Risk. The Government does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of December 31, 2005, all of the deposits for the County and component units were fully collateralized in accordance with the state statutes.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

Receivables at December 31, 2005, consist of the following:

	<u>General</u>	<u>North Water Fund</u>	<u>South Water Fund</u>	<u>Landfill Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:						
Taxes	\$ 19,915,955	\$ -	\$ -	\$ -	\$ -	\$ 19,915,955
Accounts	302,788	21,359	30,539	146,792	38,004	539,482
Gross receivables	<u>20,218,743</u>	<u>21,359</u>	<u>30,539</u>	<u>146,792</u>	<u>38,004</u>	<u>20,455,437</u>
Less allowance	(18,158,316)	-	-	(39,619)	-	(18,197,935)
Net receivables	<u>\$ 2,060,427</u>	<u>\$ 21,359</u>	<u>\$ 30,539</u>	<u>\$ 107,173</u>	<u>\$ 38,004</u>	<u>\$ 2,257,502</u>

Property taxes were levied on August 25, 2005. Bills are payable on or before December 20, 2005, after which the applicable property is subject to lien and penalties and interest are assessed. The County bills and collects its own property taxes. Property taxes levied for 2005 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended December 31, 2005 and collected by February 28, 2006 are recognized as revenues in the year ended December 31, 2005. Net receivables estimated to be collected subsequent to February 28, 2006 are deferred as of December 31, 2005 and recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually.

Property taxes attached as an enforceable lien on property as of December 20, 2005.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

A. Primary Government

Capital asset activity for the fiscal year ended December 31, 2005, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 286,817	\$ 205,416	\$ -	\$ -	\$ 492,233
Construction in progress	<u>1,246,883</u>	<u>486,972</u>	<u>-</u>	<u>(195,249)</u>	<u>1,538,606</u>
Total	<u>1,533,700</u>	<u>692,388</u>	<u>-</u>	<u>(195,249)</u>	<u>2,030,839</u>
Capital assets, being depreciated:					
Buildings	9,653,868	82,500	-	-	9,736,368
Improvements	1,764,739	-	-	-	1,764,739
Infrastructure	969,389	326,357	-	195,249	1,490,995
Machinery & equipment	<u>8,875,279</u>	<u>191,939</u>	<u>(3,323)</u>	<u>-</u>	<u>9,063,895</u>
Total	<u>21,263,275</u>	<u>600,796</u>	<u>(3,323)</u>	<u>195,249</u>	<u>22,055,997</u>
Less accumulated depreciation for:					
Buildings	1,345,220	192,754	-	-	1,537,974
Improvements	1,540,576	78,997	-	-	1,619,573
Infrastructure	2,796	23,488	-	-	26,284
Machinery & equipment	<u>4,814,011</u>	<u>756,654</u>	<u>(3,323)</u>	<u>-</u>	<u>5,567,342</u>
Total	<u>7,702,603</u>	<u>1,051,893</u>	<u>(3,323)</u>	<u>-</u>	<u>8,751,173</u>
Total capital assets, being depreciated, net	<u>13,560,672</u>	<u>(451,097)</u>	<u>-</u>	<u>195,249</u>	<u>13,304,824</u>
Governmental activities capital assets, net	<u>\$ 15,094,372</u>	<u>\$ 241,291</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,335,663</u>

The beginning balance of capital assets of governmental activities has been decreased by a net of \$817,972 to reflect corrections to the balance as of December 31, 2004.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (Continued)

A. Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 312,897	\$ -	\$ -	\$ -	\$ 312,897
Construction in progress	1,142,464	730,514	-	-	1,872,978
Total	1,455,361	730,514	-	-	2,185,875
Capital assets, being depreciated:					
Land (landfill)	2,425,728	-	-	-	2,425,728
Buildings	33,243	-	-	-	33,243
Improvements	1,092,514	-	-	-	1,092,514
Infrastructure	18,160,536	4,156,297	-	-	22,316,833
Machinery & equipment	1,620,744	8,478	-	-	1,629,222
Total	23,332,765	4,164,775	-	-	27,497,540
Less accumulated depreciation for:					
Land (landfill)	2,041,315	190,510	-	-	2,231,825
Buildings	12,404	1,662	-	-	14,066
Improvements	213,492	54,626	-	-	268,118
Infrastructure	1,165,635	368,628	-	-	1,534,263
Machinery & equipment	770,478	138,603	-	-	909,081
Total	4,203,324	754,029	-	-	4,957,353
Total capital assets, being depreciated, net	19,129,441	3,410,746	-	-	22,540,187
Business-type activities capital assets, net	\$ 20,584,802	\$ 4,141,260	\$ -	\$ -	\$ 24,726,062

The beginning balance of capital assets of business-type activities has been decreased by a net of \$253,872 to reflect corrections to the balance as of December 31, 2004.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (Continued)

A. Primary Government (Continued)

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

Governmental activities:

General government	\$	51,264
Public safety		645,834
Public works		230,218
Health and welfare		14,284
Culture and recreation		14,815
Housing and development		95,478
		95,478
Total depreciation expense - governmental activities	\$	1,051,893

Business-type activities:

North Water Fund	\$	90,132
South Water Fund		303,762
Landfill Fund		360,135
		360,135
Total depreciation expense - business-type activities	\$	754,029

B. Discretely Presented Component Unit – Development Authority

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,016,913	\$ 23,642	\$ (629,705)	\$ 1,410,850
Total capital assets, net	\$ 2,016,913	\$ 23,642	\$ (629,705)	\$ 1,410,850

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT

A. Primary Government

The following is a summary of long-term debt activity for the primary government for the year ended December 31, 2005:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Capital leases	\$ 1,168,933	\$ -	\$ (264,587)	\$ 904,346	\$ 207,728
Compensated absences	423,230	259,714	(242,619)	440,325	146,890
Governmental activities Long-term liabilities	<u>\$ 1,592,163</u>	<u>\$ 259,714</u>	<u>\$ (507,206)</u>	<u>\$ 1,344,671</u>	<u>\$ 354,618</u>
Business-type activities:					
Revenue bonds	\$ 17,405,000	\$ -	\$ (905,000)	\$ 16,500,000	\$ 920,000
Landfill closure costs	443,244	36,848	-	480,092	-
Compensated absences	19,973	76,110	(37,880)	58,203	17,273
Business-type activities Long-term liabilities	<u>\$ 17,868,217</u>	<u>\$ 112,958</u>	<u>\$ (942,880)</u>	<u>\$ 17,038,295</u>	<u>\$ 937,273</u>

The beginning balance of long-term debt of governmental activities has been decreased by a net of \$129,013 to reflect corrections to the balance as of December 31, 2004.

For governmental activities, compensated absences are generally liquidated by the General Fund.

Capital Leases. The County has entered into lease agreements as lessee for financing the acquisition of various items of equipment. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inceptions. The cost of assets under capital leases as of December 31, 2005 is 1,653,373.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

A. Primary Government (Continued)

Capital Leases (Continued). The County's total capital lease debt service requirements to maturity are as follows:

	Governmental Activities
Fiscal Year Ending December 31,	
2006	\$ 252,250
2007	167,594
2008	129,647
2009	129,647
2010	129,647
2011-2012	259,295
Total minimum lease payments	1,068,080
Less amount representing interest	(163,734)
Present value of future minimum lease payments	\$ 904,346

Revenue Bonds. On October 16, 2003, the County issued Revenue Refunding and Improvement Bonds for Water and Sewerage Projects, Series 2003A, in the aggregate amount of \$13,705,000. The proceeds were used to defease the remaining outstanding Series 1998 Water and Sewerage Bonds. On January 28, 2004, the County issued Revenue Improvement Bonds for Water and Sewerage Projects, Series 2004, in the aggregate amount of \$4,375,000. The proceeds from this issue are to be used for certain additions, extensions and improvements to the water and sewerage system. Revenue bonds outstanding as of December 31, 2005 are as follows:

Series 2003A \$13,705,000 Revenue Refunding and Improvement Bonds for Water and Sewerage Projects, due in annual installments ranging from \$460,000 to \$1,020,000 through November 1, 2028; plus interest at 3.0% to 5.0%.	\$ 13,705,000
Series 2004 \$4,375,000 Revenue Improvement Bonds for Water and Sewerage Projects, due in annual installments ranging from \$675,000 to \$945,000 through November 1, 2008, plus interest at 1.35% to 2.25%.	2,795,000
	\$ 16,500,000

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

A. Primary Government (Continued)

Revenue bonds (Continued). Debt service requirements to maturity on the revenue bonds are as follows:

Year ending December 31,	Principal	Interest
2006	\$ 920,000	\$ 656,900
2007	930,000	643,343
2008	945,000	626,943
2009	460,000	606,565
2010	475,000	592,765
2011-2015	2,630,000	2,709,153
2016-2020	3,200,000	2,142,342
2021-2025	4,025,000	1,319,900
2026-2028	2,915,000	288,844
	\$ 16,500,000	\$ 9,586,755

Landfill Postclosure Costs. State and federal laws and regulations require the County to place a final cover on its Strickland Loop Road Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste (2080), the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The amount reported as landfill closure and postclosure care liability of \$480,092 at December 31, 2005, represents the cumulative amount reported to date based on the use of 10.7% of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$4,017,056 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 1993, adjusted annually for inflation. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Should any problems occur during the closure and postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

B. Discretely Presented Component Unit – Development Authority

The following is a summary of long-term debt activity for the Development Authority for the year ended December 31, 2005:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Development Authority					
Revenue bonds	\$ 5,245,000	\$ -	\$ (1,230,000)	\$ 4,015,000	\$ 1,260,000
Note payable	1,083,760	-	(39,760)	1,044,000	-
Development Authority Long-term liabilities	<u>\$ 6,328,760</u>	<u>\$ -</u>	<u>\$ (1,269,760)</u>	<u>\$ 5,059,000</u>	<u>\$ 1,260,000</u>

Revenue Bonds. The Development Authority of Monroe County has issued a series of revenue bonds to help the County fund various projects. The County has agreed to pay the Authority amounts equal to the principal and interest on bonds as payments become due. Revenue bonds outstanding at December 31, 2005, are as follows:

Series 1999A \$725,000 Development Authority of Monroe County Refunding Revenue Bonds, due in annual installments ranging from \$70,000 to \$90,000 through March 1, 2009, plus interest at 4.35%.	\$ 330,000
Series 199B \$4,375,000 Development Authority of Monroe County Revenue Bonds (Public Building Project), due in annual installments ranging from \$15,000 to \$20,000 through March 1, 2009, plus interest at 6.75%.	70,000
Series 2002 \$4,800,000 Development Authority of Monroe County Revenue Refunding Bonds, due in annual installments ranging from \$905,000 to \$1,015,000 through April 1, 2008, plus interest at 2.99%.	2,960,000
Series 2003 \$1,060,000 Development Authority of Monroe County Revenue Refunding Bonds, due in annual installments ranging from \$200,000 to \$225,000 through April 1, 2008, plus interest at 2.48%.	<u>655,000</u>
	<u>\$ 4,015,000</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

B. Discretely Presented Component Unit – Development Authority

Revenue Bonds (Continued). Debt service requirements to maturity on the revenue bonds are as follows:

Fiscal year ending December 31,	Principal	Interest
2006	\$ 1,260,000	\$ 104,735
2007	1,300,000	65,941
2008	1,345,000	25,753
2009	110,000	2,632
Total	\$ 4,015,000	\$ 199,061

Note payable. In November 2001, the Development Authority purchased approximately 321 acres of land in Monroe County to be used for development as an industrial park in the amount of \$1,283,120. In order to purchase the land, the Development Authority secured a note payable with the seller of the land at an interest rate of 6.00%. Under the terms of the agreement, the debt is payable at the rate of \$4,000 per acre, as and when parcels within the property are sold, along with a pro-rata share of interest accrued as of the date of sale. However, the purchase price must be paid in full on or before November 28, 2011. The County has agreed to pay the Authority amounts equal to the principal and interest on the note as payments become due. The note payable outstanding at December 31, 2005 is \$1,044,000.

NOTE 8. TAX ANTICIPATION NOTE PAYABLE

The County issued a tax anticipation note on July 19, 2005 to provide additional cash flow for the General Fund until tax collections began later in the year. This note carried interest at 2.93% and was due on December 30, 2005. The note was paid in full on December 30, 2005.

The following is a summary of tax anticipation note payable (short-term debt) for the year ended December 31, 2005:

	Beginning Balance	Additions	Reductions	Ending Balance
Short-term note	\$ -	\$ 4,000,000	\$ (4,000,000)	\$ -

NOTES TO FINANCIAL STATEMENTS

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2005, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund			Total	
	General Fund	North Water Fund	Nonmajor governmental funds		Major business-type funds
General Fund	\$ -	\$ -	\$ 610,598	\$ 42,726	\$ 653,324
Nonmajor governmental funds	45,922	451	7,014	-	53,387
Total	<u>\$ 45,922</u>	<u>\$ 451</u>	<u>\$ 617,612</u>	<u>\$ 42,726</u>	<u>\$ 706,711</u>

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

Interfund transfers:

Transfers In	Transfers Out			Total
	General Fund	South Water Fund	Nonmajor governmental funds	
General Fund	\$ -	\$ -	\$ 961,195	\$ 961,195
North Water Fund	195,831	768,483	75,386	1,039,700
South Water Fund	1,343,466	-	729,995	2,073,461
Landfill Fund	848,298	-	-	848,298
Nonmajor governmental funds	1,631,035	907,695	307,552	2,846,282
Total	<u>\$ 4,018,630</u>	<u>\$ 1,676,178</u>	<u>\$ 2,074,128</u>	<u>\$ 7,768,936</u>

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

NOTES TO FINANCIAL STATEMENTS

NOTE 10. JOINT VENTURE

Under Georgia law, the County is a participating member of the Middle Georgia Regional Development Center (RDC) and is required to pay annual dues thereto. During its year ended December 31, 2005, the County paid \$16,753 in such dues. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts and obligations of an RDC. Separate financial statements may be obtained from: Middle Georgia Regional Development Center, 175 C Emery Highway, Macon, Georgia 31217.

NOTE 11. DEFINED BENEFIT PENSION PLAN

Plan Description.

The County sponsors the Association County Commissioners of Georgia Restated Pension Plan for Monroe County Employees (The Plan), which is a defined benefit pension plan.

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Plan is affiliated with the Association County Commissioners of Georgia Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan administered by GEBCorp. The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of The ACCG Plan, as provided in Section 19.03 of The ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of The Plan, as provided in Section 19.02 of the ACCG Plan document. Complete financial statements for the Association County Commissioners of Georgia (ACCG) Defined Benefit Pension Plan can be obtained from Pension Service Company, 1100 Circle 75 Parkway, Suite 300, Atlanta, Georgia 30339.

Funding Policy

The County is required to contribute an actuarially determined amount annually to The Plan's trust. A contribution amount is determined using actuarial methods and assumptions approved by The ACCG Plan trustees and intended to satisfy the minimum contribution requirements as set forth in controlling State of Georgia statutes. Plan participants are not required to contribute to the plan.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. DEFINED BENEFIT PENSION PLAN (Continued)

Annual Pension Cost

The County's annual pension cost and net pension obligation for the pension plan for the year beginning January 1, 2005, (the most recent actuarial valuation date) are as follows:

	<u>January 1, 2005</u>	<u>January 1, 2004</u>
<u>Derivation of Annual Pension Cost</u>		
Annual Required Contribution	\$ 610,463	\$ 601,250
Interest on Net Pension Obligation	(5,224)	-
Amortization of Net Pension Obligation	5,512	-
Annual Pension Cost	\$ 610,751	\$ 601,250

Derivation of Net Pension Obligation

Net Pension Obligation as of Beginning of Prior Year	\$ -
Annual Pension Cost for Prior Year	601,520
Actual Contributions to Plan for Prior Year	666,820
Increase in Net Pension Obligation (Asset)	(65,300)
Net Pension Obligation (Asset) as Beginning of the Year	\$ (65,300)

Basis of Valuation

Current Valuation Date	January 1, 2005
Annual Return on Invested Plan Assets	8.0%
Projected Annual Salary Increases	6.0%
Expected Annual Inflation	3.0%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Projected Unit Credit
Amortization Method	Level Percent of Pay (Closed)
Remaining Amortization Period	10

Trend Information for The Plan

<u>Fiscal Year Beginning</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual County Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
1/1/05	\$ 610,751	\$ N/A	N/A %	\$ (65,300)
1/1/04	601,520	666,820	111	-
1/1/03	568,195	568,195	100	-
1/1/02	470,580	470,580	100	-
1/1/01	343,412	343,412	100	-
1/1/00	314,931	314,931	100	-

NOTES TO FINANCIAL STATEMENTS

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS

The County provides postretirement health care and dental benefits, as per the requirements of a resolution, for certain retirees. The provisions and obligations to contribute are established and may be amended by the Monroe County Board of Commissioners. The only requirement is the employee must retire from the County. The benefits are offered until the retiree turns 65 and is eligible for Medicare. The County pays 50% of the premium and the employee must pay the remaining 50%. The County finances the plan on a pay-as-you-go basis. As of December 31, 2005, there were 5 retired employees receiving health care and dental benefits. For the year ended December 31, 2005, the County paid \$10,091 for these benefits, which was net of \$10,091 of retiree contributions.

NOTE 13. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which, except as described in the following paragraph, the County carries commercial insurance in amounts deemed prudent by County management.

The County participates in the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Association of County Commissioners of Georgia Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs 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 pools' 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 pools' 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 Workers' Compensation law of Georgia. The funds are to pay all costs 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. RISK MANAGEMENT (Continued)

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

The County is partially insured in regard to health insurance claims. The first \$75,000 of claims is paid by the County. The County has a reinsurance policy that pays most claims in excess of the \$75,000, per covered individual, to reduce the exposure from catastrophic loss. These liabilities are recorded in the General Fund and enterprise funds since payment is expected to be made within one year. A third party administrator is employed to process claims for the group health program. Settlement claims have not exceeded this commercial coverage in any of the past three fiscal years. All funds participate in the program and make payments to the General Fund. The claims liability of \$195,024 at December 31, 2005 is based on requirements of Governmental Accounting Standards Board Statement 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Required disclosure representing the changes in the balances of claims liabilities during the years ended December 31, 2005 and 2004, respectively, are as follows:

	December 31,	
	2005	2004
Unpaid claims, beginning of fiscal year	\$ 133,131	\$ 154,216
Claims paid	1,314,303	841,450
Incurred claims	1,376,196	820,365
Unpaid claims, end of fiscal year	<u>\$ 195,024</u>	<u>\$ 133,131</u>

NOTE 14. CONTINGENCIES AND COMMITMENTS

Grant Contingencies:

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

NOTES TO FINANCIAL STATEMENTS

NOTE 14. CONTINGENCIES AND COMMITMENTS (Continued)

Litigation:

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

Contractual Commitments:

In addition to the liabilities enumerated in the balance sheet at December 31, 2005, the County has contractual commitments on uncompleted construction contracts of approximately \$695,168.

NOTE 15. PRIOR PERIOD ADJUSTMENTS

The County has determined that a restatement of beginning governmental activities net assets is required to reflect corrections for errors in the December 31, 2004 financial report. These restatements are as follows:

Governmental activities net assets as previously reported	\$ 22,003,266
Adjustment needed to properly state County's capital assets	(817,972)
Adjustment needed to properly state County's long-term debt	129,013
Adjustment needed to properly state County's accrued liabilities	(42,417)
Individual fund level prior period adjustments discussed below	<u>53,782</u>
Total prior period adjustments	<u>(677,594)</u>
Governmental activities net assets as restated	<u>\$ 21,325,672</u>

The County has determined that a restatement of General Fund assets and liabilities is required to reflect corrections to beginning balances of due from other governments, accounts receivable, accounts payable, and accrued liabilities. The restatement within the General Fund properly increased due from other governments by \$151,086, increased accounts receivable by \$72,466, decreased accounts payable by \$79,780, and increased accrued liabilities by \$20,052 for a resulting increase in fund balance of \$283,280.

The County has determined that a restatement of nonmajor governmental fund assets and liabilities is required to reflect corrections to beginning balances of due from other governments and due to other governments. The restatement within the nonmajor governmental funds properly increased due from other governments by \$220,536 and increased due to other governments by \$450,034 for a resulting decrease in fund balance of 229,498.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. PRIOR PERIOD ADJUSTMENTS (Continued)

The County has determined that a restatement of beginning business-type activities net assets is required to reflect corrections for errors in the December 31, 2004 financial report. These restatements are as follows:

Business-type activities net assets as previously reported	\$ 8,120,562
Individual fund level prior period adjustments discussed below	<u>(253,872)</u>
Total prior period adjustments	<u>(253,872)</u>
Business-type activities net assets as restated	<u><u>\$ 7,866,690</u></u>

The County has determined that a restatement of North Water Fund assets is required to reflect corrections to beginning balances of capital assets. The restatement within the North Water Fund properly increased capital assets and accumulated depreciation by \$765,167 and \$25,074, respectively, for a resulting increase in net assets of \$740,093.

The County has determined that a restatement of South Water Fund assets is required to reflect corrections to beginning balances of capital assets. The restatement within the South Water Fund properly decreased capital assets by \$823,367 and increased accumulated depreciation by \$170,598 for a resulting decrease in net assets of \$993,965.

The County has determined that a restatement of beginning net assets of the Development Authority is required to reflect corrections for errors in the December 31, 2004 financial report. These restatements are as follows:

Development Authority net assets as previously reported	\$ (3,192,852)
Adjustment needed to properly state Development Authority's accrued liabilities	<u>(242,727)</u>
Total prior period adjustments	<u>(242,727)</u>
Development Authority net assets as restated	<u><u>\$ (3,435,579)</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

**MONROE COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	(Overfunded) Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	(Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll
01/01/05	\$ 8,189,516	\$ 10,448,930	\$ 2,259,414	78.4 %	\$ 4,958,705	45.6 %
01/01/04	7,314,273	9,363,039	2,048,766	78.1	4,502,396	45.5
01/01/03	6,186,009	8,160,142	1,974,133	75.8	4,294,078	46.0
01/01/02	6,275,434	7,237,219	961,785	86.7	3,884,958	24.8
01/01/01	6,171,623	6,719,639	548,016	91.8	3,705,902	14.8
01/01/00	5,873,476	5,980,936	107,460	98.2	3,330,703	3.2

**MONROE COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS**

Special Revenue Funds

Library Fund – To account for costs of operating and maintaining the Monroe County Library. Financing is provided from general revenues of the County, fines, and contributions.

Forfeited Funds – To account for monies seized and ordered as forfeited by the courts. Monies are seized in drug related cases. All funds are expended by law enforcement personnel.

Law Library Fund – To account for costs of operating and maintaining the County Law Library. Financing is provided from a charge added to and collected on all costs in civil and criminal cases.

Jail Fines Fund – To account for monies received by the collection of a 10% add-on fine as allowed by state law to be used for construction, operating, and staffing the County jail.

Drug Education Fund – To account for the expenditure of monies from the County Drug Abuse Treatment and Education Fund. Financing is provided by the collection of an add-on fine as allowed by state law.

E-911 Fund – To account for the cost of operating and maintaining the Monroe County E-911 System. Financing is provided by a charge to each telephone subscriber whose exchange access lines are in the areas served by the Monroe County E-911 system and by a transfer from the General Fund.

C.A.R.E. Cottage Fund – To account for the operation of the Monroe County Child Abuse Reporting Enforcement Cottage. Financing is provided by fines, grants, and contributions.

Federal Forfeited Funds – To account for monies seized and ordered as forfeited by the federal courts. Monies are seized in drug related cases. All funds are expended by law enforcement personnel.

EMS Grant Fund – To account for the receipt and expenditures of monies received from various grants and contributions for the Emergency Medical Services.

EMA Grant Fund – To account for the receipt and expenditures of monies received from various grants and contributions for the Emergency Management Agency.

Debt Service Funds

Tift College Fund – To account for taxes levied to fund the principal and interest requirements on the bonds issued by the Development Authority to pay for a portion of the purchase price of the former Tift College campus. Financing is provided by a special County one percent sales and use tax.

**MONROE COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS**

Capital Projects Funds

Water Capital Fund – To account for the construction of water lines and sewerage lines within the County from resources provided by a special County one percent sales and use tax.

Jail Fund – To account for the construction of a County jail and associated administrative buildings for the Sheriff's Department. Financing for this project is provided by a special County one percent sales and use tax.

Roads Fund – To account for the improvements of public roads within the County from resources provided by a special County one percent sales and use tax.

Fire Department – To account for the construction of two fire stations and related capital equipment used in the operation of these facilities, including two fire trucks. Financing is provided by a special County one percent sales and use tax.

Recreation Fund – To account for capital improvements to the Monroe County Recreation Center. Financing is provided by a special County one percent sales and use tax.

Youth Center Fund – To account for the construction of a Youth Center. Financing is provided by a special County one percent sales and use tax.

Courthouse Fund – To account for capital improvements to the Monroe County Courthouse. Financing is provided by a special County one percent sales and use tax.

Patrol Vehicles Fund – To account for the acquisition of patrol vehicles for the Monroe County Sheriff's Office. Financing is provided by a special County one percent sales and use tax.

Emergency Services Fund – To account for capital improvements to the Monroe County Emergency Services. Financing is provided by a special County one percent sales and use tax.

Animal Shelter Fund – To account for the construction of an animal shelter in Monroe County. Financing is provided by a special County one percent sales and use tax.

2003 SPLOST Capital Project Fund – To account for revenues received on behalf of the City of Forsyth and the City of Culloden. Financing is provided by a special County one percent sales and use tax.

Headstart CDBG Fund – To account for revenues received from a Community Development Block Grant for the purpose of building a Headstart facility in Monroe County.

Hospital Fund – To account for capital improvements at the Monroe County Hospital. Financing is provided by a special County one percent sales and use tax.

MONROE COUNTY, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

DECEMBER 31, 2005

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Total Governmental Funds
ASSETS				
Cash	\$ 552,233	\$ 253,739	\$ 2,501,251	\$ 3,307,223
Investments	88,839	-	-	88,839
Accounts receivable	34,432	-	-	34,432
Due from other governments	32,386	154,192	412,527	599,105
Due from other funds	38,663	1,778	12,946	53,387
Total assets	<u>\$ 746,553</u>	<u>\$ 409,709</u>	<u>\$ 2,926,724</u>	<u>\$ 4,082,986</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 37,306	\$ -	\$ 205,828	\$ 243,134
Accrued liabilities	11,233	-	-	11,233
Due to other funds	317,146	18,894	281,572	617,612
Due to other governments	-	-	552,558	552,558
Total liabilities	<u>365,685</u>	<u>18,894</u>	<u>1,039,958</u>	<u>1,424,537</u>
FUND BALANCES				
Reserved for:				
Phase 1	50,558	-	-	50,558
Unreserved	330,310	390,815	1,886,766	2,607,891
Total fund balances	<u>380,868</u>	<u>390,815</u>	<u>1,886,766</u>	<u>2,658,449</u>
Total liabilities and fund balances	<u>\$ 746,553</u>	<u>\$ 409,709</u>	<u>\$ 2,926,724</u>	<u>\$ 4,082,986</u>

MONROE COUNTY, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Total Governmental Funds
Revenues:				
Sales tax	\$ -	\$ 979,978	\$ 2,496,613	\$ 3,476,591
Intergovernmental	124,863	-	124,957	249,820
Fines and forfeitures	451,963	-	-	451,963
Charges for services	309,301	-	-	309,301
Interest income	3,732	2,458	8,408	14,598
Miscellaneous	11,972	-	99,136	111,108
Total revenues	901,831	982,436	2,729,114	4,613,381
Expenditures:				
Current:				
General government	-	-	584,144	584,144
Judicial	15,375	-	-	15,375
Public safety	1,026,272	-	65	1,026,337
Health and welfare	12,961	-	104,917	117,878
Housing and development	-	1,261,268	-	1,261,268
Capital outlay	-	-	2,022,200	2,022,200
Debt service:				
Principal	-	-	33,221	33,221
Interest and fiscal charges	-	-	4,879	4,879
Total expenditures	1,054,608	1,261,268	2,749,426	5,065,302
Deficiency of revenues under expenditures	(152,777)	(278,832)	(20,312)	(451,921)
Other financing uses (sources):				
Transfers in	694,666	-	2,151,616	2,846,282
Transfers out	(307,552)	-	(1,766,576)	(2,074,128)
Total other financing uses (sources)	387,114	-	385,040	772,154
Net change in fund balances	234,337	(278,832)	364,728	320,233
Fund balances, beginning of year	146,531	594,949	1,826,234	2,567,714
Prior period adjustment	-	74,698	(304,196)	(229,498)
Fund balance, beginning of year as restated	146,531	669,647	1,522,038	2,338,216
Fund balances, end of year	\$ 380,868	\$ 390,815	\$ 1,886,766	\$ 2,658,449

MONROE COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

DECEMBER 31, 2005

	<u>Library</u>	<u>Forfeited Funds</u>	<u>Law Library</u>	<u>Jail Fines</u>	<u>Drug Education</u>
ASSETS					
Cash	\$ 6,549	\$ 11,049	\$ 14,343	\$ 71,039	\$ 28,822
Investments	46,520	-	42,319	-	-
Accounts receivable	292	-	1,067	-	-
Due from other governments	-	-	-	1,352	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 53,361</u>	<u>\$ 11,049</u>	<u>\$ 57,729</u>	<u>\$ 72,391</u>	<u>\$ 28,822</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ 1,171	\$ 2,438	\$ -	\$ 1,466
Accrued liabilities	-	-	-	-	642
Due to other funds	-	5,554	-	210,903	11,255
Total liabilities	<u>-</u>	<u>6,725</u>	<u>2,438</u>	<u>210,903</u>	<u>13,363</u>
FUND BALANCES (DEFICIT)					
Reserved for:					
Phase 1	-	-	-	-	-
Unreserved	53,361	4,324	55,291	(138,512)	15,459
Total fund balances	<u>53,361</u>	<u>4,324</u>	<u>55,291</u>	<u>(138,512)</u>	<u>15,459</u>
Total liabilities and fund balances	<u>\$ 53,361</u>	<u>\$ 11,049</u>	<u>\$ 57,729</u>	<u>\$ 72,391</u>	<u>\$ 28,822</u>

<u>E-911</u>	<u>C.A.R.E. Cottage</u>	<u>Federal Forfeited Funds</u>	<u>EMS Grant</u>	<u>EMA Grant</u>	<u>Total Special Revenue Funds</u>
\$ 169,319	\$ 186,528	\$ 60,120	\$ 25	\$ 4,439	\$ 552,233
-	-	-	-	-	88,839
33,073	-	-	-	-	34,432
-	31,034	-	-	-	32,386
-	38,663	-	-	-	38,663
<u>\$ 202,392</u>	<u>\$ 256,225</u>	<u>\$ 60,120</u>	<u>\$ 25</u>	<u>\$ 4,439</u>	<u>\$ 746,553</u>
\$ 31,382	\$ 849	\$ -	\$ -	\$ -	\$ 37,306
9,433	1,158	-	-	-	11,233
88,766	-	30	-	638	317,146
<u>129,581</u>	<u>2,007</u>	<u>30</u>	<u>-</u>	<u>638</u>	<u>365,685</u>
50,558	-	-	-	-	50,558
22,253	254,218	60,090	25	3,801	330,310
<u>72,811</u>	<u>254,218</u>	<u>60,090</u>	<u>25</u>	<u>3,801</u>	<u>380,868</u>
<u>\$ 202,392</u>	<u>\$ 256,225</u>	<u>\$ 60,120</u>	<u>\$ 25</u>	<u>\$ 4,439</u>	<u>\$ 746,553</u>

MONROE COUNTY, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

	<u>Library</u>	<u>Forfeited Funds</u>	<u>Law Library</u>	<u>Jail Fines</u>	<u>Drug Education</u>
Revenues:					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	5,728	28,895	23,608	188,558	54,117
Charges for services	-	-	-	-	-
Interest income	907	54	1,058	96	110
Miscellaneous	8,958	-	-	-	628
Total revenues	<u>15,593</u>	<u>28,949</u>	<u>24,666</u>	<u>188,654</u>	<u>54,855</u>
Expenditures:					
Current:					
Judicial	-	-	15,375	-	-
Public safety	-	24,465	-	34,531	57,377
Culture and recreation	12,961	-	-	-	-
Total expenditures	<u>12,961</u>	<u>24,465</u>	<u>15,375</u>	<u>34,531</u>	<u>57,377</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,632</u>	<u>4,484</u>	<u>9,291</u>	<u>154,123</u>	<u>(2,522)</u>
Other financing uses (sources):					
Transfers in	-	-	-	226,604	-
Transfers out	-	-	-	(307,552)	-
Total other financing uses (sources)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(80,948)</u>	<u>-</u>
Net change in fund balances	2,632	4,484	9,291	73,175	(2,522)
Fund balances (deficit), beginning of year	<u>50,729</u>	<u>(160)</u>	<u>46,000</u>	<u>(211,687)</u>	<u>17,981</u>
Fund balances (deficit), end of year	<u>\$ 53,361</u>	<u>\$ 4,324</u>	<u>\$ 55,291</u>	<u>\$ (138,512)</u>	<u>\$ 15,459</u>

<u>E-911</u>	<u>C.A.R.E. Cottage</u>	<u>Federal Forfeited Funds</u>	<u>EMS Grant</u>	<u>EMA Grant</u>	<u>Total Special Revenue Funds</u>
\$ -	\$ 112,164	\$ -	\$ -	\$ 12,699	\$ 124,863
-	90,389	60,668	-	-	451,963
309,301	-	-	-	-	309,301
1,011	489	-	-	7	3,732
-	2,261	-	25	100	11,972
<u>310,312</u>	<u>205,303</u>	<u>60,668</u>	<u>25</u>	<u>12,806</u>	<u>901,831</u>
-	-	-	-	-	15,375
720,279	176,704	3,911	-	9,005	1,026,272
-	-	-	-	-	12,961
<u>720,279</u>	<u>176,704</u>	<u>3,911</u>	<u>-</u>	<u>9,005</u>	<u>1,054,608</u>
<u>(409,967)</u>	<u>28,599</u>	<u>56,757</u>	<u>25</u>	<u>3,801</u>	<u>(152,777)</u>
468,062	-	-	-	-	694,666
-	-	-	-	-	(307,552)
<u>468,062</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>387,114</u>
58,095	28,599	56,757	25	3,801	234,337
<u>14,716</u>	<u>225,619</u>	<u>3,333</u>	<u>-</u>	<u>-</u>	<u>146,531</u>
<u>\$ 72,811</u>	<u>\$ 254,218</u>	<u>\$ 60,090</u>	<u>\$ 25</u>	<u>\$ 3,801</u>	<u>\$ 380,868</u>

MONROE COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS

DECEMBER 31, 2005

	<u>Water Capital</u>	<u>Jail</u>	<u>Roads</u>	<u>Fire</u>	<u>Recreation</u>	<u>Youth Center</u>
ASSETS						
Cash	\$ 427,217	\$ -	\$ 665,098	\$ 96,783	\$ 59,989	\$ 11,499
Due from other governments	116,257	-	116,257	-	9,790	4,895
Due from other funds	1,340	-	1,289	-	7,823	56
Total assets	<u>\$ 544,814</u>	<u>\$ -</u>	<u>\$ 782,644</u>	<u>\$ 96,783</u>	<u>\$ 77,602</u>	<u>\$ 16,450</u>
LIABILITIES AND FUND BALANCES						
Accounts payable	\$ 20,750	\$ -	\$ 164,578	\$ -	\$ -	\$ 800
Due to other funds	99,758	-	-	-	25,500	73,000
Due to other governments	-	-	-	-	-	-
Total liabilities	<u>120,508</u>	<u>-</u>	<u>164,578</u>	<u>-</u>	<u>25,500</u>	<u>73,800</u>
FUND BALANCES (DEFICIT)						
Unreserved	424,306	-	618,066	96,783	52,102	(57,350)
Total fund balances	<u>424,306</u>	<u>-</u>	<u>618,066</u>	<u>96,783</u>	<u>52,102</u>	<u>(57,350)</u>
Total liabilities and fund balances	<u>\$ 544,814</u>	<u>\$ -</u>	<u>\$ 782,644</u>	<u>\$ 96,783</u>	<u>\$ 77,602</u>	<u>\$ 16,450</u>

<u>Courthouse</u>	<u>Patrol Vehicles</u>	<u>Emergency Services</u>	<u>Animal Shelter</u>	<u>2003 SPLOST</u>	<u>Headstart CDBG</u>	<u>Hospital</u>	<u>Total Capital Project Funds</u>
\$ 593,283	\$ 61,159	\$ 44,215	\$ 64,590	\$ 467,856	\$ -	\$ 9,562	\$ 2,501,251
24,475	15,297	4,406	3,549	91,782	19,700	6,119	412,527
282	176	51	1,858	-	-	71	12,946
<u>\$ 618,040</u>	<u>\$ 76,632</u>	<u>\$ 48,672</u>	<u>\$ 69,997</u>	<u>\$ 559,638</u>	<u>\$ 19,700</u>	<u>\$ 15,752</u>	<u>\$ 2,926,724</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,700	\$ -	\$ 205,828
-	-	76,201	-	7,013	100	-	281,572
-	-	-	-	552,558	-	-	552,558
-	-	76,201	-	559,571	19,800	-	1,039,958
618,040	76,632	(27,529)	69,997	67	(100)	15,752	1,886,766
618,040	76,632	(27,529)	69,997	67	(100)	15,752	1,886,766
<u>\$ 618,040</u>	<u>\$ 76,632</u>	<u>\$ 48,672</u>	<u>\$ 69,997</u>	<u>\$ 559,638</u>	<u>\$ 19,700</u>	<u>\$ 15,752</u>	<u>\$ 2,926,724</u>

MONROE COUNTY, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

	<u>Water Capital</u>	<u>Jail</u>	<u>Roads</u>	<u>Fire</u>	<u>Recreation</u>	<u>Youth Center</u>
Revenues:						
Sales tax	\$ 738,873	\$ -	\$ 738,873	\$ -	\$ 62,221	\$ 31,109
Intergovernmental	76,292	-	-	-	-	-
Interest income	663	7	4,343	232	198	151
Miscellaneous	99,136	-	-	-	-	-
Total revenues	<u>914,964</u>	<u>7</u>	<u>743,216</u>	<u>232</u>	<u>62,419</u>	<u>31,260</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	65	-	-	-	-
Health and welfare:	-	-	-	-	-	-
Capital outlay	535,632	-	916,456	-	86,323	327,761
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>535,632</u>	<u>65</u>	<u>916,456</u>	<u>-</u>	<u>86,323</u>	<u>327,761</u>
Excess (deficiency) of revenues over (under) expenditures	<u>379,332</u>	<u>(58)</u>	<u>(173,240)</u>	<u>232</u>	<u>(23,904)</u>	<u>(296,501)</u>
Other financing uses (sources):						
Transfers in	907,695	307,552	600,250	-	-	336,119
Transfers out	(919,041)	(759,739)	(87,796)	-	-	-
Total other financing uses (sources)	<u>(11,346)</u>	<u>(452,187)</u>	<u>512,454</u>	<u>-</u>	<u>-</u>	<u>336,119</u>
Net change in fund balances	367,986	(452,245)	339,214	232	(23,904)	39,618
Fund balances (deficit), beginning of year	-	452,245	222,532	96,551	71,263	(99,339)
Prior period adjustment	<u>56,320</u>	<u>-</u>	<u>56,320</u>	<u>-</u>	<u>4,743</u>	<u>2,371</u>
Fund balance (deficit), beginning of year as restated	<u>56,320</u>	<u>452,245</u>	<u>278,852</u>	<u>96,551</u>	<u>76,006</u>	<u>(96,968)</u>
Fund balances (deficit), end of year	<u>\$ 424,306</u>	<u>\$ -</u>	<u>\$ 618,066</u>	<u>\$ 96,783</u>	<u>\$ 52,102</u>	<u>\$ (57,350)</u>

<u>Courthouse</u>	<u>Patrol Vehicles</u>	<u>Emergency Services</u>	<u>Animal Shelter</u>	<u>2003 SPLOST</u>	<u>Headstart CDBG</u>	<u>Hospital</u>	<u>Total Capital Project Funds</u>
\$ 155,553	\$ 97,219	\$ 28,000	\$ 22,553	\$ 583,323	\$ -	\$ 38,889	\$ 2,496,613
-	-	-	-	-	48,665	-	124,957
1,275	190	91	157	888	-	213	8,408
-	-	-	-	-	-	-	99,136
<u>156,828</u>	<u>97,409</u>	<u>28,091</u>	<u>22,710</u>	<u>584,211</u>	<u>48,665</u>	<u>39,102</u>	<u>2,729,114</u>
-	-	-	-	584,144	-	-	584,144
-	-	-	-	-	-	-	65
-	-	-	-	-	-	104,917	104,917
6,789	100,500	-	-	-	48,739	-	2,022,200
-	-	33,221	-	-	-	-	33,221
-	-	4,879	-	-	-	-	4,879
<u>6,789</u>	<u>100,500</u>	<u>38,100</u>	<u>-</u>	<u>584,144</u>	<u>48,739</u>	<u>104,917</u>	<u>2,749,426</u>
<u>150,039</u>	<u>(3,091)</u>	<u>(10,009)</u>	<u>22,710</u>	<u>67</u>	<u>(74)</u>	<u>(65,815)</u>	<u>(20,312)</u>
-	-	-	-	-	-	-	2,151,616
-	-	-	-	-	-	-	(1,766,576)
-	-	-	-	-	-	-	385,040
150,039	(3,091)	(10,009)	22,710	67	(74)	(65,815)	364,728
456,144	72,313	(19,654)	45,568	450,034	(26)	78,603	1,826,234
11,857	7,410	2,134	1,719	(450,034)	-	2,964	(304,196)
<u>468,001</u>	<u>79,723</u>	<u>(17,520)</u>	<u>47,287</u>	<u>-</u>	<u>(26)</u>	<u>81,567</u>	<u>1,522,038</u>
<u>\$ 618,040</u>	<u>\$ 76,632</u>	<u>\$ (27,529)</u>	<u>\$ 69,997</u>	<u>\$ 67</u>	<u>\$ (100)</u>	<u>\$ 15,752</u>	<u>\$ 1,886,766</u>

MONROE COUNTY, GEORGIA

**SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 1997 ISSUE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

<u>Project Description</u>	<u>Original and Revised Estimated Cost</u>	<u>Expenditures</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Fire Department Capital Improvements	\$ 500,000	\$ 406,029	\$ -	\$ 406,029
Youth Center Facility	600,000	600,000	-	600,000
Courthouse Capital Improvements	<u>250,000</u>	<u>114,917</u>	<u>6,789</u>	<u>121,706</u>
Total	<u>\$ 1,350,000</u>	<u>\$ 1,120,946</u>	<u>\$ 6,789</u>	<u>\$ 1,127,735</u>

MONROE COUNTY, GEORGIA

**SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2002 ISSUE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

<u>Project Description</u>	<u>Original Estimated Cost</u>	<u>Expenditures</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Recreation Facilities and Equipment	\$ 400,000	\$ 54,815	\$ 86,323	\$ 141,138
Courthouse Capital Improvements	1,000,000	-	-	-
Patrol Vehicles	625,000	124,061	100,500	224,561
Emergency Services Equipment	180,000	180,000	38,100	218,100
Animal Shelter Facility and Equipment	145,000	-	-	-
Tift College Bonds Debt Service	6,300,000	1,386,463	1,261,268	2,647,731
Roads, Streets, and Bridges	4,750,000	1,358,202	916,456	2,274,658
Construction of Water and Sewer Lines	4,750,000	339,571	535,632	875,203
Hospital Capital Improvements	250,000	-	104,917	104,917
Youth Center Facility	200,000	169,722	30,278	200,000
Total	<u>\$ 18,600,000</u>	<u>\$ 3,612,834</u>	<u>\$ 3,073,474</u>	<u>\$ 6,686,308</u>

MONROE COUNTY, GEORGIA
AGENCY FUNDS

Tax Commissioner – To account for the collection and payment to Monroe County and other taxing units of the property taxes levied, billed, and collected by the Tax Commissioner on behalf of Monroe County and other taxing units.

Clerk of Superior Court – To account for all monies received by the Clerk of Superior Court on behalf of individuals, private organizations, other governmental units, and other funds.

Probate Court – To account for all monies received by the Probate Court on behalf of individuals, private organizations, other governmental units, and other funds.

Magistrate Court – To account for all monies received by the Magistrate Court on behalf of individuals, private organizations, other governmental units, and other funds.

Sheriff – To account for all monies received by the Sheriff's Department on behalf of individuals, private organizations, other governmental units, and other funds.

MONROE COUNTY, GEORGIA

**COMBINING BALANCE SHEET
AGENCY FUNDS
JUNE 30, 2006**

ASSETS	<u>Tax Commissioner</u>	<u>Clerk of Superior Court</u>	<u>Probate Court</u>	<u>Magistrate Court</u>	<u>Sheriff</u>	<u>Total</u>
Cash	\$ 334,968	\$ 145,057	\$ 128,644	\$ 10,200	\$ 328,679	\$ 947,548
Taxes receivable	<u>26,193,097</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,193,097</u>
Total assets	<u>\$ 26,528,065</u>	<u>\$ 145,057</u>	<u>\$ 128,644</u>	<u>\$ 10,200</u>	<u>\$ 328,679</u>	<u>\$ 27,140,645</u>
 LIABILITIES						
Due to others	\$ 334,968	\$ 145,057	\$ 128,644	\$ 10,200	\$ 328,679	\$ 947,548
Uncollected taxes	<u>26,193,097</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,193,097</u>
Total liabilities	<u>\$ 26,528,065</u>	<u>\$ 145,057</u>	<u>\$ 128,644</u>	<u>\$ 10,200</u>	<u>\$ 328,679</u>	<u>\$ 27,140,645</u>

COMPLIANCE SECTION



CERTIFIED PUBLIC ACCOUNTANTS, LLC

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

**Board of Commissioners
of Monroe County, Georgia
Forsyth, 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 Monroe County, Georgia, as of and for the year ended December 31, 2005, which collectively comprise Monroe County, Georgia's basic financial statements and have issued our report thereon dated December 8, 2006. We did not audit the financial statements of the Monroe County Board of Health. Those financial statements were audited by other auditors whose report has been furnished to us. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Monroe County, Georgia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Monroe County, Georgia's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and responses as items 2005-1 through 2005-4.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2005-1 and 2005-2 to be material weaknesses.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Monroe County, Georgia in a separate letter dated December 8, 2006.

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

Mauldin & Jenkins, LLC

Macon, Georgia
December 8, 2006

MONROE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2005

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting: Material weaknesses identified?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
Reportable conditions identified not considered to be material weaknesses?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

Federal Awards

Not applicable as a single audit was not performed for the year ended December 31, 2005 due to the County not expending \$500,000 or more of federal funds.

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2005-1. Accounting Procedures

Criteria: Significant balances and transactions in any operation should be recorded, reconciled, reviewed and adjusted on a monthly basis in accordance with generally accepted accounting principles and Statements of the Governmental Accounting Standards Board.

Condition: During the year ended December 31, 2005, the beginning balances of the following assets and liabilities of the County were determined to be incorrectly stated as of December 31, 2004 and required the recording of several restatements (prior period adjustments):

- Capital assets of governmental activities – The detailed listings of capital assets were not properly maintained as of December 31, 2004, including the capitalization of amounts that should have been expensed.
- Capital assets of proprietary funds – The County did not maintain detailed capital asset listings for the North and South Water Funds as of December 31, 2004. The County also did not properly capitalize donated infrastructure within these funds.
- Capital leases payable – The balance of capital leases payable as of December 31, 2004 was understated.
- Compensated absences – The balance of compensated absences as of December 31, 2004 was overstated.

MONROE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2005

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2005-1. Accounting Procedures (Continued)

- Accrued liabilities – The beginning balance of accrued interest was not recorded in the prior year in the County's governmental activities long-term debt, specifically accrued interest for capital leases. Also, certain payroll taxes payable were not recorded as of December 31, 2004.
- Due from Other Governments – Amounts due from the State of Georgia for certain Local Option Sales Taxes and Special Purpose Local Option Sales Taxes were not accrued.
- Accounts receivable – The beginning balance of accounts receivable was understated.
- Accounts payable – The beginning balance of accounts payable was overstated.
- Due to other governments – The amounts due to the Cities of Culloden and Forsyth were recorded as reserved fund balance instead of as due to other governments and as current liabilities.

Context: See above condition.

Effect:

- Capital assets of governmental activities – A restatement to decrease capital assets in the amount of \$817,972 was required to be reported in the entity-wide governmental activities which decreased net assets as of December 31, 2004.
- Capital assets of proprietary funds - A restatement to increase capital assets in the amount of \$740,093 was required to be reported in the North Water Fund which increased net assets. A restatement to decrease capital assets in the amount of \$993,965 was required to be reported in the South Water Fund which decreased net assets as of December 31, 2004.
- Capital leases payable – A restatement to increase capital leases payable in the amount of \$88,052 was required to be reported in the entity-wide governmental activities which decreased net assets as of December 31, 2004.
- Compensated absences – A restatement to decrease compensated absences payable in the amount of \$217,065 was required to be reported in the entity-wide governmental activities which increased net assets as of December 31, 2004.
- Accrued liabilities – A restatement to increase accrued liabilities in the amount of \$42,417 was required to be reported in the entity-wide governmental activities to record accrued interest which decreased net assets as of December 31, 2004. Additionally, a restatement to increase accrued liabilities in the amount of \$20,052 was required to be reported in the General Fund to record certain payroll taxes payable which decreased fund balance as of December 31, 2004.
- Due from other governments – A restatement to increase Due from Other Governments in the amount of \$151,086 was required to be reported in the General Fund which increased fund balance as of December 31, 2004. Also, a restatement to increase due from other governments in the amount of \$220,536 was required to be reported in nonmajor governmental funds which increased the fund balance as of December 31, 2004.

MONROE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2005

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2005-1. Accounting Procedures (Continued)

- Accounts receivable – A restatement to increase accounts receivable in the amount of \$72,466 was required to be reported in the General Fund which increased fund balance as of December 31, 2004.
- Accounts payable – A restatement to decrease accounts payable in the amount of \$79,780 was required to be reported in the General Fund which increased fund balance as of December 31, 2004.
- Due to other governments – A restatement to increase due to other governments in the amount of \$450,034 was required to be reported in nonmajor governmental funds which decreased the fund balance as of December 31, 2004.

Cause: Lack of management oversight over several years, and lack of accounting knowledge by the parties responsible for maintenance of such accounts resulted in these adjustments.

Recommendation: We recommend the County work diligently to correct the problems noted above. Additionally, the County should implement procedures to ensure the above balances are being reconciled on a monthly basis to prevent future errors.

Auditee Response: We concur. The County is in the process of implementing new policies and procedures to correct and prevent errors such as those noted above.

2005-2. Development Authority Accrued Interest

Criteria: Generally accepted accounting principles require the reporting of all liabilities associated with full-accrual environments. The entity-wide perspective under *GASB Statement No. 34, Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments* represents a full-accrual environment, and requires the reporting of long-term liabilities, including accrued interest on those liabilities.

Condition: During the year ended December 31, 2005, the beginning balance of accrued liabilities of the Development Authority was determined to be incorrectly stated as of December 31, 2004 and required the recording of a restatement (prior period adjustment). The beginning balance of accrued interest was not recorded in the prior year on the Development Authority's long-term debt, specifically bonds and notes payable.

Context: See above condition.

Effect: A restatement to increase accrued liabilities in the amount of \$242,727 was required to be reported in the entity-wide activities of the Development Authority to record accrued interest which decreased net assets as of December 31, 2004.

MONROE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2005

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2005-2. Development Authority Accrued Interest (Continued)

Cause: Lack of management oversight over several years, and lack of accounting knowledge by the parties responsible for maintenance of such accounts.

Recommendation: We recommend the Development Authority begin recognizing this liability as required, and record the necessary adjustments in the future.

Auditee Response: We concur. The Development Authority will calculate and record all necessary accrued interest in future periods.

2005-3. Maintenance of Records for Agency Fund Accounts

Criteria: Agency funds are used to account for resources held by the County in a purely custodial capacity, which means that all funds held are owed to other governments, organizations, or individuals. Due to the nature of these funds, it is important that adequate records be maintained to account for receipts, disbursements, and any residual funds that are held to be paid at a later date. Such listings should be reconciled to the respective cash balances maintained.

Condition: During our audit of the various elected officials as of December 31, 2005, we noted the detail listings of amounts payable to (or on behalf of) various parties were not being reconciled to the respective recorded cash balances. This situation was observed on certain accounts maintained at the following elected officials' offices: the Tax Commissioner, the Sheriff, and the Probate Court.

Context: At the office of the Tax Commissioner, we noted approximately \$16,000 of excess cash in the operating account at December 31, 2005. At the offices of the Probate Court and Sheriff, we noted no listings were maintained and reconciled to support the balances held in the Probate Court accounts and Sheriff's Jail Inmate account as of December 31, 2005.

Effect: By not reconciling the cash balances on hand to the supporting detail listings, differences could occur and go undetected by the elected officials.

Cause: The excess at the offices of the Tax Commissioner was caused by funds being held during prior years. The lack of listings at the offices of the Probate Court and Sheriff was due to the proper reports not being printed and reconciled each month.

MONROE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2005

2005-3. Maintenance of Records for Agency Fund Accounts (Continued)

Recommendation: The County should maintain adequate records including detailed listings to support the balances held in the agency funds.

Auditee Response: We concur. We will work to determine to whom all cash balances are owed, maintain these listings, and reconcile them to the cash balances on hand on a monthly basis.

2005-4. Segregation of Duties

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

Condition: There is not appropriate segregation of duties between recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds possessed by the County. This is especially prominent in the offices of the Board of Commissioners, Water Department, Probate Court, Magistrate Court, Clerk of Superior Court, Tax Commissioner.

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

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

Cause: The lack of segregation of duties is due to the limited number of individuals in each office to perform all of the duties.

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

Auditee Response: We concur. The offices listed above are in the process of reviewing their respective systems to evaluate and determine the most efficient and effective solution to properly segregate duties among recording, distribution, and reconciliation of accounts to provide reasonable assurance that an individual cannot misappropriate funds without being detected during the normal course of business.

MONROE COUNTY, GEORGIA

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2005**

**SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

Not applicable.



INDEPENDENT ACCOUNTANT'S REPORT ON LOCAL ASSISTANCE GRANTS

**Board of Commissioners
of Monroe County, Georgia
Forsyth, Georgia**

We have examined management's assertion included in the accompanying State of Georgia Grant Certification Form about Monroe County, Georgia's compliance during the year ended December 31, 2005, with the requirement to use grant proceeds solely for the purpose or purposes for which the grants were made for Local Assistance Grants #02-C-L-503 and #02-C-L-525. Management is responsible for Monroe County, Georgia's compliance with this requirement. Our responsibility is to express an opinion on management's assertion about Monroe County, Georgia's compliance based on our examination.

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting Monroe County, Georgia's compliance with the above mentioned requirement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Monroe County, Georgia's compliance with the specified requirement.

In our opinion, management's assertion that Monroe County, Georgia complied with the aforementioned requirement for the year ended December 31, 2005, is fairly stated, in all material respects.

This report is intended solely for the information and use of the Monroe County, Georgia Board of Commissioners and the Georgia Department of Audits and Accounts, and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Macon, Georgia
December 8, 2006

**State of Georgia Grant Certification Form
Local Government Recipient (with no subrecipient)**

LINE

- A Local Government
- B State Awarding Agency
- C Grant Identification Number
- D Grant Title
- E Grant Award Date
- F Grant Amount

Monroe County, Georgia
Department of Community Affairs State of Georgia
02-C-L-503
Local Assistance Grant
07/02/01
\$25,000.00

	<u>COLUMN 1</u> Current Year Activity	<u>COLUMN 2</u> Cumulative Grant Activity
	For the Year Ended: December 31, 2005	Through the Year Ended: December 31, 2005
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue) \$18,461.00	
I	Grant Receipts or Revenue Recognized \$0.00	\$25,000.00
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES \$0.00	\$6,539.00
K	Disbursements or Expenditures for Audit Fees \$0.00	\$0.00
L	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K] \$18,461.00	\$18,461.00

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made.

Signature of Chief Elected Official _____ Date _____

Signature of Chief Financial Officer _____ Date _____

State of Georgia Grant Certification Form
Local Government Recipient (with no subrecipient)

LINE

- A Local Government
- B State Awarding Agency
- C Grant Identification Number
- D Grant Title
- E Grant Award Date
- F Grant Amount

Monroe County, Georgia
Department of Community Affairs State of Georgia
02-C-L-525
Local Assistance Grant
07/02/01
\$2,000.00

	<u>COLUMN 1</u> Current Year Activity	<u>COLUMN 2</u> Cumulative Grant Activity
G	For the Year Ended: December 31, 2005	Through the Year Ended: December 31, 2005
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue) \$2,000.00	
I	Grant Receipts or Revenue Recognized \$0.00	\$2,000.00
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES \$0.00	\$0.00
K	Disbursements or Expenditures for Audit Fees \$0.00	\$0.00
L	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K] \$2,000.00	\$2,000.00

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made.

Signature of Chief Elected Official _____ Date _____

Signature of Chief Financial Officer _____ Date _____