

**MONROE COUNTY, GEORGIA**

**FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2006**

**MONROE COUNTY, GEORGIA**  
**FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006**

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## INDEPENDENT AUDITOR'S REPORT

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**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, 2006, 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 \$177,477 as of June 30, 2006, and total revenues of \$476,555 for the year ended June 30, 2006. 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, 2006, 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.

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In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2007, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As described in Notes 1 and 6, the County has retroactively reported major general infrastructure assets, as allowed by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended and interpreted, as of and for the year ended December 31, 2006.

The Management's Discussion and Analysis (on pages 3 through 11) and the Schedule of Funding Progress (on page 54) 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  
June 13, 2007

**MONROE COUNTY, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2006**

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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, 2006. 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, 2006, by \$106,369,350 (net assets). Of this amount, \$12,587,341 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors, which is an increase in unrestricted net assets from the prior year of \$2,374,688.
- At December 31, 2006, the County's total fund balances as summarized for all governmental fund types on page 15 of the financial statements were \$10,902,601, an increase of \$2,077,811 or 23.55% from the 2005 fiscal year. Of this amount, \$10,855,769 remains in the various funds as unreserved.
- At December 31, 2006, the County's General Fund reported an unreserved fund balance of \$7,921,492, an increase of \$1,796,877 or 29.34% 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

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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 – 14 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

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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, 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 18 and 19.

**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 26 – 53 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 54 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 55 – 67 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 \$106,369,350 at the close of the 2006 fiscal year, an increase of \$5,073,728 or 5.01%. Of the \$106,369,350, \$91,792,735 resulted from Governmental Activities and \$14,576,615 resulted from the Business-type Activities.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

By far the largest portion of the County's net assets (84.55%) 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	
	2005	2006	2005	2006	2005	2006
Current and other assets	\$ 11,019,074	\$ 15,170,416	\$ 5,025,998	\$ 4,707,291	\$ 16,045,072	\$ 19,877,707
Capital assets	80,583,071	79,214,437	24,726,062	26,471,227	105,309,133	105,685,664
Total assets	91,602,145	94,384,853	29,752,060	31,178,518	121,354,205	125,563,371
Other liabilities	1,401,072	1,301,011	274,545	404,987	1,675,617	1,705,998
Long-term liabilities outstanding	1,344,671	1,291,107	17,038,295	16,196,916	18,382,966	17,488,023
Total liabilities	2,745,743	2,592,118	17,312,840	16,601,903	20,058,583	19,194,021
Net assets:						
Invested in capital assets, net of related debt	79,678,725	78,517,819	9,067,534	11,416,758	88,746,259	89,934,577
Restricted	1,937,224	1,886,840	399,486	1,960,592	2,336,710	3,847,432
Unrestricted	7,240,453	11,388,076	2,972,200	1,199,265	10,212,653	12,587,341
Total net assets	\$ 88,856,402	\$ 91,792,735	\$ 12,439,220	\$ 14,576,615	\$ 101,295,622	\$ 106,369,350

For 2005, the net beginning balance of capital assets and net assets of governmental activities has been increased by \$65,247,408 to retroactively record the County's infrastructure purchased or constructed prior to the adoption of GASB 34.

An additional portion of Monroe County's total net assets (3.62%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of total unrestricted net assets (\$12,587,341) 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 \$2,936,333. Key elements of this increase are as follows:

### Monroe County's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2005	2006	2005	2006	2005	2006
Revenues:						
Program revenues						
Charges for services	\$ 4,175,093	\$ 4,429,168	\$ 1,532,665	\$ 1,432,715	\$ 5,707,758	\$ 5,861,883
Operating grants and contributions	200,492	265,948	-	-	200,492	265,948
Capital grants and contributions	402,983	927,911	3,536,079	368,778	3,939,062	1,296,689
General revenues:						
Property taxes	11,871,331	14,602,090	-	-	11,871,331	14,602,090
Sales taxes	5,872,051	7,286,654	-	-	5,872,051	7,286,654
Other taxes	1,178,186	475,494	-	805,838	1,178,186	1,281,332
Unrestricted investment earnings	82,963	178,819	133,956	168,426	216,919	347,245
Gain on sale of capital assets	4,847	-	-	80,040	4,847	80,040
Total revenues	<u>23,787,946</u>	<u>28,166,084</u>	<u>5,202,700</u>	<u>2,855,797</u>	<u>28,990,646</u>	<u>31,021,881</u>
Expenses:						
General government	2,882,402	4,651,629	-	-	2,882,402	4,651,629
Judicial	1,848,634	1,250,046	-	-	1,848,634	1,250,046
Public safety	8,381,386	8,892,256	-	-	8,381,386	8,892,256
Public works	2,725,772	4,582,734	-	-	2,725,772	4,582,734
Health and welfare	656,082	545,721	-	-	656,082	545,721
Culture and recreation	715,108	844,013	-	-	715,108	844,013
Housing and development	1,451,459	1,474,171	-	-	1,451,459	1,474,171
Interest on long-term debt	105,076	128,680	-	-	105,076	128,680
North Water	-	-	401,053	486,403	401,053	486,403
South Water	-	-	1,486,544	1,480,630	1,486,544	1,480,630
Landfill	-	-	1,334,420	1,442,612	1,334,420	1,442,612
Building Inspection	-	-	146,858	169,258	146,858	169,258
Total expenses	<u>18,765,919</u>	<u>22,369,250</u>	<u>3,368,875</u>	<u>3,578,903</u>	<u>22,134,794</u>	<u>25,948,153</u>
Change in net assets before transfers	<u>5,022,027</u>	<u>5,796,834</u>	<u>1,833,825</u>	<u>(723,106)</u>	<u>6,855,852</u>	<u>5,073,728</u>
Transfers	<u>(2,738,705)</u>	<u>(2,860,501)</u>	<u>2,738,705</u>	<u>2,860,501</u>	<u>-</u>	<u>-</u>
Change in net assets	2,283,322	2,936,333	4,572,530	2,137,395	6,855,852	5,073,728
Net Assets, beginning of year as restated	<u>86,573,080</u>	<u>88,856,402</u>	<u>7,866,690</u>	<u>12,439,220</u>	<u>94,439,770</u>	<u>101,295,622</u>
Net Assets, end of year	<u>\$ 88,856,402</u>	<u>\$ 91,792,735</u>	<u>\$ 12,439,220</u>	<u>\$ 14,576,615</u>	<u>\$ 101,295,622</u>	<u>\$ 106,369,350</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### 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 2006 fiscal year, the County's governmental funds reported combined ending fund balances of \$10,902,601, an increase of \$2,077,811 in comparison with the prior year. Approximately 99.57% of the combined fund balance (\$10,855,769) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved (\$46,832) to indicate that it is not available for new spending because it has already been committed for inventory (\$46,832).

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 \$7,921,492 while total fund balance reached \$7,968,324. The **unreserved** fund balance of the General Fund increased \$1,796,877 and the **reserved** fund balance increased \$5,106. 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 48.15% of total General Fund expenditures, while total fund balance represents 48.44% 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 \$(22,643), a decrease of \$156,512 or 116.91%. Unrestricted net assets of the South Water Fund were \$1,649,312, a decrease of \$1,555,249 or 48.53%. Unrestricted net assets of the Landfill Fund were \$(585,934), a decrease of \$127,400 or 27.78%. Unrestricted net assets of the Building Inspection Fund were \$158,530, an increase of \$66,226 or 71.75%. Total combined unrestricted assets of proprietary funds resulted in \$1,199,265, a decrease of \$1,772,935. The South Water Fund reflects restricted net assets of \$1,435,061 for debt service and \$525,531 for capital projects. For the current year-end, the proprietary funds indicate total net assets of \$14,576,615. This is an increase in total net assets for the proprietary funds in the amount of \$2,137,395.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	2005	2006
Net operating income (loss):		
North Water Fund	\$ (66,845)	\$ (90,583)
South Water Fund	(31,037)	(226,514)
Landfill Fund	(1,080,853)	(1,225,526)
Building Inspection Fund	92,136	81,705
Total net operating loss	(1,086,599)	(1,460,918)
Nonoperating revenues (expenses)	(615,655)	369,034
Loss before transfers and contributions	(1,702,254)	(1,091,884)
Capital Contributions	3,989,503	1,091,689
Net transfers in	2,285,281	2,137,590
Changes in net assets	\$ 4,572,530	\$ 2,137,395

#### General Fund Budgetary Highlights

Differences between the expenditures original budget and the final amended budget were \$1,641,783 and can be summarized as follows:

- Increase in public safety \$86,343 – due to increases in employee overtime, fuel cost, insurance, vehicle repairs and inmate medical services.
- Increase in general government of \$1,436,776 – due to unanticipated legal expenses.
- Increase in judicial of \$35,999 – due to unplanned computer upgrade cost.
- Decrease in public works of \$1,398.
- Increase in culture and recreation of \$17,350 – due to unanticipated building improvements due to bat infestation and mold.
- Increase in debt service of \$63,917.

#### Capital Asset and Debt Administration

**Capital assets.** Monroe County's investment in capital assets for its governmental activities as of December 31, 2006 was \$79,214,437 (net of accumulated depreciation), a total increase of \$63,878,774. This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges. As required by GASB Statement No. 34, the County has retroactively recorded the infrastructure of its governmental activities. The 2005 balance has been restated in the amount of \$65,247,408 as previously discussed.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

<b>Monroe County Capital Assets (net of depreciation)</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>
Land	\$ 492,233	\$ 502,671	\$ 312,897	\$ 325,697	\$ 805,130	\$ 828,368
Construction in progress	1,294,045	114,720	1,872,978	1,078,274	3,167,023	1,192,994
Land (landfill)	-	-	193,903	804,054	193,903	804,054
Buildings	8,198,394	9,666,775	19,177	17,515	8,217,571	9,684,290
Building improvements	-	31,529	-	-	-	31,529
Improvements	145,166	141,735	824,396	769,770	969,562	911,505
Infrastructure	66,956,680	65,340,155	20,782,570	22,743,085	87,739,250	88,083,240
Machinery and equipment	3,496,553	3,416,852	720,141	732,832	4,216,694	4,149,684
<b>Total</b>	<b>\$ 80,583,071</b>	<b>\$ 79,214,437</b>	<b>\$ 24,726,062</b>	<b>\$ 26,471,227</b>	<b>\$ 105,309,133</b>	<b>\$ 105,685,664</b>

Major projects in 2006 included the following:

- Restatement for inclusion of road and bridge inventory
- New cells at landfill
- Heavy equipment in public works
- New capital asset for Headstart
- New capital assets for recreation department
- New roads paved
- New equipment for fire and rescue ambulance
- Addition of 10 patrol cars

Additional information on the County's capital assets can be found in Note 6 on pages 39 - 41 of this report.

**Long-term debt.** At the end of the current fiscal year, Monroe County had total outstanding bonded debt of \$15,580,000, 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, 2006 is \$15,580,000.

Other amounts included in long-term debt as of December 31, 2006 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>
<b>Governmental activities:</b>					
Capital leases	\$ 904,346	\$ -	\$ (207,728)	\$ 696,618	\$ 133,624
Compensated absences	440,325	385,792	(231,628)	594,489	121,847
Governmental activities Long-term liabilities	<u>\$ 1,344,671</u>	<u>\$ 385,792</u>	<u>\$ (439,356)</u>	<u>\$ 1,291,107</u>	<u>\$ 255,471</u>
<b>Business-type activities:</b>					
Revenue bonds	\$ 16,500,000	\$ -	\$ (920,000)	\$ 15,580,000	\$ 930,000
Landfill closure costs	480,092	71,367	-	551,459	-
Compensated absences	58,203	33,483	(26,229)	65,457	23,867
Business-type activities Long-term liabilities	<u>\$ 17,038,295</u>	<u>\$ 104,850</u>	<u>\$ (946,229)</u>	<u>\$ 16,196,916</u>	<u>\$ 953,867</u>

Additional information regarding the County's long-term debt can be found in Note 7 on pages 42 - 46 of this report.

### Economic Factors and Next Year's Budgets

- The unemployment rate for Monroe County at is at 5.3% which is higher than the Middle Georgia rate of 4.3% and State of Georgia's rate of 4.1%. (Unemployment rate per the County Labor Force Estimates from the Georgia Department of Labor website: [www.dol.state.ga.us/](http://www.dol.state.ga.us/)).
- Monthly LOST collections have fluctuated over the past several years which are expected to remain near the same or increase slightly during the first six months of 2007.
- The 2003 SPLOST is expected to generate approximately \$4,630,000 in tax revenues.
- The value of the county's tax digest grew from \$1,641,253,035 to \$1,891,708,855, an increase of 8.68%.
- The County's Net Maintenance and Operations (M&O) millage rate in the unincorporated areas remained at 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**

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**MONROE COUNTY, GEORGIA**

**STATEMENT OF NET ASSETS  
DECEMBER 31, 2006**

ASSETS	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Development Authority of Monroe County	Monroe County Health Department
Cash and cash equivalents	\$ 7,910,468	\$ 1,117,265	\$ 9,027,733	\$ 777,610	\$ 174,802
Investments	86,191	-	86,191	-	-
Taxes receivable	5,083,144	-	5,083,144	-	-
Accounts receivable, net of allowances	288,580	134,240	422,820	436,678	2,675
Due from other governments	1,160,267	-	1,160,267	500,000	-
Internal balances	594,934	(594,934)	-	-	-
Inventories	46,832	162,365	209,197	-	-
Restricted assets					
Cash	-	1,574,633	1,574,633	-	-
Investments	-	1,450,369	1,450,369	-	-
Deferred charges, unamortized balance	-	863,353	863,353	-	-
Capital assets, non-depreciable	617,391	1,403,971	2,021,362	1,969,545	-
Capital assets, depreciable, net of accumulated depreciation	78,597,046	25,067,256	103,664,302	1,894,781	-
Total assets	<u>94,384,853</u>	<u>31,178,518</u>	<u>125,563,371</u>	<u>5,578,614</u>	<u>177,477</u>
<b>LIABILITIES</b>					
Accounts payable	270,372	222,613	492,985	44,097	6,847
Accrued liabilities	311,415	32,770	344,185	-	-
Due to other governments	667,228	-	667,228	-	-
Other current liabilities	14,000	-	14,000	-	-
Accrued interest	32,484	107,223	139,707	351,886	-
Customer deposits payable	-	42,381	42,381	-	-
Liabilities payable from restricted assets	-	930,000	930,000	-	-
Capital leases due within one year	133,624	-	133,624	-	-
Capital leases due in more than one year	562,994	-	562,994	-	-
Compensated absences due within one year	121,847	23,867	145,714	-	6,830
Compensated absences due in more than one year	472,642	41,590	514,232	-	23,325
Notes payable due in within one year	-	-	-	1,700,000	-
Notes payable due in more than one year	-	-	-	1,044,000	-
Bonds payable due within one year	-	-	-	1,300,000	-
Bonds payable due in more than one year	-	14,650,000	14,650,000	1,455,000	-
Landfill due in more than one year	-	551,459	551,459	-	-
Other noncurrent liabilities	5,512	-	5,512	-	-
Total liabilities	<u>2,592,118</u>	<u>16,601,903</u>	<u>19,194,021</u>	<u>5,894,983</u>	<u>37,002</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	78,517,819	11,416,758	89,934,577	1,120,326	-
Restricted for:					
Capital projects	1,886,840	525,531	2,412,371	-	-
Debt service	-	1,435,061	1,435,061	-	-
Unrestricted	11,388,076	1,199,265	12,587,341	(1,436,695)	140,475
Total net assets	<u>\$ 91,792,735</u>	<u>\$ 14,576,615</u>	<u>\$ 106,369,350</u>	<u>\$ (316,369)</u>	<u>\$ 140,475</u>

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

**MONROE COUNTY, GEORGIA**

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 4,651,629	\$ 443,002	\$ 399	\$ 432,682
Judicial	1,250,046	2,424,371	-	-
Public safety	8,892,256	1,432,215	249,193	34,200
Public works	4,582,734	38,365	-	461,029
Health and welfare	545,721	-	-	-
Culture and recreation	844,013	46,537	-	-
Housing and development	1,474,171	44,678	16,356	-
Interest on long-term debt	128,680	-	-	-
Total governmental activities	<u>22,369,250</u>	<u>4,429,168</u>	<u>265,948</u>	<u>927,911</u>
Business-type activities:				
North water	486,403	304,023	-	231,925
South water	1,480,630	660,643	-	136,853
Landfill	1,442,612	217,086	-	-
Building inspections	169,258	250,963	-	-
Total business-type activities	<u>3,578,903</u>	<u>1,432,715</u>	<u>-</u>	<u>368,778</u>
Total primary government	<u>\$ 25,948,153</u>	<u>\$ 5,861,883</u>	<u>\$ 265,948</u>	<u>\$ 1,296,689</u>
<b>Component units:</b>				
Development Authority of Monroe County	\$ 439,110	\$ 207,026	\$ 1,257,792	\$ 500,000
Monroe County Health Department	510,146	164,954	304,790	-
Total component units	<u>\$ 949,256</u>	<u>\$ 371,980</u>	<u>\$ 1,562,582</u>	<u>\$ 500,000</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, as restated				
Net assets, end of year				

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

<b>Net (Expenses) Revenues and Changes in Net Assets</b>				
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Units</b>	
			<b>Development Authority of Monroe County</b>	<b>Monroe County Health Department</b>
\$ (3,775,546)	\$ -	\$ (3,775,546)	\$ -	\$ -
1,174,325	-	1,174,325	-	-
(7,176,648)	-	(7,176,648)	-	-
(4,083,340)	-	(4,083,340)	-	-
(545,721)	-	(545,721)	-	-
(797,476)	-	(797,476)	-	-
(1,413,137)	-	(1,413,137)	-	-
(128,680)	-	(128,680)	-	-
<u>(16,746,223)</u>	<u>-</u>	<u>(16,746,223)</u>	<u>-</u>	<u>-</u>
-	49,545	49,545	-	-
-	(683,134)	(683,134)	-	-
-	(1,225,526)	(1,225,526)	-	-
-	81,705	81,705	-	-
<u>-</u>	<u>(1,777,410)</u>	<u>(1,777,410)</u>	<u>-</u>	<u>-</u>
<u>(16,746,223)</u>	<u>(1,777,410)</u>	<u>(18,523,633)</u>	<u>-</u>	<u>-</u>
-	-	-	1,525,708	-
-	-	-	-	(40,402)
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,525,708</u>	<u>(40,402)</u>
14,602,090	-	14,602,090	-	-
7,286,654	-	7,286,654	-	-
-	805,838	805,838	-	-
88,867	-	88,867	-	-
386,627	-	386,627	-	-
178,819	168,426	347,245	46,970	6,811
-	80,040	80,040	-	-
(2,860,501)	2,860,501	-	-	-
<u>19,682,556</u>	<u>3,914,805</u>	<u>23,597,361</u>	<u>46,970</u>	<u>6,811</u>
2,936,333	2,137,395	5,073,728	1,572,678	(33,591)
88,856,402	12,439,220	101,295,622	(1,889,047)	174,066
<u>\$ 91,792,735</u>	<u>\$ 14,576,615</u>	<u>\$ 106,369,350</u>	<u>\$ (316,369)</u>	<u>\$ 140,475</u>

**MONROE COUNTY, GEORGIA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2006**

	<b>General</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 4,769,983	\$ 3,140,485	\$ 7,910,468
Investments	5,830	80,361	86,191
Taxes receivable (net)	5,083,144	-	5,083,144
Accounts receivable	246,007	42,573	288,580
Due from other governments	483,171	677,096	1,160,267
Due from other funds	934,240	40,649	974,889
Inventories	46,832	-	46,832
Total assets	\$ 11,569,207	\$ 3,981,164	\$ 15,550,371
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 246,034	\$ 24,338	\$ 270,372
Accrued liabilities	297,386	14,029	311,415
Deferred revenues	3,004,800	-	3,004,800
Due to other governments	-	667,228	667,228
Due to other funds	38,663	341,292	379,955
Other current liabilities	14,000	-	14,000
Total liabilities	3,600,883	1,046,887	4,647,770
<b>FUND BALANCES (DEFICIT)</b>			
Fund balances:			
Reserved for:			
Inventories	46,832	-	46,832
Unreserved reported in:			
General fund	7,921,492	-	7,921,492
Special revenue funds	-	698,184	698,184
Debt service fund	-	349,236	349,236
Capital projects funds	-	1,886,857	1,886,857
Total fund balances	7,968,324	2,934,277	10,902,601
Total liabilities and fund balances	\$ 11,569,207	\$ 3,981,164	
<p style="margin-left: 40px;">Amounts reported for governmental activities in the statement of net assets are different because:</p> <p style="margin-left: 40px;">Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. <span style="float: right;">79,214,437</span></p> <p style="margin-left: 40px;">Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. <span style="float: right;">3,004,800</span></p> <p style="margin-left: 40px;">Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. <span style="float: right;">(1,323,591)</span></p> <p style="margin-left: 40px;">Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds. <span style="float: right;">(5,512)</span></p>			
<p style="margin-left: 40px;">Net assets of governmental activities</p>			\$ 91,792,735

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, 2006**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Property taxes	\$ 12,362,427	\$ -	\$ 12,362,427
Sales taxes	2,974,998	4,311,656	7,286,654
Other taxes	475,494	-	475,494
Licenses and permits	78,843	-	78,843
Intergovernmental	132,839	636,800	769,639
Charges for services	1,611,880	338,626	1,950,506
Fines and forfeitures	1,686,425	609,870	2,296,295
Interest income	142,711	36,108	178,819
Miscellaneous	95,671	303,135	398,806
Total revenues	<u>19,561,288</u>	<u>6,236,195</u>	<u>25,797,483</u>
<b>Expenditures</b>			
Current:			
General government	3,925,631	726,677	4,652,308
Judicial	1,216,893	15,373	1,232,266
Public safety	7,338,115	1,145,113	8,483,228
Public works	2,182,772	-	2,182,772
Health and welfare	500,571	30,866	531,437
Culture and recreation	779,760	10,262	790,022
Housing and development	203,527	1,257,802	1,461,329
Capital outlay	-	1,911,266	1,911,266
Debt service:			
Principal	172,955	34,773	207,728
Interest and fiscal charges	130,089	3,332	133,421
Total expenditures	<u>16,450,313</u>	<u>5,135,464</u>	<u>21,585,777</u>
Excess of revenues over expenditures	<u>3,110,975</u>	<u>1,100,731</u>	<u>4,211,706</u>
<b>Other financing sources (uses):</b>			
Proceeds from sale of capital assets	3,695	-	3,695
Transfers in	520,013	1,023,902	1,543,915
Transfers out	(1,832,700)	(1,848,805)	(3,681,505)
Total other financing sources (uses)	<u>(1,308,992)</u>	<u>(824,903)</u>	<u>(2,133,895)</u>
Net change in fund balances	1,801,983	275,828	2,077,811
<b>Fund balance, beginning of year</b>	<u>6,166,341</u>	<u>2,658,449</u>	<u>8,824,790</u>
<b>Fund balance, end of year</b>	<u>\$ 7,968,324</u>	<u>\$ 2,934,277</u>	<u>\$ 10,902,601</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, 2006**

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

Net change in fund balances - total governmental funds	\$ 2,077,811
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 depreciation exceeded capital outlays in the current period.	(1,414,249)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	45,615
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	2,239,663
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.	207,728
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.	(220,235)
	<u>\$ 2,936,333</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, 2006**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 12,490,128	\$ 14,268,666	\$ 12,362,427	\$ (1,906,239)
Sales taxes	2,360,000	2,360,000	2,974,998	614,998
Other taxes	402,000	402,000	475,494	73,494
Licenses and permits	76,800	76,800	78,843	2,043
Intergovernmental	61,015	61,015	132,839	71,824
Charges for services	1,651,009	1,651,009	1,611,880	(39,129)
Fines and forfeitures	1,402,500	1,402,500	1,686,425	283,925
Investment income	25,000	112,021	142,711	30,690
Miscellaneous	71,900	73,686	95,671	21,985
Total revenues	<u>18,540,352</u>	<u>20,407,697</u>	<u>19,561,288</u>	<u>(846,409)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government:</b>				
County commissioners	1,568,438	2,951,546	2,118,691	832,855
Board of registrars	24,428	24,428	17,797	6,631
Elections	76,971	76,971	65,968	11,003
Purchasing	153,876	153,876	142,559	11,317
Fuel depot	7,249	7,249	4,098	3,151
Tax commissioner	313,919	313,919	304,371	9,548
Tax assessor	396,442	396,442	364,031	32,411
Board of equalization	4,115	4,115	1,314	2,801
Public buildings	442,353	448,354	438,070	10,284
Justice center	165,100	212,767	207,249	5,518
General insurance	295,000	295,000	261,483	33,517
Total general government	<u>3,447,891</u>	<u>4,884,667</u>	<u>3,925,631</u>	<u>959,036</u>
<b>Judicial:</b>				
Superior court	432,439	462,439	425,100	37,339
Clerk of superior court	351,556	351,556	332,562	18,994
Magistrate court	193,037	193,037	176,325	16,712
Probate court	317,953	323,952	272,509	51,443
Juvenile court	11,048	11,048	10,397	651
Total judicial	<u>1,306,033</u>	<u>1,342,032</u>	<u>1,216,893</u>	<u>125,139</u>
<b>Public safety:</b>				
Sheriff	3,051,252	3,097,753	3,072,828	24,925
Jail	1,991,961	2,027,528	2,030,096	(2,568)
School resource officer	63,786	63,786	10,586	53,200
Emergency services	2,189,399	2,193,499	2,151,080	42,419
Coroner	14,833	15,008	13,830	1,178
Animal control	63,072	63,072	59,695	3,377
Total public safety	<u>7,374,303</u>	<u>7,460,646</u>	<u>7,338,115</u>	<u>122,531</u>
<b>Public works:</b>				
Public roads	1,751,755	1,686,062	1,547,588	138,474
Maintenance and shop	569,312	636,403	635,184	1,219
Total public works	<u>2,321,067</u>	<u>2,322,465</u>	<u>2,182,772</u>	<u>139,693</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, 2006**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Expenditures (continued):</b>				
<b>Current (continued):</b>				
<b>Health and welfare:</b>				
Healthcare	\$ 434,284	\$ 434,284	\$ 432,284	\$ 2,000
Tick control	37,633	37,633	15,495	22,138
Welfare	31,392	31,392	25,292	6,100
Community services	27,500	27,500	27,500	-
Total health and welfare	<u>530,809</u>	<u>530,809</u>	<u>500,571</u>	<u>30,238</u>
<b>Culture and recreation:</b>				
Recreation	598,014	598,014	505,832	92,182
Library	263,363	280,713	273,928	6,785
Total culture and recreation	<u>861,377</u>	<u>878,727</u>	<u>779,760</u>	<u>98,967</u>
<b>Housing and development:</b>				
Soil conservation	35,741	35,741	34,161	1,580
Extension service	65,357	65,357	57,674	7,683
Georgia forestry commission	7,756	7,756	7,156	600
Planning and zoning	87,918	87,918	79,536	8,382
Economic development	131,943	131,943	25,000	106,943
Total housing and development	<u>328,715</u>	<u>328,715</u>	<u>203,527</u>	<u>125,188</u>
<b>Debt service:</b>				
Principal	172,955	172,776	172,955	(179)
Interest and fiscal charges	66,195	130,291	130,089	202
Total debt service	<u>239,150</u>	<u>303,067</u>	<u>303,044</u>	<u>23</u>
Total expenditures	<u>16,409,345</u>	<u>18,051,128</u>	<u>16,450,313</u>	<u>1,600,815</u>
Excess of revenues over expenditures	<u>2,131,007</u>	<u>2,356,569</u>	<u>3,110,975</u>	<u>754,406</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	520,013	520,013
Transfers out	(2,169,507)	(2,395,069)	(1,832,700)	562,369
Proceeds from sale of assets	38,500	38,500	3,695	(34,805)
Total other financing sources (uses)	<u>(2,131,007)</u>	<u>(2,356,569)</u>	<u>(1,308,992)</u>	<u>1,047,577</u>
Net change in fund balance	-	-	1,801,983	1,801,983
Fund balance, beginning of year	<u>6,166,341</u>	<u>6,166,341</u>	<u>6,166,341</u>	<u>-</u>
Fund balance, end of year	<u>\$ 6,166,341</u>	<u>\$ 6,166,341</u>	<u>\$ 7,968,324</u>	<u>\$ 1,801,983</u>

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

**MONROE COUNTY, GEORGIA**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS**

**DECEMBER 31, 2006**

ASSETS	Major Enterprise Funds			Nonmajor Enterprise Fund	Totals
	North Water	South Water	Landfill	Building Inspection	
<b>CURRENT ASSETS</b>					
Cash	\$ 102,550	\$ 658,064	\$ 152,297	\$ 204,354	\$ 1,117,265
Accounts receivable, net of allowances	26,352	44,887	63,001	-	134,240
Inventory	4,371	157,994	-	-	162,365
Due from other funds	-	130,572	-	-	130,572
Restricted assets					
Cash	17,984	1,556,649	-	-	1,574,633
Investments	-	1,450,369	-	-	1,450,369
Total current assets	<u>151,257</u>	<u>3,998,535</u>	<u>215,298</u>	<u>204,354</u>	<u>4,569,444</u>
<b>NONCURRENT ASSETS</b>					
Deferred charges, unamortized balance	123,401	739,952	-	-	863,353
Capital assets:					
Non-depreciable	23,000	1,185,205	195,766	-	1,403,971
Depreciable, net of accumulated depreciation	<u>6,002,113</u>	<u>16,955,880</u>	<u>2,093,222</u>	<u>16,041</u>	<u>25,067,256</u>
Total capital assets	<u>6,025,113</u>	<u>18,141,085</u>	<u>2,288,988</u>	<u>16,041</u>	<u>26,471,227</u>
Total noncurrent assets	<u>6,148,514</u>	<u>18,881,037</u>	<u>2,288,988</u>	<u>16,041</u>	<u>27,334,580</u>
Total assets	<u>\$ 6,299,771</u>	<u>\$ 22,879,572</u>	<u>\$ 2,504,286</u>	<u>\$ 220,395</u>	<u>\$ 31,904,024</u>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 23,514	\$ 173,269	\$ 25,025	\$ 805	\$ 222,613
Accrued liabilities	2,475	3,531	22,767	3,997	32,770
Compensated absences payable, current	1,079	1,079	20,040	1,669	23,867
Due to other funds	232,572	303,223	152,000	37,711	725,506
Payable from restricted assets:					
Accrued interest payable	15,148	92,075	-	-	107,223
Revenue bonds payable, current portion	-	930,000	-	-	930,000
Customer deposits payable	18,031	24,350	-	-	42,381
Total current liabilities	<u>292,819</u>	<u>1,527,527</u>	<u>219,832</u>	<u>44,182</u>	<u>2,084,360</u>
<b>LONG-TERM LIABILITIES</b>					
Revenue bonds payable, net of current portion	2,053,616	12,596,384	-	-	14,650,000
Compensated absences	4,482	5,525	29,941	1,642	41,590
Accrued closure / post-closure costs	-	-	551,459	-	551,459
Total long-term liabilities	<u>2,058,098</u>	<u>12,601,909</u>	<u>581,400</u>	<u>1,642</u>	<u>15,243,049</u>
Total liabilities	<u>2,350,917</u>	<u>14,129,436</u>	<u>801,232</u>	<u>45,824</u>	<u>17,327,409</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	3,971,497	5,140,232	2,288,988	16,041	11,416,758
Restricted for capital projects	-	525,531	-	-	525,531
Restricted for debt service	-	1,435,061	-	-	1,435,061
Unrestricted	(22,643)	1,649,312	(585,934)	158,530	1,199,265
Total net assets	<u>\$ 3,948,854</u>	<u>\$ 8,750,136</u>	<u>\$ 1,703,054</u>	<u>\$ 174,571</u>	<u>\$ 14,576,615</u>

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

**MONROE COUNTY, GEORGIA**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006**

	Major Enterprise Funds			Nonmajor Enterprise Fund	Totals
	North Water	South Water	Landfill	Building Inspection	
<b>Operating revenues:</b>					
Charges for services:					
Water charges	\$ 202,296	\$ 528,575	\$ -	\$ -	\$ 730,871
Collection and disposal fees	-	-	217,086	-	217,086
Building licenses and permits	-	-	-	250,913	250,913
Service charges	99,792	101,039	-	50	200,881
Miscellaneous	1,935	31,029	-	-	32,964
Total operating revenues	<u>304,023</u>	<u>660,643</u>	<u>217,086</u>	<u>250,963</u>	<u>1,432,715</u>
<b>Operating expenses:</b>					
Personal services	64,040	95,568	697,580	143,502	1,000,690
Purchased/contracted services	58,685	79,705	173,676	10,031	322,097
Supplies and materials	151,195	42,444	124,066	13,839	331,544
Utilities and purchased water	-	336,397	-	-	336,397
Depreciation	120,686	333,043	447,290	1,886	902,905
Total operating expenses	<u>394,606</u>	<u>887,157</u>	<u>1,442,612</u>	<u>169,258</u>	<u>2,893,633</u>
Operating income (loss)	<u>(90,583)</u>	<u>(226,514)</u>	<u>(1,225,526)</u>	<u>81,705</u>	<u>(1,460,918)</u>
<b>Nonoperating revenues (expenses):</b>					
Insurance premium tax	-	-	805,838	-	805,838
Investment income	114	167,236	514	562	168,426
Interest expense	(91,797)	(593,473)	-	-	(685,270)
Gain on sale of capital assets	-	-	80,040	-	80,040
Total nonoperating revenues (expenses)	<u>(91,683)</u>	<u>(426,237)</u>	<u>886,392</u>	<u>562</u>	<u>369,034</u>
Income (loss) before transfers and contributions	<u>(182,266)</u>	<u>(652,751)</u>	<u>(339,134)</u>	<u>82,267</u>	<u>(1,091,884)</u>
<b>Transfers in</b>	<u>37,389</u>	<u>1,726,735</u>	<u>373,466</u>	<u>-</u>	<u>2,137,590</u>
<b>Capital contributions</b>	<u>243,923</u>	<u>847,766</u>	<u>-</u>	<u>-</u>	<u>1,091,689</u>
Change in net assets	<u>99,046</u>	<u>1,921,750</u>	<u>34,332</u>	<u>82,267</u>	<u>2,137,395</u>
<b>Net assets, beginning of year</b>	<u>3,849,808</u>	<u>6,828,386</u>	<u>1,668,722</u>	<u>92,304</u>	<u>12,439,220</u>
<b>Net assets, end of year</b>	<u>\$ 3,948,854</u>	<u>\$ 8,750,136</u>	<u>\$ 1,703,054</u>	<u>\$ 174,571</u>	<u>\$ 14,576,615</u>

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

**MONROE COUNTY, GEORGIA**

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006**

	Major Enterprise Funds			Nonmajor Enterprise Fund	Totals
	North Water	South Water	Landfill	Building Inspection	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 304,115	\$ 649,945	\$ 259,578	\$ 254,535	\$ 1,468,173
Payments to suppliers and service providers	(191,277)	(24,581)	(88,267)	(28,423)	(332,548)
Payments to employees	(63,776)	(98,193)	(692,378)	(138,893)	(993,240)
Payments for interfund services received	232,121	172,651	-	-	404,772
Net cash provided by (used in) operating activities	281,183	699,822	(521,067)	87,219	547,157
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Insurance premium taxes	-	-	805,838	-	805,838
Transfers in	37,389	1,726,735	373,466	-	2,137,590
Net cash provided by noncapital financing activities	37,389	1,726,735	1,179,304	-	2,943,428
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of property and equipment	(132,321)	(742,237)	(627,574)	(17,927)	(1,520,059)
Proceeds from sales of capital assets	-	-	98,592	-	98,592
Principal paid on bonds	-	(920,000)	-	-	(920,000)
Interest paid	(86,145)	(570,754)	-	-	(656,899)
Net cash used in capital and related financing activities	(218,466)	(2,232,991)	(528,982)	(17,927)	(2,998,366)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	-	(370,370)	-	-	(370,370)
Interest on investments	114	167,236	514	562	168,426
Net cash provided by (used in) investing activities	114	(203,134)	514	562	(201,944)
Net increase (decrease) in cash and cash equivalents	100,220	(9,568)	129,769	69,854	290,275
<b>Cash and cash equivalents:</b>					
Beginning of year	20,314	2,224,281	22,528	134,500	2,401,623
End of year	\$ 120,534	\$ 2,214,713	\$ 152,297	\$ 204,354	\$ 2,691,898
<b>Classified as:</b>					
Cash and cash equivalents	\$ 102,550	\$ 658,064	\$ 152,297	\$ 204,354	\$ 1,117,265
Restricted assets, cash and cash equivalents	17,984	1,556,649	-	-	1,574,633
	\$ 120,534	\$ 2,214,713	\$ 152,297	\$ 204,354	\$ 2,691,898

(Continued)

**MONROE COUNTY, GEORGIA**

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006**

	Major Enterprise Funds			Nonmajor Enterprise Fund	Totals
	North Water	South Water	Landfill	Building Inspection	
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$ (90,583)	\$ (226,514)	\$ (1,225,526)	\$ 81,705	\$ (1,460,918)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	120,686	333,043	447,290	1,886	902,905
(Increase) decrease in:					
Accounts receivable	(4,993)	(14,348)	44,172	3,572	28,403
Inventory	8,585	305,102	-	-	313,687
Due from other funds	-	(130,572)	-	-	(130,572)
Increase (decrease) in:					
Accounts payable	10,018	128,863	(13,892)	462	125,451
Accrued liabilities	(254)	(466)	(944)	1,860	196
Compensated absences	518	(2,159)	6,146	2,749	7,254
Due to other funds	232,121	303,223	152,000	(5,015)	682,329
Accrued closure/post-closure costs	-	-	71,367	-	71,367
Customer deposits payable	5,085	3,650	(1,680)	-	7,055
Net cash provided by (used in) operating activities	<u>\$ 281,183</u>	<u>\$ 699,822</u>	<u>\$ (521,067)</u>	<u>\$ 87,219</u>	<u>\$ 547,157</u>
<b>NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>					
Capital asset additions contributed from other funds	\$ 11,997	\$ 710,914	\$ -	\$ -	\$ 722,911
Capital asset additions contributed from developers	231,925	136,853	-	-	368,778
Total noncash investing, capital and financing activities	<u>\$ 243,922</u>	<u>\$ 847,767</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,091,689</u>

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

**MONROE COUNTY, GEORGIA**

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS**

**DECEMBER 31, 2006**

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	<u>Private Purpose Trust Fund Veterans' Memorial</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash	\$ 8,486	\$ 1,266,915
Taxes receivable	-	41,490,357
Total assets	<u>\$ 8,486</u>	<u>\$ 42,757,272</u>
<b>LIABILITIES</b>		
Due to others	\$ -	\$ 1,266,915
Uncollected taxes	-	41,490,357
Total liabilities	<u>\$ -</u>	<u>\$ 42,757,272</u>
<b>NET ASSETS</b>		
Held in trust for veterans' memorial	<u>\$ 8,486</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, 2006**

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	<b>Private Purpose Trust Fund Veterans' Memorial</b>
<b>ADDITIONS</b>	
Contributions	\$ 386
Interest income	62
Total additions	<u>448</u>
<b>DEDUCTIONS</b>	
Veterans' memorial	84
Total deductions	<u>84</u>
Change in net assets	364
Net assets, beginning of the year	<u>8,122</u>
Net assets, end of the year	<u><u>\$ 8,486</u></u>

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

**MONROE COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**

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**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 30<sup>th</sup> 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

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### 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.

#### **Monroe County Law Library (Blended Component Unit.)**

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

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### 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. Retroactive Restatement of Net Assets in Accordance with GASB No. 34

The County has retroactively reported major general infrastructure assets, as allowed by the provisions of GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", as amended and interpreted, as of and for the year ended December 31, 2006. This resulted in restating the opening balance of net assets of the Government-wide Financial Statements' governmental activities by an amount of \$65,247,408 from \$23,608,994 to a restated amount of \$88,856,402.

#### D. 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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 funds:

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

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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The *private purpose trust fund* is used to account for resources legally held in trust for use by private organizations or other governments. All resources of the fund, including any interest on invested resources, may be used to support the activities.

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.

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.

#### E. 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.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **E. Cash, Cash Equivalents, and Investments (Continued)**

Statutes authorize the County to invest in obligations of the United States and of its agencies and instrumentalities, bonds of the State of Georgia and its agencies, instrumentalities and political subdivisions, certificates of deposit of national or state banks that are fully insured or collateralized by United States obligations, and Georgia Fund 1, the Local Government Investment Pool. Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAM rated money market funds and is regulated by the Georgia Office of Treasury and Fiscal Services. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines a participant's shares sold and redeemed based on \$1.00 per share.

#### **F. 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.

#### **G. 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.

#### **H. 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.

#### **I. 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### J. 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. 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. During the current year, the County has retroactively reported major general infrastructure assets. In this case, the County chose to include all items regardless of their acquisition date. The County was able to estimate the historical cost for the initial reporting of these assets through backtrending.

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
Land (landfill)	4-6
Infrastructure	50-60
Machinery and Equipment	5-20

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

<u>Asset Category</u>	<u>Years</u>
Buildings	40
Infrastructure	50

#### K. 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### L. 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.

#### M. 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.

#### N. 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.

### 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 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 \$1,323,591 difference are as follows:

## NOTES TO FINANCIAL STATEMENTS

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

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

Accrued interest	\$ (32,484)
Capital leases payable	(696,618)
Compensated absences	<u>(594,489)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$ (1,323,591)</u></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 \$1,414,249 difference are as follows:

Capital outlay	\$ 1,489,358
Depreciation expense	<u>(2,903,607)</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><u>\$ (1,414,249)</u></u>

Another element of the reconciliation states that “the net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.” The details of this \$45,615 difference are as follows:

## 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)

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	\$ 128,938
In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.	<u>(83,323)</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><u>\$ 45,615</u></u>

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 \$220,235 difference are as follows:

Compensated absences	\$ (154,164)
Accrued interest	4,741
Net pension asset	<u>(70,812)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ (220,235)</u></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 year 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 to obtain taxpayer comments. Prior to January 1, the budget is legally adopted by the Board of Commissioners.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3. LEGAL COMPLIANCE – BUDGETS (Continued)

**Budgetary Data (Continued).** 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.

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, 2006, expenditures exceeded budget in the following General Fund department:

<u>Department</u>	<u>Excess</u>
Public Safety - Jail	\$ 2,568

The over expenditures in the General Fund were funded by under expenditures in other departments.

**Deficit Fund Equity.** The Youth Center Fund and the Emergency Services Fund had deficit fund balances of \$29,609 and \$808, respectively, as of December 31, 2006. 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 \$17 as of December 31, 2006. The County plans to eliminate this deficit through a future transfer from the General Fund.

### 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, 2006, the County's investments in the Georgia Fund 1 were rated AAAM by Standard & Poor's and the investments in the Federal National Mortgage Association Discount Notes and Federal Home Loan Mortgage Corporation Discount Notes were rated AAA by Standard & Poor's.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

At December 31, 2006, the County had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Federal National Mortgage Association Discount Notes	May 1, 2007	\$ 1,325,489
Federal Home Loan Mortgage Corporation Discount Notes	May 1, 2007	124,880
Georgia Fund 1	16 day weighted-average	5,830
Certificates of Deposit	10.35 months weighted-average	80,361
		<u>\$ 1,536,560</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, 2006, the County had certain funds held by the County Tax Commissioner which were uninsured and under collateralized in the amount of \$625,626. As authorized by OCGA 45-8-11 (b), the County Tax Commissioner has waived the State requirement to collateralize these deposits as of December 31, 2006. As of December 31, 2006, all of the deposits for the component units were fully collateralized in accordance with the state statutes.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. RECEIVABLES

Receivables at December 31, 2006, consist of the following:

	<b>General</b>	<b>North Water Fund</b>	<b>South Water Fund</b>
Receivables:			
Taxes	\$ 32,499,004	\$ -	\$ -
Accounts	246,007	35,131	44,887
Gross receivables	32,745,011	35,131	44,887
Less allowance	(27,415,860)	(8,779)	-
Net receivables	\$ 5,329,151	\$ 26,352	\$ 44,887

  

	<b>Landfill Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
Receivables:			
Taxes	\$ -	\$ -	\$ 32,499,004
Accounts	81,437	42,573	450,035
Gross receivables	81,437	42,573	32,949,039
Less allowance	(18,436)	-	(27,443,075)
Net receivables	\$ 63,001	\$ 42,573	\$ 5,505,964

Property taxes were levied on September 21, 2006. Bills are payable on or before December 20, 2006, 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 2006 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended December 31, 2006 and collected by February 28, 2007 are recognized as revenues in the year ended December 31, 2006. Net receivables estimated to be collected subsequent to February 28, 2007 are deferred as of December 31, 2006 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, 2006.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS

#### A. Primary Government

Capital asset activity for the fiscal year ended December 31, 2006, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 492,233	\$ 10,438	\$ -	\$ -	\$ 502,671
Construction in progress	1,294,045	502,269	-	(1,681,594)	114,720
Total	<u>1,786,278</u>	<u>512,707</u>	<u>-</u>	<u>(1,681,594)</u>	<u>617,391</u>
Capital assets, being depreciated:					
Buildings	9,736,368	-	-	1,681,594	11,417,962
Building improvements	-	31,800	-	-	31,800
Improvements	1,764,739	6,093	-	-	1,770,832
Infrastructure	94,678,924	276,166	-	-	94,955,090
Machinery & equipment	9,063,895	791,530	(286,342)	-	9,569,083
Total	<u>115,243,926</u>	<u>1,105,589</u>	<u>(286,342)</u>	<u>1,681,594</u>	<u>117,744,767</u>
Less accumulated depreciation for:					
Buildings	1,537,974	213,213	-	-	1,751,187
Building improvements	-	271	-	-	271
Improvements	1,619,573	9,524	-	-	1,629,097
Infrastructure	27,722,244	1,892,691	-	-	29,614,935
Machinery & equipment	5,567,342	787,908	(203,019)	-	6,152,231
Total	<u>36,447,133</u>	<u>2,903,607</u>	<u>(203,019)</u>	<u>-</u>	<u>39,147,721</u>
Total capital assets, being depreciated, net	<u>78,796,793</u>	<u>(1,798,018)</u>	<u>(83,323)</u>	<u>1,681,594</u>	<u>78,597,046</u>
Governmental activities capital assets, net	<u>\$ 80,583,071</u>	<u>\$ (1,285,311)</u>	<u>\$ (83,323)</u>	<u>\$ -</u>	<u>\$ 79,214,437</u>

The net beginning balance of capital assets has been increased by \$65,247,408 to retroactively record the County's infrastructure purchased or constructed prior to the adoption of GASB 34.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS (Continued)

#### A. Primary Government (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 312,897	\$ 12,800	\$ -	\$ -	\$ 325,697
Construction in progress	1,872,978	510,829	-	(1,305,533)	1,078,274
Total	<u>2,185,875</u>	<u>523,629</u>	<u>-</u>	<u>(1,305,533)</u>	<u>1,403,971</u>
Capital assets, being depreciated:					
Land (landfill)	2,425,728	-	-	906,694	3,332,422
Buildings	33,243	-	-	-	33,243
Improvements	1,092,514	-	-	-	1,092,514
Infrastructure	22,316,833	1,989,083	-	398,839	24,704,755
Machinery & equipment	1,629,222	153,910	(204,367)	-	1,578,765
Total	<u>27,497,540</u>	<u>2,142,993</u>	<u>(204,367)</u>	<u>1,305,533</u>	<u>30,741,699</u>
Less accumulated depreciation for:					
Land (landfill)	2,231,825	296,543	-	-	2,528,368
Buildings	14,066	1,662	-	-	15,728
Improvements	268,118	54,626	-	-	322,744
Infrastructure	1,534,263	427,407	-	-	1,961,670
Machinery & equipment	909,081	122,667	(185,815)	-	845,933
Total	<u>4,957,353</u>	<u>902,905</u>	<u>(185,815)</u>	<u>-</u>	<u>5,674,443</u>
Total capital assets, being depreciated, net	<u>22,540,187</u>	<u>1,240,088</u>	<u>(18,552)</u>	<u>1,305,533</u>	<u>25,067,256</u>
Business-type activities capital assets, net	<u>\$ 24,726,062</u>	<u>\$ 1,763,717</u>	<u>\$ (18,552)</u>	<u>\$ -</u>	<u>\$ 26,471,227</u>

## 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	\$ 54,880
Judicial	13,040
Public safety	676,870
Public works	2,099,854
Health and welfare	14,284
Culture and recreation	44,679
	<u>44,679</u>

Total depreciation expense - governmental activities	\$ 2,903,607
	<u>2,903,607</u>

**Business-type activities:**

North Water Fund	\$ 120,686
South Water Fund	333,043
Landfill Fund	447,290
Building Inspection Fund	1,886
	<u>1,886</u>

Total depreciation expense - business-type activities	\$ 902,905
	<u>902,905</u>

#### B. Discretely Presented Component Unit – Development Authority

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 1,410,850	\$ 558,695	\$ -	\$ -	\$ 1,969,545
Total	<u>1,410,850</u>	<u>558,695</u>	<u>-</u>	<u>-</u>	<u>1,969,545</u>
Capital assets, being depreciated:					
Buildings	-	1,267,375	-	-	1,267,375
Infrastructure	-	629,346	-	-	629,346
Total	<u>-</u>	<u>1,896,721</u>	<u>-</u>	<u>-</u>	<u>1,896,721</u>
Less accumulated depreciation for:					
Buildings	-	1,388	-	-	1,388
Infrastructure	-	552	-	-	552
Total	<u>-</u>	<u>1,940</u>	<u>-</u>	<u>-</u>	<u>1,940</u>
Total capital assets, being depreciated, net	<u>-</u>	<u>1,894,781</u>	<u>-</u>	<u>-</u>	<u>1,894,781</u>
Business-type activities capital assets, net	<u>\$ 1,410,850</u>	<u>\$ 2,453,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,864,326</u>

## 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, 2006:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Capital leases	\$ 904,346	\$ -	\$ (207,728)	\$ 696,618	\$ 133,624
Compensated absences	440,325	385,792	(231,628)	594,489	121,847
Governmental activities Long-term liabilities	<u>\$ 1,344,671</u>	<u>\$ 385,792</u>	<u>\$ (439,356)</u>	<u>\$ 1,291,107</u>	<u>\$ 255,471</u>
<b>Business-type activities:</b>					
Revenue bonds	\$ 16,500,000	\$ -	\$ (920,000)	\$ 15,580,000	\$ 930,000
Landfill closure costs	480,092	71,367	-	551,459	-
Compensated absences	58,203	33,483	(26,229)	65,457	23,867
Business-type activities Long-term liabilities	<u>\$ 17,038,295</u>	<u>\$ 104,850</u>	<u>\$ (946,229)</u>	<u>\$ 16,196,916</u>	<u>\$ 953,867</u>

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, 2006 is \$1,172,814.

## 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:

	<b>Governmental Activities</b>
<b>Fiscal Year Ending December 31,</b>	
2007	\$ 167,594
2008	129,647
2009	129,647
2010	129,647
2011	129,647
2012	129,647
Total minimum lease payments	815,829
Less amount representing interest	(119,211)
Present value of future minimum lease payments	\$ 696,618

**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, 2006 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%.	1,875,000
	\$ 15,580,000

## 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:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 930,000	\$ 643,343	\$ 1,573,343
2008	945,000	626,943	1,571,943
2009	460,000	606,565	1,066,565
2010	475,000	592,765	1,067,765
2011	490,000	578,040	1,068,040
2012 - 2016	2,730,000	2,611,165	5,341,165
2017 - 2021	3,340,000	2,001,578	5,341,578
2022 - 2026	4,220,000	1,122,719	5,342,719
2027 - 2028	1,990,000	146,738	2,136,738
	<u>\$ 15,580,000</u>	<u>\$ 8,929,856</u>	<u>\$ 24,509,856</u>

**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 \$551,459 at December 31, 2006, represents the cumulative amount reported to date based on the use of 11.9% of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$4,071,608 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, 2006:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Development Authority</b>					
Revenue bonds	\$ 4,015,000	\$ -	\$ (1,260,000)	\$ 2,755,000	\$ 1,300,000
Note payable	1,044,000	-	-	1,044,000	-
Development Authority Long-term liabilities	<u>\$ 5,059,000</u>	<u>\$ -</u>	<u>\$ (1,260,000)</u>	<u>\$ 3,799,000</u>	<u>\$ 1,300,000</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, 2006, 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%.	\$ 255,000
Series 1999B \$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%.	55,000
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%.	2,000,000
Series 2003 \$1,060,000 Development Authority of Monroe County Revenue Refunding Bonds (Tift College Bonds), due in annual installments ranging from \$200,000 to \$225,000 through April 1, 2008, plus interest at 2.48%.	445,000
	\$ 2,755,000

## 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	Total
2007	\$ 1,300,000	\$ 65,941	\$ 1,365,941
2008	1,345,000	25,753	1,370,753
2009	110,000	2,632	112,632
Total	<u>\$ 2,755,000</u>	<u>\$ 94,326</u>	<u>\$ 2,849,326</u>

**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 of the note, as and when parcels within the property are sold, along with amounts equal to a pro-rata share of interest accrued as of the date of sale. The note payable outstanding at December 31, 2006 is \$1,044,000.

**Conduit Debt Obligations.** From time to time, the Development Authority issues revenue bonds to provide financial assistance to private-sector entities or other third parties for the acquisition and construction of industrial and commercial facilities. The bonds are secured by the property financed and are payable solely from payments received on the underlying loans and agreements. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance.

The Development Authority is not obligated in any manner for repayment of the bonds as discussed above. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2006, there were four series of revenue bonds outstanding, with an aggregate principal amount payable of \$129,250,000.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 8. SHORT-TERM DEBT

#### A. Primary Government

The County issued a tax anticipation note on July 13, 2006 to provide additional cash flow for the General Fund until tax collections began later in the year. This note carried interest at 3.88% and was due on December 29, 2006. The note was paid in full on December 29, 2006.

The following is a summary of tax anticipation note payable (short-term debt) for the year ended December 31, 2006:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Short-term note	\$ -	\$ 5,000,000	\$ (5,000,000)	\$ -

#### B. Discretely Presented Component Unit – Development Authority

The Development Authority issued a short-term note on May 10, 2006 in order to purchase land and a building. This note carries interest at 3.95% and is due on May 10, 2007. As of December 31, 2006, the outstanding balance of the Development Authority's note payable is \$1,700,000.

The following is a summary of short-term debt transactions for the Development Authority for the year ended December 31, 2006:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Short-term note	\$ -	\$ 1,700,000	\$ -	\$ 1,700,000

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2006, is as follows:

**Due to/from other funds:**

Receivable Fund	Payable Fund			
	General Fund	North Water Fund	South Water Fund	Landfill Fund
General Fund	\$ -	\$ 102,000	\$ 303,223	\$ 152,000
South Water Fund	-	130,572	-	-
Nonmajor governmental funds	38,663	-	-	-
<b>Total</b>	<b>\$ 38,663</b>	<b>\$ 232,572</b>	<b>\$ 303,223</b>	<b>\$ 152,000</b>

Receivable Fund	Payable Fund		
	Nonmajor governmental funds	Nonmajor business-type funds	Total
General Fund	\$ 339,306	\$ 37,711	\$ 934,240
South Water Fund	-	-	130,572
Nonmajor governmental funds	1,986	-	40,649
<b>Total</b>	<b>\$ 341,292</b>	<b>\$ 37,711</b>	<b>\$ 1,105,461</b>

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		
	General Fund	Nonmajor governmental funds	Total
General Fund	\$ -	\$ 520,013	\$ 520,013
North Water Fund	36,939	450	37,389
South Water Fund	398,446	1,328,289	1,726,735
Landfill Fund	373,466	-	373,466
Nonmajor governmental funds	1,023,849	53	1,023,902
<b>Total</b>	<b>\$ 1,832,700</b>	<b>\$ 1,848,805</b>	<b>\$ 3,681,505</b>

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

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### 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, 2006, 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, 2006, (the most recent actuarial valuation date) are as follows:

	<u>January 1, 2006</u>	<u>January 1, 2005</u>
<b><u>Derivation of Annual Pension Cost</u></b>		
Annual Required Contribution	\$ 680,680	\$ 610,463
Interest on Net Pension Obligation	441	(5,224)
Amortization of Net Pension Obligation	(465)	5,512
Annual Pension Cost	\$ 680,656	\$ 610,751

#### **Derivation of Net Pension Obligation**

Net Pension Obligation (Asset) as of Beginning of Prior Year	\$ (65,300)
Annual Pension Cost for Prior Year	610,751
Actual Contributions to Plan for Prior Year	539,939
Increase in Net Pension Obligation (Asset)	70,812
Net Pension Obligation as Beginning of the Year	\$ 5,512

#### **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>
1/1/06	\$ 680,656	\$ N/A	N/A %	\$ 5,512
1/1/05	610,751	539,939	88	(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	-

## NOTES TO FINANCIAL STATEMENTS

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### **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, 2006, there were 6 retired employees receiving health care and dental benefits. For the year ended December 31, 2006, the County paid \$14,272 for these benefits, which was net of \$14,272 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 \$154,637 at December 31, 2006 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, 2006 and 2005, respectively, are as follows:

	December 31,	
	2006	2005
Unpaid claims, beginning of fiscal year	\$ 195,024	\$ 133,131
Claims paid	1,203,030	1,314,303
Incurred claims	1,162,643	1,376,196
Unpaid claims, end of fiscal year	\$ 154,637	\$ 195,024

### 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

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### **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, 2006, the County has contractual commitments on uncompleted construction contracts of approximately \$284,729.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

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<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability</b>	<b>(Overfunded) Actuarial Accrued Liability</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>(Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll</b>
01/01/06	\$ 8,852,064	\$ 11,033,284	\$ 2,181,220	80.2 %	\$ 5,032,892	43.3 %
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

**MONROE COUNTY, GEORGIA  
NONMAJOR GOVERNMENTAL FUNDS**

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**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**

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**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.

**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, 2006

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Project Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash	\$ 819,799	\$ 161,990	\$ 2,158,696	\$ 3,140,485
Investments	80,361	-	-	80,361
Accounts receivable	42,573	-	-	42,573
Due from other governments	12,816	187,246	477,034	677,096
Due from other funds	40,649	-	-	40,649
Total assets	<u>\$ 996,198</u>	<u>\$ 349,236</u>	<u>\$ 2,635,730</u>	<u>\$ 3,981,164</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 9,080	\$ -	\$ 15,258	\$ 24,338
Accrued liabilities	14,029	-	-	14,029
Due to other funds	274,905	-	66,387	341,292
Due to other governments	-	-	667,228	667,228
Total liabilities	<u>298,014</u>	<u>-</u>	<u>748,873</u>	<u>1,046,887</u>
<b>FUND BALANCES</b>				
Unreserved	<u>698,184</u>	<u>349,236</u>	<u>1,886,857</u>	<u>2,934,277</u>
Total fund balances	<u>698,184</u>	<u>349,236</u>	<u>1,886,857</u>	<u>2,934,277</u>
Total liabilities and fund balances	<u>\$ 996,198</u>	<u>\$ 349,236</u>	<u>\$ 2,635,730</u>	<u>\$ 3,981,164</u>

**MONROE COUNTY, GEORGIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006**

	<b>Special Revenue Funds</b>	<b>Debt Service Fund</b>	<b>Capital Project Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>				
Sales tax	\$ -	\$ 1,215,365	\$ 3,096,291	\$ 4,311,656
Intergovernmental	164,705	-	472,095	636,800
Fines and forfeitures	609,870	-	-	609,870
Charges for services	338,626	-	-	338,626
Interest income	10,221	858	25,029	36,108
Miscellaneous	10,457	-	292,678	303,135
Total revenues	<u>1,133,879</u>	<u>1,216,223</u>	<u>3,886,093</u>	<u>6,236,195</u>
<b>Expenditures:</b>				
Current:				
General government	-	-	726,677	726,677
Judicial	15,373	-	-	15,373
Public safety	1,145,103	-	10	1,145,113
Health and welfare	-	-	30,866	30,866
Culture and recreation	10,262	-	-	10,262
Housing and development	-	1,257,802	-	1,257,802
Capital outlay	-	-	1,911,266	1,911,266
Debt service:				
Principal	-	-	34,773	34,773
Interest and fiscal charges	-	-	3,332	3,332
Total expenditures	<u>1,170,738</u>	<u>1,257,802</u>	<u>2,706,924</u>	<u>5,135,464</u>
Deficiency of revenues under expenditures	<u>(36,859)</u>	<u>(41,579)</u>	<u>1,179,169</u>	<u>1,100,731</u>
<b>Other financing uses (sources):</b>				
Transfers in	354,175	-	669,727	1,023,902
Transfers out	-	-	(1,848,805)	(1,848,805)
Total other financing uses (sources)	<u>354,175</u>	<u>-</u>	<u>(1,179,078)</u>	<u>(824,903)</u>
Net change in fund balances	317,316	(41,579)	91	275,828
<b>Fund balances, beginning of year</b>	<u>380,868</u>	<u>390,815</u>	<u>1,886,766</u>	<u>2,658,449</u>
<b>Fund balances, end of year</b>	<u>\$ 698,184</u>	<u>\$ 349,236</u>	<u>\$ 1,886,857</u>	<u>\$ 2,934,277</u>

**MONROE COUNTY, GEORGIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2006**

	<u>Library</u>	<u>Forfeited Funds</u>	<u>Law Library</u>	<u>Jail Fines</u>	<u>Drug Education</u>
<b>ASSETS</b>					
Cash	\$ 19,197	\$ 12,837	\$ 30,916	\$ 92,485	\$ 81,223
Investments	37,478	-	42,883	-	-
Accounts receivable	299	-	397	-	-
Due from other governments	-	-	-	1,938	-
Due from other funds	-	-	-	-	1,986
Total assets	<u>\$ 56,974</u>	<u>\$ 12,837</u>	<u>\$ 74,196</u>	<u>\$ 94,423</u>	<u>\$ 83,209</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 2,820	\$ 4,081	\$ -	\$ -
Accrued liabilities	-	-	-	-	620
Due to other funds	-	3,315	-	-	52,266
Total liabilities	<u>-</u>	<u>6,135</u>	<u>4,081</u>	<u>-</u>	<u>52,886</u>
<b>FUND BALANCES</b>					
Unreserved	56,974	6,702	70,115	94,423	30,323
Total fund balances	<u>56,974</u>	<u>6,702</u>	<u>70,115</u>	<u>94,423</u>	<u>30,323</u>
Total liabilities and fund balances	<u>\$ 56,974</u>	<u>\$ 12,837</u>	<u>\$ 74,196</u>	<u>\$ 94,423</u>	<u>\$ 83,209</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>
\$ 111,724	\$ 383,605	\$ 77,231	\$ 7,559	\$ 3,022	\$ 819,799
-	-	-	-	-	80,361
38,997	-	-	-	2,880	42,573
-	10,878	-	-	-	12,816
-	38,663	-	-	-	40,649
<u>\$ 150,721</u>	<u>\$ 433,146</u>	<u>\$ 77,231</u>	<u>\$ 7,559</u>	<u>\$ 5,902</u>	<u>\$ 996,198</u>
\$ 1,057	\$ 1,039	\$ -	\$ 83	\$ -	\$ 9,080
12,048	1,361	-	-	-	14,029
<u>113,710</u>	<u>105,614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>274,905</u>
<u>126,815</u>	<u>108,014</u>	<u>-</u>	<u>83</u>	<u>-</u>	<u>298,014</u>
<u>23,906</u>	<u>325,132</u>	<u>77,231</u>	<u>7,476</u>	<u>5,902</u>	<u>698,184</u>
<u>23,906</u>	<u>325,132</u>	<u>77,231</u>	<u>7,476</u>	<u>5,902</u>	<u>698,184</u>
<u>\$ 150,721</u>	<u>\$ 433,146</u>	<u>\$ 77,231</u>	<u>\$ 7,559</u>	<u>\$ 5,902</u>	<u>\$ 996,198</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, 2006**

	<u>Library</u>	<u>Forfeited Funds</u>	<u>Law Library</u>	<u>Jail Fines</u>	<u>Drug Education</u>
<b>Revenues:</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	4,390	25,818	28,973	243,861	72,977
Charges for services	-	-	-	-	-
Interest income	1,632	52	1,224	1,009	214
Miscellaneous	7,853	-	-	-	631
Total revenues	<u>13,875</u>	<u>25,870</u>	<u>30,197</u>	<u>244,870</u>	<u>73,822</u>
<b>Expenditures:</b>					
Current:					
Judicial	-	-	15,373	-	-
Public safety	-	23,492	-	11,935	58,958
Culture and recreation	10,262	-	-	-	-
Total expenditures	<u>10,262</u>	<u>23,492</u>	<u>15,373</u>	<u>11,935</u>	<u>58,958</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,613</u>	<u>2,378</u>	<u>14,824</u>	<u>232,935</u>	<u>14,864</u>
<b>Other financing sources:</b>					
Transfers in	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	3,613	2,378	14,824	232,935	14,864
<b>Fund balances (deficit), beginning of year</b>	<u>53,361</u>	<u>4,324</u>	<u>55,291</u>	<u>(138,512)</u>	<u>15,459</u>
<b>Fund balances, end of year</b>	<u>\$ 56,974</u>	<u>\$ 6,702</u>	<u>\$ 70,115</u>	<u>\$ 94,423</u>	<u>\$ 30,323</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>
\$ -	\$ 120,825	\$ -	\$ 41,000	\$ 2,880	\$ 164,705
-	135,180	98,671	-	-	609,870
338,626	-	-	-	-	338,626
1,378	4,702	-	-	10	10,221
-	1,223	-	750	-	10,457
<u>340,004</u>	<u>261,930</u>	<u>98,671</u>	<u>41,750</u>	<u>2,890</u>	<u>1,133,879</u>
-	-	-	-	-	15,373
735,099	191,016	81,530	34,299	8,774	1,145,103
-	-	-	-	-	10,262
<u>735,099</u>	<u>191,016</u>	<u>81,530</u>	<u>34,299</u>	<u>8,774</u>	<u>1,170,738</u>
<u>(395,095)</u>	<u>70,914</u>	<u>17,141</u>	<u>7,451</u>	<u>(5,884)</u>	<u>(36,859)</u>
<u>346,190</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,985</u>	<u>354,175</u>
<u>346,190</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,985</u>	<u>354,175</u>
(48,905)	70,914	17,141	7,451	2,101	317,316
<u>72,811</u>	<u>254,218</u>	<u>60,090</u>	<u>25</u>	<u>3,801</u>	<u>380,868</u>
<u>\$ 23,906</u>	<u>\$ 325,132</u>	<u>\$ 77,231</u>	<u>\$ 7,476</u>	<u>\$ 5,902</u>	<u>\$ 698,184</u>

**MONROE COUNTY, GEORGIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**DECEMBER 31, 2006**

	<u>Water Capital</u>	<u>Roads</u>	<u>Fire</u>	<u>Recreation</u>	<u>Youth Center</u>
<b>ASSETS</b>					
Cash	\$ 82,421	\$ 290,751	\$ 97,706	\$ 109,914	\$ 21,288
Due from other governments	141,178	141,178	-	11,889	5,944
Total assets	<u>\$ 223,599</u>	<u>\$ 431,929</u>	<u>\$ 97,706</u>	<u>\$ 121,803</u>	<u>\$ 27,232</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Accounts payable	\$ -	\$ 14,106	\$ -	\$ -	\$ -
Due to other funds	-	-	1,166	-	56,841
Due to other governments	-	-	-	-	-
Total liabilities	<u>-</u>	<u>14,106</u>	<u>1,166</u>	<u>-</u>	<u>56,841</u>
<b>FUND BALANCES (DEFICIT)</b>					
Unreserved	<u>223,599</u>	<u>417,823</u>	<u>96,540</u>	<u>121,803</u>	<u>(29,609)</u>
Total fund balances	<u>223,599</u>	<u>417,823</u>	<u>96,540</u>	<u>121,803</u>	<u>(29,609)</u>
Total liabilities and fund balances	<u>\$ 223,599</u>	<u>\$ 431,929</u>	<u>\$ 97,706</u>	<u>\$ 121,803</u>	<u>\$ 27,232</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>
\$ 793,277	\$ 85,801	\$ 1,942	\$ 93,920	\$ 555,843	\$ 83	\$ 25,750	\$ 2,158,696
29,722	18,576	5,350	4,309	111,457	-	7,431	477,034
<u>\$ 822,999</u>	<u>\$ 104,377</u>	<u>\$ 7,292</u>	<u>\$ 98,229</u>	<u>\$ 667,300</u>	<u>\$ 83</u>	<u>\$ 33,181</u>	<u>\$ 2,635,730</u>
\$ 1,152	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,258
180	-	8,100	-	-	100	-	66,387
-	-	-	-	667,228	-	-	667,228
<u>1,332</u>	<u>-</u>	<u>8,100</u>	<u>-</u>	<u>667,228</u>	<u>100</u>	<u>-</u>	<u>748,873</u>
821,667	104,377	(808)	98,229	72	(17)	33,181	1,886,857
821,667	104,377	(808)	98,229	72	(17)	33,181	1,886,857
<u>\$ 822,999</u>	<u>\$ 104,377</u>	<u>\$ 7,292</u>	<u>\$ 98,229</u>	<u>\$ 667,300</u>	<u>\$ 83</u>	<u>\$ 33,181</u>	<u>\$ 2,635,730</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, 2006**

	<u>Water Capital</u>	<u>Roads</u>	<u>Fire</u>	<u>Recreation</u>	<u>Youth Center</u>
<b>Revenues:</b>					
Sales tax	\$ 916,348	\$ 916,348	\$ -	\$ 77,166	\$ 38,581
Intergovernmental	-	39,413	-	-	-
Interest income	4,013	3,526	923	250	201
Miscellaneous	292,678	-	-	-	-
Total revenues	<u>1,213,039</u>	<u>959,287</u>	<u>923</u>	<u>77,416</u>	<u>38,782</u>
<b>Expenditures:</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Health and welfare:	-	-	-	-	-
Capital outlay	725,131	646,829	1,166	5	11,041
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>725,131</u>	<u>646,829</u>	<u>1,166</u>	<u>5</u>	<u>11,041</u>
Excess (deficiency) of revenues over (under) expenditures	<u>487,908</u>	<u>312,458</u>	<u>(243)</u>	<u>77,411</u>	<u>27,741</u>
<b>Other financing sources (uses):</b>					
Transfers in	639,675	52	-	-	-
Transfers out	<u>(1,328,290)</u>	<u>(512,753)</u>	<u>-</u>	<u>(7,710)</u>	<u>-</u>
Total other financing sources (uses)	<u>(688,615)</u>	<u>(512,701)</u>	<u>-</u>	<u>(7,710)</u>	<u>-</u>
Net change in fund balances	(200,707)	(200,243)	(243)	69,701	27,741
<b>Fund balances (deficit), beginning of year</b>	<u>424,306</u>	<u>618,066</u>	<u>96,783</u>	<u>52,102</u>	<u>(57,350)</u>
<b>Fund balances (deficit), end of year</b>	<u>\$ 223,599</u>	<u>\$ 417,823</u>	<u>\$ 96,540</u>	<u>\$ 121,803</u>	<u>\$ (29,609)</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>
\$ 192,916	\$ 120,571	\$ 34,726	\$ 27,970	\$ 723,435	\$ -	\$ 48,230	\$ 3,096,291
-	-	-	-	-	432,682	-	472,095
12,043	337	100	272	3,299	-	65	25,029
-	-	-	-	-	-	-	292,678
<u>204,959</u>	<u>120,908</u>	<u>34,826</u>	<u>28,242</u>	<u>726,734</u>	<u>432,682</u>	<u>48,295</u>	<u>3,886,093</u>
-	-	-	-	726,677	-	-	726,677
-	-	-	10	-	-	-	10
-	-	-	-	-	-	30,866	30,866
1,332	93,163	-	-	-	432,599	-	1,911,266
-	-	34,773	-	-	-	-	34,773
-	-	3,332	-	-	-	-	3,332
<u>1,332</u>	<u>93,163</u>	<u>38,105</u>	<u>10</u>	<u>726,677</u>	<u>432,599</u>	<u>30,866</u>	<u>2,706,924</u>
<u>203,627</u>	<u>27,745</u>	<u>(3,279)</u>	<u>28,232</u>	<u>57</u>	<u>83</u>	<u>17,429</u>	<u>1,179,169</u>
-	-	30,000	-	-	-	-	669,727
-	-	-	-	(52)	-	-	(1,848,805)
-	-	30,000	-	(52)	-	-	(1,179,078)
203,627	27,745	26,721	28,232	5	83	17,429	91
<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>
<u>\$ 821,667</u>	<u>\$ 104,377</u>	<u>\$ (808)</u>	<u>\$ 98,229</u>	<u>\$ 72</u>	<u>\$ (17)</u>	<u>\$ 33,181</u>	<u>\$ 1,886,857</u>

**MONROE COUNTY, GEORGIA**

**SCHEDULE OF EXPENDITURES OF  
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 1997 ISSUE  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006**

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<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	\$ 1,166	\$ 407,195
Youth Center Facility	600,000	600,000	-	600,000
Courthouse Capital Improvements	250,000	121,706	1,332	123,038
Total	<u>\$ 1,350,000</u>	<u>\$ 1,127,735</u>	<u>\$ 2,498</u>	<u>\$ 1,130,233</u>

**MONROE COUNTY, GEORGIA**

**SCHEDULE OF EXPENDITURES OF  
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2002 ISSUE  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006**

<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	\$ 141,138	\$ 5	\$ 141,143
Courthouse Capital Improvements	1,000,000	-	-	-
Patrol Vehicles	625,000	224,561	93,163	317,724
Emergency Services Equipment	180,000	218,100	8,105	226,205
Animal Shelter Facility and Equipment	145,000	-	10	10
Tift College Bonds Debt Service	6,300,000	2,647,731	1,257,802	3,905,533
Roads, Streets, and Bridges	4,750,000	2,274,658	646,829	2,921,487
Construction of Water and Sewer Lines	4,750,000	3,875,203	725,131	4,600,334
Hospital Capital Improvements	250,000	104,917	30,866	135,783
Youth Center Facility	200,000	200,000	-	200,000
Total	<u>\$ 18,600,000</u>	<u>\$ 9,686,308</u>	<u>\$ 2,761,911</u>	<u>\$ 12,448,219</u>

**MONROE COUNTY, GEORGIA**  
**AGENCY FUNDS**

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**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**

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<b>ASSETS</b>	<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	\$ 684,068	\$ 156,308	\$ 112,234	\$ 14,525	\$ 299,780	\$ 1,266,915
Taxes receivable	<u>41,490,357</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,490,357</u>
Total assets	<u>\$ 42,174,425</u>	<u>\$ 156,308</u>	<u>\$ 112,234</u>	<u>\$ 14,525</u>	<u>\$ 299,780</u>	<u>\$ 42,757,272</u>
 <b>LIABILITIES</b>						
Due to others	\$ 684,068	\$ 156,308	\$ 112,234	\$ 14,525	\$ 299,780	\$ 1,266,915
Uncollected taxes	<u>41,490,357</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,490,357</u>
Total liabilities	<u>\$ 42,174,425</u>	<u>\$ 156,308</u>	<u>\$ 112,234</u>	<u>\$ 14,525</u>	<u>\$ 299,780</u>	<u>\$ 42,757,272</u>

## **COMPLIANCE SECTION**

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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***

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**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, 2006, which collectively comprise Monroe County, Georgia's basic financial statements, and have issued our report thereon dated June 13, 2007. We did not audit the financial statements of the Monroe County Department of Public Health. Those financial statements were audited by other auditors whose reports have 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose expressing an opinion on the effectiveness of Monroe County, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Monroe County, Georgia's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2006-1 through 2006-8 to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2006-1, 2006-3, and 2006-4 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 also noted certain additional matters that we reported to the management of Monroe County, Georgia in a separate letter dated June 13, 2007.

Monroe County, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Monroe County, Georgia's responses and accordingly, we express no opinion on them.

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

*Mauldin & Jenkins, LLC*

Macon, Georgia  
June 13, 2007

# MONROE COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2006

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### 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
Significant deficiencies identified not considered to be material weaknesses?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no

#### Federal Awards

There was not an audit of major federal award programs as of December 31, 2006 due to the total amount expended being less than \$500,000.

### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

#### **2006-1. Receivables and Revenues**

Criteria: Generally accepted accounting principles require revenues to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Condition: The County did not appropriately record the following: 1) year end property taxes receivable in the General Fund, 2) amounts due from the Courts and other entities in the General Fund, 3) the allowance for doubtful accounts in the North Water Fund and Landfill Fund, and 4) reverse and record receivables and revenues in the nonmajor funds for the year ended December 31, 2006.

Context: We addressed this matter with County officials, who were able to determine all appropriate receivables that should be recorded as of December 31, 2006.

# MONROE COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2006

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### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

#### 2006-1. Receivables and Revenues (Continued)

Effect: The following audit adjustments were required to be reported as of December 31, 2006: 1) an adjustment to increase taxes receivable in the amount of \$3,325,504, increase deferred revenues in the amount of \$2,239,662, and increase tax revenue in the amount of \$1,085,842 in the General Fund; 2) an adjustment to increase cash and fines and forfeiture revenues in the amount of \$44,715 in the General Fund; 3) an adjustment to decrease accounts receivable and charges for services in the amount of \$3,216 in the North Water Fund; 4) an adjustment to decrease accounts receivable and charges for services in the amount of \$11,076 in the Landfill Fund; and 5) an adjustment to increase cash in the amount of \$10,162, decrease accounts receivable in the amount of \$6,818, decrease due from other governments in the amount of \$23,804, decrease due to other funds in the amount of \$12,746, decrease intergovernmental revenues in the amount of \$28,095, and increase fines and forfeiture revenues in the amount of \$20,381 in other nonmajor funds.

Recommendation: We recommend the County begin recognizing and recording all necessary tax and revenue adjustments at the end of each financial reporting cycle.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will begin recognizing and recording all necessary tax and revenue adjustments as appropriate in future periods.

#### 2006-2. Accrued Liabilities

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

Condition: The County did not appropriately record the total estimated claims payable for health insurance in the General Fund and North Water Fund. Additionally, the County did not appropriately record FICA on compensated absences payable in the North Water Fund and Landfill Fund.

Context: We addressed this matter with County officials, who were able to determine all appropriate accrued liabilities that should be recorded as of December 31, 2006.

Effect: An audit adjustment to increase accrued liabilities and increase expenditures in the amount of \$23,607 was required to be reported in the General Fund. An audit adjustment to increase accrued liabilities and expenses in the amount of \$1,493 was required to be reported in the North Water Fund. Additionally, an audit adjustment to decrease accrued liabilities and expenses in the amount of \$1,518 was required to be reported in the North Water Fund. An audit adjustment to increase accrued liabilities and expenses in the amount of \$3,552 was required to be reported in the Landfill Fund.

Recommendation: We recommend the County begin recognizing and recording all necessary adjustments to accrued liabilities at the end of each financial reporting cycle.

# MONROE COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2006

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### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

#### 2006-2. Accrued Liabilities (Continued)

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will begin recognizing and recording all necessary adjustments to accrued liabilities as appropriate in future periods.

#### 2006-3. Debt Transactions

Criteria: Proprietary funds use the economic resources measurement focus, which requires those funds to report all assets and liabilities, including long-term debt.

Condition: The County did not appropriately record debt transactions in the North and South Water Funds, primarily those adjustments related to recording bond interest expense and amortization of bond issuance costs.

Context: See above condition.

Effect: An audit adjustment to decrease deferred charges and increase interest expenses in the amount of \$5,652 was required to be reported in the North Water Fund. Additionally, an audit adjustment to increase due from other funds in the amount of \$7,535, decrease deferred charges in the amount of \$79,852, increase accrued interest payable in the amount of \$2,260, increase interest expenses in the amount of \$62,522, and increase transfers out in the amount of \$7,535 was required to be reported in the South Water Fund.

Recommendation: We recommend the County record all debt transactions appropriately as they occur during the year.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will record all debt transactions appropriately as they occur during the year.

#### 2006-4. Capital Assets

Criteria: Proprietary funds use the economic resources measurement focus, which requires those funds to report all assets and liabilities, including capital assets.

Condition: The County did not appropriately record all capital assets in the North Water Fund, South Water Fund, and Landfill Fund during the year ended December 31, 2006.

Context: See above condition.

# MONROE COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2006

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### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

#### 2006-4. Capital Assets (Continued)

Effect: The following audit adjustments were required to be reported as of December 31, 2006: 1) an adjustment to increase capital assets in the amount of \$23,432, increase due to other funds in the amount of \$123,037, increase capital contributions in the amount of \$243,923, and increase depreciation and other expenses in the amount of \$343,527 in the North Water Fund; 2) an adjustment to increase due from other funds in the amount of \$123,037, increase capital assets in the amount of \$1,153,017, increase due to other funds in the amount of \$113,225, increase capital contributions in the amount of \$600,970, increase depreciation and other expenses in the amount of \$164,632 and increase transfers out in the amount of \$327,402 in the South Water Fund; and 3) an adjustment to increase capital assets and decrease operating expenses in the amount of \$112,897 in the Landfill Fund.

Recommendation: We recommend the County record all capital asset transactions, including depreciation expense appropriately as they occur during the year.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will record all capital asset transactions appropriately as they occur during the year.

#### 2006 - 5. Accounts Payable Liabilities

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

Condition: The County did not appropriately address the above criteria as it relates to accounts payable items that existed as of December 31, 2006 within the South Water Fund, Landfill Fund, and nonmajor funds.

Context: We addressed this matter with County officials and they were able to determine the amount of accounts payable that should be recorded as of December 31, 2006.

Effect: The following audit adjustments were required to be reported as of December 31, 2006: 1) an adjustment to increase capital assets and accounts payable in the amount of \$12,753 in the South Water Fund, 2) an adjustment to decrease accounts payable and increase charges for services in the amount of \$1,680 in the Landfill Fund, and 3) an adjustment to decrease accounts payable and expenditures in the amount of \$19,700 in the nonmajor funds.

Recommendation: We recommend the County begin recognizing and recording accounts payable as required, and record the necessary adjustments to reflect the accounts payable balances at the conclusion of each financial reporting cycle.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will continue to improve our accounts payable reconciliation process in future years for year end and month end reporting purposes.

# MONROE COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2006

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### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

#### **2006-6. Cash Transaction**

Criteria: Generally accepted accounting principles require all cash transactions to be accurately reported.

Condition: The County did not appropriately record a deposit made in the South Water Fund as of December 31, 2006.

Context: We addressed this matter with County officials and they were able to determine the appropriate adjustment that should be recorded as of December 31, 2006.

Effect: An audit adjustment to increase cash in the amount of \$11,516, increase accounts payable in the amount of \$1,050, and increase charges for services in the amount of \$10,466 was required to be reported in the South Water Fund.

Recommendation: We recommend the County begin recognizing and recording all cash transactions when incurred by the County.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will recognize and record all cash transactions when they are made.

#### **2006-7. 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, 2006, 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 on a monthly basis. 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 \$13,000 of excess cash in the operating account; at the office of the Probate Court, we noted approximately \$17,000 of excess cash in the Probate Court accounts; and at the Sheriff's Office, we noted a shortage of approximately \$10,000 in the new Jail Inmate account as of December 31, 2006. However, the old Jail Inmate account contains approximately \$9,000. It is unknown by the Jail to whom this cash is owed.

# MONROE COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2006

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### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

#### **2006-7. Maintenance of Records for Agency Fund Accounts (Continued)**

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

Cause: The excess at the offices of the Tax Commissioner and Probate Court was caused by funds being held during prior years, even though the current funds received are all remitted to the proper authorities. The differences at the office of the Sheriff is due to the proper reports not being printed and reconciled each month.

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

Views of Responsible Officials and Planned Corrective Action: 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.

#### **2006-8. 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, and Sheriff's Office.

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.

# MONROE COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2006

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### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

#### 2006-8. Segregation of Duties (Continued)

Views of Responsible Officials and Planned Corrective Action: 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.

### SECTION III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

# MONROE COUNTY, GEORGIA

## SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2006

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### 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.
- 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.

Auditee Response/Status: The above finding was corrected during fiscal year 2006 and is not included as a finding for the current year.

### 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.

# MONROE COUNTY, GEORGIA

## SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2006

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### **2005-2. Development Authority Accrued Interest (Continued)**

Auditee Response/Status: The above finding was corrected during fiscal year 2006 and is not included as a finding for the current year.

### **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, 2006, 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.

Auditee Response/Status: Unresolved. See current finding number 2006-7.

### **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, and Tax Commissioner.

Auditee Response/Status: The above finding was corrected at the office of the Tax Commissioner during fiscal year 2006. This finding remains unresolved at the remainder of the offices. See current finding number 2006-8.



## INDEPENDENT ACCOUNTANT'S REPORT ON LOCAL ASSISTANCE GRANTS

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**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, 2006, 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, 2006, 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  
June 13, 2007

**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

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

	<u>COLUMN 1</u> Current Year Activity	<u>COLUMN 2</u> Cumulative Grant Activity
	For the Year Ended: December 31, 2006	Through the Year Ended: December 31, 2006
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

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

	<u>COLUMN 1</u> Current Year Activity		<u>COLUMN 2</u> Cumulative Grant Activity
G	For the Year Ended: December 31, 2006		Through the Year Ended: December 31, 2006
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue) <span style="float: right;">\$2,000.00</span>		
I	Grant Receipts or Revenue Recognized <span style="float: right;">\$0.00</span>		\$2,000.00
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES <span style="float: right;">\$0.00</span>		\$0.00
K	Disbursements or Expenditures for Audit Fees <span style="float: right;">\$0.00</span>		\$0.00
L	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K] <span style="float: right;">\$2,000.00</span>		\$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 \_\_\_\_\_