UNIFIED GOVERNMENT OF CUSSETA - CHATTAHOOCHEE COUNTY, GEORGIA

Financial Statements and Supplemental Information
For the year ended June 30, 2016
And
Auditor's Report

Geer & Associates
Certified Public Accountants

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The Unified Government of Cusseta-Chattahoochee County, Georgia

Management's Discussion and Analysis

Fiscal Year 2016
July 1, 2015 – June 30, 2016

As Management of the Unified Government of Cusseta-Chattahoochee County, Georgia, we offer this summary and analysis of the financial performance and activities of the Unified Government for the fiscal year ending June 30, 2016.

The Management's "Discussion and Analysis" is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis" for state and Local Governments issued in June 1999.

Financial Highlights

- The assets of the Unified Government exceeded its liabilities at the close of the most recent fiscal year by $16,225,590 (net position, an increase of $390,220). Of this amount, $4,556,948 (unrestricted net position) may be used to meet the Unified Governments ongoing costs of operations and obligations to citizens and creditors.

- As of the close of the current fiscal year, the Unified Government's governmental funds reported combined ending fund balances of $8,330,383, a decrease of $1,582,527 in comparison to the period ending June 30, 2015. Approximately 52.32 percent of this amount is available for spending at the government's discretion.

Overview of the Financial Statements

The Management's Discussion and Analysis is intended to serve as an introduction to the Unified Government's fundamental financial statements and consists of three components:

- Government-wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements

Government-wide Financial Statements

The Government-wide Financial Statements are intended to provide the readers with a broad overview of the Unified Government's finances, in a style comparable to business in the private sector.

The Statement of Net Position offers facts on the Unified Government's assets and liabilities, with the difference between the two reported as net position. Over time, the increases or decreases in the net position may serve as a practical indicator of whether the financial position of the Unified Government is advancing or declining. The Statement of Activities and Changes in Net Position presents information illustrating how the Unified Government's assets changed during the most recent fiscal year.

Fund Financial Statements

A fund is a combination of related accounts that is used to manage resources that have been segregated for specific purposes. The fund financial statements offer more in depth data about the Unified Government's resources. The fundamental element of the financial process with the Unified Government exists at the fund level. Funds are accounting devices that are utilized to monitor particular financial resources and expenditures for specific purposes. The Unified Government utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Government Funds statements give a short-range analysis that will aid in concluding if the economics of the Unified Government will support future programs.

Governmental Funds

The Governmental Funds report illustrates how services such as public works, potable water, public safety, etc. were funded with a focus on near-term inflows of expendable resources, as well as on the balances of expendable resources, and, on the balances of expendable resources on hand at the conclusion of the fiscal year.

The Unified Government has two kinds of funds. Governmental Funds consist of the following:

- **General Fund** ï is the principal fund of the Unified Government and accounts for all revenues and expenditures not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or operation expenditures and capital improvement costs that are not paid through other funds are paid from the General Fund.

- **Special Revenue Funds –** are used to account for the proceeds of specific revenue sources (other than expendable trust or for major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

- **Capital Projects Funds –** are used account for the construction of specific capital assets.

The Unified Government also utilizes a proprietary fund type:

- **Proprietary Fund Types –** are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided to outside parties (Enterprise Funds) or other departments or agencies primarily within the government (Internal Service Funds).

- **Water Fund –** is the proprietary fund used to account for the costs of providing water and wastewater service to the community. The Cusseta-Chattahoochee County Water and Waste Water System is solely supported by the customers through user fees and charges. The System receives no tax dollars from property taxes or any other tax to operate. Therefore, this utility must be self supporting.

Notes to Financial Statements

The following notes offer supplemental information that is important to interpret the statistics provided in the government-wide and fund financial statements.

- The Georgia General Assembly enacted State Bill 228 to allow the governments of the City of Cusseta and Chattahoochee County to consolidate. The referendum for consolidation was passed on June 17, 2003. The City and the County governments were consolidated effective November 5, 2003 and became known as The Unified Government of Cusseta-Chattahoochee County, Georgia.

Budgetary Highlights

- The Budgets of the Unified Government are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, and debt service funds.

- The Unified Government adopts annual budgets in accordance with Section 6, Chapter 3 of the Charter of the Unified Government of Cusseta-Chattahoochee County, Georgia and the Official Code of Georgia Annotated §36-81-5. The annual budgets are adopted on the modified accrual basis for its general fund.

- In April of each year, approximately 30 departments of the local government submit initial requests for appropriations to the Manager's office. The proposed budget is reviewed by the Manager and face to face meetings are held with each department head and/or elected officials to confirm, gain understanding and reach consensus on their specific financial needs for the upcoming fiscal year. The Manager then presents the proposed budget to the Board of Commissioners for review no later than sixty days prior to the beginning of the next fiscal year.

- Beginning in January 2007, Commissioner Work sessions were scheduled monthly (one week prior to the regular meeting) for the purpose of expanding our planning and communication for all Commissioners and the public. Budgetary Public Hearings are held during May and June with a final budget being prepared and adopted in a public hearing no later than June 30th.

- There were no significant Amendments to the original budget.

- The budget was balanced at the lowest level of legal authority.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2016, the Unified Government had $8,327,911 in net capital assets that include property, plant and equipment. Detailed information about the Unified Government's capital assets is presented in the notes to the financial statements.

Debt

For the period ended June 30, 2016, the Unified Government had outstanding revenue bonds in the Proprietary Fund Water System where the Government pledges income derived from the acquired or constructed assets to pay debt service transactions. These revenue bonds totaled $664,694 at the end of fiscal year 2016. The Unified Government is responsible for balances due to the Georgia Environmental Facilities Authority (GEFA). These notes and bonds totaled $26,789. Detailed information about the Unified Government's long term debt is presented in the notes to the financial statements.

Economic Factors and Next Year's Budget

The Unified Government's main sources of revenue are: various forms of taxes, licenses, permits, fees, charges for services and fines. The level of funding significantly affects the grade of service the Unified Government can provide to our citizens. The Unified Government, Board of Commission and administration continues to look for new sources of income not dependent upon property taxes. The Unified Government continues to pursue additional sources of income to lessen the effects of rising maintenance and operation expenses. During 2016, the Manager's focus has been to implement changes to: staffing, salaries and equipment from data collected over the past year.

The Unified Government's total net position changed from a year ago, from $15,835,370 to $17,013,920. Looking at the net assets and net expenses of the governmental and business-type activities separately, a similar story emerges for the governmental fund. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Unified governmental and business-type activities.

Table 1
Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2014
Current and other assets	$ 9,002,588	$ 7,481,001	$ 450,179	$ 595,765	$ 9,452,767	$ 8,076,766
Capital assets, net	5,009,513	5,249,559	4,009,881	4,087,574	9,019,394	9,337,133
Total assets	14,012,101	12,730,560	4,460,060	4,683,339	18,472,161	17,413,899
Long-term debt outstanding	-	-	691,483	748,322	691,483	748,322
Other liabilities	678,544	744,688	88,214	85,519	766,758	830,207
Total liabilities	678,544	744,688	779,697	833,841	1,458,241	1,578,529
Net position:						
Net investment in capital assets	5,009,513	5,249,559	3,318,398	3,339,252	8,327,911	8,588,811
Restricted	3,971,220	2,891,208	157,841	159,266	4,129,061	3,050,474
Unrestricted	4,352,824	3,845,105	204,124	350,980	4,556,948	4,196,085
Total net position	13,333,557	11,985,872	3,680,363	3,849,498	17,013,920	15,835,370
Total net position and liabilities	$ 14,012,101	$ 12,730,560	$ 4,460,060	$ 4,683,339	$ 18,472,161	$ 17,413,899

For the year ended June 30, 2016 net position changed as follows:

	Governmental Activities	Business-type Activities	Total
Beginning net position	11,985,872	3,849,498	15,835,370
Change in net position	559,355	(169,135)	390,220
Prior period adjustment	788,330	-	788,330
Ending net position	13,333,557	3,680,363	17,013,920

The change in net position reflects an increase of 11.24% for governmental activities; Business-type activities show a decrease of 4.3%.

Table 2 Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2015	2015	2015	2015
REVENUES						
TAXES						
Sales tax	$ 2,968,178	$ 1,757,257	$ -	$ -	$ 2,968,178	$ 1,757,257
Property taxes	600,392	566,667	-	-	600,392	566,667
Business taxes	261,901	729,696	-	-	261,901	729,696
Interest revenue	5,555	19,230	-	-	5,555	19,230
Charges for services	512,584	535,269	548,123	547,533	1,060,707	1,082,802
State grants	175,046	138,246	-	-	175,046	138,246
Miscellaneous revenue	60,601	104,007	-	-	60,601	104,007
Transfers in (out)	71,611	(128,744)	(71,611)	128,744	-	-
Total revenues	4,655,868	3,721,628	476,512	676,277	5,132,380	4,397,905
EXPENSES						
General government	1,234,295	736,637	-	-	1,234,295	736,637
Judicial	401,489	326,208	-	-	401,489	326,208
Public safety	741,660	823,563	-	-	741,660	823,563
Public works	1,144,378	911,571	-	-	1,144,378	911,571
Culture and recreation	420,658	281,904	-	-	420,658	281,904
Community development	-	55,219	-	-	-	55,219
Health and welfare	154,033	117,133	-	-	154,033	117,133
Water	-	-	645,647	707,673	645,647	707,673
Total expenses	4,096,513	3,252,235	645,647	707,673	4,742,160	3,959,908
Change in net position	559,355	469,393	(169,135)	(31,396)	390,220	437,997
Beginning - Net position	11,985,872	11,516,479	3,849,498	3,880,894	15,835,370	15,397,373
Prior period adjustment	788,330	-	-	-	788,330	-
Ending - Net position	$ 13,333,557	$ 11,985,872	$ 3,680,363	$ 3,849,498	$ 17,013,920	$ 15,835,370

The following schedule presents a summary of general, special revenue, and expenditures for the fiscal year ended June 30, 2016, and the amount and percentage in relation to the total of revenue or expenses.

Table 3

Expenditures		FYE June 30, 2016	Percent of Total
General government	$	1,223,538	31.68%
Judicial		402,147	10.41%
Public safety		734,776	19.03%
Public works		914,975	23.69%
Culture and recreation		432,199	11.19%
Community development		-	0.00%
Health and welfare		154,037	3.99%
Capital projects		-	0.00%
Debt services		-	0.00%
Total Expenditures	$	3,861,672	100.00%

Revenues		FYE June 30, 2016	Percent of Total
Sales tax	$	2,968,178	64.75%
Property taxes		600,392	13.10%
Business taxes		261,901	5.71%
Interest revenue		5,512	0.12%
License, permits and fees		281,467	6.14%
Fines and forfeitures		26,521	0.58%
Charges for services		204,596	4.46%
Grants		175,047	3.82%
Miscellaneous revenues		60,601	1.32%
Total Revenue	$	4,584,215	100.00%

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Table 4 represents additions and deletions to the Unified Government's capital assets and accumulated depreciation for governmental and business activities. Major expenditures are described below the table for further analysis.

Table 4

	Balance at June 30, 2015	Additions	Deletions	Reclass	Balance at June 30, 2016
Governmental activities:					
Nondepreciable assets:					
Land	$ 354,502	$ -	$ -	$ -	$ 354,502
Construction in progress (non-depreciable)	-	-	-	-	-
	354,502	-	-	-	354,502
Depreciable assets:					
Machinery and equipment	2,437,984	71,611	-	-	2,509,595
Infrastructure	779,741	-	-	-	779,741
Buildings and site improvements	5,829,700	-	-	-	5,829,699
Total at historical cost	9,047,425	71,611	-	-	9,119,035
Less accumulated depreciation					
Machinery and equipment	1,776,430	99,419	-	-	1,875,849
Infrastructure	175,467	57,759	-	-	233,226
Buildings and site improvements	2,200,471	154,479	-	-	2,354,950
Total accumulated depreciation	4,152,368	311,657	-	-	4,464,025
Governmental activities capital assets, net	$ 5,249,559	$ 383,268	$ -	$ -	$ 5,009,512
Business-type activities					
Nondepreciable assets:					
Land (non-depreciable)	$ 3,821	$ -	$ -	$ -	$ 3,821
	3,821	-	-	-	3,821
Depreciable assets:					
Machinery and equipment	137,980	-	-	-	137,980
Water system	7,665,605	-	-	-	7,665,605
Buildings and site improvements	96,860	-	-	-	96,860
Total at historical cost	7,900,445	-	-	-	7,900,445
Less accumulated depreciation					
Machinery and equipment	112,432	3,877	-	-	116,309
Water system	3,638,946	207,230	-	-	3,846,176
Buildings and site improvements	61,493	3,229	-	-	64,722
Total accumulated depreciation	3,812,871	214,336	-	-	4,027,207
Business-type capital assets, net	$ 4,091,395	$ (214,336)	$ -	$ -	$ 3,877,059

Assets

At the end of June 30, 2016, the Unified Government had $17.377 million invested in capital assets including buildings, and water, sewer and facilities. This represents a net increase of $71,611 over last year. For more information on capital assets see notes 1D and 3D.

Table 5

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	$ 354,502	$ 354,502	$ 3,821	$ 3,821	$ 358,323	$ 358,323
Buildings and improvements	6,609,441	6,609,441	96,860	96,860	6,706,301	6,706,301
Machinery and equipment	2,509,595	2,437,984	137,980	137,980	2,647,575	2,575,964
Construction in progress	-	-	-	-	-	-
Water system	-	-	7,665,605	7,665,605	7,665,605	7,665,605
	$ 9,473,538	$ 9,401,927	$ 7,904,266	$ 7,904,266	$ 17,377,804	$ 17,306,193

Debt

At year-end, the Unified Government had $691,483 in outstanding notes and bonds payable compared to $748,321last year. That is a decrease of 7.6% percent as shown in the following table:

Table 6

	Governmental Activtvties		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Notes payable	$ -	$ -	$ 26,789	$ 44,787	$ 26,789	$ 44,787
Revenue bonds Payable	-	-	664,694	703,534	664,694	703,534
	$ -	$ -	$ 691,483	$ 748,321	$ 691,483	$ 748,321

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is intended to provide our citizens, taxpayers, investors and all others with an interest in the finances of the Unified Government of Cusseta-Chattahoochee County, Georgia, a general overview of the Unified Government's finances. Questions concerning any of the information presented in this report or requests for additional information should be addressed to:

Thomas Weaver, Manager
Unified Government of Cusseta-Chattahoochee County
P.O. Box 299
Cusseta, GA 31805
706-989-3602
706-989-2005 (fax)

UNIFIED GOVERNMENT OF CUSSETA - CHATTAHOOCHEE COUNTY, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2016

	Primary Government			Component Unit
ASSETS	**Governmental Activities**	**Business-Type Activities**	**Total**	Chattahoochee County Health Department
Current assets:				
Cash, including time deposits	$ 8,619,190	$ -	$ 8,619,190	$ 181,958
Receivables:				
Accounts receivable	21,620	43,859	65,479	12,431
Taxes receivable	361,778	-	361,778	-
Intergovernmental receivable	-	238,284	238,284	-
Restricted assets:				
Cash	-	168,036	168,036	-
Total current assets	9,002,588	450,179	9,452,767	194,389
Noncurrent assets:				
Capital assets not being depreciated:				
Land	354,502	3,821	358,323	-
Capital assets net of accumulated depreciation:	4,655,011	4,006,060	8,661,071	-
Total noncurrent assets	5,009,513	4,009,881	9,019,394	-
Total assets	14,012,101	4,460,060	18,472,161	194,389
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows employer pension contributions	-	-	-	8,565
Total deferred outflows of resources	-	-	-	8,565
Total assets and deferred outflows	$ 14,012,101	$ 4,460,060	$ 18,472,161	$ 202,954
LIABILITIES				
Current liabilities:				
Accounts payable	$ 359,006	$ 4,998	$ 364,004	9,941
Accrued payroll and employee benefits	75,177	9,337	84,514	5,109
Customer deposits	-	73,879	73,879	-
Due to Water Fund	238,022	-	238,022	
Debt and leases payable, due within one yar	-	59,484	59,484	-
Total current liabilities	672,205	147,698	819,903	15,050
Non-current liabilities:				
Compensated absences	6,339	-	6,339	-
Debt and leases payable, less current portion	-	631,999	631,999	49,468
Total non-current liabilities	6,339	631,999	638,338	49,468
Total liabilities	678,544	779,697	1,458,241	64,518
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources- penion plan	-	-	-	4,496
Total deferred inflow of resources	-	-	-	4,496
NET POSITION				
Net investment in capital assets	5,009,513	3,318,398	8,327,911	-
Restricted for debt service	-	52,069	52,069	-
Restricted for system replacement	-	105,772	105,772	-
Restricted for Splost projects	3,586,642	-	3,586,642	-
Restricted for special programs	384,578	-	384,578	16,566
Unrestricted	4,352,824	204,124	4,556,948	117,374
Total net position	13,333,557	3,680,363	17,013,920	133,940
Total net position & liabilities	$ 14,012,101	$ 4,460,060	$ 18,472,161	$ 202,954

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

UNIFIED GOVERNMENT OF CUSSETA - CHATTAHOOCHEE COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

Functions/Program	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants & Contributions	Primary Government: Government Activities Net (Expense)/ Revenue	Primary Government: Business-type Activities Net (Expense)/ Revenue	Primary Government: Government Activities Net (Expense)/ Revenue	Component Unit: Chattahoochee County Health Department
PRIMARY GOVERNMENT:								
Governmental Activities								
General government	$ 1,234,295	$ 68,951	$ 61,643	$ -	$ (1,103,701)		$ (1,103,701)	
Judicial	401,489	225,981	-	-	(175,508)		(175,508)	
Public safety	741,660	4,853	-	-	(736,807)		(736,807)	
Public works	1,144,378	204,596	113,403	-	(826,379)		(826,379)	
Recreation	420,658	8,203	-	-	(412,455)		(412,455)	
Community development	-	-	-	-	-		-	
Health and welfare	154,033	-	-	-	(154,033)		(154,033)	
Interest	-	-	-	-	-		-	
Total general government	4,096,513	512,584	175,046	-	(3,408,883)	-	(3,408,883)	-
Business Type Activities								
Water Fund	645,647	548,123	-	-		$ (97,524)	(97,524)	
Total business type activities	$ 645,647	$ 548,123	$ -	$ -	$ -	$ (97,524)	$ (97,524)	$ -
Chattahoochee County Health Dept.	$ 154,670	$ 38,707	$ 146,184	$ -	$ -	$ -	$ -	$ 30,221
Total Component Unit	$ 154,670	$ 38,707	$ 146,184	$ -	$ -	$ -	$ -	$ 30,221
General revenues								
Sales taxes					1,888,680	-	1,888,680	
Splost					1,079,498	-	1,079,498	
Property taxes					600,392	-	600,392	
Business taxes					261,901	-	261,901	
Beer Excise tax					-	-	-	
Miscellaneous					60,601	-	60,601	20
Investment earnings					5,555	-	5,555	
						-	-	
Total general revenues					3,896,627	-	3,896,627	20
Transfers in (out)					71,611	(71,611)	-	
Total revenues and transfers					3,968,238	(71,611)	3,896,627	20
Changes in net position					559,355	(169,135)	390,220	30,241
Net position--beginning					11,985,872	3,849,498	15,835,370	103,699
Prior period adjustment					788,330		788,330	
Net position--ending					$ 13,333,557	$ 3,680,363	$ 17,013,920	$ 133,940

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

UNIFIED GOVERNMENT OF CUSSETA - CHATTAHOOCHEE COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Special Local Option Sales Tax Fund	E-911 Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 5,397,766	$ 3,199,041	$ -	$ 22,383	$ 8,619,190
Receivables:					
Accounts receivable	21,620	-	-	-	21,620
Intergovernmental receivable	-	246,014	-	362,195	608,209
Taxes receivable	220,191	141,587	-	-	361,778
Total Assets	5,639,577	3,586,642	-	384,578	9,610,797
LIABILITIES AN LIABILITIES		238,022			
Accounts payable	359,006	-	-	-	359,006
Accrued liabilities	75,177	-	-	-	75,177
Due to other funds	846,231	-	-	-	846,231
Total liabilities	1,280,414	-	-	-	1,280,414
FUND BALANCES					
Restricted for:					
Special programs	-	3,586,642	-	384,578	3,971,220
Unassigned:	4,359,163	-	-	-	4,359,163
TOTAL FUND BALANCES	4,359,163	3,586,642	-	384,578	8,330,383
Total liabilities and fund balances	$ 5,639,577	$ 3,586,642	$ -	$ 384,578	$ 9,610,797

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

UNIFIED GOVERNMENT OF CUSSETA - CHATTAHOOCHEE COUNTY, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Reconciliation of the change in fund balances--total governmental funds to the change in net position of governmental activities:		
Fund Balances - Governmental Funds	$	8,330,383
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital assets used in governmental activities are not financial resources and Therefore are not reported in governmental funds, net of accumulated depreciation of $4,152,369		5,009,513
Revenues and expenses in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Compensated absences		(6,339)
Total Net Position - Governmental Activities	$	13,333,557

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

UNIFIED GOVERNMENT OF CUSSETA - CHATTAHOOCHEE COUNTY, GEORIGA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	General Fund	Special Local Option Sales Tax Fund	E-911 Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	$ 600,392	$ -	$ -	$ -	$ 600,392
Sales taxes	1,888,680	1,079,498	-	-	2,968,178
Franchise taxes	261,901	-	-	-	261,901
Grants	175,047	-	-	-	175,047
License, permits, and fees	249,335	-	-	32,132	281,467
Fines and forfeitures	26,521	-	-	-	26,521
Interest revenues	5,512	-	-	43	5,555
Charges for services	204,596	-	-	-	204,596
Miscellaneous revenues	60,601	-	-	-	60,601
Total revenues	3,472,585	1,079,498	-	32,175	4,584,258
EXPENDITURES					
Current:					
General government	1,223,538	-	-	-	1,223,538
Judicial	402,147	-	-	-	402,147
Public safety	734,776	-	-	-	734,776
Public works	841,489	73,486	-	-	914,975
Culture and recreation	415,478	-	-	16,721	432,199
Community development	-	-	-	-	-
Health and welfare	154,037	-	-	-	154,037
Intergovernmental	-	-	-	-	-
Capital projects	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Total expenditures	3,771,465	73,486	-	16,721	3,861,672
Excess (deficiency) of revenues over expenditures	(298,880)	1,006,012	-	15,454	- 722,586
Net change in fund balances	(298,880)	1,006,012	-	15,454	722,586
OTHER FINANCING SOURCES (USES)					
Transfers in	181,539	-	-	-	181,539
Transfers out	-	(71,611)	(27,358)	(10,959)	(109,928)
Total other financing sources and uses	181,539	(71,611)	(27,358)	(10,959)	71,611
Net change in fund balances	(117,341)	934,401	(27,358)	4,495	794,197
Fund balance--beginning	3,829,286	2,511,129	27,358	380,079	6,747,852
Prior period adjustment	647,218	141,112			788,330
Fund balance--ending	$ 4,359,163	$ 3,586,642	$ -	$ 384,574	$ 8,330,379

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

Reconciliation of the change in fund balances--total governmental funds to the change in net position of governmental activities:		
Net change in fund balances--total governmental funds	$	794,197
Amounts reported for governmental activities in the Statement of Activities are		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Depreciation expense		(311,657)
Capital asset purchases capitalized		71,611
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Compensated absences		5,204
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		
Changes in Net Position of Governmental Activities	$	559,355

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

UNIFIED GOVERNMENT OF CUSSETA - CHATTAHOOCHEE COUNTY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2016

	Water Fund
ASSETS	
Current assets:	
Cash	$ -
Due from General Fund	238,284
Account receivable (net)	43,859
Restricted assets	
Cash	168,036
Total current assets	450,179
Noncurrent assets:	
Land	3,821
Capital assets (net)	4,006,060
Total noncurrent assets	4,009,881
Total assets	$ 4,460,060
LIABILITIES	
Current liabilities:	
Accounts payable	$ 4,998
Accrued liabilities	9,337
Customer deposits	73,879
Current maturities of long-term debt	-
Total current liabilities	88,214
Noncurrent liabilities:	
Long-term debt, less current maturities	691,483
Total noncurrent liabilities	691,483
Total liabilities	779,697
NET POSITION	
Net investment in capital assets	3,318,398
Restricted, for debt service	52,069
Restricted, for system replacement	105,772
Unrestricted	204,124
Total net position	$ 3,680,363

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

UNIFIED GOVERNMENT OF CUSSETA - CHATTAHOOCHEE COUNTY, GEORGIA
REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
JUNE 30, 2016

	Water Fund
Operating revenues:	
Charges for services	$ 548,123
Total operating revenues	548,123
Operating expenses:	
Personnel services and employee benefits	211,334
Purchased/contracted services	221,890
Supplies	31,388
Depreciation	214,336
Total operating expense	678,948
Operating income	(130,825)
Non-operating revenue (expenses):	
Interest expense	(38,310)
Total nonoperating revenue (expense)	(38,310)
Income before transfers	(169,135)
Transfers & Capital Contributions:	
Capital contributions	-
Transfer In/(Out)	-
Total transfers	-
Change in net assets	(169,135)
Total net position--beginning	3,849,498
Total net position--ending	$ 3,680,363

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

UNIFIED GOVERNMENT OF CUSSETA - CHATTAHOOCHEE COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR END JUNE 30, 2016

	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 609,838
Payments to suppliers	(252,653)
Payments to employees	(212,488)
Net cash provided from operating activities	144,697
CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES	
Transfer in from Splost & General fund	(410,013)
Principal paid on debt	(56,839)
Interest paid on debt	-
Purchases of capital assets	-
Net cash used for capital and related financing activities	(466,852)
NET INCREASE IN CASH	(322,155)
Balances--beginning of the year	493,465
Balances--end of year	$ 171,310

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

UNIFIED GOVERNMENT OF CUSSETA - CHATTAHOOCHEE COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2016

		Water Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income	$	(130,825)
Adjustment to reconcile operating income to net cash provided (used) by operating activities:		
Cash flows reported in other categories		
Depreciation and amortization		214,336
Change in assets and liabilities:		
Decrease in accounts receivable		58,441
Decrease in accounts and accrued payable		(529)
Decrease in other assets		-
Increase in customer deposits		3,274
Net cash provided by operating activities	$	144,697

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

UNIFIED GOVERNMENT OF CUSSETA - CHATTAHOOCHEE COUNTY, GEORGIA
COMBINED STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUND
JUNE 30, 2016

	Fiduciary Fund
ASSETS	
Current assets:	
Cash	$ 589,771
Total current assets	589,771
Total assets	$ 589,771
LIABILITIES	
Current liabilities:	
Due to other governments and agencies	$ 589,771
Total current liabilities	589,771
Total liabilities	$ 589,771

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Unified Government of Cusseta - Chattahoochee County, Georgia (the Government) complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The Georgia General Assembly enacted State Bill 228 to allow the governments of the City of Cusseta and Chattahoochee County to consolidate. The referendum for consolidation was passed on June 17, 2003. The city and county governments were consolidated effective November 6, 2003.

The County implemented GASB 54, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54, are Non-spendable, Restricted, Committed, Assigned, and Unassigned.

- Non-spendable Fund Balance: Fund balances are reported as non-spendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- Restricted Fund Balance: Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Committed Fund Balance: Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the County Commission through the adoption of a resolution. The County Commission also may modify or rescind the commitment.
- Assigned Fund Balance: Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the County Commission has authorized the County's finance committee or the County's finance director to assign fund balances.
- Unassigned Fund Balance: Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

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

- Committed
- Assigned
- Unassigned

1.A. FINANCIAL REPORTING ENTITY

The Unified Government of Cusseta - Chattahoochee County, Georgia is a political subdivision of the State of Georgia creased by virtue of a state law. The financial reporting entity has been determined by management in accordance with generally accepted accounting principles to be the primary government, organizations for which the primary government is financially accountable and organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. In evaluating how to define the government for financial reporting purposes, management has considered all component units. The criteria used to determine financial accountability are the ability of the primary government to appoint a voting majority of the organization's governing body, and effectively impose its will on the organization. Also, if there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government, financial accountability would exist. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the government's reporting entity.

Included with the reporting entity as a Discretely Presented Component Unit:

Chattahoochee County Department of Public Health ï The department is a legally separate agency of the State of Georgia. The Department is the basic level of government which has financial accountability and control over all activities related to the delivery of health services in the Unified Government of Cusseta and Chattahoochee County, Georgia.

The Department is considered a component unit of the Government due to the following reasons:

(1) The Government nominates the members of the governing body.

The Chattahoochee County Department of Public Health has issued separately audited component unit financial statements for the year-ended June 30, 2016. Copies of the component unit financial statements may be obtained from the administrative office at the Chattahoochee County Health Department, King Street, Cusseta, Georgia 32805.

1.B. BASIS OF PRESENTATION

Government-wide Financial Statements:
The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. For the most part, the effect of inter-fund 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.

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.

Fund Financial Statements:
Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

1.) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

2.) Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resource measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Revenue Recognition
In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (ie. collectible within the current year or within one month of year-end and available to pay obligations of the current period). This includes investment earnings, income taxes withheld by employers, estate taxes, fines and forfeitures and state-levied locally shared taxes (including motor vehicle fees). Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made, or when received in advanced, deferred until expenditures are made.

Property taxes and special assessments (in the debt service funds), though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property tax and special assessment receivables are recorded and deferred until they become available.

Other revenues, including licenses and permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenue when received in cash because they are generally not measurable until actually received.

The funds of the financial reporting entity are described below

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe ñwhichò transactions are recorded within the various financial statements. Basis of accounting refers to ñwhenò transactions are recorded regardless of the measurement focus applied.

Measurement Focus
On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below. In the fund financial statements, the ñcurrent financial resourcesò measurement focus or the ñeconomic resourcesò measurement focus is used as appropriate:

a. All governmental funds utilize a ñcurrent financial resourcesò measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spend-able financial resources during a given period. These funds use fund balance as their measure of available spend-able financial resources at the end of the period.
b. The proprietary fund utilizes an ñeconomic resourcesò measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.
c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability

is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when õmeasurable and available.ò Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds and fiduciary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

The Unified Government presents the following major governmental funds:
General Fund

The General Fund is the primary operating fund of the Government and accounts for all revenues and expenditures of the Government not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreements to some other fund are accounted for in this fund. General operating expenditures and capital improvement costs are not paid through other funds are paid from the General Fund.

Special Local Option Sales Tax Fund

The Special Local Option Sales Tax Fund is used to account for financial resources for the acquisition or construction of major capital facilities and improvements other than those financed by Proprietary Funds. These projects are financed through budget appropriations, notes, sales tax proceeds and general obligation sales tax, and capital leases.

E-911 Fund

The E-911 fund is used to account for financial resources to be used in the acquisition, maintenance, and implementation of E-911 systems.

The Government reports the following major proprietary fund:

Water Fund

The water fund is used to account for the costs of providing water and sewer service to the community.

Additionally, the Government reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts of for major capital projects) requiring separate accounting because of legal or regulatory provision or administrative action.

Proprietary Fund Types

Proprietary Fund Types are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement either a pension trust fund, private purpose trust fund or permanent fund is used. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent. The Government utilizes the following fiduciary funds:

Agency Funds are used to account for assets held by the Government as an agent for individuals, private organizations, other governments, and the Government departments.

The Government maintains the following Agency Funds:

Clerk of Superior Court
Probate Court
Tax Commissioner
Clerk of Magistrate Court

Private-sector standards of accounting and financial reporting issued prior to December 1, 1999, 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.

Amounts reported as program revenues include 1) charges for goods, services, or privileges 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. General revenues include all taxes.

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund. All annual appropriations lapse at fiscal year end.

1.D. ASSETS, LIABILITIES, AND EQUITY

Cash and Investments

For the purpose of the Statement of Net Position, ñcash, including time depositsòincludes all demand, savings accounts, and certificates of deposits of the City. For the purpose of the proprietary fund Statement of Cash Flows, ñcash and cash equivalentsò include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less. Investments of the promissory note trustee accounts are not considered cash equivalents.

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes 2.A. and 3.A.

Inventories

Inventories consist of materials, supplies, and food commodities and are valued at cost, which approximates market value, using the first-in/first-out (FIFO) method. The cost of inventories is expensed when consumed.

Prepaid Assets

Prepaid expense is recorded as a current asset and amortized over the life of the asset on a straight line basis.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the Government as follows:

Buildings with a cost of $5,000 or more

Equipment with a cost of $1,000 or more and a useful life in excess of one year

Certain capital assets do not depreciate. This includes land, land improvements, and construction in progress.

All assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment of the Government are depreciated using the straight line method over the following estimated useful lives.

ï Buildings	40 years
ï Drainage	40 years
ï Sewer lines	40 years
ï Water lines	40 years
ï Infrastructure	40 years
ï Buses and heavy trucks	10 years
ï Tractors and heavy equipment	10 years
ï Furniture	10 years
ï Office equipment	10 years
ï Athletic equipment	10 years
ï Cars and light trucks	10 years
ï Computer equipment	10 years

Property Taxes

The Government bills and collects its own property taxes and also bills and collects taxes for the Chattahoochee County School system. Collections of the county taxes and remittance of them to the General Fund and the school system are accounted for in the Tax Commissioners Agency Fund. County property tax revenues are recognized when due to the extent that they result in current receivables.

Property taxes are normally levied on August 24th and due on December 20th each year. Collections of property taxes are made throughout the year. Liens may attach to property for unpaid taxes on December 21 after the due date.

Compensated Absences

The government has adopted a policy of not allowing employees to accumulate earned but unpaid vacation. Vacation not taken during the year will not be available for carryover. Sick leave is allowed for employees. Earned but unused sick leave can be accumulated up to four hundred and eighty hours. The government has not included a liability for this amount for the period being reported because it is not material.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Other information

Budgetary Information

Annual budgets are adopted on the modified accrual basis for its general fund. In April of each year, departments of the Government submit requests for appropriations to the Managerõs office. The proposed budget is reviewed by the Commissioners and public hearings are held. After this, a final budget is prepared and adopted in a public hearing after the appropriate disclosures.

Fund Equity

Restrictions of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Restriction of retained earnings are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change. The proprietary fundõs contributed capital represents equity acquired through capital grants and capital contributions from developers, customers, or other funds.

Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to bond reserve, sinking fund requirements & bond ordinance.

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable, notes payable, accrued compensated absences, and a court-assessed judgment if applicable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Equity Classifications
Government-wide Statements
Equity is classified as net position and displayed in three components:

a. Net investment in capital assetsð Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
b. Restricted net positionð Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
c. Unrestricted net positionð All other net positions that do not meet the definition of ñrestrictedò or ñnet investment in capital assets.ò

Fund Statements
Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, and unrestricted, with unrestricted further split between committed, assigned and unassigned. Proprietary fund equity is classified the same as in the government-wide statements.

1.E. REVENUES, EXPENDITURES, AND EXPENSES

Special Local Option Sales Tax
The government receives sales tax revenue for the purpose of general government, making improvements on sidewalks, streets, and repair of equipment for the maintenance of these expenses.

Property Tax
Under State law, municipalities may levy a property tax. Property taxes are normally levied on August 24th and due on December 20th each year. Collections of property taxes are made throughout the year. Liens may attach to property for unpaid taxes on December 21 after the due date.

Operating Revenues and Expenses
Operating revenues and expenses for proprietary funds and general fund are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

Non-operating Revenues and Expenses

Non-operating revenues and expenses for proprietary funds and general fund are those that do not result from providing services and producing and delivering goods and/or services.

Program Revenues
Transactions reported as program revenues on the statement of activities consist of charges for services to customer for garbage collection and all grant revenue.

Expenditures/Expenses
In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. The Unified Government applies a policy of applying restricted assets when restricted and unrestricted assets are available for the same purpose.

Proprietary Fund—By Operating and Non-operating
In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the Unified Government and its component units are subject to various federal, state, and local laws and contractual regulations. An analysis of the Unified Government's compliance with significant laws and regulations and demonstration of its stewardship over Unified Government resources follows.

2.A. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Georgia or political subdivision debt obligations, or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Unified Government must have a written collateral agreement approved by the board of directors or loan committee. As reflected in Note 3A., all deposits were fully insured or collateralized.

Investments of the Government whose population exceeds 3,000 according to the latest census information are limited by state law to the following:

a. Direct obligations of the U.S. Government or its agencies or instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Georgia is pledged.
b. Certificates of deposit or savings accounts that is either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
c. With certain limitation, negotiable certificates of deposit, prime banker's acceptances, prime commercial paper, and repurchase agreements with certain limitations.
d. County, municipal, or school district tax supported debt obligations; bond or revenue anticipation notes; money judgments; or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district.
e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligation of national mortgage associations.
f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous items a., b., c., and d.

2.B. REVENUE RESTRICTIONS

The Unified Government has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

Revenue Source	Legal Restrictions of Use
Special Purpose Local Option Sales Tax	See 1.E.

For the year ended June 30, 2016, the Unified Government complied, in all material respects, with these revenue restrictions.

2.C. FUND EQUITY RESTRICTIONS

Deficit Prohibition
The Code of Georgia prohibits the creation of a deficit fund balance in any individual fund. The Unified Government complied with this statute in all material respects for the year ended June 30, 2016.

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2. D. FUND BUDGET REQUIREMENTS

The government is required by state law, OCGA 36-81-3(b) to adopt an annual balanced budget for the general fund, each special revenue fund, and each debt service fund and requires a project-length balanced budget for each capital projects fund. The government exceeded budget appropriations at the legal level of control in general government. See page 38 for legal level of control budget violations.

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detailed information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3.A. CASH AND INVESTMENTS

Deposits

As of June 30, 2016, the carrying amount of the Government's bank deposits were $8,791,361, and the respective bank balances totaled $9,005,212. Of the total bank balance, $250,000 was insured through the Federal Depository Insurance Corporation (FDIC). The remaining balance of $8,755,212 was collateralized with pooled securities held by the financial institution's trust departments. These securities are held in the name of the financial institution.

3.B. RESTRICTED ASSETS

Funds provided from the operation of the Water System, together with the system's entire cash and investment income are restricted for payment of the entire note debt of this system.

3.C. NOTE RECEIVABLE – REVOLVING LOAN PROGRAM

The Government received a Rural Business Enterprise Grant from the United States Department of Agriculture to establish a revolving loan program to stimulate economic development in Chattahoochee County. As of June 30, 2016, the government had no outstanding loans.

3.D. INTERFUND TRANSACTIONS AND BALANCES

During the normal operations, numerous transactions take place between funds such as expenditures or transfers of resources to provide services, service debt or construct assets. These inter-fun d transactions are eliminated and no interest is charged on such transfers.

Transfers

	TRANSFERS IN						
	General Fund Fund	SPLOST Fund	E-911 Fund	Water & Sewer	Non-Major Funds	Total	Purpose
TRANSFER OUT							
General Fund	$ -	$ -	$ -	$ -	$ -	$ -	
E-911	-	-	-	-	-	-	
SPLOST	71,611	-	27,358	-	10,959	109,928	Operating
Water & Sewer	71,611	-	-	-	-	71,611	Capital
Non-major Funds	-	-	-	-	-	-	
	$ 143,222	$ -	$ 27,358	$ -	$ 10,959	$ 181,539	

3.D. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

	Balance at June 30, 2015	Additions	Deletions	Reclass	Balance at June 30, 2016
Governmental activities:					
Nondepreciable assets:					
Land	$ 354,502	$ -	$ -	$ -	$ 354,502
Construction in progress (non-depreciable)	-	-	-	-	-
	354,502	-	-	-	354,502
Depreciable assets:					
Machinery and equipment	2,437,984	71,611	-	-	2,509,595
Infrastructure	779,741	-	-	-	779,741
Buildings and site improvements	5,829,700	-	-	-	5,829,700
Total at historical cost	9,047,425	71,611	-	-	9,119,036
Less accumulated depreciation					
Machinery and equipment	1,776,430	99,419	-	-	1,875,849
Infrastructure	175,467	57,759	-	-	233,226
Buildings and site improvements	2,200,471	154,479	-	-	2,354,950
Total accumulated depreciation	4,152,368	311,657	-	-	4,464,025
Governmental activities capital assets, net	$ 5,249,559	$ (240,046)	$ -	$ -	$ 5,009,513
Business-type activities					
Nondepreciable assets:					
Land (non-depreciable)	$ 3,821	$ -	$ -	$ -	$ 3,821
	3,821	-	-	-	3,821
Depreciable assets:					
Machinery and equipment	137,980	-	-	-	137,980
Water system	7,665,605	-	-	-	7,665,605
Buildings and site improvements	96,860	-	-	-	96,860
Total at historical cost	7,900,445	-	-	-	7,900,445
Less accumulated depreciation					
Machinery and equipment	112,432	3,877	-	-	116,309
Water system	3,638,946	207,230	-	-	3,846,176
Buildings and site improvements	61,493	3,229	-	-	64,722
Total accumulated depreciation	3,812,872	214,336	-	-	4,027,207
Business-type capital assets, net	$ 4,091,395	$ (214,336)	$ -	$ -	$ 3,877,059

*Depreciation expense was charged to governmental activities as follows:

GOVERNMENTAL		BUSINESS-TYPE	
General fund		Water fund	
General government	$311,657	Improvements & Equipment	$214,336
Total governmental depreciation	$311,657	Total business-type depreciation	$214,336

3.E. LONG-TERM DEBT

At June 30, 2016, the Government had outstanding revenue bonds in the Proprietary Fund ï Water System where the Government pledges income derived from the acquired or constructed assets to pay debt service transactions for the period. Revenue bonds outstanding at June 30, 2016 are as follows:

Purpose of Issue	Interest Rate	Maturity Date	Amount Issued	Outstanding
1978				
Acquisition and Construction of Water System	5.000%	12/01/16	$ 215,000	$ 12,000
1987				
Extension and Improvements to Water System and/or Equipment	5.000%	12/01/26	$ 350,000	171,000
1995				
Extension and Improvements to Water System and/or Equipment	5.125%	03/23/35	$ 414,300	285,834
1992				
Extension and Improvements to Water System	5.63%	08/06/32	$ 281,400	195,860
				664,694

In addition to meeting these annual debt service requirements, the bond indentures contain several covenants that must be met or maintained to remain in compliance with the indenture. Among these covenants are:

(1) Maintain proper rate structure to operate and maintain the system.

(2) Maintain system in good order and repair.

(3) Maintain adequate liability insurance on employees and system

(4) Submit annual financial statements to proper authorities.

(5) Cannot create any liens or encumbrances on the system.

(6) No arbitrage and maintenance of tax exempt status.

The Government has also obtained financing for a water system project and well renovation through the Georgia Environmental Facilities Authority (GEMA). The financing is as follows:

(b) GEFA Loan #96-L56-WS ï This loan was obtained for financing for the improvement and renovation of wells. The loan for $257,066 bears interest at 4.1%. Quarterly payments of $4,875 began on October 31, 1997. The loan will be repaid in installments concluding October, 2017. The balance at June 30, 2016 was $44,787. As of September 1, 2004, GEFA implemented a monthly payment plan resulting in a monthly payment of $1,625.

Debt service requirements for proprietary funds to maturity including principal and interest are as follows:

Five-Year Rollout - Bond (Water Fund)

Year	Principal	Interest	Total
2017	$ 40,730	$ 35,446	$ 76,176
2018	30,151	35,312	65,463
2019	32,131	30,703	62,834
2020	33,170	29,589	62,759
2021	36,288	27,848	64,136
2022-2026	208,568	110,199	318,767
2027-2031	180,722	56,896	237,618
2032-2035	102,934	7,132	110,066
	$ 664,694	$ 333,125	$ 997,819

Five-Year Rollout - Note (Water Fund)

Year	Principal	Interest	Total
2017	18,754	748	19,501
2018	8,036	83	8,119
	$ 26,789	$ 831	$ 27,620

Total Debt Rollout- (Water Fund)

Year	Principal	Interest	Total
2017	$ 59,484	$ 36,194	$ 95,677
2018	38,187	35,395	73,582
2019	32,131	30,703	62,834
2020	33,170	29,589	62,759
2021	36,288	27,848	64,136
2022-2026	208,568	110,199	318,767
2027-2031	180,722	56,896	237,618
2032-2035	102,934	7,132	110,066
	$ 691,482	$ 333,954	$ 1,025,438

Changes in Long-Term Obligations

	Balance at June 30, 2015	Additions	Payments	Adjustments	Balance at June 30, 2016	Due Within One Year
Governmental Activities:						
Compensated Absences	11,539	-	5,200	-	6,339	-
	11,539	-	5,200	-	6,339	-
Business Type Activities:						
Revenue bonds	703,534	-	38,841	-	664,693	40,730
Notes payable	44,787	-	17,998	-	26,789	18,754
Totals	748,321	-	56,839	-	691,482	59,484
Totals	759,860	-	62,039	-	697,821	59,484

Line of Credit

During 2007 the Government obtained a $1,000,000 revolving line of credit for capital improvement. Interest rate is variable based on London Interbank Offered Rate minus 6 basis points. As of June 30, 2016, the Government had not drawn against this line of credit.

3.F. Fund Equity

Restrictions of fund balances of governmental funds are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures. Specific restrictions of the fund equity accounts are summarized below.

The Government is required to account for the Special Local Option Sales Tax in separate accounts. The Capital Projects Fund contains reserved fund balance in the amount of $3,586,642 reserved for projects to be paid from special local option sales tax.

The Revolving Loan Fund has a reservation of fund balance for cash, which as of June 30, 2016 was $107,331.

The balances of the Governmentôs restricted cash accounts are as follows:

Renewal & Extension Fund- System Replacement	$ 102,130
Capital Cost- Water	3,092
Water Bond Sinking Fund- Debt Service	52,069
Water Deposits	10,745
	$ 168,036

The Governmentôs policy is to utilize restricted assets when restricted and unrestricted assets are available for the same purpose.

4.A. Contingent Liabilities

The Government is a defendant in a claim by Environmental Protection Division of the State of Georgia. The resolution and expense is unknown at this time. A proposed resolution is pending final approval from Georgia EPD.

4.B. Joint Ventures

Under Georgia law, the Government, in conjunction with other cities and counties in the area, is a member of the Lower Chattahoochee Regional Commission and is required to pay annual dues thereto. Membership in Regional Commission is required by the Official Code of Georgia Annotated

(OCGA) Section 50-8-34 which provides for the organization structure of the Regional Commission in Georgia. The Regional Commission 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 on obligations of a Regional Commission. Separate financial statements may be obtained from: Lower Chattahoochee Regional Commission, 1428 Second Avenue, Columbus, GA. 31902.

4.C .Pension Plans

DEFINED CONTRIBUTION PLAN

The Board of Commissioners of the Unified Government of Cusseta and Chattahoochee County established a Matching Defined Contribution Plan 457 (B) under the authority of Code Section 401 (a) for the exclusive benefit of the participants and their beneficiaries. The Board of Commissioners has the authority to amend the contribution amounts annually.

This plan is administrated by Valic Financial Advisors, as a defined contribution plan. Contribution limits are 100% of includible income up to $14,000 with a catch up contribution of up to $14,000, if within last 3 taxable years before normal retirement age and up to a $4,000 catch up contribution for those who age is 50 and older. The Government will match 50% of employee contributions up to 4%. During the year, the Government contributed $14,848 to the plan and the employees contributed $26,876.

4.D. Risk Management

The Government is exposed to various risks of loss related to torts; theft of, or damage to or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The Government maintains commercial insurance to provide coverage for these risks.

Coverages are as follows:

Errors and Omissions Liability			
Part A ï Public Officials Errors and Omissions Liability	$1 Million/Wrongful Act/Claim and $2 Million Annual Aggregate. These limits apply in total over Parts A and B and not separately to each part.		
Part B ï Employee Benefits Liability			
Crime Coverage	$150,000		
Money and Securities (loss inside the premises)			
Money and Securities (loss outside the premises)	$150,000		
Blanket Bond	Various limits		
Extension		$150,000	
Boiler and Machinery			

The limits of liability under this coverage section arising out of any one accident is limited to $25 million. If an initial accident causes any other accidents, all will be considered one accident. All accidents at any one location which manifest themselves at the same time and are the result of the same cause will be considered one accident.

IRMA will pay no more than the following sub-limits of liability:

Hazardous Substances Coverage	$250,000		Any One Accident
Expediting Expense		$250,000	Any One Accident
Consequential Damage	$250,000		Any One Accident
Water Damage		$250,000	Any One Accident
Ammonia Contamination	$250,000		Any One Accident

The Government has joined the Association of County Commissioners of Georgia Inter-local Risk Management Agency Property and Liability Insurance Fund and Self-Insurance Workers Compensation Fund, a public entity risk pool operating as a common risk management and insurance program for members.

As part of these risk pools, the Government 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 Government is also to allow the pool's agents and attorneys to represent the Government in investigation, settlement discussions, and all levels of litigation arising out of any claim made against the Government within the scope of loss protection furnished by the funds.

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

4.E. Subsequent Events and Legal Matters

As of February 7, 2017, there are several matters the attorney for the unified government has communicated to management at the completion of this audit. These matters have not been recorded as a liability to the unified government, as management does not believe these liabilities are known or probable, as of February 7, 2017. Management can be contacted for additional information about these matters.

4.F. Landfill Note Disclosure

State and federal laws and regulations required the government to place a final cover on its Fire Tower Road landfill. The engineers working with EPD on the closure and post-closure care cost for Fire Tower Road landfill expressed that the EPD is only requiring one year of testing and monitoring. The results of the test after one year will determine future requirements for the next 30 years as with most landfill closures. Therefore, a one year contract in the amount of $34,000 that the government anticipates paying. Therefore, there is no future cost determined at the date of issuance of this report.

4.F. Prior Period Adjustments

The unified government determined that accounts payable and receivables had not be accounted for in prior years. The following adjustments have been recorded in the financial statements for the year ending June 30, 2016:

	General Fund Balance	SPLOST Fund Balance	Governmental Net Position
Balance June 30, 2015	$ 3,829,286	$ 2,511,129	11,985,872
Current year net change in fund balance	(117,341)	934,401	559,355
Prior period adjustments:			
Accounts payable	441,642	-	441,642
LOST and TAVT	205,576	-	205,576
SPLOST	-	141,112	141,112
Balance June 30, 2016	$ 4,359,163	$ 3,586,642	$ 13,333,557

a. The government had overstated accounts payable that were included in the accounts payable subsidiary ledger in prior years.
b. The government had not accrued two months of receivables for local options sales tax and title ad valorem tax in prior years.
c. The government had not accrued two months of receivables for special purpose local option sales tax in prior years.

Required Supplementary Information

Required supplementary information includes financial information disclosures that are required by the GASB but are not considered part of the basic financial statements. Please see MD&A for more detailed information on the budgeting process.

UNIFIED GOVERNMENT OF CUSSETA - CHATTAHOOCHEE COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE PERIOD YEAR ENDED JUNE 30, 2016

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property	$ 644,415	$ 644,415	$ 600,392	$ (44,023)
Sales	1,040,913	1,040,913	1,888,680	847,767
Franchise	711,226	711,226	261,901	(449,325)
Grants	-	-	175,047	175,047
License, permits, and fees	308,846	308,876	249,335	(59,541)
Fines and forfeitures	81,000	81,000	26,521	(54,479)
Interest revenues	20,000	20,000	5,512	(14,488)
Charges for services	246,195	246,195	204,596	(41,599)
Miscellaneous revenues	45,060	45,060	60,601	15,541
Total revenues	3,097,655	3,097,685	3,472,585	374,900
EXPENDITURES				
Current:				
General government	709,788	709,788	1,290,189	(580,401)
Judicial	451,065	451,065	345,309	105,756
Public safety	815,025	815,025	763,827	51,198
Public works	805,665	805,665	841,896	(36,231)
Culture and recreation	334,712	334,712	355,478	(20,766)
Community development	15,900	15,900	-	15,900
Health and welfare	127,055	127,055	154,037	(26,982)
Total expenditures	3,259,210	3,259,210	3,750,736	(491,526)
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Total debt service	-	-	-	-
Total expenditures	3,259,210	3,259,210	3,750,736	(491,526)
Excess (deficiency) of revenue over expenditures	(161,555)	(161,525)	(278,151)	866,426
OTHER FINANCING SOURCES				
Transfers In/(Out)			207,587	(207,587)
Total other financing sources	-	-	207,587	(207,587)
Net change in fund balance	$ (161,555)	$ (161,525)	$ (70,564)	$ 658,839

UNIFIED GOVERNMENT OF CUSSETA - CHATTAHOOCHEE COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL LOCAL OPTION SALES TAX FUND
FOR THE PERIOD YEAR ENDED JUNE 30, 2016

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Sales taxes	$ 1,245,686	$ 1,245,686	$ 1,079,498	$ (166,188)
Interest income	-	-	282	282
Total revenues	1,245,686	1,245,686	1,079,780	(165,906)
EXPENDITURES				
Current:				
General government		-	-	-
Public works	25,000	319,229	73,486	245,743
Public safety	-	523,950	-	523,950
Total current expenditures	25,000	843,179	73,486	769,693
Non-current:				
Debt services:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Total debt service	-	-	-	-
Total expenditures	25,000	843,179	73,486	769,693
Excess (deficiency) of revenue over expenditures	1,220,686	402,507	1,006,294	(935,599)
OTHER FINANCING SOURCES				
Bond Proceeds				-
Transfers In/(Out)	(71,611)	(71,611)	(71,611)	-
Total other financing sources	(71,611)	(71,611)	(71,611)	-
Net change in fund balance	$ 1,149,075	$ 330,896	$ 934,683	$ (935,599)

UNIFIED GOVERNMENT OF CUSSETA - CHATTAHOOCHEE COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
E-911 FUND
FOR THE PERIOD YEAR ENDED JUNE 30, 2016

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Grant	$ -	$ -	$ -	$ -
Charges for services	-	-	-	-
Interest income	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES				
Current:				
Public safety	-	-	-	-
Total current expenditures	-	-	-	-
Non-current:				
Debt services:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Total debt service	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenue over expenditures	-	-	-	-
OTHER FINANCING SOURCES				
Transfers In/(Out)	(27,358)	(27,358)	(27,358)	-
Total other financing sources	(27,358)	(27,358)	(27,358)	-
Net change in fund balance	$ (27,358)	$ (27,358)	$ (27,358)	$ -

UNIFIED GOVERNMENT OF CUSSETA - CHATTAHOOCHEE COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES BY DEPARTMENT
BUDGETARY LEVEL OF CONTROL - BUDGET AND ACTUAL COMPARISONS
GENERAL FUND
FOR THE PERIOD YEAR ENDED JUNE 30, 2016

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
General Government:				
Board of Commissioners	$ 248,000	$ 248,000	$ 335,143	$ (87,143)
Voter Registrar	96,465	96,465	13,980	82,485
General Administration	113,537	113,537	553,991	(440,454)
Tax Commissioner	114,146	114,146	121,323	(7,177)
Tax Assessors	234,375	234,375	209,856	24,519
Courthouse and Buildings	32,000	32,000	35,343	(3,343)
Regional Development Center	15,000	15,000	20,553	(5,553)
TOTAL GENERAL GOVERNMENT	853,523	853,523	1,290,189	(436,666)
Judicial:				
Superior Court	65,230	65,230	45,138	20,092
Clerk of Superior Court	131,083	131,083	105,719	25,364
Magistrate Court	41,992	41,992	38,062	3,930
Probate Court	147,740	147,740	142,847	4,893
Juvenile Court	12,300	12,300	12,751	(451)
Child Support Receiver	-	-	-	-
Indigent Defense	5,000	5,000	792	4,208
TOTAL JUDICIAL	403,345	403,345	345,309	58,036
Public Safety:				
Sheriff	640,500	640,500	576,056	64,444
Fire	109,450	109,450	79,117	30,333
Coroner/Medical Examiner	19,695	19,695	11,133	8,562
E-911	33,347	33,347	38,120	(4,773)
Animal Control	55,577	55,577	28,944	26,633
Emergency Management	25,581	25,581	30,457	(4,876)
TOTAL PUBLIC SAFETY	884,150	884,150	763,827	120,323
Public Works:				
Public Works	636,670	636,670	565,468	71,202
Solid Waste and Recycling	165,165	165,165	265,840	(100,675)
TOTAL PUBLIC WORKS	801,835	801,835	831,308	(29,473)

UNIFIED GOVERNMENT OF CUSSETA - CHATTAHOOCHEE COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES BY DEPARTMENT
BUDGETARY LEVEL OF CONTROL - BUDGET AND ACTUAL COMPARISONS
GENERAL FUND
FOR THE PERIOD YEAR ENDED JUNE 30, 2016

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Culture and Recreation:				
Recreation	$ 245,534	$ 245,534	$ 242,980	$ 2,554
Library	35,665	35,665	30,650	5,015
TOTAL CULTURE AND RECREATION	281,199	281,199	273,630	(7,569)
Community Development:				
Forest Resources	8,513	8,513	8,512	1
Planning and Zoning	-	-	-	-
Economic Development	-	-	-	-
TOTAL COMMUNITY DEVELOPMENT	8,513	8,513	8,512	1
Health and Welfare:				
Adult Health Service	45,000	45,000	14,528	30,472
Community Services	71,302	71,302	78,573	(7,271)
Indigent Care	-	-	-	-
DFACS	6,528	6,528	6,245	283
TOTAL HEALTH AND WELFARE	122,830	122,830	99,346	23,484

ADDITIONAL INFORMATION

NON-MAJOR SPECIAL REVENUE FUNDS

These are funds used to report governmental operations where statutory, Regulatory or grant requirement provisions require separate accountability.

UNIFIED GOVERNMENT OF CUSSETA - CHATTAHOOCHEE COUNTY, GEORGIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Jail Fund	Drug Fund	Revolving Loan Fund	Library Book Funds	Seized Property Fund	Family Connections	Total Governmental Funds
ASSETS							
Cash	$ -	$ -	$ -	$ 13,596	$ 8,787	$ -	$ 22,383
Due from General fund	202,236	52,628	107,331	-	-	-	362,195
Total Assets	202,236	52,628	107,331	13,596	8,787	-	362,195
LIABILITIES AND FUND BALANCE							
CURRENT LIABILITIES							
Accounts payable	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-	-	-
FUND BALANCES							
Restricted	202,236	52,628	107,331	13,596	8,787	-	384,578
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	202,236	52,628	107,331	13,596	8,787	-	384,578
Total liabilities and fund balances	$ 202,236	$ 52,628	$ 107,331	$ 13,596	$ 8,787	$ -	$ 384,578

UNIFIED GOVERNMENT OF CUSSETA - CHATTAHOOCHEE COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Jail Fund	Drug Fund	Revolving Loan Fund	Library Book Funds	Seized Property Fund	Family Connections	Total Governmental Funds
REVENUES							
Fines and forfeitures	$ 13,266	$ 5,810	$ -	$ 8,203	$ 4,853	$ -	$ 32,132
Grants	-	-	-	-	-	-	-
Investment income	-	-	43	-	-	-	43
TOTAL REVENUES	13,266	5,810	43	8,203	4,853	-	32,175
EXPENDITURES							
Current:							
Public safety	-	-	-	-	-	-	-
Culture & receation	-	-	-	7,222	9,499	-	16,721
Community development	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	7,222	9,499	-	16,721
Excess (deficiency) of revenue over expenditures	13,266	5,810	43	981	(4,646)	-	15,454
OTHER FINANCING SOURCES							
Transfers In/(Out)	-	-	-	-	-	(10,959)	(10,959)
Total other financing sources	-	-	-	-	-	(10,959)	(10,959)
Net change in fund balances	13,266	5,810	43	981	(4,646)	(10,959)	4,495
FUND BALNCE, BEGINNING	188,966	46,818	107,288	12,615	13,433	10,959	380,079
FUND BALANCE, ENDING	$ 202,232	$ 52,628	$ 107,331	$ 13,596	$ 8,787	$ -	$ 384,574

UNIFIED GOVERNMENT OF CUSSETA - CHATTAHOOCHEE COUNTY, GEORGIA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2016

ASSETS	CLERK OF SUPERIOR COURT	PROBATE COURT	MAGISTRATE COURT	TAX COMMISSIONER	TOTALS
Cash	$ 14,187	$ 14,187	$ 812	$ 557,326	$ 586,512
Taxes Receivable	-	-	-	-	-
TOTAL ASSETS	$ 14,187	$ 14,187	$ 812	$ 557,326	$ 586,512
LIABILITIES					
Due to other governments and agencies	$ 14,187	$ 14,187	$ 812	$ 557,326	$ 586,512
Total business type activities	$ 14,187	$ 14,187	$ 812	$ 557,326	$ 586,512

UNIFIED GOVERNMENT OF CUSSETA - CHATTAHOOCHEE COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR FISCAL YEAR ENDED JUNE 30, 2016

	BALANCE July 1, 2015	ADDITIONS	DEDUCTIONS	BALANCE June 30, 2016
CLERK OF SUPERIOR COURT				
ASSETS				
Cash	$ 14,051	$ 143,938	$ 140,543	$ 17,446
LIABILITIES				
Due to other governments and agencies	$ 6,711	$ 143,938	$ 140,543	$ 10,106
PROBATE COURT				
ASSETS				
Cash	$ 11,545	$ 204,429	$ 201,787	$ 14,187
LIABILITIES				
Accounts Payable	$ 58,655	$ 204,429	$ 201,787	$ 61,297
CLERK OF MAGISTRATE COURT				
ASSETS				
Cash	$ 911	$ 17,624	$ 17,723	$ 812
LIABILITIES				
Due to other governments and agencies	$ 902	$ 17,624	$ 17,723	$ 803
TAX COMMISSIONER'S OFFICE				
ASSETS				
Cash	$ 493,674	$ 3,133,498	$ 3,069,846	$ 557,326
	$ 493,674	$ 3,133,498	$ 3,069,846	$ 557,326
LIABILITIES				
Due to other governments and agencies	$ 493,674	$ 3,133,498	$ 3,069,846	$ 557,326
TOTAL ASSETS	$ 520,181	$ 3,499,489	$ 3,429,899	$ 589,771
TOTAL LIABILITIES	$ 559,942	$ 3,499,489	$ 3,429,899	$ 589,771

Compliance Section

[redacted]

UNIFIED GOVERNMENT OF CUSSETA - CHATTAHOOCHEE COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
FOR YEAR ENDED JUNE 30, 2015

PROJECT	ORIGINAL ESTIMATED COSTS	REVISED ESTIMATED COSTS	PRIOR YEARS	CURRENT PERIOD	CUMULATIVE TOTAL	ESTIMATED % OF COMPLETION
Construction of water and sewer projects	$ 2,000,000	$ 1,500,000	$ 2,019,338	$ 103,052	$ 2,122,390	141.49%
Construction building, road, street, and bridge projects	$ 1,000,000	$ 1,500,000	$ 3,238,571	$ 540,071	$ 3,778,642	251.91%

The expenses also included the 2010 general obligation sales tax bond principal payment of $635,000 and interest in the amount of $19,050

[redacted]

[redacted]

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UNIFIED GOVERNMENT OF CUSSETA -CHATTAHOOCHEE COUNTY, GEORGIA
SCHEDULE OF FINDINGS & QUESTIONED COST
JUNE 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued				Unqualified
Internal control over financial reporting:				
Material weakness(es) identified?	X	yes		no
Significant deficiencies identified not considered to be material weakness(es)	X	yes		no
Noncompliance material to financial statements noted		yes	X	no

Federal Awards

There were no major federal award programs as of June 30, 2016

Dollar threshold used to distingush between Type A and Type B prgrams: $750,000

UNIFIED GOVERNMENT OF CUSSETA CHATTAHOOCHEE COUNTY, GEORGIA
Schedule of Findings and Questioned Costs
for the Year Ended June 30, 2016

Section II – Financial Statement Findings

Finding No. 16-01

Criteria:	Policies and procedures should be in place to ensure a better segregation of duties.
Statement of condition:	There is a lack of segregation of duties throughout the Unified Government departments.
Effect of condition:	Lack of segregation of duties greatly increases the opportunity for theft/fraud.
Cause of condition:	Procedures were not in place to ensure compliance.
Recommendation:	Management has mitigated the risks associated with the lack of segregation of duties. However, due to the small number of accounting personnel management must continue to monitor all operations to ensure that duties are properly segregated.
Management response:	We will review our operations to determine the most efficient and effective solution to properly segregate duties.

Contact person: Thomas Weaver, Manager
Telephone: (706) 989-3602; Fax (709) 989-2005; E-mail: thomas@ugoccc.us

Finding No. 16-02

Criteria:	According to O.C.G.A. 36-81-3, all local governments shall operate under an annual balance budget for the general fund, each special revenue fund, and each capital project fund in use by the local government. Amendments shall be made, in a timely manner, by an increase in appropriations at the legal level of control of the local governments.
Statement of condition:	The Unified Government adopts a budget for its funds; however, they did not make amendments to the general government, culture and recreation, and Splost funds when expenditures exceeded appropriations at the legal level of control.
Effect of condition:	The Unified Government is in violation of O.C.G.A. 36-81-3
Cause of condition:	Policies and procedures were not in place to ensure that budget amendments are adopted for the general government, culture and recreation, and Splost funds used by the local government.
Recommendation:	Management should implement policies and procedures to ensure that budget amendments are adopted for each fund in use by the local government.
Management response:	Management agrees with the recommendation. Management shall properly adopt annual budget for the each fund in use by the local government.

Contact person: Thomas Weaver, Manager
Telephone: (706) 989-3602; Fax (709) 989-2005; E-mail: thomas@ugoccc.us

Finding 16-03

Criteria:	Policies and procedures should be in place to ensure cash receipts are deposited into separate bank accounts legally or contractually restricted
Statement of condition:	Funds legally requiring separate cash accounts have been deposited in to the general fund.
Effect of condition:	Legal or contractual restricted has been commingled with general fund cash.
Cause of condition:	Policies and procedures were not in place to ensure that the funds are maintained in separate cash accounts
Recommendation:	Management should implement policies and procedures to ensure that appropriate accounts are maintained in separate cash accounts.
Management response:	Management agrees with the recommendation. Management will implement policies and procedures to ensure restricted cash is maintained in separate cash accounts.

Contact person: Thomas Weaver, Manager
Telephone: (706) 989-3602; Fax (709) 989-2005; E-mail: thomas@ugoccc.us

Finding 16-04

Criteria:	Policies and procedures should be in place to ensure that management budgets transfers between funds.
Statement of condition:	Transfers of assets between funds has occurred without budget considerations
Effect of condition:	The Unified Government is in violation of O.C.G.A. 36-81-3
Cause of condition:	Policies and procedures were not in place to ensure fund transfers are budgeted in a timely manner.
Recommendation:	Management should implement policies and procedures to ensure that transfers are budgeted in a timely manger.
Management response:	Management agrees with the recommendation. Management will implement policies and procedures to ensure all transfers are budgeted.

Contact person: Thomas Weaver, Manager
Telephone: (706) 989-3602; Fax (709) 989-2005; E-mail: thomas@ugoccc.us

Finding 16-05

Criteria:	Policies and procedures should be in place to correct the chart of accounts mask numbers and removed unused accounts in the general ledger package.
Statement of condition:	There are excess accounts in the general ledger chart of accounts and many accounts do not have property mask.
Effect of condition:	The financial statements are sensitive to material misstatements and the ability to detect material misstatements is significantly increased.
Cause of condition:	Policies and procedures should be employed to correct the chart of accounts and properly manage the chart of accounts.
Recommendation:	Management should implement policies and procedures to ensure the chart of accounts is effective and proper.
Management response:	Management agrees with the recommendation. Management will implement policies and procedures to review and correct matters related to the chart of accounts in the general ledger.

Contact person: Thomas Weaver, Manager
Telephone: (706) 989-3602; Fax (709) 989-2005; E-mail: thomas@ugoccc.us

Finding 16-06 Material Weakness

Criteria:	Policies and procedures should be in place to ensure pooled cash or inter-fund balances are being calculated properly within the accounting software.
Statement of condition:	Payments by the general fund for other funds is not recording the proper inter-fund liability and asset accounts to keep the funds in balance.
Effect of condition:	The financial statements are sensitive to material misstatements and the ability to detect material misstatements is significantly increased.
Cause of condition:	Policies and procedures were not in place to ensure accounting package is functioning properly and the individual funds remain in balance.
Recommendation:	Management should implement policies and procedures to ensure that the accounting software is functioning properly and the individual funds do not get out of balance.
Management response:	Management agrees with the recommendation. Management will implement policies and procedures to ensure the accounting software is functioning properly and the individual funds remain in balance.

Contact person: Thomas Weaver, Manager
Telephone: (706) 989-3602; Fax (709) 989-2005; E-mail: thomas@ugoccc.us

Finding 16-07 Material Weakness

Criteria:	Policies and procedures should be in place to ensure that all asset and liability general ledger account are reconciled on a regular basis.
Statement of condition:	Asset and liability ledger accounts are not being consistently reconciled.
Effect of condition:	The financial statements are sensitive to material misstatements and the ability to detect material misstatements is significantly increased.
Cause of condition:	Policies and procedures were not in place to ensure that the appropriate accounts are reconciled in a timely manner.
Recommendation:	Management should implement policies and procedures to ensure that appropriate accounts are reconciled in a timely manner and that the internal control procedure is constantly monitored by management personnel.
Management response:	Management agrees with the recommendation. Management will implement policies and procedures to ensure all accounts are reconciled in a timely manner as well as constantly monitoring of the account reconciliations.

Contact person: Thomas Weaver, Manager
Telephone: (706) 989-3602; Fax (709) 989-2005; E-mail: thomas@ugoccc.us

UNIFIED GOVERNMENT OF CUSSETA CHATTAHOOCHEE COUNTY, GEORGIA
Schedule of Findings and Questioned Costs
for the Year Ended June 30, 2016

Section III – Financial Statement Prior Year Findings

Finding No. 15-01

Criteria:	Policies and procedures should be in place to ensure a better segregation of duties.
Statement of condition:	There is a lack of segregation of duties throughout the Unified Government departments.
Effect of condition:	Lack of segregation of duties greatly increases the opportunity for theft/fraud.
Cause of condition:	Procedures were not in place to ensure compliance.
Recommendation:	Management has mitigated the risks associated with the lack of segregation of duties. However, due to the small number of accounting personnel management must continue to monitor all operations to ensure that duties are properly segregated.
Management response:	We will review our operations to determine the most efficient and effective solution to properly segregate duties.

Contact person: Thomas Weaver, Manager
Telephone: (706) 989-3602; Fax (709) 989-2005; E-mail: thomas@ugoccc.us

Finding No. 15-02

Criteria:	According to O.C.G.A. 36-81-3, all local governments shall operate under an annual balance budget for the general fund, each special revenue fund, and each capital project fund in use by the local government. Amendments shall be made, in a timely manner, by an increase in appropriations at the legal level of control of the local governments.
Statement of condition:	The Unified Government adopts a budget for its funds; however, they did not make amendments to the general government, public works, Splost and E-911 funds when expenditures exceeded appropriations at the legal level of control.
Effect of condition:	The Unified Government is in violation of O.C.G.A. 36-81-3
Cause of condition:	Policies and procedures were not in place to ensure that budget amendments are adopted for the general government, public works, Splost and E-911 funds used by the local government.
Recommendation:	Management should implement policies and procedures to ensure that budget amendments are adopted for each fund in use by the local government.
Management response:	Management agrees with the recommendation. Management shall properly adopt annual budget for the each fund in use by the local government.

Contact person: Thomas Weaver, Manager
Telephone: (706) 989-3602; Fax (709) 989-2005; E-mail: thomas@ugoccc.us

UNIFIED GOVERNMENT OF CUSSETA CHATTAHOOCHEE COUNTY, GEORGIA
Schedule of Findings and Questioned Costs
for the Year Ended June 30, 2016

Finding No. 15-03

Criteria:	The Code of Georgia prohibits the creation of a deficit fund balance in any individual fund.
Statement of condition:	The Unified Government did not comply with this statute in all material respects they had deficits in E-911 fund.
Effect of condition:	The Unified Government is in violation of the Codes of Georgia.
Cause of condition:	Policies and procedures were not in place to ensure that funds maintained positive fund balances.
Recommendation:	Management should implement policies and procedures to ensure that all funds maintain positive fund balances.
Management response:	Management agrees with the recommendation. Management shall properly adopt annual budget for the each fund in use by the local government.

Contact person: Thomas Weaver, Manager
Telephone: (706) 989-3602; Fax (709) 989-2005; E-mail: thomas@ugoccc.us

Finding 15-04 **Material Weakness**

Criteria:	Policies and procedures should be in place to ensure that all asset and liability general ledger account are reconciled on a regular basis.
Statement of condition:	Asset and liability ledger accounts are not being consistently reconciled.
Effect of condition:	The financial statements are sensitive to material misstatements and the ability to detect material misstatements is significantly increased.
Cause of condition:	Policies and procedures were not in place to ensure that the appropriate accounts are reconciled in a timely manner.
Recommendation:	Management should implement policies and procedures to ensure that appropriate accounts are reconciled in a timely manner and that the internal control procedure is constantly monitored by management personnel.
Management response:	Management agrees with the recommendation. Management will implement policies and procedures to ensure all accounts are reconciled in a timely manner as well as constantly monitoring of the account reconciliations.

Contact person: Thomas Weaver, Manager
Telephone: (706) 989-3602; Fax (709) 989-2005; E-mail: thomas@ugoccc.us